FREEDOM FOR COMPANIES

credit shelf

Annual Report

December 31, 2021

Group Key Figures at a Glance

in kEUR	FY 2021	FY 2020
Revenue	7,252	4,899
EBIT	–2,183	–5,345
Arranged loan volume	166,905	98,925
Loan request volume	1,683,723	1,528,223
Net loss for the period	–2,293	–5,327
Earnings per share (in EUR)	–1.67	–3.92
Diluted earnings per share (in EUR)	–1.67	–3.92

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1. To Our Shareholders

1.1. Letter to Shareholders

Dear shareholders and readers,

creditshelf accelerated its growth significantly in fiscal year 2021 and returned to its original growth path after 2020, a year that was dominated by the coronavirus pandemic. The company acted as a strong partner for today's forward-looking SMEs in Germany and as a provider of finance for high-growth companies that will be part of tomorrow's middle market. We financed the future in fiscal year 2021 by arranging a total of 145 loans with an aggregate volume of EUR 167 million – up 70% on 2020. Revenue and earnings improved in line with this: with revenue of EUR 7.3 million and an operating result (EBIT) of EUR –2.2 million we have not only advanced clearly year-on-year but are also progressing rapidly towards the break-even point.

One key factor in this success is our ability to refinance our loans with institutional investors. We have strong partners to help us here – the creditshelf Loan Fund, which has the European Investment Fund as an anchor investor, and the Dutch-based FIBR Bank, which increased its funding volumes on the platform multiple times in the past fiscal year. This ongoing successful cooperation clearly shows that creditshelf offers attractive investment opportunities for institutional investors. With respect to our sales partners, we established partnerships with banks belonging to all three sectors of the German banking system in fiscal year 2021: In addition to Commerzbank in the commercial banking area, we added Sparkasse Bremen in the savings bank sector plus a number of cooperative banks. As a result, creditshelf's funding network comprises more than 700 active partners that are ensuring growth momentum within our ecosystem.

We would like to thank our employees, our business partners and, above all, our shareholders for their trust in us in the past fiscal year. We are confident about 2022 from a business perspective despite the current geopolitical situation, and look forward to continuing our sustainable growth trajectory with you.

With best wishes

Your Management Board

Dr. Tim Thabe Dr. Daniel Bartsch

1.2. Report by the Supervisory Board

Dear shareholders and readers,

creditshelf Aktiengesellschaft's Supervisory Board worked extremely hard in fiscal year 2021 in performing the tasks required of it by law and the Articles of Association. Its activities in the past fiscal year are described in the following.

The Supervisory Board obtained comprehensive and regular reports, both in writing and orally, from the Management Board on the company's strategic development, corporate planning, the course of business, trends in key performance indicators, significant transactions, human resources development, the internal control system, risk management, and compliance. It diligently supervised and advised the Management Board in its management of the company in the past fiscal year. The Supervisory Board was involved in Management Board decisions of fundamental importance for the company.

The subjects reported on by the Management Board and the scope of this reporting complied in full with the Supervisory Board's requirements. All questions to the Management Board were answered at length and within a short period of time. The half-yearly reporting on the company's financial situation that was introduced in the 2020 fiscal year was continued in fiscal 2021, serving as the basis for the Supervisory Board's oversight during the ongoing coronavirus crisis. The Management Board was on hand during Supervisory Board meetings to provide information on the topics discussed. We examined in detail all management measures that required prior approval by the Supervisory Board by law, or due to the Articles of Association or the bylaws, and discussed them with the Management Board.

The Chairman of the Supervisory Board and the CEO were in constant contact, allowing the former to be informed in all cases without undue delay of all major events that were of material importance for the assessment of creditshelf's position and development. This also meant that the Chairman of the Supervisory Board was kept comprehensively informed between Supervisory Board meetings.

The members of the Supervisory Board ensure they receive the education and training measures that they need to perform their duties, such as courses on changes in the legal framework, on their own responsibility and are supported in this by the company. Where necessary, internal information events are held to familiarize them with specific issues.

Supervisory Board Meetings

Five Supervisory Board meetings were held in fiscal year 2021, all of which were conducted as videoconferences and/or conference calls for public health reasons. In addition, one resolution was passed by circulating written documents.

The Supervisory Board also regularly met without the Management Board. The agenda items discussed in these cases concerned the Management Board itself or required internal discussion by the Supervisory Board.

All Supervisory Board members took part in at least four Supervisory Board meetings during the reporting period. The following overview shows which Supervisory Board members took part in which meetings in fiscal year 2021:

	Rolf Elgeti Supervisory Board Chairman	**Rolf Hentschel** Deputy Chairman	**Julia Heraeus-Rinnert** Supervisory Board member	**Dr. Joachim Rauhut** Supervisory Board member	**Prof. Dirk Schiereck** Supervisory Board member
Date					
March 23, 2021	X	X	X		X
May 10, 2021	X	X	X	X	X
September 7, 2021	X		X	X	X
November 2, 2021	X	X	X	X	X
December 16, 2021	X	X	X	X	X

The following section provides information on the key topics discussed and other Supervisory Board activities during the past fiscal year.

Focus of Supervisory Board Discussions

Resolution Passed Following the Circulation of Written Documents in January (Capital Increased Under the RSU Programs)

On January 28, 2021, the Supervisory Board resolved unanimously following the circulation of written documents to approve the resolution by the Management Board to partially utilize the authorized capital to service the claims existing at the time under the share-based employee incentive programs ("Restricted Stock Units Programs" or "RSU Programs"). To do this, the company's share capital was increased in the resolution by EUR 15,912.00 by issuing 15,912 new no-par value bearer shares. This brought the total share capital to EUR 1,376,251.00, composed of 1,376,251 no-par value shares. The company's Articles of Association were amended in line with the resolution.

March Meeting (Board Meeting to Consider the Annual Financial Statements)

In its meeting on March 23, 2021, the Supervisory Board discussed the company's current business performance, which the Management Board had presented prior to that. The discussion revolved around the impacts of the ongoing coronavirus pandemic on creditshelf's business performance and the market for digital SME finance, and the company's strategies for enhancing its business model, growing investors on the loan funding side of the creditshelf platform, and the proprietary platform technology. Other key points discussed were the forecast for fiscal year 2021 that the company had prepared in connection with the management report, and related party transactions. After this, the Supervisory Board and Management Board discussed in depth, in the presence of the auditors, the annual financial statements prepared as of December 31, 2020, the financial performance for fiscal year 2020, and the audit priorities, which included impairment testing of intangible assets and of the goodwill from the acquisition of creditshelf solutions GmbH (formerly Valendo GmbH). Equally, the audit of the ESEF documents, which was performed for the first time in fiscal year 2020, was discussed. The Supervisory Board unanimously approved the annual and consolidated financial statements, the management report, and the corporate governance report, and resolved the report by the Supervisory Board for fiscal year 2020. In addition, it discussed the agenda for the upcoming virtual Annual General Meeting 2021. The Supervisory Board also proposed that, as in the previous year, Warth & Klein Grant Thornton AG (WKGT) should be elected as the auditors of the annual and consolidated financial statements for fiscal year 2021. The Supervisory Board Chairman was authorized to engage WKGT in line with this if the general meeting passed a majority resolution to this effect. In addition, the Supervisory Board Chairman informed the other members that Dr. Mark Währisch would not be extending his contract of service as a member of the Management Board beyond April 30, 2021. The Management Board contracts for Dr. Tim Thabe and Dr. Daniel Bartsch were extended until the end of 2023, with the approval of the Supervisory Board.

May Meeting

On May 10, 2021, the Supervisory Board and the Management Board discussed the interim consolidated IFRS financial statements for Q1 2021 and the company's performance in the period up to May 2021. Key discussion items included the investors on the loan funding side of the creditshelf platform and developments relating to existing and potential sales partnerships.

September Meeting (Half-yearly Financial Statements)

On September 7, 2021, the Supervisory Board and the Management Board discussed a large number of topics relating to the current course of business, including portfolio performance, the effect of government measures in the form of the KfW programs on creditshelf's target market, financing growth companies, and the partnership with Raisin Bank, which acts as creditshelf's fronting bank. The Supervisory Board and Management Board also discussed the 2021 half-yearly financial statements as of June 30, 2021, together with the auditors, WKGT.

November Meeting

The Supervisory Board meeting on November 2, 2021, focused on the internal control system (ICS) and the company's overall risk management system. In addition, the Management Board and the Supervisory Board discussed the interim consolidated IFRS financial statements for Q3 2021, plus other topics relating to the company's current business performance. The Supervisory Board also discussed the creation and composition of an Audit Committee and cooperation with the auditors on the audit priorities for the 2021 annual and consolidated financial statements. Equally, it unanimously approved the updated declaration of compliance with the German Corporate Governance Code pursuant to section 161 of the Aktiengesetz (German Stock Corporation Act – AktG). Furthermore, human resources issues were discussed.

December Meeting (Budget Meeting)

The last Supervisory Board meeting in fiscal year 2021 took place on December 16, 2021. It focused primarily on the company's planning for its financial development in fiscal years 2022 to 2024, and the associated budget. The planning assumptions were discussed in depth and the Supervisory Board then took note by mutual agreement of the planning that had been prepared. The Supervisory Board also discussed the skills profile developed in accordance with the requirements of the German Corporate Governance Code and the update to it. The Supervisory Board suggested that internal training on the principles of software development should be held in fiscal year 2022; this will be organized by the company's Chief Technology Officer. Since a self-assessment must be performed every two years to evaluate the efficiency of the work performed by the governing bodies, the Supervisory Board also added this topic to its agenda for the coming year. It also resolved at this meeting to establish an Audit Committee pursuant to section 107(4) of the AktG comprising all Supervisory Board members. The Audit Committee Chairman is Rolf Hentschel and the Deputy Chairman is Dr. Joachim Rauhut.

Corporate Governance

The company’s Management Board was in regular contact with the members of the Supervisory Board on all corporate governance topics relating to the Supervisory Board. The Management Board and the Supervisory Board report on the implementation of the Code, and the relevant measures taken, in their joint corporate governance report, and the declaration of compliance that forms part of this, in this annual report.

The members of the Management Board and the Supervisory Board inform the Supervisory Board of any conflicts of interests. However, no such conflicts of interests occurred in the period under review.

The Chairman of the Supervisory Board does not currently, and did not during the reporting period, have a business relationship with creditshelf either personally or via companies in which he occupies a senior position or holds a material investment. creditshelf’s related party transactions are conducted on the same terms as those with third parties. Please see the company’s financial reporting for a detailed presentation of its related party disclosures.

Audit of the Annual and Consolidated Financial Statements for Fiscal Year 2021

The annual financial statements prepared by the Management Board in accordance with the provisions of the *Handelsgesetzbuch* (German Commercial Code – HGB), the management report, and the consolidated financial statements and group management report for fiscal year 2021 prepared pursuant to section 315e of the HGB in accordance with the International Financial Reporting Standards (IFRSs) as adopted in the EU were audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the company’s auditors, and were issued with an unqualified audit opinion. The auditor considered the recoverability of the goodwill arising from the acquisition of the shares in creditshelf solutions GmbH (trading under the name of Valendo GmbH until November 2, 2020) and the recoverability of the carrying amount of the intangible assets to be particularly important audit issues. The abovementioned documents and the relevant audit reports were submitted to the members of the Supervisory Board in good time before, and were discussed in, the Supervisory Board meeting on March 23, 2022. The auditors took part in this meeting and reported on their key findings. Following its own examination, the Supervisory Board concurred with the auditors’ findings and did not raise any objections to the annual financial statements, consolidated financial statements, and group management report for fiscal year 2021 prepared by the Management Board. The Supervisory Board approved the annual financial statements prepared by the Management Board, the consolidated financial statements, and the group management report for fiscal year 2021. The annual financial statements have therefore been adopted.

Changes to the Supervisory Board and the Management Board

The Management Board comprised Dr. Tim Thabe and Dr. Daniel Bartsch in 2021. Chief Risk Officer Dr. Mark Währisch terminated his contract of service as a Management Board member at his own request as of April 30, 2021.

There were no changes to the Supervisory Board in fiscal year 2021.

Thanks

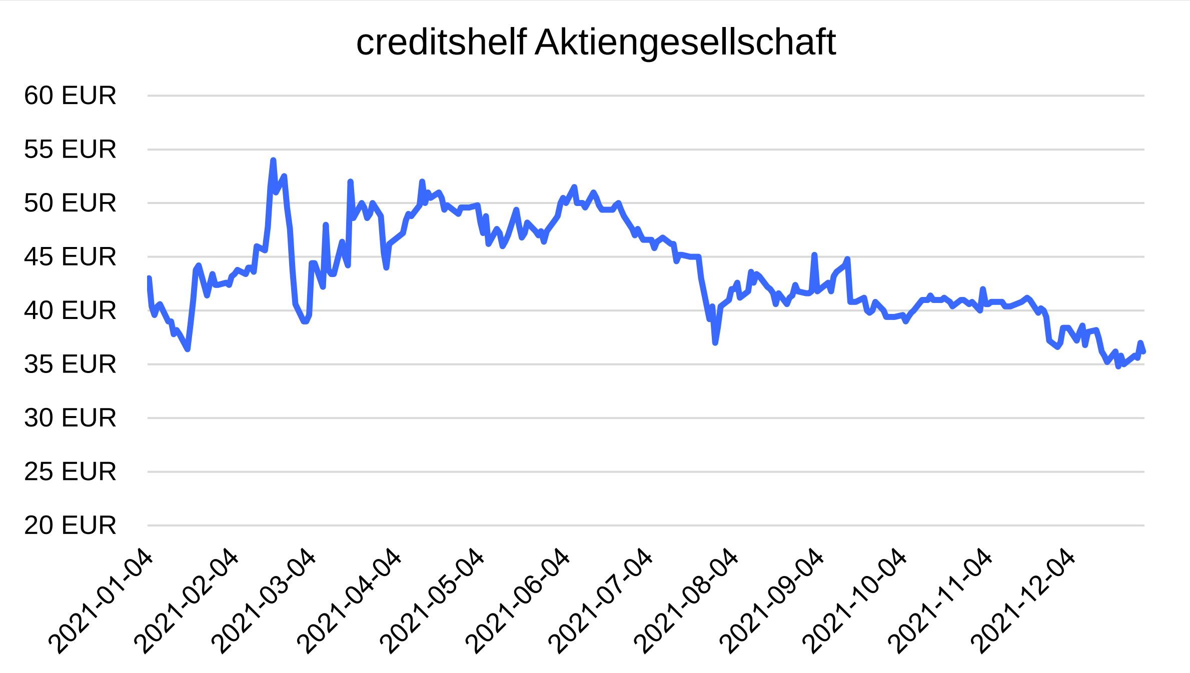
The Supervisory Board would like to thank the Management Board and all group employees for their hard work and achievements in the last fiscal year, and wishes them every continued success in mastering the new year's challenges.

Frankfurt am Main, March 2022

Rolf Elgeti
Supervisory Board Chairman

1.3. Information on creditshelf's Shares

Share Price Performance (January 1 to December 31, 2021; XETRA Closing Prices)



The capital markets experienced a number of setbacks in 2021. To start with, negative developments in the Chinese real estate sector due to the financial difficulties experienced by Evergrande, a major property developer, fueled fears of contagion effects. Added to these were numerous worries about supply chain problems caused by bottlenecks in the supply of raw materials and semiconductors in particular. Ongoing inflation and rising interest rates also led to capital market jitters. As in 2020, the coronavirus pandemic depressed sentiment in 2021, especially when the Omicron variant of the virus emerged in the winter months.

Nevertheless, the equity markets remained robust despite these developments. The positive general economic trend and the lack of alternatives in a period of zero interest rates spurred on stock markets around the world. The DAX closed 2021 up almost 16%, while the MDAX and SDAX also recorded clear gains.

creditshelf's shares closed the year on XETRA at EUR 36.20 on December 30, 2021. This represents a drop of 15.8% compared to their opening price on the first trading day of the year (EUR 43.00 on January 4, 2021). The shares of the company's leading UK-listed peer, Funding Circle, gained 22% year-on-year, while shares of German fintech Hypoport, which specializes in brokering real estate finance, fell by 4% year-on-year. Shares in digital asset manager Linus Digital Finance, which have been listed since May 2021, had shed 1.3% in value by the year-end.

Basic Share Information

German securities identification number (WKN)	A2LQUA
ISIN	DE000A2LQUA5
Ticker symbol	CSQ
Type of shares	No-par value bearer shares
Initial listing	July 25, 2018
Initial issue price	EUR 80.00
Number of shares*	1,376,251
Stock exchange	Frankfurt Stock Exchange's Regulated Market (Prime Standard)
Designated Sponsors	Hauck & Aufhäuser, ODDO BHF Corporates & Markets AG*
Sell-side analysts	FMR*, Hauck & Aufhäuser**, KBW, Kepler Cheuvreux

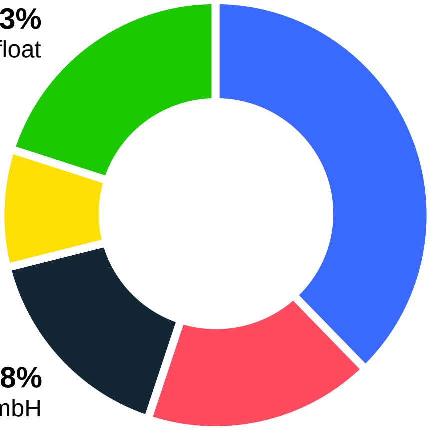
* Until December 31, 2021
** As from February 10, 2022

creditshelf's Shares at a Glance – January 1, 2021, to December 31, 2021*

Share price at the start of the reporting period	EUR 43.00
High (February 17, 2021)	EUR 54.00
Low (December 17, 2021)	EUR 35.20
Closing price (December 31, 2021)	EUR 36.20
Trading volume (January 1 to December 31, 2020; average number of shares)	approx. 100

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

Shareholder Structure



As of December 31, 2021. Information based on notifications of voting rights in excess of 5% received in accordance with the *Wertpapierhandelsgesetz* (German Securities Trading Act – WpHG) (effective date of the last notification of voting rights: September 20, 2021), plus company information.

Investor Relations Activities

By listing on the Prime Standard, creditshelf Aktiengesellschaft deliberately chose the Frankfurt Stock Exchange's most strictly regulated segment. 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 course of fiscal year 2021, creditshelf published twenty corporate news releases and one ad hoc disclosure in addition to its 2020 annual report and single-entity financial statements, its report for the first half of 2021, and its interim statements for the first and third quarters.

Investor relations is a core element of creditshelf's public relations activities. Our IR activities in fiscal year 2021 continued to be dominated by the coronavirus pandemic and largely took place virtually. In addition to holding another virtual annual general meeting on May 10, 2021, we held virtual roadshows and attended a large number of virtual or hybrid conferences over the course of the year. These included the ODDO Seydler Digital Small & Mid Cap Conference, the Platow Euro Finance Small Cap Conference, the Baader Small Cap Day, and the Deutsches Eigenkapitalforum. creditshelf Aktiengesellschaft's shares were regularly covered by the following analysts during fiscal year 2021: Frankfurt Main Research AG, KBW, and Kepler Cheuvreux. Moreover, Hauck & Aufhäuser started covering creditshelf's shares on February 10, 2022. creditshelf also kept in constant contact with investors and analysts through regular webcast conference calls and additional one-on-one discussions.

Our dedicated investor relations website, ir.creditshelf.com, provides detailed information about our company and our shares.

Financial Calendar*

March 30, 2022	Publication of the annual report for 2021
May 11, 2022	Publication of the quarterly statement for Q1 2022
May 17, 2022	Annual General Meeting
September 9, 2022	Publication of the half-yearly report for 2022
November 10, 2022	Publication of the quarterly statement for Q3 2022

* 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 2022.

2. Group Management Report as of December 31, 2021

2.1. Fundamental Information about the Group

2.1.1. Business Model and Strategy

creditshelf Aktiengesellschaft ("creditshelf" or the "company," and together with its subsidiary creditshelf solutions GmbH the "creditshelf group" or the "group") is a leading provider of alternative 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. Loans are funded by professional and institutional investors via the creditshelf platform. creditshelf receives fees from both the borrower and the investor in cases in which loans are successfully arranged.

As a designer of innovative financial solutions, creditshelf brings together complementary needs within a digital ecosystem. It offers SMEs easy access to attractive alternative finance solutions that allow them to extend their financing mix, while also permitting institutional investors to invest directly in loans to German SMEs – something that only banks could previously do. SME loans that are efficiently investable and are not available through other channels are an attractive investment class for investors, since they have an extremely good risk-reward ratio while being only weakly correlated with traditional investment classes. This makes them an attractive component for portfolio diversification.

creditshelf's platform is built around the company'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, complementing and supporting its experienced credit analysts in their work. The company has steadily and successfully enhanced its digital infrastructure, processes, and risk analysis software ever since it was founded. The creditshelf platform models the entire credit process, from the loan application through credit analysis and risk management down to loan disbursement, which is carried out via a regulated fronting bank, and loan servicing. A secure, easy-to-use online platform is crucial to creditshelf's success.

creditshelf considers the loan application review processes performed via the creditshelf platform to be a major client benefit and competitive advantage compared to conventional bank loan approval practices. According to the information available to the company, the fact that they are digitalized and automated means they are not only faster than the standard manual processes used by conventional finance providers with which clients are familiar, but are also more effective when it comes to risk selection and offer cheaper process unit costs.

The company itself does not hold any of the loans that it arranges on its balance sheet, either as a borrower or as an investor. For regulatory reasons, the loans made to creditshelf's clients are granted by Raisin Bank, which acts as the fronting bank. creditshelf then provides ongoing support for the exposure in question for and in the name of the individual investors.

Product Offering

At present, creditshelf's loan product offering is aimed above all at the SMEs of today and tomorrow in Germany. It comprises business loans of between EUR 100,000 and EUR 5 million, and durations of 1 month to 60 months. Its clients are mainly established (annual revenues of up to EUR 100 million) and fast-growing companies with forward-looking business models that need additional capital.

As an alternative financing provider, creditshelf specifically seeks to identify opportunities and situations that play to the strengths of its business model. Given the returns expected by the investors on the creditshelf platform, the company is never going to be the cheapest provider. Rather, creditshelf's main strength lies in its ability to leverage its technology and experience to understand its clients the best, even in complex situations, and to service them the fastest. These qualities are clearly more important than pricing for many of creditshelf's SME clients. At the same time, the company's efficient processes and structures enable it to also offer smaller loans. The manual effort involved in making loans of up to EUR 5 million makes this segment unattractive for large banks and traditional private debt funds, whereas it is too complex for smaller banks' standardized servicing processes.

On the funding side of the business, creditshelf's offering is aimed at institutional investors. The partnerships here are built to last and investment decisions are taken on the basis of creditshelf's analyses and the projects it selects. A thorough due diligence process is performed before partnerships are entered into, with creditshelf giving investors a deeper insight into its processes, systems, risk selection procedures, and risk management. Investors can then invest in loan receivables either directly on the platform or indirectly using fund or investment vehicle structures offering a representative cross-section of the loans arranged via the creditshelf platform. The portfolio of loans arranged via the creditshelf platform already demonstrates attractive performance indicators across a number of years. These include both the absolute return and the relative return compared to the risk assumed, the low default rates for the risk class, and not least the correlation level with other investment classes.[1] As a result, creditshelf offers institutional investors exclusive access to an attractive alternative investment opportunity.

[1] Exaloan. (2021). Small is beautiful. How digital SME lending adds value to an investor's asset mix.

The investors in creditshelf's financing ecosystem include well-known institutions such as the European Investment Fund. As an anchor investor, the latter invests broadly in the loans arranged via the creditshelf platform as part of its EU-wide mission to promote SME finance. It does this via the creditshelf Loan Fund, a Luxembourg-based investment vehicle. FIBR Bank (formerly "Amsterdam Trade Bank") – a Netherlands-based commercial bank with a focus on SMEs – is another investor. creditshelf's ecosystem is rounded off by sales partners such as banks, tax advisors, and corporate finance advisors who support their clients by using the creditshelf platform as an innovative provider of new credit solutions.

Growth Strategy

creditshelf's growth strategy focuses on leveraging network effects and economies of scale. Since platform-based business models always build on networks, they benefit both from classic economies of scale and from size effects: Based on a process of continuous learning, higher volumes and levels of activity improve product quality on all sides of the platform, producing a virtuous circle. In the case of the creditshelf platform, higher levels of borrower activity do not merely lead to an increased offering for investors, but also to larger volumes of data being available. The growing amount of data improves the selection algorithms over time and hence makes the assets even more attractive for investors. In turn, more attractive offerings attract more capital in larger tranches and lead to a declining trend in the returns expected by investors as the amount invested increases. Growth is also associated with better loan terms and conditions for SME borrowers, since investors can invest larger amounts and creditshelf can attract larger providers of capital for exposures with lower hurdle rates. These include *Pensionskassen* and insurers, among others. In turn, lower interest rates make the offering more attractive for borrowers, enabling the virtuous circle to start over again.

These reinforcing effects are accelerated since creditshelf is constantly enhancing its platform in the areas mentioned. The focus here is on the following issues, among others:

1) <u>Partnerships:</u> Expanding our strategic alliances and partnerships boosts growth, since potential borrowers can be passed on to creditshelf from partners' networks, while creditshelf can itself pass on business. At the same time, alliances and partnerships ensure the debt capital needed to fund loans is available. For example, sales partners include Commerzbank, Sparkasse Bremen, and a number of cooperative banks. On the funding partner side, creditshelf partners with the European Investment Fund and FIBR Bank, among other organizations. All in all, creditshelf's network comprises more than 700 active partners.

2) <u>Product portfolio expansion:</u> creditshelf regularly explores whether there are additional or better formats for or ways of positioning its service offering, so as to be able to supply its

borrowers with the right solutions every time. On the borrower side of the business these could be other loan durations, loan amounts, or payment frequencies, or additional client groups. On the investor side, portfolio reports or additional investment formats and new investor groups could offer growth potential. One key aspect is how to match the right borrower profiles with suitable investment interests on the funding side.

3) Software development: creditshelf works continuously to enhance its data-driven, digital processes for supporting credit selection and implementation, plus its credit scoring models, with the goal of permitting more in-depth and more efficient analysis. One critical success factor here is its database of rejected and arranged credit projects, which is growing continuously as the company does business. This provides a basis for continuously improving the quality of loan decisions and for the efficient, automatic integration of new sources of information. As a result, the company can efficiently increase the number of credit projects, extend their durations, arrange larger volumes, and ultimately ensure significant organic growth. At the same time, this 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 developed further as an overall entity and is driving ongoing value chain automation.

2.1.2. Group Structure and Equity Investments

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

There were no changes in the group structure compared to fiscal year 2020. creditshelf Aktiengesellschaft did not hold any direct or indirect equity interests above and beyond creditshelf solutions GmbH as of the December 31, 2021, reporting date.

2.1.3. Locations and Staff

The creditshelf group is headquartered in Frankfurt am Main. In addition, creditshelf has a location in Berlin via creditshelf solutions GmbH.

As of the December 31, 2021, reporting date, the creditshelf group employed a total of 61 permanent staff (December 31, 2020: 57).

2.1.4. Management System 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	**Jan. 1–Dec. 31, 2021**	**Jan. 1–Dec. 31, 2020**
Revenue	7,251.5	4,899.2
EBIT	–2,183.1	–5,345.3

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

- The number, volume, and transaction duration of loan requests made via the creditshelf platform
- The number, volume, and transaction duration of loans 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

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 the arranged loan volume was highest in the second half of the year. Thus the arranged loan volume in the first half of 2019 amounted to EUR 35.8 million (40.5%), but creditshelf placed EUR 52.7 million in loans (59.5%) in the second half of that year. The arranged loan volume in H1 2020 was EUR 45.6 million (46.1%), while in H2 2020 it was EUR 53.3 million (53.9%). This trend continued again in fiscal year 2021: Whereas the arranged loan volume was EUR 71.9 million in the first half (43.0%), creditshelf placed EUR 95.1 million (57.0%) in the second half of the year.

No environmental matters have been reported, since the Management Board is of the opinion that these are not currently relevant for assessing the company's situation or probable development. As regards employee matters, it should be noted that the total headcount and potential recruitment needs are regularly reviewed and planned at group level in line with the company's growth targets. Employee matters were not managed in detail using performance indicators in the past fiscal year.

2.1.5. 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, ongoing optimization of data management and of the credit scoring algorithms, the systems and processes used in preselection, ongoing monitoring of arranged loans, and enhancements to the overall system architecture. One key element of the company's strategy is enhancing its sophisticated credit project process with data-driven risk analysis software. In the past, creditshelf worked together with a software consulting and development company to achieve this goal. However, the collaboration was terminated as planned in Q1 2020 once the software had been successfully handed over.

The costs of kEUR 652.9 (previous year: kEUR 574.5) that were incurred by the company in the reporting period for internal development activities were recognized as costs under the following intangible asset items: the "Internet platform," the "risk tool," and the "portfolio analysis platform" (software). kEUR 637.0 of this amount (previous year: kEUR 421.8) was attributable to own work capitalized. The increase in the costs recognized was due to a further boost in internal development capacity and a larger proportion of capitalizable activities. No research costs were incurred. As of December 31, 2021, the carrying amount of the intangible assets in use or under development by the company attributable to development activities amounted to kEUR 2,519.8 (previous year: kEUR 2,910.5). Depreciation and amortization charged in the reporting period amounted to kEUR 1,043.5 (previous year: kEUR 1,074.0). kEUR 282.6 of this figure was attributable to capitalized development costs (previous year: kEUR 313.7). No impairment losses were required either in the current reporting period or in the previous year.

2.2. Report on Economic Position

The creditshelf platform is targeted at small and medium-sized enterprises in Germany, which need capital to finance a wide range of objectives. The behavior of this target group depends on a range of different factors, including macroeconomic developments and their resulting effects. These influence business activities and can consequently also impact the demand for, and supply of, credit. At the same time, the general conditions governing for SME finance play an important role for institutional investors wishing to invest in loans on the creditshelf platform and for whom creditshelf offers an attractive asset class. Therefore, the general conditions in creditshelf's own sector and in the financial industry as a whole, plus overall macroeconomic developments are decisive for the development of creditshelf's business.

2.2.1. Macroeconomic Environment

Fiscal year 2021, like the year before it, was dominated by the global coronavirus pandemic. In addition to businesses shutting down at short notice, high sickness rates, and short-term working, supply bottlenecks became a growing feature of day-to-day business operations and acted as a brake on economic growth. The main reasons cited by companies for the bottlenecks are insufficient production capacity to keep pace with increased demand for certain materials such as computer chips, and transportation problems. One in two companies also mentions production outages at suppliers as a reason for material shortages.[2]

A study by Germany's Federal Statistical Office (Destatis) shows just how much revenue German business lost as a result of these materials bottlenecks. It found, for example, that the order backlog in the manufacturing sector (i.e., the length of time needed to produce all accumulated orders received) was 7.4 months in September 2021.[3] Additional price rises are being incurred as a result of the material shortages. For example, metal producer prices in October 2021 were 37.8% higher than in the same month of the previous year.[4] A survey by the Association of German Chambers of Industry and Commerce (DIHK) found that 83% of companies across all sectors had experienced price rises or support problems with raw materials, intermediate products, and merchandise. A total of 53% of companies expect the situation to improve in 2022.[5] The ifo-Institut also reported similar results in December 2021, with 81.9% of industrial enterprises suffering from shortages.[6] To make matters worse, all sectors are also facing increased electricity and gas costs as a result of the transition to green energy and the current geopolitical situation. According to a study by consultancy

[2] DIHK. (2021). DIHK Quick Survey Supply Bottlenecks.
[3] Federal Statistical Office. (2021). Konjunkturindikatoren. Lieferengpässe bremsen Industrie und treiben Preise.
[4] Federal Statistical Office. (2021). Konjunkturindikatoren. Lieferengpässe bremsen Industrie und treiben Preise.
[5] DIHK. (2021). DIHK Quick Survey Supply Bottlenecks.
[6] IFO Institut. (2021). Materialmangel in der Industrie verschärft sich. Press release, December 23, 2021.

firm Prognos, wholesale electricity prices are set to rise by roughly 50% in the period up to 2030 – a development that is expected to significantly impact companies' production costs.[7]

The federal government's coronavirus pandemic support measures, which were prolonged beyond the end of 2021 and according to current information will now not expire until April 2022, 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 number of insolvencies reported in the first nine months of 2021 was down 14.5% year-on-year and also substantially lower than in 2019.[10] Although the measures taken have so far managed to prevent a major wave of insolvencies, 7% of SMEs in Germany are exposed to an increased risk of insolvency.[11] A study by the Leibniz Centre for European Economic Research (ZEW) expects that the majority of these insolvencies will relate to microenterprises (fewer than 10 employees), with the insolvency rate decreasing in inverse proportion to SME size.[12]

Even though the economic outlook was revised downwards at the end of the year – for example Germany's Council of Economic Experts cut their forecast for gross domestic product (GDP) growth in 2021 from 3.1% to 2.7%[13] – the forecasts for 2022 are looking up again. The January assessment by the German Federal Ministry for Economic Affairs and Climate Action (BMWi) confirmed the 2.7% rise in GDP in 2021 and is of the opinion that the economic situation is stabilizing.[14] The Council of Economic Experts is also expecting growth of 4.6% in 2022 – assuming that the bottlenecks are overcome and the pandemic does not require still more severe restrictions.[15] The ifo business climate index rose to 95.7 points in January – a clear improvement on January 2021 despite its volatility over the course of the year.[16]

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[7] Handelsblatt. (2021). Klaus Stratmann. Studie: Strompreis steigt bis 2030 um 50 Prozent.
[8] German Federal Finance Ministry. (2022). Überbrückungshilfe IV kann ab heute beantragt werden.
[9] Federal Ministry of Justice and Consumer Affairs. (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. 565 dated December 10, 2021.
[11] Allianz Research. (2021). European SMEs: 7.15% at risk of insolvency in the next four years.
[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] German Council of Economic Experts. (2021). Economic Outlook for 2021 and 2022.
[14] German Federal Ministry for Economic Affairs and Climate Action. (2022). The economic situation in Germany in January 2022. Press release, January 14, 2022.
[15] German Council of Economic Experts. (2021). Economic Outlook for 2021 and 2022.
[16] IFO Institut. (2022). ifo Geschäftsklima erholt sich. Press release, January 25, 2022.

According to Creditreform, the coronavirus crisis has led companies to so far shelve planned investments in the areas of supplier management, climate change, digital transformation, and changes to their business models. The credit bureau therefore expects that these delayed investments will be made in future.[17] In addition, the Prognos study states that just under one-third (28%) of companies have postponed investments because of high electricity and gas purchase prices.[18] The last two years – the "coronavirus years" – have been a financial challenge for German companies and in particular for SMEs. Nevertheless, companies will have to invest if they are to remain competitive on the market going forward and will therefore be more reliant on lenders. Classic banks are not always able to act as financing partners for restructuring and transformation projects and the like, due to the higher risk involved and regulatory requirements. In our opinion, alternative finance providers in particular have an opportunity to plug the equity gap.

2.2.2. Sector-specific Environment

The financing sector was shaped by ongoing structural trends in fiscal year 2021. Innovations are required to make traditional business models fit for the future. Among other things, these include the modularization and digitalization of the product portfolio, the establishment of strategic partnerships and the optimization of processes and structures. As in previous years, Germany's banking sector had to deal with fierce competition, pressure on margins from the ongoing low interest rate environment, increasing regulatory requirements and pressure to modernize, especially with respect to IT infrastructures and digital offerings.[19] The pressure on margins and increasing regulatory requirements in particular were visible in the area of SME finance. According to the KfW-ifo credit hurdle, 18.9% of SMEs noticed more restrictive lending behavior by banks when requesting loans in the fourth quarter of 2021. This has been an ongoing trend since 2018.[20] The main barriers to banks financing SMEs are the significant costs associated with manual lending processes and a low risk appetite due to the high level of capital that banks have to hold.

At the same time, the government support programs during the coronavirus pandemic have largely satiated the need for capital. As the KfW Credit Market Outlook shows, new lending to companies and the self-employed fell by 7.6% in the third quarter of 2021. Specifically, only 17.7% of SMEs requested bank loans.[21] The European Central Bank also observed ongoing strict lending requirements in Germany in Q4 2021, whereas demand for loans experienced a positive trend.[22] This is in line with the KfW's findings, according to which a positive trend and slight growth in

[17] Creditreform. (2021). Investitionsbereitschaft: „Die Pferde saufen wieder".
[18] Handelsblatt. (2021). Klaus Stratmann. Studie: Strompreis steigt bis 2030 um 50 Prozent.
[19] Roland Berger. (2018). Focus: Halten Finanzdienstleister Schritt mit der Digitalisierung?
[20] KfW Research. (2022). KfW-ifo credit hurdle: February 2022.
[21] KfW. (2021). KfW Credit Market Outlook: Omicron overshadows trend reversal in lending business. Press release, December 30, 2021.
[22] European Central Bank. (2021). The Euro Area Bank Lending Survey. Fourth Quarter of 2021.

corporate lending is to be expected for Q4 2021. It is also anticipating catch-up effects when it comes to investments by SMEs.[23]

Among other things, the banks' restrictive lending practices and stricter regulations, combined with the period of low interest rates, have led to corporate private debt becoming established on the market as an alternative means of financing, and to it experiencing clear growth. This comprises non-bank corporate finance with a focus on debt capital supplied by professional and institutional investors and finance providers. Based on an average annual growth rate of 11% in the last 10 years, global private debt assets under management amounted to slightly less than USD 900 billion in June 2020. USD 333 billion of this figure was attributable to direct lending.[24] The digital SME loans arranged by creditshelf also fall within this asset category. The asset class offers investors the opportunity to diversify their portfolios while incurring low volatility and above-average returns.[25] In light of this, the business environment for providers of corporate private debt finance is like to experience positive development in the coming years, with more capital becoming available.

All in all, there is a slight improvement in the corporate lending business due to the expected end of the government support programs and the growing need to make investments in the future on the one hand, and tangible uncertainty caused by supply bottlenecks plus the ongoing coronavirus pandemic on the other. Rising prices on the energy market also entail risks.[26] Whereas the latter depress companies' readiness to invest, firms that are benefiting from structural changes accelerated by the coronavirus crisis are still faced with restrictive banks. This situation is creating opportunities for alternative finance providers such as creditshelf to plug the financing gap thanks to a growing readiness on the part of investors to invest in corporate private debt. This applies in particular to arrangements outside the secured loan segment, an area that is less well served by companies' principal banks. Other major advantages of credit platforms are the speed with which loans can be granted and the ease with which companies can submit applications.[27]

2.2.3. Competition and Market Structure

The company considers its competitors to be other digital finance providers and platforms that focus on providing SMEs in Germany with debt finance. On the one hand, there are pure-play online comparison platforms such as Compeon, Fincompare, FinMatch, Deutsche Firmenkredit Partner, and Fundingport, whose ability to perform brokerage services also depends on the

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[23] KfW. (2021). KfW Credit Market Outlook: Omicron overshadows trend reversal in lending business. Press release, December 30, 2021.
[24] Bundesverband Alternative Investments. (2021). Fact Sheet – Corporate Private Debt.
[25] Exaloan. (2021). Small is beautiful. How digital SME lending adds value to an investor's asset mix.
[26] KfW Research. (2021). KfW Credit Market Outlook: December 2021; KfW Research. (2021). KfW-ifo credit hurdle: July 2021.
[27] KfW Research. (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Fremdfinanzierung noch Nischenprodukt.

mainstream banks' willingness to provide finance. Otherwise, competition is limited to 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 reporting period), and Invesdor (which has merged with Kapilendo and is headquartered in Finland and Germany). Funding Circle had merely acted as a broker in Germany since mid-2020 and did not offer a proprietary credit product; it has now withdrawn completely from the German market. In addition, other market players are active in certain areas such as scale-up finance; these include 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 size of the average arranged loan volume per ticket (generally around EUR 1 million), 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 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).

Indirect competition from traditional banks has increased in the course of the coronavirus pandemic. As companies' principal banks, these serve as core intermediaries for government support programs that have met German SMEs' growing need for liquidity on a large scale by assuming risk. Even clients that would otherwise more likely be part of the universe served by alternative financing providers such as credit platforms were supplied with more than EUR 50 billion of fresh liquidity due to the government guarantees. As a result, demand for SME loans at banks fell substantially in 2021.[28] These support programs are expected to expire at the end of April 2022, which should present opportunities for alternative financing providers such as creditshelf: these can play a key role by offering a sensible supplement to classic secured loans from principal banks, especially when it comes to financing investments in the future in the areas of digital transformation and climate protection – investments that German SMEs will have to make in the next few years. Cooperation-based models offer substantial opportunities here.[29] The partnerships with banks from all three sectors of the German banking system (commercial banks, savings banks and credit

[28] KfW. (2021). KfW-ifo credit hurdle: October 2021.
[29] KfW Research (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Fremdfinanzierung noch Nischenprodukt.

cooperatives) that were entered into and expanded in fiscal year 2021 have put creditshelf in a strong position to benefit from these trends.

At the same time, the coronavirus pandemic could potentially help pave the way for broader acceptance of digital finance solutions.[30] 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 lending sector with respect to automation.[31] Banks could benefit from creditshelf's credit analysis technology and hence potentially implement a better and more efficient credit process of their own.

All in all, creditshelf's management feels the company is well positioned for further growth. Although the coronavirus crisis and its impact on the economy as a whole and the market for SME loans 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.

2.2.4. Course of Business

The creditshelf Group turned in a successful performance in fiscal year 2021, recording strong growth despite the ongoing impact of the coronavirus pandemic. Arranged loans amounted to EUR 37.6 million in the first quarter of 2021 (Q1 2020: EUR 11.6 million) while the resulting revenues totaled kEUR 1,657.5 (Q1 2020: kEUR 685.6), allowing creditshelf to start the new fiscal year with a clear growth spurt. The first quarter of the previous year had been hit in particular by the start of the coronavirus pandemic and resulting caution on the part of both SME borrowers and investors. This dynamic growth continued during the rest of the year thanks to strong borrower demand, among other things. Arranged loans totaled EUR 34.2 million in the second quarter of 2021 (Q2 2020: EUR 34.0 million) and EUR 39.1 million in the third quarter (Q3 2020: EUR 24.7 million). As a result, creditshelf was able to break the critical EUR 100 million barrier for annual new business and outperform full-year 2020. This resulted in revenues of kEUR 1,722.6 (Q2 2020: kEUR 1,815.7) and kEUR 1,500.8 (Q3 2020: kEUR 1,173.2) respectively. The cyclical nature of the business model that had already been observed in fiscal years 2018 and 2019, with strong growth in the fourth quarter of the year, was briefly interrupted by the change in client behavior in 2020 due to the coronavirus pandemic but continued in 2021. Arranged loans of EUR 56.0 million (Q4 2020: EUR 28.6 million) generated a clear growth spurt, resulting in a total loan volume of EUR 166.9 million (full-year 2020: EUR 98.9 million). In

[30] KfW Research (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Fremdfinanzierung noch Nischenprodukt.

[31] PwC. (2019). Industrialisierung des Kreditgeschäfts, Status Quo und Perspektive des Kreditgeschäfts in Deutschland.

line with this, the fourth quarter of 2021 contributed kEUR 2,370.6 (Q4 2020: kEUR 1,224.6) to the total revenue figure of kEUR 7,251.5, a year-on-year increase of 48% (full-year 2020: kEUR 4,899.2).

creditshelf lifted consolidated EBIT significantly in the course of the year and, at kEUR –2,183.0 for full-year 2021, more than halved its losses on an EBIT basis compared to the previous year (full-year 2020: kEUR –5,345.2). In addition to lifting its revenues as described above, creditshelf was able to significantly reduce its other operating expenses by adopting a strict cost management policy. This optimized cost base and continuous growth in volumes confirm the company's break-even path, with key milestones towards this goal being reached in fiscal year 2021.

creditshelf also continued the process of expanding its strategic partnerships with investor institutions in the past fiscal year. On the sales partner side of its business, creditshelf's loan product has had a presence in all three sectors of the German banking system since fiscal year 2021: In addition to Commerzbank in the commercial banking area, it added Sparkasse Bremen in the savings bank sector and a number of cooperative banks. As a result, creditshelf's network comprises not only banks but also a large number of consultants, finance platforms, and corporate finance boutiques, and has a total of over 700 partners that are helping to grow the company's financing ecosystem.

creditshelf continued to expand the funding side of its business in fiscal year 2021: In addition to the creditshelf Loan Fund, which has the European Investment Fund as an anchor investor and which has been investing in loans on the creditshelf platform since 2020, creditshelf is now working among other institutions with the Dutch FIBR Bank (formerly Amsterdam Trade Bank), which has already increased its funding volume on the platform several times. This ongoing successful cooperation clearly shows that creditshelf offers attractive investment opportunities for institutional investors.

creditshelf laid the foundations for further growth in fiscal year 2021 thanks to its stable portfolio performance based on strict risk standards, the expansion of its strategic partnerships with institutional investors, and the company's ongoing development, coupled with the simultaneous strict management of non-personnel costs.

2.2.5. Consolidated Financial Performance, Financial Position, and Cash Flows

2.2.5.1. Consolidated Financial Performance

creditshelf's **revenue** rose by 48.0% year-on-year in fiscal year 2021 to kEUR 7,251.5 (previous year: kEUR 4,899.2). The main driver for this was an increase in the volume of **loans arranged** via the creditshelf platform, which climbed from kEUR 98,925 in fiscal year 2020 to total kEUR 166,905 in the reporting period.

creditshelf's revenues in fiscal year 2021 came from three different sets of fees. The **borrower fees** that creditshelf receives from borrowers when loans are disbursed amounted to kEUR 5,344.1 (previous year: kEUR 3,391.0). This corresponds to a margin of 3.2% (previous year: 3.4%) of the volume of arranged loans. Total **investor fees** that the company generated for loans arranged via the creditshelf platform were kEUR 1,573.5 (previous year: kEUR 1,333.0). The investor fee margin declined to 0.9% (previous year: 1.3%). This decrease is due on the one hand to changes in the conditions applicable to our cooperation with institutional investors, which is material to ensuring the funding for our growing lending volume on the creditshelf platform, and to isolated larger loans with short durations on the other. The total rebates realized in fiscal year 2021 amounted to kEUR 209.7 (previous year: kEUR 29.3), in line with the level of defaults to be expected for this risk class. The lower investor fees are increasingly being replaced by revenue from **servicing and advisory fees**, which amounted to kEUR 333.9 (previous year: kEUR 175.2). These primarily comprise services provided to the creditshelf Loan Fund, plus revenue from additional analyses, monitoring, and servicing. In line with these changes, the **overall sales margin** – the ratio of revenue to the arranged loan volume – fell year-on-year to 4.3% (previous year: 4.9%).

At kEUR 145.0, **other income** declined substantially in the fiscal year (previous year: kEUR 940.4). This item mainly comprises income of kEUR 143.3 from the change in the provision for Virtual Participation Program II (previous year: kEUR 176.7), which is linked to the change in creditshelf's share price. In the previous year it included additional income from the reversal of provisions (kEUR 114.5) and discounts recognized in equity of kEUR 209.8, among other things. No premiums or discounts have been reported since the H1 2021 report, since these do not affect EBIT and this practice enhances transparency.

Own work capitalized amounted to kEUR 637.0 in fiscal year 2021 (previous year: kEUR 421.8) and comprised personnel expenses incurred in connection with software development. The year-over-year rise is due to the ongoing increase in the volume of development work being performed in-house after the company's relationship with an external software developer was discontinued at the end of Q1 2020.

Personnel expenses in fiscal year 2021 were kEUR 5,333.7, a decline on the figure for the previous year (kEUR 6,024.3). This development was mainly driven by lower expenses for Restricted Stock Units programs, which totaled kEUR 464.7 (previous year: kEUR 1,038.8). The rules set out in IFRS 2 required the material personnel expenses for claims to units that arose in the period up to 2021 to be recognized in previous periods. At the same time, fewer units were granted overall in 2021. This applies in particular to the RSU III program, which expired in the fiscal year under review since Dr. Mark Währisch left the Management Board as of April 30, 2021. The headcount as of December 31, 2021, was 61 permanent staff (December 31, 2020: 57 permanent staff).

Other operating expenses amounted to kEUR 3,698.4 in fiscal year 2021, clearly down on the prior-year figure (kEUR 4,366.2). This reflects the rigorous management of non-personnel costs. Total other operating expenses fell sharply despite the increased volume of arranged loans and the associated rise in variable expenses.

In more detail, other operating expenses in fiscal year 2021 were as follows:

Marketing and advertising expenses fell significantly to kEUR 783.8 (previous year: kEUR 1,329.6). Key reasons included a tightly focused marketing strategy featuring efficient campaigns aimed at clearly-defined target groups. What is more, the marketing expenses item for the prior-year period contained specific measures to strengthen the infrastructure in this area, which have laid the groundwork for more efficient strategies here. In addition, the company has reacted 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.

Third-party services relating to loan applications in fiscal year 2021 resulted in expenses of kEUR 436.2 (previous year: kEUR 448.0). This primarily consists of costs for external data searches made during credit analysis.

Sales commission paid to partners for brokering loans totaled kEUR 190.4 (previous year: kEUR 316.5). The volume of loans arranged in the reporting period benefited significantly from sales partnerships for which no fees were paid.

Lease expenses declined year-over-year to kEUR 196.5 (previous year: kEUR 253.6). This is due to a reduction in the space leased by the company made as part of its strict cost management and to the extension of its existing New Work policies in the period since H2 2020.

No **premiums on loan receivables** or premiums from loan purchases have been recognized since the H1 2021 report, since these do not affect EBIT and this practice enhances transparency (prior-year period: kEUR 209.8). The same applies to discounts on loan purchases, for which an identical amount was reported in other operating income in the prior-year period.

At kEUR 770.1, **legal and consulting costs** rose slightly (previous year: kEUR 702.0). As in the previous year, this item comprised the costs of external legal advice, costs relating to the preparation and audit of the financial statements, and external accounting costs.

Total other expenses rose to kEUR 1,321.3 (previous year: kEUR 1,106.7). Key drivers here were higher IT costs for licenses and concessions to expand our digital infrastructure (kEUR 446.1; previous year: kEUR 342.9), plus recruitment costs of kEUR 126.4 incurred to attract qualified new staff; no corresponding item was recognized in the previous year. In addition, a specific valuation allowance on outstanding borrower fees was recognized in the fiscal year in the amount of kEUR 100.5 (previous year: kEUR 0.0) for two outstanding receivables from a single borrower.

As a result, **earnings before interest, taxes, and depreciation and amortization (EBITDA)** improved significantly to kEUR –998.6 in fiscal year 2021 (previous year: kEUR –4,129.1). This demonstrates our business model’s potential scalability, since we were able to significantly grow our revenue while keeping our personnel expenses stable and clearly cutting our other operating expenses.

Following **amortization** of mainly intangible assets of kEUR 1,184.5 for fiscal year 2021 (previous year: kEUR 1,216.2), the Group reported a substantial improvement in **earnings before interest and taxes (EBIT)** to kEUR –2,183.1 (previous year: kEUR –5,345.3). After adjustment for net finance costs of kEUR –102.0 (previous year: kEUR –15.8), which was mainly due to interest expenses on the shareholder loan, and an income tax expense of kEUR –8.2 (previous year: income of kEUR 34.5), the **net loss** for fiscal year 2021 was kEUR –2,293.3 (previous year: kEUR –5,326.6).

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 –1.67 (previous year: EUR –3.92). In line with IAS 33.41, **diluted earnings per share** corresponded to basic earnings per share.

2.2.5.2. Consolidated Financial Position

creditshelf’s **total assets** as of December 31, 2021, amounted to kEUR 10,232.3 (previous year: kEUR 10,062.8).

As of the reporting date, **noncurrent assets** totaled kEUR 4,279.7, a decrease on the figure as of the end of fiscal year 2020 (previous year: kEUR 4,560.7). Amortization of intangible assets led to a decrease in this item compared to the fiscal 2020 year-end, to kEUR 3,043.2 (previous year: kEUR 3,434.6). Together with higher noncurrent trade receivables of kEUR 1,033.0 (previous year:

kEUR 876.2), they accounted for the bulk of noncurrent assets as of the December 31, 2021, reporting date. In addition, depreciation of property, plant, and equipment led to this item falling to kEUR 176.4 as of December 31, 2021 (previous year: kEUR 222.8).

Current assets totaled kEUR 5,952.6 as of the reporting date (previous year: kEUR 5,502.1). This was largely due to the higher levels of cash and cash equivalents, which totaled kEUR 4,458.7 as of December 31, 2021 (previous year: kEUR 3,844.3), which is due on the one hand to the shareholder loan and to the positive cash flow seen in Q4 2021. On the other hand, the settlement of transactions led to cash of kEUR 3,000.0 (previous year: kEUR 3,136.0) being held temporarily in a company account as of the December 31, 2021, reporting date. This item is matched by a corresponding liability. Current trade receivables fell slightly to kEUR 1,262.1 as of December 31, 2021 (previous year: kEUR 1,355.5).

Group **equity** declined compared to the 2020 year-end figure to kEUR 1,935.5 (previous year: kEUR 3,896.4). The **equity ratio** was 18.9% (previous year: 38.7%). The decrease in equity represents the sum of the net loss for the period of kEUR 2,293.3 and the increase in capital reserves made to satisfy claims under the share-based employee incentive programs by issuing equity instruments (December 31, 2021: kEUR 21,336.7; December 31, 2020: kEUR 21,020.3). In addition, a capital increase was implemented on February 9, 2021, to satisfy claims under the share-based employee incentive programs. This led to an increase of EUR 15,912.00 in the subscribed capital as of December 31, 2021, to kEUR 1,376.2 (previous year: kEUR 1,360.3).

Noncurrent liabilities rose compared to the 2020 year-end to kEUR 3,457.6 (previous year: kEUR 1,210.4). This mainly resulted from an increase in other noncurrent financial liabilities to kEUR 2,463.2 (previous year: kEUR 50.1). The change is primarily attributable to the shareholder loan of EUR 2.3 million taken out by the company in the period up to the December 31, 2021, reporting date. At kEUR 994.4, noncurrent provisions were somewhat lower than at the end of fiscal year 2020 (previous year: kEUR 1,146.7).

Current liabilities amounted to kEUR 4,839.2 as of December 31, 2021, largely on a par with the level at the prior-year reporting date (previous year: kEUR 4,956.0). The trade payables of kEUR 3,694.3 (previous year: kEUR 3,777.8) reflected the abovementioned cash funds of kEUR 3,000.0 that were temporarily recognized at the end of 2021 (previous year: kEUR 3,136.0). Other liabilities amounted to kEUR 878.3 as of the December 31, 2021, reporting date, a rise on the 2020 year-end figure (previous year: kEUR 534.7). The decrease in current provisions to kEUR 191.3 was due to the utilization of current payroll tax provisions for share-based employee incentive programs and provisions for vacation pay (previous year: kEUR 549.1).

2.2.5.3. Consolidated Cash Flows

Based on a **net loss after tax** for the period of kEUR -2,293.3 (previous year: net loss of kEUR -5,326.6), **gross cash flow** at the end of the reporting period amounted to kEUR –1,597.6 (previous year: kEUR –3,901.6) after adjustments that largely reflected depreciation of property, plant, and equipment, amortization of intangible assets, changes in other provisions, other noncash expenses and a noncash increase in the capital reserves. Compared to the previous year, financial expenses and income are now reported together as part of a more appropriate mapping reflecting the requirements of ESEF taxonomy.

Net cash used in operating activities amounted to kEUR –1,025.1 as of the end of fiscal year 2021 (previous year: kEUR –4,971.8). The drivers here were a decrease in trade payables and an increase in trade receivables and other liabilities. Compared to the report for the prior-year period, the change in temporarily recognized cash holdings of kEUR 302.3 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 December 31, 2020, were adjusted in line with this for the current report. The reclassified amount relating to the prior-year period was kEUR 3,412.4.

Net cash used in investing activities amounted to kEUR –275.1 at the end of the reporting period (previous year: kEUR –216.4). This was due to cash outflows associated with payments for investments in property, plant, and equipment, and intangible assets.

Net cash from financing activities of kEUR 2,216.8 (previous year: net cash used in financing activities of kEUR -94.6) largely reflects proceeds from the shareholder loan which offsetting amounts were recognized as payments for earn-outs. Proceeds from the shareholder loan amounted to kEUR 2,300.0 (previous year: kEUR 0.0), whereas earn-out payments led to a cash outflow of kEUR 250.0 (previous year: kEUR 0.0). The earn-out payments related to the expiration on January 18, 2021, of the earn-out period under the purchase agreement for Valendo GmbH. On January 28, 2021, the Management Board of creditshelf Aktiengesellschaft resolved not to exercise the replacement option and to settle the earn-out amount due in cash.

creditshelf had **cash and cash equivalents** of kEUR 4,458.7 as of the December 31, 2021, reporting date (previous year: kEUR 3,844.3). Cash of kEUR 0.1 was held in pledged accounts as of the reporting date (previous year: kEUR 0.1). The reclassification of the temporarily recognized cash holdings mentioned earlier led to an adjustment of kEUR 3,110.2 in the cash funds item as of the end of fiscal year 2021. The relevant figure for 2020 was kEUR 3,412.4. After adjustment for the abovementioned reclassification and for the funds held in pledged accounts, the company had **cash funds** of kEUR 1,348.4 as of December 31, 2021 (previous year: kEUR 431.8).

Net debt as of December 31, 2021, was as follows:

	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR	Change in kEUR
Financial liabilities	123.7	122.3	1.4
Cash funds	1,348.4	431.8	916.6
Net debt	**-1,224.7**	**–309.5**	**915.2**

2.3. Overall Assessment by the Management Board and Prior-year Comparison

In its forecast for fiscal year 2021 that was published in the company's annual report for 2020, and that was lifted in relation to the figure for consolidated EBIT on November 19, 2021, creditshelf's Management Board announced both concrete targets for financial performance indicators and strategic objectives for the company's development and products.

Given the unchanged growth target of being able to finance EUR 500 million of loans per year in the medium term, the Management Board forecast consolidated revenue of EUR 6.0 million to EUR 8.0 million for fiscal year 2021. It also expected consolidated EBIT to be negative, at EUR –3.0 million to EUR –4.0 million. The Management Board revised its original EBIT forecast to EUR –2.0 million to EUR –3.0 million in an ad hoc disclosure on November 19, 2021. The revision was made in light of an optimized cost base and the resulting reduction in total expenses, plus the strong end-of-year business that was becoming apparent.

creditshelf generated consolidated revenue of EUR 7.3 million in fiscal year 2021 – in the upper half of its planned target corridor – thanks to the positive business trend described in the group management report and the company's growing volume of new business. At EUR –2.2 million, EBIT surpassed the company's original forecast and hit the top of the new forecast range published in November 19, 2021, due to an optimized cost base.

Personnel expenses declined year-on-year although employee numbers remained stable, due to the departure of Management Board member Dr. Mark Währisch as of April 30, 2021. Expenses were pruned sharply thanks to a selective marketing approach and further optimization of the partner and direct sales strategy compared to the previous year.

creditshelf systematically implemented its defined growth strategy in fiscal year 2021. In the area of software development, the company successfully enhanced both individual system components and the systems architecture as a whole. With respect to its partnerships growth initiative, creditshelf successfully cooperated with new investors. One example of this is the Dutch-based FIBR Bank (formerly Amsterdam Trade Bank), which increased its funding volumes on the platform multiple times in the past fiscal year. With respect to its sales partners, creditshelf established partnerships with banks belonging to all three sectors of the German banking system in fiscal year 2021: In addition to Commerzbank in the commercial banking area, we added Sparkasse Bremen in the savings bank sector and a number of cooperative banks. As a result, creditshelf's funding network now comprises more than 700 active partners.

creditshelf's market position developed positively in fiscal year 2021. This is due to the fact that creditshelf is focused on a niche area of SME finance that is not well served by banks and other lending platforms. The scale-up segment, which concentrates on financing dynamic growth companies, is also making a valuable contribution to growth. This is reflected in the rise in the volume of loan requests to EUR 1.68 billion (previous year: EUR 1.53 billion). Please see section 2.2.3 of this group management report for further information on competitors and market structures.

Overall, the Management Board feels that the business has performed extremely positively. creditshelf grew sustainably in fiscal year 2021 despite the challenges arising from the crisis, and has again made major strides towards scaling up its operations and generating a profit. The further optimization of its partner and direct sales strategy in fiscal year 2021, stable portfolio performance, the resulting expansion of institutional financing partnerships, and the company's growing track record with more than EUR 100 million of new business generated per year, have laid the foundations for further growth and for the company to be a strong partner for German SMEs looking to finance the future.

2.4. Report on Opportunities and Risks

2.4.1. Internal Control and Risk Management System

Objectives and Strategies of Risk Management

Risks are identified, and the probability of their occurrence and the extent of the associated losses assessed, using a regularly reviewed and constantly enhanced risk management system.

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

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

To ensure it meets these objectives, the system has been designed in compliance with known good practices in this area. Chief among these is the COSO Framework. At present, the risk management system does not include a formalized process for capturing opportunities. This is performed as part of business planning and strategy development.

Risk Management Structures and Processes

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

The job of the risk owners, with the assistance of the risk controllers, is to identify and assess risk-related issues, to communicate them as quickly as possible, and to monitor the risks. Risk owners play a decisive role in identifying, assessing, and managing risks at source and at an early stage, due to their closeness to operations.

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

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

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

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

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

When performing its risk assessment, the Management Board classifies risk levels as low, medium, material, or critical, depending on their probability of occurrence and the extent of the associated losses. Whereas all identifiable risks are captured as a matter of principle, only decision-relevant risks are disclosed. Going concern risks are labeled as such and flagged accordingly.

The importance to creditshelf of the risks described in the risk report can be seen from the following overview:

	Probability			
Impact on financial performance in kEUR	Highly improbable	Improbable	Probable	Highly probable
Low (< 100)	Low	Low	Low	Low
Medium (> 100)	Low	Low	Low	Medium
High (> 1,500)	Low	Medium	Material	Material
Very high (> 4,000)	Medium	Material	Critical	Critical

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

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

The company's risk management system was upgraded in fiscal year 2021 to meet the requirements of the revised IDW Auditing Standard for Auditing the Risk Early Warning System (IDW PS 340 new version). One key element of the upgrade is a simulation-based risk aggregation function that takes the effects of combining individual risks into account, and that serves as the basis for an analysis of the company's risk-bearing capacity.

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

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

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

Suitable structures and processes have been defined within the system and implemented at an organizational level. The organizational structure is based on functions and areas of responsibility. These include financial reporting preparation processes using a uniform chart of accounts and a defined time frame for the individual work packages. Appropriate, clearly distinct human resources are allocated to the functions and areas of responsibilities based on thematic criteria. In addition, creditshelf has established appropriate selection processes to ensure that staff employed in accounting and reporting are suitably qualified. The internal control system for the financial reporting process and the organizational processes implemented in relation to it are regularly reviewed for completeness and effectiveness, and modified or expanded as necessary. The accounting process has been implemented in such a way that timely, uniform, and correct recognition of all business processes and transactions is guaranteed.

The control system comprises both preventive and detective (i.e., post hoc investigative) controls. These are performed both automatically within the system and manually; in addition, an appropriate separation of functions at all levels ensures that the principle of dual control is observed. The controls are supplemented by random sampling and plausibility checks at regular intervals. Due to the group's size, the company does not maintain a separate group internal audit function.

creditshelf Aktiengesellschaft's financial accounting function also performs financial accounting for the company's subsidiary, creditshelf solutions GmbH, centrally and uniformly at group level.

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

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

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

Group Risk Management has taken suitable measures to monitor and improve financial reporting risks.

2.4.2. Risk Report

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

Market Risk

The company is dependent on a number of macroeconomic trends such as the performance of the economy as a whole, inflation, and changes in interest rates. 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, rising interest rates 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 2.2.1), and in particular on the forecasts for the German economic area made by the German Federal Ministry for Economic Affairs and Climate Action (BMWi)[32] and the German Council of Economic Experts[33], the Management Board is continuing to expect a challenging economic environment. This is the result of the muted economic recovery following the imposition of renewed restrictions due to the emergence of the Omicron virus mutation, ongoing supply chain problems in the manufacturing sector, higher inflation in Germany, and continued government intervention in the lending market in the form of support programs.

[32] German Federal Ministry for Economic Affairs and Climate Action. (2022). Schlaglichter der Wirtschaftspolitik, monthly report for January 2022.
[33] German Council of Economic Experts. (2021). Economic Outlook for 2021 and 2022.

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 December 16, 2021, to keep interest rates at the low level of 0% until further notice.[34]

Furthermore, armed conflict broke out in Ukraine in February 2022. As a result, Germany, the EU, and a large number of other states imposed sweeping sanctions on Russia. The company believes that it is extremely likely that these sanctions may also impact the macroeconomic situation in Germany. Issues that should be mentioned here include yet more increases in energy prices and far-reaching bans on exporting goods to Russia.

At the time of writing, it is not possible to assess in full the extent to which this will impact the company's business model. However, the company is in close contact with clients, investors, and everyone involved and will attempt to combat any problems that emerge as soon as possible.

Risk assessment: medium

Financial Risks

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 by the company are weekly liquidity reporting complete with short-term cash flow forecasts, and continuously reviewing and evaluating potential financing options. 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 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

[34] European Central Bank. (2021). Press release: Monetary policy decisions, December 16, 2021.

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. Additional tranches of the shareholder loan were paid out during fiscal year 2021, bringing the amount drawn down as of December 31, 2021, to EUR 2.3 million. The strong revenue growth coupled with the simultaneous reduction in the cost base achieved in the last fiscal year, plus positive the cash flow from operations achieved in Q4 2021 are helping to enhance the liquidity risk position.

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.

Risk assessment: medium

Accounting Errors and Payments

The company is required by law and as a result of its listing on the Frankfurt Stock Exchange's Prime Standard segment to comply with the relevant financial reporting requirements. Errors in the financial reporting process can lead on the one hand to decisions being made on the basis of incorrect information or to faulty forecasting and planning, and to problems during the audit of the annual financial statements on the other (see also "Regulatory Breaches"). creditshelf has established standard processes and an internal control system for the financial reporting process so as to avoid errors in the financial reporting process.

creditshelf not only handles its own payments transactions but is also responsible for transferring money between borrowers and investors. Incorrect payments made during this process could lead both to direct financial losses and to reputational damage. creditshelf has established multilayered controls within the process so as to minimize this risk.

Risk assessment: low

<u>Operational Risks</u>

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 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 company's offices was regularly reviewed and a remote-first strategy was adopted during the two lockdowns. It proved possible to transition to the new working reality almost seamlessly, since the company had already introduced New Work methods and structures. As part of the general easing of restrictions, creditshelf has enabled staff to return to its offices voluntarily since Q2 2021 on the basis of its hygiene plan, while capping the maximum number of people present. The company is convinced that the measures taken to date are effective even in view of the increased danger of infection from the Omicron virus mutation, and that it can maintain its operations.

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 context, including as a result of the vulnerability that was discovered in the Log4j Java library.[35] 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, and the incident response plans used to react to IT security incidents have been modified. In addition, external attack recognition services are in place. Penetration tests are performed to check their effectiveness.

Risk assessment: medium

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 operational

[35] Bundesamt für Sicherheit in der Informationstechnik. (2022). Kritische "Log4Shell" Schwachstelle in weit verbreiteter Protokollierungsbibliothek Log4j (CVE-2021-44228).

requirements, this could have a material adverse effect on the creditshelf group's business, and consequently on its financial performance, financial position, and cash flows. 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 on its internally generated software.

Risk assessment: medium

Restricted Operational Ability due to Infrastructure Malfunctions

Outages or disruptions to the power grid, 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

Legal Disputes and Claims for Damages

The group is exposed to a variety of legal risks. In addition to labor law risks, for example, investors could attempt to bring claims against creditshelf if they were to lose their investments. 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, FIBR Bank (formerly Amsterdam Trade Bank) increased its investment volume in the second half of the year by up to EUR 60 million. This brings the total to EUR 120 million and underscores FIBR Bank's satisfaction with this business relationship.

Risk assessment: medium

Regulatory Breaches

creditshelf is governed by numerous regulatory requirements such as the provisions of the *Finanzanlagenvermittlerverordnung* (German Investment Brokerage Regulation – FinVermV) and the *Geldwäschegesetz* (German Money Laundering Act – GwG). What is more, the company has to meet a number of requirements due to its listing on the Prime Standard. In addition, the group is subject to 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, in euro terms 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 use the creditshelf platform to offer debt capital 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 processes and documentation needed for this are being continuously improved and an investment bank has been commissioned to further assist with the process. In addition to its existing partnership with the European Investment Fund (under the creditshelf Loan Fund), creditshelf was able to expand its successful business relationship with FIBR Bank (formerly Amsterdam Trade Bank). The company is also in advanced negotiations with other potential investors.

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.

One important aspect here is its successful cooperation with its fronting bank, which creditshelf secures by ensuring close ties and appropriate contractual agreements.

The federal and state support programs introduced to combat the coronavirus crisis, which have been prolonged until July 2022, 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 own 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 further expanded its finance solutions for young growth companies and boosted its partner sales operations in the past fiscal year. A rising trend in demand for loans brokered by creditshelf demonstrates the efficiency of the measures taken.

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: medium

Adoption of the Business Model by Competitors

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

creditshelf 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 and processes to reduce the risk from individual partnerships, has firmly integrated partner management with its sales activities, and has increased the number of staff in this area in order to expand existing partnerships and acquire new ones. This also includes a partnership with Bank1Saar, which will be launched in 2022.

Risk assessment: low

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

Overall, creditshelf considers its overall risk situation to be largely unchanged compared to the statements made in its 2021 Half-yearly 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 one risk 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.

2.4.3. 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 fiscal year 2022. Loans extended to small and medium-sized companies account for over one-quarter of the German corporate loan market. Loan portfolios are growing continuously[36] and the share of new business attributable to digital lending is on the rise. This trend is expected to continue in the coming years, especially in relation to the financing of forward-looking investments in the future, such as in digital transformation and climate protection.[37] creditshelf is planning to continue participating in this growing market segment.

Massive government support programs provided German SMEs with large amounts of liquidity during the coronavirus pandemic to offset their loss of revenue. In line with this, German banks experienced a decline in the demand for loans.[38] At the same time, however, many companies did not invest in areas such as digital transformation, growth, or greater climate protection during the crisis caused by the pandemic and now see a need to catch up.[39] Conversely, German banks have increasingly tightened their lending criteria since 2018, especially for German SMEs. This trend continued in 2021.[40] It is also likely to accelerate further if the rating migrations and higher loan default rates expected as a result of the coronavirus crisis materialize. This would open up opportunities for alternative financing partners and credit platforms, which are extending their financing offerings for German SMEs looking to invest in forward-looking strategic issues in particular.[41] However, this depends on the temporary government support measures successively expiring and the credit market returning to normal as a result. At the same time, the company sees opportunities to finance growth companies with digital, forward-looking business models whose financing requirements cannot fully be met by banks.

Increasing Willingness to Invest in SME Loans

creditshelf is firmly convinced that SME loans can be an attractive investment class for institutional investors and can usefully expand their investment universe by offering a mix of adequate potential returns and stable portfolio performance. Portfolio analysts Exaloan confirmed this in a study based on data from the creditshelf Loan Fund.[42] Under German law, investors are prevented in many

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[36] Bundesverband deutscher Banken. (2021). Zahlen, Daten, Fakten. Kreditvergabe.
[37] KfW Research. (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Finanzierung noch Nischenprodukt.
[38] KfW Research. (2021). KfW-ifo credit hurdle: October 2021.
[39] creditshelf. (2021). Finanzierungsmonitor 2021.
[40] KfW Research. (2021). KfW-ifo credit hurdle: October 2021.
[41] KfW Research. (2021). Die Bedeutung von Online-Kreditplattformen im Mittelstand: digitale Finanzierung noch Nischenprodukt.
[42] Exaloan. (2021). Small is beautiful: How digital SME lending adds value to an investor’s asset mix.

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 and strong reputation offered by these additional institutional investors. The strong resilience shown by the creditshelf platform's loan portfolio even during the "pandemic years" of 2020 and 2021 and its attractive risk-return profile underscore the appeal of this investment class, and are a strong argument in favor of continuing to expand our investor base in 2022.

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

The exceptional situation in 2020 and 2021 substantially increased the transformation rate on the German corporate finance market. German banks' readiness to seriously leverage the opportunities offered by digital transformation and to break new ground with their product offerings is increasing significantly. This can be seen among other things from the partner agreements that creditshelf has signed with savings banks and cooperative banks. creditshelf sees itself as a partner for traditional principal banks and as part of a state-of-the-art financing ecosystem for German SMEs. The company feels there is 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 of alternative credit offerings among SMEs and the abovementioned openness of traditional market players to consider this.

Overall Opportunities

Overall, creditshelf considers that its opportunities have improved compared to the statements made in its 2021 Half-yearly Report. Increasing digitalization among both SME borrowers and financial institutions in Germany is increasing our chances. At the same time, opportunities are arising for the company in relation to SMEs' need to finance activities in the areas of environmental protection and innovation. In addition, the addressable market is expanding due to the growing need for growth finance. From an investor perspective, enhanced opportunities for investment and the attractive features offered by the digital SME loans arranged by creditshelf also improve the options open to them.

2.5. Report on Expected Developments

In line with the developments described in the report on the company's economic position, opportunities, and risks, and taking into account its scenarios for the amount and breakdown of arranged loan volumes in the course of the year and for potential margin trends, the Management

Board is expecting consolidated revenue of EUR 10 million to EUR 12 million for fiscal year 2022. The revenue forecast for fiscal year 2022 builds on the revenue of EUR 7.3 million generated in fiscal year 2021. The Management Board is also expecting a figure for consolidated EBIT of EUR –0.5 million to EUR +0.5 million, based on the negative figure of EUR –2.2 million recorded for EBIT in fiscal year 2021.

There is still uncertainty regarding how the coronavirus pandemic will continue to develop and what the macroeconomic environment will look like in fiscal year 2022. This forecast is based on the expectation that developments in the German economy – and hence the SME funding environment – will return to normal in the course of 2022. In particular, the forecast assumes that the coronavirus pandemic will not lead to renewed long-term, broad-based closures of significant parts of the German economy. The Management Board is assuming that creditshelf's target and existing clients will require significant amounts of capital to finance investments in the future and overcome supply chain difficulties, and that banks will not be able to service the resulting demand for credit on a broad basis due to their strict lending standards and balance sheet restrictions. Consequently, creditshelf is aiming for revenue growth in clear double digits.

In addition, this forecast does not include any effects resulting from the armed conflict that has been going on in Ukraine since February 2022. At the time of writing, it is not possible to assess in full in what way this will impact the company's business model. However, the company is in close contact with borrowers, investors, and everyone involved and aims to combat any problems that emerge as soon as possible.

This forecast also depends to a significant extent on continued strict cost management. Since potential valuation effects for Virtual Participation Program II depend materially on creditshelf's share price performance, volatility in this area could have a significant effect on EBIT.

In keeping with its defined growth initiatives, creditshelf plans to continue developing the software it deploys, to enter into additional partnerships and cooperative ventures in order to generate positive networking effects, to acquire additional finance partners, and to extend its product portfolio in order to expand its market position.

Overall, the Management Board considers the group to be well-positioned for future growth. The company has a highly adaptable business model, is able to assert itself in its dynamic market environment – in which digital SME finance is likely to account for a growing proportion of overall new SME lending in the coming years – and can react flexibly to specific circumstances.

Due to the risks and opportunities described above, and especially in view of further developments in relation to the coronavirus pandemic and the war in Ukraine, the actual performance of the digital

SME financing business and of creditshelf itself may deviate either positively or negatively from our forecasts (see the risk report and the report on opportunities in sections 2.4.2. and 2.4.3.). Potential effects on the company's course of business are being monitored and may lead to the forecast being modified.

The financing shortfall resulting from the forecast is more than met by the shareholder loan framework agreement entered into between creditshelf Aktiengesellschaft and Obotritia Capital KGaA on January 4, 2021, and the addendum to the agreement entered into on March 9, 2021, which have a total volume of up to EUR 8 million. Given the 12-month notice period required to terminate the loan agreement that applies until December 31, 2023, 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. No notice had been given to terminate the loan as of the date of this report.

2.6. Corporate governance statement

2.6.1. Corporate Governance Statement in Accordance with Sections 289f and 315d of the HGB[43]

The following section reports on key corporate governance principles at creditshelf Aktiengesellschaft, including the declaration of compliance with the German Corporate Governance Code and other disclosures required by the HGB.

The company makes available declarations of compliance with the recommendations of the German Corporate Governance Code on its website for at least five years after their publication. Therefore, please see the company's Investor Relations website for the current versions of the declaration of compliance:

https://www.creditshelf.com/de/investorrelations/corporate-governance

Operating Principles for the Management Board and Supervisory Board

At creditshelf Aktiengesellschaft, the Management Board is responsible for group strategy and management. The Supervisory Board advises the Management Board and oversees its management of the business. The Management Board and Supervisory Board work closely together in the interests of the company with the aim of achieving a permanent increase in its enterprise value. To this end, the Management Board reports regularly, comprehensively, and in a timely manner to the Supervisory Board on all relevant questions relating to strategy, planning,

[43] Section 2.6.1. was not included in the content audit by the auditor of the consolidated financial statements/the auditor of creditshelf Aktiengesellschaft's annual financial statements.

business performance, the risk position, risk development, and compliance that are relevant to the company. Any variances compared to targets or forecasts are explained to the Supervisory Board. The group’s strategic focus and future development are also discussed and agreed with the Supervisory Board.

The members of the Management Board and the Supervisory Board are not permitted to pursue their own personal interests in their decisions and in connection with their work for creditshelf Aktiengesellschaft, nor may they grant others any unjustified advantages. No conflicts of interests on the part of Management Board or Supervisory Board members arose in fiscal year 2021.

Management Board

creditshelf Aktiengesellschaft’s Management Board comprises the CEO and individual Management Board members, all of whom have equal rights and whose areas of responsibility cover the various core functions. The Management Board had two members as of the end of fiscal year 2021.

The creditshelf group is managed by the Management Board of creditshelf Aktiengesellschaft, the parent company. This bundles all management functions within it. The Management Board’s core tasks include determining the company’s strategy, corporate finance, risk management, and sales management. The Management Board is also responsible for preparing the annual, consolidated, and interim financial statements and for establishing and overseeing the risk management system. The Management Board reports regularly, comprehensively, and in a timely manner to the Supervisory Board within the framework laid down by the law on all topics that are relevant to the company, including planning, the course of business, the company’s financial performance, financial position, and cash flows, the risk position, risk management, and compliance. The Supervisory Board is directly involved in decisions that are of fundamental importance for the company. In addition, it must approve such decisions. The Management Board ensures open, transparent corporate communications.

The Management Board is responsible for managing the company’s business. The principle of collective responsibility applies here, i.e., the members of the Management Board are jointly responsible for managing the company. Each Management Board member has been assigned specific focus tasks within the schedule of responsibilities. The bylaws reserve certain decisions – and especially those for which Supervisory Board approval is required or for which the Management Board has been assigned responsibility by law or the Articles of Association – for the full Management Board. In addition, resolutions on matters that are submitted for decision to the Management Board by a Management Board member must be taken by the full Management Board.

Management Board meetings are held at regular intervals or when specific issues require them. They are convened by the CEO or, in his absence, by the Deputy CEO. The Management Board member convening the meeting sets the agenda and chairs the meetings. The Management Board is quorate if both members have been invited and both take part in the resolutions. The Management Board passes resolutions unanimously. Resolutions can also be taken outside meetings by submitting votes in *Textform* (written form according to section 126b of the *Bürgerliches Gesetzbuch* (German Civil Code – BGB)) or by phone if no Management Board member objects to this procedure without undue delay. Further details are set out in the bylaws for the Management Board.

The Supervisory Board and Management Board have jointly developed a long-term succession plan with the aim of safeguarding the company in cases of emergency and ensuring talent and succession management. This provides for the following: The management evaluates the performance and potential of all creditshelf employees individually in an annual talent review, and discusses succession planning. The company then plans all further human resources development measures on this basis. Representation rules for dealings with third parties ensure that emergencies can be dealt with. The existence of a number of *Prokuristen* (authorized signatories) means that the company can still function in such cases.

The Supervisory Board has not currently set an age limit for Management Board members. creditshelf Aktiengesellschaft is a young company that was formed in 2014. The two co-founders make up the current Management Board and are 45 and 46 years old respectively. This means that an age limit for the Management Board is not needed at present.

Supervisory Board

creditshelf Aktiengesellschaft's Supervisory Board appoints the members of the Management Board and advises and oversees the Management Board in its management of the company. The tasks to be performed by the Supervisory Board, and in particular its internal organization and the Management Board decisions that it must approve, are set out in bylaws. The Supervisory Board had five members at the time this annual report was published.

The members of creditshelf Aktiengesellschaft's Supervisory Board have the necessary knowledge, skills, and professional expertise to perform their tasks. The Supervisory Board developed a competencies profile for the overall board in fiscal year 2020 to evaluate its knowledge, skills, and professional expertise. The profile covers both diversity and personal suitability with respect to innovation, research and development, the sector, finance, investor relations, strategy, human resources, oversight, control, and corporate governance. This competencies profile details the abilities of the individual Supervisory Board members, based on a critical self-evaluation. In addition, the Supervisory Board performed a self-evaluation in October 2020 to assess the efficiency of its own work as a body.

This self-assessment was performed internally using a comprehensive questionnaire, with support being provided by the head of Legal/Human Resources. The results confirm that the Supervisory Board works together in a professional, constructive, and highly open manner.

In line with the German Corporate Governance Code (the “Code”), the company attaches considerable importance to its Supervisory Board members being independent. In the Supervisory Board’s opinion, the Supervisory Board has a sufficient number of independent members. All Supervisory Board members can be considered to be independent with the exception of Rolf Elgeti, who cannot be considered to be independent due to his indirect controlling interest in company shareholder Hevella Capital GmbH & Co. KGaA (which to the company’s knowledge controlled 37.40% of the voting rights in the company as of the publication date for this report) and his indirect controlling interest in company shareholder Obotritia Capital KGaA (which to the company’s knowledge controlled 9.14% of the voting rights in the company as of the publication date for this report). The independent Supervisory Board members are Ms. Heraeus-Rinnert, Mr. Hentschel, Prof. Schiereck, and Dr. Rauhut.

Supervisory Board meetings take place at least four times a year, with at least two meetings being held every calendar half-year, to the extent that there is a business reason for this or a member of the Supervisory Board or the Management Board requests this. Meetings are convened by the Chairman.

The Supervisory Board is only quorate if at least three members take part in resolutions. Supervisory Board resolutions may also be made in writing, by telegram, by phone, electronically, or by fax if the Chairman of the Supervisory Board so requires. Resolutions are passed by a simple majority of the votes cast. In the case of a tie, a second vote shall be held; in the case of a renewed tie the Supervisory Board Chairman shall have the casting vote.

The Supervisory Board shall meet without the members of the Management Board if the Chairman of the Supervisory Board requires this in individual cases (e.g., to the extent that this is necessary to ensure independent discussion and decision-making). Additional details are set out in the bylaws for the Supervisory Board.

The Supervisory Board did not establish any committees in fiscal year 2021. As of January 1, 2022, it resolved to establish an Audit Committee. A Nomination Committee has not been established. The Supervisory Board comprised five members during the 2021 fiscal year, four of whom are independent of the company and who in the aggregate have many years’ experience and a broad range of skills and expertise, especially in the area of finance. Communication channels are short and direct. The ability of the Supervisory Board to perform its tasks effectively is ensured even without any committees being formed. This being the case, the Supervisory Board is of the opinion that forming additional committees would not enhance the efficiency of its work. Equally, it does not consider this to be necessary going forward, and – with the exception of the Audit Committee – will instead continue to address the topics to be discussed in plenary sessions. The Supervisory Board regularly assesses the quality of the audit of the financial statements.

The Supervisory Board has resolved that a maximum age limit of 75 will apply to its members in the future. This will be reviewed regularly going forward for appropriateness.

Corporate Governance Practices Applied Over and Above Those Required by Law – Especially Corporate Compliance

The company is aware of its corporate responsibility towards its employees, society, and the environment. Responsible, sustainable actions are a key precondition for its competitiveness and long-term business success. The company discharges its corporate responsibility in line with the applicable legal framework and its internal guidelines.

Corporate compliance is one of the key management functions performed by the company's Management Board and comprises measures designed to ensure the observance of statutory and official requirements, internal guidelines, and codes. These also include antitrust and anti-corruption policies and the provisions of capital market law. In addition, creditshelf became a member of the Deutsches Institut für Compliance (DICO – the German Institute for Compliance) in 2020. The company expects all employees to behave in a legally irreproachable manner when going about their work.

Compliance issues are handled rapidly and professionally. In addition, the company follows standardized, IT-based processes for onboarding companies and investors ("know your customer principle"), when preparing for loans to be granted by the fronting bank, and during contract management and payment process control. The principle of dual control has been established in those areas that have been identified as critical. An internal control system (ICS) comprising prevention, monitoring, and intervention has been set up as part of the continuous optimization of the company's internal processes. A dedicated, need-to-know-based access and rights system ensures that sensitive information remains confidential. Compliance risks are monitored as part of a standardized entity risk management (ERM) process. Company employees receive documentation and training on relevant policies, procedures, and compliance topics. Existing policies and procedures are reviewed and updated as necessary on a continuous basis.

An externally hosted electronic whistleblower system provides employees with a suitable way to report breaches of the law or of compliance rules within the company in a protected manner.

Targets Set in Accordance with Section 76(4) and Section 111(5) of the AktG

On December 19, 2018, the Management Board determined the following target for the percentage of women at the management level below the Management Board pursuant to section 76(4) of the AktG: 28.6%. The goal is to reach this by December 31, 2022. The target was not yet met in the reporting period.

In its meeting on March 11, 2019, the Supervisory Board resolved that the target for women on the Supervisory Board should not fall below the then figure of 16.6% in the five-year period following the resolution. The Supervisory Board already has one female member, Julia Heraeus-Rinnert. In the same meeting, the Supervisory Board also resolved that the target for women on the Management Board should be at least 0.0% in the five-year period following the resolution. There are no female members of the Management Board at present.

creditshelf Aktiengesellschaft is not required to make any disclosures in accordance with section 289f(2) no. 5 and no. 6 of the HGB, since the company does not meet the definition given there of a company required to make such disclosures.

Additional Corporate Governance Disclosures

Shareholders and General Meeting

creditshelf Aktiengesellschaft's shareholders exercise their rights in the company's General Meeting. Each creditshelf Aktiengesellschaft share entitles the holder to one vote. All shareholders who document their shareholdings as of a certain date prior to the General Meeting (the "record date") are entitled to take part in the General Meeting. Shareholders can exercise their voting rights in the General Meeting personally, via a proxy of their choice, or via the company's voting representative, who is bound to vote as they instruct. The company makes available all documents and information relating to the General Meeting to shareholders in a timely manner on its website. The company makes use of the option to hold general meetings virtually that was introduced by lawmakers, so as to enable its Annual General Meeting to be held in a due, proper, and timely manner despite the coronavirus pandemic and the associated restrictions on gatherings and health risks for shareholders.

Securities Transactions by the Management Board and the Supervisory Board, Prohibition on Insider Dealing

Art. 19 of the Market Abuse Regulation sets out a legal obligation on the part of the members of the Management Board and the Supervisory Board and their related parties to disclose purchases and sales of shares of creditshelf Aktiengesellschaft, or of financial instruments linked thereto, if the value of the transactions performed within a calendar year reaches or exceeds the amount of EUR 20,000. The same also applies to certain persons with managerial responsibilities.

In order to avoid any possible breaches of the prohibition on insider dealing in accordance with Art. 14 of the Market Abuse Regulation, creditshelf Aktiengesellschaft informs all persons who are legally classified as insiders in a suitable manner of the relevant statutory provisions on dealing in shares of the company and, at the same time, requires them in writing to confirm in writing that they have been informed of the relevant statutory provisions relating to dealings in shares of the company. The insider lists, which comply with the legal requirements, contain details of those persons in the group and external service providers who have access to inside information by virtue of their activities and powers.

In addition, the company maintains restricted trading lists of everyone who, due to their work with the company's databases, may potentially have access to non-public financial information relating to the company's capital market-oriented clients, i.e., borrowers and potential borrowers. These people are informed in writing of the issues involved and then continuously informed of whether the lists are still being maintained or whether they have been closed following the end of the project or the publication of the financial information concerned.

Transparent Communication

We inform shareholders, shareholder representatives, analysts, the media, and interested members of the public regularly and in a timely manner of current business developments and the situation at the company. We used the annual report, the financial report for the first half of the year, and the interim statements for the first and third quarters to provide our shareholders in particular with regular reports on current business developments, and the company's cash flows and financial performance in the past fiscal year. In addition, we use our comprehensive website to provide information to our shareholders and everyone else who is interested in the company; this is where we publish not only our financial reports but also a financial calendar, ad hoc disclosures, investor presentations, and press releases, among other things.

Accounting Standards and Financial Statements Audit

creditshelf Aktiengesellschaft's single-entity financial statements and management report are prepared in accordance with the HGB, and its consolidated financial statements and group management report are prepared in accordance with the International Financial Reporting Standards (IFRSs). The single-entity financial statements and consolidated financial statements were audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main.

2.6.2. Disclosures Pursuant to Sections 289a and 315a(1) of the HGB and Explanatory Report Pursuant to Section 176(1) Sentence 1 of the AktG

The following section contains the disclosures by the Management Board required to be made under sections 289a and 315a(1) of the HGB and also explains them as required by section 176(1) sentence 1 of the AktG.

Share Capital

creditshelf Aktiengesellschaft's share capital as of December 31, 2021, amounted to EUR 1,376,251.00 and was composed of 1,376,251 no-par value bearer shares. All shares confer the same rights and duties. Each share entitles the holder to one vote in the General Meeting. All shares have the same profit participation rights. The company did not hold any own shares as of December 31, 2021. The other rights and duties of the shareholders are set out in the provisions of the AktG and the company's Articles of Association.

Direct and Indirect Restrictions on Voting Rights or the Transfer of Shares

Creditshelf Aktiengesellschaft's Management Board is not aware of any direct or indirect restrictions on voting rights or the transfer of shares.

Shareholdings Exceeding 10% of the Voting Rights

Please see note 15 for information on shareholdings exceeding 10% of the voting rights.

Shares with Special Rights Conveying Powers of Control

The company does not have any shares with special rights conveying powers of control.

System of Control of Voting Rights if Employees are Shareholders and do not Exercise their Rights Directly

To the knowledge of the Management Board, employees who are shareholders of creditshelf Aktiengesellschaft can exercise the control rights conferred on them by their shares directly in accordance with the provisions of the Articles of Association and of the law.

Legal Requirements and Provisions of the Articles of Association Governing the Appointment and Removal of Members of the Management Board and Changes to the Articles of Association

The appointment and removal of members of the Management Board are regulated in sections 84 and 85 of the AktG in conjunction with article 6.1 of the Articles of Association. These specify that the members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Their appointment may be renewed, or their term of office prolonged, for a maximum of five years in each case. Article 6 of the company's Articles of Association sets out that the Management Board shall consist of one or more persons. The Supervisory Board determines the number of members of the Management Board. The Supervisory Board can appoint one of the Management Board members as the CEO.

Changes to the Articles of Association are regulated by law in sections 133 ff. and 179 ff. of the AktG. As a matter of principle, they require a resolution by the General Meeting. The resolution by the General Meeting must be passed by a majority of at least three-quarters of the share capital represented at the time of the resolution. The Articles of Association can specify another majority of the share capital, although in the case of a change to the company's purpose only a larger majority may be specified. However, no use was made of this right in creditshelf Aktiengesellschaft's Articles of Association. Under article 13.2 of the Articles of Association, the Supervisory Board is authorized to resolve changes or additions to the Articles of Association that relate to the form only.

Pursuant to article 18 of the company's Articles of Association, resolutions by the General Meeting are passed by a simple majority of the votes cast and, to the extent that a majority of the capital is required, by a simple majority of the share capital, unless statutory provisions or the company's Articles of Association require a larger majority. Abstaining does not count as casting a vote.

Powers of the Management Board to Issue or Buy Back Shares

The Management Board can only issue new shares on the basis of resolutions by the General Meeting to increase the share capital, or by utilizing authorized and contingent capital. The acquisition of own shares is regulated in sections 71ff. of the AktG and is permitted in certain cases by law or on the basis of an authorization by the General Meeting. The Management Board has not been authorized to acquire own shares of the company.

Authorized Capital as of the December 31, 2021, Reporting Date

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. This took place in connection with a further conversion into shares of the claims already due under the share-based employee incentive programs (Restricted Stock Units Programs) that had been 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 and that they would carry dividend rights for the first time for the whole of fiscal year 2020. 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.

A resolution by the General Meeting on May 10, 2021, authorized the Management Board to increase the company's share capital in the period until May 9, 2026 (inclusive), with the approval of the Supervisory Board, on one or more occasions by up to a total of EUR 688,125.00 by issuing up to 688,125 new no-par value bearer shares against cash and/or noncash contributions.

In principle, the new shares must be offered to the shareholders for subscription; they can also be acquired by credit institutions or enterprises within the meaning of section 186(5) sentence 1 of the AktG subject to an undertaking to offer them to the shareholders for subscription.

The Management Board is authorized to disapply shareholders' subscription rights in whole or in part with the approval of the Supervisory Board:

(i) To utilize fractions while disapplying shareholders' rights;
(ii) In the case of capital increases against noncash contributions, in particular in the context of business combinations or the acquisition (including the indirect acquisition) of companies, parts of companies, or interests in other companies, or of other assets or claims to the acquisition of assets;
(iii) To issue shares (1.) to members of the company's Management Board or (2.) as employee shares to employees of the company or of affiliated companies of the company; in the case of employees, the requirements of section 204(3) of the AktG shall also be observed;
(iv) If the new shares are issued against cash contributions and the issue price of the new shares is not materially less than the stock exchange price of the shares of the company that are already listed at the time when the issue price is finally determined (such time being as close to the placement of the shares as possible), and the notional interest in the share capital attributable to the new shares does not exceed, in the aggregate, 10% of the company's share capital either at the time the authorization takes effect or at the time it is exercised. Shares that have been issued or sold, or that are to be issued, while disapplying shareholders' rights on the basis of other authorizations by applying section 186(3) sentence 4 of the AktG (either directly or with the necessary modifications) in the period between the authorization coming into force and it being exercised in each case shall be counted towards this limit. Equally, shares that have been issued, or can still be issued, by the company on the basis of convertible bonds/bonds with warrants in issue at the time the authorization is exercised in each case must be counted towards this limit, to the extent that the convertible bonds/bonds with warrants were issued by the company or its group companies, while disapplying shareholders' rights, after this authorization took effect by applying section 186(3) sentence 4 of the AktG (either directly or with the necessary modifications).

The Management Board is authorized, with the approval of the Supervisory Board, to determine the details of the capital increases from authorized capital and their implementation, and in particular the specifics of the rights attached to the shares and the conditions for their issuance.

Contingent Capital

The share capital has been contingently increased by up to EUR 688,125.00. The contingent capital increase shall be implemented by issuing up to 688,125 no-par value bearer shares, which share in the profits as from the beginning of the fiscal year in which they are issued, only to the extent that the holders or creditors of convertible bonds or of warrants under bonds with warrants that are issued on the basis of the authorization granted to the Management Board by the General Meeting on May 9, 2026 (inclusive), make use of their conversion rights or options or comply with their conversion or option obligations, or that shares are tendered, and to the extent that other forms of settlement are not used. The new shares will be issued in line with the authorization resolution mentioned above at conversion/option prices to be determined in each case.

The Management Board is authorized to determine the additional details of the implementation of the contingent capital increase.

Material Agreements by the Company that Take Effect in the Event of a Change of Control Following a Takeover Bid

The company and Raisin Bank AG – the fronting bank with a full banking license that grants the loans – have entered into a partnership agreement, including arrangements on the compensation to be paid, that also provides for payments or for rights of termination in certain cases of a change of control.

No compensation agreements exist with the members of the Management Board or employees in the case of a takeover bid as defined by section 315a(1) sentence 1 no. 9 of the HGB.

3. Consolidated Financial Statements as of December 31, 2021

3.1. Consolidated Statement of Financial Position as of December 31, 2021

ASSETS	Note	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR
Noncurrent assets			
Intangible assets	8	3,043.2	3,434.6
Property, plant, and equipment	9	176.4	222.8
Trade receivables	10	1,033.0	876.2
Other financial assets	10	27.1	27.1
Total noncurrent assets		**4,279.7**	**4,560.7**
Current assets			
Trade receivables	12	1,262.1	1,355.5
Other assets	13	206.3	300.2
Other financial assets	13	25.5	2.1
Cash and cash equivalents	14	4,458.7	3,844.3
Total current assets		**5,952.6**	**5,502.1**
Total assets		**10,232.3**	**10,062.8**

EQUITY AND LIABILITIES	Note	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR
Capital and reserves			
Subscribed capital	15	1,376.2	1,360.3
Capital reserves	15	21,336.7	21,020.3
Retained earnings	15	–20,777.4	–18,484.2
Total equity		**1,935.5**	**3,896.4**
Noncurrent liabilities			
Provisions	18	994.4	1,146.7
Other financial liabilities	19	2,463.2	50.1
Deferred tax liabilities	11	0.0	13.6
Total noncurrent liabilities		**3,457.6**	**1,210.4**
Current liabilities			
Trade payables	20	3,694.3	3,777.8
Other financial liabilities	21	75.3	72.2

Provisions	21	191.3	549.1
Other liabilities	21	878.3	534.7
Tax liabilities	11	0.0	22.2
Total current liabilities		**4,839.2**	**4,956.0**
Total equity and liabilities		**10,232.3**	**10,062.8**

3.2. Consolidated Statement of Profit or Loss and Other Comprehensive Income for Fiscal Year 2021

	Note	**Jan. 1–Dec. 31, 2021 in kEUR**	**Jan. 1–Dec. 31, 2020 in kEUR**
Revenue	22	7,251.5	4,899.2
Other operating income	23	145.0	940.4
Own work capitalized	24	637.0	421.8
Personnel expenses	25	–5,333.7	–6,024.3
Marketing and advertising expenses	26	–783.8	–1,329.6
Third-party services	26	–436.2	–448.0
Sales commission	26	–190.4	–316.5
Lease expenses	26	–196.5	–253.6
Premiums on loan receivables	26	0.0	–209.8
Legal and consulting costs	26	–770.1	–702.0
Other expenses	26	–1,321.4	–1,106.7
EBITDA		**–998.6**	**–4,129.1**
Depreciation and amortization	8/9	–1,184.5	–1,216.2
EBIT		**–2,183.1**	**–5,345.3**
Financial expense	28	–119.5	–31.1
Other financial income	28	17.5	15.3
Net finance costs		–102.0	–15.8
Income tax expense/income	27	–8.2	34.5
Net loss for the period/total comprehensive income		**–2,293.3**	**–5,326.6**
of which attributable to:			
Owners of the parent		**–2,293.3**	**–5,326.6**
Noncontrolling interests		**0.0**	**0.0**

Earnings per share

	2021 in EUR	**2020 in EUR**
Basic earnings per share	**–1.67**	**–3.92**
Diluted earnings per share	**–1.67**	**–3.92**

3.3. Consolidated Statement of Cash Flows for Fiscal Year 2021

		Note	Jan. 1–Dec. 31, 2021 in kEUR	Jan. 1–Dec. 31, 2020 in kEUR
	Cash flows from operating activities			
	Net loss for the period		–2,293.3	–5,326.6
	Adjustments for:			
-/+	Income tax expense/income	27	8.2	–34.5
+	Depreciation of property, plant, and equipment	9	140.3	141.1
+	Amortization of intangible assets	8	1,044.2	1,075.1
-/+	Gains/losses on disposal of intangible assets and property, plant, and equipment	8/9	6.5	3.8
+/-	Increase/decrease in provisions	18/21	–510.1	14.3
+/-	Other noncash expenses/income	30	–710.7	–449.5
+	Equity-settled share-based payments	17	588.8	771.0
+/-	Financial expense/income	28	102.0	15.8
+/-	Increase/decrease in other assets	13	70.5	–112.2
-/+	Income taxes paid	27	–44.0	0.0
	Gross cash flow		**–1,597.6**	**–3,901.6**
-/+	Increase/decrease in trade receivables	10/12	–63.4	–253.3
+/-	Increase/decrease in trade payables	20	218.9	–600.1
+/-	Increase/decrease in other liabilities		417.9	–216.8
	Net cash generated by/used in operating activities		**–1,025.1**	**–4,971.8**
–	Payments to acquire property, plant, and equipment	9	–28.3	–63.8
+	Proceeds from the sale of property, plant, and equipment	9	1.6	0.0
–	Payments to acquire intangible assets	8	–15.9	–152.6
–	Payment for earn-out	15	–250.0	0.0
+	Interest received	28	17.5	0.0
	Net cash used in/generated by investing activities		**–275.1**	**–216.4**
+	Proceeds from shareholder loan	14	2,300.0	0.0
+	Proceeds from the issuance of shares	15	15.9	7.1
+	Proceeds from the sale of shares	15	276.5	146.3
–	Decrease in lease liability	33	–72.2	–69.3
–	Transaction costs for issuance of shares	16	–22.4	–24.8

–	Interest paid	28	–4.5	–7.6
	Net cash generated by/used in financing activities		**2,216.8**	**94.6**
+/-	Net increase/decrease in cash funds	14	916.6	–5,282.8
+	Cash funds at the start of the fiscal year		431.8	5,714.6
	Cash and cash equivalents			
	Cash-in-hand	14	0.7	0.6
	Bank balances	14	4,458.0	3,843.8
	Less client funds		–3,110.2	–3,412.4
	Less pledged accounts	14	–0.1	–0.1
	Cash funds		**1,348.4**	**431.8**

3.4. Consolidated Statement of Changes in Equity for the Period from January 1 to December 31, 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	–5,326.6	–5,326.6
Issuance of equity instruments	15	7.1	771.0	0.0	778.1
Transaction costs for the issuance of equity instruments	16	0.0	–24.8	0.0	–24.8
Balance as of December 31, 2020		**1,360.3**	**21,020.3**	**–18,484.2**	**3,896.4**
Balance as of January 1, 2021		**1,360.3**	**21,020.3**	**–18,484.2**	**3,896.4**
Net loss for the period		0.0	0.0	–2,293.3	–2,293.3
Earn-out	15	0.0	–250.0	0.0	–250.0
Issuance of equity instruments	15	15.9	588.8	0.0	604.7
Transaction costs for the issuance of equity instruments	16	0.0	–22.4	0.0	–22.4
Balance as of December 31, 2021		**1,376.2**	**21,336.7**	**–20,777.4**	**1,935.5**

3.5. Notes to creditshelf Aktiengesellschaft's Consolidated Financial Statements

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 ancillary information services.

The company's subscribed capital as of December 31, 2021, amounted to EUR 1,376,251. This represents an increase of EUR 15,912 compared to December 31, 2020, and is due to a further conversion into shares of the claims under the share-based employee incentive programs (Restricted Stock Units Programs) that were introduced as of the beginning of fiscal year 2019. 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 March 21, 2021.

The Management Board and the Supervisory Board issued the declaration of compliance with the German Corporate Governance Code required by section 161 of the AktG and made it permanently accessible on the company's website (ir.creditshelf.com). The most recent version was issued on November 3, 2021.

Basis of Consolidation

There were no changes in the basis of consolidation in the reporting period compared to the consolidated financial statements as of December 31, 2020.

creditshelf Aktiengesellschaft, Frankfurt am Main, in its role as the parent company, prepares the consolidated financial statements in accordance with the IFRSs for the largest and smallest group of companies for which group accounts are drawn up. The consolidated financial statements are accessible on the *Bundesanzeiger (*Federal Gazette) website.

Subsidiaries

creditshelf Aktiengesellschaft had one wholly-owned subsidiary as of the December 31, 2021, reporting date: creditshelf solutions GmbH. creditshelf Aktiengesellschaft and creditshelf solutions GmbH are also referred to hereinafter as the "creditshelf group."

creditshelf solutions 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 own employees within the meaning of section 314(1) no. 4 of the HGB). Following a resolution by the shareholders' meeting held on July 26, 2019, the share capital amounts to EUR 39,676.00.

1. Basis of Preparation of the Financial Statements

Pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of the European Union, creditshelf Aktiengesellschaft's consolidated financial statements as of December 31, 2021, were prepared in accordance with the International Financial Reporting Standards, as adopted by the EU. Furthermore, the provisions of German commercial law that are also required to be applied pursuant to section 315e(1) of the HGB in the version applicable for the fiscal year were taken into account.

The consolidated financial statements are prepared in euros (EUR), the company's functional currency. The group's fiscal year is the calendar year.

The consolidated financial statements comprise the statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, and the notes to the consolidated financial statements. Individual items of the statement of profit or loss and the statement of financial position have been grouped together to improve the clarity of presentation. The items are explained in the notes. The statement of profit or loss was prepared using the total cost (nature of expense) method. In comparison to the previous year, the key items of other operating expenses are presented individually in the consolidated statement of profit or loss and other comprehensive income so as to provide a better insight into the main cost drivers. In addition, earnings before interest, taxes, and amortization and depreciation (EBITDA) and earnings before interest and taxes (EBIT) have been included in the presentation in order to provide a better insight into the company's operating strength, and to adapt the presentation of the statement of profit or loss to match the logic used with the performance indicators.

With the exception of the new IFRSs required to be applied, which did not have an effect on the company in the fiscal year, the accounting treatment, discussions, and disclosures relating to the consolidated financial statements for fiscal year 2021 are based on the same accounting policies as were used for the 2020 consolidated financial statements. Amounts have been rounded to one decimal place where necessary.

The consolidated financial statements are based on the going concern principle. This is ensured among other things by the fact that any potential financing shortfall has been more than covered by a binding letter of comfort issued in favor of the company in Q4 2020 by Obotritia Capital KGaA, and by a shareholder loan framework agreement entered into between creditshelf Aktiengesellschaft and Obotritia Capital KGaA on January 4, 2021, with the aim of putting this letter of comfort into practice at the operational level, plus the addendum to the agreement entered into on March 9, 2021, which have a total volume of up to EUR 8 million. Given the 12-month notice period required to terminate the loan agreement that applies until December 31, 2023, 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. No notice had been given to terminate the loan as of the date of this report.

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
Covid-19-Related Rent Concessions – Amendments to IFRS 16	Lessees have been granted a number of types of rent concessions as a result of the coronavirus pandemic. The amendments to IFRS 16 offer lessees a practical expedient to account for rent concessions as if they are not lease modifications. These amendments do not have any effect on the company.	April 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 fulfilling a contract" must comprise all costs that relate directly to the contract. These amendments do not have any effect on the company.	January 1, 2022
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 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 the 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	January 1, 2022

	Instruments), IAS 41 (Agriculture), and the Illustrative Examples for IFRS 16 (Leases). These amendments do not have any material effect on the company.	
IFRS 17 "Insurance Contracts"	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.	January 1, 2023
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.	January 1, 2023
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 past	January 1, 2023

	transactions and other events in the past. However, these amendments do not have any material effect on the company.	

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 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.
Amendments to IAS 12 “Income Taxes”	The amendments relate to the prohibition on recognizing deferred taxes on initial recognition of an asset or a liability. Previously, a prohibition on recognizing deferred taxes applied to transactions that are neither a business combination nor impact accounting profit or taxable profit. The amendments introduce an additional requirement for companies to recognize deferred taxes on particular transactions that give rise to equal amounts of taxable and deductible temporary differences. The amendments have not yet been adopted by the EU and therefore does not have any effect on the company.
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)	This addition to IFRS 17 permits first-time adopters to present financial assets relating to contracts falling within the scope of IFRS 17 in the comparative period as if the classification and measurement rules set out in IFRS 9 had been applied to these financial assets. These amendments do not have any effect on the company.

3. Management Judgments and Estimates

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

Material Judgments

creditshelf has recognized the internally generated and directly attributable cost of the creditshelf platform (www.creditshelf.com) as an asset in accordance with IAS 38.65–38.67. This reflects the expectation by management that future economic benefits will accrue from the use of the asset and that its cost can be determined reliably. Potential borrowers submit their documents via this platform while investors can use it to register for credit projects – something that demonstrates the existence of a market. The platform generates a direct economic benefit and is therefore considered to be a material asset in the group’s value creation process. The company has the necessary resources to develop and utilize the asset. The platform comprises individual microservices and IT infrastructure, which supplement it with individual functionality. Subsequent costs are treated as enhancing the existing software and are capitalized in line with this. The amortization period for subsequent purchase costs is shortened in line with this. Expenses incurred for activities attributable to the set-up stages of the project, feasibility studies, preparatory activities, and maintenance are not capitalized.

The group reviews the carrying amounts of the intangible assets as of each reporting date for evidence of impairment (“triggering event”). If such a triggering event is identified, creditshelf performs an impairment test in accordance with the provisions of IAS 36. In this case, the recoverable amount of the asset in question is established so as to determine the amount of any impairment loss that needs to be recognized. The recoverable amount corresponds to the higher of the fair value less costs of disposal or the value in use. Value in use corresponds to the present value of the expected cash flow. The discount rate used is the pretax rate of interest reflecting current market conditions. Where no recoverable amount can be established for individual assets, the recoverable amount for the smallest identifiable group of assets (cash-generating unit) to which the asset can be assigned is determined. The company performed a renewed impairment test as of the December 31, 2021, reporting date as a precautionary measure, in order to establish whether the coronavirus pandemic had led to any potential impairments of its intangible assets. The result was that no impairment losses needed to be recognized.

Assumptions and Estimation Uncertainty

Information on assumptions and estimation uncertainties as of December 31, 2021, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are disclosed in the notes given below:

- **Note 8** – Measurement inputs used for impairment testing are subject to estimates. These are listed and explained in note 8. The same applies to the useful lives of internally generated and purchased intangible assets. These are unchanged, at five years.

- **Note 10** – Noncurrent trade receivables (> 1 year) are discounted. The discount rate used for this – Deutsche Bundesbank's long-term interest rates – is selected on the basis of an estimate, which has not changed compared to the previous year.

- **Note 11** – No recognition of deferred tax assets: The availability of future taxable profits against which tax loss carryforwards can be utilized is not sufficiently probable.

- **Note 17** – Recognition and measurement of the share-based employee incentive programs (Restricted Stock Units Programs I–IV or RSUs) introduced in 2019. The company has a contractual option to settle the claims under the programs either in the form of equity or in cash. In the management's opinion, the claims will continue to be settled using shares, as was the case for the initial conversion. In addition, a company-specific employee turnover rate is applied. Since 2020, the remuneration paid to sales staff has been linked to qualitative and quantitative targets, which if met lead to payment of variable remuneration (a bonus) in addition to the employees' fixed salary. The company can choose to pay the bonus in whole or in part in the form of shares of the company. In this case, the employees concerned are admitted to a share-based employee incentive program, which grants them the right to be awarded shares by the company. Based on a probability-weighted scenario approach, the amount of personnel expenses and the resulting effects on wage tax provisions and capital reserves are calculated for the case that the claims are settled using RSUs, as are the provisions for personnel expenses for the case that they are settled in cash. Claims were partly settled in cash in fiscal year 2021.

- **Note 22** – Expected amount of rebates on revenues: In the case of a borrower default and a subsequent discretionary decision by the Management Board, uncollected investor fees are recognized directly as rebates pursuant to IFRS 15.51; these include an expected amount that is determined using the expected value method pursuant to IFRS 15.53.

Changes in Material Bases of Estimation in Fiscal Year 2021

No material changes were made in the past fiscal year in the estimates used by the Management Board since the publication of the 2020 Annual Report. The changes in market conditions caused by the effects of the coronavirus pandemic were taken into account when determining the fair values. This did not result in any material change in the basis of estimation.

Fair Value Determination

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

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

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

4. Accounting Policies

Changes in the Accounting Policies

The material accounting principles are unchanged as against the 2020 consolidated financial statements.

Measurement Principles as of December 31, 2021

This section describes the accounting policies applied to the consolidated financial statements as of December 31, 2021.

I. Intangible Assets

With the exception of goodwill, purchased intangible assets are measured at cost and amortized using the straight-line method over the useful life of the asset concerned. Any impairment losses that occur are recognized. The amounts concerned are recognized in amortization in the statement of profit or loss; additional details are given in the disclosures on the statement of profit or loss. The expected useful life and the amortization method used are reviewed on each reporting date and all revisions to estimates are applied prospectively.

An internally generated asset arising from development or from the development phase of an internal project is recognized if, and only if, the entity can demonstrate all of the following:

- The technical feasibility of the intangible asset, so that it will be available for use or sale.
- The intention to complete the intangible asset and to use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will probably generate future economic benefits.
- The availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset.
- The ability to measure reliably the expenses attributable to the intangible asset during its development.

Research costs are recognized as expenses in the period in which they are incurred. Research costs may not be capitalized.

The amount capitalized on first-time recognition of an internally generated asset is the sum of expenditure incurred from the date when the intangible asset first meets the abovementioned recognition criteria. If an internally generated asset does not meet the abovementioned recognition criteria, the development costs are expensed in the period in which they are incurred.

In subsequent periods, both internally generated and purchased intangible assets are measured at cost less amortization and impairment losses. Capitalized development costs are generally amortized using the straight-line method over a useful life of 5 years within the group. The amortization period for subsequent purchase costs is shortened in line with this.

Intangible assets are derecognized on disposal or if no further economic benefit is to be expected from their use. The gain or loss arising from the derecognition of an intangible asset, determined as the difference between the net disposal gain or loss and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized. The gain or loss is reported in other income or other operating expenses.

Business combinations are accounted for using the purchase method, in which the purchase price is offset against the remeasured proportionate share of the acquiree's net assets. The carrying amounts recognized are the values applicable at the acquisition date, which is defined as the date on which control of the acquiree was obtained. Any difference in value must be disclosed in full, i.e., recognizable assets, liabilities, and contingent liabilities must be reported at their fair value, irrespective of any noncontrolling interests. If the purchase price paid exceeds the remeasured proportionate net assets as of the acquisition date, the positive difference is recognized as goodwill as required by IFRS 3.32. A negative difference is recognized in profit or loss as a bargain purchase in line with IFRS 3.34.

The subsidiaries' recognizable assets, liabilities, and contingent liabilities were reported at their full fair value on initial consolidation, irrespective of the size of the interest concerned. In the case of subsequent remeasurement, the consolidated carrying amounts are rolled over, with the exception of those assets and liabilities which are required to be continuously measured at fair value.[44]

Goodwill is not amortized as it has an indefinite useful life. Cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired (see III. Impairment of Nonfinancial Assets).

creditshelf tests assets for impairment at least annually as of the reporting date and whenever there is an indication that the asset may be impaired (“triggering event”). If such a triggering event is identified, creditshelf performs an impairment test in accordance with the provisions of IAS 36. Impairment tests require the carrying amount of the asset to be compared with its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs of disposal (FVlcod) and value in use (ViU).

[44] For example in accordance with IFRS 9.

Value in use is determined by discounting the expected future cash flows to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. As required by IAS 36.44, future cash flows were based on assets in their current condition. The fair value less costs of disposal is determined using an appropriate measurement model. This is based on multiples or other available fair value indicators.

Any reversals of impairment losses that become necessary are recognized in profit or loss in subsequent periods up to the permissible limit. The limit is the carrying amount that would have applied as of the reporting date in question if the asset concerned had been written down in the regular way.

In line with creditshelf's management reporting, assets were not allocated across multiple different cash-generating units. creditshelf's subsidiary, creditshelf solutions GmbH, does not generate any material cash inflows of its own, though it contributes materially to cash inflows at the parent company. Thus the creditshelf group as a whole is the sole – and hence the smallest – cash-generating unit. Consequently, all internally generated and purchased intangible assets and goodwill must be allocated to the group as a whole. Impairment testing of goodwill is performed at group level.

II. Property, Plant, and Equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and any impairment losses recognized. Straight-line depreciation is used, with the cost of assets less their residual value being written down over their useful lives. The expected useful lives, residual values, and depreciation methods used are reviewed at every fiscal year-end. All necessary revisions to estimates are applied prospectively. Gains or losses on the disposal of items of property, plant, and equipment are reported in other income or other operating expenses.

In addition to right-of-use assets in leased assets with useful lives of four and six years, the company recognizes other operating and office equipment with useful lives of one to three years.

Low-value goods with carrying amounts of up to EUR 800 are written off immediately.

Items of property, plant, and equipment are derecognized on disposal or when no future economic benefits are expected from their continued use. The gain or loss on the sale or retirement of an item of property, plant, and equipment is determined as the difference between the disposal gain or loss and the carrying amount of the asset, and is included in profit or loss when the item is derecognized.

The cost of repairing an item of property, plant, and equipment is included in profit or loss. Costs are capitalized if they expand or materially enhance the asset in question.

No borrowing costs are capitalized in accordance with IAS 23.11.

In addition, property, plant, and equipment contains recognized right-of-use assets as defined in IFRS 16 “Leases”; this standard has been required to be applied since January 1, 2019, and creditshelf applied it early as of fiscal year 2017.

The group recognizes right-of-use assets under two leases plus the corresponding lease liabilities. The value of the right-of-use assets at the time of recognition corresponds to the value of the lease liabilities plus any initial direct costs. In subsequent periods, right-of-use assets are measured at amortized cost and depreciated over the lease term. The amount of the lease liabilities is determined on the basis of the present value of the lease payments for the lease term agreed in the lease. The carrying amount of the lease liabilities is discounted using the previously applied discount rate and reduced by the amount of the lease payments. If the lease payments change, the lease liability is remeasured.

III. Impairment of Nonfinancial Assets

The group reviews the carrying amounts of property, plant, and equipment, intangible assets, and goodwill as of each reporting date for any indication of impairment. If any such indication exists, the recoverable amount of the asset in question is estimated so as to determine the amount of any impairment loss. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated, based on the current multiyear planning.

Assets with an indefinite useful life (such as goodwill) are not depreciated or amortized. Instead, the “impairment only” approach is applied, in which they are tested annually for impairment and additionally if corresponding indicators exist.

The group as a whole was used as the cash-generating unit for impairment testing, since it represents a homogeneous group of cash-generating assets that cannot be viewed independently of one other. The recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. Value in use is determined by discounting the net cash inflows by the cost of capital. The cost of capital corresponds to the shareholders' expected return and represents the terms on which comparable companies can obtain long-term financing. IAS 36 prohibits reversals of impairment losses recognized for goodwill in subsequent periods. Amortization, depreciation and impairment losses charged on revenue-generating assets are recognized as depreciation and amortization in the consolidated statement of profit or loss and other comprehensive income, and are reported as amortization of intangible assets in the consolidated statement of cash flows. If there is any indication that an impairment loss recognized in prior periods no longer applies, the carrying amount of the asset is increased. The reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Where there was a need in subsequent periods to reverse the impairment loss on an impaired asset, this was recognized immediately in profit or loss in accordance with IAS 36.

No impairment losses were recognized in either the reporting period or the previous year.

IV. Income Taxes

Current Taxes

Current taxes are the amount of income taxes expected to be paid or recovered in respect of the taxable profit or loss for the fiscal year. They are based on tax rates that have been enacted or substantively enacted by the end of the reporting period, and on all adjustments to tax liabilities made for previous years. The amount of income taxes expected to be paid or recovered represents the best estimate after adjustment for any uncertain tax positions. Current tax assets and liabilities are only offset under certain specific circumstances. Income taxes relate to deferred taxes and the recognition of provisions for taxes on the net profit or loss for the fiscal year.

Deferred Taxes

Deferred taxes are accounted for using the balance sheet method. This requires that they be recognized on all (quasi-)temporary differences in recognition and measurement between the amounts reported in the IFRS statement of financial position and the value for tax purposes.

Deferred taxes are calculated on the basis of the current tax rates applicable to the period in which the temporary differences are likely to reverse.

Deferred tax assets and deferred tax liabilities are offset in line with the provisions of IAS 12.

Changes in the carrying amounts of deferred taxes are recognized in profit or loss to the extent that the underlying items are also treated in profit or loss and not recognized directly in equity.

Deferred tax assets on temporary differences, unused tax losses, and unused tax credits are only recognized to the extent that it is probable that the same entity will have taxable profits in the foreseeable future relating to the same tax authority.

V. Financial Instruments

Recognition and Initial Measurement

Trade receivables are recognized as from the time they arise. All other financial assets and liabilities are recognized for the first time on the trading date if the entity becomes party to the contractual provisions of the instrument.

Trade receivables without a significant financing component and other financial assets are measured at their transaction price (which corresponds to the fair value) on initial recognition. Trade receivables with a significant financing component are recognized at their fair value using the effective interest method. In the case of receivables with a residual term of less than 12 months, use was made of the simplification option under IFRS 15.63 and they were not discounted.

In the case of items that are not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to their acquisition or issue are also included.

Classification and Subsequent Measurement

Financial assets are classified and measured as follows on initial recognition:

- At amortized cost
- FVOCI debt instruments (investments in debt instruments that are measured at fair value, with changes being taken to other comprehensive income)
- FVOCI investments in equity instruments (investments in equity instruments that are measured at fair value, with changes being taken to other comprehensive income)
- FVTPL (measured at fair value with changes being recognized in profit or loss)

Financial assets are not reclassified following initial recognition unless the group changes its business model for managing the financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if both of the following conditions are met and it was not designated as FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade and Other Receivables

Trade and other receivables are measured at fair value on the date of initial recognition less any impairment losses; the effective interest method may be used where appropriate. Other noncurrent receivables are measured at amortized cost using the effective interest method.

Other Financial Assets

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and they also meet the cash flows requirement. The cash flows requirement is met if the cash flows are solely payments of principal and interest on the principal amount outstanding. Debt instruments are measured at fair value through other comprehensive income (FVOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the cash flows requirement has to be met. Under IFRS 9, debt instruments must be measured at fair value through profit or loss (FVTPL) if they are not held either within a business model whose objective is to hold financial assets in order to collect contractual cash flows or within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets. Other financial assets are reported as current or noncurrent assets, depending on management intent with respect to disposal.

Financial assets are only derecognized if the contractual rights to the cash flows have expired or the assets have been transferred to a third party along with the risks and rewards of ownership.

Income and expenses in connection with financial assets measured at fair value through profit or loss are reported under financial expense and financial income. Loss allowances on trade receivables are an exception to this rule. Uncollected investor fees resulting from defaults are corrected directly in revenue as rebates, and hence as variable consideration pursuant to IFRS 15.51, on the basis of individual decisions by the Management Board and using the expected value method pursuant to IFRS 15.53.

VI. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances that are denominated in euros in all cases.

VII. Measurement of Nonderivative Financial Liabilities

Nonderivative financial liabilities that are not held for trading or designated as such on initial recognition are measured at fair value less directly attributable transaction costs on initial recognition. Thereafter they are measured at amortized cost using the effective interest method.

VIII. Equity and Reserves

The minimum par value of EUR 1 for the no-par value bearer shares was recognized as subscribed capital.

The excess of the issuing price over the minimum par value for the no-par value bearer shares is recognized in equity under the capital reserves.

IX. Provisions

Provisions are nonfinancial liabilities of uncertain timing or amount. They are recognized for legal or factual obligations of the company arising from past events. A precondition for recognition is that the obligation is expected to result in an outflow from the entity of resources embodying economic benefits, and that a reliable estimate of the obligation can be made.

The amount recognized is the best estimate of the obligation based on past experience and market expectations, taking specific risks into account.

X. Revenue Recognition

The company has applied the principles set out in IFRS 15 to all new contracts with customers since fiscal year 2017. In line with this, all borrower contracts are assessed using a five-step model, and the timing and period of revenue recognition are determined. The model comprises the following steps:

1. Identifying the contract(s) with the borrower
2. Identifying performance obligations in the contract
3. Determining the transaction price for the entire contract
4. Allocating the transaction price to the individual performance obligations
5. Recognizing revenue when (or as) the entity satisfies the performance obligation.

The point in time at which revenue is realized is determined by determining when the borrower obtains control of the asset. Specific criteria are used to clarify whether control is transferred either over time or at a point in time. For example, one indication of this is whether the significant opportunities and risks have been transferred.

The creditshelf group generates revenue in the following areas:

1. Fees from brokering loans to borrowers
2. Fees from providing services to investors (primarily arranging investment opportunities)
3. Servicing and monitoring, such as consulting for the creditshelf Loan Fund and provision of the platform for collateral monitoring and for monitoring companies' business documents over time.

Whereas application of the IFRS 15 criteria reveals that the first two revenue streams in this list only result in revenue being generated at a point in time, the revenue stream in the third item represents revenues recognized over time. In the first and second cases, the company performs the service at the direct point in time when the loan is granted by the fronting bank. The borrower fee is retained directly when the loan amount is disbursed by the fronting bank, whereas the investor fee is generally retained in installments from the repayments of the principal amount. In addition, individual agreements providing for creditshelf to be remunerated by investment vehicles were introduced with effect from the current fiscal year in the context of partnerships with institutional investors. In the case of the first two revenue streams, the transaction costs result from the application of a contractually defined percentage of the disbursed lending volume.

XI. Financial Income and Financial Expense

The group's financial income and financial expense consist of interest income and interest expense.

These are measured using the effective interest rate and recognized in the statement of profit or loss as other financial income or financial expense.

Enhanced Disclosures on Financial Instruments

<u>Risk Management of Financial Instruments</u>

The group's main financial instruments comprise receivables and cash at banks. No derivative financial instruments as defined by IFRS 9 were entered into or held.

Financial instruments were examined for additional evidence of impairment.

The lifetime expected credit loss is used in all cases to measure loss allowances on trade receivables and contractual assets.

When determining whether the default risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group uses reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses that are based on the group's historical loss experience and well-founded assessments, including forward-looking information.

The group assumes that the default risk of a financial asset has increased significantly if it has been overdue for more than 30 days.

Fee contracts with investors in the amount of kEUR 1,573.5 (previous year: kEUR 1,333.0) contain provisions granting the group the right to claim payment of the fee directly from the investor if the borrower fails to pay it. The relevant performance indicators – primarily debt-to-equity and capital ratios – are monitored continuously and reported to the Management Board. Uncollected investor fees are corrected directly in revenue as rebates, and hence as variable consideration pursuant to IFRS 15.51, on the basis of individual decisions by the Management Board and using the expected value method pursuant to IFRS 15.53.

Financial assets and liabilities are measured at amortized cost. They comprise recognized trade receivables (both current and noncurrent), other receivables, other financial assets, cash and cash equivalents, trade payables, and other financial liabilities (both current and noncurrent). The carrying amounts of the current financial assets and liabilities are reported as a reasonable approximation of their fair value.

In the case of noncurrent assets, the Level 3 fair value was determined by applying a standard market discount rate appropriate to the term of the asset. In the case of noncurrent financial liabilities, the carrying amount corresponds to the fair value, as a standard market interest rate was used in the calculation (see the information provided in note 10).

The following table and information give the carrying amounts (and hence the fair values) of financial assets and liabilities, and the levels in the fair value hierarchy to which they have been assigned.

	Category IFRS 9	Carrying amount Dec. 31, 2021 in kEUR	Carrying amount Dec. 31, 2020 in kEUR
Noncurrent financial assets			
Trade receivables	FAAC	1,033.0	876.2
Other financial assets	FAAC	27.1	27.1
		1,060.1	**903.3**
Current financial assets			
Trade receivables	FAAC	1,262.1	1,355.5
Other financial assets	FAAC	25.5	2.1
Cash and cash equivalents	FAAC	4,458.7	3,844.3
		5,746.3	**5,201.9**
Noncurrent liabilities			
Other financial liabilities	FLAC	2,463.2	50.1
		2,463.2	**50.1**
Current liabilities			
Trade payables	FLAC	3,694.3	3,777.8
Other financial liabilities	FLAC	75.3	72.2
		3,769.6	**3,850.1**

FAAC = financial assets measured at amortized cost.
FLAC = financial liabilities measured at amortized cost.

5. Consolidation Methods

As was the case in the previous year, the consolidated financial statements comprise the financial statements of the parent company and of its subsidiary, creditshelf solutions GmbH.

creditshelf tests assets annually for impairment and whenever there is an indication that the asset may be impaired (“triggering event”). This also applies to the goodwill recognized at group level, which was the residual amount following purchase price allocation in accordance with IFRS 3 “Business Combinations” resulting from the acquisition of all the shares in Valendo GmbH in fiscal year 2019.

Hidden reserves and hidden liabilities realized on fair value measurement of the assets and liabilities in the course of initial recognition are rolled over, amortized, and reversed in subsequent periods in line with the changes in the assets and liabilities.

Profit and loss and all components of other comprehensive income are attributed to the owners of the parent.

All intercompany transactions are eliminated in the course of the consolidation of intercompany balances. This means that all receivables and liabilities for companies included in consolidation are offset against each other. Equally, all transactions recognized in profit or loss are eliminated during the consolidation of income and expenses. No elimination of intercompany profits needs to be performed at creditshelf since these do not exist.

The financial statements of the subsidiaries were prepared as of the same reporting date as the financial statements of the parent company.

6. Other Changes in Presentation

In fiscal year 2021, creditshelf again made changes to the presentation of the figures reported for the previous fiscal year in light of the fact that Commission Delegated Regulation (EU) 2018/815 (ESEF tagging) has applied to the company as from the 2020 fiscal year. The changes were made in order to enhance mapping to the ESEF taxonomy. They are disclosed here in line with IAS 8.29.

The changes made only affect the statement of cash flows:

In contrast to the 2020 Annual Report, the “financial expenses” (kEUR 31.1) and “financial income” (kEUR –15.3) items that were reported separately are combined in the “financial expenses/financial income” item (kEUR 15.8) in the 2021 Annual Report.

Moreover, the change in temporarily recognized cash holdings in the statement of cash flows in the 2020 Annual Report was no longer recognized in the cash funds item but directly against the corresponding liability under cash flows from operating activities. The figures as of December 31, 2020, were adjusted in line with this for the current report. The reclassified amount relating to the prior-year period was kEUR 3,412.4. Client funds are now disclosed in the reconciliation from cash and cash equivalents to the cash funds item.

In turn, all of the abovementioned changes led to a change in the gross cash flow reported as of December 31, 2020, net cash generated by/used in operating activities, and net cash generated by/used in financing activities.

7. Business Combinations (IFRS 3)

In the course of the acquisition by creditshelf Aktiengesellschaft of the former Valendo GmbH as of October 1, 2019, the parties to the contract agreed, in addition to the consideration for the transfer of own shares worth kEUR 1,434.7 (purchase price tranche I), a contingent purchase price that was linked to earn-out provisions (purchase price tranche II).

Following the expiration of the earn-out period on January 18, 2021, the targets for the revenue-based earn-out element were reached, in line with management expectations. The buyer and the seller have agreed that the first two earn-out elements do not apply and that the earn-out payable is kEUR 250. Equally, other purchase price adjustment mechanisms defined in the purchase agreement for the company, which took the form of a reduction, did not apply. In January 2021, the Management Board of creditshelf Aktiengesellschaft resolved not to use the replacement option and to settle the earn-out due in cash.

B) Disclosures on the Consolidated Financial Statements

8. Intangible Assets

The intangible assets comprise an internally generated Internet platform and an internally generated risk tool (software) that is used to assess the credit risk associated with potential borrowers. The risk tool (software) was developed in the period up to March 2020 by an external service provider 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. The creditshelf team is responsible for the ongoing development of these purchased modules. The existing risk analysis software components (in total the “risk tool”), which at present run modularly and independently of each other, are being combined within a uniform architecture, the “risk engine,” which is classified as a higher-level asset in accordance with IAS 38.

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

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

As of December 31, 2021, intangible assets comprised the following:

	Acquired intangible assets			Internally generated intangible assets	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
Gross amount						
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
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**

Gross amount						
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	652.9	652.9
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 December 31, 2021	8.1	3,674.8	517.7	999.9	888.5	6,089.0
Accumulated amortization						
Balance as of January 1, 2021	1.7	1,282.5	0.0	717.3	0.0	2,001.5
Additions	0.7	760.8	0.0	282.6	0.0	1,044.1
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 December 31, 2021	2.4	2,043.3	0.0	999.9	0.0	3,045.6
Carrying amount as of December 31, 2021	**5.7**	**1,631.3**	**517.7**	**0.0**	**888.5**	**3,043.2**
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:

The software programs recognized have finite lives and are presented after adjustment for prepayments. Amortization of capitalized intangible assets is presented in the “depreciation and amortization” line of the statement of profit or loss. In addition, the Internet platform and the risk tool (software) are reviewed for impairment in accordance with IAS 36 annually and, if new facts arise, in the course of the year as well.

A third-party contractor was commissioned to develop the risk tool (software) used to assess the credit risk associated with potential borrowers, work on which began in the fourth quarter of 2017. The development work performed by this third party was successfully completed in March 2020. As a result, no subsequent acquisition costs were recognized in the past fiscal year (previous year: kEUR 24.2). Additionally, prepayments of kEUR 44.2 for development work by the third-party contractor made in the previous year were reclassified in line with this. No prepayments were made in this context in fiscal year 2021. The costs are being amortized. The amortization period is 5 years.

Purchase price allocation in connection with the acquisition of the former Valendo GmbH was performed as of October 1, 2019. This led to the capitalization 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 December 31, 2021, reporting date amounted to kEUR 176.7 (previous year: kEUR 241.0).

The carrying amount of the goodwill resulting from the acquisition of the former Valendo GmbH that was recognized as of December 31, 2021, was unchanged, at kEUR 517.7 (previous year: kEUR 517.7). Goodwill is not amortized as it has an indefinite useful life. The cash-generating unit to which the goodwill has been allocated is reviewed for impairment at least once a year or where indicators of this exist.

After the internally generated intangible assets had been amortized in full over the 5-year period, the carrying amount of the creditshelf Internet platform as of December 31, 2021, was kEUR 0.0 (previous year: kEUR 282,6). The Internet platform serves as a virtual marketplace for borrowers and investors. It was capitalized at cost, which includes the development costs paid to third-party contractors to develop the platform. Continuing development of the Internet platform after it went live has been performed by internal staff.

Ongoing development of the systems architecture – including the risk engine, which is classified as a higher-level asset – is treated as 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 December 31, 2021, was kEUR 888.5 (previous year: kEUR 235.6). The percentage of completion for the risk engine was approximately 100% as of the reporting date; it went live in 2022. Two enhancements – for portfolio optimization (percentage of completion: 50%) and for optimizing and extending the digital lending process (percentage of completion: 90%) – are still under development. The company expects that they will be completed in the short to medium term. Following completion, this own work capitalized will be reclassified as internally generated intangible assets and subsequently amortized over 5 years.

The impairment test on recognized goodwill as of December 31, 2021, was performed in accordance with IAS 36, IDW Accounting Principle IDW RS HFA 40 "Einzelfragen zu Wertminderungen von Vermögenswerten nach IAS 36" ("Specific Questions Relating to Impairments of Assets under IAS 36") and IFRS 13, "Fair Value Measurement."

The group as a whole was used as the cash-generating unit for impairment testing, since it represents a homogeneous group of cash-generating assets that consequently cannot be viewed independently of one other. creditshelf's recoverable amount was determined on the basis of its value in use. Since creditshelf is a relatively young company with high rates of growth and investment, value in use reflects management's future expectations. This entails the use of assumptions, which can be taken from the following table. The calculations are based on cash flow forecasts used in the budgets for the years up to and including 2023, which have been approved by the management. For the period beyond that, the growth rates and margins were transformed into a perpetual terminal value ("TV") over three transitional periods. Revenue growth beyond the detailed planning period was reduced linearly to a perpetual growth rate of 1.0% (previous year: 1.0%). The EBITDA margin for the terminal value was based on forecast data from the peer group, which were also used to calculate the cost of capital.

Inputs	creditshelf as of Dec. 31, 2021	creditshelf as of Dec. 31, 2020
WACC (before tax)	9.53%	8.43%
Tax rate	31.93%	31.93%
Growth rate (TV)	1.00%	1.00%
EBITDA margin (TV)	28.44%	29.88%
Carrying amount of net assets in EUR million	3.9	4.4
Evidence of impairment	**No**	**No**

Reconciliation of Net Carrying Amount

	creditshelf as of Dec. 31, 2021 in kEUR	creditshelf as of Dec. 31, 2020 in kEUR
Noncurrent assets		
Intangible assets	3,043.2	3,434.6
Property, plant, and equipment	176.4	222.8
Trade receivables	1,033.0	876.2
Current assets		
Trade receivables	1,262.1	1,355.5
Other assets	206.3	300.2
Other financial assets	25.5	2.1
Current liabilities		
Trade payables	–694.3	–641.9
Other financial liabilities	–75.3	–72.2
Current provisions	–191.3	–549.1
Other liabilities	–878.2	–534.6
Tax liabilities	–0.0	–22.2
Carrying amount of net assets	**3,907.4**	**4,371.5**

The carrying amount of the assets comprises noncurrent assets, current assets, and current liabilities. The item does not include cash and cash equivalents, equity, or noncurrent liabilities.

The impairment test performed by creditshelf did not lead to any impairment losses being charged on the recognized goodwill, since the recoverable amount was in excess of the carrying amount of the net assets.

Significant Estimates: Impact of Potential Changes on Key Assumptions

Although the assumptions made regarding the macroeconomic environment, developments in the sector in which creditshelf is active, and discounted cash flows are considered to be reasonable, changes in the assumptions or circumstances relating to the volatility of impairment requirements must be examined.

In line with this, creditshelf performed a sensitivity analysis as of the December 31, 2021, reporting date. The analysis assumed changes of +/– 1.5% for the WACC before tax applied, plus revenue growth rates of +/– 0.75% and changes in the EBITDA margin of +/– 3.0%. The sensitivity analysis revealed that the goodwill was not impaired even after the adjusted assumptions were taken into account. This also applies when the inputs to which the sensitivity analysis were applied are viewed in the aggregate.

9. Property, Plant, and Equipment

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

The changes in property, plant, and equipment 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
Balance as of December 31, 2020	335.8	10.5	38.4	228.3	613.0
Accumulated amortization					
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
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	73.7	0.0	12.9	15.4	102.0
Disposals	0.0	0.0	–2.1	–54.1	–56.2
Balance as of December 31, 2021	409.5	10.5	49.2	189.6	658.8
Accumulated amortization					
Balance as of January 1, 2021	222.8	3.2	38.4	125.8	390.2
Additions	69.2	1.0	12.9	57.3	140.4
Disposals	0.0	0.0	–2.1	–46.1	–48.2
Balance as of December 31, 2021	292.0	4.2	49.2	137.0	482.4
Carrying amount as of December 31, 2021	**117.5**	**6.3**	**0.0**	**52.6**	**176.4**
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 creditshelf group had two leases under IFRS 16 – a building lease and an automobile lease – as of December 31, 2021. No other leases requiring recognition existed as of the reporting date.

The company temporarily subleased additional space in the Mainzer Landstrasse 33a building as from April 15, 2019, so as to expand its existing office space as part of the long-term expansion of its workforce. However, these premises are no longer needed since the company's staff have been working remotely to a greater extent since the start of the coronavirus pandemic and the company also wants to use state-of-the-art, flexible working and office policies in future. As a result the sublease, which expired on December 31, 2021, has not been renewed. 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 recognized as of the start of the fiscal year. This also applies to the group's other leases.

The group signed a lease with a noncancelable minimum term of 5 years as of August 1, 2017. This lease was extended until July 31, 2023, in October 2021. The right-of-use asset was initially recognized for the building lease as of August 1, 2017; the cost after discounting of the minimum lease payments was kEUR 294.9. A lease liability in the same amount was also recognized. The cost of the building lease was revised in fiscal year 2020 due to an index adjustment. In line with this, the corrected cost for 2017 should have been kEUR 319.5. This led to the subsequent recognition of the cost and an adjustment to the lease liability being made in 2020. Due to the agreement reached with the landlord and the associated lease extension in October 2021, an adjustment of kEUR 72.2 was also made to the cost and the lease liability in fiscal year 2021. The future lease payments for the period between November 2021 and July 31, 2023 were discounted. The discount rate used was 3.6% (previous year: 3.6%); this was identified by the company's management as the internal incremental borrowing rate inherent to the lease. The building lease also contains a price index clause, under which the lease payments are adjusted in line with the Federal Statistical Office's consumer price index. This 3.9% index increase was made to the lease as of August 1, 2021. An index increase of 3.9% per annum is also assumed for next year. The right-of-use asset for the building is being depreciated over the remaining lease period of 21 months until July 31, 2023 as from October 2021.

In addition, the creditshelf group entered into an automobile lease in February 2020. The right-of-use asset for the automobile was recognized in the amount of kEUR 16.2 after discounting the minimum lease payments. The automobile lease liability was recognized in the same amount. The discount rate used was 2.6%; this was identified by the company's management as the internal incremental borrowing rate inherent to the lease. The right-of-use asset for the automobile is being depreciated over 4 years using the straight-line method.

The carrying amounts as of December 31, 2021, were kEUR 117.5 (previous year: kEUR 112.9) for the two lease assets and kEUR 123.6 (previous year: kEUR 122.4) for the lease liabilities.

The changes in the lease liabilities were as follows:

	Lease liabilities	**Change due to lease extension**	**Total lease expenses**	**Total repayments**	**Total interest**
	in kEUR	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**
as of December 31, 2020	122.4	0.0	74.2	69.0	5.2
as of December 31, 2021	123.6	72.2	75.8	72.3	3.5

No lease liabilities such as rental liabilities were deferred in fiscal year 2021. Equally, there were no matters requiring the recognition of impairment losses in the period from January 1 to December 31, 2021. Please see note 33 in this report for further information about IFRS 16.

10. Noncurrent 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 fiscal year 2021 were as follows:

	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR
Gross amount of receivables	1,080.5	907.3
Financing component	–25.5	–28.0
Net amount of receivables	1,055.0	879.3
Expected discount	–22.0	–3.1
Trade receivables	**1,033.0**	**876.2**

The borrower fee is automatically retained from the loan disbursement amount. The investor fee is normally deducted automatically 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 the current fiscal year in the context of partnerships with institutional investors. This means that noncurrent receivables can only become overdue if the borrower defaults and hence no cash inflows at all can be expected. 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 amounts have been deducted from revenue. Consequently, creditshelf's business model does not provide for the possibility of a noncurrent receivable becoming overdue without a Level 3 waiver of a receivable under the IFRS 9 level model being recognized at the same time. As a result, the group has not recognized any Level 3 valuation allowances in this context.

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 financing portion is corrected directly in revenue. The fair values were determined on the basis of the discounted cash flows using a current lending rate.

Impairment Losses and Risks

Information on impairment losses on trade receivables that are attributable to default risk can be found in note 32. No currency risk or interest rate risk exists.

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.

11. 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 as of December 31, 2021 (previous year: kEUR 13.6) after deferred tax assets and deferred tax liabilities were offset. Deferred tax assets can only be recognized to the extent that deferred tax liabilities have been recognized. Offset deferred tax liabilities amounted to kEUR 404.4 as of December 31, 2021 (previous year: kEUR 312.5). 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, which do not lapse under German law, amounted to kEUR 7,096.3 as of December 31, 2021 (previous year: kEUR 7,211.2). Total unutilized deferred tax assets were kEUR 7,696.7 (previous year: kEUR 7,313.9), with kEUR 261.0 (previous year: kEUR 1,041.2) of this amount being attributable to creditshelf's subsidiary.

12. Current Trade Receivables

Trade receivables comprise fees owed by investors that creditshelf largely charges for brokering loans or shares of loans. Their due dates are linked to the borrower repayments. Since creditshelf arranges loans with different durations, the terms of the receivables also vary. As a result, receivables are classified as both current and noncurrent.

Current receivables comprise trade receivables with a term of less than one year. They amounted to kEUR 1,262.1 as of December 31, 2021 (previous year: kEUR 1,355.5). Trade receivables must be initially recognized in the amount of the noncontingent consideration. However, under the IFRSs receivables that contain a significant financing component must be recognized at fair value instead. Use is made of the simplification option under IFRS 15.63 for receivables with a residual term of less than 12 months, which are not discounted due to their short-term nature.

The group holds trade receivables in order to collect contractual cash flows and consequently recognizes these at amortized cost using the effective interest method. The net amount reported is considered to be a plausible estimate of the fair value.

The borrower fee is normally retained automatically from the loan disbursement amount. The investor fee is normally deducted automatically 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 the current fiscal year in the context of partnerships with institutional investors. This means that such payments can generally only become overdue if the borrower defaults and hence no cash inflows at all can be expected. 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. If the term of a loan is extended but the loan volume is not reissued, the borrower refunds creditshelf the borrower fee due. Specific valuation allowances in the amount of kEUR 100.5 (previous year: kEUR 0.0) were recognized on potential defaults resulting from this.

In the case of trade receivables that have been classified as current assets, the group considers the settlement amount to be a plausible estimate of 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 that will not be changed going forward.

13. Current Other Assets and Financial Assets

	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR
Other assets		
Other receivables	206.3	239.4
VAT receivables	0.0	60.8
	206.3	**300.2**
Other financial assets	25.5	2.1
	25.5	**2.1**

Other receivables primarily comprise accrued insurance payments and prepaid invoices. The other financial assets primarily relate to receivables from health insurance providers and current lease security deposits.
Due to the short-term nature of the other receivables, the group considers the settlement amount to be a plausible estimate of the fair value.

14. Cash and Cash Equivalents

As of December 31, 2021, cash in hand at the group amounted to kEUR 0.7 (previous year: kEUR 0.6), while bank balances totaled kEUR 4,458.0 (previous year: kEUR 3,843.7). The increase in cash and cash equivalents is due on the one hand to the drawdown of a shareholder loan in the amount of kEUR 2,300.0, and the positive cash flow seen in Q4 2021. As in the previous year, the settlement of transactions led to cash of kEUR 3,000.0 (previous year: kEUR 3,136.0) being held temporarily in a company account as of the December 31, 2021, reporting date, briefly increasing the cash and cash equivalents. This item is matched by a corresponding liability.

In contrast to the 2020 Annual 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 cash flows from operating activities. The figures as of December 31, 2020, were adjusted in line with this for the current report. In the course of the reclassification of the temporarily recognized cash holdings, there was an adjustment of cash and cash equivalents of kEUR 3,110.2 at the end of fiscal year 2021. For the prior-year period of 2020, this adjustment amounted to kEUR 3,412.4.

As of the December 31, 2021, reporting date, creditshelf had cash and cash equivalents of kEUR 1,348.4 (December 31, 2020: kEUR 431.8) 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 December 31, 2021, amounted to kEUR 0.7 (December 31, 2020: kEUR 0.6). Bank balances totaled kEUR 4,458.0 (December 31, 2020: kEUR 3,843.7).

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. There is a contractual prohibition on the company disposing of the funds in this account independently. As of December 31, 2021, the account had a balance of kEUR 0.1 (previous year: kEUR 0.1). The cash funds item must be reduced by this amount and totaled kEUR 1,348.4 as of the reporting date (previous year: kEUR 431,8).

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. Only EUR 2.3 million of this amount had been drawn down as of December 31. No notice to terminate the agreement has been given.

15. Equity and Reserves

Equity instruments in the amount of kEUR 588.8 (previous year: kEUR 771.0) 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 – see also note 17), due to the decision to exercise the equity settlement option. Conversely, the recognition of the equity instruments in the capital reserves was partly offset by earn-out obligations relating to the acquisition of the former Valendo GmbH totaling kEUR 250.0 (previous year: kEUR 0.0) and transaction costs of kEUR 22.4 (previous year: kEUR 24.8), which are directly attributable to the creation of these equity instruments under IAS 32. In addition to the listing procedure for equity instruments scheduled for the beginning of the coming fiscal year, transaction costs are also incurred in relation to the ongoing implementation of the share-based employee incentive programs; the amounts were deferred on a pro rata basis in line with this. There were four share-based employee incentive programs (Restricted Stock Units I-IV Programs) in existence during the reporting period.

creditshelf Aktiengesellschaft’s subscribed capital was increased on a single occasion in the reporting period by EUR 15,912.00, from EUR 1,360,339.00 (as of December 31, 2020) to EUR 1,376,251.00 (as of December 31, 2021). The subscribed capital is composed of 1,376,251 no-par value bearer shares (previous year: 1,360,339 no-par value bearer shares). Each no-par value bearer share entitles the holder to one vote.

The capital increase was performed in the basis of the resolution by the Management Board dated January 25, 2021, to increase the company’s subscribed capital in order to perform a further conversion of the claims already due under the share-based employee incentive programs (Restricted Stock Units Programs) that were introduced at the beginning of fiscal year 2019. 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. The share capital was contingently increased by up to EUR 688,125.00 (previous year: EUR 562,500.00). The authorized capital amounted to kEUR 688,125.00 as of December 31, 2021 (previous year: kEUR 533,411.00).

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 December 31, 2021, these held a total of approximately 80.0% of the voting rights, based on the voting rights notifications submitted in accordance with the WpHG (previous year: 80.6%). 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*	
Dec. 31, 2021						
Nominal amount in kEUR	239.2	219.9	519.1	122.3	275.7	1,376.3
in percent	17.4%	16.0%	37.7%	8.9%	20.0%	100.0%

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

16. Equity Transaction Costs Associated with Capital Increases

For fiscal year 2021, directly allocable transaction costs of kEUR 22.4 (previous year: kEUR 24.8) were deducted against equity in the free capital reserves in connection with cash capital increases under the share-based employee incentive programs (Restricted Stock Units Programs I–IV). The transaction costs primarily comprised expenses for the banks advising on the transactions.

17. Share-based Employee Incentive Programs (Restricted Stock Units Programs I–IV)

The Management Board resolved to introduce three share-based employee incentive programs (Restricted Stock Units Programs I–III) in fiscal year 2019. A further share-based employee incentive program (Restricted Stock Units Program IV) was added in June 2020. All four programs qualify as compensation measures under IFRS 2 that are designed to align employees' and shareholders' interests and hence to generate a sustainable increase in enterprise value. In addition, the programs aim to motivate participants to contribute to the long-term growth and economic success of the company and its affiliates. Claims under the programs are to be met by issuing equity instruments. All shares in the programs that have vested as of the end of a year are delivered by implementing a cash capital increase from existing authorized capital, while disapplying existing shareholders' subscription rights, at the start of the new fiscal year. This results in what is known as an equity settlement, i.e., the personnel expenses incurred minus the payroll tax components are offset against the capital reserves. Payroll tax components were recognized as current or noncurrent liabilities, depending on when they are expected to fall due. With the exception of RSU III, the personnel expenses were reduced using a flat-staff rate turnover rate; they were calculated using the graded vesting method taking program-specific historical share prices into account. The staff turnover rate reflects the turnover among the employees covered by the programs and was based on historical data.

The current payroll tax provisions for the RSU programs are measured at their intrinsic value, since the probability that employees will accept the shares to which they are entitled following vesting is assumed to be 100%. Unvested shares lapse. A dividend of 0 is assumed. For these reasons, measurement is based on the closing rate for creditshelf's shares (XETRA) on the measurement date in question. No option pricing model needs to be used. The closing rate on December 30, 2021, was EUR 36.20 (previous year: EUR 43.00). This figure is a directly observable Level 1 input.

The four RSU programs can be summarized as follows as of the December 31, 2021, reporting date:

Restricted Stock Units Program I

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

Period	**Number of units originally granted via award letters (A)**	**Number of lapsed units (B)**	**Number of remaining units (A) – (B)**	**Number of vested units (C)**	**Number of vested units already converted into shares (D)**	**Fair value of vested units (C) – (D) measured using the share price on the reporting date**
	Number	**Number**	**Number**	**Number**	**Number**	**in kEUR**
Dec. 31, 2020	8,635	4,587	4,048	2,768	1,690	46.4
Dec. 31, 2021	8,635	4,869	3,766	3,766	2,768	35.1

The personnel expenses recognized for Restricted Stock Units Program I in the period were reduced in the reporting period by kEUR 19.7 due to changes in the program (previous year: increase of kEUR 78.9).

Restricted Stock Units Program II

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

The following table comprises the RSU II units for both case 1 and case 2. The number of case 2 shares that were included in the forthcoming vesting was determined using the mean of the XETRA closing prices for creditshelf's shares in December. This was EUR 39.9 (previous year: EUR 43.48 as the average price for November).

Period	**Number of units originally granted via award letters (A)**	**Number of lapsed units (B)**	**Number of remaining units (A) – (B)**	**Number of vested units (C)**	**Number of vested units already converted into shares (D)**	**Fair value of vested units (C) – (D) measured using the share price on the reporting date**
	Number	**Number**	**Number**	**Number**	**Number**	**in kEUR**
Dec. 31, 2020	13,013	987	12,026	5,813	2,091	160.1
Dec. 31, 2021	18,711	3,400	15,311	10,884	5,813	178.5

The personnel expenses recognized for Restricted Stock Units Program II amounted to kEUR 299.2 for the reporting period (previous year: kEUR 241.9).

Restricted Stock Units Program III

RSU III creates a remuneration incentive for members of the Management Board. In its meeting on March 11, 2019, the Supervisory Board approved the RSU III program and authorized a framework of 20,000 RSUs for Dr. Mark Währisch over the term of his contract of service. Dr. Mark Währisch was granted 10,000 RSUs in an award letter dated May 8, 2019. He was granted a further 10,000 RSUs in an award letter dated January 20, 2020. This means that the limit of 20,000 RSUs over the term of his contract that was authorized by the Supervisory Board was been fully utilized. The vesting period for the units under the two award letters runs until the end of his contract of service (April 30, 2021). The shares in the company are to be awarded pro rata on each anniversary of the grant date (fiscal year-end) and at the end of his contract of service in 2021. The RSU III Program provides for a four-year lock-up period as from the grant date. It has a quarterly vesting schedule.

Period	**Number of units originally granted via award letters (A)**	**Number of lapsed units (B)**	**Number of remaining units (A) – (B)**	**Number of vested units (C)**	**Number of vested units already converted into shares (D)**	**Fair value of vested units (C) – (D) measured using the share price on the reporting date**
	Number	**Number**	**Number**	**Number**	**Number**	**in kEUR**
Dec. 31, 2020	20,000	0	20,000	14,444	3,334	477.7
Dec. 31, 2021	20,000	0	20,000	20,000	14,444	238.9

The personnel expenses recognized for Restricted Stock Units Program III amounted to kEUR 78.0 for the reporting period (previous year: kEUR 683.0).

Restricted Stock Units Program IV:

On June 19, 2020, the Management Board resolved a further share-based employee incentive program (RSU IV). The sole objective of this program is to retain the participating employees for the company and to reward their future loyalty to it so as to contribute to the long-term growth and financial success of the company and its affiliates, and to align the employees' interests with those of the company's shareholders. Shares in the company will vest and be awarded on one occasion only at the end of the program, i.e., at the earliest after 3 years.

Period	Number of units originally granted via award letters (A)	Number of lapsed units (B)	Number of remaining units (A) – (B)	Number of vested units (C)	Number of vested units already converted into shares (D)	Fair value of vested units (C) – (D) measured using the share price on the reporting date
	Number	Number	Number	Number	Number	in kEUR
Dec. 31, 2020	2,669	0	2,669	0	0	0.0
Dec. 31, 2021	7,903	0	7,903	0	0	0.0

The personnel expenses recognized for Restricted Stock Units Program IV amounted to kEUR 107.3 for the reporting period (previous year: kEUR 35.0).

Pursuant to IFRS 2.51, total expenses for Restricted Stock Units Programs I–IV in fiscal year 2021 amounted to kEUR 464.7 (previous year: kEUR 1,038.8). As in the previous year, this expense item was attributable solely to equity-settled instruments during the reporting period.

Additional Information:

The fair value given in the tables differs from the personnel expenses recognized for the period, which comply with the methodology set out in IFRS 2. The latter requires that the expenses are not assigned pro rata in equal amounts across the vesting period, but rather that earlier periods should be given a heavier weighting. This does not apply to the RSU IV, because in this case the shares will only vest at the end of the program.

18. Noncurrent Provisions

The noncurrent provisions can be broken down as follows:

	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR
Noncurrent provisions		
Provisions for Virtual Participation Program	777.1	920.4
Noncurrent payroll tax provision for RSUs	217.3	226.3
	994.4	**1,146.7**

The schedule of provisions is as follows:

in kEUR	Carrying amount at the start of the reporting period	Amounts recognized	Amounts utilized	Amounts reversed	Carrying amount at the end of the reporting period
Noncurrent provisions					
Provisions for Virtual Participation Program	920.4	0.0	0.0	143.3	777.1
Noncurrent payroll tax provision for RSUs	226.3	0.0	9.0	0.0	217.3
	1,146.7	**0.0**	**9.0**	**143.3**	**994.4**

a) Provision for Payroll Tax

The noncurrent provisions comprise the noncurrent component of the payroll tax provision under the RSU program.

b) Share-based Payment

Virtual Participation Program II

On July 29, 2015, the company agreed a contract with an institutional partner – in addition to a partnership agreement – granting it virtual shares in the company. The objective was to allow it to share in the growth in the company's value and to preserve its relationship with the company for the long term. The partner was granted 1,500 virtual shares in the company with a par value of EUR 1.00 per share. In a follow-up agreement, the partner was granted a further 19,640 virtual shares in the company with a par value of EUR 1.00 per share as of June 30, 2018.

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

The provisions recognized for Virtual Participation Program II are measured at their intrinsic value, since the probability that the partner will accept the shares to which it is entitled following vesting is assumed to be 100%. This is because the shares are clearly in the money compared to the par value of EUR 1 – the value at which they were granted and that represents the strike price. A dividend of 0 is assumed. Consequently, no option pricing model needs to be used.

For these reasons and due to the contractual provisions underpinning Virtual Participation Program II, the fair value of a single virtual share corresponds economically and from a mathematical finance perspective to the fair value of the corresponding real shares. Since the IPO, the XETRA share price has been used as the basis for measurement. However, the contractual provisions specify that a 20-day average rather than the closing rate is taken as a basis.

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

The virtual interests as of December 31, 2020, were as follows:

Date of issue	Number of shares granted	Subscription price	Underlying per share	Fair value per virtual share	Total fair value
	Number	in EUR	in EUR	in EUR	in kEUR
July 29, 2015	1,500	0.0	43.54	43.54	65.3
June 30, 2018	19,640	0.0	43.54	43.54	855.1
Total	**21,140**	**0.0**	**43.54**	**43.54**	**920.4**

The virtual interests as of December 31, 2021, were as follows:

Date of issue	Number of shares granted	Subscription price	Underlying per share	Fair value per virtual share	Total fair value
	Number	in EUR	in EUR	in EUR	in kEUR
July 29, 2015	1,500	0.0	36.76	36.76	55.1
June 30, 2018	19,640	0.0	36.76	36.76	722.0
Total	**21,140**	**0.0**	**43.54**	**43.54**	**777.1**

The income from Virtual Participation Program II that was recognized in the statement of profit or loss amounted to kEUR 143.3 in the period from January 1 to December 31, 2021 (previous year: kEUR 176.7). As was previously the case, the obligations relating to Virtual Participation Program II are classified as long-term obligations with an indefinite term.

19. Noncurrent Other Financial Liabilities

Since 2021, noncurrent other financial liabilities comprise a shareholder loan agreement entered into with Obotritia Capital KGaA and the interest payable on its redemption plus lease liabilities relating to the previously mentioned right-of-use assets for the period of between one and five years.

On January 4, 2021, creditshelf Aktiengesellschaft signed a shareholder loan framework agreement with Obotritia Capital KGaA, which was expanded by an addendum on March 9, 2021. The framework agreement provides for an overall loan 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 company had drawn down EUR 2.3 million under the agreement as of December 31, 2021.

The change in the lease liability is due to the agreement reached with the landlord and the resulting lease extension for Mainzer Landstrasse 33a, Frankfurt, in October 2021. Under this agreement, the lease was extended until July 31, 2023. Please see notes 9 and 33 for other disclosures and information regarding the changes in and measurement of the lease liabilities.

	Dec. 31, 2021 in kEUR	**Dec. 31, 2020 in kEUR**
Noncurrent Other Financial Liabilities		
Lease liabilities	48.3	50.1
Shareholder loan	2,300.0	0.0
Interest on shareholder loan	114.9	0.0
	2,463.2	**50.1**

20. Trade Payables

The trade payables as of December 31, 2021 (kEUR 3,694.3; previous year: kEUR 3,777.8) primarily related to the offsetting position for the cash funds that were temporarily recognized in connection with the settlement of transactions (see note 14). In addition, the item included payables for goods and services ordered of kEUR 694.3 (previous year: kEUR 641.8).

Trade payables are not secured and are normally paid within 30 days of receipt.

Due to the short-term nature of the trade payables, the group considers the settlement amount to be a plausible estimate of the fair value.

The group did not furnish any collateral.

21. Current Other Financial Liabilities, Current Provisions, and Other Liabilities

	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR
Current liabilities		
Current other financial liabilities		
Lease liabilities	75.3	72.2
	75.3	**72.2**
Current provisions		
Provision for other personnel expenses	9.1	236.6
Provision for payroll tax for RSUs	182.2	312.5
	191.3	**549.1**
Current other liabilities		
Liabilities for personnel expenses	271.2	277.3
VAT liability	263.4	0.0
Liabilities for financial statement preparation and audit	158.5	135.8
Liabilities for Supervisory Board compensation	90.0	90.0
Other liabilities	95.1	31.7
	878.3	**534.7**

Current other financial liabilities comprise the lease liabilities relating to the previously mentioned right-of-use assets for the period of up to one year.

The schedule of current provisions is as follows:

in kEUR	Carrying amount at the start of the reporting period	Amounts recognized	Amounts utilized	Amounts reversed	Carrying amount at the end of the reporting period
Current provisions					
Provision for other personnel expenses	236.6	0.0	227.5	0.0	9.1
Current payroll tax provision for RSUs	312.5	145.4	275.7	0.0	182.2
	549.1	**145.4**	**503.2**	**0.0**	**191.3**

Liabilities for personnel expenses largely comprised vacation liabilities, payroll liabilities, and the associated social security costs.

The positive operational development in Q4 2021 and the resulting revenue led to a VAT liability of kEUR 263.4 for fiscal year 2021 (previous year: VAT receivable of kEUR 60.8). kEUR 210.1 of this amount relates to the advance VAT return for Q4 2021 and kEUR 53.3 to VAT liabilities from previous years.

The group considers the settlement amount to be the most plausible estimate of the fair value. The group did not furnish any collateral.

C) Disclosures on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

22. Revenue

Revenue can be broken down as follows:

	Jan. 1–Dec. 31, 2021 in kEUR	Jan. 1–Dec. 31, 2020 in kEUR
Borrower fees	5,344.1	3,391.0
Investor fees	1,573.5	1,333.0
Servicing and advisory fees	333.9	175.2
	7,251.5	**4,899.2**

creditshelf's revenue climbed by 48.0% year-on-year in fiscal year 2021 to kEUR 7,251.5 (previous year: kEUR 4,899.2). The main driver for this was an increase in the volume of loans arranged via the creditshelf platform, which climbed from kEUR 98,925 in fiscal year 2020 to total kEUR 166,905 in the reporting period.

creditshelf's revenues in fiscal year 2021 came from three different sets of fees. The borrower fees that creditshelf receives from borrowers when loans are disbursed amounted to kEUR 5,344.1 (previous year: kEUR 3,391.0). This corresponds to a margin of 3.2% (previous year: 3.4%) on the volume of arranged loans. Investor fees that the company generated for loans arranged via the creditshelf platform amounted to kEUR 1,573.5 (previous year: kEUR 1,333.0). The investor fee margin declined to 0.9% (previous year: 1.3%). This decrease is due on the one hand to changes in the conditions applicable to our cooperation with institutional investors, which is material to funding our growing lending volume on the creditshelf platform, and to isolated cases of large loans with short durations on the other. The lower investor fees are increasingly being replaced by revenue from servicing and advisory fees, which amounted to kEUR 333.9 (previous year: kEUR 175.2). This primarily comprises revenue for monitoring and servicing existing loans, and service and advisory fees that are charged and due on a quarterly basis relating to the creditshelf Loan Fund, which started operations in May 2020 and continued to be active in fiscal year 2021. These fees are calculated as a percentage of the net invested capital (i.e., the capital invested in SME loans via the fund), which fluctuates over time. Consequently, the increase in servicing and advisory fees is due to the increase in the net invested capital over the course of the fiscal year and to the fact that the creditshelf Loan Fund had been in existence for an entire year for the first time. As a result, the importance of revenue recognized over time from servicing and advisory fees is increasing. In line with these changes, the overall sales margin – the ratio of revenue to the arranged loan volume – amounted to 4.3% in fiscal year 2021 (previous year: 4.9%).

Seen from the perspective of the IFRS 15 criteria, borrower and investor fees are solely revenue generated at a point in time. In both cases, the company primarily performs the service immediately the loan is granted by the fronting bank. The borrower fee is retained directly when the loan amount is disbursed by the fronting bank, whereas the investor fee is generally withheld in installments from the repayments of the principal amount. In addition, individual agreements providing for creditshelf to be remunerated on a monthly basis by investment vehicles have been introduced in the context of partnerships with institutional investors. In the case of both revenue streams, the revenue results from applying a contractually defined percentage to the disbursed lending volume.

Uncollected investor fees, which have been correctly directly in revenue since the last fiscal year, amounted to kEUR 209.7 (previous year: kEUR 29.3), in line with the expected level of defaults to be assumed for this risk class. A significant portion of this item (kEUR 116.7) was attributable to the nonrecurring restructuring of a major loan. Conversely, a new loan extended in this context resulted in new investor fees. Potential future rebates, which are estimated using the expected value method pursuant to IFRS 15.53, amounted to kEUR 24.6 in the reporting period (previous year: kEUR 45.1). As in the past, the classification of uncollected investor fees as rebates in cases of default depends on individual decisions by the Management Board.

23. Other Income

At kEUR 145.0, other income declined substantially in the fiscal year (previous year: kEUR 940.4). This item mainly comprises income of kEUR 143.3 from the change in the provision for Virtual Participation Program II (previous year: kEUR 176.7), which is linked to the change in creditshelf's share price. In the previous year it also included income from the reversal of provisions (kEUR 114.5) and discounts recognized in equity of kEUR 209.8. No premiums or discounts have been reported since the H1 2021 report, since these do not affect EBIT and this practice enhances transparency.

24. Own Work Capitalized

Own work capitalized amounted to kEUR 637.0 in fiscal year 2021 (previous year: kEUR 421.8) and comprised personnel expenses incurred in connection with software development. The year-over-year rise is due to the increasing volume of development work being performed in-house after the company's relationship with an external software developer was discontinued at the end of Q1 2020.

25. Personnel Expenses

Personnel expenses in fiscal year 2021 were kEUR 5,333.7, a decline on the figure for the previous year (kEUR 6,024.3). On the one hand, this reflects the relatively constant headcount year-over-year of an average of 62 staff (previous year: 69 staff). On the other hand, the item includes lower expenses for Restricted Stock Units programs, which totaled kEUR 464.7 (previous year: kEUR 1,038.8, see also note 17). IFRS 2 required material personnel expenses for claims to units that arose in the period up to 2021 to be recognized in previous periods. At the same time, fewer units were granted overall in 2021. This applies in particular to the RSU III program, which expired in the current fiscal year since Dr. Mark Währisch left the Management Board as of April 30, 2021. Bonus payments for sales staff resulted in additional expenses of kEUR 82.4 for the first time in the reporting period.

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 (previous year: kEUR 100) each. This is paid in twelve equal monthly installments. No other cash compensation is provided for. An annual gross fixed salary of kEUR 100 (previous year: 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"). In fiscal year 2021, the total compensation paid to the Management Board amounted to kEUR 402.2 (previous year: kEUR 1,038.4). The compensation paid to the Management Board in 2021 also includes the personnel expenses of kEUR 78.0 (previous year: kEUR 683.0) incurred for Dr. Mark Währisch under the Restricted Stock Units program. Additional details are provided in note 17.

26. Other Operating Expenses

Other operating expenses amounted to kEUR 3,698.4 in fiscal year 2021, clearly down on the prior-year figure (kEUR 4,366.2). This reflects the rigorous management of non-personnel costs. Other operating expenses fell sharply overall despite the increased volume of arranged loans and the associated rise in variable expenses. In more detail, other operating expenses were as follows:

	Jan. 1–Dec. 31, 2021 in kEUR	**Jan. 1–Dec. 31, 2020 in kEUR**
Marketing and advertising expenses	783.8	1,329.6
Legal and consulting costs	770.1	702.0
IT costs	446.1	342.9
Third-party services in connection with loan applications	436.2	448.0
Lease expenses	196.5	253.6
Sales commission	190.4	316.5
Supervisory Board expenses	90.6	91.2
Membership fees	59.4	61.9
Premiums on loan receivables	0.0	209.8
Other expenses	725.3	610.7
	3,698.4	**4,366.2**

Advertising and marketing expenses fell significantly to kEUR 783.8 (previous year: kEUR 1,329.6). Key reasons included a tightly focused marketing strategy featuring efficient campaigns aimed at clearly-defined target groups. What is more, the marketing expenses item for the prior-year period contained specific measures designed to strengthen the infrastructure in this area, which have laid the groundwork for more efficient strategies here. 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.

At kEUR 770.1, legal and consulting costs rose slightly (previous year: kEUR 702.0). As in the previous year, this item comprised the costs of external legal advice, costs relating to the preparation and audit of the financial statements, and external accounting costs.

IT costs rose to kEUR 446.1 in fiscal year 2021 (previous year: kEUR 342.9). The rise is due to higher costs for licenses and concessions and reflects the expansion of creditshelf's analysis capabilities and the work it is doing to automate its processes.

Third-party services relating to loan applications in fiscal year 2021 resulted in expenses of kEUR 436.2 (previous year: kEUR 448.0). This primarily consists of costs for external data searches made during credit analysis.

Lease expenses declined year-over-year to kEUR 196.5 (previous year: kEUR 253.6). This is due to a reduction in leased space made as part of the company's strict cost management and the extension of its existing New Work policies in the period since H2 2020.

Sales commission paid to partners for brokering loans totaled kEUR 190.4 (previous year: kEUR 316.5). The volume of loans arranged in the reporting period benefited significantly from sales partnerships for which no fees were paid.

No premiums on loan receivables or from loan purchases have been recognized since the H1 2021 report, since these do not affect EBIT and this practice enhances transparency (prior-year period: kEUR 209.8). The same applies to discounts on loan purchases, for which an identical amount was reported in other operating income in the prior-year period.

Supervisory Board expenses in fiscal year 2021 were on a par with the previous year.

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 59.4 (prior-year period: kEUR 61.9).

Total other expenses amounted to kEUR 725.3 (previous year: kEUR 610.7). This item includes recruitment costs of kEUR 126.4 (previous year: kEUR: 0.0) which the company incurred as part of its sustained recruitment of qualified staff. In addition, a specific valuation allowance on outstanding borrower fees was recognized in fiscal year 2021 in the amount of kEUR 100.5 (previous year: kEUR 0.0) for two outstanding receivables from a single borrower. The other expenses item also comprises the cost of services provided in relation to the company's stock market listing, plus insurance premiums.

27. Income Taxes

The income taxes of kEUR –8.2 disclosed for fiscal year 2021 (previous year: kEUR 34.5) relate on the one hand to prior-year income taxes at subsidiaries (kEUR –21.8; previous year: kEUR –26.7) and on the other to the reversal of deferred taxes in the amount of kEUR 13.6 (previous year: expense of kEUR -7.8).

	Jan. 1–Dec. 31, 2021	**Jan. 1–Dec. 31, 2020**
	in kEUR	**in kEUR**
Net loss for the period	–2,285.0	–5,361.0
Tax rate	31.96%	31.96%
Expected tax expense	**–730.2**	**–1,713.2**
Adjustment for tax-free income	0.0	**0.00**
Adjustment for non-deductible expenses	14.7	14.7
Actual tax expense before valuation	**–715.5**	**–1,698.4**
The tax expense item includes		
- Income tax expense for prior years	21.8	–26.7
- Current income tax expense	0.0	0.0
Deferred taxes on temporary differences		
- of which on temporary differences	50.5	224.8
Valuation of current loss	651.4	1,465.8
Recognized tax expense	**8.2**	**–34.5**

28. Net Finance Costs

Net finance costs for fiscal year 2021 can be broken down as follows:

	Jan. 1–Dec. 31, 2021 in kEUR	Jan. 1–Dec. 31, 2020 in kEUR
Financial expense for liabilities accounted for at amortized cost		
Interest on shareholder loan	–115.0	0.0
Financial expense for lease liabilities	–3.5	–5.2
Other interest expense		
Interest and similar expenses	–1.2	–2.4
Interest expense from discounting of receivables	0.0	–23.5
	–119.5	**–31.1**
Other financial income		
Other Interest and similar income	0.4	0.0
Interest income from the unwinding of discounts on receivables	17.1	15.3
Interest income for financial assets not valued at FVTPL	**17.5**	**15.3**
Net finance costs	**–102.0**	**–15.8**

The interest income from the unwinding of discounts on receivables relates to the effective interest charged under IFRS 9.

29. 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 17, 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 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 December 30, 2021, reporting date (EUR 36.20) and were also taken into account. The total number as of the December 31, 2021, reporting date was 23,953. The underlying number of shares rose in line with this from 1,376,251 to 1,400,204, in contrast to the basic earnings per share.

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 period	EPS (basic/diluted)
	Number	**in kEUR**	**in EUR**
December 31, 2021			
Basic	1,376,251	–2,293.3	–1.67
Diluted	1,376.251	–2,293.3	–1.67
December 31, 2020			
Basic	1,360,027	–5,326.6	–3.92
Diluted	1,360,027	–5,326.6	–3.92

D) Disclosures on the Consolidated Statement of Cash Flows

A statement of cash flows was prepared to present the changes in liquidity and the company's financial situation. Information on the payment streams in the statement of cash flows is broken down into cash flows from operating activities, investing activities (including divestments), and financing activities (IAS 7), with the sum of the cash flows from these three activities corresponding to the change in cash and cash equivalents in the reporting period.

30. Noncash Transactions

Noncash operating expenses and income, income from the disposal of assets and equity-settled share-based payments that are recognized directly in the capital reserves were eliminated.

31. Changes in Financial Liabilities

The changes in liabilities arising from financing activities in accordance with IAS 7.44A ff. are shown in the following.

Fiscal year 2020	**December 31, 2019**	**Cash flow**	**Addition**	**Change in fair value**	**Other changes**	**Dec. 31, 2020**
	in kEUR	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**
Lease liability Mainzer Landstrasse 33a	169.3	–65.4	0.0	8.4	–2.6	109.7
Automobile lease liability	0.0	–3.6	16.2	0.0	0.0	12.6
Total financial liabilities	169.3	–69.0	16.2	8.4	–2.6	122.3

Fiscal year 2021	**Dec. 31, 2020**	**Cash flow**	**Addition**	**Change in fair value**	**Other changes**	**Dec. 31, 2021**
	in kEUR	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**	**in kEUR**
Lease liability Mainzer Landstrasse 33a	109.7	–68.3	0.0	73.6	0.0	115.0
Automobile lease liability	12.6	–4.0	0.0	0.0	0.0	8.6
Total financial liabilities	122.3	–72.3	0.0	73.6	0.0	123.6

E) Other Disclosures

32. Capital Management

The group is not subject to any external capital requirements; however, the following key capital management goals have been defined for the group:

- To ensure that the group can be continued as a going concern and to maintain its growth course, based on its strategic growth initiatives
- To regularly review its capital structure with a view to optimizing the cost of capital

During fiscal year 2021, the group continued its 2020 strategy of maintaining a debt-to-equity ratio of between 2% and 20%.

The debt-to-equity ratios as of December 31, 2021, and December 31, 2020, were as follows:

	Dec. 31, 2021 in kEUR	Dec. 31, 2020 in kEUR	Change in kEUR	Change in %
Financial liabilities[45]	123.7	122.3	1.4	1.1
Cash funds	1,348.4	431.8	916.6	212.3
Net debt	**–1,224.7**	**–309.5**	**915.2**	**–295.7**
Debt-to-equity ratio	–9.2%	–28.3%		

This indicator, which amounted to -9,2 % as of December 31, 2021 (previous year: –28.3%) is highly volatile due to the company's ongoing growth. The equity position, liquidity risk exposure, and financial risk exposure are monitored centrally within the creditshelf group. In fiscal year 2021, in contrast to the previous year, the company was financed by interest-bearing debt in the form of the shareholder loan as well as by equity. Additional information on the financial risks can be found in the management report.

Please see note 14 for information about changes in the disclosures on cash funds.

[45] Less shareholder loan including accrued interest.

33. Disclosures on Leases (IFRS 16)

The following table contains the lease disclosures required to be made by the creditshelf group under IFRS 16.53. Since February 2020, the company has recognized two right-of-use assets and two lease liabilities (see also note 9). The disclosures made here relate to the leased premises at Mainzer Landstrasse 33a, Frankfurt am Main, and to the automobile lease:

	Jan. 1–Dec. 31, 2021 in kEUR	**Jan. 1–Dec. 31, 2020 in kEUR**
Depreciation of right-of-use assets	69.2	80.3
of which depreciation of building lease	*65.1*	*76.6*
of which depreciation of automobile lease	*4.1*	*3.7*
Interest expense for lease liabilities	3.3	5.2
Expense for short-term leases in accordance with IFRS 16.6	109.5	161.6
Expense for leases for which the underlying asset is of low value in accordance with IFRS 16.6	10.0	10.2
Total cash outflows for leases	272.2	327.8
Additions to right-of-use assets	0.0	16.2
Remeasurement of right-of-use assets	73.7	24.7
Carrying amount of right-of-use assets at the end of the reporting period	**117.5**	**113.0**
of which carrying amount of the right-of-use asset in the building	*109.0*	*100.5*
of which carrying amount of the right-of-use asset in the automobile	*8.5*	*12.5*

The terms of the lease liabilities as of December 31, 2021, 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 December 31, 2021	18.3	57.0	48.3	0.0	123.6	123.6

No changes in lease payments, such as deferrals of rental liabilities as a result of the COVID-19 pandemic, were made.

34. 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 in Germany 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 2.1.4 of the Group Management Report.

Consequently, 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.

	Jan. 1–Dec. 31, 2021	Jan. 1–Dec. 31, 2020
Net segment revenue	**in kEUR**	**in kEUR**
Borrower fees	5,344.1	3,391.0
Investor fees	1,573.5	1,333.0
Servicing and advisory fees	333.9	175.2
Total segment revenue	**7,251.5**	**4,899.2**

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

Breakdown by customer share	Jan. 1–Dec. 31, 2021 in kEUR	Jan. 1–Dec. 31, 2020 in kEUR
Customers accounting for > 10% of revenue	1,726.8	1,103.6
Remaining customers accounting for < 10% of revenue	5,524.7	3,795.6
Total segment revenue	**7,251.5**	**4,899.2**

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. As in the previous year, this affects both the investor side and the borrower side of the business (see also note 35). These have been grouped together in the table above. As in the previous year, the figure for > 10% relates to a single creditshelf group customer.

35. 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 (until December 31, 2021)
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 Vermögensverwaltung 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. For details of the compensation paid to management, please see the information provided on personnel expenses (note 25).

a) Compensation of Key Management Personnel

The compensation of key management personnel – i.e., the Management Board and the Supervisory Board – was as follows:

	Jan. 1–Dec. 31, 2021 in kEUR	Jan. 1–Dec. 31, 2020 in kEUR
Management Board		
Short-term benefits	324.3	355.4
Other long-term benefits	81.3	683.0
	405.6	1,038.4
Supervisory Board		
Short-term benefits	98.8	100.1
	98.8	100.1
Total	**504.4**	**1,138.5**

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 December 31, 2020, in kEUR

Name	Volume purchased	Volume sold	Investor fees	Loan receivables as of the reporting date
Bankhaus Obotritia GmbH	7,390.0	0.0	283.5	509.4
Deutsche Konsum REIT-AG	13,385.0	–1,624.2	154.8	157.9
Midgard Beteiligungsgesellschaft mbH	755.0	0.0	6.3	4.2
Obotritia Capital KGaA	8,434.3	–3,578.8	145.3	144.4
Deutsche Industrie REIT AG	20,100.5	–60.0	160.2	485.8
Anfang B.V.	4,408.7	0.0	63.5	134.2
Total	**54,473.5**	**–5,263.0**	**813.6**	**1,435.9**

Period from January 1, 2021, to December 31, 2021, in kEUR

Name	Volume purchased	Volume sold	Investor fees	Loan receivables as of the reporting date
Bankhaus Obotritia GmbH	2,000.0	0.0	80.0	364.9
Deutsche Konsum REIT-AG	7,865.0	0.0	76.5	83.2
Midgard Beteiligungsgesellschaft mbH	2,180.0	0.0	5.4	5.1
Obotritia Capital KGaA	27,560.0	0.0	91.0	80.0
Deutsche Industrie REIT-AG	13,920.0	0.0	165.2	182.4
Anfang B.V.	68,750.0	0.0	964.9	807.4
Total	**122,275.0**	**0.0**	**1,383.0**	**1,523.0**

c) Borrower Fees Paid to creditshelf by Related Parties

Borrower fees were received in full from the following related parties as part of the group's normal business activities.

Name	Dec. 31, 2021 Volume arranged in kEUR	Investor fee in kEUR	Dec. 31, 2020 Volume arranged in kEUR	Investor fee in kEUR
Edeloptics GmbH	8,150	343.8	7,000	290.0
Total	**8,150**	**343.8**	**7,000**	**290.0**

No loans were brokered to other related party undertakings.

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

In view of the company's liquidity situation, 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 Management Board assessed the issuer's credit quality. 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 to creditshelf Aktiengesellschaft by Related Parties

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. The second tranche in the amount of kEUR 500 was drawn down on May 17, 2021. Two other tranches of kEUR 250 each were drawn down on October 4, 2021, and October 15, 2021. The last tranche to date, in the amount of kEUR 300, was drawn down on November 18, 2021. Consequently, the total amount drawn down to date is EUR 2.3 million.

There were no other loans to creditshelf Aktiengesellschaft by related parties during the reporting period. Services are performed in the same way as if they had been agreed with third parties.

36. Employee Disclosures in Accordance with Section 314(1) No. 4 of the HGB

The company had an average of 62 (previous year: 69) employees in fiscal year 2021.

The average number of employees during the fiscal year, broken down by groups, was as follows as of December 31, 2021:

	Jan. 1–Dec. 31, 2021	Jan. 1–Dec. 31, 2020
Sales	11	14
Marketing	6	8
Risk analysis	10	10
Technology	17	20
Administration	16	17
	62	**69**

The figures given in the table above are quarterly averages.

Personnel expenses amounted to kEUR 5,333.7 (previous year: kEUR 6,024.3) in fiscal year 2021. Of this figure, kEUR 4,603.4 is attributable to payroll expenses (previous year: kEUR 5,294.4), kEUR 730.3 to social security costs (previous year: kEUR 729.8), and kEUR 0.0 to post-employment and other employee benefit costs (previous year: kEUR 0.1).

37. List of Shareholdings in Accordance with Section 313(2) of the HGB

Subsidiaries included in the consolidated financial statements:

Company	Domicile	Equity interest as of Dec. 31, 2021	Equity interest as of Dec. 31, 2020
creditshelf solutions GmbH	Berlin	100.0%	100.0%

38. Auditors' Fees

The following fees were incurred for auditing services provided in the fiscal year by the auditors of the consolidated financial statements, Grant Thornton AG:

	Jan. 1–Dec. 31, 2021 in kEUR	Jan. 1–Dec. 31, 2020 in kEUR
Audit services	164.5	145.0
Tax advisory services	0.0	0.0
Other assurance services	0.0	0.0
Other services	0.0	0.0
Total	**164.5**	**145.0**

As in the previous year, the fees for statutory audits comprise the fee for the audit of the consolidated financial statements for creditshelf Aktiengesellschaft and for the audit of the single-entity financial statements for creditshelf Aktiengesellschaft as of December 31, 2021. In addition, the item contains the auditors' review of the condensed consolidated half-yearly financial statements and the consolidated interim management report as of June 30, 2021.

39. Events after the Reporting Period

The events described below are non-adjusting events within the meaning of IAS 10.10ff.

Successful Cash Capital Increase to Implement the Third Vesting of Share-based Employee Incentive Programs (Restricted Stock Units Programs I–IV)

On January 31, 2022, the Management Board of creditshelf Aktiengesellschaft resolved to increase the company's share capital by EUR 11,623.00 by issuing 11,623 new no-par value bearer shares while disapplying preemptive rights. This was done in connection with the third 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 2021, and that the preemptive rights of creditshelf Aktiengesellschaft shareholders would be disapplied. The Supervisory Board approved this resolution on February 1, 2022, by way of a resolution taken by circulating written documents.

The new shares were entered in the commercial register on February 17, 2022, and were admitted to trading on Frankfurt Stock Exchange's Regulated Market on February 24, 2022, with the same German securities identification number (WKN) as the old shares.

40. Governing Bodies

Names of the Members of the Management Board

The following people were members of creditshelf Aktiengesellschaft's Management Board during fiscal year 2021:

- Dr. Tim Thabe, Chief Executive Officer (CEO); areas of responsibility (as of December 31, 2021): strategy & communications, HR, risk management at creditshelf, credit analysis & portfolio management, legal & compliance, technology and data, platform management
- Dr. Daniel Bartsch, Chief Operating Officer (CFO) and Deputy Chairman of the Management Board; areas of responsibility (as of December 31, 2021): finance, taxes, financial control, equity investor relations, 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 creditshelf Aktiengesellschaft's Supervisory Board in fiscal year 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 SE; 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; Member of the Supervisory Board of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH)
- Prof. Dirk Schiereck (Chair of Corporate Finance, Darmstadt Technical University; member of the Supervisory Board of BayernInvest Kapitalverwaltungsgesellschaft mbH)
- Julia Heraeus-Rinnert (Managing Director of J² Verwaltung GmbH; member of the Shareholders' Committee of Heraeus Holding GmbH)
- Dr. Joachim Rauhut (independent management consultant; member of the Supervisory Boards of Stabilus S.A., MTU Aero Engines AG and until March 23, 2021 of B. Braun Melsungen AG; member of the Advisory Board of J. Heinrich Kramer Holding GmbH & Co. KG)

41. Approval of the Financial Statements

The financial statements were prepared by the Management Board on March 21, 2022, and will be approved by the Supervisory Board on March 23, 2022, as scheduled.

Frankfurt am Main, March 21, 2022

creditshelf Aktiengesellschaft

The Management Board

Dr. Tim Thabe Dr. Daniel Bartsch

5. Independent Auditor's Report[46]

To the creditshelf Aktiengesellschaft, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of creditshelf Aktiengesellschaft, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2021 to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of creditshelf Aktiengesellschaft, Frankfurt am Main, for the financial year from 1 January 2021 to 31 December 2021. In accordance with the German legal requirements we have not audited the corporate governance statement pursuant to Sections 289f and 315d HGB [Handelsgesetzbuch: German Commercial Code] contained in Section 6.1 of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the corporate governance statement listed above.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). [Where compliance with ISAs is also relevant add: We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs).] Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in

[46][Note: This document is a convenience translation of the German original.
The original German language document is the authoritative version.

accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In our view, the following matters were of most significance in our audit of the financial statements. Our presentation of the key audit matters has been structured as follows:

① Financial statement risk
② Audit approach
③ Reference to related disclosures

Impairment of the intangible assets regarding IT software "creditshelf platform”

① Financial Statement Risk

The consolidated financial statements of creditshelf Aktiengesellschaft include intangible assets in the amount of EUR 3,043 thousand. Of these, EUR 2,520 thousand relate to the carrying amount for the IT software "creditshelf platform”, which corresponds to 24.6 % of the consolidated balance sheet total of creditshelf. The company uses the risk tool to assess the credit risk of potential borrowers. In order to ensure the recoverability of the IT software "creditshelf platform”, the legal representatives have assessed, whether an impairment to a lower fair value is required. To determine this fair value, future expected cash flows from the creditshelf platform were derived on the basis of the Group's corporate planning and then discounted.

The result of the valuation of the creditshelf platform by the legal representatives of creditshelf Aktiengesellschaft highly depends on expectations of future cash flows of the creditshelf platform and the applied discount rate and is therefore subject to a high uncertainty. Based on this and due to the underlying complexity of the valuation method applied, this matter was of particular significance in our audit.

② Audit Approach

As part of our audit of the recoverability of the intangible asset IT software "creditshelf platform”, we first reperformed the applied procedure for the impairment test. On the basis of the corporate planning prepared by the legal representatives and approved by the supervisory board, we assessed the appropriateness of the expected future cash flows included in the valuation by assessing the key assumptions on which the legal representatives based their planning and checked it for plausibility using general and sector-specific market expectations. Knowing that relatively small changes in the discount rate used in the valuation model can have a significant effect on the fair value, we assessed the parameters used in determining the discount rate by involving our internal valuation specialists and reperformed the calculation scheme.

③ Reference to Related Disclosures

The Company's disclosures concerning the risk tool are included in Sections "4. Accounting Policies" and "8. Intangible Assets" of the notes to the consolidated financial statements.

Impairment of goodwill from the acquisition of shares in creditshelf solutions GmbH

① Financial Statement Risk

In its consolidated financial statements, the Company reports goodwill from the acquisition of the shares in creditshelf solutions GmbH in the amount of EUR 518 thousand; this corresponds to 5.1% of total assets. In order to ensure the recoverability of the goodwill from the acquisition of the shares in creditshelf solutions GmbH, the legal representatives have assessed in an annual impairment test whether a write-down is required due to impairment. To determine the fair value, expected future cash flows from the corresponding cash-generating unit were derived and discounted on the basis of Group planning.

The result of the measurement of the goodwill from the acquisition of the shares in creditshelf solutions GmbH by the legal representatives of creditshelf Aktiengesellschaft is highly dependent on the expected cash flows from the corresponding cash-generating unit and the discount rate applied, and is therefore subject to considerable estimation uncertainty. Against this background and due to the underlying complexity of the applied valuation model, this matter was of particular importance in the context of our audit.

② Audit Approach

As part of our impairment test of the goodwill arising from the acquisition of the shares in creditshelf solutions GmbH, we first traced the methodological approach used to perform the impairment test. From the Group planning prepared by the legal representatives and approved by the Supervisory Board, we assessed the appropriateness of the expected future cash flows from the corresponding cash-generating unit included in the valuation by acknowledging the key assumptions on which the legal representatives based the planning of the expected future cash flows and checking their plausibility with general and industry-specific market expectations. Knowing that even relatively small changes in the discount rate used in the valuation model can have a material impact on the amount of the fair value determined, we assessed the parameters used in determining the discount rate with the involvement of our internal valuation specialists and understood the calculation scheme.

③ Reference to Related Disclosures

The Company's disclosures concerning the goodwill are included in Sections "4. Accounting Policies" and "8. Intangible Assets" of the notes to the consolidated financial statements.

Other Information

The executive directors and the supervisory board, respectively,_are responsible for the other information. The other information comprises:

- the declaration on corporate governance pursuant to Sections 289f paragraph and 315d paragraph HGB; and
- the declaration of the legal representatives in accordance with 297 paragraph (2) sentence 4 HGB and 315 paragraph (1) sentence 5 HGB,
- the compensation report contained in the annual report pursuant to § 162 of the German Stock Corporation Act (AktG), and
- the other parts of the Annual Report,
- but not the consolidated financial statements, the audited content of the group management report, or our audit opinion thereon.

The declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the corporate governance statement contained in Section 6.1 of the Group management report, is the responsibility of the legal representatives and the Supervisory Board. The Supervisory Board is responsible for the Report of the Supervisory Board contained in the Annual Report. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction,

supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance of Electronic Rendering, of the Consolidated Financial Statements and the Group Management Report, Prepared for Publication Purposes in Accordance with Section 317 Paragraph 3a HGB

Assurance Opinion

We have performed assurance work in accordance with section 317 paragraph 3a HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „creditshelfag-2021-12-31-de.zip" with hash value 902FA302CEF57AA0AAEC453EC926185CC720F8362D97FE0F78C569CDD190A979 calculated using SHA256, and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering, of the consolidated financial statements and the group management report, contained in the file identified above in accordance with section 317 paragraph 3a HGB and the IDW Assurance Standard "Assurance on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with Section 317 Paragraph 3a HGB" (IDW AsS 410) (10.2021). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1 "Requirements for Quality Management in the Audit Firm" (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the group management report in accordance with section 328 paragraph 1 sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328 paragraph 1 sentence 4 no. 2 HGB.

In addition, the executive directors of the company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circum-stances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL), in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 10 May 2021. We were engaged by the supervisory board on 17 September 2021. We have been the group auditor of the creditshelf Aktiengesellschaft, Frankfurt am Main, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Jens Brinkhoff.

Frankfurt am Main, 22 March 2022

Grant Thornton AG Wirtschaftsprüfungsgesellschaft

Eckhard Lewe	Jens Brinkoff
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

6. Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable international 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 group 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, March 21, 2022

creditshelf Aktiengesellschaft

The Management Board

Dr. Tim Thabe Dr. Daniel Bartsch

7. Remuneration Report Pursuant to Section 162 of the AktG

In the following, the Management Board and Supervisory Board of creditshelf Aktiengesellschaft explain the remuneration awarded and due in the last fiscal year to each individual current or former member of the Management Board and the Supervisory Board of the company and of companies belonging to the same group. The relevant company within the meaning of section 290 of the HGB during the reporting period was creditshelf Aktiengesellschaft.

This remuneration report covers the following people:

Name	Governing body	Function	Departure date
Dr. Tim Thabe	Management Board	CEO	n.a.
Dr. Daniel Bartsch	Management Board	Deputy CEO	n.a.
Dr. Mark Währisch	Management Board	Chief Risk Officer	April 30, 2021
Rolf Elgeti	Supervisory Board	Supervisory Board Chairman	n.a.
Rolf Hentschel	Supervisory Board	Deputy Chairman of the Supervisory Board	n.a.
Prof. Dirk Schiereck	Supervisory Board	Supervisory Board member	n.a.
Julia Heraeus-Rinnert	Supervisory Board	Supervisory Board member	n.a.
Dr. Joachim Rauhut	Supervisory Board	Supervisory Board member	n.a.

7.1. Management Board Remuneration

The remuneration system for the members of creditshelf Aktiengesellschaft‘s Management Board approved by the General Meeting on May 10, 2021, makes a major contribution towards implementing and driving forward the company’s business strategy, towards systematically boosting the company’s market position as a pioneer of digital SME finance in Germany and, in the medium term, towards expanding into selected European markets. It focuses in its entirety on the company’s sustainable, long-term development. To achieve this objective, the Management Board is granted market-based, performance-driven, and competitive remuneration.

The basic remuneration system provides for Management Board members to receive both fixed remuneration and performance-based, long-term variable remuneration in the form of share-based employee incentive programs (“Restricted Stock Units programs” or “RSU programs”). Depending on the extent to which Management Board members meet the predefined targets determining the award of the RSUs, the ratio of fixed remuneration to total remuneration is 40–100% and the ratio of variable remuneration to total remuneration is 0–60%. This part of the remuneration system, which relates to variable remuneration components, was not yet applied in fiscal year 2021.

The company’s two founders, Dr. Tim Thabe and Dr. Daniel Bartsch, who are also the members of the Management Board, hold not insignificant volumes of shares in the company and identify strongly with its business model, which they implemented and have progressed from the very start. Their many years of experience and their know-how are extremely important for the company’s continued business development. This special importance has been taken into account by granting them fixed remuneration only, bearing in mind that the interests of the company’s two founders are already aligned with those of the remaining shareholders due to their existing equity interests. Therefore, the ratio of fixed remuneration to total remuneration for these Management Board members is 100%. The fixed remuneration amounts to kEUR 120 per annum in each case, and is payable in twelve equal monthly installments.

The remuneration paid to Dr. Mark Währisch, who was the third Management Board member apart from the two founders, was based on the contract of service with him that was in force until he left the company on April 30, 2021. The abovementioned remuneration system did not apply. The fixed remuneration paid to Management Board member Dr. Mark Währisch amounted to kEUR 100 per annum and was paid in equal monthly installments. In line with his departure from the company on April 30, 2021, his fixed remuneration for fiscal year 2021 totaled kEUR 33.3; in addition, a compensation payment of kEUR 4.2 was made. Dr. Mark Währisch’s remuneration also contained a variable remuneration component in the form of share-based employee incentive programs (“Restricted Stock Units programs” or “RSU programs”) totaling kEUR 78.0. In this case, the terms and conditions of Restricted Stock Units Program III (“RSU III”) dated December 11, 2018, apply. In its meeting on March 11, 2019, the Supervisory Board approved the RSU III and authorized a basic framework of 20,000 RSUs for Dr. Mark Währisch over the term of his contract of service. Consequently, a separate agreement regarding share-based payment (RSU III) was entered into between Dr. Mark Währisch and the company on May 8, 2019. Dr. Mark Währisch was granted 10,000 RSUs in an award letter dated May 8, 2019. A further 10,000 RSUs were granted in an award letter dated January 20, 2020. The vesting period ran until the end of his contract of service (April 30, 2021). The claims were fully vested as of December 31, 2021, and the outstanding 5,555 shares had been earned as of April 30, 2021. The RSU III program provides for a four-year lock-up period as from the grant date. The exercise price was EUR 1 per share.

No use was made of the right to reclaim variable remuneration components. In addition, the members of the Management Board received normal levels of fringe benefits. The maximum possible remuneration of kEUR 500 per annum set for Management Board members was complied with.

After taking all the abovementioned information into account, the total remuneration awarded and due in fiscal year 2021 for current and former members of creditshelf Aktiengesellschaft's Management Board is as follows:

in kEUR	**Remuneration awarded**	**Remuneration due**
Management Board		
Dr. Tim Thabe	141.0	0.0
of which fixed remuneration	*120.0*	*0.0*
of which variable remuneration components	*0.0*	*0.0*
of which fringe benefits	*21.0*	*0.0*
Dr. Daniel Bartsch	137.8	0.0
of which fixed remuneration	*120.0*	*0.0*
of which variable remuneration components	*0.0*	*0.0*
of which fringe benefits	*17.8*	*0.0*
Dr. Mark Währisch (until April 30, 2021)	123.4	0.0
of which fixed remuneration	*33.3*	*0.0*
of which compensation payment	*4.2*	*0.0*
of which variable remuneration components	*78.0*	*0.0*
of which fringe benefits	*7.9*	*0.0*

7.2. Supervisory Board Compensation

creditshelf Aktiengesellschaft's Articles of Association specify that the members of the company's Supervisory Board receive fixed compensation of kEUR 20.0 per fiscal year in addition to being reimbursed their expenses. In derogation of the above, the Chairman receives fixed compensation of kEUR 40.0 per fiscal year plus expenses and the Deputy Chairman receives fixed compensation of kEUR 30.0 per fiscal year plus expenses. The Supervisory Board Chairman voluntarily waived his fixed remuneration in fiscal year 2021. Supervisory Board members who only belong to the Supervisory Board for part of a fiscal year receive pro rata remuneration. In addition, Supervisory Board members receive normal levels of fringe benefits. No variable remuneration components are provided for.

After taking all the abovementioned information into account, the remuneration for current and former members of creditshelf Aktiengesellschaft's Supervisory Board in fiscal year 2021 is as follows. Since only fixed remuneration is paid, no further distinction is made between remuneration awarded and due.

in kEUR	**Remuneration**
Supervisory Board	
Rolf Elgeti	kEUR 2.1
Rolf Hentschel	kEUR 31.7
Prof. Dirk Schiereck	kEUR 21.7
Julia Heraeus-Rinnert	kEUR 21.7
Dr. Joachim Rauhut	kEUR 21.7

7.3. Company Performance and Average Employee Remuneration

The company's annual performance is as follows:

in kEUR	**2021**	**2020**
Revenue	7,251.5	4,899.2
EBIT	–2,183.1	–5,345.3
Net loss for the year	–2,293.3	–5,326.6

The average annual employee remuneration on a full-time equivalent basis, i.e., not including student workers and interns, amounted to kEUR 68.8 in fiscal year 2021. The average is calculated on the basis of gross annual salaries not including variable remuneration components. The annual gross salaries of employees joining or leaving the company in the course of the reporting period are annualized to enhance comparison.

8. Publication Details

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