FREEDOM FOR COMPANIES

credit shelf

Half-yearly Financial Report

June 30, 2021

Group Key Figures at a Glance

in kEUR	H1 2021	H1 2020
Revenue	3,380	2,501
EBIT	–1,540	–3,015
Arranged loan volume	71,790	45,635
Loan request volume	744,533	860,110
Net loss for the period	–1,583	–3,118
Earnings per share (in EUR)	–1.15	–2.31
Diluted earnings per share (in EUR)	–1.15	–2.31

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1. To Our Shareholders

1.1. Letter to Shareholders

Dear shareholders and readers,

the stage is set for growth – both in the German economy and at creditshelf. Vaccination rates are rising throughout the country, and German SMEs are rediscovering their appetite for investment. Such investments need to be financed and creditshelf has actively exploited this opportunity. We were able to help a large number of exciting companies invest in the future in the first half of this year. All in all, we arranged loans of just under EUR 72 million in H1 2021, up 57% on the prior-year period. Q1 and Q2 were two of the strongest quarters in our company's history. On the way to break-even, we have already seen profitable months.

We recorded further successes with our partnerships in H1 2021. Not only did we expand our position in the commercial banking sector by extending our cooperation with Commerzbank, we are now also working together with Sparkasse Bremen, Volksbank Bielefeld-Gütersloh, and Vereinigte Volksbank Raiffeisenbank eG. These new partners are among the largest and most innovative savings banks and credit cooperatives. Thanks to these partnerships, which do not entail any direct expenses for us, our financing solutions are now available in all three sectors of the German banking system. This is an important step for our ecosystem that sends a positive signal to other potential business partners and increases the speed with which additional partnerships can be implemented, since all the operational processes are already in place.

We also saw successes with the platform's financing partners. The eighteen months between the start of the crisis and the publication of this report have clearly shown that the SME exposures offered for investment on the creditshelf platform are a unique asset class for institutional investors. The loan portfolio arranged by creditshelf proved robust during the crisis, generating attractive risk-adjusted returns. In line with this, Amsterdam Trade Bank increased its exposure to SME loans on the creditshelf platform by a further EUR 20 million at the beginning of July, bringing the total to EUR 60 million.

Our healthy revenue growth is due to our successful institutional funding strategy, our SME borrowers' renewed investment confidence, and ongoing structural change in the financing business, plus the continuous automation of our internal processes and enhanced risk analysis. At the same time, prudent management of our non-personnel costs ensures an attractive cost base compared to our strong enterprise growth. This clearly demonstrates the platform's scalability and shows that were are making further progress towards breaking even.

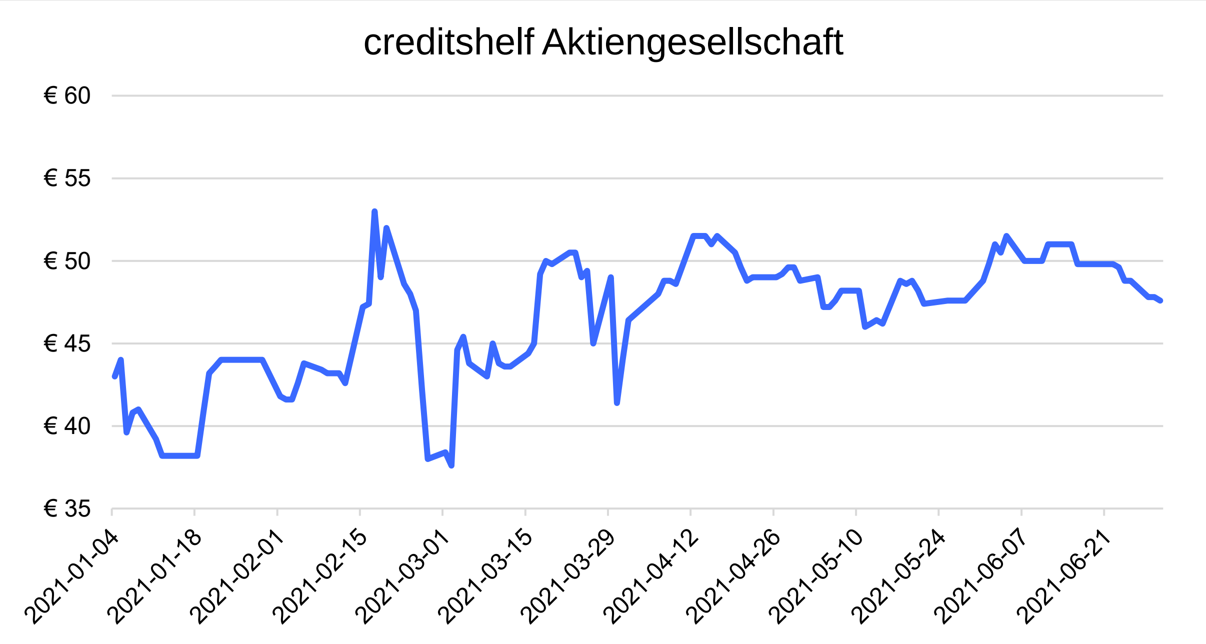
In light of these developments, the Management Board is maintaining its existing forecast for full-year 2021. It is expecting revenue to climb year-on-year to between EUR 6.0 million and EUR 8.0 million, while EBIT will improve though still be negative, at EUR –3.0 million to EUR –4.0 million.

With best wishes
Your Management Board

Dr. Tim Thabe   Dr. Daniel Bartsch

1.2. Information on creditshelf's Shares

Share Price Performance (January 1, 2021, to June 30, 2021; 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
Initial issue price	EUR 80.00
Number of shares*	1,376,251
Stock exchange	Frankfurt Stock Exchange's Regulated Market (Prime Standard)
Designated Sponsor	ODDO BHF Corporates & Markets AG
Sell-side analysts*	Commerzbank, FMR, KBW

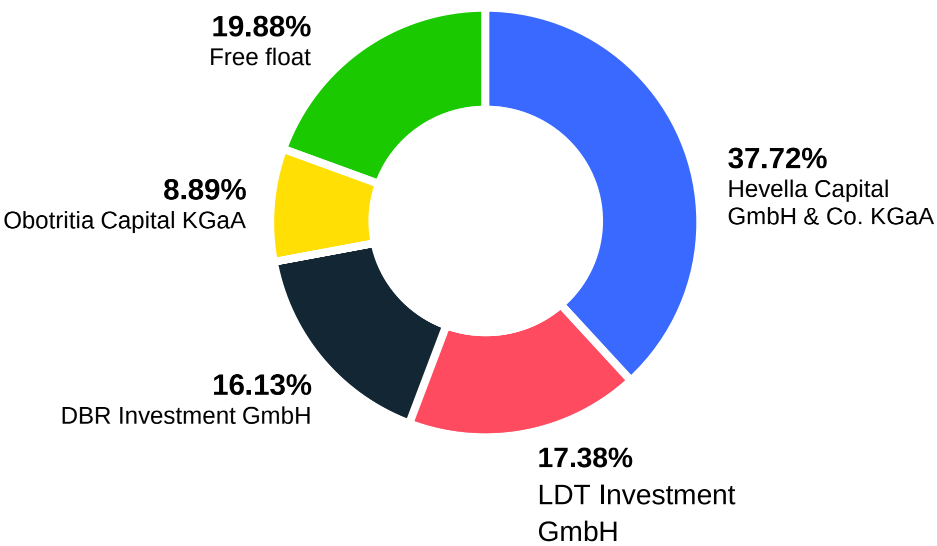
* As of June 30, 2021.

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

Share price at the start of the reporting period	EUR 43.00
High (February 17, 2021)	EUR 53.00
Low (March 2, 2021)	EUR 37.60
Share price at the end of the reporting period	EUR 47.60
Trading volume (average number of shares per day)	approx. 471

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

Shareholder Structure



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

Investor Relations Activities

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 prompt dissemination of corporate disclosures via the normal channels. In the first half of 2021, creditshelf published 11 corporate news releases and its quarterly statement for Q1 in addition to this half-yearly report.

Investor relations is a core element of creditshelf's public relations activities. We took part in a number of capital market conferences and roadshows in the first six months of the year, as well as holding numerous one-on-one discussions with investors. The coronavirus pandemic meant that most of these events took place virtually. For example, we posted a video with impressions of the Platow Euro Finance Small Cap Conference on our IR website, ir.creditshelf.com, for all interested investors. Analysts from three firms followed creditshelf Aktiengesellschaft's shares in H1 2021: Keefe, Bruyette & Woods (KBW), Frankfurt Main Research AG (FMR), and Commerzbank AG all covered the shares.

creditshelf's shares turned in a positive performance in H1 2021. After opening the year at EUR 43.00 on January 1, 2021, and hitting a low of EUR 37.60 at the beginning of March, the price rose over the rest of the reporting period. The shares closed at EUR 47.60 on June 30, 2021.

May 10, 2021, saw us hold another successful virtual Annual General Meeting in Frankfurt am Main. We would like to take this opportunity to warmly thank our shareholders again for their confidence in us. All resolutions were approved by large majorities. They have been published on our investor relations website, ir.creditshelf.com, together with additional in-depth information about our company and our shares, which we expanded over the past six months.

Financial Calendar*

September 9, 2021	Publication of the half-yearly report for 2021
November 11, 2021	Publication of the quarterly statement for Q3 2021

* Subject to changes and additions without notice.

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

2. Interim Group Management Report as of June 30, 2021

2.1. Brief Overview of the creditshelf Group

Business Model

creditshelf Aktiengesellschaft ("creditshelf" or the "company," and together with its subsidiary creditshelf solutions GmbH the "creditshelf group" or the "group") is the leading platform for digital SME finance in Germany. It uses its online platform, www.creditshelf.com, to arrange flexible finance solutions that are not tied to specific banks for small and medium-sized enterprises ("SMEs") and growth companies. The platform is built around creditshelf's proprietary, data-driven risk analysis software. This software, which is used for credit analysis, has been developed in the period since the company was formed in 2014. In combination with creditshelf's lean digital processes, it enables the company to rapidly process loan requests and supports its experienced credit analysts in their work. The creditshelf platform models the entire credit process, from the loan application through credit analysis and risk management down to loan disbursement (which is performed by a regulated fronting bank) and loan servicing. To finance the loans, creditshelf's digital ecosystem links SME borrowers with institutional financing partners, giving the latter access to an attractive investment class that would otherwise be unavailable to them. These investors include well-known names such as the European Investment Fund, BNP Paribas Asset Management, and Amsterdam Trade Bank. creditshelf's ecosystem is rounded off by partners that use the creditshelf platform to support their clients by acting as innovative providers of new credit solutions. The product offering, which is targeted at German SMEs and growth companies, comprises corporate loans of between EUR 100,000 and EUR 5 million, and durations of 1 month to 96 months.

Growth strategy:

Our focused growth strategy is based on three strategic initiatives which the company is pursuing single-mindedly:

1) Partnerships: Our aim with the platform is to expand our strategic alliances and partnerships that can pass on potential borrowers from their networks to creditshelf and vice versa, and that can boost growth by funding loans via the platform. We are expecting network momentum to accelerate.

2) Product portfolio expansion: We are planning to add flexible, complementary new products to the platform's portfolio so as to be able to supply our borrowers with the right solutions every time. These new products can either be offered by creditshelf itself or integrated flexibly and individually with the platform via partnerships. They offer the opportunity to

attract new borrowers and expand relationships with existing ones, and hence to enhance our conversion rate.

3) Software development: We work continuously to enhance our data-driven, automated processes for supporting credit selection and our credit scoring algorithms and models, with the goal of permitting more in-depth and more efficient analysis. One critical factor here is our database of rejected and arranged credit projects, which is growing continuously as we do business. This provides a basis for our algorithms to learn and continuously improve. As a result, we can efficiently increase the number of credit projects, extend their durations, arrange larger volumes, and ultimately ensure organic growth. At the same time, it opens up the possibility of offering analysis services to third parties. These growth opportunities result from combining internally developed and purchased software components to produce an end-to-end systems architecture. This is now being enhanced as a single entity and is driving value chain automation with as little media discontinuity as possible.

Group Structure and Staff

creditshelf Aktiengesellschaft, Frankfurt am Main, Germany, is the creditshelf group's parent company. It performs certain core functions for the group as a whole, including management, strategy, finance, corporate communications, product management, marketing, investor relations, risk management, legal, compliance, and human resources. The creditshelf group's Frankfurt am Main offices serve as its headquarters.

creditshelf solutions GmbH, Berlin, Germany, is a wholly-owned subsidiary of creditshelf Aktiengesellschaft. creditshelf solutions GmbH's business purpose is to broker, buy, and sell loan receivables in its own name and for its own account, to develop and operate domestic and foreign Internet and technology projects for interactive financial brokerage in particular, and to provide related services. This does not include factoring and 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).

The change in the group structure compared to June 30, 2020, is due to the merger of creditshelf Aktiengesellschaft's two subsidiaries. Under the merger agreement dated October 7, 2020, creditshelf service GmbH (the transferor legal entity) was merged retrospectively as of January 1, 2020, with Valendo GmbH (the transferee legal entity). As the transferee legal entity, Valendo GmbH became creditshelf service GmbH's successor for tax purposes in the course of the merger and acquired the transferred assets at their carrying amounts. In addition, the transferee was renamed creditshelf solutions GmbH following the merger. The merger was entered in the commercial register on November 2, 2020.

creditshelf Aktiengesellschaft did not hold any other direct or indirect equity interests as of the June 30, 2021, reporting date.

The creditshelf group employed an average of 57 permanent staff between January 1, 2021, and June 30, 2021 (June 30, 2020: 57).

Group Management and Performance Indicators

creditshelf Aktiengesellschaft and its two Management Board members manage the business using key financial performance indicators. These are tracked regularly and used to measure the company's performance, identify trends, and make strategic decisions. The key performance indicators are used for regular reporting to the Management Board and are also included in the discussions with the Supervisory Board.

Performance indicator in kEUR	January 1–June 30, 2021	January 1–June 30, 2020
Revenue	3,380.1	2,501.3
EBIT	–1,539.6	–3,015.4

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

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

Some of these indicators, which are taken from the company's internal customer relationship management (CRM) system, fluctuate over the year as a result of creditshelf's seasonal business model. For example, in past fiscal years (including 2020), the arranged loan volume was highest in the second half of the year.

2.2. Research and Development

The company makes a clear distinction between research and development activities, and its activities are largely confined to development. They are focused on the creditshelf platform, on ongoing optimization of data management and of the credit scoring and analysis algorithms, on the systems and processes used to support preselection, and on ongoing monitoring and servicing of arranged loans. One key element of the company's strategy is enhancing its sophisticated credit project process with data-driven risk analysis algorithms. Most development work at creditshelf has been performed internally since Q1 2020.

The company's development costs amounted to kEUR 322.6 during the reporting period (prior-year period: kEUR 229.6). In contrast to the prior-year reporting period, in which proprietary development costs were capitalized under two intangible asset items – the "Internet platform" and the "risk tool" – development costs were recognized during the current reporting period as assets under construction, i.e., as prepayments for intangible assets (new modules). The carrying amount of the "Internet platform" and "risk tool" intangible asset items in use at the company amounted to kEUR 2,455.4 as of June 30, 2021 (December 31, 2020: kEUR 2,669.5). Depreciation and amortization charged during the reporting period amounted to kEUR 536.7 (prior-year period: kEUR 458.4). No impairment losses were required either in the current reporting period or in the prior-year period.

2.3. Report on Economic Position

2.3.1. Macroeconomic Environment and Competition

The key macroeconomic conditions affecting creditshelf's SME borrowers pointed to a recovery in H1 2021. Based on the information published by Germany's Federal Statistical Office on July 30, 2021, Q2 2021 German GDP rose by 9.6% compared to the weak prior-year quarter, following a slump at the beginning of the year.[1] Equally, other economic indicators such as growth in industrial production and the ifo Business Climate Index as of the end of Q2 2021 suggest that the economy is starting to pick up.[2] The German Council of Economic Experts agrees with this

[1] Federal Statistical Office. (2021). Press release no. 365 dated July 30, 2021.
[2] German Federal Ministry for Economic Affairs and Energy. (2021). Schlaglichter der Wirtschaftspolitik, monthly report for July 2021.

assessment: Assuming that the pandemic is successfully contained – for example as a result of further progress being made with vaccinations – it expects growth to accelerate in the course of year, with German GDP recovering by 3.1% in 2021.[3] Deutsche Bundesbank's Weekly Activity Index (WAI), which uses a number of different economic indicators to give a picture of real economic activity in Germany, also suggests a positive development overall.[4] This benefits German industry, whose order books are well filled due to strong domestic demand and an increasing number of foreign orders.[5] Supply bottlenecks were a key factor depressing industrial output at the beginning of the year. Risks for the remainder of the year come from uncertainty as to the course that the pandemic will take going forward, and especially the danger of new virus mutations, supply shortages of intermediate products such as chips and timber, and logistics bottlenecks.[6] In the services sector, mail order and e-commerce – which already benefited last year from the digitalization of the retail sector due to the pandemic – again recorded clear growth. This trend looks set to continue.[7]

The federal government's coronavirus pandemic support measures, which have been prolonged until September 2021, have also had an effect on the macroeconomic environment in Germany. These include simplifications to the rules governing the short-time working allowance, tax breaks aimed at providing liquidity support for companies, and extensive emergency lending programs.[8] The insolvency moratorium that was introduced in March 2020 and that severely curtailed or suspended the duty to file for insolvency, the legal consequences of material or factual insolvency, and the ability to challenge insolvency filings, ended on April 30, 2021.[9] Taken together, these measures led to a clear decrease in the number of insolvencies. According to the Federal Statistical Office, the figure reported in the first quarter was down 19.7% year-on-year.[10] Although the measures taken have so far managed to prevent a major wave of insolvencies, a significant rise is still to be expected for the year as a whole.[11] According to a study by the Leibniz Centre for European Economic Research (ZEW), the majority of these insolvencies will relate to

[3] German Council of Economic Experts. (2021). Economic Outlook for 2021 and 2022.
[4] Deutsche Bundesbank. (2021). Weekly Activity Index for the German economy – Update as of July 26, 2021.
[5] German Federal Ministry for Economic Affairs and Energy. (2021). Schlaglichter der Wirtschaftspolitik, monthly report for July 2021.
[6] German Federal Ministry for Economic Affairs and Energy. (2021). Schlaglichter der Wirtschaftspolitik, monthly report for July 2021.
[7] German Council of Economic Experts. (2021). Economic Outlook for 2021 and 2022.
[8] German Federal Finance Ministry (2021). Überbrückungshilfe verlängert und erweitert.
[9] Federal Ministry of Justice and Consumer Protection. (2021). Aussetzung der Insolvenzantragspflicht vom 1. Januar bis 30. April 2021 für Unternehmen, bei denen die Auszahlung der seit dem 1. November 2020 vorgesehenen staatlichen Hilfeleistungen noch aussteht.
[10] Federal Statistical Office. (2021). Press release no. 270 dated June 10, 2021.
[11] German Federal Ministry for Economic Affairs and Energy. (2021). Schlaglichter der Wirtschaftspolitik, monthly report for July 2021.

microenterprises (fewer than 10 employees), with the insolvency rate decreasing in inverse proportion to SME size.[12]

As was the case with macroeconomic developments, the ongoing coronavirus pandemic also dominated trends on the German lending market in H1 2021. According to the KfW Credit Market Outlook, the volume of loans extended by banks was down 6.5% year-on-year in Q1 2021.[13] New business in the final quarter of 2020 declined by 4.3% year-on-year. In the KfW's opinion, this trend was due both to the improved economic situation in large parts of the economy and the fact that increasing volumes of government financial support were paid out, reducing the need for additional external finance.[14] Nevertheless, it is still not easy for companies to obtain bank loans. According to the KfW-ifo credit hurdle, German SMEs – which have already been facing a much more restrictive policy among banks overall since 2018 – are particularly badly affected by this. Although they were able to obtain credit somewhat more easily again in Q2 2021, the barriers are still considerable compared to previous years.[15] As regards the terms and conditions at which loans are granted, the risks involved led both to wider interest rate margins and in particular to an increase in the collateral required.[16] The European Central Bank also observed a tightening of lending requirements in Germany in Q1 2021, whereas demand for loans experienced a positive trend, driven among other things by the need to finance inventory and working capital.[17]

SMEs' liquidity position improved overall thanks to the prolongation and expansion of government financial support and the recovery in the global economy on the back of the cautious easing of restrictions and vaccinations. Conversely, however, there was uncertainty about how to overcome temporary supply bottlenecks and the impact of virus variants.[18] Whereas the latter factors reduce investment confidence, companies benefiting from structural changes that have been accelerated by the coronavirus crisis are faced with more restrictive banks. This situation is creating opportunities for alternative finance providers such as creditshelf to plug the financing gap. This applies in particular to arrangements outside the secured loan segment that is normally addressed by companies' principal banks. Other major advantages of credit platforms are the speed with which

[12] Leibniz Centre for European Economic Research (ZEW). Dörr, Murmann, Licht. (2021). The COVID-19 Insolvency Gap: First-Round Effects of Policy Responses on SMEs.
[13] KfW Research. (2021). KfW Credit Market Outlook: June 2021. The reference value is a two-quarter moving average.
[14] KfW Research. (2021). KfW Credit Market Outlook: June 2021.
[15] KfW Research. (2021). KfW-ifo credit hurdle: July 2021.
[16] KfW Research. (2021). KfW Credit Market Outlook: March 2021. The reference value is a two-quarter moving average.
[17] European Central Bank. (2021). The Euro Area Bank Lending Survey. First Quarter of 2021.
[18] KfW Research. (2021). KfW Credit Market Outlook: March 2021; KfW Research. (2021). KfW-ifo credit hurdle: July 2021.

loans can be granted and the ease with which companies can submit applications.[19] creditshelf sees itself here as a partner for the banks, enabling them to extend their product ranges to include an unsecured loan offering. creditshelf has active partnerships across all three sectors of the German banking system, from Commerzbank in the commercial banking sector through Sparkasse Bremen to Volksbank Bielefeld-Gütersloh and Vereinigte Volksbank Raiffeisenbank eG Odenwald/Miltenberg. In addition, studies show that digitalizing and automating lending processes are critical success factors in a low interest rate environment, but that business lending is trailing the retail sector with respect to automation.[20] According to the KfW, the coronavirus crisis is serving as a key driver here for digital financial services providers such as online credit platforms.[21] creditshelf's banking partners can profit in the area of digitalization and automation from the company's rapid credit analysis.

At the same time, the company considers itself to have a relatively small number of competitors, which it defines as other digital finance providers and platforms focusing on SMEs in Germany. Competitors are limited to two groups. On the one hand, there are pure-play online comparison platforms such as Compeon, Fincompare, Funding Circle (which in Germany switched to being merely a loan broker in mid-2020 and does not offer its own credit product), FinMatch, Deutsche Firmenkredit Partner, and Fundingport, whose ability to perform brokerage services also depends on the mainstream banks' willingness to provide finance. On the other, there are credit marketplaces such as October (which is based in France and entered the German market in 2020, with arranged loan volumes in the low double-digit millions, Iwoca (which is based in the UK and which started offering working capital finance of up to EUR 200,000 in Germany in the current reporting period), and Invesdor (which has merged with Kapilendo and is headquartered in Finland and Germany). In addition, other market players are active in certain areas such as scale-up finance (e.g., Deutsche Handelsbank or straight venture debt providers, although the latter generally focus on larger minimum loan volumes). What is more, a number of venture debt market players such as Riverside Acceleration Capital, Round2 Capital, Uncapped, and Uplift1 offer revenue-based finance products, complementing creditshelf's product range in the target group of young growth companies (scale-up segment).

creditshelf focuses specifically on areas that are generally not or only partially addressed by competitors. Its uniques include the target company group (revenue of EUR 1 million to EUR 100 million), the structure of the loans extended, including their capital structure ranking (in creditshelf's

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[19] KfW Research. (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Fremdfinanzierung noch Nischenprodukt.
[20] PwC. (2019). Industrialisierung des Kreditgeschäfts, Status Quo und Perspektive des Kreditgeschäfts in Deutschland.
[21] KfW Research. (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Fremdfinanzierung noch Nischenprodukt.

case always senior loans), the security furnished (in creditshelf's case mainly unsecured), the size of the loans (EUR 100,000 to EUR 5 million), and the nature of the investors involved (primarily institutional investors).

All in all, creditshelf's management feels the company is well positioned for further growth in H2 2021 and beyond. Although the coronavirus crisis and its impact on the economy as a whole and the market for SME loans in particular remain sources of uncertainty for the company, the Management Board is assuming that the market for digital SME finance in Germany will see strong growth in the medium and long term. This assumption is based on structural trends, which have been accelerated in some cases by the crisis.

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

2.3.2.1. Results of Operations

creditshelf's **revenue** climbed by 35.1% year-on-year in H1 2021 to kEUR 3,380.1 (prior-year period: kEUR 2,501.3). The main driver for the change was a clear rise in the **volume of loans brokered** via the creditshelf platform, which jumped from kEUR 45,635.0 in H1 2020 to kEUR 71,790.0 in the first six months of the current fiscal year. The overall margin – the ratio of revenue to the arranged loan volume – declined year-on-year to 4.7% (prior-year period: 5.4%). This was due to a lower margin on investor fees resulting from changes in the terms and conditions governing our cooperation with our financing partners, which is important for securing funding for the growing volume of loans made via the creditshelf platform and which serves as the basis for additional growth. The decrease was partially offset by revenue generated from servicing and advisory fees. These permit ongoing, volume-dependent revenue generation and are replacing conventional investor fees in part.

Other income of kEUR 1.6 (prior-year period: kEUR 414.6) comprises proceeds from the sale of property, plant, and equipment. In H1 2020, other income largely consisted of cost refunds relating to the formation of the creditshelf Loan Fund, reversals of provisions, and discounts on loan purchases.

Own work capitalized amounted to kEUR 306.8 in H1 2021 (prior-year period: kEUR 185.4) and comprised personnel expenses incurred in connection with software development. The year-on-year rise is due to the fact that more development was performed in-house after work with the former external software developer was discontinued in Q1 2020.

Personnel expenses for H1 2021 were kEUR 2,785.7 (first half of the previous year: kEUR 3,017.8). On the one hand, this reflects the unchanged headcount of 57 permanent staff (prior-year period: 57 permanent staff). On the other, this item contains lower expenses for share-based employee incentive programs (Restricted Stock Unit programs, hereinafter also referred to as "RSU" for short) of kEUR 323.0 (prior-year period: kEUR 513.0). This is because material personnel expenses were already recognized in previous periods for stock units for which claims arose in the period up until 2021, as is required by IFRS 2, while fewer stock units overall were granted in 2021. This applies in particular to the RSU III program, which will expire in the current fiscal year due to the fact that Dr. Mark Währisch left the Management Board as of April 30, 2021.

Other operating expenses amounted to kEUR 1,808.4 in the period up to June 30, 2021, below the figure of kEUR 2,537.2 recognized for the prior-year period. This reflects the rigorous management of non-personnel costs: total expenses were lower despite the rise in the loan volume and in associated variable expenses such as third-party services and sales commission.

Marketing and advertising expenses account for a large proportion of the other operating expenses item. At kEUR 332.6 in H1 2021, they were down substantially on the prior-year period (kEUR 899.7). This was largely due to efficiency gains resulting from a fundamental reorganization of the company's marketing presence and the optimization of its customer relationship management activities in fiscal year 2020. The figure for the prior-year period largely reflects these measures. In addition, the company has reacted to changing demand in the current year, which is due to the extensive government support measures introduced to combat the coronavirus crisis, and has increased its marketing focus on specific sectors and channels.

Legal and consulting costs declined year-on-year to kEUR 374.7 (prior-year period: kEUR 451.5). This decrease was due to the successful establishment of internal resources and the associated reduction in the company's reliance on external service providers.

Third-party services led to expenses of kEUR 193.1 in H1 2021 (prior-year period: kEUR 278.1). The decrease reflected the return to normal in the number of loan requests compared to the prior-year period, which resulted in lower costs for external data searches during credit analysis being incurred in the reporting period.

Sales commission payable for borrowers brokered by the creditshelf platform's partner network amounted to kEUR 108.3 in H1 2021, down year-on-year despite the higher volume of loans arranged (prior-year period: kEUR 180.0).

Lease expenses declined to kEUR 99.0 in H1 2021 (prior-year period: kEUR 138.0). This is due to a reduction in leased space made as part of the company's strict cost management and the extension of its existing New Work policies in H2 2020.

No **premiums on loan receivables** or premiums from loan purchases were reported in H1 2021, since these did not affect EBIT and this practice enhanced transparency (prior-year period: kEUR 53.3). The same applies to discounts on loan purchases, for which an identical amount was reported in other operating income in the prior-year period.

Remeasurement effects on **virtual participation shares** resulted in expenses of kEUR 130.6 in the reporting period (prior-year period: kEUR 9.0).

At kEUR 570.1, total **miscellaneous other expenses** were up year-on-year in H1 2021 (prior-year period: kEUR 527.6). This item primarily comprises IT expenses, investor relations costs, accrued Supervisory Board remuneration, and association membership fees such as those for the Verband Deutscher Kreditplattformen (the Association of German Credit Platforms). In comparison to the previous year, the miscellaneous other expenses item includes recruitment costs of kEUR 70.2 incurred to recruit qualified new staff.

Consequently, **earnings before interest, taxes, and depreciation and amortization (EBITDA)** amounted to kEUR –905.7 in H1 2021, clearly in excess of the prior-year period (kEUR –2,453.7). This demonstrates our business model's scalability, since we were able to significantly grow our revenue while keeping personnel expenses stable and cutting other operating expenses.

After adjustment for higher **depreciation and amortization** of kEUR 634.0 (prior-year period: kEUR 561.7), which was in line with planning, the group reported **earnings before interest and taxes (EBIT)** of kEUR –1,539.6 in H1 2021. This, too, represented a clear improvement (prior-year period: kEUR –3,015.4). The **financial result** of kEUR –34.9 widened year-on-year as a result of the shareholder loan that was taken out (prior-year period: kEUR –13.4). After adjusting for this and for an income tax expense of kEUR 8.2 (prior-year period: kEUR 89.5), the **net loss** for the period was kEUR 1,582.7 (prior-year period: kEUR 3,118.3).

Basic earnings per share, which are calculated using the profit attributable to ordinary shareholders and a weighted average of the ordinary shares in circulation, amounted to EUR –1.15 (prior-year period: EUR –2.31). In line with IAS 33.41, diluted earnings per share corresponded to basic earnings per share.

2.3.2.2. Net Assets

creditshelf's **total assets** as of June 30, 2021, amounted to kEUR 7,018.3 (December 31, 2020: kEUR 10,062.8).

Noncurrent assets totaled kEUR 4,324.9 as of the reporting date, somewhat lower than the figure for the end of fiscal year 2020 (December 31, 2020: kEUR 4,560.7). Amortization of intangible assets exceeded own work capitalized during the reporting period, leading to a decrease in this item from kEUR 3,434.6 to kEUR 3,188.0. Intangible assets accounted for the bulk of noncurrent assets as of the June 30, 2021, reporting date together with higher noncurrent trade receivables of kEUR 947.5 resulting from the growth in creditshelf's operations (December 31, 2020: kEUR 876.2).

Current assets declined to kEUR 2,693.4 as of the reporting date (December 31, 2020: kEUR 5,502.1). This was largely due to the lower levels of cash and cash equivalents, which totaled kEUR 1,206.7 as of June 30, 2021, down from kEUR 3,844.3 as of December 31, 2020. kEUR 0.1 of this amount was held in pledged accounts as of June 30, 2021 (December 31, 2020: kEUR 0.1). The sharp reduction in the cash and cash equivalents recognized in comparison to December 31, 2020, is due to the fact that kEUR 3,136.0 in cash had been held temporarily in a company account as of the 2020 closing date in order to settle transactions. This item was matched by a liability in the same amount. Current trade receivables fell slightly to kEUR 1,288.2 as of June 30, 2021 (December 31, 2020: kEUR 1,355.5).

The company's **equity** declined compared to the year-end to kEUR 2,587.0 (December 31, 2020: kEUR 3,896.4). The **equity ratio** was 36.7% (December 31, 2020: 38.7%). The decrease in equity represents the sum of the net loss after tax for the period of kEUR 1,582.7 and the increase in capital reserves made to satisfy claims under the share-based employee incentive programs by issuing equity instruments (June 30, 2021: kEUR 21,277.7; December 31, 2020: kEUR 21,020.3). In addition, a capital increase was implemented to satisfy claims under the share-based employee incentive programs and entered in the commercial register on February 9, 2021. This led to an increase in subscribed capital of EUR 15,912.00 to kEUR 1,376.2 (December 31, 2020: kEUR 1,360.3).

Noncurrent liabilities rose compared to the 2020 year-end to kEUR 2,730.0 (December 31, 2020: kEUR 1,210.4). This was mainly due to an increase in other noncurrent financial liabilities to kEUR 1,555.0 (December 31, 2020: kEUR 50.1). The change was primarily attributable to a shareholder loan taken out by the company, which so far amounts to kEUR 1.5 million. At kEUR 1,175.0, noncurrent provisions were stable compared to the end of fiscal year 2020 (December 31, 2020: kEUR 1,146.7).

Current liabilities amounted to kEUR 1,701.3 as of the June 30, 2021, reporting date, a clear decline on December 31, 2020 (kEUR 4,956.0). The main driver for the change was the substantially lower levels of trade payables, which totaled kEUR 480.4 (December 31, 2020: kEUR 3,777.8). The increase of kEUR 3,136.0 recorded as of the end of 2020 was the result of the temporary recognition of the cash items mentioned earlier. Other liabilities amounted to kEUR 706.7 as of the June 30, 2021, reporting date, down on the 2020 year-end figure (December 31, 2020: kEUR 534.7). The decrease in current provisions to kEUR 440.0 was largely due to the utilization of current payroll tax provisions for share-based employee incentive programs (December 31, 2020: kEUR 549.1).

2.3.2.3. Financial Position

Based on a net loss after tax of kEUR 1,582.7 (June 30, 2020: net loss of kEUR 3,118.3), **gross cash flow** at the end of the reporting period amounted to kEUR –976.3 (June 30, 2020: kEUR –2,273.9) after adjustment primarily for depreciation of property, plant, and equipment of kEUR 64.8 (June 30, 2020: kEUR 70,3), amortization of intangible assets of kEUR 569.2 (June 30, 2020: kEUR 491.4), noncash increases in the capital reserves of kEUR 232.3 (June 30, 2020: kEUR 316.6), changes in other noncash expenses of kEUR –305.3 (June 30, 2020: kEUR –215.7), and cash inflows from other assets of kEUR 103.8 (June 30, 2020: kEUR 94.6). Compared to the 2020 Half-yearly Report, cash inflows from the sale of shares made to settle payroll taxes due under the share-based employee incentive programs were no longer recognized as equity-settled share-based payments under gross cash flow, but as proceeds from the sale of shares under net cash generated from financing activities so as to enhance presentation. In line with this, the figure for noncash increases in the capital reserves as of June 30, 2020, was reduced by kEUR 146.2.

Starting with **gross cash flow** and adjusting it for the kEUR 5.6 increase in trade receivables (June 30, 2020: decrease of kEUR 175.9), a kEUR 48.8 decrease in trade payables (June 30, 2020: kEUR 1,953.0), and the kEUR 192.2 increase in other liabilities (June 30, 2020: decrease of kEUR 202.7), **net cash used in operating activities** amounted to kEUR –827.3 (June 30, 2020: kEUR –4,605.5). Compared to the 2020 Half-yearly Report, the change in temporarily recognized cash holdings of kEUR 3,248.6 in the statement of cash flows was no longer recognized in the cash funds item but directly against the relevant liability under net cash used in operating activities. The figures as of June 30, 2020, were adjusted accordingly for this report. The reclassified amount relating to the prior-year period was kEUR 685.4.

Net cash used in investing activities amounted to kEUR –22.6 in the reporting period (June 30, 2020: kEUR –102.8). The cash outflow was primarily attributable to payments to acquire intangible assets in the amount of kEUR 15.9 (June 30, 2020: kEUR 44.2) and property, plant, and equipment in the amount of kEUR 6.7 (June 30, 2020: kEUR 58.6).

Net cash generated by financing activities amounted to kEUR 1,460.9 in H1 2021 (June 30, 2020: kEUR 117.5). The cash inflow in H1 2021 largely reflects proceeds from the shareholder loan, plus proceeds from the sale and issuance of shares that are matched against payments under earn-outs. Proceeds from the shareholder loan amounted to kEUR 1,500.0 (prior-year period: kEUR 0.0) and proceeds from the sale of shares to kEUR 276.5 (prior-year period: kEUR 146,2; see the adjustment to the gross cash flow), whereas earn-out payments led to a cash outflow of kEUR 250.0 (prior-year period: kEUR 0.0). The latter relates to the expiration on January 18, 2021, of the earn-out period under the purchase agreement for Valendo GmbH. On January 28, 2021, the Management Board of creditshelf Aktiengesellschaft resolved not to exercise the replacement option and to settle the earn-out amount due in cash.

Cash and cash equivalents amounted to kEUR 1,206.7 as of the June 30, 2021, reporting date (June 30, 2020: kEUR 2,729.6). Cash of kEUR 0.1 was held in pledged accounts as of the reporting date (June 30, 2020: kEUR 0.1). The reclassification of the temporarily recognized cash holdings mentioned earlier led to an adjustment of kEUR 3,412.5 being made to the cash and cash equivalents as of the start of the fiscal year. The adjustment for the prior-year period was kEUR 235.2. After adjustment for the above-mentioned reclassification and the funds held in pledged accounts, the company had **cash funds** of kEUR 1,042.7 as of June 30, 2021 (June 30, 2020: kEUR 1,809.1).

Net debt as of June 30, 2021, was as follows:

	June 30, 2021 in kEUR	**June 30, 2020 in kEUR**	**Change in kEUR**
Financial liabilities	1,629.2	169.9	1,459.3
Cash funds	1,042.7	1,809.1	–766.4
Net debt	**586.5**	**–1,639.2**	**2,225.7**

2.4. Report on Opportunities and Risks

2.4.1. 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. Should these trends develop negatively for the company, they could lead to a rise in the number of loan defaults and to lower borrower demand. In addition, a rising interest rate level may open up other low-risk investment classes, such as government bonds, for investors. Based on the statements on the macroeconomic environment made in the report on the company's economic position (section 2.3.), and in particular on the forecasts for the German economic area made by the BMWi[22] and the German Council of Economic Experts[23], the Management Board is continuing to expect a challenging economic environment given the emerging economic recovery on the one hand and the danger represented by new virus mutations, supply chain problems in the manufacturing sector, and ongoing government intervention in the lending market in the form of support programs on the other. The company is currently unable to assess the probability and potential impact of a insufficient vaccination rate, new virus mutations, or a significant fourth wave of infections.

In addition, the Management Board expects that monetary policy will largely continue to accommodate the challenging economic environment, and that interest rates will remain low. This can be seen from the decision by the European Central Bank (ECB) on July 22, 2021, to keep interest rates at the low level of 0% until further notice.[24]

Risk assessment: medium

<u>Financial Risks</u>

Liquidity Risk

creditshelf group has generated losses in the past and could continue to do so in the future. Increased operating expenses, decisions to make further investments in future growth, and lower-than-forecast revenue volumes, coupled with a resulting lack of income, could play a role here. Persistent losses could give rise to liquidity risk in the longer term.

Measures taken include rolling monthly cash flow forecasts and timely preparations for potential financing rounds. Budgeted and hence actual costs were cut during the coronavirus pandemic. In addition, creditshelf shareholder Obotritia Capital KGaA issued a binding letter of comfort in favor of the company in Q4 2020. On January 4, 2021, creditshelf Aktiengesellschaft signed a shareholder loan framework agreement with Obotritia Capital KGaA with the aim of putting this letter of comfort into practice at the operational level; an addendum to the agreement was entered into on March 9, 2021. The agreement provides for an overall amount of up to EUR 8 million and 8% interest per annum, payable on maturity, and will end at the latest on December 31, 2027. The

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[22] German Federal Ministry for Economic Affairs and Energy. (2021). Schlaglichter der Wirtschaftspolitik, monthly report for July 2021.
[23] German Council of Economic Experts. (2021). Economic Outlook for 2021 and 2022.
[24] European Central Bank. (2021). Press release: Monetary policy decisions, July 22, 2021.

shareholder loan framework agreement sets out a notice period for the issuer of 12 months for the period up to and including December 31, 2023. No notice had been given to terminate the loan as of the date of this report. Thanks to the implementation of these instruments, the Management Board is of the opinion that the group's liquidity has been secured for 12 months as from the date of preparation of these financial statements, and that the group's status as a going concern is therefore guaranteed. The first EUR 1 million under the framework agreement was drawn down on January 11, 2021, and a further kEUR 500 followed on May 17, 2021. creditshelf's general meeting on May 10, 2021, resolved contingent and approved capital in the amount of up to 50% of subscribed capital in the period up to May 2026.

Revenue growth in the first half of the year was higher than planned, while the cost base was lower year-on-year; this has positively impacted the liquidity risk position.

Risk assessment: medium

Operational Risks

Restricted Operational Ability during the Coronavirus Pandemic

The coronavirus pandemic is having an impact on creditshelf, like many other enterprises. The company's operations could be severely adversely affected both if a critical number of (key) staff were to become ill and by regional lockdowns and restrictions on contact.

creditshelf addressed the impact of the coronavirus pandemic on its business activity and operational ability at a very early stage. In line with this, it took measures to preserve its continued operational ability and reviews these in depth at regular intervals. Key measures involved drawing up an attendance plan for the company's offices that includes hygiene protection standards and that has been checked for compliance with the recommendations issued by the Robert Koch Institute and similar sources ("coronavirus plan"). This coronavirus plan is designed to prevent any spread of the virus in the company's offices and hence avoid a critical number of staff falling ill simultaneously. In addition, employees' presence in the office was regularly reviewed and a remote-first strategy was adopted during the two lockdowns.

creditshelf assessed its processes, systems, and infrastructure at an early stage so as to enable substantially more work to be performed outside the office; the "New Work" methods and structures that it had already introduced permitted a largely seamless transition to the changed working environment. The company is now building on this and assessing the long-term implications of the changed world of work on the company and its employees, not least so as to continue to ensure its operational ability at all times. As part of the general easing of the lockdown, creditshelf enabled staff to return to its offices on a voluntary basis in Q2 2021 on the basis of its hygiene plan, while capping the maximum number of people present.

Risk assessment: low

Loss of Data and Damage to Systems

creditshelf's digital business model makes it potentially especially vulnerable to any loss of data or damage to systems resulting from external attacks on its IT systems, as well as to external and internal, intentional and unintentional data manipulation resulting from inadequate protective measures. The company has taken note of the increased global threat of external attacks in this area. 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, the IT systems used, and the data stored. In addition, external attack recognition services are in place. Penetration tests are performed to check their effectiveness.

Risk assessment: low

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 creditshelf group's business, and consequently on its net assets, financial position, and results of operations. In particular, increasing automation could reveal weaknesses in software development.

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 and that are regularly adapted in particular with a view to increasing the degree of automation involved. New products, systems, and associated processes are developed by the responsible product managers in cooperation with the target groups concerned, enabling potential errors to be identified in good time and suitable measures to be taken. Above and beyond this, material software development activities are defined in an overall IT systems/platform development plan ("road map") that is closely aligned with creditshelf's business objectives. This also provides for individual development components to be reviewed regularly for relevance and for the contribution they make to development as a whole. In addition, the company commissions penetration tests for the internally generated software.

Risk assessment: medium

Restricted Operational Ability due to Infrastructure Malfunctions

Outages or disruptions to the power grid or to network and Internet connections, or to IT systems operations, could restrict the company's business activities very severely.

We combat this threat by taking a risk-driven approach to implementing creditshelf's IT systems, hardware components, networks, and Internet connections, and operate them at very high fail-safe levels across all locations. The way creditshelf designs its systems and infrastructure has enabled it to maintain its operational ability unchanged across a greater number of remote locations, despite the restrictions resulting from the coronavirus pandemic. The IT architecture plays a key role here: it has been largely cloud-based ever since the company was formed, resulting in decentralized structures.

Wherever feasible and economically justified, creditshelf maintains resources to handle failures or unforeseen peak loads (especially in relation to platform operations).

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. What is more, operational complexity – and hence the possibility of error – is rising as the number of institutional investors and financing partners increases.

creditshelf has implemented comprehensive processes, structures, and systems to adequately manage an increasingly complex operating environment. Identifiable risks are disclosed to investors transparently at an early stage. The risk exposures are assessed continuously from a legal and operational perspective. In addition, creditshelf drove forward with its financing partner operations in the reporting period. Among other things, Amsterdam Trade Bank made EUR 40 million in additional funding available in H1 2021.

Risk assessment: medium

Regulatory Breaches

creditshelf is governed by numerous regulatory requirements such as the provisions of the *Finanzanlagenvermittlerverordnung* (German Investment Brokerage Regulation – FinVermV) or the *Geldwäschegesetz* (German Money Laundering Act – GwG). In addition, the group is affected by a large number of data protection and data security laws and regulations, which led to it further strengthening its data protection officer function in the reporting period. Failure to comply with regulatory requirements and provisions could lead to reputational damage, restrictions on the group's business activities, or fines.

The company seeks 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. A compliance manager, who reports directly to the CEO, bundles and coordinates these measures. A money laundering reporting officer monitors compliance with the anti-money laundering requirements.

In addition, creditshelf proactively and continuously monitors potential regulatory developments, with a particular focus on lending and loan finance.

Risk assessment: low

Strategic Risks

Collectibility Risk

The creditshelf group itself does not extend any loans. In addition to the brokerage fees that it charges to borrowers, creditshelf generates income from investors in the form of investor fees. In the majority of cases, a simplified procedure means that these regularly fall due when borrowers make loan repayments that are disbursed to the investors. Consequently, defaults by borrowers can lead to lower group income if the group waives recovery of the investor fees in these cases.

If borrowers were to get into arrears with, or default on, loans arranged by creditshelf, this would lead to an adverse change in the yield for the investors who had invested in the loans in question. This could damage creditshelf's reputation and negatively impact its expected revenue and income growth.

The creditshelf group uses analysis and scoring procedures to reduce collectibility risk.

creditshelf is taking the changes in economic conditions caused by the coronavirus crisis into account in its analysis and scoring procedures, both through its internal risk management activities (e.g., by adopting a sector-specific approach) and using specific coronavirus pandemic plans for potential borrowers. In individual cases, the company also brokers additional liquidity opportunities, such as temporary loan moratoria, for existing borrowers.

Risk assessment: medium

Procurement Risk

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

A more than insignificant proportion of the loans brokered by creditshelf is financed by the creditshelf Loan Fund. The latter's ability to continue providing substantial volumes of funds in the future depends to a substantial extent on whether additional closings can be made in subsequent periods up to the maximum amount of EUR 150 million possible with this fund.

creditshelf seeks to mitigate procurement risk by enhancing the company's funding base, which is why it is continuously integrating new investors and expanding its investment formats. The company substantially diversified its funding base and reduced its reliance on related parties in H1 2021 by entering into a partnership with Amsterdam Trade Bank, alongside its existing relationships with BNP Paribas Asset Management and (in the context of the creditshelf Loan Fund) with the European Investment Fund (EIF).

Risk assessment: material

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 competitiveness of its products and 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 enhance and extend its services and products, to expand its funding base, and to improve the terms and conditions for its financing offerings.

The federal and state support programs introduced to combat the coronavirus crisis, which have been prolonged until September this year, are continuing to impact the company's existing loans and new business alike. This applies in particular to the KfW's liquidity support measures. creditshelf is responding to this situation by expanding its products and target groups, and by raising the profile of, and regularly evaluating, its sales channels and associated marketing measures. In connection with this, creditshelf again expanded its finance solutions for young growth companies in H1 2021.

It is not possible at present to give a full assessment of the possible negative and positive impacts of the pandemic going forward.

Risk assessment: material

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 is aware of the growing competition, especially from the prolonged coronavirus-related government liquidity offerings (see also "Platform risk"). The company continuously optimizes and expands its products, internal organization, partnerships, and network in order to maintain its competitive advantage. For example, with effect from this reporting period it has sales partnerships with banks belonging to all three sectors of the German banking system.

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 now has a number of strategic partnerships of different types.

The company has established appropriate organizational structures to reduce the risk from individual partnerships and has firmly integrated partner management with its sales activities in order to expand existing partnerships and acquire new ones.

Risk assessment: medium

Organizational Risks

Recruitment and Retention Risk

creditshelf depends continuously both on recruiting new staff and on key employees to ensure it remains on its intended growth path. If creditshelf does not succeed in developing or finding suitable staff for positions to be filled while also retaining key employees at the company, it runs the risk of not being able to implement its (strategic) development as planned.

creditshelf counters these risks by paying market-based salaries, and using share-based employee incentive programs. It seeks to continue positioning itself as an attractive employer for talented young recruits and experienced staff alike. The company's goal is to provide employees at all times with individual development opportunities in line with its structural requirements.

Risk assessment: low

Risks Associated with Organizational Structures

creditshelf needs to continue its current growth trajectory if it is to achieve its goals. The group's continued success depends to a significant extent on whether it can successfully manage the growth in organizational structures accompanying its growth in revenue. In particular, the company must meet the organizational, structural, and compliance requirements associated with partnerships.

creditshelf addresses these risks by regularly adapting its internal structures and processes, and by selecting and developing its staff appropriately. The company's structures and processes were and are evaluated and adapted as necessary, especially in view of the changes in the environment caused by the coronavirus pandemic.

Risk assessment: medium

Overall Risk Position

creditshelf is of the opinion that its overall risk exposure – to which developments associated with the coronavirus pandemic have contributed by increasing existing risks – has remained largely unchanged compared to the statements made in its 2020 Annual Report.

A majority of the risks are still classified as belonging to the “low” or ”medium” categories after risk mitigation measures. None of them are regarded as critical from a net perspective. A comprehensive overview of the risk situation reveals two risks that must be classified as material.

The assessment of the overall risk is based on creditshelf's risk management. Relevant measures were taken where necessary in the case of manageable risks. In addition, the company faces exogenous macroeconomic risks that it cannot influence but that it monitors continuously.

In the Management Board's opinion, the net risks do not threaten the company's continued existence as a going concern, either individually or in the aggregate.

2.4.2. Report on Opportunities

In addition to the risks described in the section above, a number of opportunities arise in connection with the group's business activities. These need to be leveraged rapidly and in specific contexts in some cases. In line with this, creditshelf sees opportunity management as an ongoing task that has to be performed by the entire company, but particularly by the management. It is based on continuous market and competitive analysis, the company's own market surveys such as the Finanzierungsmonitor, and analyses of comparable markets abroad and of other digital credit markets such as that for consumer credit, plus the continuous assessment of technological developments in relation to the platform business and digital risk analysis. The top priority when analyzing potential opportunities is always to view things from the perspective of our platform clients – i.e., our borrowers and debt capital providers.

The order in which the opportunities below are listed reflects the Management Board's current 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

The company expects growth in digital SME finance in Germany to continue in the remaining months of fiscal year 2021. Loans extended to small and medium-sized companies account for over one-quarter of the German corporate loan market. Loan portfolios are growing continuously and the share of new business attributable to digital lending is on the rise. This trend is expected to continue in the coming years.[25] creditshelf aims to continue participating in this growing market share and is focusing on an attractive, digitally analyzable market segment: companies with annual revenues of EUR 1 million or more. German SMEs' liquidity positions are very tight – a situation that is largely due to the consequences of the coronavirus pandemic – and demand for loans rose substantially in the course of 2020. It has eased in 2021, although banks remain highly restrictive

[25] Barkow Consulting & solarisBank. (2019). Der digitale SME-Kredit in Deutschland; altfi (2021). State of the Market. Alternative Lending. Annual Report 2021

about lending to these companies in particular, despite the slight improvement seen in the second quarter.[26] We expect this trend to become even more pronounced going forward in view of the strict capital requirements for unsecured bank loans. At the same time, credit platforms offer competitive advantages – rapid processing and ease of application [27] – from which SMEs can definitely profit in a number of situations including prefinancing, working capital requirements, or mergers & acquisitions. This opens up opportunities for alternative financing partners and credit platforms, which will probably experience growing demand from a range of different sources. However, this depends on the temporary government support measures successively expiring and the credit market returning to normal as a result. We expect the support measures to be wound up as of the end of 2021.[28] At the same time, the company sees opportunities to finance young growth companies whose financing requirements cannot fully be met by banks.

Increasing Willingness to Invest in SME Loans

creditshelf is firmly convinced that investments in SME loans are an attractive investment class for institutional investors. Under German law, investors are prevented in many cases from extending loans to borrowers directly, since they do not have the necessary bank license. Digital credit platforms such as creditshelf help select potential borrowers and arrange loans, and hence offer potential investors the chance to invest in a German SME loan portfolio. In the company's opinion, broadening the investor base will have positive network effects, especially given the high degree of professionalism offered by the additional institutional investors, and their reputation. On the one hand, the current market situation – which has been caused by the economic consequences of the coronavirus pandemic – represents a challenge for all market participants. On the other, however, it also opens up opportunities since it would seem at present that the German economy may possibly recover more quickly[29], especially in comparison to other European countries. This will result in openings for investors. The strong resilience shown by the creditshelf platform's loan portfolio even during the pandemic period, plus its attractive risk-return profile, underscore the appeal of this investment class and are a strong argument for continuing to expand our investor base in the second half of the year. creditshelf has substantially enhanced the attractiveness of the funding side of its business wide by offering a variety of investment options, opening up additional opportunities for the company. Options include investing directly via the platform, investing via the creditshelf Loan Fund, or individual investor solutions using special purpose vehicles, for example.

[26] KfW. (2020). KfW-ifo credit hurdle: July 2021.
[27] KfW Research. (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Fremdfinanzierung noch Nischenprodukt.
[28] KfW. (2021). KfW Special Programme extended until the end of the year – Ceilings for maximum loan amounts raised.
[29] German Federal Ministry for Economic Affairs and Energy. (2021). Schlaglichter der Wirtschaftspolitik, monthly report for July 2021.

Opportunities for Cooperative Sales Channels due to the Financial Sector's Growing Realization of the Need to Extend Digitalization to its SME Business

The crisis in 2020 substantially increased the transformation rate on the German corporate finance market. German banks' readiness to seriously leverage the opportunities offered by digitalization and to break new ground with their product offerings is increasing significantly.[30] creditshelf sees itself as a partner for traditional principal banks and as part of a state-of-the-art financing ecosystem for German SMEs. In H1 2021, creditshelf successfully entered into partnerships with both a public savings bank and two institutions from the cooperative banking sector. As a result, it now has partnerships with institutions in all three sectors of the German banking system. The company feels it has considerable potential for additional partnerships with banks and financial services providers that are interested in offering creditshelf's product to their clients as an add-on. Reasons for this include the growing acceptance by SMEs of alternative lending offerings, the openness on the part of traditional market participants such as banks and financial service providers that has already been described, and the interest in following in the footsteps of creditshelf's pioneering partners.

Overall Opportunities

Overall, creditshelf considers that its opportunities have improved compared to the statements made in its 2020 Annual Report. Increasing digitalization among both SME borrowers and financial institutions in Germany is increasing our chances. In addition, the addressable market is expanding due to the growing need for growth finance. Conversely, the situation for investors is becoming more attractive due to the clearly emerging economic recovery – which is having positive knock-on effects on the German investment market – and enhanced investment options.

2.5. Report on Expected Developments

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

[30] See e.g., CAPCO. (2020). Kreditmanagement im Wandel der Digitalisierung (September 2020).

3. Consolidated Interim Financial Statements as of June 30, 2021

3.1. Consolidated Statement of Financial Position as of June 30, 2021

ASSETS	Note	June 30, 2021 in kEUR	Dec. 31, 2020 in kEUR
Noncurrent assets			
Intangible assets	5	3,188.0	3,434.6
Property, plant, and equipment	6	162.3	222.8
Trade receivables	7	947.5	876.2
Other financial assets	7	27.1	27.1
Total noncurrent assets		**4,324.9**	**4,560.7**
Current assets			
Trade receivables	7	1,288.2	1,355.5
Other assets	7	185.7	300.2
Other financial assets	7	12.8	2.1
Cash and cash equivalents	9	1,206.7	3,844.3
Total current assets		**2,693.4**	**5,502.1**
Total assets		**7,018.3**	**10,062.8**

EQUITY AND LIABILITIES	Note	June 30, 2021 in kEUR	Dec. 31, 2020 in kEUR
Capital and reserves			
Subscribed capital	10	1,376.2	1,360.3
Capital reserves	10	21,277.7	21,020.3
Retained earnings	10	–20,066.9	–18,484.2
Total equity		**2,587.0**	**3,896.4**
Noncurrent liabilities			
Noncurrent provisions		1,175.0	1,146.7
Other financial liabilities	10	1,555.0	50.1
Deferred tax liabilities	8	0.0	13.6
Total noncurrent liabilities		**2,730.0**	**1,210.4**
Current liabilities			
Trade payables		480.4	3,777.8
Other financial liabilities		74.2	72.2
Current provisions		440.0	549.1

Other liabilities	706.7	534.7
Tax liabilities	0.0	22.2
Total current liabilities	**1,701.3**	**4,956.0**
Total equity and liabilities	**7,018.3**	**10,062.8**

3.2. Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period from January 1 to June 30, 2021

	Note	**June 30, 2021 in kEUR**	**June 30, 2020 in kEUR**
Revenue	11	3,380.1	2,501.3
Other income	12	1.6	414.6
Own work capitalized	5	306.8	185.4
Personnel expenses	13	–2,785.7	–3,017.8
Depreciation and amortization	5/6	–634.0	–561.7
Other operating expenses	14	–1,808.4	–2,537.2
Finance costs		–44.6	–20.6
Financial income		9.7	7.2
Consolidated earnings before taxes (EBT)		**–1,574.5**	**–3,028.8**
Income taxes	15	–8.2	–89.5
Net loss for the period		**–1,582.7**	**–3,118.3**
of which attributable to:			
Owners of the parent		**–1,582.7**	**–3,118.3**
Noncontrolling interests		**0.0**	**0.0**

<u>**Earnings per share**</u>

	June 30, 2021 in EUR	**June 30, 2020 in EUR**
Basic earnings per share	**–1.15**	**–2.31**
Diluted earnings per share	**–1.15**	**–2.31**

3.3. Consolidated Statement of Cash Flows for the Period from January 1 to June 30, 2021

	Note	June 30, 2021 in kEUR	June 30, 2020 in kEUR
Cash flows from operating activities			
Net loss for the period		–1,582.7	–3,118.3
Adjustments for:			
Income taxes paid	8	–13.6	89.5
Depreciation of property, plant, and equipment	6	64.8	70.3
Amortization of intangible assets	5	569.2	491.4
Gains/losses on disposal of intangible assets and property, plant, and equipment	5/6	0.9	–0.1
Change in other provisions		–80.8	–12.6
Other noncash expenses/income	12	–305.3	–215.7
Noncash increase in capital reserves		232.3	316.6
Financial expenses from financing activities		44.6	17.7
Financial income		–9.7	–7.2
Security deposit		0.0	–0.1
Other assets	7	103.8	94.6
Interest received		0.2	0.0
Gross cash flow		**–976.3**	**–2,273.9**
Increase/decrease in trade receivables	7	–5.6	–175.9
Increase/decrease in trade payables		–48.8	–1,953.0
Increase/decrease in other liabilities		192.2	–202.7
Net cash generated by/used in operating activities		**–827.3**	**–4,605.5**
Payments to acquire property, plant, and equipment	6	–6.7	–58.6
Payments to acquire intangible assets	5	–15.9	–44.2
Net cash used in/generated by investing activities		**–22.6**	**–102.8**
Proceeds from shareholder loans	9	1,500.0	0.0
Proceeds from the issuance of shares	10	15.9	7.2
Proceeds from the sale of shares	10	276.5	146.2
Payments under earn-outs	10	–250.0	0.0
Repayments on lease liabilities	16	–35.5	–34.0
Transaction costs for issuance of shares	10	–1.4	–4.8
Interest paid	16	–44.6	2.9

Net cash generated by/used in financing activities		**1,460.9**	**117.5**
Net increase in cash and cash equivalents	9	611.0	–4,590.8
Cash and cash equivalents at the start of the fiscal year	9	431.8	6,400.0
Cash and cash equivalents as of June 30 of the fiscal year			
Cash-in-hand		**0.6**	**0.5**
Bank balances		**1,042.2**	**1,808.7**
Less pledged accounts		**0.1**	**0.1**
Cash funds		**1,042.7**	**1,809.1**

3.4. Consolidated Statement of Changes in Equity for the Period from January 1 to June 30, 2021

	Note	Subscribed capital in kEUR	Capital reserves in kEUR	Loss carryforwards in kEUR	Total equity in kEUR
Balance as of January 1, 2020		**1,353.2**	**20,274.1**	**–13,157.6**	**8,469.7**
Net loss for the period		0.0	0.0	–3,118.3	–3,118.3
Issuance of equity instruments	10	7.1	462.8	0.0	469.9
Transaction costs for the issuance of equity instruments	10	0.0	–4.8	0.0	–4.8
Balance as of June 30, 2020		**1,360.3**	**20,732.1**	**–16,275.9**	**5,816.5**
Balance as of January 1, 2021		**1,360.3**	**21,020.3**	**–18,484.2**	**3,896.4**
Net loss for the period		0.0	0.0	–1,582.7	–1,582.7
Issuance of equity instruments	10	15.9	508.8	0.0	524.7
Valendo earn-out		0.0	–250.0	0.0	–250.0
Transaction costs for the issuance of equity instruments	10	0.0	–1.4	0.0	–1.4
Balance as of June 30, 2021		**1,376.2**	**21,277.7**	**–20,066.9**	**2,587.0**

3.5. Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements as of June 30, 2021

A) General Information

creditshelf Aktiengesellschaft, Frankfurt am Main, Germany ("creditshelf" or the "company," and together with its subsidiary creditshelf solutions GmbH the "creditshelf group" or the "group") 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 parent company is entered in the commercial register of the local court in Frankfurt am Main, Germany under the number HRB 112087. The company's registered domicile is Mainzer Landstrasse 33a, 60329 Frankfurt am Main, Germany. The company's purpose is brokering loan agreements, brokering investors for German credit institutions or insurance companies, consulting for and analysis of companies, the development of information technology to gain economic insights on credit default probabilities, information services, and the provision of information services.

creditshelf Aktiengesellschaft's subscribed capital amounted to EUR 1,376,251.00 as of June 30, 2021. This represents an increase of EUR 15,912.00 compared to December 31, 2020, and is due to a further conversion into shares of claims under the share-based employee incentive programs (Restricted Stock Units programs). The new shares were entered in the commercial register on February 9, 2021, and were admitted to trading on Frankfurt Stock Exchange's Regulated Market on February 17, 2021, with the same German securities identification number (WKN) as the old shares.

These consolidated financial statements were approved for publication by creditshelf's Management Board on September 7, 2021.

Basis of Consolidation

The basis of consolidation did not change compared to the consolidated financial statements as of December 31, 2020.

Subsidiaries

creditshelf Aktiengesellschaft had one wholly-owned subsidiary as of the June 30, 2021, reporting date: creditshelf solutions GmbH. creditshelf Aktiengesellschaft and creditshelf solutions GmbH are also referred to hereinafter as the "creditshelf group."

creditshelf solutions GmbH (formerly Valendo GmbH) is domiciled in Berlin, Germany, and was formed in 2015. The wholly-owned subsidiary is entered in the commercial register of the local court in Charlottenburg, Berlin, under the number HRB 165018. creditshelf solutions GmbH's business purpose is to broker, buy, and sell loan receivables in its own name and for its own account, and to develop and operate domestic and foreign Internet and technology projects for interactive financial brokerage in particular, plus the provision of related services. The company does not engage in factoring or perform any activities for which authorizations are required under the KWG, the KAGB, or the ZAG. creditshelf solutions GmbH did not have any employees within the meaning of section 314(1) no. 4 of the HGB in H1 2021. Following a resolution by the shareholders' meeting held on July 26, 2019, the share capital amounts to EUR 39,676.00.

Functional and Presentation Currency

These consolidated financial statements were prepared in euros (EUR), 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, 2021, 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, 2020.

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.

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	Mandatory adoption date for the EU
Amendments to IFRS 9 "Financial Instruments," IFRS 4 "Insurance Contracts," IFRS 7 "Financial Instruments: Disclosures," IFRS 16 "Leases," and IAS 39 "Financial Instruments: Classification and Measurement": Interest Rate Benchmark Reform (Phase 2)	The amendments in Interest Rate Benchmark Reform (Phase 2) address issues that might affect financial reporting when an existing interest rate benchmark is replaced. The amendments are relevant for entities reporting financial assets, financial liabilities, or lease liabilities that are aligned with an interest rate benchmark. This does not apply to creditshelf.	January 1, 2021
Amendments to IFRS 4 "Insurance Contracts": Extension of the Temporary Exemption from Applying IFRS 9	The amendments to IFRS 4 provide for an extension to the temporary exemption for certain insurance companies from applying IFRS 9. These amendments do not have any effect on the company.	January 1, 2021

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

Standards, amendments to standards, and interpretations that have already been adopted by the European Union but are not yet required to be applied are listed in the following table. The company will apply the following standards as from the mandatory adoption date:

Standard	Subject matter and relevance for the financial statements	Mandatory adoption date for the EU
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": Onerous Contracts – Cost of Fulfilling a Contract	The amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" clarify the costs to be included when assessing whether a contract is onerous. The "cost of	January 1, 2022

	fulfilling a contract" must comprise all costs that relate directly to the contract. These amendments do not have any material effect on the company.	
Amendment to IAS 16 "Property, Plant and Equipment": Proceeds before Intended Use	The amendment relates to the recognition of proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating. Such proceeds must be recognized in profit or loss in future rather than being deducted from the cost of the item as was previously the case. These amendments do not have any material effect on the company.	January 1, 2022
Amendments to IFRS 3 "Business Combinations": Reference to the Conceptual Framework	The IASB issued the new Conceptual Framework, which replaced the old 1989 Framework, in March 2018. The draft amendments are designed to adapt the references in IFRS 3 to the new Framework. These amendments do not have any material effect on the company.	January 1, 2022
Annual Improvements Project – 2018–2020 Cycle	The primary objective of the annual improvements projects 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. This project led to minor amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards), IFRS 9 (Financial Instruments), IAS 41 (Agriculture), and the Illustrative Examples for IFRS 16 (Leases). These amendments do not have any material effect on the company.	January 1, 2022

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. Application is therefore not permitted.

Standard	Subject matter
Amendments to IFRS 16 “Leases”: COVID-19-Related Rent Concessions beyond 30 June 2021	The “COVID-19-Related Rent Concessions (Amendment to IFRS 16)” pronouncement amended IFRS 16 “Leases” to grant lessees an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2021. The question of whether to extend the time period over which the practical expedient is available for use is now being examined. This amendment does not have any effect on the company, which has not deferred any lease payments or taken advantage of any rent concessions.
Amendments to IAS 1 “Presentation of Financial Statements”: Classification of Liabilities as Current or Non-current	The IASB has clarified that the classification of liabilities as current depends on the rights of the company as at the end of the reporting period to defer settlement by at least twelve months after the end of the reporting period: where such rights exist, the liability is classified as noncurrent. These amendments do not have any material effect on the company.
IFRS 17 “Insurance Contracts” (including amendments)	IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of 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. These amendments do not have any effect on the company.
Amendments to IAS 12 “Income Taxes”: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Under certain circumstances, entities are exempt from having to recognize deferred taxes on the initial recognition of assets or liabilities. Until now, there was uncertainty as to whether the exemption applied to transactions relating to leases and decommissioning obligations. The amendments clarify that the exemption does not apply and that entities must recognize deferred taxes on such transactions. These amendments do not have any effect on the company.
Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”	The amendments to IAS 8 provide clarifications on when to apply changes in accounting policies on the one hand and changes in accounting estimates on the other. This distinction is made because changes in estimates are recognized prospectively for transactions and other events as from the point in time at which the change was made

	to the estimate, whereas changes in accounting policies are generally also recognized retrospectively for transactions and other events in the past. However, these amendments do not have any material effect on the company.
Amendments to IAS 1 “Disclosure of Accounting Policies” and Amendments to IFRS Practice Statement 2	The amendments to IAS 1 require entities to disclose their “material” accounting policies instead of their “significant” accounting policies, as previously. As a supplementary measure, the IASB has published amendments to IFRS Practice Statement 2 “Making Material Judgements.” These amendments contain guidance on the application of the concept of materiality to accounting policy information. These amendments do not have any material effect on the company.
IFRS 14 “Regulatory Deferral Accounts”	IFRS 14 “Regulatory Deferral Accounts” permits an entity which is a first-time adopter of the International Financial Reporting Standards to continue to account, with some limited changes, for regulatory deferral account balances in accordance with its previous GAAP. This standard has not yet been adopted by the EU. It will not have an effect on the company since creditshelf is not a first-time adopter of the International Financial Reporting Standards.

3. Changes in Material Judgments and Bases of Estimation in the First Half of 2021

There have been no material changes in the estimates used by the Management Board since the publication of the 2020 Annual Report. The ongoing coronavirus pandemic did not have any effects on the bases of estimation in the reporting period. This applies not only to judgments relating to intangible assets, the treatment of the share-based employee incentive programs, the discounting of noncurrent trade receivables, and the expected amount of rebates on revenues, but also to the nonrecognition of deferred taxes. In the Management Board’s opinion, it was once again impossible in H1 2021 to supply the convincing evidence (probability of over 90%) of sufficient taxable profit that IAS 12.34 requires from loss-making entities. Furthermore, no impairment test was required to verify the value of the intangible assets as of the reporting date.

No significant changes had to be made to the basis of estimation due to the potential impact of the coronavirus pandemic.

Fair Value Determination

The group has established a control framework for fair value determination. This was unchanged in the reporting period as against the principles set out in the 2020 Annual Report.

4. Accounting Policies

The material accounting principles are unchanged as against the 2020 consolidated financial statements. Please therefore refer to the comprehensive explanations given in the notes to that document.

B) Disclosures on the Consolidated Interim Financial Statements

5. Intangible Assets

The company's intangible assets comprise the proprietary, Internet-based creditshelf platform plus the four-module risk tool that is used to assess the credit risk associated with potential borrowers. The risk tool was developed by an external service provider in the period up to March 2020 under the company's supervision and with input from the company's employees. In addition, on taking over the former Valendo GmbH in 2019, creditshelf acquired other software that focuses on servicing and monitoring loans. This can be used both directly and as the basis for further development. With effect from Q2 2020, additional development work on the software systems environment, including the purchased modules, has largely been performed internally by the creditshelf team. creditshelf's plan is to combine the existing risk analysis software components and the monitoring and servicing tools, which at present run independently of one another as separate modules, within a uniform architecture, which is referred to as the "risk engine." This is classified as a higher-level asset in accordance with IAS 38. creditshelf's internally developed extensions and enhancements to this systems architecture (including the risk engine and other modules) are treated as assets under construction or prepayments for intangible assets.

In addition, intangible assets include the goodwill resulting from the acquisition of Valendo GmbH and rights acquired for consideration from third parties.

In accordance with IAS 38, intangible assets are only recognized if there is a probability of future economic benefits accruing to creditshelf and the cost of the asset can be determined reliably.

As of June 30, 2021, intangible assets comprised the following:

	Acquired intangible assets			Internally generated intangible assets	Assets under construction (prepayments for intangible assets)	Total
	Industrial and similar rights and assets	**Software**	**Goodwill**			
	in kEUR	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**
Cost						
Balance as of January 1, 2020	13.1	3,606.4	517.7	729.4	0.0	4,866.5
Additions	0.0	24.2	0.0	270.5	279.8	574.5
Disposals	–5.0	0.0	0.0	0.0	0.0	–5.0
Reclassifications	0.0	44.2	0.0	0.0	–44.2	0.0
Balance as of December 31, 2020	8.1	3,674.8	517.7	999.9	235.6	5,436.1
Accumulated amortization						
Balance as of January 1, 2020	3.0	522.1	0.0	403.6	0.0	928.7
Additions	1.2	760.4	0.0	313.7	0.0	1,075.3
Disposals	–2.5	0.0	0.0	0.0	0.0	–2.5
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
Balance as of December 31, 2020	1.7	1,282.5	0.0	717.3	0.0	2,001.5
Carrying amount as of December 31, 2020	**6.4**	**2,392.3**	**517.7**	**282.6**	**235.6**	**3,434.6**
Carrying amount as of January 1, 2020	**10.1**	**3,084.3**	**517.7**	**325.7**	**0.0**	**3,937.8**

Cost						
Balance as of January 1, 2021	8.1	3,674.8	517.7	999.9	235.6	5,436.1
Additions	0.0	0.0	0.0	0.0	322.6	322.6
Additions from business combination	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
Balance as of June 30, 2021	8.1	3,674.8	517.7	999.9	558.2	5,758.7
Accumulated amortization						
Balance as of January 1, 2021	1.7	1,282.5	0.0	717.3	0.0	2,001.5
Additions	0.3	380.5	0.0	188.4	0.0	569.2
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
Balance as of June 30, 2021	2.0	1,663.0	0.0	905.7	0.0	2,570.7
Carrying amount as of June 30, 2021	**6.1**	**2,011.8**	**517.7**	**94.2**	**558.2**	**3,188.0**
Carrying amount as of January 1, 2021	**6.4**	**2,392.3**	**517.7**	**282.6**	**235.6**	**3,434.6**

Based on the structure of the table above, the changes in the individual intangible asset components were as follows:

No additions to or disposals of purchased industrial and similar rights and assets were recorded in the reporting period compared to the end of 2020. The existing assets in this category are being amortized. The amortization period is 5 years.

The software programs recognized have finite lives and are presented after adjustment for prepayments. Amortization on recognized intangible assets is presented in the "depreciation and amortization" line of the statement of profit or loss and other comprehensive income. In accordance with IAS 36, assets are reviewed for evidence of impairment at least annually plus, if new facts arise, in the course of the year as well. The most recent impairment test was performed as of December 31, 2020, and did not result in any impairment losses being recognized.

No additions to or disposals of purchased software were recorded in the reporting period compared to the end of 2020. The existing assets in this category are being amortized. The amortization period is 5 years.

Purchase price allocation in connection with the acquisition of Valendo GmbH was performed as of October 1, 2019. This led to the recognition of internally generated software – which is largely used for monitoring and servicing existing loans – as a purchased intangible asset. An amortization period of 5 years was adopted for this software. The carrying amount as of the June 30, 2021, reporting date amounted to kEUR 208.8 (December 31, 2020: kEUR 241.0).

The carrying amount of the goodwill resulting from the acquisition of Valendo GmbH that was recognized as of June 30, 2021, was unchanged, at kEUR 517.7 (December 31, 2020: kEUR 517.7). The cash generating unit (CGU) to which the goodwill has been allocated is reviewed for impairment at least once a year or where evidence of this exists. The most recent impairment test was performed as of December 31, 2020, and did not result in any impairment losses being recognized.

Internally generated intangible assets with a carrying amount of kEUR 94.2 (December 31, 2020: kEUR 282.6) relate to the creditshelf platform. This serves as a virtual marketplace for borrowers and investors. The Internet platform was recognized at cost, which includes the development costs paid to third-party contractors to develop the platform. Further development of the Internet platform after it went live was performed by internal staff. The cost was amortized. The 5-year amortization period expires in the current year.

Ongoing development of the systems architecture – including the risk engine, which is treated as a higher-level asset – is recognized as assets under construction or prepayments for intangible assets. The costs incurred in the course of development were recognized as own work capitalized and booked as a prepayment. The carrying amount as of June 30, 2021 was kEUR 558.2 (December 31, 2020: kEUR 279.8). The percentage of completion for the risk engine was approximately 90% as of the reporting date. The company expects that it will be completed in the near future. Two enhancements – for portfolio optimization and for optimizing and extending the digital lending process – were roughly 30% completed as of the June 30, 2021, reporting date. The company expects that they will be completed in the medium term. Following completion, this own work capitalized will be reclassified as internally generated intangible assets and subsequently amortized over 5 years.

6. Property, Plant, and Equipment

Property, plant, and equipment comprises normal operating and office equipment and right-of-use assets in leases held by the company.

The changes in the items of property, plant, and equipment as of June 30, 2021, can be seen from the following table:

	Right-of-use assets under leases	Operating equipment	Low-value assets	Other operating and office equipment	Total
	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR
Cost					
Balance as of January 1, 2020	294.9	15.7	35.7	210.3	556.5
Additions	40.9	0.0	5.4	58.7	105.0
Disposals	0.0	–5.2	–2.7	–40.7	–48.6
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance as of December 31, 2020	335.8	10.5	38.4	228.3	613.0
Accumulated depreciation					
Balance as of January 1, 2020	142.5	6.8	35.7	97.9	282.8
Additions	80.3	1.2	5.4	67.3	154.2
Disposals	0.0	–4.8	–2.7	–39.4	–46.9
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance as of December 31, 2020	222.8	3.2	38.4	125.8	390.2
Carrying amount as of December 31, 2020	**112.9**	**7.3**	**0.0**	**102.6**	**222.8**
Carrying amount as of January 1, 2020	**152.4**	**8.9**	**0.0**	**112.4**	**273.7**
Cost					
Balance as of January 1, 2021	335.8	10.5	38.4	228.3	613.0
Additions	0.0	0.0	0.6	6.1	6.7
Disposals	0.0	0.0	0.0	–7.0	–7.0
Balance as of June 30, 2021	335.8	10.5	39.0	227.4	612.7
Accumulated depreciation					
Balance as of January 1, 2021	222.8	3.2	38.4	125.8	390.2
Additions	33.8	0.4	0.4	30.1	64.7
Disposals	0.0	0.0	0.0	–4.5	–4.5
Balance as of June 30, 2021	256.6	3.6	38.8	151.4	450.4
Carrying amount as of June 30, 2021	**79.2**	**6.9**	**0.2**	**76.0**	**162.3**
Carrying amount as of January 1, 2021	**112.9**	**7.3**	**0.0**	**102.6**	**222.8**

Operating and Office Equipment

Operating and office equipment and low-value assets largely relate to IT equipment and office furniture. The disposals mainly relate to defective IT equipment.

Right-of-use Assets Under Leases

The group signed a lease with a noncancelable minimum term of 5 years as of August 1, 2017. In addition, the creditshelf group entered into an automobile lease in February 2020. No other leases requiring capitalization existed as of the reporting date. No lease liabilities such as rental liabilities were deferred either in the previous year or in the reporting period.

With effect from April 15, 2019, additional space in the Mainzer Landstrasse 33a building was subleased temporarily in order to accommodate the growing workforce. 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.

The right-of-use assets for the building lease and the automobile were recognized after discounting the minimum lease payments at a cost of kEUR 319.5 for the building lease and kEUR 16.2 for the automobile. Lease liabilities were recognized in the same amount. The total carrying amounts as of June 30, 2021, were kEUR 79.2 (December 31, 2020: kEUR 112.9) for the two assets and kEUR 86.8 (December 31, 2020: kEUR 122.4) for the lease liabilities.

The lease payments for the building and the automobile were no longer reported under expenses and were split into interest and principal repayments. The lease liabilities were discounted and reported as of June 30, 2021. The right-of-use assets were reported at their present value under property, plant, and equipment. The present value is being depreciated over 5 years using the straight-line method. The discount rate used was 3.6% (previous year: 3.6%) for the building lease and 2.6% (previous year: 2.6%) for the automobile lease; these rates were identified by the company’s management as the contractual interest for the leases. Consequently, the statement of profit or loss contains an expense item relating to the depreciation of the right-of-use assets plus the interest expense from unwinding. The building lease also contains a price index clause, under which the lease payments are adjusted retrospectively in line with the Federal Statistical Office’s consumer price index; the first such adjustment was to be made after 2 years. The last index increase under the lease was implemented as of August 1, 2019, and amounted to 3.5% for the past 2 years. No index increase was made in 2020. We are continuing to assume a figure of 2% per annum for the remaining periods.

The changes in the lease liabilities were as follows:

	Lease liabilities	Total lease expenses	Total repayments	Total interest
	in kEUR	in kEUR	in kEUR	in kEUR
as of December 31, 2020	122.4	74.2	69.0	5.2
as of June 30, 2021	86.8	37.2	35.5	1.7

There were no matters requiring the recognition of impairment losses in the period from January 1 to June 30, 2021. Please see Note 18 in this report for further information about IFRS 16.

7. Receivables and Assets

Noncurrent receivables comprise trade receivables with a term of more than one year. 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 noncurrent receivables in H1 2021 were as follows:

	June 30, 2021	Dec. 31, 2020
	in kEUR	in kEUR
Gross amount of receivables	974.1	907.3
Time value of money according to the effective interest method	26.6	28.0
Net amount of receivables	947.5	879.3
Expected rebate	0.0	–3.1
Trade receivables	**947.5**	**876.2**

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. In addition, individual agreements providing for creditshelf to be remunerated by investment vehicles were introduced with effect from fiscal year 2020 in the context of partnerships with institutional 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. If a borrower defaults, uncollected investor fees are recognized as rebates pursuant to IFRS 15.51, and hence as variable consideration plus an expected amount, following an individual decision by the Management Board;

with effect from fiscal year 2020, these have been deducted from revenue. Consequently, creditshelf's business model does not provide for the possibility of a receivable becoming overdue without a Level 3 waiver of a receivable being recognized at the same time.

The carrying amount of trade receivables that are classified as current assets corresponds to the fair value. Receivables with a term of more than 12 months are discounted. The fair values were determined on the basis of the discounted cash flows using a current lending rate.

Other Receivables

The other receivables item includes the lease security deposits for the premises at Mainzer Landstrasse 33a, Frankfurt am Main. In line with the nature of this other receivable, the carrying amount corresponds to the fair value.

8. Deferred Taxes

The company evaluated the usability of the loss carryforwards using the criteria set out in IAS 12. Deferred taxes of kEUR 0.0 were recognized in the first half of 2021 after deferred tax assets and deferred tax liabilities were offset (December 31, 2020: kEUR 13.6). Deferred tax assets can only be recognized to the extent that deferred tax liabilities have been recognized. Offset deferred tax liabilities amounted to kEUR 300.3 as of June 30, 2021 (June 30, 2020: kEUR 237.1). As in the previous year, deferred tax assets have not been recognized since the management believes that it remains impossible to supply the convincing other evidence of the probability that such deferred tax assets will be used which loss-making entities are required to provide for recognition to be possible. The unrecognized deferred taxes on loss carryforwards amounted to kEUR 6,861.5 as of June 30, 2021 (December 31, 2020: kEUR 7,211.2).

9. Cash and Cash Equivalents

Cash and cash equivalents amounted to kEUR 1,206.7 as of the June 30, 2021, reporting date (December 31, 2020: kEUR 3,844.3). The sharp reduction in the volume of cash and cash equivalents recognized in comparison to December 31, 2020, is due to the fact that kEUR 3,136.0 in cash had been held temporarily in a company account as of the 2020 closing date in order to settle transactions. This item was matched by a corresponding liability.

Compared to the 2020 Half-yearly Report, the change in temporarily recognized cash holdings in the statement of cash flows was no longer recognized in the cash funds item but directly against the relevant liability under net cash used in operating activities. The figures as of June 30, 2020, were adjusted in line with this for this report. The reclassified amount relating to the prior-year period was kEUR 685.4. As was previously the case, the cash and cash equivalents recognized in the statement of financial position include these temporarily recognized cash items. In addition, this reclassification led to an adjustment of kEUR 3,412.5 being made to the cash and cash equivalents as of the start of the fiscal year. The adjustment for the prior-year period was kEUR 235.2.

As of the June 30, 2021, reporting date, creditshelf had cash and cash equivalents of kEUR 1,042.7 (June 30, 2020: kEUR 1,809.1) at its disposal according to the statement of cash flows following the reclassification of the temporary cash items mentioned earlier. Cash-in-hand as of June 30, 2021, amounted to kEUR 0.6 (June 30, 2020: kEUR 0.5). Bank balances totaled kEUR 1,042.2 (June 30, 2020: kEUR 1,808.7).

creditshelf solutions GmbH has a bank account at Raisin Bank that serves solely to provide cash cover for future loans for which the company has granted Raisin 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 Raisin Bank. As of June 30, 2021, the account had a balance of kEUR 0.1 (June 30, 2020: kEUR 0.1). The cash funds item must be reduced by this amount. It totaled kEUR 1,042.7 as of the reporting date (June 30, 2020: kEUR 1,809.1).

On January 4, 2021, creditshelf Aktiengesellschaft signed a shareholder loan framework agreement with Obotritia Capital KGaA; an addendum to the agreement was entered into on March 9, 2021. The agreement provides for an overall amount of up to EUR 8 million and 8% interest per annum, payable on maturity, and will end at the latest on December 31, 2027. The first EUR 1 million under the framework agreement was drawn down on January 11, 2021; a further EUR 0.5 million followed on May 17, 2021. No notice to terminate the agreement has been given.

10. Equity and Reserves

Equity instruments in the amount of kEUR 508.8 (June 30, 2020: kEUR 462.8) were recognized in the capital reserves as a result of the issuance of restricted stock units for the share-based employee incentive programs (RSU I to RSU IV). Compared to the statement of cash flows in the 2020 Half-yearly Report, cash inflows from the sale of shares made to settle payroll taxes due under the share-based employee incentive programs were no longer recognized as equity-settled share-based payments under gross cash flow, but as proceeds from the sale of shares under net cash generated from financing activities so as to enhance presentation. In line with this, the figure for noncash increases in the capital reserves as of June 30, 2020, was reduced by kEUR 146.2. A provision of kEUR 10.0 was recognized for the transaction costs directly allocable to the creation of these equity instruments in accordance with IAS 32. In addition to the listing procedure for equity instruments scheduled for the end of the year, such costs are also incurred in relation to ongoing implementation of the share-based employee incentive programs; the amounts were deferred on a pro rata basis in line with this. The equity instruments in the capital reserves are matched against derecognitions resulting from earn-out obligations relating to the acquisition of former Valendo GmbH totaling kEUR 250.0 (June 30, 2020: kEUR 0.0) and transaction costs for the issuance of equity instruments of kEUR 1.4 (June 30, 2020: kEUR 24.8).

The share capital was increased once in the reporting period from January 1 to June 30, 2021. On January 25, 2021, the Management Board of creditshelf Aktiengesellschaft resolved to increase the company's share capital by EUR 15,912.00 by issuing 15,912 new no-par value bearer shares while disapplying preemptive rights. The context was the second vesting of the share-based employee incentive programs (Restricted Stock Units programs) that were introduced at the beginning of fiscal year 2019. In addition, it was resolved that the shares would be issued at the minimum issue price of EUR 1.00 per share, that they would carry dividend rights for the first time for the whole of fiscal year 2020, and that the preemptive rights of creditshelf Aktiengesellschaft shareholders would be disapplied. The Supervisory Board approved this resolution on January 28, 2021, by way of a resolution taken by circulating written documents. The new shares were entered in the commercial register on February 9, 2021, and were admitted to trading on Frankfurt Stock Exchange's Regulated Market on February 17, 2021, with the same German securities identification number (WKN) as the old shares.

There were four share-based employee incentive programs (Restricted Stock Units programs I–IV) during the reporting period. These have increased the capital reserves due to the choice of the equity settlement option. The changes in equity are shown in the statement of changes in equity.

creditshelf Aktiengesellschaft's main shareholders are Hevella Capital GmbH & Co. KGaA, LDT Investment GmbH, DBR Investment GmbH, and Obotritia Capital KGaA. As of June 30, 2021, these held a total of approximately 80.1% of the voting rights, based on the voting rights notifications submitted in accordance with the WpHG. This results in the following proportionate voting rights:

Interest			Shareholder			Total
	LDT Investment GmbH	DBR Investment GmbH	Hevella Capital GmbH & Co. KGaA	Obotritia Capital KGaA	Free float*	
Dec. 31, 2020						
Nominal amount in kEUR	239.2	222.0	519.1	115.6	264.3	1,360.3
in percent	17.6%	16.3%	38.2%	8.5%	19.4%	100.0%

Interest			Shareholder			Total
	LDT Investment GmbH	DBR Investment GmbH	Hevella Capital GmbH & Co. KGaA	Obotritia Capital KGaA	Free float*	
June 30, 2021						
Nominal amount in kEUR	239.2	222.0	519.1	122.3	273.7	1,376.2
in percent	17.4%	16.1%	37.7%	8.9%	19.9%	100.0%

* The free float comprises (the aggregate figure for) interests in the company amounting to less than 5% of the share capital.

11. Revenue

The breakdown of consolidated revenue as of June 30, 2021, was as follows:

	June 30, 2021 in kEUR	June 30, 2020 in kEUR
Borrower fees	2,497.1	1,695.3
Investor fees	741.8	770.1
Servicing and advisory fees	141.2	35.9
	3,380.1	**2,501.3**

creditshelf’s revenue climbed by 35.1% year-on-year in H1 2021 to kEUR 3,380.1 (prior- year period: kEUR 2,501.3). The main driver for this was a clear rise in the volume of loans brokered via the creditshelf platform, which jumped from kEUR 45,635.0 in H1 2020 to kEUR 71,790.0 in the first six months of the current fiscal year. This led to higher revenue from borrower fees for the loans disbursed of kEUR 2,497.1 (previous year: kEUR 1,695.3). At the same time, the ratio of the borrower fee margin to the arranged loan volume declined slightly to 3.5% in the reporting period (prior-year period: 3.7%). Revenue from investor fees that the company generated for loans arranged via the creditshelf platform amounted to kEUR 741.8 (prior-year period: kEUR 770.1). This corresponds to a margin of 1.0% (prior-year period: 1.7%). The decline is due to changes in the terms and conditions governing our cooperation with our financing partners, which is important for securing funding for the growing volume of loans made via the creditshelf platform and which serves as the basis for additional growth. In addition, the creditshelf group generated revenue of kEUR 141.2 (prior-year period: kEUR 35.9) for servicing and advisory fees during the reporting period. This primarily comprises quarterly service and advisory fees relating to the creditshelf Loan Fund, plus revenue from analysis, monitoring, and servicing. These permit ongoing, volume-dependent revenue generation and are replacing conventional investor fees in part.

In line with these changes, the overall margin – the ratio of revenue to the arranged loan volume – fell year-on-year to 4.7% (prior-year period: 5.5%).

In addition, individual agreements providing for creditshelf to be remunerated by investment vehicles have been introduced in the context of partnerships with institutional investors. Uncollected investor fees resulting from borrower defaults were corrected directly in revenue as rebates, and hence as variable consideration pursuant to IFRS 15.51, during the reporting period. In addition, potential future rebates that would negatively impact investor fees in the case of a borrower default were estimated using the expected value method pursuant to IFRS 15.53. This led to a revenue correction of kEUR 159.2 in H1 2021 that was largely attributable to one-time restructuring of a major loan. Conversely, the new loan extended in this context resulted in new investor fees that are matched against the revenue correction. All in all, the losses that occurred were below model expectations, despite the ongoing corona pandemic. This clearly demonstrates the attractiveness of the loans arranged by creditshelf as an asset class for institutional investors. In the prior-year period, uncollected investor fees were recognized as waivers of receivables (kEUR 5.8) under other operating expenses in the statement of profit or loss and other comprehensive income.

12. Other Income

Other income of kEUR 1.6 (prior-year period: kEUR 414.6) comprises proceeds from the sale of property, plant, and equipment. In H1 2020, other income largely consisted of cost refunds relating to the formation of the creditshelf Loan Fund, reversals of provisions, and discounts on loan purchases.

13. Personnel Expenses

Personnel expenses for H1 2021 were kEUR 2,785.7 (first half of the previous year: kEUR 3,017.8). On the one hand, this reflects the unchanged headcount of 57 permanent staff (prior-year period: 57 permanent staff). On the other, this item contains lower expenses for share-based employee incentive programs (Restricted Stock Unit programs) of kEUR 323.0 (prior-year period: kEUR 513.0). This is because material personnel expenses were already recognized in previous periods for the stock units for which claims arose in the period up until 2021, as is required by IFRS 2, while fewer stock units overall were granted in 2021. This applies in particular to the RSU III program, which will expire in the current fiscal year due to the fact that Dr. Mark Währisch left the Management Board as of April 30, 2021.

Since fiscal year 2021, the contracts of service for Management Board members Dr. Tim Thabe and Dr. Daniel Bartsch have provided for an annual gross fixed salary of kEUR 120 each. This is paid in twelve equal monthly installments. No other cash compensation is provided for. An annual gross fixed salary of kEUR 100 had been agreed with Dr. Mark Währisch until his departure as of April 30, 2021. In addition to their cash compensation, the members of the Management Board received normal levels of fringe benefits. These include in particular normal contributions towards pension and health insurance, and directors and officers insurance ("D&O insurance"). The total compensation paid to the Management Board in H1 2021 amounted to kEUR 263.9 (prior-year period: kEUR 570.8). This amount also includes the personnel expenses of kEUR 81.3 (prior-year period: kEUR 393.2) incurred for Dr. Mark Währisch under the Restricted Stock Units program.

The average number of employees during the fiscal year, broken down by groups as required by section 285 no. 7 of the HGB, was as follows as of June 30, 2021:

	June 30, 2021	**June 30, 2020**
Sales	10.5	14.5
Marketing	7.0	8.0
Risk analysis	10.0	9.5
Technology	17.0	21.0
Administration, including the Management Board	18.0	22.0
	62.5	**75.0**

14. Other Operating Expenses

Other operating expenses amounted to kEUR 1,808.4 in the period up to June 30, 2021, clearly below the figure of kEUR 2,537.2 recognized for the prior-year period. This reflects the rigorous management of non-personnel costs: expenses were lower despite the rise in the loan volume. In more detail, other operating expenses were as follows:

	June 30, 2021 in kEUR	June 30, 2020 in kEUR
Legal and consulting costs	374.7	451.5
Marketing and advertising expenses	332.6	899.7
IT costs	210.3	175.1
Third-party services in connection with loan applications	193.1	278.1
Virtual participation	130.6	9.0
Sales commission	108.3	180.0
Lease expenses	99.0	138.0
Membership fees	45.9	53.5
Supervisory Board expenses	45.5	45.0
Premiums on loan receivables	0.0	53.3
Other expenses	268.4	252.8
	1,808.4	**2,537.2**

Marketing and advertising expenses account for a large proportion of the other operating expenses item. At kEUR 332.6 in H1 2021, they were down substantially on the prior-year period (kEUR 899.7). This was largely due to efficiency gains resulting from a fundamental reorganization of the company's marketing presence and the optimization of its customer relationship management activities in fiscal year 2020. The figure for the prior-year period largely reflects these measures. In addition, the company has reacted to changing demand in the current year, which is due to the extensive government support measures introduced to combat the coronavirus crisis, and has increased its marketing focus on specific sectors and channels.

Legal and consulting costs declined year-on-year to kEUR 374.7 (prior-year period: kEUR 451.5). This decrease was due to the successful establishment of internal resources and the associated reduction in the company's reliance on external service providers.

Third-party services resulted in expenses of kEUR 193.1 in H1 2021 (prior-year period: kEUR 278.1). The decrease reflected the return to normal in the number of loan requests compared to the prior-year period, which resulted in lower costs for external data searches during credit analysis being incurred in the reporting period.

IT costs amounted to kEUR 210.3 in H1 2021 (prior-year period: kEUR 175.1), reflecting the expansion of creditshelf's analysis capabilities and its drive to automate its processes.

Sales commission payable for borrowers brokered by the creditshelf platform's partner network amounted to kEUR 108.3 in H1 2021 (prior-year period: kEUR 180.0).

Lease expenses declined to kEUR 99.0 in H1 2021 (prior-year period: kEUR 138.0). This is due to a reduction in leased space made as part of the company's strict cost management and the extension of its existing New Work policies in H2 2020.

No premiums on loan receivables or premiums from loan purchases were recognized in H1 2021 (prior-year period: kEUR 53.3).

Supervisory Board expenses in H1 2021 were on a par with the prior-year period.

Association membership fees, such as those for the Verband deutscher Kreditplattformen (the Association of German Credit Platforms), of which creditshelf is a founder member, totaled kEUR 45.9 (prior-year period: kEUR 53.5).

Miscellaneous other expenses mainly comprise the cost of services provided in relation to the company's stock market listing and for the resale of receivables. In comparison to the previous year, miscellaneous other expenses includes recruitment costs of kEUR 70.2 incurred by the company as part of its sustained recruitment of qualified staff.

15. Income Taxes

Income taxes of kEUR –8.2 (June 30, 2020: kEUR –89.5) relate on the one hand to taxable profits at subsidiaries from the previous year (kEUR –21.8; June 30, 2020: kEUR –89.5) and on the other to the reversal of deferred taxes (kEUR 13.6; June 30, 2020: kEUR 0.0).

16. 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. In accordance with IAS 33.21 (f), ordinary shares issued as consideration for the acquisition of an asset other than cash must be included as of the date on which the acquisition is recognized.

As set out in note 13, the company started introducing share-based employee incentive programs (Restricted Stock Units programs) in 2019. These qualify as remuneration 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 calculation was based on the number of restricted stock units (RSUs) agreed by the employees and the company in the binding award letters. In addition, contractually agreed remuneration components that are settled in RSUs were converted into RSUs using the XETRA closing rate for creditshelf shares as of the June 30, 2021, reporting date (EUR 47.60) and were also taken into account. The total number as of the June 30, 2021, reporting date was 27,267. Therefore, the underlying number of shares in contrast to the basic earnings per share rose from 1,376,251 to 1,403,518.

In the following reconciliation, basic earnings correspond to diluted earnings in accordance with IAS 33.41, because the loss per share would be reduced by the adjustment for the share program:

	Number of shares	**Net loss for the first half of the year**	**EPS (basic/diluted)**
	Number	**in kEUR**	**in EUR**
June 30, 2020			
Basic	1,352,239	–3,118.3	–2.31
Diluted	1,381,553	–3,118.3	–2.31
June 30, 2021			
Basic	1,376,251	–1,582.7	–1.15
Diluted	1,403,518	–1,582.7	–1.15

C) Other Disclosures

17. Disclosures on Leases (IFRS 16)

The following table contains the lease disclosures required to be made by the creditshelf group under IFRS 16.53. creditshelf AG entered into an automobile lease in February 2020. As a result, the company now recognizes two right-of-use assets and two lease liabilities (see also note 6). Therefore, from 2020 onwards the disclosures made here relate to the leased premises at Mainzer Landstrasse 33a, Frankfurt am Main, and to an automobile lease that was signed in H1 2020:

	June 30, 2021 in kEUR	**June 30, 2020 in kEUR**
Depreciation of right-of-use assets	33.8	33.9
Interest expense for lease liabilities	1.7	2.9
Expense for short-term leases in accordance with IFRS 16.6	54.3	83.9
Expense for leases for which the underlying asset is of low value in accordance with IFRS 16.6	5.1	14.6
Total cash outflows for leases	99.0	138.0
Additions to right-of-use assets	0.0	16.2
Remeasurement of right-of-use assets	0.0	14.1
Carrying amount of right-of-use assets at the end of the reporting period	79.2	148.8

The terms of the lease liabilities as of June 30, 2021, and December 31, 2020, were as follows:

	Up to 3 months in kEUR	**3–12 months in kEUR**	**1–5 years in kEUR**	**Over 5 years in kEUR**	**Total in kEUR**	**Carrying amount in kEUR**
Lease liabilities						
as of December 31, 2020	17.7	54.5	50.2	0.0	122.4	122.4
as of June 30, 2021	18.1	56.0	12.6	0.0	86.8	86.8

18. Segment Reporting

The company follows the management approach when defining segments. This is based on the assumption that all the group's assets and liabilities, expenses and income can be allocated to defined segments either on the basis of where they originated or using objective ratios. The creditshelf group's main business is arranging loans for small and medium-sized companies that are subscribed by institutional investors after being issued via a fronting bank. creditshelf receives fees for this from both borrowers and investors. The loan arranged must be seen as a single investment product over the entire life of the transaction.

Internal performance and cost control takes place at group level and builds on a uniform control logic and the management system described in section 2.1 of the Group Management Report.

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, 2021	June 30, 2020
Net segment revenue	**in kEUR**	**in kEUR**
Borrower fees	2,497.1	1,695.3
Investor fees	741.8	770.1
Servicing and advisory fees	141.2	35.9
Total segment revenue	**3,380.1**	**2,501.3**

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

	June 30, 2021	June 30, 2020
Breakdown by customer share	**in kEUR**	**in kEUR**
Customers accounting for > 10% of revenue	854.5	824.2
Remaining customers accounting for < 10% of revenue	2,525.6	1,677.1
Total segment revenue	**3,380.1**	**2,501.3**

IFRS 8.34 requires entities to provide information on the extent of their reliance on major customers. This is the case if revenues from transactions with a single external customer amount to 10% or more of an entity's revenues. A number of creditshelf customers are under common control. These have been grouped together in the table above. The figure for > 10% therefore relates in this case to a single creditshelf group customer.

19. 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. 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 (until April 30, 2021)
Fabian Brügmann	Managing Director, creditshelf solutions GmbH
Rolf Elgeti	Supervisory Board Chairman
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
DBR Investment GmbH	Shareholder, Dr. Daniel Bartsch
LDT Investment GmbH	Shareholder, Dr. Tim Thabe
Hevella Capital GmbH & Co. KGaA	Shareholder
Deutsche Konsum REIT-AG	Related party via Rolf Elgeti, the Chairman of the Supervisory Board
Deutsche Industrie 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
EFa Vermögensverwaltungs KG	Related party via Rolf Elgeti, the Chairman of the Supervisory Board
Edeloptics GmbH	Related party via Rolf Elgeti, the Chairman of the Supervisory Board

Anfang B.V.	Related party via Rolf Elgeti, the Chairman of the Supervisory Board

Intercompany balances and transactions between the company and its subsidiaries were eliminated during consolidation and are not discussed in this note. Details of transactions between the group and other related parties are given below. Furthermore, for details of the compensation paid to management, please see the information provided on personnel expenses (note 13).

a) Compensation of Key Management Personnel

	June 30, 2021 in kEUR	**June 30, 2020 in kEUR**
Management Board		
Short-term benefits	182.6	177.7
Other long-term benefits	81.3	393.2
	263.9	570.9
Supervisory Board		
Short-term benefits	49.6	50.6
	49.6	50.6
Total	**313.5**	**621.5**

The compensation reported also includes the remuneration paid to the members of creditshelf Aktiengesellschaft's Supervisory Board for their work.

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

Related parties have bought loans from, and sold them to, creditshelf solutions GmbH in the course of the group's normal business activities. An analysis of the individual loans for the periods in question reveals the following picture:

Period from January 1, 2020, to June 30, 2020, in kEUR

Name	Volume purchased	Volume sold	Investor fees
Bankhaus Obotritia GmbH	0.0	0.0	0.0
Deutsche Konsum REIT-AG	9,480.0	0.0	173.2
Midgard Beteiligungsgesellschaft mbH	755.0	0.0	6.3
Obotritia Capital KGaA	8,220.0	–170.0	292.5
Deutsche Industrie REIT-AG	5,940.5	0.0	62.2
Total	**24,395.5**	**–170.0**	**531.8**

Period from January 1, 2021, to June 30, 2021, in kEUR

Name	Volume purchased	Volume sold	Investor fees
Bankhaus Obotritia GmbH	0.0	0.0	0.0
Deutsche Konsum REIT-AG	2,300	0.0	30.5
Midgard Beteiligungsgesellschaft mbH	0.0	0.0	0.0
Obotritia Capital KGaA	8,370.0	0.0	68.3
Deutsche Industrie REIT-AG	10,160.0	0.0	125.5
Anfang B.V.	26,900.0	0.0	399.2
Total	**47,730.0**	0.0	**623.5**

The investor fees disclosed here represent the gross revenue for the reporting period. These figures do not take the rebates under IFRS 15.51 and 15.53 into account that are listed in the disclosures on revenue (Note 11). For comparative purposes and for completeness it should be mentioned that investor fees less rebates amounted to kEUR 901.1 in the reporting period.

c) Borrower Fees Paid to creditshelf by Related Parties

Borrower fees were received from the following related parties in the course of the group's normal business activities:

Name	June 30, 2021 Volume arranged in kEUR	Borrower fee in kEUR	June 30, 2020 Volume arranged in kEUR	Borrower fee in kEUR
Edeloptics GmbH	5,775.0	231.0	7,000.0	290.0
Total	**5,775.0**	**231.0**	**7,000.0**	**290.0**

d) Letters of Comfort Issued by Related Parties in Favor of creditshelf Aktiengesellschaft

Obotritia Capital KGaA ("the issuer") issued a binding letter of comfort in favor of the company in November 2020. The object of the letter of comfort is to avoid the duty to file for insolvency proceedings to be opened on the company's assets, to meet its liquidity requirements, and to satisfy claims brought by third parties against the company. The issuer, which holds 8.9% of the company's share capital directly as a shareholder and 37,7% indirectly via Hevella Capital GmbH & Co. KGaA at the time of reporting, has not acquired any opportunity to influence how the company manages its business under the letter of comfort. The letter of comfort has an unlimited term and can be terminated by giving six months' notice to December 31 of the year, for the first time with effect as of the end of December 31, 2023. Obligations entered into before the end of the letter of comfort will remain unaffected by this.

e) Loans Made by Related Parties to creditshelf Aktiengesellschaft

On January 4, 2021, creditshelf Aktiengesellschaft signed a shareholder loan framework agreement with Obotritia Capital KGaA with the aim of putting the letter of comfort described in subsection d) into practice at the operational level; an addendum to the agreement was entered into on March 9, 2021. The agreement provides for an overall amount of up to EUR 8 million and 8% interest per annum, payable on maturity, and will end at the latest on December 31, 2027. The first EUR 1 million under the framework agreement was drawn down on January 11, 2021; a further EUR 0.5 million followed on May 17, 2021.

No other loans were made by related parties to creditshelf Aktiengesellschaft during the reporting period.

f) Loans Made by creditshelf Aktiengesellschaft to Related Parties

In the context of the second vesting of the equity-based employee incentive programs (Restricted Stock Units programs), creditshelf Aktiengesellschaft granted Dr. Mark Währisch a loan on

January 25, 2021, to settle the nominal amount due of EUR 11,111.00. This loan bears interest of 5% per annum and must be repaid in full by January 1, 2024, at the latest.

Services are performed in the same way as if they had been agreed with third parties.

20. 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.

21. Governing Bodies

Names of the Members of the Management Board

The following people were members of the Management Board during the first half of 2021:

- Dr. Tim Thabe, Chief Executive Officer (CEO); areas of responsibility (as of June 30, 2021): strategy & communications, HR, finance, taxes, financial control, equity investor relations, risk management at creditshelf, credit analysis & portfolio management, legal & compliance, technology and data, platform management
- Dr. Daniel Bartsch, Chief Operating Officer (COO) and Deputy Chairman of the Management Board; areas of responsibility (as of June 30, 2021): sales, partner management, business development & product development, debt investor relations, marketing
- Dr. Mark Währisch, Chief Risk Officer (CRO) until April 30, 2021

Names of the Members of the Supervisory Board

The Supervisory Board advises and oversees the Management Board. The following people were members of the Supervisory Board during the first half of 2021:

- Rolf Elgeti, Supervisory Board Chairman (CEO of Deutsche Konsum REIT-AG and of Deutsche Industrie REIT-AG. Chairman of the Board of Directors and CEO of OboTech Acquisition SE. Supervisory Board chairman of TAG Immobilien AG, Deutsche Leibrenten Grundbesitz AG, and Obotritia Hotel AG. Chairman of the Board of Directors of NEXR technologies SE, member of the Board of Directors of Highlight Event and Entertainment AG, member of the Advisory Council of Laurus Property Partners, and member of the Audit Committee of Bankhaus Obotritia GmbH).

- 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)

22. Approval of the Financial Statements

The financial statements were prepared by the Management Board on September 7, 2021.

Frankfurt am Main, September 7, 2021

The Management Board

Dr. Tim Thabe Dr. Daniel Bartsch

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 management report includes a fair review of the development and performance of the business and the position of the creditshelf group, together with a description of the material opportunities and risks associated with the expected development of the creditshelf group.”

Frankfurt am Main, September 7, 2021

creditshelf Aktiengesellschaft

The Management Board

Dr. Tim Thabe Dr. Daniel Bartsch

5. Publication Details

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