

MONTOLD

German SME Lending Fund providing credits to German SME

**Germany Fintech:
Montold SME Lending Fund partnership with Puls
credit as a service and treasury management
fintech lifts Puls to occupy a very special niche
among its fintech competitors.**

Private Debt Fund

Montold SME Lending Fund GmbH & Co. KG
(the "Fund") BaFin ID 70162347

Managed by Montold Asset Management GmbH

(„Montold“) BaFin ID 10156973

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Montold SME Lending Fund Partnership with Puls

Montold SME Lending Fund partnership with Puls credit as a service and treasury management fintech lifts Puls to occupy a very special niche among its fintech competitors. In a little bit more detail Puls offering to a German SME business is to aggregate all bank accounts of an SME from different banks (if SME uses more than one bank) in one app. In this app clients can plan and transact payments, use tools for treasury analysis and receive instant credits. Credits are issued by Montold SME Lending Fund.

Puls vs. BaaS banks

Puls service is somewhat a reverse of what is offered by BaaS (banking as a service) fintechs. BaaS banks offer clients embedded finance. If you are a Tiffany store, BaaS bank will offer you a Tiffany bank. Banking license and all backend and transactions will be done by BaaS bank. Clients using Tiffany bank will only see a front end of the mobile app and their credit cards all be labeled as a Tiffany for example. BaaS service connects many business to a single bank where is Puls app connects many different bank accounts to a single application.

Puls and BaaS fintechs are not competitors. Yet BaaS businesses are among those which are best capitalised among German fintechs. The likes of Puls are yet to catch up with valuations of SolarisBank, Fidorbank or former Wirecard which also was a BaaS bank.

Company

SolarisBank

FidorBank

Bancorp

Competitor Status

Not a competitor

Not a competitor

Not a competitor

Fintech Sub-industry

BaaS

BaaS

Bank, BaaS

Country

Germany

Germany

US

Puls vs. Neobanks

Many industry watchers expect that there will be greater specialisation in fintech industry. Companies focusing on their mono product will outcompete those with greater range of products and services.

Puls focuses on account management tools or treasury management tools and instant credit scoring. As a result Puls can offer clients instant and competitively priced credits.

At first glance there are many other industry participants that can do the same. For example a flock of very popular fintechs the Neobanks also offer credits to their SME customers just like any banks do.

The comparison of Puls to a Neobank service doesn't go far. Likes of Germany based N26 or Lendico or UK based StarlingBank, Zopa or Revolut are only limited competitors to Puls. Due to European Open Banking regulation, those Puls' customers which use Neobank as a bank, can still connect their euro area Neobank accounts to Puls app. Puls' clients can connect account from any euro area bank - legacy bank or digital bank and they can count on receiving a competitive service from Puls for treasury management and for their credit needs.

Company	Competitor Status	Fintech Sub-industry	Country
N26	Limited competitor, single bank focused	Neobank	Germany
Lendico	Limited competitor, single bank focused	Neobank	Germany
StarlingBank	Limited competitor, single bank focused	Neobank	UK
Monzo	Limited competitor, single bank focused	Neobank	UK
Zopa	Limited competitor, single bank focused	Neobank	UK

Puls vs. Open banking API providers.

The way Puls can connect its app to any European bank is through open banking API. In particular Puls uses Finleap Connect. An example of the famous US open banking API provider is Plaid while industry behemoth Klarna is also developing its own open banking tools. Puls and open banking API providers are not competitors now while occupying somewhat related market niches.

For a fintech focusing on specific or a mono product it is unlikely that an open banking API provider will move into Puls' niche. But even if they do, Puls will likely be far ahead with its technology and customer reach.

Company	Competitor status	Sub-industry	Country
Finleap connect	Not a competitor	API Banking	Germany
Plaid	Not a competitor	API Banking	US
Fincity	Not a competitor	API Banking	US

Puls vs. BNPL service providers.

Buy now pay later service providers could be counted as competitors to Puls. For example German based Billie, which was recently acquired by industry behemoth Swedish Klarna is offering SME credits to its customers. Companies like Klarna historically focused on retail customers and consumer credit but they possess necessary technology and funding to be accounted for significant competition. The hopes are that Puls will withstand it with a use of its credit score tools and treasury management tools.

Company	Competitor Status	Fintech Sub-industry	Country
Klarna	Not a competitor	Buy now pay later BNPL	Sweden
Billie, acquired by Klarna	Somewhat a competitor	Buy now pay later BNPL	Germany

Puls vs. SME Lenders

There are a few Germany based and UK based SME lending businesses which are not banks that are direct competitors to Puls in Germany. Likes of Spotcap, Iwoca (UK Based with presence in Germany), Kapilendo, Qonto (France based with presence in Germany), Kreditshelf and few others that offer SME credits. In broad terms they are not exactly fintech businesses. For the most part, they are vehicles that provide SME loans, lacking significant fintech capabilities.

Still because they are not banks their funding sources are of interest. For example Iwoca is funded via private debt funds of Insight Investment Management, Kapilendo channels funding from state owned KfW, some of the companies above have direct partnership with a particular bank or a pension fund. Among SME lenders mentioned above Qonto (France based) stands out as a strong competitor. However on German market customers are somewhat attached to local players yielding some advantages for German companies like Puls.

Company	Competitor Status	Fintech Sub-industry	Country
Spotcap	Competition to Puls in SME lending but not in Treasury Management	Credit as a Service for SME	Germany
CapitalBox	Competitor, focused on SME Lending, but not in Germany	Credit as a Service for SME	Sweden
Iwoca	competition to Puls in SME lending but not in Treasury Management	Credit as a Service for SME	UK
Funding Circle	Competitor, focused on SME Lending, but not in Germany	Credit as a Service for SME	UK
Kabbage	Competitor, focused on SME Lending, but not in Germany	Credit as a Service for SME	US
Kapilendo	Competitor, focused on SME Lending, but single bank focused	Credit as a Service to apply for KfW loans	Germany
Qonto	Competitor, focused on SME Lending, but not in Germany	SME Neobank	France

Puls vs. Aggregators and P2P Lenders

Strictly speaking Puls eventually could compete with loan aggregators or P2P lenders in credit issuance but not in API business. There are only a couple of names in this sector in Germany currently. None of the present players among aggregators or P2P lenders at the moment in Germany own a product which could be competitive to Puls.

In addition Puls treasury management app is unmatched by any of the aggregators or P2P lenders currently in Germany.

Puls		Credit as a Service for SME, Treasury Management	Germany
Raisin	Not a competitor	Deposit aggregator	Germany
Auxmoney	Not a competitor	P2P credit	Germany
BetterLoanChoice	Not a competitor	Aggregator for loans	US
Finanzcheck.de	Not a competitor	Aggregator for real estate loans	Germany

Puls vs. Legacy Banks and Conclusion

Puls' biggest competitors are German legacy banks likes of Deutsche Bank, Commerzbank, cooperative banks and federal banks. Together these institutions hold on approximately to Eur 480 bn of SME credits. Puls with its product offering and treasury management app undoubtedly has some competitive edge vs. Germany legacy banks. In addition Puls is not focused on a single bank.

Puls and other German fintech lenders will eventually be able to penetrate SME lending sector on a larger scale and even if Puls only get a small fraction of SME credits total it will become a very profitable business.

DISCLAIMER

MARKETING, NO COMMITMENT OFFERING

This document is a marketing communication. The purpose of this document is to introduce Montold German SME Lending Fund (the "Fund"). This document is not an invitation to invest and is neither an offer to sell nor a solicitation to buy interests in the Fund. Therefore this document does not include a complete description and information that is relevant to the Fund. The decision to invest in the Fund can only be made based on the full fund documentation. Prior to making an investment please refer to the limited partnership agreement of Montold SME Lending Fund GmbH & Co. KG dated 21 June 2021, as amended from time to time (the "LPA"), and the Fund's confidential information memorandum (the "PPM"), including the "Risk Factors" section therein, which contains a discussion of the risks and uncertainties that we believe are material to our business, operating results and financial condition. The LPA and PPM shall be provided to you prior to making an investment decision. This document must be read in conjunction with the LPA and the PPM in order to fully understand all the implications of an investment in the Fund, its terms, structure and investments, regulatory and tax risks and risks associated with conflicts of interest and carefully evaluate those described risks before making an investment in the Fund.

TARGET AUDIENCE

This document exclusively addresses investors in Germany who are professional or semi-professional investors as defined in the German Capital Investment Act (KAGB). As a registered AIF-capital management company (AIF-Kapital-verwaltungsgesellschaft) under § 2 para. 4 and § 44 of the KAGB, Montold does not actively market the Fund outside of Germany.

OWN DUE DILIGENCE, NO INDIVIDUAL RECOMMENDATION

Nothing contained in this document is intended to constitute legal, tax, securities or investment advice. The general opinions and information contained in this document should not be acted or relied upon by any person without obtaining its own specific and relevant legal, tax, securities or investment advice.

It is firmly recommended that all interested investors will carry out their own due diligence of the fund documentation prior to any investment into the Fund and should consider their own investment, legal and tax advice.

FUND'S STRUCTURE

The Fund is a non-listed German limited partnership (Kommanditgesellschaft) which intends to invest all of its total assets (net assets plus borrowings for investment purposes) in private credit investments (loans issued in private offerings or issued by private companies).

RISKS

This investment involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. You should read the LPA and PPM carefully for a description of the risks associated with an investment in the Fund.

These risks include, but are not limited to, the following:

- We have no prior operating history and there is no guarantee that we will achieve our investment objectives.

-This is a "blind pool" offering and thus you will not have the opportunity to evaluate our investments before we make them

-There is no guarantee that suitable investments will be or can be secured in the desired amounts or at all, or that they will be successful.

-You should not expect to be able to sell your interest regardless of how we perform.

-You should consider that you may not have access to the money you invest for an extended period of time.

-We do not intend to list the interests in the Fund on any securities exchange, and we do not expect a secondary market in our interests to develop.

-Because you may be unable to sell your interests, you will be unable to reduce your exposure in any market downturn.

-We intend to implement an interest repurchase program, but only a limited number of interests will be eligible for repurchase and repurchases will be subject to available liquidity and other significant restrictions.

-An investment in interests is not suitable for you if you need access to the money you invest. See "Suitability Standards" and "Interest Repurchase Program" in the PPM.

-We cannot guarantee that we will make distributions and, if we do, we may fund such distributions from sources other than cash flow from operations, including, but not limited to the sale of assets, borrowings, return of capital or offering proceeds, and we have no limits on the amounts we may pay from such sources. A return of capital (1) is a return of the original amount invested, (2) does not constitute earnings or profits and (3) will have the effect of reducing the basis such that when a limited partner sells its interest the sale may be subject to taxes even if the interest is sold for less than the original purchase price.

-Distributions may also be funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by Montold or its affiliates, that may be subject to reimbursement to Montold or its affiliates. The repayment of any amounts owed to our affiliates will reduce future distributions to which you would otherwise be entitled.

-We expect to use leverage, which will magnify the potential for loss on the amounts invested in the Fund.

FORWARD-LOOKING STATEMENT DISCLOSURE

Certain information contained in this document constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "estimate", "believe", "continue" or other similar words, or the negatives thereof. These may include our financial projections, estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, and statements regarding future performance. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. Montold believes these factors include but are not limited to those described under the section entitled "Risk Factors" in the PPM. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the LPA and the PPM. Except as otherwise required by any federal securities or other regulatory law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

ISSUER, USE OF INFORMATION

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OTHER

Numerical data is approximate and as of July 30, 2021, unless otherwise noted. The words "we", "us", and "our" refer to the Montold and/or the Fund, unless the context requires otherwise.

Marketing Communication – Term sheet Montold SME Lending Fund

Fund summary

Fund Size	€50 mln.
Fund BaFin ID	70162347
ISIN/Bloomberg	DE000A3C7PB0 / MOBI7OE GR
Management Fee*	1.0%
Hurdle rate**	4.0%
Redemptions	4.0%
Target IRR***	10.1%
Subscription	Open
Distributions	The aim is to distribute the coupon annually, but without hard commitment. The final distributions are made after the end of the investment period
Minimum Investment	0.2 mln Euro
Minimum Hold	5 years
Legal Counsel	POELLATH P+P Pöllath + Partners
Auditor	KWP Revision GmbH
Administrator	Montold AM
Commercial Register Number of the Fund	HRA 55049 B
Investment Region	Germany
Reference Currency	EUR
Voting	No

* additional 100 btps is charged by Puls for its loan origination

** Fund income above the hurdle rate of 4% is split 25/75 between

Montold and Investors

*** This is an estimate, IRR will depend on dynamic lending rates for SME

Investment Summary

An investor is offered to join Montold SME Lending Fund GmbH („Fund“) managed by Montold Asset Management GmbH („Montold“)

The Fund is a closed-end private debt fund which intends to lend money to borrowers – German SME companies. The Fund collects interest and principal repayments and reinvests the proceeds.

The Fund is structured as German limited partnership (Kommanditgesellschaft) according to the German Commercial Code (Handelsgesetzbuch (HGB)). Investors in the Fund become limited partners in the partnership. For details of the terms of the partnership please refer to the Limited Partnership Agreement of Montold SME Lending Fund GmbH & Co. KG dated 21 June 2021 (the “LPA”).

The Fund is managed by Montold Asset Management, an experienced team of investment managers with over 50 years of combined experience in finance, investment banking and investment management. The Fund is managed in connection with the fintech project Puls. Puls provides SaaS for German SME companies for bookkeeping and working capital management and is also an LP in the Fund. Puls is the sole lead generator of prospective borrowers for the Fund and charges 1% fee on credits issued by the Fund to SME borrowers.

Montold asset management team

Stas Surikov	COO
Yulia Yaroslavtseva	CEO
Stella Grossu	Head of risk

Thank you for your attention!

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