



Research Report (Anno)

FinLab AG



**Important operational developments achieved in the Fintech portfolio
Deposit Solutions Holdings advances to
Unicorn Status with a Valuation of €1.0 Billion
High upside potential**

Target Price: 28.85 €

Rating: BUY

IMPORTANT NOTE:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section § 85 WpHG und Art. 20 MAR on page 16

Note on research as a “minor non-monetary benefit” according to the MiFID II regulation: This research meets the requirements for being classified as a “minor non-monetary benefit”. For more information, see the disclosure under “I. Research under MiFID II”

Date and time of completion (german version): 06/04/2020 (5:40 pm)
Date and time of first distribution (german version): 07/04/2020 (10:30 am)
Date and time of completion (english version): 17/04/2020 (8:00 am)
Date and time of first distribution (english version): 17/04/2020 (11:00 am)
Target price valid until: max. 31/12/2020

FinLab AG*5a,6a,11

BUY

Target Price: 28.85 €
(until now: 29.50 €)

Current Price: 13.80
06/04/2020 / XETRA / 11:33
Currency: EUR

Key Data:

ISIN: DE0001218063
WKN: 121806
Ticker symbol: A7A
Number of shares³: 5.393
Marketcap³: 63.36
³in millions / mEUR

Free Float: 20 %

Transparency Level:
Scale

Market Segment:
Freiverkehr

Accounting Standard:
HGB/IFRS

Financial-Year End: 31/12

Designated Sponsor:
Hauck & Aufhäuser

Analysts:

Cosmin Filker
filker@gbc-ag.de

Matthias Greiffenberger
greiffenberger@gbc-ag.de

* possible conflicts of interest
on page 17

Company Profile

Sector: Private Equity

Focus: financial technology ("fintech") business models

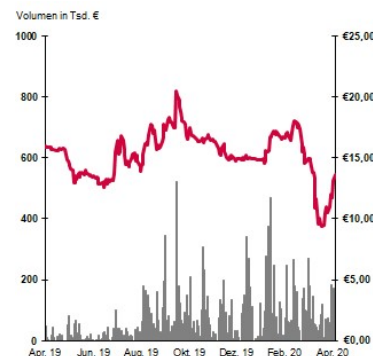
Employees: 12 on incubator level and over 500 in subsidiaries

Established: 2000, focus on fintech since beginning 2015

Registered office: Frankfurt am Main

Board of Management: Stefan Schütze, Juan Rodriguez

FinLab AG is an investment company with a special focus on fintech business models. The focus of FinLab AG is the provision of venture capital for start-ups. FinLab aims to actively and long-term support of the investments. FinLab supports its investments in their respective development phase with their network and know-how. FinLab also acts as an asset manager and manages assets in the hundreds of millions. This does not involve any regional specialisation, but in addition to Germany, investments are also considered in the USA. In recent years, FinLab AG has considerably expanded its investment portfolio, which now comprises ten investments. These include companies from the fast-growing fintech sector as well as companies with a link to the blockchain and cryptocurrency worlds.



P&L in EUR millions*	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Total income	4.94	4.36	4.69	4.62
EBIT	2.27	1.46	0.79	2.19
Net income (loss)	14.00	14.21	16.92	39.53
Operating Cashflow	0.89	1.83	1.49	1.42

Key Figures in EUR*				
Earnings per share	3.08	2.97	3.29	7.54
Dividend per share	0.00	0.00	0.00	0.00

Key figures*				
Financial Assets in EUR millions	68.00	103.19	104.94	141.35
Equity (IFRS) in EUR millions	67.14	103.92	106.27	142.77
NAV per share in EUR	14.79	20.83	20.44	27.22
Discount to NAV	-6.7%	-33.7%	-32.5%	-49.3%
P/E ratio	5.32	5.24	4.40	1.88

*Figures according to IFRS

Financial Calendar

June 2020: AGM

September 2020: Half-year Report 2020

** Last research by GBC:

Date: publication/target price in EUR/rating

03/09/2019: RS / 29.50 / BUY

23/04/2019: RS / 28.87 / BUY

24/09/2018: RS / 32.75 / BUY

16/08/2018: RS / 33.75 / BUY

23/04/2019: RS / 28.87 / BUY

** The research studies indicated above may be viewed at www.gbc-ag.de, or requested at GBC AG, Halderstr. 27, D86150 Augsburg

EXECUTIVE SUMMARY

- FinLab AG had a positive news flow also in the 2019 financial year with its Fintech investments. The “flagship investment” Deposit Solutions once again proved to be an important driver for the company’s development. In addition to further developing its operations, the company concluded a new financing round in September 2019 with an investment by Deutsche Bank. The operator of well-known platforms such as Savedo and Zinspilot was valued at a shareholder value of EUR 1.0 billion, which led to significant revaluations for FinLab AG from the previously calculated value of around €500 million.
- There were also further major developments in the other portfolio companies. nextmarkets GmbH released a new app generation, AUTHADA’s identification solution is now used by comdirect bank AG for both deposit and current account openings, Kapilendo took over a banking platform and iconic completed a seven-figure financing round.
- With the valuation increase of the Fintech portfolio, especially Deposit Solutions, FinLab AG’s financial result improved significantly to €38.08 million (previous year €16.29 million). It is particularly worth noting that FinLab AG’s recurring management income once again kept its operating costs well covered. This means that the portfolio strategy does not come with a cost pressure or the pressure of making exits.
- The very solid balance sheet ratios of FinLab AG should also be mentioned, given the current Covid-19 pandemic. The company’s equity of €142.77 million and equity ratio of 97.9% give it a high degree of flexibility with regard to possible financing options. In addition, the company’s cash and cash equivalents of approx. €11 million is sufficient to cover its operating costs for the next financial years.
- Although the effects of Covid-19, which are difficult to assess, will also influence the development of the portfolio companies, they also present disproportionately high growth opportunities after the crisis due to the fact that their business models are based on innovation and digitalisation. Deposit Solutions, for example, could benefit from high investor interest due to the amount of available liquidity, especially as investments can be made from home computers. The nextmarkets trading platform could also benefit from the current high volatility on the market. Vaultoro is showing its strength in peer-to-peer trading and AUTHADA could benefit from increased demand for e-identification solutions.
- We carried out a NAV valuation of FinLab AG. We determined a price of €28.85 as the fair value per share (previously: €29.50). The reduction is entirely the result of our more cautious approach to the valuation of the Fintech portfolio, for which we currently do not assume any hidden reserves and therefore use the balance sheet valuation. Based on the current share price, the FinLab share is still a clear BUY.

TABLE OF CONTENTS

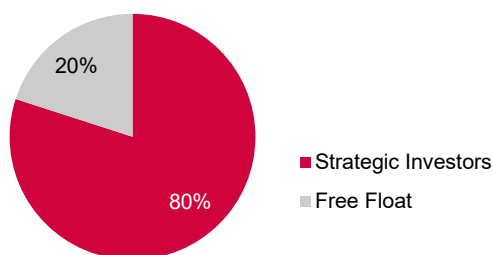
Executive Summary	2
Company	4
Shareholder Structure	4
FinLab's Investment Portfolio	4
Market and Market Environment	6
Company Development.....	6
Overview of the figures	7
Business development 2019	8
Earnings and EBIT growth 2019	8
Development of the investment portfolio	9
Balance sheet and financial situation as at 31/12/2019	9
SWOT-Analysis.....	12
Latest developments and opportunities for the investments	13
Valuation	15
ANNEX	15

COMPANY

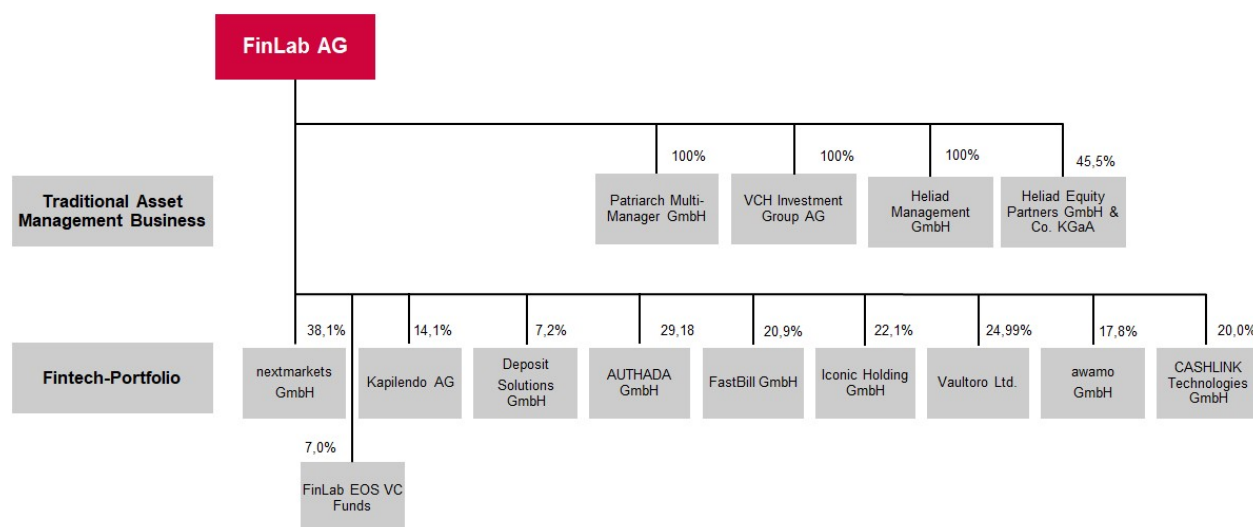
Shareholder Structure

Shareholders in %	in %
Strategic Investors	80 %
Free Float	20 %

Sources: FinLab AG; GBC AG



FinLab's Investment Portfolio



Sources: FinLab AG; GBC AG

At the end of the 2019 financial year, FinLab AG held a total of 10 Fintech investments, only a slight increase in the number of investments compared to the previous year. This means that FinLab AG has reached the upper range of its target of 7-10 investments.

In 2019 the focus was on management and thus on increasing the value of the existing Fintech portfolio. A number of successes were achieved here (see the chapter "Latest developments and opportunities for the investments" in this study). Nevertheless, further investments were made indirectly through the FinLab EOS VC Fund, a venture capital fund financed and managed by both Block.one, the developer of the block chain protocol EOSIO, and FinLab AG.

In April 2019, FinLab EOS VC invested in the US company Moonlighting, a leading mobile on-demand recruitment platform. In July 2019, the seven-figure investment in Arxum GmbH, the provider of block chain solutions, was also announced. The company's block chain solutions are used to connect producers with customers and suppliers and thus enable the development of new business models in the Industry 4.0 environment.

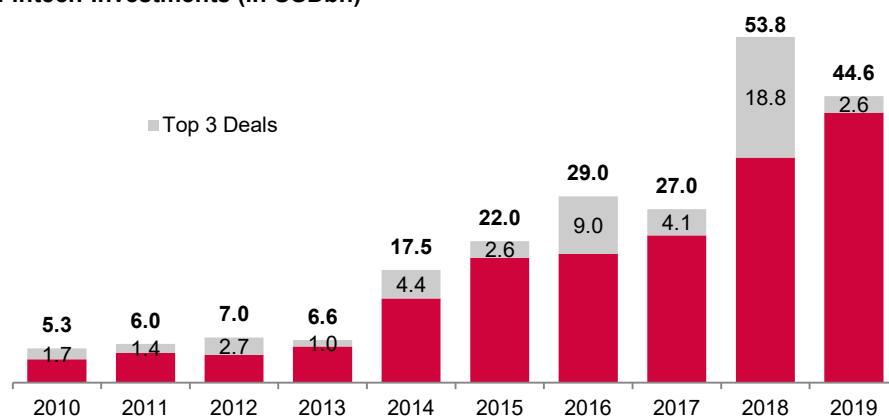
Further investments were reported via the FinLab EOS VC after the end of the financial year. In January 2020, CAPTRACE GmbH, a developer of software solutions for the block-chain-based management of company shares and investor analyses, received a seven-figure sum. Lastly, the seven-figure investment in the Fintech firm Agora Innovation GmbH was announced in February 2020. With IVE.ONE, Agora Innovation has developed a regulated issuing and investment platform that enables global trading of digitised securities on the block chain that is within the legal framework.

The investment activity of FinLab EOS VC should remain high in the current financial year. In the first half of 2020 alone, up to four or five new investments can be expected.

MARKET AND MARKET ENVIRONMENT

FinLab AG operates as an investment company with a clear focus on disruptive Fintech models in a strongly growing market environment. In addition to the operational development of each of the Fintech companies, one important factor for the development of the investment portfolio is the general willingness to invest in the Fintech market. Market sentiment plays an important role, especially with possible exits or partial sales. For several years now there has been a trend of high growth rates in Fintech investments worldwide. According to FT Partners' 2019 Fintech Almanac, the total investment volume in 2019 was USD 44.6 billion, still well above the previous year's averages. Although there has been a decline in investment volume compared with 2018, this is due to particularly high-volume deals in 2018. The volume of the three largest transactions fell significantly from USD 18.8 billion in 2018 to USD 2.6 billion:

Fintech-Investments (in USDbn)



Sources: Fintech Almanac, Financial Technology Partners

The picture is similar in Germany. According to calculations by the management consultancy Barkow Consulting, €3.03 billion flowed into the Fintech segment in Germany in a total of 184 transactions. Compared to the previous year, when €1.59 billion was invested in 153 deals, this represents a significant increase. In general, Germany does not offer the best conditions for being a pioneer in the innovative Fintech market. The reasons for this include the strongly developed banking infrastructure, the somewhat stronger scepticism towards new technologies and a comparatively strict regulatory environment. Nevertheless, the established players have recognised the potential of Fintech companies and are increasingly involved in this area. A significant example of this is Deutsche Bank's newly acquired stake in FinLab holding Deposit Solutions, following a previous cooperation. Such transactions, which we view as the "maturing" of the Fintech market, are likely to occur significantly more often in the future than they have so far.

In the short term, however, the effects of the Covid-19 pandemic should lead to a decline in transactions. CB Insights has already calculated a 13% drop in investment volume for the first quarter of 2020. Further significant declines are expected. However, the current situation illustrates how important the focus on the digitalisation of established processes is, which is why the Covid-19 crisis could lead to a boom in the Fintech sector.

COMPANY DEVELOPMENT

Overview of the figures

P&L (in €m)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Sales	4.17	1.72	1.52	1.94	1.44
Income from investments	1.61	2.75	2.47	2.25	2.68
Other operating income	0.68	0.48	0.37	0.50	0.50
Total income	6.46	4.94	4.36	4.69	4.62
Personnel expenses	-1.56	-1.64	-1.76	-2.44	-0.89
Other operating costs	-0.88	-1.02	-1.14	-1.46	-1.54
EBIT	4.02	2.27	1.46	0.79	2.19
Financial result	3.11	11.77	13.00	16.29	38.08
EBT	7.14	14.04	14.46	17.08	40.27
Taxes on income	-0.60	-0.04	-0.25	-0.17	-0.74
Net profit	6.54	14.00	14.21	16.92	39.53
EBIT	4.02	2.27	1.46	0.79	2.19
Earnings per share in €	1.44	3.08	2.97	3.29	7.54
Dividend per share in €	0.00	0.00	0.00	0.00	0.00
Number of shares in million	4.54	4.54	4.79	5.24	5.39

Sources: FinLab AG; GBC AG

Business development 2019

P&L (in €m)	FY 2016	FY 2017	FY 2018	FY 2019
Total income	4.94	4.36	4.69	4.62
EBIT (margin)	2.27	1.46	0.79	2.19
Financial result	11.77	13.00	16.29	38.08
Net profit	14.00	14.21	16.92	39.53
EPS in €	3.08	2.97	3.29	7.54

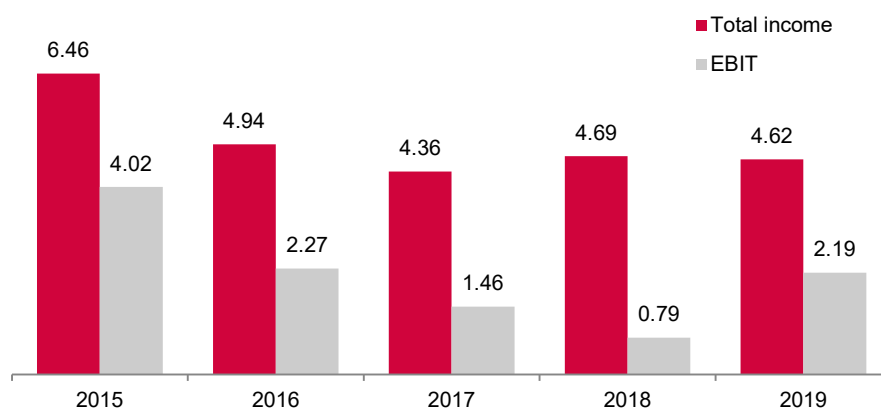
Sources: FinLab AG; GBC AG

Earnings and EBIT growth 2019

The profit and loss picture of FinLab AG is intended in particular to provide information as to whether the company has the ability to “self-sustain” with a positive EBIT, and thus whether personnel and material expenses are sufficiently covered. The answer to this question is particularly important, since this makes it possible for FinLab AG to sustainably support the development of the portfolio companies without having to make exits to cover the operating costs.

The company’s revenue side has remained comparatively constant in recent financial years. This was again the case in 2019, with revenues of €4.62 million (previous year: €4.69 million). These are mainly revenues from services rendered to subsidiaries and associates for management, accounting and marketing purposes. Management remuneration is largely paid by Heliad Equity Partners GmbH & Co. KGaA. New income of over €1.00 million p.a. was also generated by the FinLab EOS VC Fund, which was established in 2018 and is managed by FinLab.

Total income und EBIT (in €m)



Sources: FinLab AG; GBC AG

FinLab AG had always generated a positive EBIT, based on the comparatively constant development of income in the previous financial years. The operating costs in the past financial year amounted to €2.43 million (previous year: €3.90 million), significantly below the previous year’s figure. Personnel expenses included extraordinary income from the valuation of stock options (not in the money) issued to employees, which resulted in a lower overall impact on costs.

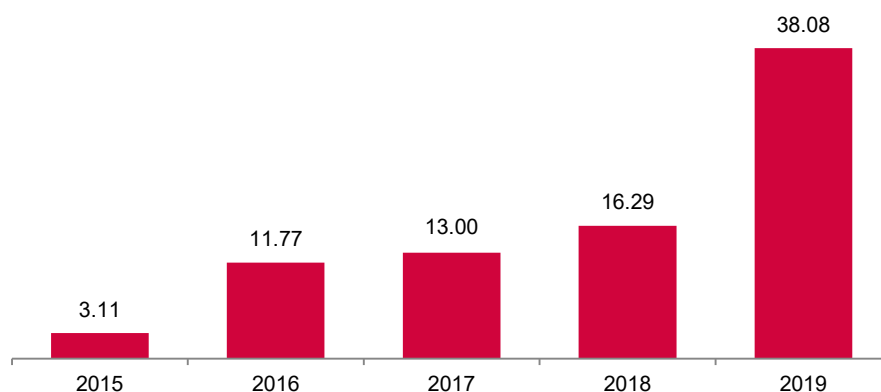
The EBIT, which has always been positive in previous reporting periods, is not to be regarded as the norm for investment companies. As explained above, this reaffirms the statement that FinLab AG can act free of “internal” cost pressure on its investments.

Development of the investment portfolio

The development of Fintech investments is shown below the EBIT in the financial result, as FinLab AG's investments are usually below the 50% mark and are therefore not fully consolidated. In addition to the sale of securities, the financial result primarily includes appreciation and write-offs on financial assets and securities, generally relating to changes in the value of companies in the Fintech portfolio, whereas the changes in value of the publicly listed company Heliad Equity Partners GmbH & Co. KGaA are recognised directly in equity.

The financial result reported in 2019, which increased significantly to €38.08 million (previous year: €16.29 million), is a new record. Even though FinLab AG does not present the specific contribution to profits of its individual Fintech investments, it is recognised that a large part of this is due to the increase in value of Deposit Solutions. In the course of the financing round in September 2019, in which Deutsche Bank participated, a new shareholder value of €1.0 billion was calculated for this subsidiary. FinLab AG had calculated a write-up on the investment value of approximately €40 million. It is therefore obvious that the majority of the financial result is attributable to this transaction.

Financial result (in €m)



Sources: FinLab AG; GBC AG

The after-tax result of €39.53 million (previous year: €16.92 million) is also a new record, as it no longer includes any significant cost items.

The share price performance of Heliad Equity Partners GmbH & Co. KGaA, which reported a 14.6% decline in its share price in the 2019 calendar year, was recognised as a revaluation item. In 2019, a value adjustment of €-2.89 million was taken into account here. The overall result of € 36.63 million was significantly above the previous year's figure. In 2018, high depreciation was carried out for HELIAD, which has burdened the overall result.

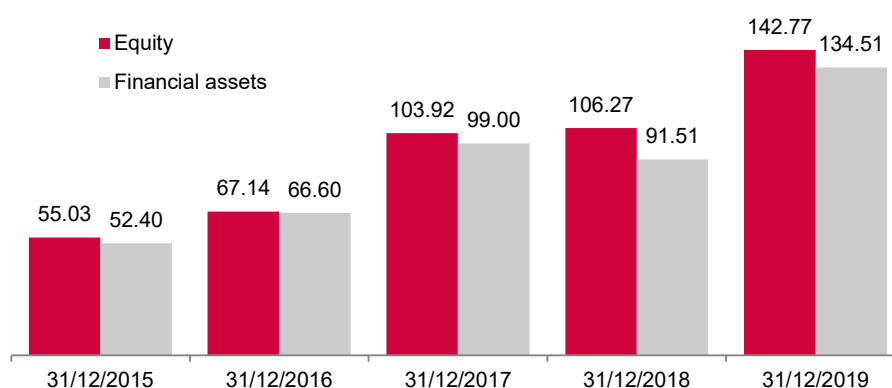
Balance sheet and financial situation as at 31/12/2019

in €m	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Equity	67.14	103.92	106.27	142.77
Equity ratio (in %)	94.1%	97.9%	98.2%	97.9%
Financial Assets	66.70	99.00	91.51	134.51
Securities and Cash	1.40	4.19	13.42	6.83
NAV per share	14.79 €	20.83 €	20.44 €	27.22 €
Cash Flow – operating	0.89	1.83	1.49	1.42
Cash Flow – investing	-1.21	-4.29	2.57	-8.27
Cash Flow – financing	-0.32	5.61	5.18	0.20

Sources: FinLab AG; GBC AG

Despite the value adjustment recognised in equity for the listed investment Heliad Equity Partners GmbH & Co. KGaA amounting to €-2.89 million, equity rose significantly to €142.77 million at the end of the 2019 financial year (31/12/18: €106.27 million). The record net income for the year of €39.53 million, which resulted largely from the higher valuation of the Deposit-investment, contributed to this. With an equity ratio of 97.9% (31/12/18: 98.2%), FinLab AG continues to have an extremely solid equity base. This is an important asset, especially in the current environment marked by the Covid-19 pandemic, as it gives the company a high degree of flexibility with regard to possible financing options.

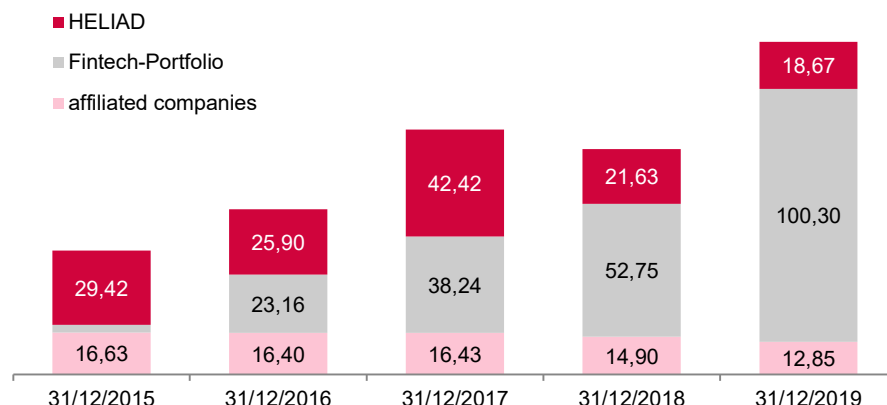
Equity and financial assets (in €)



Sources: FinLab AG; GBC AG

While the liabilities side is almost exclusively dominated by equity, by far the largest item on the assets side of the FinLab balance sheet is financial assets at €134.51 million (31/12/18: €91.51 million). This item primarily includes the carrying amounts of affiliated companies (Patriarch, VCH Investment, Heliad Management), the carrying amounts of investments (Heliad Equity Partners GmbH & Co. KGaA) and securities held as non-current assets (Fintech investments). As shown in the development of the financial result, the significant increase in the carrying amounts is exclusively due to the valuation of the Fintech investments, and in this area mainly to the significant higher valuation of Deposit Solutions. Overall, the valuation of the Fintech investments increased significantly to €100.30 million (31/12/18: €52.75 million). However, this is countered by a decline in the listed company Heliad to €18.67 million (31/12/18: €21.63 million) and in the affiliated companies to €12.83 million (31/12/18: €14.90 million).

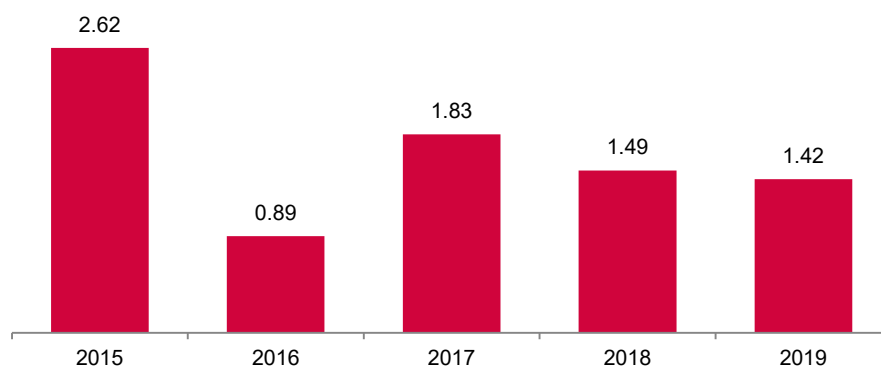
Financial Assets (in €m)



Sources: FinLab AG; GBC AG

The Deposit Solutions effect is particularly evident here, too. The second major balance sheet item on the assets side is liquidity. At €6.83 million on the balance sheet date (31/12/18: €13.42 million), this was below the previous year's figure, but the financial resources of FinLab AG are still very comfortable. This is due in large part to the lean cost structure and the cash flow from operating activities, which has always been positive in past reporting periods. By taking into account the cash equivalents, the company has a liquidity of around €11.0 million. From the current point of view, FinLab AG should therefore be well equipped to deal with a possible decline in revenues during the Covid-19 crisis.

Operating Cashflow (in €m)



Sources: FinLab AG; GBC AG

SWOT-Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experienced management team • Secure cash flows from the Heliad and Patriarch investments in the coming years • The balance sheet structure is very solid with a high equity ratio of over 90% and no financial liabilities • Current costs of FinLab AG are covered by recurring cash flows • A certain number of new investments can be financed from the liquidity portfolio and current cash flow • The fixed cost base is low and the break-even point from recurring earnings has been reached on a sustained basis 	<ul style="list-style-type: none"> • High degree of dependency due to major investment in Heliad Equity Partners GmbH & Co. KGaA • Planning for investors difficult due to the brief company history of Fintech investments • Market has very little influence on the share due to a low free float of around 20% • The Fintech investments generally do not make positive contributions to earnings
Opportunities	Risks
<ul style="list-style-type: none"> • With their approach to digitalisation, Fintech business models could prove to be winners in the crisis • Strong demand for Fintech business models could further drive the valuation levels of FinLab's investments • Fintech business models exhibit a high growth rate, which could also benefit the investments of FinLab AG • New investments could further increase growth potential • New fund with EOS.IO should lead to an increase in management fees and a positive return trend • A rise in Heliad's share price would additionally increase the NAV of FinLab's share 	<ul style="list-style-type: none"> • The effects of the Covid-19 pandemic cannot at present be foreseen and could have a significant impact on FinLab's investments • FinLab AG's investments may develop more slowly than hoped • A sharp decline in Heliad's share price would have a further negative impact on equity and reduce its NAV • Declining investments on the market could slow the company's development • Competitors with similar or identical business models could limit the market potential of the investments

Latest developments and opportunities for the investments

Heliad Equity Partners

FinLab AG holds a 45.5% interest in the investment company Heliad Equity Partners GmbH & Co KGaA (HELIAD). FinLab AG is also the sole shareholder of Heliad Management GmbH, the general partner of Heliad Equity Partners GmbH & Co. In the 2019 financial year, HELIAD achieved a slight increase in NAV to €72.96 million (€7.39/share), after significant write-downs on listed (elumeo AG; SLEEPZ AG) and non-listed investments at the end of the previous year led to a sharp decline in NAV to €61.21 million (€6.20/share). The increase in 2019 was mainly due to the share price performance of flatex AG (formerly FinTech Group AG), which posted a gain of almost 45% in 2019. The valuation of flatex AG amounted to €47.29 million as at 31/12/2019.

Deposit Solutions

In mid-September 2019, FinLab's largest investment, Deposit Solutions GmbH, concluded a new round of financing. Deutsche Bank took a 4.9% stake in the operator of the well-known Savedo and Zinspilot platforms, based on a company valuation of over €1.0 billion. As recently as August 2018, the enterprise value of Deposit Solutions was estimated at around USD 500 million as part of a financing round. FinLab AG currently holds a stake of approximately 7.2% (previously: 7.7%) in Deposit Solutions AG and thus experienced only a small dilution effect after the financing round. **Based on the updated Deposit enterprise value of more than €1.0 billion, the value of FinLab AG's investment in this company exceeds €70 million.**

nextmarkets GmbH

The e-learning and trading platform nextmarkets GmbH launched a new version of its trading platform at the end of 2019. The company has expanded its new app generation to include trading in new asset classes, allowing shares, commodities, indices and crypto-currencies to be traded long and short without leverage. After the FinLab investment received its securities trading bank licence in 2018, portfolio management services have also been available since 2019, enabling nextmarkets to offer integrated and digital investment advice.

AUTHADA GmbH

The Darmstadt-based AUTHADA GmbH is a specialist in identification solutions and a provider of cyber security products which enable customers' identities to be checked quickly, thanks to the e-ID function of their personal identity cards. comdirect bank AG has been using AUTHADA's e-identification procedure for opening securities accounts since 2018 and the identification solution is now also being used for opening current accounts. Further important customers and sales partner such as IDnow and VisualVest were acquired in 2019. Since March 2020, AUTHADA has been a certified service provider for the eID function in accordance with the technical guidelines of the German Federal Office for Information Security.

Vaultoro Limited

Vaultoro Ltd, a leading real-time trading platform for gold and Bitcoin, announced the go-live of its revised trading platform in 2019. In addition to optimisations in the user interface, it has been streamlined for high frequency trading, allowing up to 1.2 million trades/second to be processed. As of October 2019, more than 20,000 customers had traded over USD 95 million worth of physical gold via Vaultoro.com. According to FinLab AG the volume of gold traded has doubled, with much of the increase coming in the last few weeks. With the Covid-19 crisis, many businesses and online shops in the gold environment have closed down, and this has benefited Vaultoro as one of the few currently still active providers in Germany.

Kapilendo AG

The bank-independent provider of financing solutions for small and medium-sized businesses acquired the wevest Digital banking platform in 2019. This expands the Kapilendo product range to include block-chain-based securities issues and digital asset management. New products such as the digital business account are intended to further underpin the digital banking partner's approach. In the coronavirus crisis, Kapilendo is cooperating with regional financial advisors in the allocation of liquidity support and promotional loans.

FastBill GmbH

According to its own statements, FastBill GmbH is a leading SaaS company for the financial management of independent companies and offers a platform for the central administration of financial data via its own software solution. In addition, interfaces necessary for data exchange with tax consultants and similar services are available. The company currently supports many small entrepreneurs in strengthening their liquidity, for example with tips on tax deferrals, guidance on applying for state aid and optimising working capital.

Iconic Holding GmbH

In 2019, Iconic concluded a seven-figure financing round with Hightech Gründerfonds (HTGF III) and FinLab AG. The funds raised will be used to further develop the Asset Management as a Service (AMaaS) platform. This platform is intended to help external asset managers to implement crypto strategies.

Note on the Covid-19 pandemic

FinLab's portfolio companies are likely to be affected by the current Covid-19 crisis, with their innovative business strategy focused on the digitalisation of processes and the development of new digital products. Naturally, the possible effects cannot be assessed at present. However, growth opportunities can also be seen here, particularly in the current environment and in the wake of the crisis. Deposit Solutions, for example, could benefit from high investor interest due to the amount of available liquidity, especially as investments can be made from home computers. The nextmarkets trading platform could also benefit from the current high volatility on the market. Vaultoro is showing its strength in peer-to-peer trading and AUTHADA could benefit from increased demand for e-identification solutions.

VALUATION

We valued FinLab AG by calculating the net asset value (NAV) as a key performance indicator for portfolio companies, which is typical for the sector.

As at 31/12/2019, FinLab AG had equity of €142.77 million according to its IFRS balance sheet. This is based on the balance sheet value of financial assets of €134.51 million. The 45.5% shareholding in Heliad Equity Partners GmbH & Co. KGaA contributes €18.67 million to this total. The valuation of the Heliad investment has declined significantly, particularly in the last two financial years, as a result of the need for amortisation of Heliad portfolio companies. The Heliad NAV, which was last updated on 31/12/2019, is €7.39 per share (source: HELIAD). Heliad's share price was €4.10 at the reporting date, significantly below the published NAV. Based on this NAV valuation, the hidden reserves of the HELIAD investment amount to €14.38 million.

In addition, the IFRS valuation of the Fintech portfolio companies was €100.30 million as at 31/12/19 (31/12/18: €52.75 million). This increase is almost exclusively due to the revaluation of Deposit Solutions. We had previously made our own assessment of the balance sheet value of the Fintech investments. In view of the current uncertain situation and effects that cannot be estimated, we have based our valuation on the balance sheet value of the Fintech investments determined by the company and thus do not assume any hidden reserves.

In the third stage of the NAV calculation, we took into account in the liquid assets (including securities) amounting to €6.83 million the revenue streams from traditional asset management business that are expected and predictable for the 2020 financial year, i.e. the agreed management fees as well as dividend income (including income from the new fund with Block.one) minus the holding costs.

Calculation of the fair value per share of FinLab AG:

in €m	31/12/2019 (IFRS)	Fair value for NAV-calculation (according to GBC)
Heliad Equity Partners GmbH	18.67	33.05
Fintech-Investments	100.30	100.30
Liquid assets	6.83	8.25
Other financial assets	15.55	15.55
Sum	141.35 (1.)	157.15 (2.)
	Hidden reserves (2.-1.)	15.80
	Equity (IFRS)	142.77
	Equity (including hidden reserves)	158.57
	Equity without debt (GBC-NAV in €m)	155.56
	Number of shares	5.39
	NAV/share	28.85 €

The current NAV/share of FinLab AG is €28.85 (previously: €29.50), slightly below the previous value. This is entirely due to our more cautious approach, under which we currently do not include any hidden reserves in Fintech investments in view of the uncertain situation caused by the Covid-19 pandemic. Based on the current share price, FinLab AG clearly retains its BUY rating.

ANNEX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.
2. The research report is simultaneously made available to all interested investment services companies.

II.

Section 1 Disclaimer and exclusion of liability

This document is intended solely for information purposes. All data and information in this study come from sources that GBC regards as reliable. In addition, the authors have taken every care to ensure that the facts and opinions presented here are appropriate and accurate. Nevertheless, no guarantee or liability can be accepted for their correctness – whether explicitly or implicitly. In addition, all information may be incomplete or summarised. Neither GBC nor the individual authors accept liability for any damage which may arise as the result of using this document or its contents, or in any other way in this connection.

We would also point out that this document does not constitute an invitation to subscribe to nor to purchase any securities and must not be interpreted in this way. Nor may it nor any part of it be used as the basis for a binding contract of any kind whatsoever, or be cited as a reliable source in this context. Any decision relating to the probable offer for sale of securities for the company or companies discussed in this publication should be taken solely on the basis of information in the prospectuses or offer documents which are issued in relation to any such offer.

GBC does not provide any guarantee that the indicated returns or stated target prices will be achieved. Changes to the relevant assumptions on which this document is based can have a material impact on the targeted returns. Income from investments is subject to fluctuations. Investment decisions should always be made with the assistance of an investment advisor. This document cannot replace the role of an advisor.

Sale outside the Federal Republic of Germany:

This publication, if sold in the UK, may only be made available to those persons who, in the meaning of the Financial Services Act 1986 are authorised and exempt, or persons as defined in section 9 (3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Decree 1988 (amended version) and must not be transmitted directly or indirectly to other persons or groups of persons.

Neither this document nor any copy of it may be taken into, transferred to or distributed within the United States of America or its territories and possessions. The distribution of this document in Canada, Japan or other jurisdictions may be restricted by law, and persons who come into possession of this publication should find out about any such restrictions and respect them. Any failure to respect these restrictions may represent a breach of the US, Canadian or Japanese securities laws or laws governing another jurisdiction.

By accepting this document you accept all disclaimers of liability and the restrictions cited above.

You can find the details of this disclaimer/exclusion of liability at:

<http://www.gbc-ag.de/de/Disclaimer.htm>

Legal information and disclosures as required by section 85 of Securities Trading Act (WpHG) and Financial Analysis Directive (FinAnV)

This information can also be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung.htm>

Section 2 (I) Updates

A detailed update of the present analysis/analyses at any fixed date has not been planned at the current time. GBC AG reserves the right to update the analysis without prior notice.

Section 2 (II) Recommendation/ Classifications/ Rating

Since 1/7/2006 GBC AG has used a 3-level absolute share rating system. Since 1/7/2007 these ratings relate to a time horizon of a minimum of 6 to a maximum of 18 months. Previously the ratings related to a time horizon of up to 12 months. When the analysis is published, the investment recommendations are defined based on the categories described below, including reference to the expected returns. Temporary price fluctuations outside of these ranges do not automatically lead to a change in classification, but can result in a revision of the original recommendation.

The recommendations/ classifications/ ratings are linked to the following expectations:

BUY	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$.
HOLD	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$.
SELL	The expected return, based on the calculated target price, incl. dividend payments within the relevant time horizon, is $\leq - 10\%$.

GBC AG's target prices are determined using the fair value per share, derived using generally recognised and widely used methods of fundamental analysis, such as the DCF process, peer-group benchmarking and/or the sum-of-the-parts process. This is done by including fundamental factors such as e.g. share splits, capital reductions, capital increases, M&A activities, share buybacks, etc.

Section 2 (III) Past recommendations

Past recommendations by GBC on the current analysis/analyses can be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung.htm>

Section 2 (IV) Information basis

For the creation of the present analysis/analyses publicly available information was used about the issuer(s) (where available, the last three published annual and quarterly reports, ad hoc announcements, press releases, share prospectuses, company presentations, etc.) which GBC believes to be reliable. In addition, discussions were held with the management of the company/companies involved, for the creation of this analysis/these analyses, in order to review in more detail the information relating to business trends.

Section 2 (V) 1. Conflicts of interest as defined in section 85 of the Securities Trading Act (WpHG)

GBC AG and the analysts concerned hereby declare that the following potential conflicts of interest exist for the company/companies described, at the time of this publication, and in so doing meet the requirements of section 85 of the Securities Trading Act (WpHG). A detailed explanation of potential conflicts of interest is also listed in the catalogue of potential conflicts of interest under section 2 (V) 2.

In relation to the security or financial instrument discussed in this analysis the following possible conflict of interest exists: (5a,6a,11)

section 2 (V) 2. Catalogue of potential conflicts of interest

- (1) At the time of publication, GBC AG or a legal entity affiliated with it holds shares or other financial instruments in the company analysed or the financial instrument or financial product analysed. (2) This company holds over 3% of the shares in GBC AG or a legal person connected to them.
- (3) GBC AG or a legal person connected to them is a market maker or designated sponsor for the financial instruments of this company.
- (4) GBC AG or a legal person connected to them has, over the previous 12 months, organised or played a leading role in the public issue of financial instruments for this company.
- (5) a) GBC AG or a legal entity affiliated with it has concluded an agreement with this company or issuer of the analysed financial instrument in the previous 12 months on the preparation of research reports for a fee. Under this agreement, the draft financial analysis (excluding the valuation section) was made available to the issuer prior to publication.
- (5) b) After receiving valid amendments by the analysed company or issuer, the draft of this analysis was changed.
- (6) a) GBC AG or a legal entity affiliated with it has concluded an agreement with a third party in the previous 12 months on the preparation of research reports on this company or financial instrument for a fee. Under this agreement, the third party and/or company and/or issuer of the financial instrument has been given access to the draft analysis (excluding the valuation section) prior to publication.
- (6) b) After receiving valid amendments by the third party or issuer, the draft of this analysis was changed.
- (7) The analyst responsible for this report holds shares or other financial instruments of this company at the time of publication.
- (8) The analyst responsible for this company is a member of the company's Executive Board or Supervisory Board.
- (9) The analyst responsible for this report received or purchased shares in the company analysed by said analyst, prior to the time of publication.
- (10) GBC or a related legal party has closed an agreement with the underlying company regarding consulting services during the previous 12 months.
- (11) GBC or a related legal party has a significant financial interest in the analysed company, for example to get mandated by the analysed company or to provide any kind of services (such as the organization of fairs, roundtables, road shows, etc.).
- (12) At the time of the financial analysis, the analysed company is in a financial instrument or financial product (e.g. certificate, fund, etc.) managed or advised by GBC AG or its affiliated legal entity.

Section 2 (V) 3. Compliance

GBC has defined internal regulatory measures in order to prevent potential conflicts of interest arising or, where they do exist, to declare them publicly. Responsibility for the enforcement of these regulations rests with the current Compliance Officer, Karin Jägg, Email: jaegg@gbc-ag.de

Section 2 (VI) Responsibility for report

The company responsible for the creation of this/these analysis/analyses is GBC AG, with registered office in Augsburg, which is registered as a research institute with the responsible supervisory authority (Federal Financial Supervisory Authority or BaFin Marie-Curie-Str. 24-28, 60439 Frankfurt, Germany).

GBC AG is currently represented by its board members Manuel Hölzle (Chairman) and Jörg Grunwald.

The analysts responsible for this analysis are:

Cosmin Filker, Dipl. Betriebswirt (FH), Vice Head of Research
Matthias Greiffenberger, M.Sc., M.A., Finanzanalyst

Other person involved:

Manuel Hölzle, Dipl. Kaufmann, Head of Research

Section 3 Copyright

This document is protected by copyright. It is made available to you solely for your information and may not be reproduced or distributed to any other person. Any use of this document outside the limits of copyright law shall, in principle, require the consent of GBC or of the relevant company, should the rights of usage and publication have been transferred.

GBC AG
Halderstraße 27
D 86150 Augsburg
Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-Mail: compliance@gbc-ag.de



GBC AG®
- RESEARCH & INVESTMENT ANALYSEN -

GBC AG
Halderstraße 27
86150 Augsburg
Internet: <http://www.gbc-ag.de>
Fax: ++49 (0)821/241133-30
Tel.: ++49 (0)821/241133-0
Email: office@gbc-ag.de