



CHANCEN eG

Fair. Effective. Profitable.

Annual Report 2020



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Please note that only the German version of this Annual Report is legally binding.

Preamble

Dear Members, Readers and other Interested Parties,

Not sad – but true: CHANCEN eG is getting on in years! We can hardly believe it ourselves, but in February 2021 we turned five years old: On 6 February 2016, 36 men and women met in Witten/North Rhine-Westphalia and founded the cooperative. The vision was – and still is today: Everyone should be able to obtain the best education possible, regardless of their own financial means.

Without the conditions imposed by the pandemic, we would have celebrated our fifth anniversary vigorously. Because we are successful: we support around 1,000 students from a wide range of disciplines from 37 educational partners with a volume of around € 21 million; from which roughly € 14 million are shown in the balance sheet. The balance sheet total at the end of 2020 is a good € 24 million – around 50% more than at the end of 2019. The loss was reduced to €k 110. This is in line with our long-term business plan: 2021 should end with a balanced annual result. From 2022 onwards we are planning to make a profit. Compared to zero five years ago, this is a good success, and 2020 is a significant link in our chain of success in this respect.

Other aspects which continued to be successful in 2020: we were able to place our BildungsCHANCEN bond in full. We were also able to attract ten new educational partners, including five universities, four bootcamps and funding for human medicine in the 26 EU countries. Furthermore, we have now largely outgrown the status of a start-up with our internal organisation: With 28 employees in the meantime, including working students and trainees (equivalent to ten full-time positions) and five departments, it is important to optimise and document internal processes. And we have done so. For organisational development we have introduced the Objective and Key Results (OKR) model. This steers an organisation towards a system of goals that is derived from the vision. The management model became famous through the US company Google. And even if this comparison is lame: success inspires – so why not learn from others? Google also started small once.

Something which – at least internally – has already moved somewhat into the background because it works: CHANCEN eG's adaptation to the pandemic situation. With the start of the lockdown on 16 March 2020, all employees have changed over to their home office. In order not to lose the feeling of togetherness in the team, there are now at least two video conferences per week for the team. Our educational partners also reacted very quickly

and switched the study programme completely to online. Today we can say that digital studies and continuing education works for all our educational partners. Nevertheless, we look forward to all of us meeting and exchanging ideas again after the end of the pandemic.

After five years of successfully building up the CHANCEN educational cooperative, we have taken on a major project that has, of course, been part of our DNA since its foundation: We also want to offer the Income Share Agreement as funding for the living expenses of a course of study and therefore open it up to students from all universities in Germany.

This is a huge step for us: organisationally, legally and also financially. On the last point, we are hoping for “start-up aid” from the EU, which for the first time is issuing guarantees for investors for this type of education funding (more [here](#)). But even if we get this start-up aid (the final conditions are still being negotiated), there is still enough for us to do. We hope to be able to offer this for the first time in the 2021/2022 winter semester.

But it is also a consistent step when we consider our vision: Everyone should be able to obtain the best education possible, regardless of their own financial means. And the Income Share Agreement is a sustainably fair instrument to make good education possible also for all those for whom neither their own family nor the state provide these resources to a sufficient degree. Through our subsidiary CHANCEN International we now want to use the Income Share Agreements on a large scale in Africa and finance 10,000 students in Rwanda, South Africa and Kenya over the next three years (see page 6 or on the [internet](#)). We can well imagine this for Germany and Europe in the medium term!

Please discuss this with us. Our Annual General Meeting is being held on 26 June. We look forward to your contribution!



Florian Kollwijn



Olaf Lampson

A. Management Report

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B. Proposal for the Appropriation of Profit

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C. Report of the Supervisory Board

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Fundamentals of the Company

CHANCEN eG (CHANCEN for short) is a cooperative that was founded to promote its members. Its purpose is to promote science and research, education and upbringing, as well as equal opportunities and self-determination in education and training.

The specific aim of CHANCEN is to promote equal opportunities and self-determination during an individual's studies, training and in his or her career choices: everyone should be able to educate themselves in the best possible way, irrespective of the financial opportunities available to them. For this purpose, CHANCEN offers the financing model known as the "Income Share Agreement" (ISA), which has been successfully offered by the StudierendenGesellschaft Witten/Herdecke e. V. at a single university (Witten/Herdecke University) since 1995. The ISA enables downstream, income-dependent education funding.

CHANCEN is oriented towards the common good, but is not tax-privileged within the meaning of the German Fiscal Code. It aims for long-term economic sustainability, but not profit maximisation. CHANCEN would like to enable more equal opportunities for young people for a wide range of study courses, as well as training and further education, and strives for the fair sharing of opportunities and risks in education funding. For this reason, the financially supported young people make an income-related repayment contribution; for this reason, the funding providers receive a standard market interest rate and CHANCEN receives appropriate remuneration for its work.

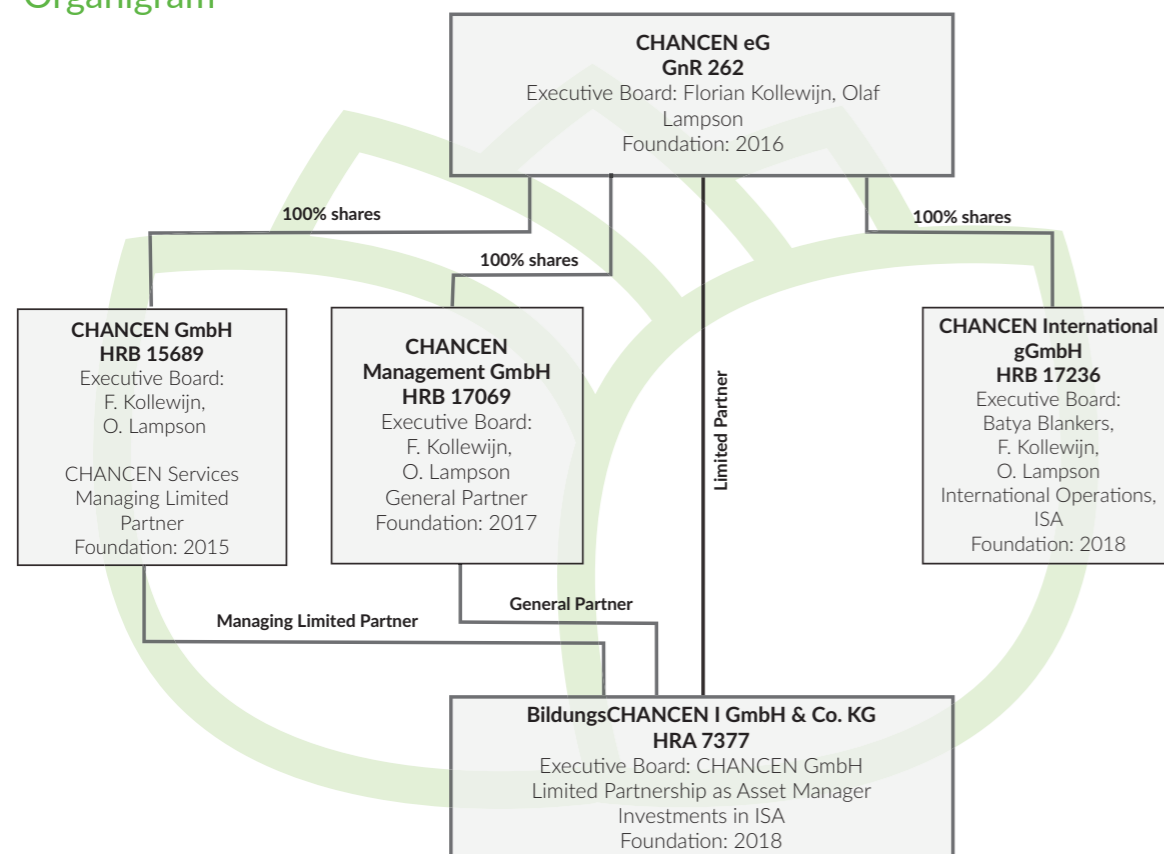
Significant external factors influencing the activities of CHANCEN are the number of cooperating educational institutions, as well as their student numbers, the distribution of payment variants among the students and the development of the graduates' incomes.

CHANCEN was founded in 2016. Due to the start-up phase, which is now slowly coming to an end, and the long-term business model, start-up costs in the form of material and personnel expenses, as well as refinancing costs, were incurred as expected in the first few years, as a result of which the company generated planned start-up losses of around € 1.1 million. According to current planning, CHANCEN expects positive annual results from the 2021 or 2022 financial year onwards due to the further targeted growth and the associated economies of scale.

During the planned loss-making phase in the financial years 2016 to (probably) 2020, which is due to the business model, the Supervisory Board of CHANCEN eG is continuously concerned with the development and continuation of the company. On the basis of the planned development of CHANCEN eG, the annual financial statement as of 31 December 2020 was prepared on the assumption that this positive development will continue.

In addition to the parent company, CHANCEN eG, which is based in Witten, the CHANCEN Group includes CHANCEN GmbH for software-as-a-service offerings, which was founded in 2015, CHANCEN Management GmbH, which was founded in 2017, BildungsCHANCEN I GmbH & Co. KG ("BildungsCHANCEN I") founded in 2018 and the non-profit subsidiary CHANCEN International gGmbH, which was also founded in 2018. All companies have their legal registered office in Witten/Ruhr. The general partner of BildungsCHANCEN I GmbH & Co. KG is CHANCEN Management GmbH, whereas the managing limited partner is CHANCEN GmbH.

Company Law Organigram



BildungsCHANCEN I – ISA-Portfolio

With effect from 1 January 2019, CHANCEN eG had transferred all the ISA contracts it had concluded up to that point, with a volume of 6.35 million €, to its wholly owned subsidiary BildungsCHANCEN I. Since then, all ISA contracts have been transferred to BildungsCHANCEN I. During the 2020 financial year, this process was changed so that new ISA contracts were concluded directly between the students and this subsidiary. For this purpose, CHANCEN eG provides the subsidiary with the corresponding borrowed capital. During the course of 2021, the second subsidiary BildungsCHANCEN II GmbH & Co KG, which is similar in terms of corporate law, is to be founded; from this point on, all new ISA contracts are to be concluded with this company. As of the balance sheet date of 31 December 2020, CHANCEN eG had financial assets of around 16.7 million €.

CHANCEN International

CHANCEN International gGmbH, founded in 2018, has set itself the task of promoting ISA in sub-Saharan African countries as an education financing concept. This is because both the state and privately provided secondary education there is usually fee-based and therefore only accessible to a few young people. In partnership with selected training institutions and universities, CHANCEN International gGmbH is making numerous efforts to establish the Income Share Agreement.

In 2020, the non-profit company recorded good growth. During the course of this process, the team grew from twelve employees, including the management, to fifteen employees. At the end of 2020, CHANCEN International was supporting 1,312 students through the Income Share Agreement (ISA), 75 percent of whom were female and 44 percent from rural regions of Rwanda. CHANCEN International's educational partners, Kepler University and the Akilah Institute in Kigali, offer diploma and bachelor's de-

grees in the subjects of management, health and hospital management, communication and IT. Furthermore, participation in financial literacy courses organised by CHANCEN International gGmbH is compulsory for the students.

At the end of 2020, plans were finalised to mobilise significantly larger funds for education financing in sub-Saharan Africa on the basis of the ISA concept with a new company, the "Zamuka Future of Work Fund Plc" and a mixed, so-called blended-finance structure. CHANCEN International will be one of three shareholder classes in the new company, in which both public and private impact investors want to participate to a substantial extent.

In order to support this and the acquisition of international impact investors, CHANCEN eG has published its 2019 Annual Report (Download here) in full in English for the first time.

Economic Report

General Economic Situation – Branch of Industry – General Business Trend

Economic Developments

Due to the Corona pandemic, the global economy – and with it the German economy – have fallen into recession. The gross domestic product fell by 5.0 percent in 2020 compared to the previous year. This decline is somewhat less than the Federal Government expected at the outbreak of the pandemic in the spring of 2020 (then – 6.3 percent). Unemployment has also risen since March 2020 from its level of 5.1 percent at that time and has since hovered around six percent on a monthly basis. Moreover, real wages have fallen overall from 105.3 percent (previous year) to 104.1 percent (base year 2015).

However, the economic slump is not affecting all sectors of industry – and therefore not all occupational profiles – to the same extent. According to the Institute for Employment Research (IAB), the retail trade, gastronomy and tourism sectors are particularly affected. According to the IAB, other sectors will even benefit from the pandemic,

including in particular all areas of digitalisation as well as the health economy.

When broken down according to study courses and occupational profiles, the ISA portfolio of CHANCEN eG is composed to a greater extent of occupations in the health industry and digital fields, i.e. 85 percent of all students and 91 percent of disbursements. We therefore estimate the negative impact on our ISA receivables portfolio will be low.

However, since the effects of the pandemic can only be reliably assessed after a prolonged observation period, CHANCEN eG drew up three scenarios of the overall economic development and the effects on the cash flow of the ISA portfolio in the spring of 2020. This is because higher unemployment rates and flatter income trajectories in the future could lead to an impairment of the repayment flows from ISA contracts. These scenarios have been updated for the valuation as of the balance sheet date of

31 December 2020 (for a scenario description, see Table 1 below).

Based on these premises, according to our calculation the expected cumulative repayments from the ISA portfolio will be postponed by up to one year until 2028, even in the most difficult third scenario – with temporarily strong slumps in the labour market – although these postponements will largely balance out over time. By 2045, according to our calculations, the total cumulative repay-

ments from our current ISA portfolio will remain less than one percent below their expected value.

This low cyclical impact on the cash flow of our ISA portfolio which we expect is due to the long-term nature of this financing model, which includes a repayment period of up to 25 years. The effects would be more detrimental if a decade-long depression were imminent. We are not working on that assumption.

Table 1: Scenarios of pandemic effects on the labour market and salary development

	Years	2020	2021	2022	2023	2024	2025
Scenario 1	Reduction of Salaries	8.3%	8.3%	5.0%	4.0%	3.0%	1.0%
	Increase of Unemployment plus %	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%
Scenario 2	Reduction of Salaries	8.3%	8.3%	8.3%	5.0%	3.0%	1.0%
	Increase of Unemployment plus %	5.0%	4.0%	3.0%	2.5%	0.0%	0.0%
Scenario 3	Reduction of Salaries	20.0%	15.0%	10.0%	8.0%	5.0%	3.0%
	Increase of Unemployment plus %	15.0%	10.0%	8.0%	5.0%	3.0%	2.0%

Studying remains an important pillar of education

The number of students at higher education institutions in Germany was 2.945 million at the beginning of the winter semester in 2020/2021; this is a year-on-year increase of 2.0 percent. At the same time, the number of first-year students fell by 4.0 percent to 488,600. There are two different trends that lie behind this: the number of foreign university entrants fell by 21 percent to just under 100,000 in the pandemic year; in contrast, the number of domestic university entrants increased by 2 percent to 389,200.

In addition to the total number of students, the number of students at a non-public higher education institution is particularly relevant for CHANCEN. In the 2019/2020 academic year – the most recent figures available – their number (269,181) and their share of all students (9.1 percent, previous year: 8.6 percent) continued to increase. The long-standing trend towards non-public universities is therefore continuing.

On the demand side for ISA financing for studies or training, we expect demand to remain stable or increase. Especially in times of a tight labour market, a good education or further professional qualification is an asset for an interesting professional job, as studies also suggest. In our estimation the longstanding popularity of non-state higher education and the general trend towards more highly qualified education and training (keyword: lifelong learning) will continue. We expect demand to continue to rise, especially in subjects with access restrictions such as human medicine, where there is significantly more demand for study places than public universities can offer. In addition to academic education, the importance of short education and training programmes in software and web development, as well as data science, which are also financed by fees, is increasing.

The financial support provided by the state in accordance with the Federal Training Assistance Act (Bundesausbildungsförderungsgesetz, Bafög for short) is not usually sufficient to finance living costs and tuition fees. Therefore,

financing on the basis of the ISA is an attractive alternative for prospective students because ISA contracts, with their specially designed repayment obligation, are much more flexible with respect to later life situations than bank loans could be. The payment obligation after a course of study is not a constant with a crushing effect under certain circumstances, but a sustainable burden tailored to an individual's own life and income situation.

We assume that interest in academic training or further qualification for the labour market has hardly suffered from the pandemic.

Should the impact of the pandemic hinder the development of the national economy for much longer, this could negatively impact our planned economies of scale in line with growth. This might result in a delay of one year in reaching the profit zone and the accumulated start-up losses could rise to around 1.2 million €. Under these circumstances, the reporting of retained earnings would be delayed accordingly.

Inflationary developments cannot be ruled out

In macro-economic terms, there has been increased discussion about a possible resurgence of inflation since the turn of 2020/2021. The inflation rate in Germany – measured as the change in the consumer price index (CPI) compared to the same month of the previous year – was plus 2.0 percent in April 2021, which could lead to greater uncertainty in the capital markets. The reason for this is that with higher rates of price increases, according to general monetary policy conviction the probability of higher interest rates also increases. This, in turn, would tend to have a dampening effect on the economy and growth due to rising financing costs. However, a tighter monetary policy accompanied by rising interest rates would hardly affect the value of the ISA portfolio of CHANCEN eG, as all Income Share Agreements provide for indexation of the instalment and repayment amounts from an increase in the consumer price index of 5.0 percent since the conclusion of the contract. Rising inflation would have a negative impact on the cooperative's refinancing costs. CHANCEN eG is therefore monitoring this development closely.

Competition

The financing of tuition fees on the basis of the Income Share Agreement instead of a loan with fixed repayment instalments from the outset is only offered by a handful of providers in Germany. These competitors of CHANCEN focus on a selection of subjects such as business administration, law, engineering or political science. For this reason, an overlap of subjects and higher education institutions – and therefore a real competitive situation as financing partners of students at private higher education institutions – exists only to a small extent.

It is CHANCEN's mission to offer fair and sustainable education funding; this is why its advertising slogan is: "Fair. Effective. With profit." Fairness here means above all: conditions for students that are as favourable and exclusively income-dependent as sustainably viable. This is what distinguishes CHANCEN as a public welfare-oriented company from its commercially motivated competitors. CHANCEN therefore assumes that the demand for its financing offer will remain competitive even in the event that the competitors expand their offer to further subjects.

In order to present the conditions better in comparison with other ISA providers, CHANCEN eG changed its conditions in January 2020. In the ISA contracts concluded since the beginning of the reporting year, the gross income is the decisive factor. At the same time, the number of repayment years has been reduced from ten to eight years within the overall – and unchanged – repayment period of 25 years. This adjustment of conditions, which is neutral for the cooperative from a calculation point of view, was carried out for competitive reasons, as it enables a direct comparison of the percentage repayment rates between CHANCEN eG and other ISA providers. Furthermore, this shortens the total term of an ISA contract on average, which appears positive from the investors' point of view.

Table 2: Overview of our Educational Partners as of 31 December 2020

Name of the Educational Partner	Headquarter	Partner since
Universities / Colleges and vocational training institutes with a regular study / training period of more than one year		
1 akkon Hochschule für Humanwissenschaften	Berlin	2017
2 Alanus Hochschule	Alfter	2017
3 Asklepios Campus Hamburg (ACH)	Hamburg	2020
4 CODE University of Applied Science	Berlin	2017
5 Epitech Berlin	Berlin	2018
6 EBZ Business School	Bochum	2019
7 EU FH	Cologne	2016
8 EDU Medical College	Malta	2019
9 Hamburg School of Business Administration (HSBA)	Hamburg	2019
10 HHL – Handelshochschule Leipzig	Leipzig	2020
11 Hertie School of Governance	Berlin	2016
12 HKS Hochschule für Künste im Sozialen	Ottersberg	2019
13 International Psychoanalytical University	Berlin	2016
14 Karlshochschule International University	Karlsruhe	2017
15 Lancaster University Leipzig	Leipzig	2019
16 LSMU - Lithuanian University of Health Science	Kaunas	2020
17 Medizinische Hochschule Brandenburg Theodor Fontane	Brandenburg/Havel	2016
18 Merz Akademie	Stuttgart	2017
19 Northern Business School	Hamburg	2019
20 SRH Berlin University of Applied Science	Berlin	2019
21 Steinbeis - School of Management and Innovation	Berlin	2020
22 XU University	Potsdam	2020
Training institutes with a training period of up to one year		
23 AW Academy	Munich	2020
24 Data Science Retreat	Berlin	2018
25 Digital Career Institute (DCI)	Berlin	2020
26 Games Academy	Berlin	2016
27 Helm Sterlin Institute (HSI)	Heidelberg	2019
28 Ironhack Berlin	Berlin	2019
29 Le Wagon Coding Bootcamp	Berlin, Munich	2019
30 neue fische	Hamburg, Cologne	2018
31 Pipeline Data Engineering Academy	Berlin	2020
32 Super(Code)	Düsseldorf	2019
33 ubiqum code academy	Berlin	2019
34 WBS Coding School	Berlin	2019
35 Wild Code School	Berlin	2019
36 YouGrow Academy	Frankfurt	2020
Study programmes being funded at universities / colleges without cooperation contract		
37 Humanmedizin	States of the EU	2020

Important Events in the 2020 Financial Year

Effects of the Pandemic in the Operational Area

Since mid-March 2020, when the first lockdown came into effect, CHANCEN's higher education partners have been able to move relatively quickly to online learning in order to continue their educational offerings despite a broad ban on face-to-face tuition.

In order to protect its employees, CHANCEN itself also introduced a home office system as a basic working method from spring onwards. Since October 2020 there has also been a pre-registration requirement for work in the central office so that no more than four people are there at the same time. The so-called "AHA rules" apply there in order to avoid infection.

Number of Educational Partners continuing to rise

We apply the following criteria for the selection of our educational partners: Ideally, the funding body of the educational institution is a non-profit organisation (such as a non-profit limited liability company). In the case of other funding bodies, the structure and orientation of the owners are of particular relevance to us, as we do not consider education to be a business model that maximises returns. Moreover, important conditions for us are high-quality teaching, innovative didactics or innovative study courses or the supplementation of a shortage of state study places.

The number of cooperation partners from universities, colleges and further education schools has increased by 10 to 37 now (previous year: 27), which is an increase of more than a third. The newly added educational partners are marked in bold in the table on the previous page. In addition, funding for medical studies at a private university accredited in the EU has been offered since 2020.

Increase in the Number of ISA-funded Students

The number of ISA-associated students increased by 345 from 614 to 959 or 56 percent in 2020. Of these, there have already been disbursements for 872 students. As a result, the volume of loans to sponsored students increased by 55 percent to €k14,254 as of the balance sheet date compared to the previous year (€k 9,174). The earnings situation has not yet been able to keep pace with growth due to the build-up of business and in particular due to the long-term business model. Although revenues from cooperation fees from partner universities increased by 30 percent to €k 405 (previous year: €k 312), income of an economically relevant order of magnitude from the repayment of ISA contracts will

not accrue for several years due to the long-term business model (see chart "An ISA in the Expenditure/Revenue Profile").

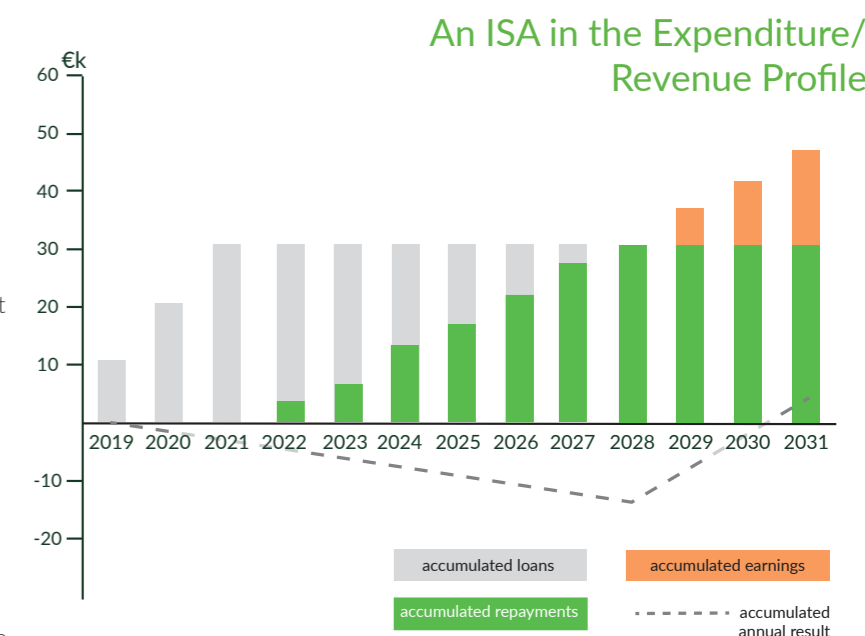
Increase in Repayments from ISA Contracts

In 2020 the repayment phase began for 108 students (previous year: 40). This phase, which lasts between five and – depending on the contract – eight to ten years of a fundamental repayment obligation, always begins in January of a year after the completion of a degree or training. If the income of the previously financed student remains foreseeably below the income limit of currently €k 27 gross – e.g. due to a Master's degree, an internship or a family break – the student can apply to be exempted from the monthly ISA repayment instalments. Otherwise, the monthly minimum amount is due in accordance with the ISA contract; in the following year, the final repayment amount for that year is determined on the basis of the income tax assessment that is to be submitted.

Of the 148 students (previous year: 53) who were in the repayment phase at the end of 2020, 89 (previous year: 29) successfully applied for exemption – over 30 percent due to subsequent studies – and 59 students made repayments. CHANCEN eG and BildungsCHANCEN I received €k 116 (previous year: €k 32) from this.

Income from repayments, on the other hand, did not yet accrue as planned. This is because the ISA financing model is based on an average financing cycle of around 15 years, which on average only closes with income from repayment in the last three years – after the loan amount has been repaid in full.

An example of the structure of the financing cycle is shown in the following chart.



Application for an EIF Guarantee launched

In spring 2020, the European Union (EU) launched a pilot project on skills development and education in Europe through the European Investment Fund (EIF). The aim of the EU Guarantee Facility presented in April 2020 is to facilitate access to finance for individuals and organisations who wish to invest in skills and education. CHANCEN eG has applied for this. At the end of 2020, it was promised a guarantee of up to € 6 million, including for new forms of ISA education funding such as student living expenses. At the time of the preparation of this Management Report, negotiations on the specific conditions and coordination of the contract were still ongoing.

After reaching an agreement with the EIF, CHANCEN eG plans to launch the new product for financing living expenses in the 2021/22 winter semester.

Full Placement of the Bearer Bond

The bearer bond (WKN A2TSCT) issued in the previous year with the approval of the authorities responsible with an interest rate of 3.0 percent and a maximum issue volume of € 13.0 million, a good 39 percent of which was subscribed in 2019, was fully placed in 2020 by the time the approval expired on 19 July 2020. Of this, 23 percent was placed in 2020 as an own issue and 77 percent in this period via the financing partner GLS Gemeinschaftsbank eG. The use of the funds raised in this way was monitored in accordance with the prospectus via the appointed trustee HmcS Treuhand GmbH, Hanover.

The bond proceeds of 13 million € will finance around 650 additional students.

At the end of December 2020 the bond was admitted to over-the-counter trading on the Frankfurt Stock Exchange ([here](#)). CHANCEN eG welcomes this listing on the Open Market, as it increases the fungibility – and therefore also the attractiveness – of the security for its investors.

Internal Organisational Structure expanded

For operational optimisation, the organisational model of “Objective and Key Results” (OKR) was introduced for the cooperative in 2020. In this way, an organisation based on the division of labour is committed to a system of targets that is derived from its vision and strategy and is controlled on the basis of measurable results.

CHANCEN eG's mission is to offer higher education in a fair and sustainable manner with the Income Share Agreement so that every individual can develop without restriction. From this mission, sub-targets which are to be set annually are derived for each of the five departments within the cooperative – Research, Student & Alumni Services, IT, Investor Relations and Finance. These targets are measured, evaluated and – if necessary – re-adjusted or supplemented with measures to achieve the targets on a quarterly basis.

Furthermore, a number of internal processes were optimised and documented in 2020 in order to fix and improve internal procedures.

Publications

The “Zeitschrift für das gesamte Genossenschaftswesen” (“Journal for the Entire Cooperative System”) published an extensive article on the foundation and construction of CHANCEN eG in issue 70, volume 2020, pages 25 to 47. This contributes to the transparency of their business model propagated by CHANCEN.

Information Technology

The central component of the IT landscape within the CHANCEN Group is an internationally distributed software for cloud computing solutions (“Salesforce”), which is used to map the data storage as well as the processes for handling the Income Share Agreement. Furthermore, other software applications are integrated via interfaces.

In 2020, all IT projects that had been started for the database, which is predominantly accounted for at CHANCEN GmbH, were finalised. Furthermore, the adjusted ISA conditions (repayment rates refer to the gross income instead of netted income) were incorporated.

General Meeting

On 30 August 2020, the General Meeting of CHANCEN eG was held as an online conference in accordance with the changed legal situation due to the pandemic (§ 3 GesRuaCOVBekG - Act on Measures in Company, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID 19 Pandemic). The meeting adopted the annual financial statements for 2019, decided to carry forward the 2019 annual result 2019 and discharged the bodies of the cooperative. In addition, the General Meeting elected Supervisory Board members Katharina Beck and Niklas Becker for a further three-year term of office until 2023. In addition, two amendments to the Articles of Association (addition to § 10, paragraph 2; addition to § 38, paragraph 1) were adopted with the necessary ¾ majority.

Presentation of the Situation of CHANCEN eG

Income Situation

We were able to increase the income from cooperation fees from our educational partners by 30 percent from €k 312 to €k 405. This reflects the continuing increase in the number of our university partners, as well as the number of funded students.

Moreover, CHANCEN eG reported income from the collection of management fees of €k 457 (previous year: €k 315) and interest income from affiliated companies of €k 532 (previous year: €k 253) in 2020. This pays for the administration of the ISA contracts, as well as shareholder loans issued by CHANCEN eG. This income is offset by corresponding expenses at the BildungsCHANCEN I subsidiary. Overall, sales revenues of €k 863 were generated in 2020 (previous year: €k 627).

Under the “Other own work capitalised” item, €k 148 was incurred for internally generated software (previous year: €k 71), reflecting the increased activities for the adaptation of standard software in the past year.

The “Other operating income” item includes, among other things, intra-group settlements from subsidiaries, from wage reimbursements in the event of illness and write-ups on financial assets. In 2020, this intra-group income decreased significantly to €k 259 compared to the previous year (€k 459). This income is offset by corresponding expenses for personnel and for other operating expenses from the issue of the BildungsCHANCEN bond. Moreover, write-ups on the financial assets of €k 73 (previous year: €k 39) were recorded here; there was no income from provisions.

Expenditures

Staff Expenses

Personnel expenses in the financial year amounted to €k 701 (previous year: €k 524). This increase of 34 percent is due to salary increases, as well as the increased number of employees at CHANCEN eG: On average, there were 10.1 (previous year: 9.8) full-time positions at CHANCEN eG in the past financial year, including the Management Board. The core team of twelve members was supplemented by trainees and working students.

Depreciation

Depreciation for the use of property, plant and equipment, including self-produced software and intangible assets, increased from €k 24 to €k 58. This reflects the investments made in IT and software adjustments in the previous years,

which subsequently result in an increase in expenses for depreciation.

Other Operating Expenses

The material costs in the past year amounted to €k 636 (previous year: €k 827). Taking into account costs charged internally within the Group for the issue of the BildungsCHANCEN bond of €k 188 (previous year: €k 392), the expenses adjusted in this way amounted to €k 448. Compared to the previous year (€k 435), this is a slight increase of 3.0 percent in the other operating expenses after adjustment.

A decrease in expenses for financial statement and audit costs (from €k 128 to €k 114), for marketing (from €k 21 to €k 5), for business trips (from €k 21 to €k 4) or the elimination of value adjustments on receivables from affiliated companies (previous year: €k 37) is offset above all by increased legal and consulting costs (plus 29 percent to €k 124). This reflects one-time legal consultations due to the legal structure of the CHANCEN Group. There were also increases in expenses for business premises (from €k 39 to €k 40), for personnel acquisition (€k 33, previous period 0), for licence and communication fees (from €k 16 to €k 22 – up 35 percent), for further training (from €k 11 to €k 2), for costs for the Supervisory Board, which has had five members since May 2019 (€k 12 compared to €k 11) and for third-party services of €k 10 (previous year: €k 1), which were incurred mainly for translation services.

Financial Result

Interest expenses more than doubled from €k 276 to €k 730. This reflects the significantly increased refinancing volume of € 16.4 million. In addition to interest expenses for qualified subordinated loans, as well as trust and bank loans, this also includes the interest expense of €k 478 – which was still offset by accrued interest of €k 172 in 2020 – for the in the meantime fully subscribed BildungsCHANCEN bond for one year.

There were no write-downs on financial assets in the 2020 financial year (previous year: €k 18).

Annual Financial Result

The cooperative closes the year 2020 with a loss of €k 110 (previous year: ./ €k 192). Taking into account the transfer of the ISA portfolio to BildungsCHANCEN I, a slightly better annual result was planned for 2020 than that which was achieved. Nevertheless, CHANCEN eG is within the range of its own forecast with an improvement in results of around €k 82. In this respect, we are satisfied with the 2020 result.

Asset Situation

We were able to significantly increase the balance sheet total by a good 52 percent from €k 15,837 to €k 24,130.

There are essentially two changes behind this: The fixed assets – and here the financial assets – increased by 61 percent to €k 16,717. The lion's share of this, namely €k 16,404, is accounted for by loans to BildungsCHANCEN I, which was able to finance the granular ISA contract portfolio with this in particular. Additionally, after the complete placement of the bond, the cash and cash equivalents increased by a good third from €k 4,714 to €k 6,368.

Within the fixed assets, the intangible assets increased from €k 139 to €k 306 for the further development of the software. Operating and office equipment remained almost identical at €k 20 (€k 23).

The shares in affiliated companies of €k 71 (previous year: €k 71) include the full capital shares in CHANCEN GmbH, founded in 2015, CHANCEN Management GmbH, founded in 2017, and the subsidiaries CHANCEN International gGmbH and Bildungschancen I GmbH & Co KG, which were launched in the 2018 financial year.

In order to finance the ISA contracts accounted for at the subsidiary BildungsCHANCEN I, CHANCEN eG provided this company with long-term loans in the form of loans to affiliated companies. The lending volume to the BildungsCHANCEN I subsidiary increased by 62 percent in the 2020 financial year, from €k 10,135 (previous year) to €k 16,404.

Current assets rose by a good third from €k 5,261 to €k 7,023. This is mainly due to the increase in liquid funds from the full placement of the bond. Trade receivables of €k 251 fell by 30 percent compared to the previous year (€k 359); here we can also see the first successes due to our improved university management. Receivables from affiliated companies, on the other hand, doubled in comparison with the previous year to €k 301 (previous year: €k 150); this relates in particular to receivables from CHANCEN International and, to a lesser extent, from CHANCEN GmbH.

Financial Situation

Equity Capital

The cooperative shares of the members of CHANCEN eG increased from €k 2,468 to €k 2,540. This is primarily due to a growing number of members to 1,057 at year-end 2020 (previous year: 707). There were no terminations of shares in the financial year.

The equity capital shown on the balance sheet is reduced by the accumulated loss of €k 1,012, which had occurred since the establishment of the cooperative in 2016 to 2019, as well as the annual loss of €k 110 in 2020. Taking into account the losses, there is slightly reduced balance sheet equity of €k 1,419 (previous year: €k 1,456). As a consequence of this – and especially due to the strong balance sheet expansion – the equity ratio fell to 5.9 percent (previous year: 9.2 percent).

Debt Capital

The provisions amounted to €k 131 as of the balance sheet date (previous year: €k 139). The good six percent decline is due to falling costs for the audit of the financial statements, which are above all offset by slightly increasing provisions for holiday not taken in 2020.

The liabilities amounted to €k 22,581 as of the balance sheet date (previous year: €k 14,242).

Financial Liabilities

Non-current financial liabilities with remaining terms of more than one year increased from €k 13,948 to €k 21,938. This increase is solely due to the full placement of the BildungsCHANCEN bond to €k 13,000 (previous year: €k 5,010). Moreover, there were bank loans of €k 3,500 at the end of the year (previous year: €k 3,500) as well as loans with a qualified subordination agreement of €k 5,438 (identical to the previous year).

With this financing mix, CHANCEN eG is successfully refinancing the loans to its subsidiary BildungsCHANCEN I for its financing of the ISA contracts to students with almost matching maturities. The interest rates for the financial liabilities – most of which have an initial term of ten to 15 years – were mostly between 2.1 percent and 3.5 percent per annum in the 2020 financial year.

Trade payables of €k 346 (previous year: €k 82) include tuition fees payable to university partners as of the balance sheet date. The Other Liabilities of €k 5,733 (previous year: €k 5,628) mainly include the subordinated loans of €k 5,438 (previous year: €k 5,438), pro rata interest obligations from the bond and subordinated loans (€k 275), as well as wage and church taxes not yet paid as of the balance sheet date.

Economic Equity

The economic equity of CHANCEN eG consists of the paid-in business capital, the loss carried forward and the net loss for the year, as well as the subordinated loans. This amounted to €k 6,794 at the end of the year (previous year: €k 6,855). The economic equity ratio as of the 2020 balance sheet date was 28.2 percent (previous year: 43.3 percent). The decline in this ratio is due to the strong growth.

At the end of 2019 it had come to light during a pro-active coordination process with the financial supervisory authorities that almost all of the subordinated loan agreements concluded with members up to that point did not meet all of the criteria of a qualified subordination agreement. Based on this, all affected creditors were contacted and informed about the necessary changes or the otherwise necessary termination of the loan agreements. Fortunately, all creditors agreed to the changes in Q1 2020, so that today all these contracts have a qualified subordination.

Liquidity

Compared to the previous year, the cash and cash equivalents increased by a good third from €k 4,714 to €k 6,368. The cash inflow from operating activities amounted to €k 62 (previous year: €k 398); €k 5,824 (previous year: €k 5,824) was used for investing activities: €k 4,460). In return, CHANCEN eG received €k 7,419 from the financing activities (previous year: €k 8,649). Due to the high liquidity holdings, storage fees (negative interest) in the amount of €k 35 were incurred for the first time.

The CHANCEN Group was solvent at all times in 2020.

The credit lines provided were fully drawn down as of the 2020 balance sheet date. The authorisation valid until July 2020 to issue a bearer bond of € 13.0 million was fully utilised.

Financial Performance Indicators

We use the number of cooperating educational institutions and the number of ISA-supported students as key financial performance indicators.

The number of cooperating educational institutions increased by 10 from 27 to 37, thereby confirming the previous year's forecast. In addition, we finance the fees for human medicine at universities in other EU countries, most of which have not yet concluded a cooperation agreement.

The increase in educational partners by around a third contributed to the number of contractually sponsored stu-

dents increasing by 345 or 56 percent from 614 (previous year) to 959 as of the balance sheet date of 31 December 2020. Therefore, our expectation or forecast of further growth in both the number of educational partners and the number of students was met in full.

Non-financial Performance Indicators

The business model of CHANCEN eG is based on the vision of offering the financing of tuition fees based on ISA that is as fair as it is sustainable. The aim is to promote equal opportunities and self-determination for young people during their studies, training and career selection. These targets were examined by a Hanover-based sustainability research agency in 2018. As a result, it was determined that CHANCEN pursues four of the UN's 17 Sustainable Development Goals: the goal of quality education (No. 4), the goal of gender equality (No. 5), the goal of sustainable economic growth (No. 8) and the goal of reducing inequality (No. 10). Therefore, the business model can be considered sustainable.

As a relatively young company, CHANCEN pursues environmental concerns by organising its administration as efficiently as possible: Processes are to be handled digitally and in paperless form as far as possible; business trips are to be as environmentally friendly as possible (rail and public transport). CHANCEN employees have an extensive say over the design of work processes and the work environment as a team and through the newly introduced OKR goal-setting and goal-achievement process. Due to the small size of the team, every employee can make a good contribution to this process design.

Supplementary Report

With regard to the supplementary report, we refer to our comments in the notes to the annual financial statements as of 31st December 2020.

Forecast, Opportunity and Risk Report

Risks

The following statements on the future business development of CHANCEN eG and the assumptions about the development on the further education market are based on our assessments, which we assume to be realistic on the basis of the information available to us today. However, these are subject to uncertainties and therefore entail the unavoidable risk that the forecast developments will not actually occur, neither in terms of their tendency nor their extent.

Individual Risks

Refinancing Risks

This includes the risk of rising interest rates on the capital market, which could force us to apply higher interest rates to our newly agreed financing instruments. These additional costs would only be bearable to a small extent. In the event of a – currently unforeseeable – higher increase, we would have to adjust the conditions of the ISA accordingly.

In addition, we record the risk of too low a refinancing volume here, which could at least slow down sustainable adequate growth in the business model. We counter this risk, which in the worst case could threaten our very existence, by working closely with GLS Gemeinschaftsbank eG, based in Bochum, with a balanced mix of financing variants and with active investor relations.

Counterparty Default Risks

The significant assets of CHANCEN consist of loans to BildungsCHANCEN I, which in turn finances young people's tuition fees on the basis of the ISA. These assets are therefore subject to the risk that BildungsCHANCEN I might not be able to meet its financial obligations at all or only on a pro rata basis. We counter this risk by spreading it over many ISA funding recipients (granular receivables portfolio), a multi-stage selection process of the funded students and careful contract design that also covers a large number of possible scenarios over the course of a professional career. In the long-term corporate planning and within the framework of the going concern forecast, these counterparty risks were considered in various scenarios, also taking into account the late effects of the pandemic on the gross domestic product and the income development of broad sections of the population.

Staff-related Risks

With an average of twelve permanent employees, including the Management Board, as well as temporary contracts

for highly qualified young people – usually students and doctoral candidates from the fields of business administration, computer science, statistics and psychology – CHANCEN eG operates with a comparatively small permanent staff. Any departure or a prolonged absence of a regular employee could result in the – temporary – unavailability of important know-how. The Management Board strives to maintain both motivation and the personal qualification of all team members through regular training and team-building activities. This includes two to three-day conferences of all regular employees (“team retreats”) once a year, joint fitness programmes and healthy eating, as well as regular online meetings and joint online leisure activities.

IT Risks

The CHANCEN Group digitally maps as many routine processes as possible in order to be and remain – especially with the strong growth to date – an efficient company in the interests of its members. It is therefore investing heavily in adapting a licensed cloud-based software platform from ‘Salesforce’ in order to ensure full student management and support throughout the entire ISA phase (application, selection, contract conclusion, financing of the tuition fees, repayment management). Delays or errors in this adaptation represent a risk that CHANCEN eG seeks to minimise through close cooperation with the development agency specialising in Salesforce, active project management under the direction of an IT Officer, as well as regular updates and data quality checks.

Legal Risks

Contracts for the financing of tuition fees by means of the ISA could be challenged in court by financiers. There has already been media coverage of such incidents at competitors (see [here](#)). CHANCEN eG has secured itself against these risks in several ways: 1. It uses ISA contracts which provide a fair distribution of opportunities and risks between itself and the students. 2. The ISA contracts it uses are regularly evaluated to see if they are in line with the trends in recent case law. 3. Its ISA contracts are virtually identical to those of the StudierendenGesellschaft Witten/Herdecke e.V., which in turn can look back on more than 25 years of practice with the ISA without any major legal disputes.

Upon request, the Federal Financial Supervisory Authority (BaFin) explained to the cooperative in 2016 that the ISA financing was not a credit transaction subject to authorisation under the German Banking Act (KWG). The BaFin repeated this assessment to the cooperative in 2019 on the occasion of the transfer of the ISA portfolio to BildungsCHANCEN I. However, it cannot be ruled out that the financial supervisory authorities could change their

legal opinion on individual parts or the entire business model of the cooperative. Furthermore, refinancing with mezzanine capital could result in further requirements in connection with qualified subordinated loans due to new case law or a change in the assessment by the financial supervisory authorities. CHANCEN eG repeatedly seeks qualified legal advice to reduce this risk. In addition, all affected subordinated loan agreements concluded between 2016 and 2019 have been adjusted to current requirements by means of a supplementary agreement.

At present, the Management Board of CHANCEN eG does not see any facts that could impair the development or jeopardise the existence of the company.

Overall, the risk situation of CHANCEN has not changed compared to the previous year. The risks described do not currently pose a threat to the company's existence, either individually or in total, and do not result in any significant impairment of its development.

Opportunities for Future Development

CHANCEN eG was able to make good use of its growth opportunities in the past financial year 2020. It assumes that this can also be continued in 2021.

The market for academic education, as well as for continuing vocational education and training, continues to be a growth market in Germany. This is even more true as the pandemic gradually subsides: this is because digitalisation received a boost during the lockdown measures in 2020; such skills are becoming increasingly important on the labour market. CHANCEN eG therefore expects the demand for highly qualified training and further education to continue to grow.

In addition, due to the limited range of study courses on offer, especially in so-called NC subjects such as medicine, the demand for such study places is significantly higher than the supply from public institutions. For this reason, private universities in Germany and universities in other EU states that are financed by fees have been expanding their offerings for such subjects for some time. CHANCEN eG's offer to finance human medicine studies in other EU countries, which was launched in 2019, has been well received and is to be expanded further. Even today, the share of human medicine in the ISA portfolio, measured by the volume of loans already granted or disbursed, is just under 20 percent; a further significant increase in this share is planned.

Furthermore, since its foundation, the education cooperative has tended to extend its financing offer for education to include living expenses. Two reasons in particular speak in favour of this:

- + For many students, financing the cost of living alone is a decisive component in favour of or against taking up a course of study. The financial support provided of the state in accordance with the Federal Training Assistance Act (Bundesausbildungsförderungsgesetz, Bafög for short) is usually insufficient for such financing. Due to the pandemic, a large number of so-called student jobs in catering, retail and tourism have been lost. The KfW Bank, for example, therefore offers a comparatively low-cost student loan on the market, which has been very popular since its introduction in mid-2020. However, even these KfW funds with very favourable conditions remain a loan whose repayment does not flexibly adapt to future income and therefore always entails the risk of over-indebtedness for the future graduate. That is why CHANCEN eG is convinced that with the ISA it can make a really fair offer for prospective students.
- + Up to now, the education cooperative has only financed tuition or further education fees from educational partners under private law. Public universities, where – despite the boom in private universities – the largest share of students in Germany of 90.7 per cent (2.622 million in the 2019/2020 academic year) are still active, are therefore not accessible with the current offer for CHANCEN eG. If it is possible also to offer the ISA for the living expenses of a student, significantly greater growth and impact perspectives open up.

The funding of living costs should be introduced in the foreseeable future, ideally as early as the 2021/22 winter semester. The time frame for implementation also depends on how quickly the contract negotiations with the EIF can be finalised.

The loans on the basis of the ISA are based, among other things, on the many years of experience of the StudierendenGesellschaft Witten/Herdecke e. V. (Witten/Herdecke Student Society), a founding member of CHANCEN eG. The calculation takes into account the income expectations of the various training occupations, the overall economic situation in Germany, as well as social data on professional life histories with family breaks, periods of unemployment or part-time work. In addition, in order to ensure the sustainability of the business model, a default rate of five per cent is included in the calculation. CHANCEN eG therefore assumes that the balance sheet item “Other loans” also includes hidden reserves that can be used later for future generations of students.

Overall, CHANCEN eG assumes that the demand for the ISA's offer will increase in the next few years, both from the institutional side and from the student side, and that its growth will therefore continue. In economic terms, growth will increasingly lead to the use of economies of scale, which will improve the ratio of income to costs over the long term and lead to annual surpluses. The build-up of hidden reserves in the granular ISA receivables portfolio provides the necessary risk buffers.

However, due to the uncertainties caused by the Covid 19 pandemic, growth may be lower than planned, which would affect the economic development of the cooperative.

Forecast for the 2021 Financial Year

At the end of 2020, the cooperation partners included a total of 37 educational partners, two-thirds of which are universities offering a multi-year course of study and one-third of which are IT-oriented further education institutes, so-called coding bootcamps, which offer digital education and further education that is aligned to the labour market in intensive courses lasting three to twelve months. Cooperation with these training providers is particularly interesting for CHANCEN in its current growth phase, as it is possible to finance training courses lasting several months instead of several years. For these educational courses the average financing period of an ISA is therefore shortened; the repayment and therefore also the income phase begin earlier. This is why CHANCEN is currently

pushing these forms of cooperation.

In 2020, talks were initiated or intensified with further universities and institutes of further education. We expect the number of university partners to continue to increase, albeit at a slower rate than in the previous two years. As a consequence, the number of funded students will increase by around 450. The planned expansion of business is helped by the fact that the cooperative now enjoys a greater level of awareness.

Assuming continued stable growth, the Management Board of CHANCEN eG assumes that similar business development as in 2020 will occur and expects a balanced annual result for the first time in 2021 and positive annual surpluses in the following years.

Due to the Covid 19 pandemic-related restrictions, it cannot be ruled out with absolute certainty that growth for the 2021 financial year will slow down and that the 2021 annual result will only improve slightly compared to 2020, or that a net loss for the year at the level of the 2020 financial year could result.

Internal Control and Risk Management System

CHANCEN is still a young company. At the same time, it set up an internal control system (ICS) from the very beginning in order to identify undesirable developments at an early stage and to be able to initiate countermeasures. This system has been further differentiated.

The ICS of CHANCEN eG is divided up into the areas of process and portfolio risks.

Litigation risks are those risks that may arise during the normal course of business. They are divided up into three classes according to their potential frequency and the amount of damage they could cause, and are appropriately controlled in terms of expenditure.

The portfolio risks of CHANCEN eG are counteracted on several levels:

- + First, in the multi-stage application and selection process, care is taken to ensure that the financed students are in line with the cooperative and the solidarity model and have sufficient qualifications and motivation, as well as sufficient knowledge of the study programme and professional field.
- + The administration of the selected students by means of the accounts receivable management system is handled by "DATEV" and a database structure based on the software platform of 'Salesforce', which we have developed for these purposes. This data-

base includes an online portal with which students, university partners and repayers communicate, and which includes process automations and integrations by third-party service providers for video identifications, eSignature and direct debit collections. The database is fully functional. It is supplemented and optimised with further modules internally and with a Salesforce development agency.

- + In order to assess the recoverability of the portfolio, the processes and results for calculating the ISA conditions have been differentiated and documented. In the past financial year, the calculation was tightened up on the basis of the individual contract. The previously included development of a portfolio tool is now being further developed on the basis of the re-adjusted individual contract calculation. Based on this software, we will be able to map the recoverability of our receivables portfolio and the associated cash flows under various scenarios in the future. This will enable us to present and use the so-called Value at Risk (VAR, a ratio commonly used for valuations of receivables) and the so-called Liquidity at Risk (a ratio that is relevant for cash flow planning) for different periods and scenarios.

Branch Offices

Since 2018, CHANCEN eG has maintained a branch office in Berlin-Kreuzberg, as the majority of its university cooperation partners are located in Berlin or the surrounding area. A significant share of the operational work of the cooperative is also performed there.

The legal domicile of CHANCEN is currently in Witten/Ruhr in the federal state of North Rhine-Westphalia; the Berlin office is not a branch office subject to compulsory registration within the sense of the law. In this regard, there is a proposal by the Management Board to the 2021 General Meeting to relocate the registered office to Hamburg.

Witten, 11 June 2021

The Management Board



Florian Kollwijn



Olaf Lampson

B. Proposal for the Appropriation of Profit

The Management Board proposes to the General Assembly to carry forward the net loss for the year of € 109,875.53 to new account.

C. Report of the Supervisory Board

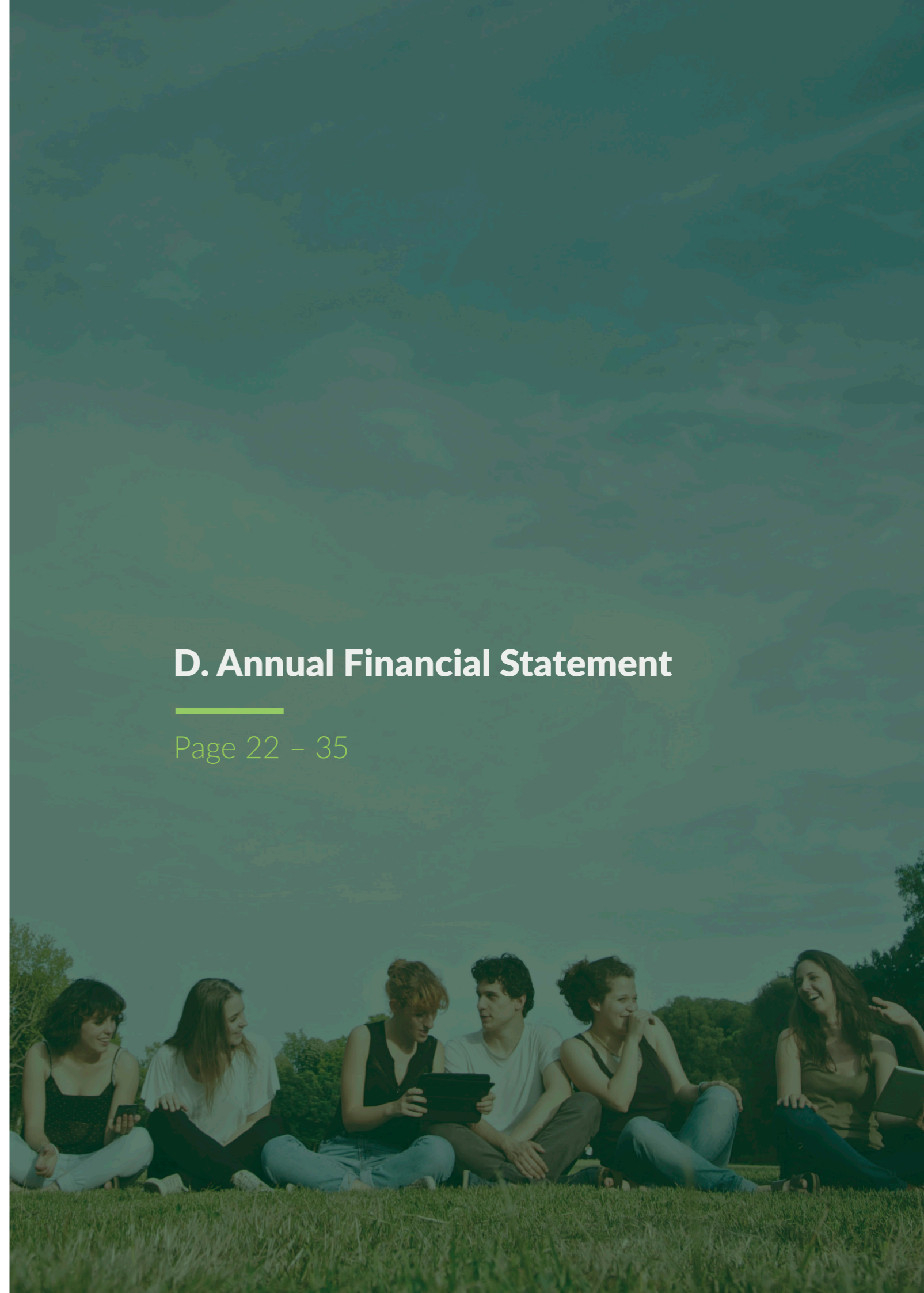
The Supervisory Board has examined the annual financial statements, the management report and the proposal for the appropriation of the net loss for the year, found them to be in order and approves the proposal of the Management Board.

Witten, 21 June 2021

Caspar-Fridolin Lorenz
Chairman of the Supervisory Board

D. Annual Financial Statement

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Balance Sheet

Assets

	31/12/2020 €	Total Amount	Previous Year €
A. Outstanding Payments on Members' Shares		63,200.00	39,500.00
B. Fixed Assets			
I. Intangible Assets			
1. Self-created Industrial Property Rights and Similar Rights and Assets - Intangible Assets in Development: € 0.00 (previous year: €59,368.73)	299,716.00		125,306.73
2. Acquired Concessions, Industrial Property Rights and Similar Rights and Assets as well as Licenses of such Rights and Assets	5,924.00		13,920.00
		305,640.00	139,226.73
II. Tangible Assets			
1. Other Equipment, Factory & Office Equipment	20,349.00		22,838.00
		20,349.00	22,838.00
III. Financial Assets			
1. Shares in Affiliated Companies	71,110.64		71,110.64
2. Lendings to Affiliated Companies	16,628,360.62		10,285,270.96
3. Shares with Cooperatives	17,500.00		17,500.00
		16,716,971.26	10,373,881.60
		17,042,960.26	10,535,946.33
C. Current Assets			
I. Receivables and Other Assets			
1. Trade Receivables	250,561.05		358,542.35
2. Receivables from Affiliated Companies	300,839.18		149,988.87
3. Other Assets	103,507.19		38,490.76
		654,907.42	547,021.98
II. Cash and Cash Equivalents			
		6,368,373.83	4,713,657.82
		7,023,281.25	5,260,679.80
D. Accrued Items			
		1,435.25	1,056.71
Total ASSETS		24,130,876.76	15,837,182.84

Equity & Liabilities

	31/12/2020 €	Total Amount	Previous Year €
A. Equity			
I. Cooperative Shares			
1. of Remaining Members	2,540,370.68		2,467,970.68
		2,540,370.68	2,467,970.68
II. Profit / Loss carried forward		-1,011,652.01	-819,979.57
III. Annual Surplus / Annual Loss		-109,875.53	-191,672.44
		1,418,843.14	1,456,318.67
B. Provisions			
1. Other Accruals	131,374.21		139,166.30
		131,374.21	139,166.30
C. Liabilities			
1. Bond	13,000,000.00		5,010,000.00
2. Liabilities to Financial Institutions	3,500,042.61		3,500,085.88
3. Trade Payables	345,690.68		81,984.75
4. Payables to Affiliated Companies	2,341.81		21,535.82
5. Other Payables			
- thereof from Taxes: € 10,566.62 (previous year: € 7,194.53)	5,732,584.31		5,628,091.42
- thereof for Social Security: € 0.00 (previous year: € 0.00)			
		22,580,659.41	14,241,697.87
Total EQUITY & LIABILITIES		24,130,876.76	15,837,182.84

Profit & Loss Account

For the Period from 1 January 2020 until 31 December 2020

	2020 €	Total Amount	Previous Year €
1. Revenues	862,596.24		627,327.99
2. Other Own Work Capitalized	147,912.63		70,573.57
3. Other Operating Income	336,295.38		515,288.81
Overall Performance		1,346,804.25	1,213,190.37
4. Staff Costs			
a) Wages and Salaries	-581,731.54		-432,331.56
b) Social Contributions and Expenditures for Pensions and Support	-119,717.82		-91,650.00
		-701,449.36	-523,981.56
5. Depreciation			
a) on Intangible Assets and Tangible Assets	-57,878.16		-24,378.91
		-57,878.16	-24,378.91
6. Other Operating Expenses		-635,617.69	-826,630.73
Subtotal		-48,194.96	-161,800.83
7. Earnings from other Securities and Lendings of the Financial Assets	531,519.21		253,448.50
- thereof from Affiliated Companies: € 531,519.21 (previous year: € 253,448.50)			
8. Other Interest and Similar Earnings	136,505.98		10,909.92
9. Write-offs of Financial Assets and of Securities included in the Current Assets	0.00		-18,391.60
10. Interest and Similar Expenses	-729,705.76		-275,838.43
Financial Result		-61,680.57	-29,871.61
11. Result after Taxes		-109,875.53	-191,672.44
12. Annual Loss		-109,875.53	-191,672.44

Notes to the Financial Statements

A. General Information

CHANCEN eG, with its registered office in Witten, is registered with the local court in Bochum under the number Gnr 262.

In the annual financial statements, commercial calculation rules were observed when determining rounded amounts (full €). Corresponding totals were calculated without rounding before the respective result was rounded.

CHANCEN eG was founded as of 6 February 2016.

The cooperative exceeded the size criteria according to Article 267a, paragraph 1 of the German Commercial Code (HGB) (for the first time) as of the balance sheet date. However, as the legal consequences only occur if they are exceeded as of the closing dates of two consecutive financial years, CHANCEN eG is still a micro cooperative pursuant to Article 267a of the German Commercial Code in conjunction with Article 336, para 2 of the German Commercial Code as of the closing date.

The annual financial statements of CHANCEN eG as at 31 December 2020 were prepared in accordance with the accounting regulations of Articles 242 et seq. and 264 et seq. of the German Commercial Code and the supplementary regulations for registered cooperatives according to Articles 336 et seq. of the German Commercial Code.

The profit and loss account was prepared in accordance with the total cost method pursuant to Article 275, para. 2 of the German Commercial Code. The financial year of CHANCEN eG begins on 1 January of each year and ends on 31 December of the same year.

B. Explanations on the Balancing and Assessment Methods

The following accounting and valuation methods were applied during the preparation of the balance sheet and the profit and loss account:

The accounting and valuation were based on the assumption that the company will continue as a going concern (Article 252, para 1 (2) of the German Commercial Code). The economic development of CHANCEN eG is proceeding according to plan. Since its foundation in 2016, including the 2020 financial year, CHANCEN eG has achieved negative results as planned due to the long-term business model. By the balance sheet date of 31 December 2020, CHANCEN eG had generated an accumulated loss of €k 1,121.5.

According to the current corporate planning, we assume that the cooperative will generate positive annual results from the 2021 financial year onwards. These planning calculations do not take into account possible negative effects due to the Covid 19 pandemic, as these are currently not identifiable for CHANCEN eG and its subsidiaries. Nevertheless, CHANCEN eG has developed planning scenarios that take into account possible negative effects from the Covid 19 pandemic, according to which - in the worst-case scenario - reaching the profit zone will probably be delayed by one financial year.

Self-created industrial property rights and similar rights and assets are valued at their acquisition or production costs. The option to capitalise internally self-created intangible fixed assets according to Article 248, para 2, sentence 1 of the German Commercial Code was exercised. The valuation is carried out at the production costs, i.e. with the expenses incurred during development (Article 255, para 2a of the German Commercial Code); these correspond to the production costs according to Article 255, para 2 sentences 1 and 2 of the German Commercial Code. The production costs include directly attributable manufacturing costs. General administration costs pursuant to Article 255, para 2, sentence 3 of the German Commercial Code were not taken into account. The amortisation of the self-created intangible assets is based on the useful life of the assets.

The intangible assets acquired for a consideration were valued at their acquisition costs, less scheduled straight-line depreciation. Scheduled depreciation is based on the depreciation rates according to the estimated useful life.

The tangible fixed assets were valued at their acquisition costs. Scheduled depreciation is based on the depreciation rates according to the estimated useful life.

Low-value fixed assets with an acquisition price of up to € 250.00 plus statutory VAT were fully depreciated in the 2020 financial year.

Low-value fixed assets with an acquisition price of between € 250.00 and € 1,000.00 – plus statutory VAT in each case – were placed in a collective item in the 2020 financial year and are depreciated over five years.

The financial assets were valued at their acquisition costs. In cases of probable impairment, a value adjustment was carried out to the fair value.

The receivables and other assets were assessed at their nominal value. Specific allowances were deducted for doubtful debts.

In the case of fixed assets, unscheduled depreciation was applied in the event of a probable (permanent or non-permanent) value reduction in accordance with Article 253, para 3, sentence 5 or sentence 6 of the German Commercial Code. If the reasons for a lower valuation ceased to exist, write-ups were made in accordance with Article 253, para. 5 of the German Commercial Code.

In accordance with § 253, para. 4 of the German Commercial Code, current assets were written down to the lower of the cost or market value as of the balance sheet date. If the reasons for a lower valuation ceased to apply, write-ups were made in accordance with § 253, para. 5 of the German Commercial Code.

The cash and cash equivalents were recognised at their nominal value in all cases.

The other provisions correspond to the expected expenditure. These were recognised at the settlement amount required according to reasonable business judgement.

Provisions with a remaining term of more than one year were discounted at the average market interest rate of the past seven years according to their remaining term.

Provisions with a term of more than one year were initially recognised at their discounted amount (net method).

The option to discount provisions with a remaining term of one year or less was not exercised.

In the event of a change to the discount rate, the occurrence of this change was assumed at the end of the reporting period.

Liabilities were recognised at their settlement amount.

In the annual financial statements as at 31 December 2020, the disclosure of other liabilities and trade payables was changed to include those liabilities that are more attributable to the delivery and performance process, with the business transactions that were previously reported in the "Other liabilities" item now being reported under "Trade payables". With this context, the corresponding values of the previous year or the values as at 31 December 2019 were also changed in the annual financial statements as at 31 December 2020, whereby a total of €k 49.5 was reclassified from the "Other liabilities" item to "Trade payables".

Accruals and deferrals were only created for significant items.



EXCURSION

Meet One of Our Students

Isabella Trincia, EDU

"After one and a half years, however, I didn't want to wait any longer to study medicine and decided to study at a private university."

After graduating from high school, I was like many other people who wanted to study medicine, which because of my grade point average, did not have the opportunity to get a place at a public university in Germany. Therefore, I first decided to train as a paramedic: Here I could already gain my first experience in contact with patients. After one and a half years however, I didn't want to wait any longer to study medicine and decided to study at a private university. That's when I finally got to know EDU at an education fair. The personal support from the university impressed me from the very beginning and during my application process at EDU, I became aware of CHANCEN eG. As an educational partner of my university, the cooperative enabled me to fulfill my dream of studying medicine by supporting me with the tuition fees. That's why I was so happy to receive an acceptance letter from CHANCEN eG. Since the summer of 2020, I have been studying human medicine at the EDU. Thanks to the large proportion of online classes, I can remain flexible and study independently of my location. The strong practical orientation of EDU allows me to work regularly in a hospital whilst continuing to be in contact with patients. My plan is to become a surgeon, as I feel I can support people particularly well in this position. The bad grades from my school days are no longer a problem for me. Today I know what I am working for and I enjoy studying towards that. I'm glad that thanks to the EDU, together with CHANCEN eG, my A-levels no longer stood in my way and that I can finally fulfil my ambitions to study medicine.



C. Development of the Fixed Assets

All Amounts in €

	Acquisition & Manufacturing Costs at the Beginning of FY	Additions	Reclassifications	Disposals	Acquisition & Manufacturing Costs at the End of FY	Write-offs at the beginning of FY (total)	Write-offs for FY	Changes of all write-offs in connection with Disposals	Write-ups in FY	Write-offs as at the end of FY (total)	Carrying amount 31/12/2020	Carrying amount 31/12/2019
Intangible Assets												
Self-created Industrial Property Rights and Similar Rights and Assets	132,636.54	216,672.89	0.00	0.00	349,309.43	7,329.81	42,263.62	0.00	0.00	49,593.43	299,716.00	125,306.73
Acquired Concessions, Industrial Property Rights and Similar Rights and Assets as well as Licenses of such Rights and Assets	31,839.08	356.00	0.00	0.00	32,195.08	17,919.08	7,996.00	-356.00	0.00	26,271.08	5,924.00	13,920.00
Subtotal	164,475.62	217,028.89	0.00	0.00	381,504.51	25,248.89	50,259.62	-356.00	0.00	75,864.51	305,640.00	139,226.73
Tangible Assets												
Other Equipment, Factory & Office Equipment	40,619.54	5,129.54	0.00	0.00	45,749.08	17,781.54	7,618.54	0.00	0.00	25,400.08	20,349.00	22,838.00
Subtotal	40,619.54	5,129.54	0.00	0.00	45,749.08	17,781.54	7,618.54	0.00	0.00	25,400.08	20,349.00	22,838.00
Financial Assets												
Shares in Affiliated Companies	90,243.66	0.00	0.00	0.00	90,243.66	19,133.02	0.00	0.00	0.00	19,133.02	71,110.64	71,110.64
Lendings to Affiliated Companies	10,384,540.92	6,269,910.26	0.00	0.00	16,654,451.18	99,269.96	0.00	0.00	73,179.40	26,090.56	16,628,360.62	10,285,270.96
Shares with Cooperatives	17,500.00	0.00	0.00	0.00	17,500.00	0.00	0.00	0.00	0.00	0.00	17,500.00	17,500.00
Subtotal	10,492,284.58	6,269,910.26	0.00	0.00	16,762,194.84	118,402.98	0.00	0.00	73,179.40	45,223.58	16,716,971.26	10,373,881.60
TOTAL	10,697,379.74	6,492,068.69	0.00	0.00	17,189,448.43	161,433.41	57,878.16	-356.00	73,179.40	146,488.17	17,042,960.26	10,535,946.33

D. Explanations on the Balance Sheet and Profit & Loss Account

I. Balance Sheet

The other loans reported under the financial assets as at 31 December 2018 included the long-term loans to sponsored students on the basis of the "Income Share Agreement" (abbreviation: ISA) financing model.

With effect from 1 January 2019, CHANCEN eG transferred these loans in the form of contingent repayment claims from ISA contracts to BildungsCHANCEN I GmbH & Co. KG.

At the same time, CHANCEN eG provided BildungsCHANCEN I GmbH & Co. KG with corresponding long-term loans in the form of loans to affiliated companies (asset swap).

Since 1 January 2019, the new ISA contracts initially concluded by CHANCEN eG have been continually transferred to BildungsCHANCEN I GmbH & Co. KG. At the same time, BildungsCHANCEN I GmbH & Co. KG was provided accordingly with financial resources or long-term loans (= loans to affiliated companies).

For the new ISA contracts concluded from 1 January 2021 onwards, BildungsCHANCEN II GmbH & Co. KG was founded, into which the lending portfolio for the financial years 2021 to 2023 is to be bundled.

Furthermore, loans to affiliated companies also include long-term deferred receivables in connection with the administration of repayment claims according to the ISA principle, interest receivables as well as passed-on costs, which are left to BildungsCHANCEN I GmbH & Co. KG on a long-term basis on the basis of a loan agreement.

The loans resulting from the ISA contracts and related to the loan portfolio of the 2016 to 2020 financial years at BildungsCHANCEN I GmbH & Co. KG result in the usual counterparty risks associated with the granting of loans. CHANCEN eG counters this risk with appropriate risk diversification in its portfolio. These counterparty default risks were taken into account in various scenarios in the long-term corporate planning and within the framework of the going concern forecast.

In view of the different repayment modalities, the future income expectations of the debtors that can be assumed in principle and in particular, as well as the various hedging mechanisms, the counterparty default risks are classified as very low individually and overall as of 31 December 2020, so that no value adjustments were necessary in this respect at the level of BildungsCHANCEN I GmbH & Co. KG.

The assets and liabilities listed below fall under several items on the balance sheet: The receivables and liabilities in relation to affiliated companies also include trade receivables and payables.

Information on companies, insofar as they are participations within the meaning of Article 271, para 1 of the German Commercial Code or such a share is held by a person for the account of the cooperative:

Name and registered office	Share of company capital	Equity capital of the company		Result of the last FY	
		%	FY	€k	FY
Chancen GmbH, Witten	100.0	2020	-26.1	2020	73.2
Chancen Management GmbH, Witten	100.0	2020	27.2	2020	1.3
Chancen International gGmbH, Witten	100.0	2020	72.5	2020	-113.8
Bildungschancen I GmbH & Co. KG, Witten	100.0	2020	-2,165.4	2020	-1,197.6

Of the receivables, the following have a remaining term of more than 1 year:

Receivables	Financial year	Previous year
All amounts in €		
- other assets	15,541.34	15,541.34

The "Other assets" item includes the following accrued income amounts of a significant size: VAT receivables in the amount of €k 1.7.

Indication of a minimum capital specified in the articles of association (Article 337, para. 1, sentence 6 of the German Commercial Code):

Pursuant to Article 38, para. 5 of the Articles of Association of CHANCEN eG, the minimum capital of the cooperative is 90.0% of the total amount of credit balances at the end of the previous financial year. The minimum capital as of 31 December 2020 is € 2,221,173.61.

The other provisions include in particular:

The other provisions in the annual financial statements as at 31 December 2020 essentially include the costs of preparing the annual financial statements, auditing and consulting costs as well as holiday provisions.

Of the liabilities, the following remaining terms to maturity apply:

Liabilities	up to one year		from one to five years	
	FY	Previous year	FY	Previous year
All amounts in €				
amounts owed to financial institutions	42.61	85.88	454,285.52	214,285.64
trade payables	345,690.68	81,984.75	0.00	0.00
to affiliated companies	2,341.81	21,535.82	0.00	0.00
other liabilities	294,584.31	190,091.42	0.00	0.00

Of the liabilities, a total of € 21,483,714.48 (previous year: € 13,733,714.36) have a remaining term of more than five years. Of these, the liabilities from bonds with a remaining term of more than five years amount to € 13,000,000.00 (previous year: € 5,010,000.00).

The "Other liabilities" item includes the following accrued amounts of a significant size: Accrued interest in the amount of €k 143.0.

As of the balance sheet date, the following contingent liabilities according to Article 251 of the German Commercial Code existed:

	thereof vis-à-vis affiliated or associated companies		thereof obligations relating to the pension scheme	
	FY	Previous year	FY	Previous year
Liabilities from guarantees, bill and cheque guarantees	10,000.00	10,000.00	10,000.00	10,000.00
			0.00	0.00

In the 2018 financial year, CHANCEN eG provided a guarantee for the aforementioned amount in favour of an affiliated company. This is a 100.0% subsidiary of CHANCEN eG. As of the balance sheet date of 31 December 2020, the risk of a claim arising from this is estimated to be very low.

II. Profit & Loss Account

Revenue for the 2020 and 2019 financial years is made up as follows:

All amounts in €	FY	Previous year
Revenues from cooperation fees which are contractually agreed with the partner universities as part of the pre-financed tuition fees	405,325.22	312,327.99
Management remuneration BildungsCHANCEN I GmbH & Co. KG	457,271.02	315,000.00

In connection with the self-created intangible assets capitalised as of the balance sheet date of 31 December 2020, a total of €147,900 (= other own work capitalised) in development costs was incurred in the 2020 financial year and was included in the intangible assets recognised in the balance sheet. No research costs were incurred in the 2020 financial year (Article 285, para. 22 of the German Commercial Code).

The total amount pursuant to Article 268, para. 8 and Article 285, para. 28 of the German Commercial Code, which is subject to a distribution ban, amounts to € 299,700 as of the balance sheet date of 31 December 2020 and results from the self-created intangible assets capitalised in the 2019 and 2020 financial years.

The other operating income for the 2020 and 2019 financial years is essentially made up as follows:

All amounts in €	FY	Previous year
On-charges to subsidiaries	258,778.36	458,724.11
Reversals of write-downs of financial assets that also represent income unrelated to the accounting period	73,179.40	38,513.65

The other operating expenses for the 2020 and 2019 financial years are essentially made up as follows:

All amounts in €	FY	Previous year
Office space costs in Witten/Berlin	39,548.23	38,913.25
Marketing	5,286.86	21,171.94
EDP, communication and postage	25,300.86	19,766.70
Charges, fees and contributions	6,792.34	4,789.82
Other personnel costs	64,960.02	40,411.24
Legal and consulting fees	124,377.42	96,407.94
Other administrative expenses	162,287.75	142,099.88
Other financing costs	187,571.00	391,939.95
Supervisory Board	12,004.00	10,900.00
Representation costs	4.80	2,040.38
Receivables valuation	7,493.41	58,189.63
Costs to be charged on to subsidiaries	45.00	0.00
Expenses relating to other periods	26,531.99	3,241.03

The amount and nature of the individual expense items of exceptional significance or magnitude as well as an indication of the respective item in the profit and loss account for the 2020 financial year under which it was recorded:

All amounts in €	Amount	P&L items
Income from on-charging to subsidiaries	258,778.36	Other operating income
Write-ups on financial assets	73,179.40	Other operating income
Other financing costs	187,571.00	Other operating expenses

The income statement items listed below include income and expenses attributable to another financial year or previous financial years (income and expenses unrelated to the accounting period):

All amounts in €	Amount	P&L items
Income from write-ups to financial assets	73,179.40	Other operating income
Expenses unrelated to the accounting period from the area of material expenses	26,531.99	Other operating expenses
Allocations to specific bad debt allowances on trade receivables	7,493.41	Other operating expenses

The following profit & loss account items include income and expenses from and to affiliated companies:

All amounts in €	FY	Previous year
Sales revenues	457,271.02	315,000.00
Other operating income	331,957.76	497,237.76
Other operating expenses	0.00	36,842.01
Income from other securities and loans held as financial assets	531,519.21	253,448.50
Depreciation on financial assets and on securities held as current assets	0.00	18,391.60

The "Other interest and similar income" item includes negative interest of € 35,450.35 on bank balances and is netted against the other interest and similar income reported there.

E. Other Information

The following proposal is submitted for the appropriation of the result:

The net loss for the FY 2020 in the amount of € 109,875.53 is to be carried forward.

In connection with the bearer bonds issued in the 2019 financial year and the collateralisation of the interest and repayment claims of the bondholders agreed in the securities prospectus dated 19 July 2019 (international securities identification number: DE000A2TSCT2), CHANCEN eG (issuer) and BildungsCHANCEN I GmbH & Co. KG have concluded an Application of Funds Control Agreement with a trustee (application of funds controller). The application of funds controller holds the issue proceeds as collateral for the bondholders and only releases payments from them to the issuer if certain conditions of the Application of Funds Control Agreement are satisfied. Accordingly, a partial amount of the item "Cash on hand, Bundesbank balances, bank balances and cheques" item amounting to €k 5,962.6 is pledged.

As collateral for the long-term liabilities to banks as at 31 December 2020 in the amount of € 3,500,000.00, repayment claims from the sponsorship agreements with students (other loans) in the amount of 120.0% of the loan were assigned to GLS Gemeinschaftsbank eG. The risk of the collateral provided being utilised is estimated to be very low as of the balance sheet date of 31 December 2020.

The contracts concluded with students by the balance sheet date of 31 December 2020 for student financing (so-called Income Share Agreement), which are initially concluded between the borrower and CHANCEN eG, paid and then transferred to BildungsCHANCEN I GmbH & Co. KG, result in tuition fees that have not yet been disbursed as of 31 December 2020 and corresponding obligations that have not yet been recognised in the balance sheet for the 2021 et seq. financial years in the amount of €k 6,903.2 (previous year: €k 5,048.2).

Annual rental expenses for the office premises of CHANCEN eG amount to approximately €k 37.0.

The average number of employees during the financial year was:

	Full-time Employees	Part-time Employees
Commercial employees	6.0	6.0
	6.0	6.0

Supplementary Report

Impact of the Pandemic

Based on the general official advice, the Management Board of the cooperative decided that all employees would work at home ("home office") from 16 March 2020 to 10 May 2020 in order to reduce the risk of infection as much as possible. At the end of October 2020, due to the increase in the number of infections, the Board re-introduced Covid rules and reduced the number of workstations in the office to six, or four depending on the pandemic, as well as introducing a mask requirement and providing disinfection facilities. For the permanent employees, the Board decided to introduce a freely disposable home office budget, which could be used to equip the home office. The digital structures and processes necessary for decentralised cooperation had already been created before the pandemic as part of the extensive digitalisation of all administrative work.

There are currently no identifiable potential negative effects from the Covid 19 pandemic for CHANCEN eG and its subsidiaries. Nevertheless, CHANCEN eG has developed planning scenarios that take into account possible negative effects from the Covid 19 pandemic, according to which – in the worst-case scenario – reaching the profit zone will probably be delayed by one financial year.

There were no other events of particular significance for the asset, financial and earnings situation after the balance sheet date.

Membership Changes

	Number of Members	Number of Shares	Liability Amounts €
Initial number	707	24,694	0.00
Additions	350	719	0.00
Final Number	1,057	25,413	0.00

The cooperative shares of the remaining members increased in the FY by

Value of the share € 100.00

In the financial statements as at 31 December 2020, the figures shown in this table as at 1 January 2020 (initial number) were adjusted with regard to the number of members and the associated business shares. The adjustment of seven members (714 to 707) and four cooperative shares (24,690 to 24,694) was carried out on the basis of an update of the membership system.

Name and address of the auditing association responsible

Genossenschaftsverband - Verband der Regionen e.V.

Peter-Müller-Straße 26
GER-40468 Düsseldorf

Members of the Management Board (first name and surname)

	Member of the Board since
Florian Kollewijn	6 February 2016
Olaf Lampson	6 February 2016

Members of the Supervisory Board (first name and surname)

	Member of the Board since
Caspar-Fridolin Lorenz <i>Chairman since November 17, 2018</i>	6 February 2016
Katharina Beck <i>Deputy Chairwoman</i>	10 June 2017
Further Members	
Niklas Becker	6 February 2016
Dr. Sandra Reich	4 May 2019
David Reichwein	4 May 2019

On the balance sheet date, the receivables due from the individuals below were as follows:

Members of the Management Board € 0.00

Members of the Supervisory Board € 0.00

Witten, 11 June 2021

CHANCEN eG

The Management Board



Florian Kollewijn



Olaf Lampson

These annual financial statements were adopted in accordance with § 48 of the Cooperative Act (GenG) at the General/Representative Meeting on 26 June 2021 and the appropriation of the results was adopted as proposed.

E. Cash Flow Statement

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Cash Flow Statement

Indirect Method

	2020 €k	2019 €k
1. Result of the Period	-109.9	-191.7
2. +/- Amortizations/Reversals of Fixed Assets	-15.3	4.3
3. +/- Increase/Decrease in Provisions	-7.8	134.3
4. +/- Other Non-cash relevant Expenses/Income	7.5	21.3
5. -/+ Increase/Decrease in Inventories, in Trade Receivables, as well as in Other Assets which are not Attributable to Investing or Financing Activities	-115.8	-210.3
6. +/- Increase/Decrease in Trade Payables and Other Obligations which are not Attributable to Investing or Financing Activities	241.5	-167.0
7. -/+ Profit/Loss from the Disposal of Fixed Assets	0.3	-0.4
8. +/- Interest Expenses/Interest Income	58.9	11.5
9. = Cash Flow from Operating Activities	59.4	-398.0
10. - Payments for Investments in Intangible Assets	-217.0	-117.5
11. - Payments for Investments in Tangible Assets	-5.1	-7.2
12. - Payments for Investments in Financial Assets	-6,269.9	-4,599.7
13. + Interest received	668.0	264.4
14. = Cash Flow from Investment Activities	-5,824.0	-4,460.0
15. + Proceeds from Members due to their Cooperative Shares	48.7	403.6
16. + Proceeds from the Issue of Bonds	7,990.0	5,010.0
17. + Proceeds from Loans by Financial Institutions	0.0	200.1
18. + Proceeds from Subordinated Loans by Members of the Cooperative	0.0	3,143.6
19. - Interest paid out	-619.4	-108.8
20. = Cash Flow from Financing Activities	7,419.3	8,648.5
21. Changes in the Financial Funds (No. 9., 14., 20.)	1,654.7	3,790.5
22. + Cash and Cash Equivalents at the Start of the Period	4,713.6	923.1
23. = Cash and Cash Equivalents at the End of the Period	6,368.3	4,713.6
thereof: current liabilities due to banks and other short-term borrowing which are part of disposition of liquid funds (DRS 21.34):	0.0	0.1

F. Independent Auditor's Report

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Independent Auditor's Report

To CHANCEN eG, Witten

Audit Opinions

We have audited the annual financial statements of CHANCEN eG (hereinafter the "Cooperative") which comprise the balance sheet as at 31 December 2020 and the statement of profit and loss for the financial year from 1 January to 31 December 2020, and the Annex to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Chancen eG for the financial year from 1 January to 31 December 2020. In accordance with German legal requirements, we have not reviewed the contents of the parts of the Management Report referred to in the "Further Information" section of our audit opinion.

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

- + the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Cooperative as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 in compliance with German Legally Required Accounting Principles, and
- + the accompanying management report, as a whole, provides an appropriate view of the Cooperative's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit assessment of the Management Report does not cover the contents of the parts of the Management Report referred to in the "Further Information" section.

Pursuant to § 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 53 (2) GenG [Cooperatives Act] in connection with § 317 HGB observing the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Cooperative in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [audit] opinions on the annual financial statements and on the management report.

Significant Uncertainty in Connection with the Continuation of Business Activities

We refer to the information in the Explanations of the Accounting and Valuation Methods in the Notes, as well as to the information in the section Fundamentals of the Company in the Management Report, in which the legal representatives describe that CHANCEN eG assumed that the company would continue as a going concern when preparing the annual financial statements as at 31 December 2020. Furthermore, the Management Board of the Cooperative stated there that the economic development of CHANCEN eG is proceeding as expected and that CHANCEN eG has achieved negative results as planned since its foundation in 2016, including the 2020 financial year, due to the long-term business model. Up to the balance sheet date of 31 December 2020, CHANCEN eG had generated an accumulated loss of €k 1,121.5. According to the current corporate planning, CHANCEN eG assumes that the Cooperative will generate positive annual results from the 2021 financial year onwards. These planning cal-

culations do not take into account possible negative effects due to the Covid 19 pandemic, as these are currently not identifiable for CHANCEN eG and its subsidiaries. Nevertheless, CHANCEN eG has developed planning scenarios that take into account the possible negative effects of the Covid 19 pandemic, according to which – in the worst case – reaching the profit zone will probably be postponed by one financial year.

As stated in the Notes and the Management Report of CHANCEN eG, these events and circumstances indicate the existence of a significant uncertainty which may cast significant doubt on the cooperative's ability to continue as a going concern and which represents a going concern risk within the meaning of § 322, para. 2, sentence 3 of the German Commercial Code.

Our audit opinions have not been modified with respect to this matter.

Other Information

The legal representatives are responsible for the other information.

The other information comprises the other parts of the annual report – without references to external information –, except for the audited annual financial statements and management report, as well as the reproduction of our Auditor's Report.

Our [audit] opinions on the annual financial statements and on the 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 annual financial statements, with the management report or our knowledge obtained in the audit, or
- + otherwise appears to be materially misstated.

Responsibilities of the legal representatives and the Supervisory Board for the Annual Financial Statements and the Management Report

The legal representatives of the cooperative are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and for the fact that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Cooperative

in compliance with German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from – intentional or unintentional - material misstatement.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Cooperative's ability to continue its activities as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the continuation as a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representatives are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Cooperative's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a 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 management report.

The Supervisory Board is responsible for supervising the Cooperative's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements, as a whole, are free from – intentional or unintentional - material misstatement, and whether the management report, as a whole, provides an appropriate view of the Cooperative's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 53 (2) GenG [Cooperatives Act] in connection with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits pro-

mulgated 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 annual financial statements and this 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 annual financial statements and of the 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 controls.
- + Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Cooperative.
- + 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 Cooperative'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 annual financial statements and in the 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 Cooperative to cease to be able to continue as a going concern.
- + Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Cooperative in compliance with German Legally Required Accounting Principles.

- + Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Cooperative's position it provides.
- + Perform audit procedures on the prospective information presented by the executive directors in the 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 the Supervisory Board about, 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.

Düsseldorf, 17th of September

Genossenschaftsverband - Verband der Regionen e.V.

Guido Platten
German Public Auditor

Jörg Hesse
German Public Auditor

G. Supplementary Information

These annual financial statements were approved in accordance with Article 48 of the Cooperative Societies Act at the General Meeting held on 26th June 2021 and the appropriation of profits was resolved as proposed.

These annual financial statements were published on _____ in the electronic Federal Gazette.

Publishing Information

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