

SHAPING SME FINANCE



Exane BNPP Insight
FinTech Expert Access

June 04, 2020

AGENDA



1 Our story

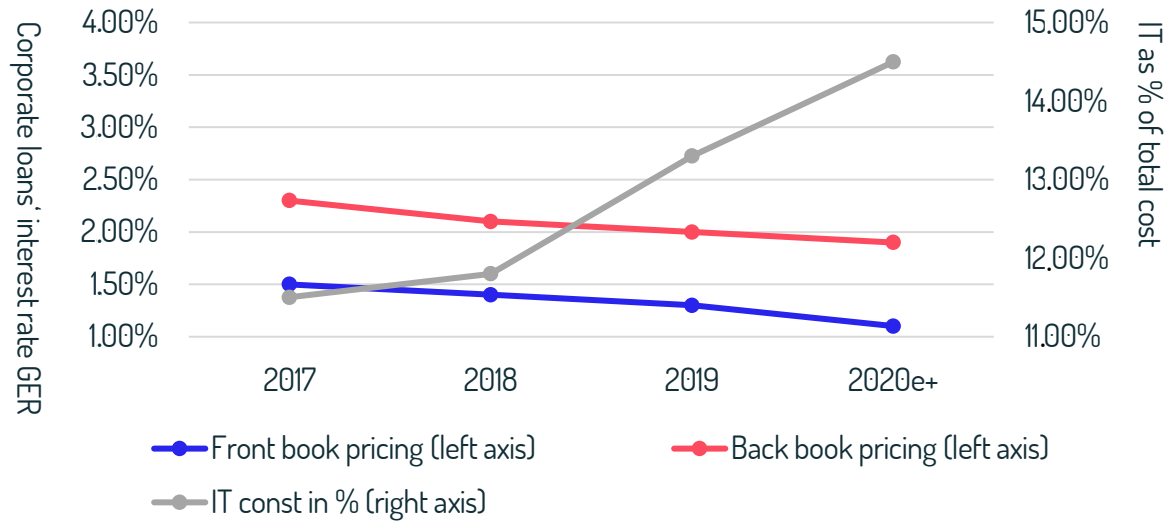
2 Financials Q1 2020

3 Outlook

1 Our story

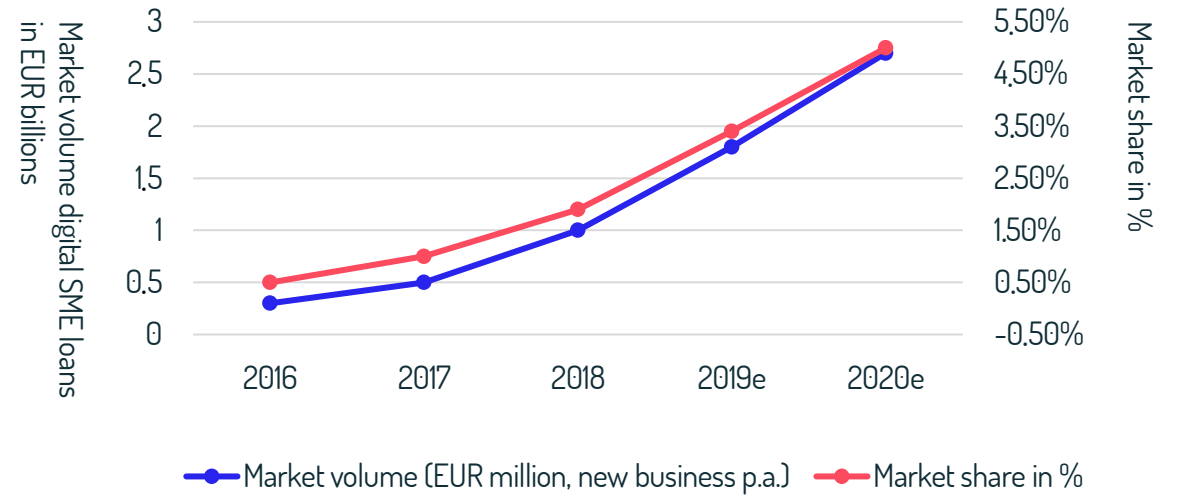
PLATFORMS ARE WELL POSITIONED TO OVERCOME STRUCTURAL ISSUES OF BANKING INDUSTRY

Banks suffer from structural problems ...



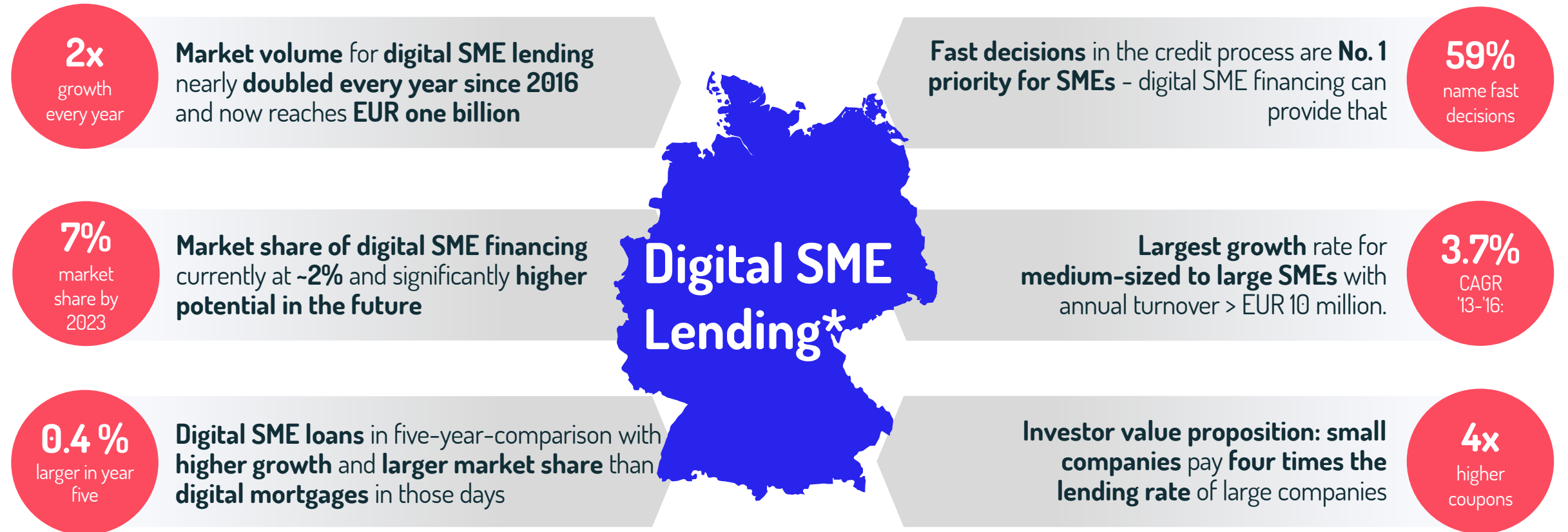
- Additional pressure through negative deposit margins and decreasing contribution from maturity transformation
- Rising cost pressure and steady branch closures leading to less local proximity
- New SME lending with non-sustainable pricing below cost of capital
- IT budgets absorbed by legacy and regulatory issues

... that platforms avoid by rethinking SME financing



- Fee based business model with low cost base
- More efficient processes through day-one automation and digitalization
- IT budgets focussed on development and innovation
- No own balance sheet

DIGITAL SME LENDING IN GERMANY ON COURSE FOR GROWTH

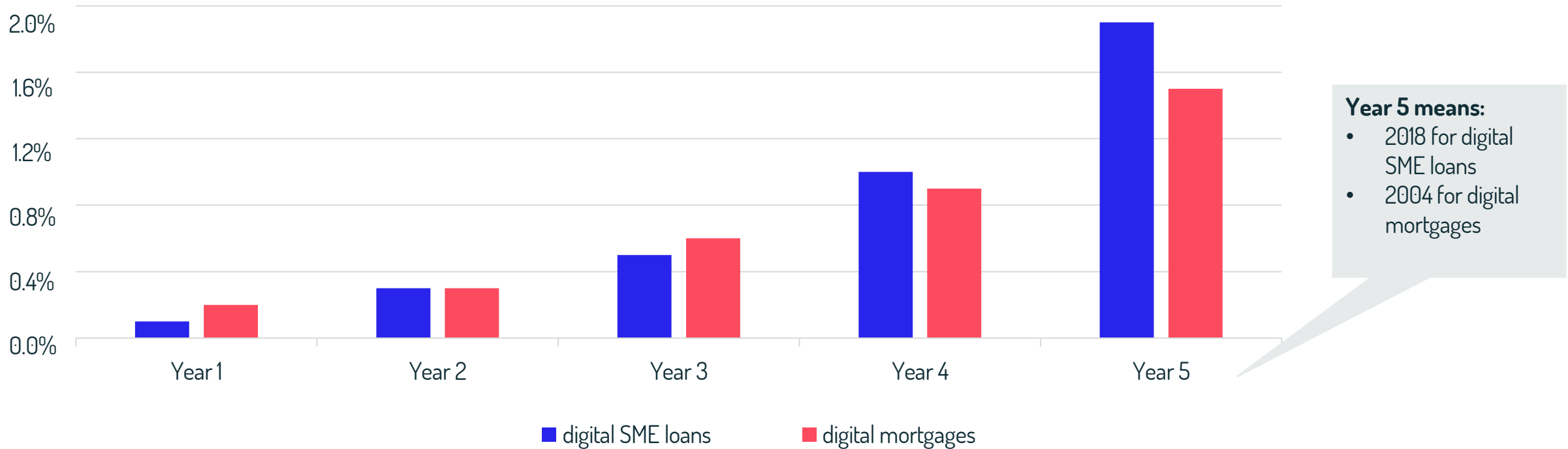


Source: solarisBank (2019): "Der digitale SME-Kredit in Deutschland – Eine Studie von Barkow Consulting in Zusammenarbeit mit solarisBank".

*data as of 2018

DIGITAL SME LOANS OUTPERFORM DIGITAL MORTGAGES...


New business p.a. in % of the total credit market*



At year five since inception, **digital SME loans** with **higher growth** and **larger market share** than **digital mortgages**

*Source: solarisBank (2019): "Der digitale SME-Kredit in Deutschland – Eine Studie von Barkow Consulting in Zusammenarbeit mit solarisBank".

... AND HAVE A LARGER MARKET, BUT STILL LOWER PENETRATION THAN CONSUMER LOANS IN GERMANY

	Consumer loan market 2018	SME loan market 2018
Total outstanding	>EUR 170 billion	>EUR 200 billion
New business	>EUR 80 billion	>EUR 50 billion
of which digital business	~EUR 12 billion	~EUR 1 billion
Digital penetration rate	15%	2%

OUR BUSINESS MODEL ADDRESSES NEEDS BOTH ON THE BORROWER AND THE INVESTOR SIDE

SME borrowers

- Significant short / medium-term financing needs
- No access to capital market funding
- No access to unsecured bank lending
- Less attractive economics of alternatives
- Lengthy credit process

**Fee
1-5 %**



Acquisition



Analysis



Selection



Pricing



Servicing

Institutional & professional investors

- No efficient access to SMEs
- Ticket size issue of existing debt funds
- Limited access to unsecured loans
- Unattractive yield of traditional debt products

**Fee
1% p.a.**

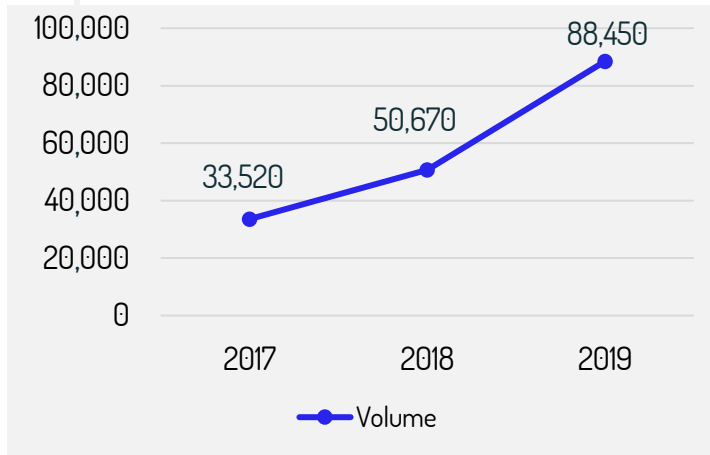
Lack of loan supply (credit gap)

Lack of investment opportunities

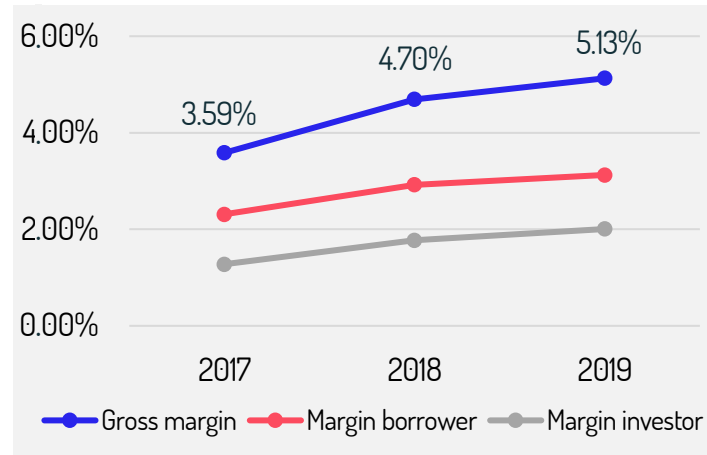
WE HAVE ACCELERATED OUR GROWTH MOMENTUM...



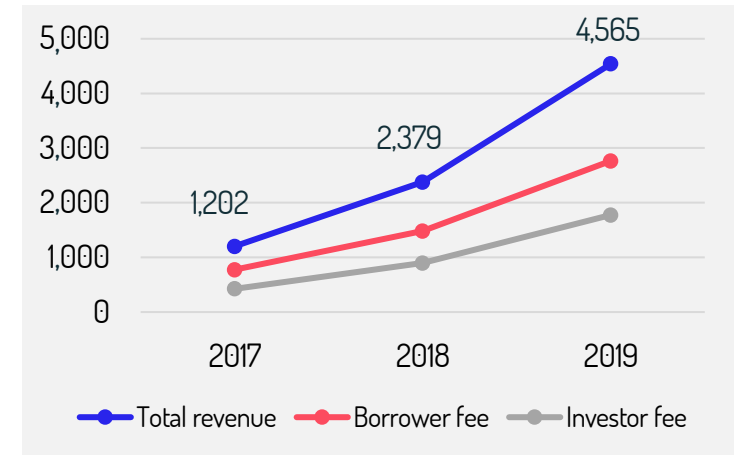
Higher credit volume arranged (EUR thousand) ...



... and increased gross margins (%)...



... result in strong revenue growth (EUR thousand)



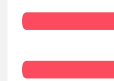
Accelerating volume growth

proves that our platform is well positioned in an increasingly important market for digital financing solutions.



Higher gross margins

from both SME borrowers and investors show the uniqueness of our product and the acceptance of our offering in the market.

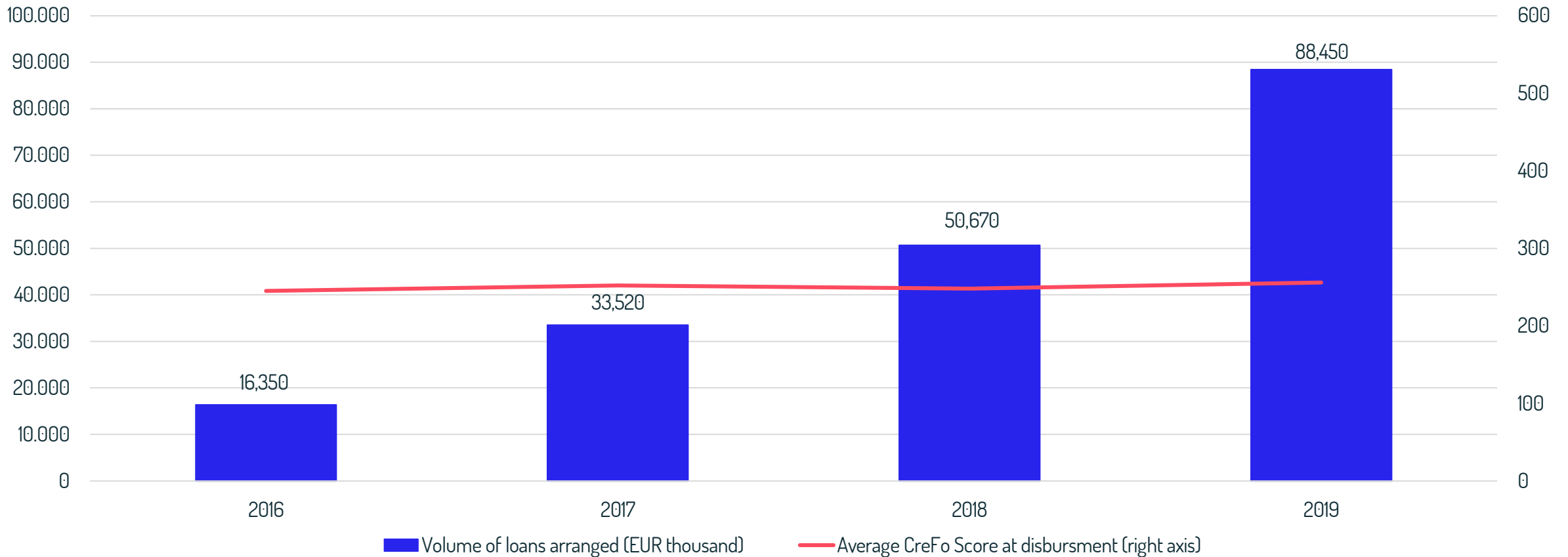


Magnifying revenue effect due to growth in both volume and margin.

... WITHOUT COMPROMISING OUR RISK STANDARDS



Average CreFo* score and volume of arranged loans

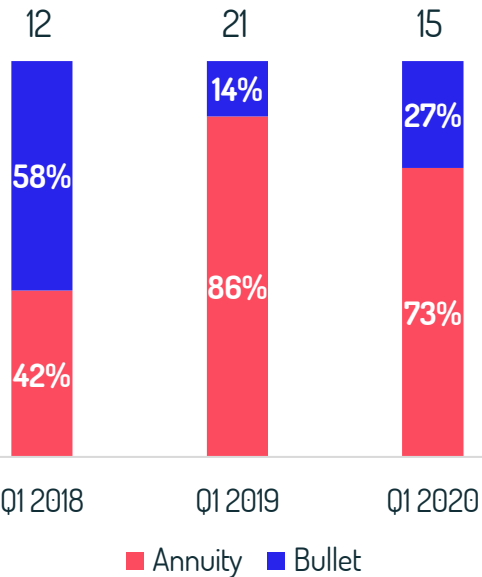


* Score measuring the credit-worthiness of SME companies; provided by Creditreform, European largest creditor protection organization

CREDITSHelf'S PRUDENT RISK MANAGEMENT APPROACH MITIGATES COVID-19 RISKS

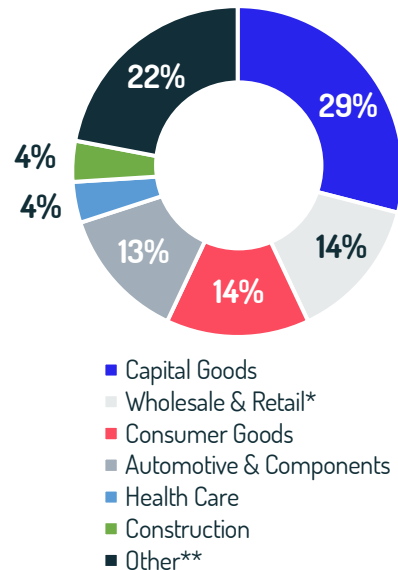
Increased focus on cash inflow

Arranged loans by type



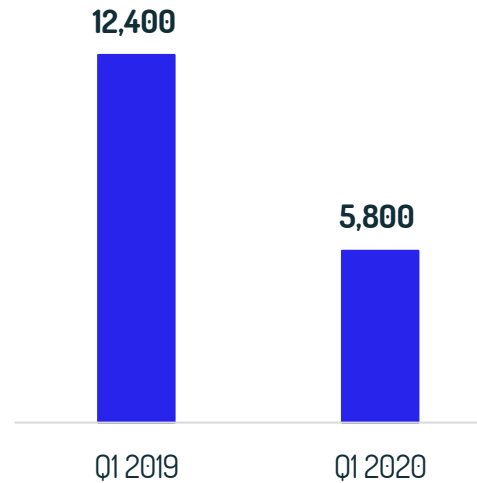
Industry selection gains more importance

Arranged loans by industry



Improvement of internal risk assessments

Waiver of receivables (EUR)



Additional qualitative aspects

creditshelf rarely takes a dominant position but complements existing loans of house banks.

creditshelf is a partner of trust to existing customers.

Recent top-up initiative to cover for up to six installments deepens customer relationship.

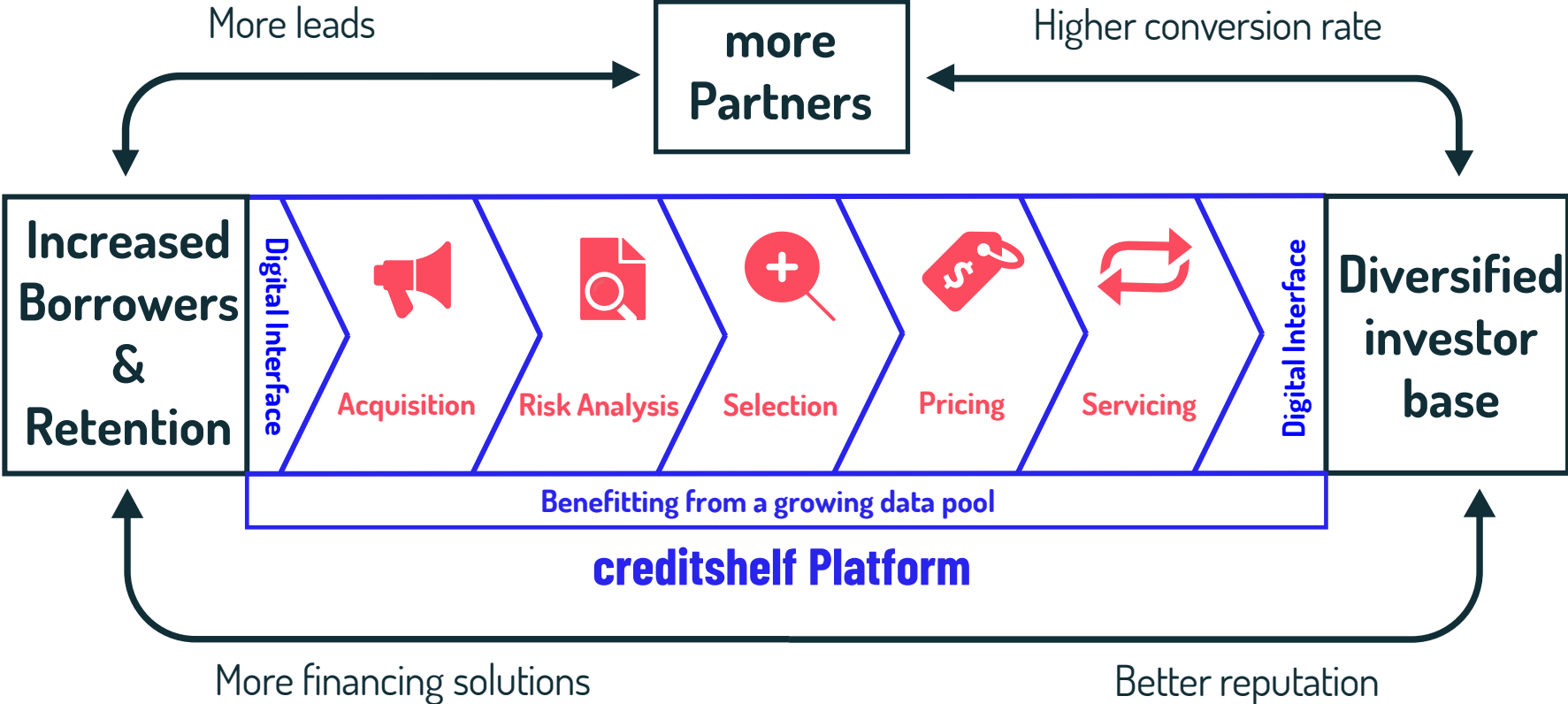
Monthly installment reduces risk exposure of investors and shortens duration.

Our active loan book is not exposed to Covid-19 heavy hit industries like tourism, restaurants, hotels, offline retail.

Constantly improved risk assessments reduces defaults and therefore to be waived investor fees.

* Predominantly Online ** 'Other' includes 15 other industries

NETWORK EFFECTS BENEFIT PLATFORM SCALABILITY



FIRST GERMAN MARKET LENDING FUND WITH EIF AS ANCHOR INVESTOR CLOSED

Additional investment format important milestone to diversify the platform's institutional funding base

Investment Objective

- Pure-play credit exposure to thoroughly selected German small & medium enterprises (SME)
- Investing in a broadly diversified und largely uncorrelated pool of senior unsecured SME loans
- Expected yield: 5% (after fees and defaults)

Vehicle

- Closed-end investment fund
- Luxemburg-domiciled S.C.S., SIVAV-RAIF
- Term: 6 years (1 year extension option)
- Targeted fund volume: EUR 150 million (EUR 62 million in first closing)

Alpha Sources

- Access to an otherwise non-accessible asset class
- Underserved niche segment justifies above-market rates
- Quick credit decision due to automated scoring process
- Marketplace lender with cost-effective loan origination

Fund Administration

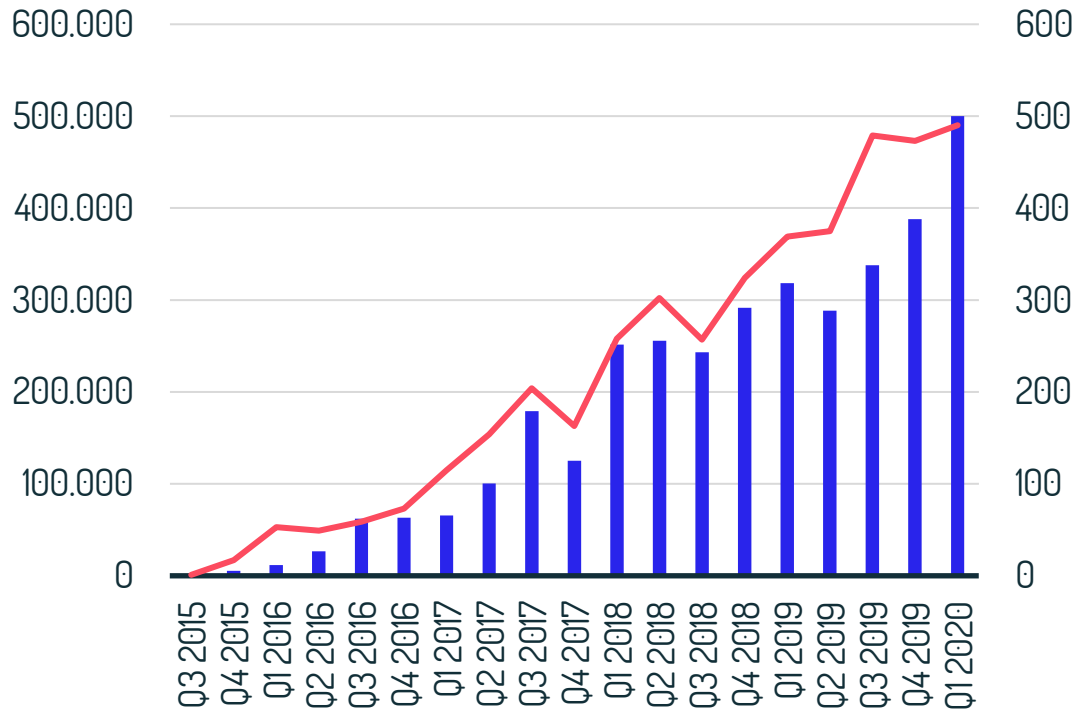
- AIFM/fund manager: LIS Luxemb. & 1741 Fund Solutions
- Investment advisor: creditshelf AG
- Depository: Sanne Group
- Auditor: KPMG

2 Financials Q1 2020

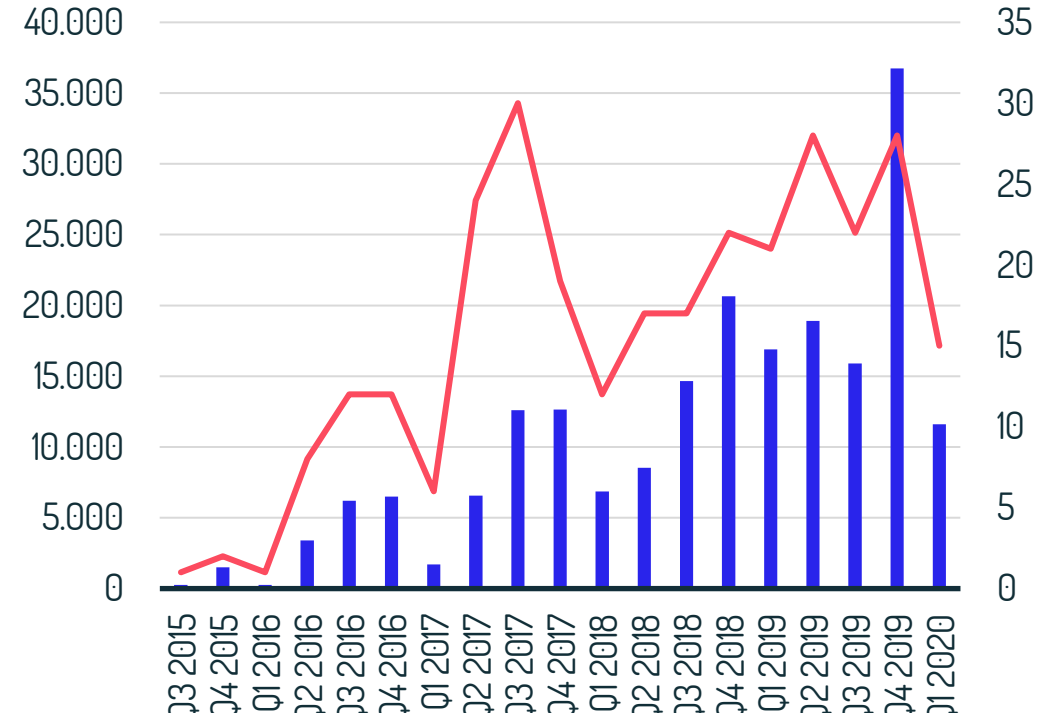
LOAN REQUESTS AT RECORD HIGH IN Q1 2020



Loan Requests*



Executed Transactions**



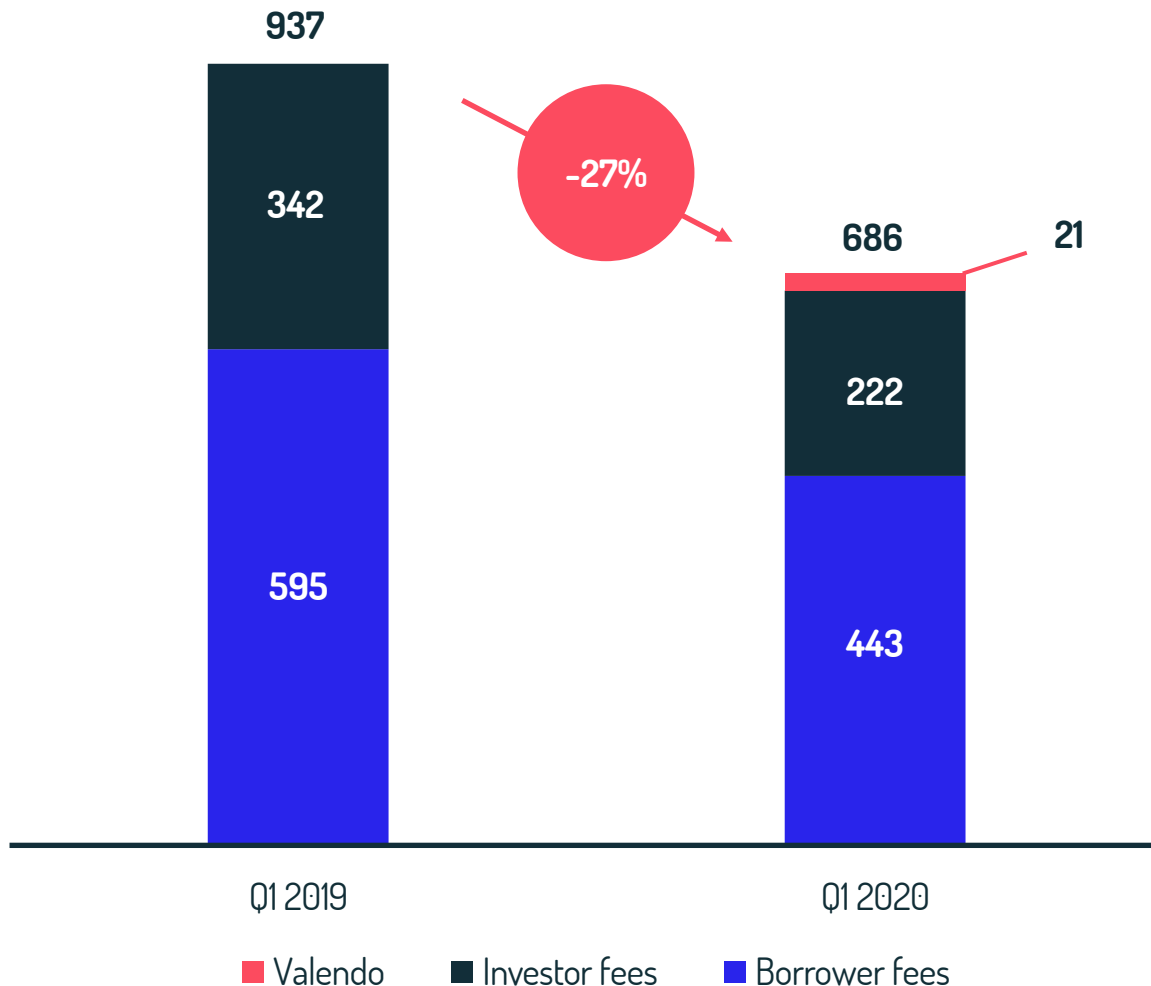
■ Volume of Requests (EUR thousand) — Number of Requests (right axis)

■ Volume of Transactions (EUR thousands) — Number of Transactions (right axis)

* creditshelf defines "Loan Requests" as credit project applications the company has received in the respective period. creditshelf defines "Number of Requests" as the total number of credit project applications it has received. creditshelf defines "Volume of Requests" as the total loan volume requested by potential borrowers in their initial credit project applications.

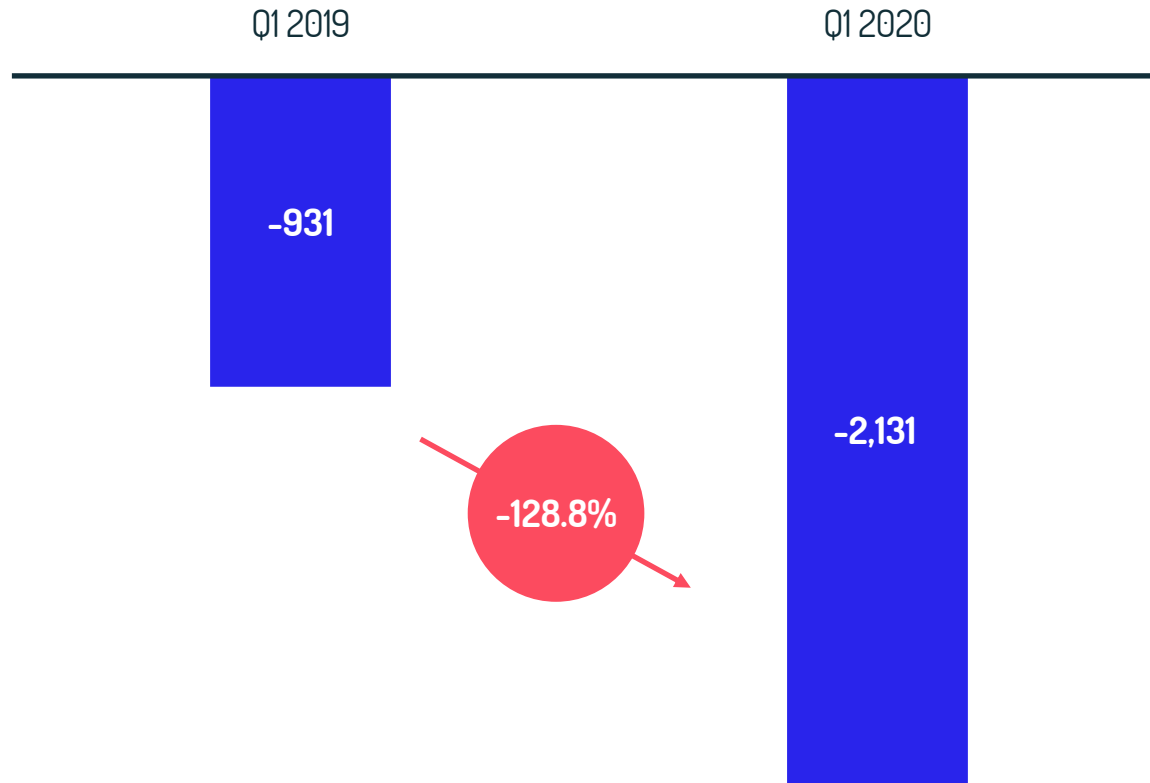
** creditshelf defines "Executed Transactions" as transactions in which a loan arranged through the creditshelf Platform was disbursed. creditshelf defines "Number of transactions" as the number of Executed Transactions.

REVENUE (IN EUR THOUSAND)



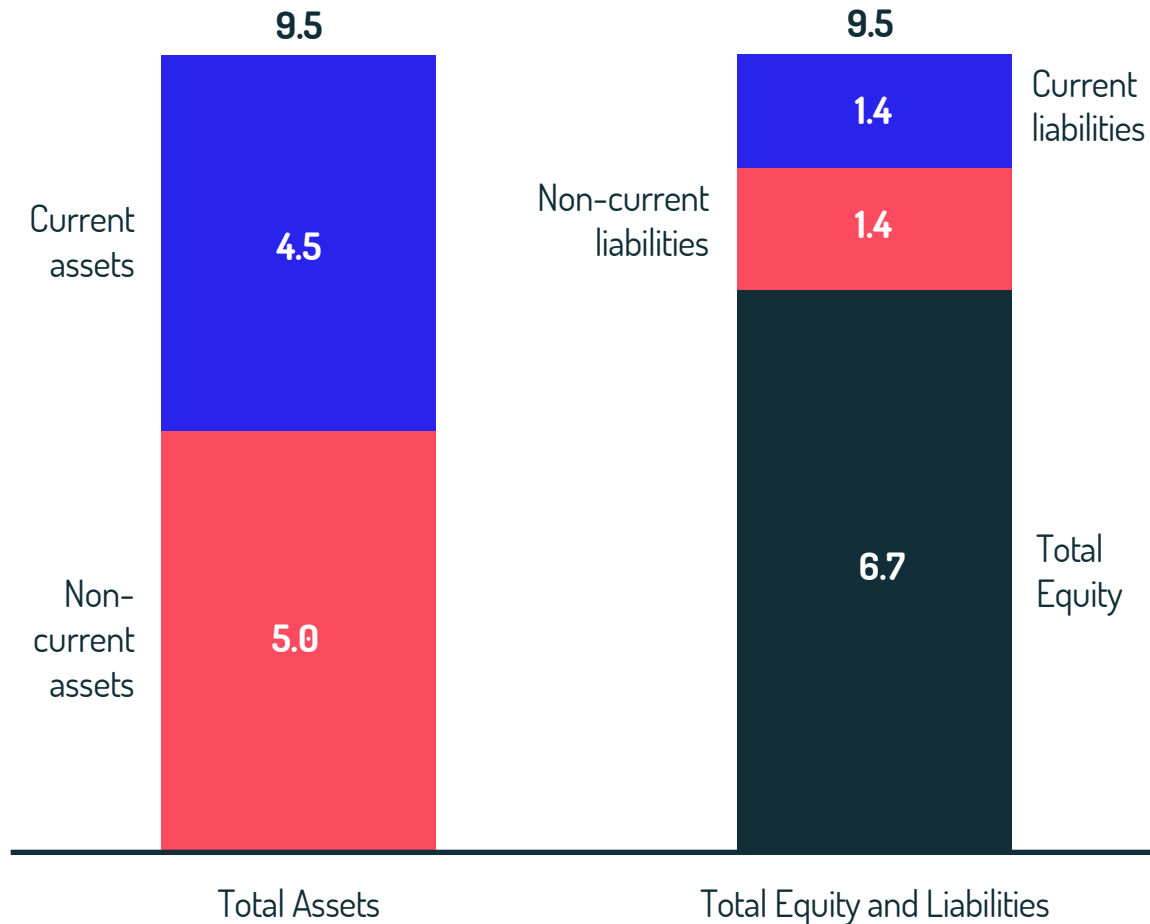
- **Revenues down 27% Y-o-Y to EUR 685.6 thousand** from lower receipts of borrower and investor fees
- **Main driver: decrease in arranged loan volume** from EUR 16.9 million in Q1 2019 to EUR 11.6 million in Q1 2020
- **Slight increase in gross margins compared to FY 2019**
 - Blended gross margin Q1 2020: 5.73% (FY2019: 5.54%)
 - Borrower fees margin Q1 2020: 3.82% (FY 2019: 3.52%)
 - Investor fees margin Q1 2020: 2.02% (FY 2019: 1.91%)
- **Other operating income of EUR 300.2 thousand** include provision releases, EBIT neutral disagio bookings, VPP II valuation benefit and income from other accounting periods

EBIT (IN EUR THOUSAND)



- **EBIT decreased** by lower revenues and higher costs
- **Main cost drivers compared to Q1 2019:**
 - Higher personnel expenses reflect growing headcount and RSU I-III expenses, while RSU III was not yet reflected in Q1 2019
 - Marketing & Advertising costs up by upfront investments for website rework and performance marketing initiative
 - Increasing sales commissions driven by successful Commerzbank cooperation
- **Depreciation & Amortisation** increased based on amortisation of intangibles
- **Slowed investments** since end of March 2020 to mitigate Covid-19 pandemic impact

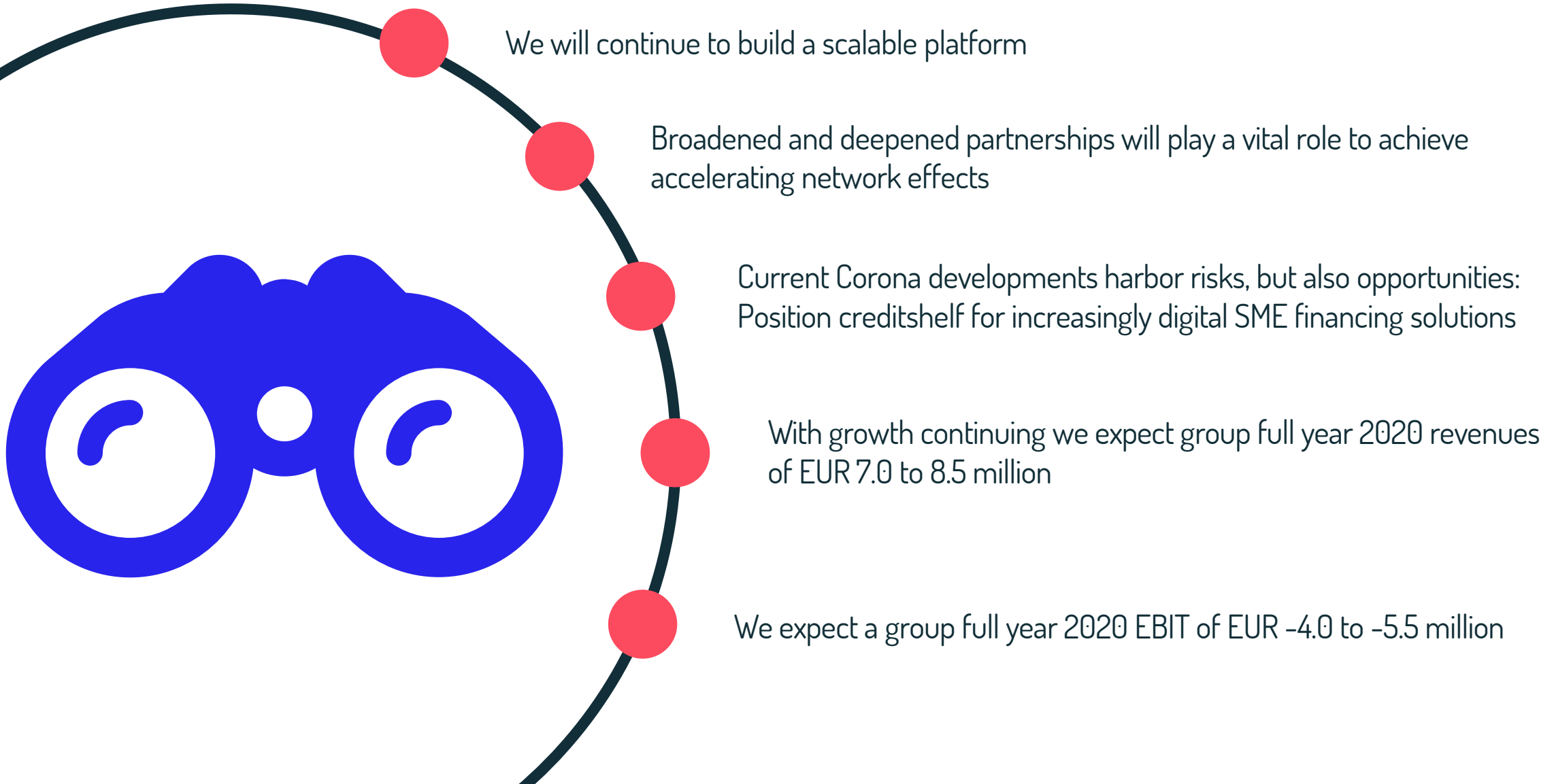
BALANCE SHEET (AS OF MARCH 31, 2020; IN EUR MILLION)



- **Current assets** decreased to EUR 4.5 million (2019: EUR 7.9 million) as a result of lower cash or cash equivalents of EUR 2.8 million (2019: EUR 6.6 million), while short term receivables remained at year-end 2019 level
- **Non-current assets** stood at EUR 5.0 million (2019: EUR 5.2 million), reflecting reduced intangible assets as a result of amortization and slightly lower trade receivables in light of Q1 business development
- **Total equity** decreased to EUR 6.7 million (2019: 8.5 million) driven by net loss
- **Subscribed capital** slightly increased due to first RSU vesting.
- **Total liabilities** stood at EUR 2.8 million (2019: EUR 4.6 million), mainly due to lower current payables

3 Outlook FY 2020

UNCHANGED OUTLOOK



Appendix

RUN BY AN EXPERIENCED MANAGEMENT TEAM

C-Level

Executive Board

Dr. Tim Thabe



Co-founder &
Chief Executive Officer

Dr. Daniel Bartsch



Co-founder &
Chief Operating Officer

Dr. Mark Währisch



Chief Risk Officer

Dr. Gregor Heinrich



Chief Technology Officer

Fabian Brügmann



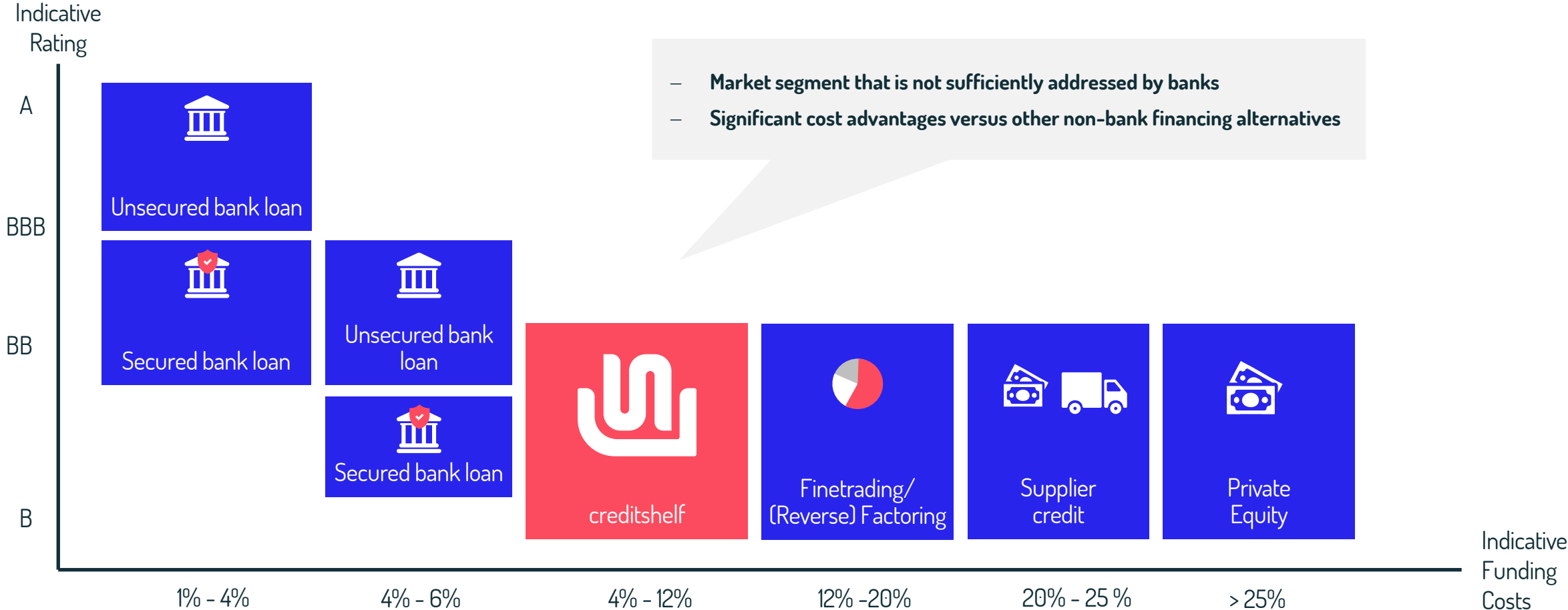
Chief Financial Officer

Jan Stechele



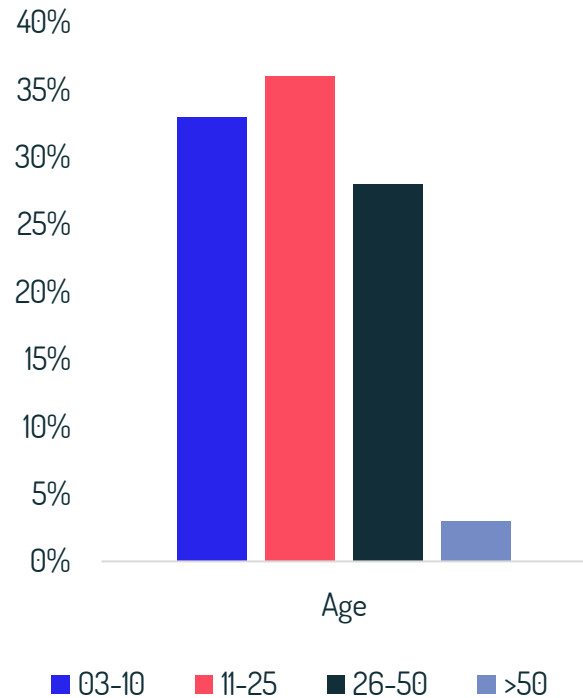
Chief Product Officer

WE EXTEND THE SME FINANCING MIX THROUGH A TRANSPARENT AND EASY TO ACCESS OFFERING

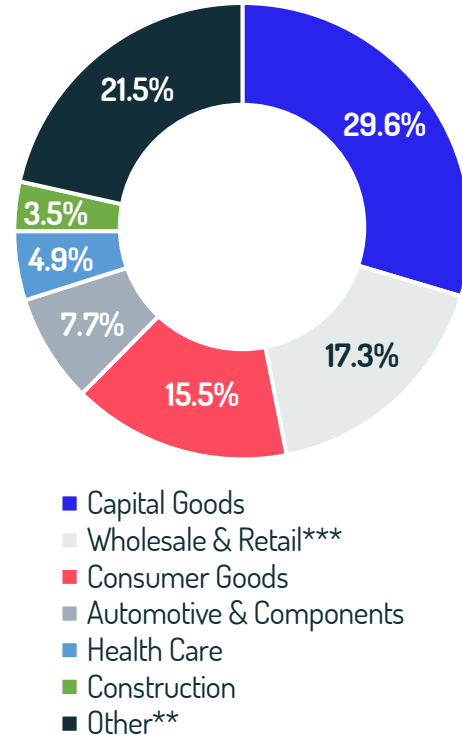


CREDITSHelf BORROWERS AT A GLANCE*

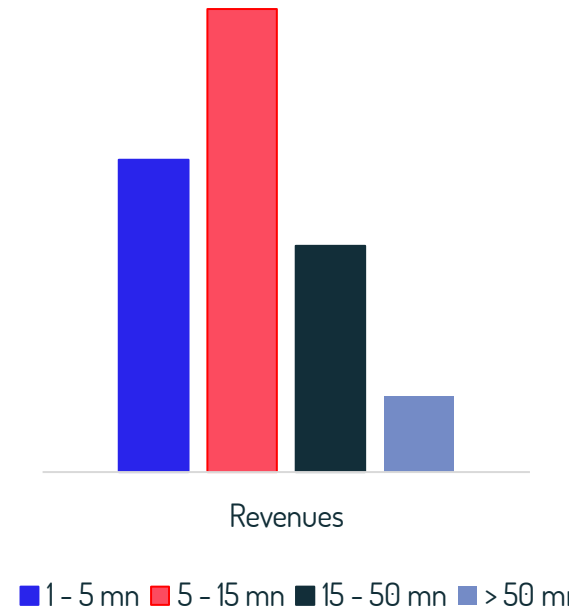
Company age



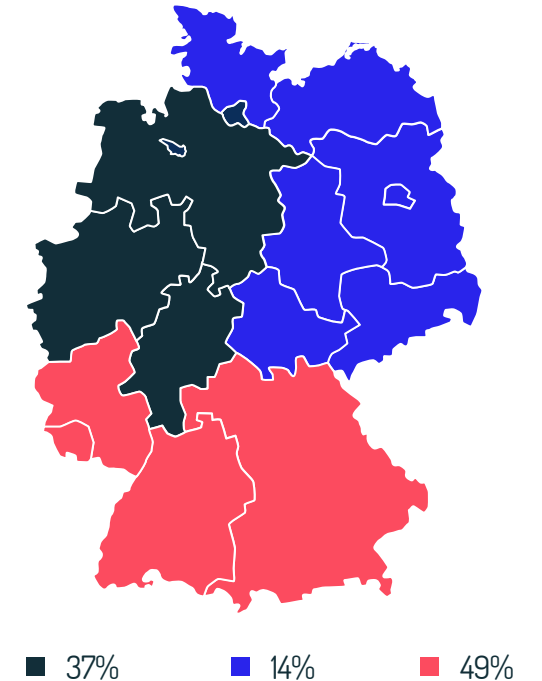
Sectors



Revenues



Origin



Ø 20 years

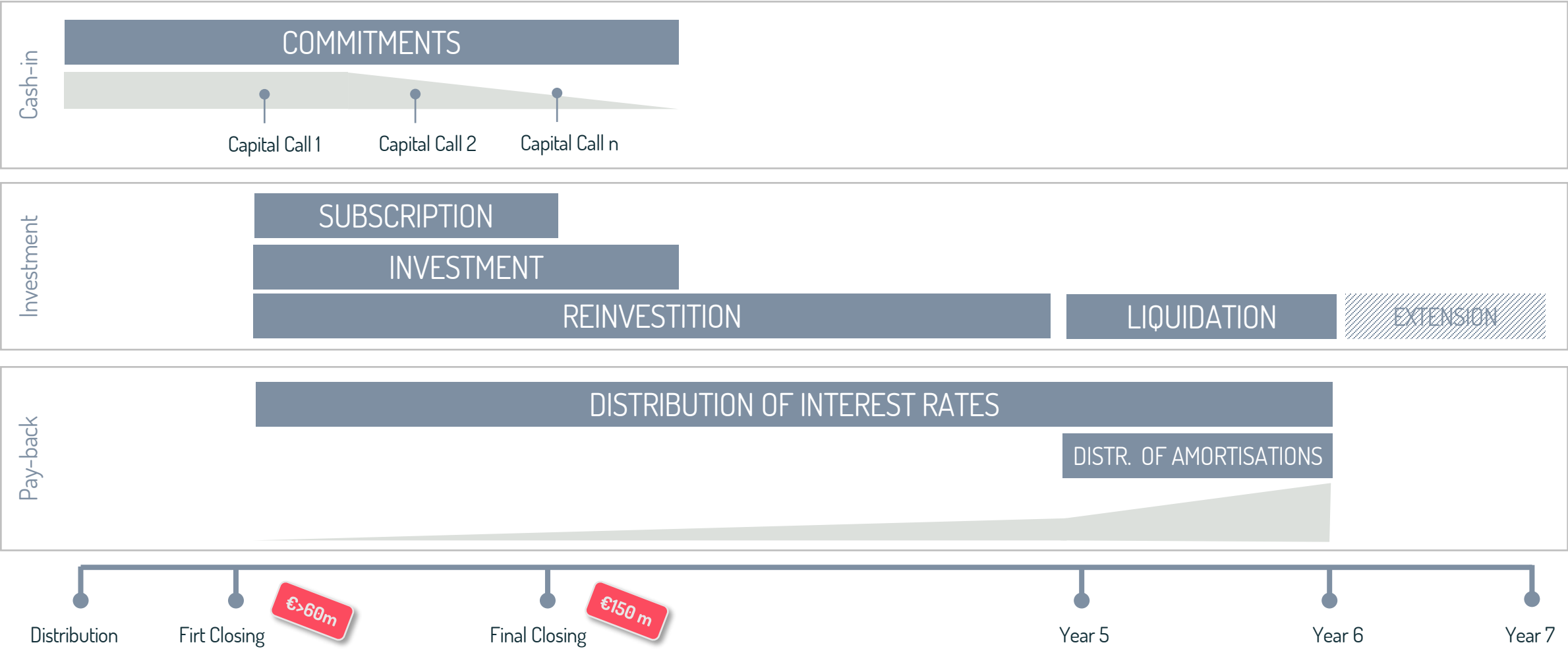
Ø EUR 15 million

*as of December 31, 2019

** 'Other' includes 17 other industries; Largest positions: Non-basis consumer goods, Construction material, Hardware, Transportation

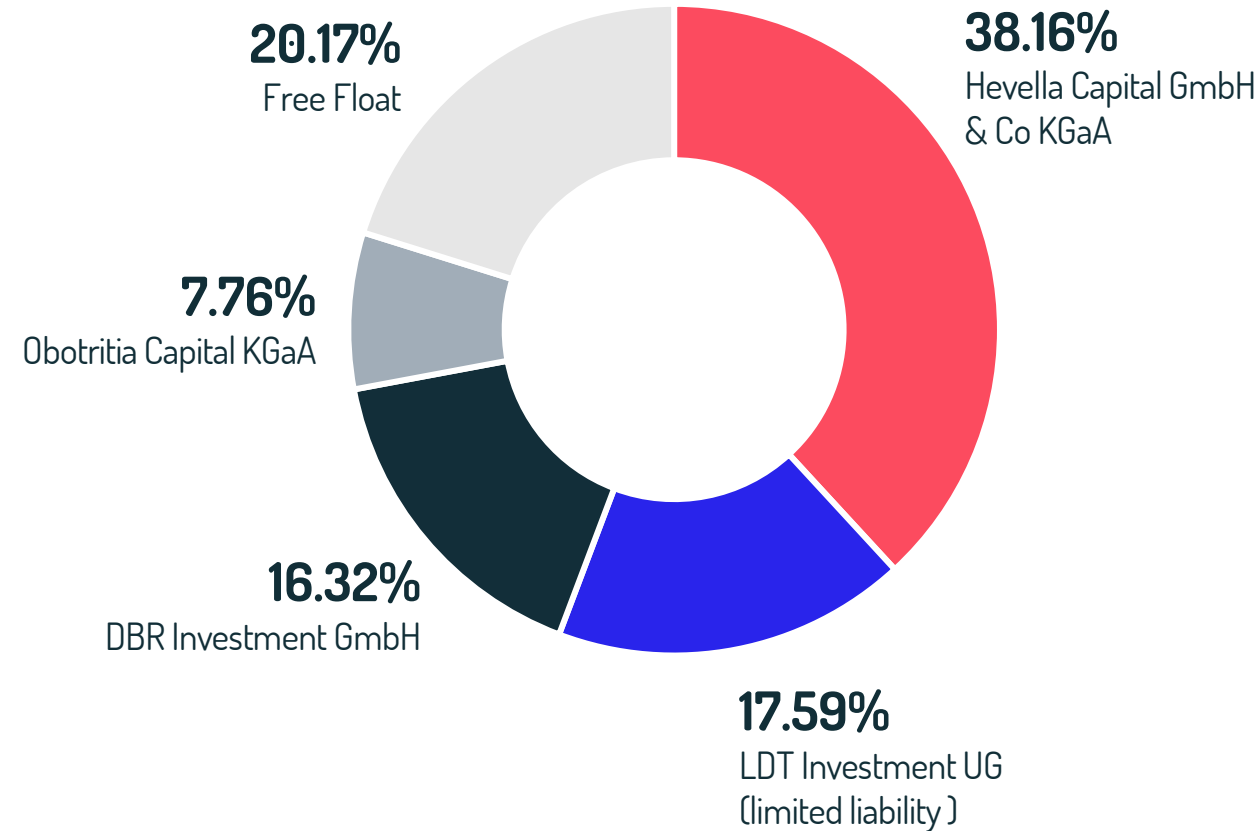
*** Predominantly Online

LIFE CYCLE OF CREDITSHelf FUND



THE CREDITSHelf SHARE

Shareholder structure*



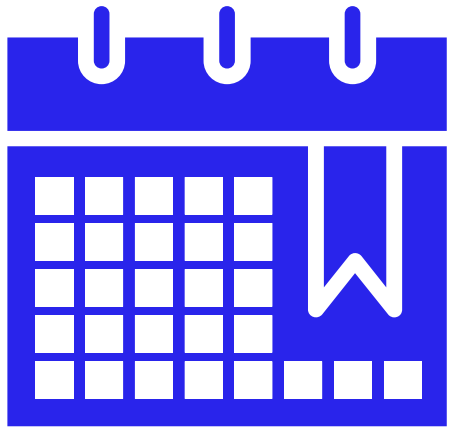
Disclosures based on voting rights notifications >5% received pursuant to the German Securities Trading Act (WpHG).

*as of 07 May 2020

Share information

ISIN / WKN	DE000A2LQUA5 / A2LQUA
Stock exchange symbol / Reuters symbol	CSQ
Type of Shares	Ordinary bearer shares with no-par value (auf den Inhaber lautende Stückaktien)
First day of trading	July 25, 2018
Number of Shares	1,360,339
Stock Exchanges	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
Designated Sponsor	ODDO Seydler
Research	Commerzbank, FMR, MainFirst

OVERVIEW OF FINANCIAL CALENDAR 2020



March 23, 2020

Publication Annual Report 2019

May 07, 2020

Publication Q1 statement

May 12, 2020

MainFirst Virtual SMID Cap One-on-One Forum

May 19, 2020

ODDO Seydler Virtual Roadshow

May 26, 2020

Annual General Meeting (Virtual AGM)

June 04, 2020

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September 10, 2020

Publication Q2 statement

November 16-18, 2020

German Equity Forum, Frankfurt / Main

November 12, 2020

Publication Q3 statement

QUARTERLY SERIES Q1 2020

in EUR thousand	Q1 2019	Q2 2019	H1 2019	Q3 2019	9M 2019	Q4 2019	FY 2019	Q1 2020
Revenues	936.8	829.4	1,766.2	694.1	2,460.3	2,104.2	4,564.5	685.6
Borrower Fee	594.8	558.0	1,152.8	375.8	1,528.6	1,237.0	2,765.6	443.0
Investor Fee	342.0	271.4	613.4	318.3	931.7	844.8	1,776.5	221.8
Valendo	-	-	-	-	-	22.4	22.4	20.8
Other Op. Income	489.2	291.0	198.2	98.5	296.7	1,235.4	1,532.1	300.2
Total expenses (gross)*	-2,273.3	-2,282.3	-4,555.6	-2,029.3	-6,584.9	-3,892.5	-10,477.4	-2,914.6
Personnel expenses	-978.7	-1,150.3	-2,129.0	-1,007.3	-3,136.3	-1,286.9	-4,423.2	-1,510.9
Related capitalised software	77.3	78.3	155.6	33.1	188.7	37.8	226.5	71.4
Other operating expenses	-1,294.6	-1,132.0	-2,426.6	-1,022.0	-3,448.6	-2,605.6	-6,054.2	-1,403.7
Advertising and Marketing**	-472.6	-578.9	-1,051.5	-535.3	-1,586.8	-561.8	-2,148.5	-627.4
Legal & Consulting Services	-276.5	-285.6	-562.1	-182.2	-744.3	-494.7	-1,239.0	-225.1
Other**	-545.5	-267.5	-813.0	-304.5	-1,117.6	-1,549.1	-2,666.7	-551.0
EBITDA	-770.0	-1,665.6	-2,435.6	-1,203.6	-3,639.2	-515.1	-4,154.3	-1,857.2
Depreciation & Amortisation	-161.0	-186.1	-347.1	-202.3	-549.4	-250.7	-800.1	-274.0
EBIT	-931.0	-1,851.7	-2,782.7	-1,405.9	-4,188.6	-765.8	-4,954.4	-2,131.2

* Gross means excluding benefit of related capitalised software; ** marketing restated for reclassification of travel expenses in Other

Investor contact



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