

BITCOIN GROUP SE*5a,11

Rating: BUY

**Target price: € 55.00
(previously: € 58.00)**

current price: 20.30
27.09.23 / XETRA / 11:04 a.m.
Currency: EUR

Key data:

ISIN: DE000A1TNV91
WKN: A1TNV9
Symbol: ADE
Number of shares³: 5.00
Market cap³: 101.50
EnterpriseValue³: -3.11
³ in million / in EUR million
Free float: <75.0 %

Market segment:
Freiverkehr

Accounting:
IFRS

Designated Sponsor:
BankM AG

Financial year: 31.12.

Analysts:

Matthias Greiffenberger
greiffenberger@gbc-ag.de

Cosmin Filker
filker@gbc-ag.de

Date and time of completion of
the report:
28.09.2023 (11:00)
Date and time of the first
publication of the report:
28.09.2023 (13:00)
Validity of the target price: until
max. 31.12.2024

* Catalog of possible conflicts
of interest on page 6

Company profile

Industry: Software

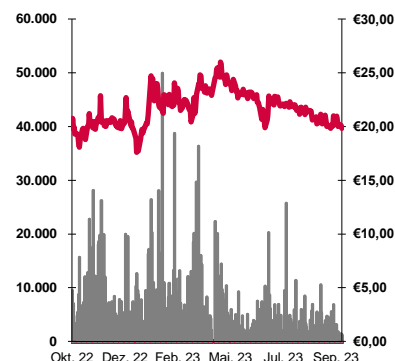
Focus: Holding in the field of cryptocurrencies

Employees: 35 Status: 12/31/2022

Foundation: 2008

Headquarters: Herford

Management: Marco Bodewein, Michael Nowak,
Per Hlawatschek



The Bitcoin Group SE is a holding company focused on innovative and disruptive business models and technologies in the fields of Cryptocurrency and Blockchain.

Bitcoin Group SE holds 100% of the shares in futurum bank AG, which, in addition to traditional securities services, operates a trading platform for digital currencies such as Bitcoin, Bitcoin Cash, Bitcoin Gold, Ethereum, and others under Bitcoin.de, as well as 50% of the shares in Sineus Financial Services GmbH, a financial service provider.

The company's goal is to build a portfolio of investments through further acquisitions, which, in terms of risk diversification and return potential, meets the requirements of investors.

P&L in EUR million \ FY-end	31.12.2021	31.12.2022	31.12.2023e	31.12.2024e
Sales	25,39	8,34	7,03	13,57
EBITDA	19,75	1,37	-0,08	5,31
EBIT	19,74	-3,76	-0,22	5,18
Net income	13,37	-2,41	-0,20	3,37

Key figures in EUR

Earnings per share	2,67	-0,48	-0,04	0,67
Dividend per share	0,00	0,10	0,10	0,10

Key figures

EV/Sales	-0,12	-0,37	-0,44	-0,23
EV/EBITDA	-0,16	-2,27	38,52	-0,58
EV/EBIT	-0,16	0,83	14,08	-0,60
KGV	7,59	-42,13	-509,51	30,08
KBV		0,93		

Financial Calendar

**last research from GBC:

Date: Publication / Target price in EUR / Rating
09.08.2023: RS / 58.00 / BUY
07.12.2022: RS / 50.00 / BUY
08.11.2022: RS / 80.00 / BUY
11.02.2021: RS / 120.00 / BUY

** Research reports listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

Notice in accordance with MiFID II regulation for research "Minor Non-Monetary Contribution": This research meets the requirements for classification as a "minor non-monetary contribution". For more information, please refer to the disclosure under "I. Research under MiFID II".

Business performance HY1 20 2 3

in € million	HY1 2021	HY1 2022	HY1 2023
Revenues	17.70	5.60	5.62
EBITDA	14.44	2.74	-0.56
<i>EBITDA margin</i>	<i>81.6%</i>	<i>48.9%</i>	<i>-10.0%</i>
EBIT	14.03	-2.24	1.79
<i>EBIT margin</i>	<i>79.2%</i>	<i>-39.9%</i>	<i>31.9%</i>
Net income	10.17	-2.21	1.88
EPS in €	2.03	-0.44	0.38

Source: Bitcoin Group SE, GBC AG

In the first half of 2023, Bitcoin Group SE reported revenues of €5.62 million, a marginal increase from €5.60 million during the same timeframe the previous year. This marginal rise indicates a steady trading activity on Bitcoin.de, even though the volume remains relatively low. The diminished volatility in the crypto markets might be making trading less enticing for a section of investors. Interestingly, the Bitcoin market exhibits impressive stability, with volatility reaching historical lows. That said, Bitcoin's price experienced a robust ascent in the first half, skyrocketing 80.0% from an initial 15,500 BTC/EUR on 01.01.2023 to 27,900 BTC/EUR by 30.06.2023.

The first half's EBITDA stood at -€0.56 million, a stark contrast to the €2.74 million in the previous year's corresponding period. This downturn is chiefly attributed to personnel expenses and notably, a one-off cost of €2.62 million linked to the earlier intended integration of "von der Heydt Bank." Although Bitcoin Group had initially set sights on acquiring "von der Heydt Bank" they later opted against it — a decision that seems prudent now as the Heydt Bank grapples with impending liquidation. The EBIT surged to €1.79 million (previous year: -€2.24 million), further boosted by value recoveries of €2.73 million. Conversely, the year before had seen devaluations amounting to €4.98 million due to the reassessment of company-held cryptocurrencies. To conclude, the earnings per share were €0.38, slightly lower than the -€0.44 from the previous year.

Balance sheet and financial situation as of June 30, 2023

in € million	31.12.2021	31.12.2022	30.06.2023
Equity	151.65	73.35	109.27
Equity ratio (in %)	73.0%	77.2%	75.2%
Operating fixed assets	1.50	1.43	1.30
Working capital	-6.69	-1.23	-1.57
Net Cash	20.57	14.79	14.61

Source: Bitcoin Group SE, GBC AG

The financial position of Bitcoin Group remains robust. By 30.06.2023, their equity surged to €109.27 million, up from €73.35 million at the end of 2022. However, the equity ratio saw a minor dip, standing at 75.2% compared to 77.2% as of 31.12.2022. This augmentation in equity can be attributed to the favorable price trends in cryptocurrencies during the first half of 2023, reflecting an upward trajectory in Bitcoin Group's crypto assets.

By 30.06.2023, their crypto assets increased to €121.86 million, a considerable leap from €70.77 million at the end of the previous year. After accounting for deferred tax liabilities, which totaled €30.96 million (up from €16.35 million on 31.12.2022), the net value of their crypto assets amounted to €90.90 million, compared to €54.42 million as of 31.12.2022.

Forecast and evaluation

Income statement (in € million)	FY 2022	FY 2023e	FY 2024e
Revenues	8.34	7.03	13.57
EBITDA	1.37	-0.08	5.31
EBITDA margin	16.4%	-1.1%	39.2%
EBIT	-3.76	-0.22	5.18
EBIT margin	-45.0%	-3.1%	38.1%
Net income	-2.41	-0.20	3.37
EPS in €	-0.48	-0.04	0.67

Source: GBC AG

Revenue forecast

According to the semi-annual figures for 2023, the company reaffirms its guidance. Bitcoin Group's management projects a rise in registered users to 1,065,000 by the end of 2023, though it anticipates a marginal dip in revenue. Despite the present challenges posed by geopolitical and regulatory uncertainties, the board maintains a positive outlook on the future trajectory. The company's stringent security and transparency standards have fostered trust, aiding in customer base expansion. Furthermore, efforts are underway to establish a consistent EU-wide regulation to bolster growth. To optimize the potential of its burgeoning customer base, Bitcoin Group is strategizing enhancements in user experience and overall functionality.

The Bitcoin Stock-to-Flow model, a metric evaluating Bitcoin's scarcity, points toward potential bullish price movements, especially with the anticipated Bitcoin halving event in 2024. A halving event sees the reward for mining new Bitcoin blocks slashed by half, consequently limiting the daily influx of new Bitcoins. Historically, such events have often catalyzed Bitcoin price surges, as diminishing supply amidst stable or growing demand can elevate the cryptocurrency's value.

On the flip side, the dissolved partnership with Fidor Bank might cast a shadow on the revenue prospects for 2023. Nevertheless, Bitcoin Group is actively pursuing a new express trading partner and has entered into promising negotiations to that end.

For the fiscal year 2023, our revenue projections remain steadfast at €7.03 million, with an anticipated increase to €13.57 million in 2024.

Earnings forecast

In May 2023, Bitcoin Group chose to discontinue its acquisition pursuits of "Bankhaus von der Heydt", deeming it not beneficial for the company and its stakeholders. This decision brought about extra expenditures, which will be felt in the 2023 financial statements. Given the subdued revenue metrics, our forecast indicates a downturn in the EBITDA for 2023 to -€0.08 million. However, we predict a positive rebound in 2024 with an EBITDA estimate of €5.31 million. This EBITDA trend closely aligns with the anticipated net earnings. For 2023, we project a modest net gain of €0.20 million, with a more robust €3.37 million for 2024. While the company may contemplate selling a portion of its crypto assets to enhance the bottom line, such a move hasn't been factored into our forecasting model.

Valuation

Model assumptions

We assessed Bitcoin Group SE using a three-stage DCF (Discounted Cash Flow) model. The first phase begins with specific estimates for the years 2023 - 2024. From 2025 to 2030, in the second phase, the forecast is made using value drivers. We anticipate revenue growth of 15.0%. We have assumed a target EBITDA margin of 72.6%. For phase 2, we considered a tax rate of 30.0%. In the third phase, after the forecast horizon, a residual value is determined using the perpetual annuity method. In the terminal value, we assume a growth rate of 2.0%.

Determination of the cost of capital

The weighted average capital costs (WACC) of Bitcoin Group SE are calculated from the equity costs and the debt costs. Determining the equity costs involves identifying the fair market premium, the company-specific beta, and the risk-free interest rate.

The risk-free rate is derived according to the recommendations of the FAUB (Expert Committee for Company Valuations and Business Economics) of IDW from current yield curves for risk-free bonds. The basis for this is the zero-bond interest rates published by the Deutsche Bundesbank using the Svensson method. We used a risk-free rate of 2.00% (previously: 2.00%).

For a reasonable expectation of a market premium, we set the historical market premium at 5.50%. This is supported by historical analyses of stock market returns. The market premium indicates by how many percent the stock market is expected to yield better than the risk-free government bonds.

According to the GBC estimation method, a beta of 1.39 is currently determined.

Using the established premises, the equity costs are calculated at 9.70% (Beta multiplied by risk premium plus risk-free rate). Since we assume a sustainable weighting of equity costs at 100%, the weighted average capital costs (WACC) turn out to be 9.70%.

As of 30.06.2023, the company's crypto holdings amounted to €121.86 million. After deducting deferred tax liabilities of €30.96 million, the net crypto holdings amount to €90.90 million. Due to the slight decline in many cryptocurrencies as of 30.06.2023, we estimate the crypto holdings to be around €110 million. Taking into account the similarly reduced deferred tax liabilities, we forecast a current net crypto holding of €90 million. We add the net crypto holding to the net cash.

Valuation result

Within our DCF valuation model, we determined a new price target of €55.00 (previously: €58.00). Our profit and loss forecasts remained unchanged. However, we assume that the net crypto holdings have decreased from about €100 million to approximately €85 million. Consequently, there was a slight reduction in the target price.

Bitcoin Group SE - Discounted Cash Flow (DCF) Valuation

Value drivers of the DCF model after the estimate phase:

consistency - phase		final - phase	
Revenues growth	15.0%	perpetual revenues growth	2.0%
EBITDA margin	72.6%	perpetual EBITA margin	72.2%
AFA to operating fixed assets	8.0%	Effective tax rate in terminal value	30.0%
Working capital to sales	-15.0%		

three-stage DCF - model:

Phase in Mio. EUR	estimate		consistency						final terminal value
	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	
Revenues (US)	7.03	13.57	15.61	17.95	20.64	23.73	27.29	31.39	
<i>US Change</i>	-15.7%	93.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	2.0%
<i>US to operating fixed assets</i>	4.77	8.94	10.08	11.37	12.83	14.48	16.36	18.48	
EBITDA	-0.08	5.31	11.34	13.04	14.99	17.24	19.83	22.80	
<i>EBITDA margin</i>	-1.1%	39.2%	72.6%	72.6%	72.6%	72.6%	72.6%	72.6%	
EBITA	-0.22	5.18	11.21	12.91	14.87	17.11	19.70	22.67	
<i>EBITA margin</i>	-3.1%	38.1%	71.9%	72.0%	72.0%	72.1%	72.2%	72.2%	72.2%
Taxes on EBITA	0.07	-1.75	-3.36	-3.87	-4.46	-5.13	-5.91	-6.80	
<i>to EBITA</i>	32.2%	33.9%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	-0.15	3.42	7.85	9.04	10.41	11.98	13.79	15.87	
Return on investment	-74.2%	780.7%	-1631.4%	-1141.0%	-934.7%	-805.5%	-717.5%	-654.2%	-537.8%
Working capital (WC)	-1.04	-2.00	-2.34	-2.69	-3.10	-3.56	-4.09	-4.71	
<i>WC to turnover</i>	-14.7%	-14.7%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%	
<i>Investments in WC</i>	-0.19	0.96	0.34	0.35	0.40	0.46	0.53	0.61	
Operating assets (OAV)	1.47	1.52	1.55	1.58	1.61	1.64	1.67	1.70	
<i>AFA on OAV</i>	-0.14	-0.14	-0.12	-0.12	-0.13	-0.13	-0.13	-0.13	
<i>AFA to OAV</i>	9.5%	9.1%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
<i>Investments in OAV</i>	-0.18	-0.18	-0.15	-0.15	-0.16	-0.16	-0.16	-0.16	
Invested capital	0.44	-0.48	-0.79	-1.11	-1.49	-1.92	-2.43	-3.01	
EBITDA	-0.08	5.31	11.34	13.04	14.99	17.24	19.83	22.80	
Taxes on EBITA	0.07	-1.75	-3.36	-3.87	-4.46	-5.13	-5.91	-6.80	
Total investments	-0.38	0.78	0.19	0.20	0.25	0.31	0.37	0.45	
<i>Investments in OAV</i>	-0.18	-0.18	-0.15	-0.15	-0.16	-0.16	-0.16	-0.16	
<i>Investments in WC</i>	-0.19	0.96	0.34	0.35	0.40	0.46	0.53	0.61	
<i>Investments in goodwill</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cash flows	-0.39	4.34	8.16	9.36	10.78	12.41	14.29	16.45	212.06

Value of operating business (reporting date)	161.17	172.40
<i>Present value of explicit FCFs</i>	49.97	50.46
<i>Present value of the continuing value</i>	111.20	121.94
Net debt	-98.83	-102.60
Value of equity	260.00	275.00
Minority interests in profits	0.00	0.00
Value of share capital	260.00	275.00
Shares outstanding in million	5.00	5.00
Fair value of the share in EUR	52.00	55.00

Cost of Capital:

<i>risk-free return</i>	2.0%
<i>Market risk premium</i>	5.5%
<i>Beta</i>	1.39
<i>Cost of equity</i>	9.7%
<i>Target weighting</i>	100.0%
<i>Cost of debt</i>	6.5%
<i>Target weighting</i>	0.0%
<i>Taxshield</i>	25.0%
WACC	9.7%

ROI	WACC				
	9.1%	9.4%	9.7%	10.0%	10.3%
-538.3%	57.98	56.44	55.02	53.72	52.52
-538.0%	57.97	56.43	55.01	53.71	52.51
-537.8%	57.96	56.41	55.00	53.70	52.50
-537.5%	57.94	56.40	54.99	53.69	52.49
-537.3%	57.93	56.39	54.98	53.68	52.48

APPENDIX

I.

Research under MiFID II

1. there is an agreement between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG shall be remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested therein.

II.

§1 Disclaimer/ Exclusion of liability

This document is for information purposes only. All data and information in this study has been obtained from sources that GBC believes to be reliable. Furthermore, the authors have taken the utmost care to ensure that the facts used and opinions expressed are reasonable and accurate. Nevertheless, no warranty or liability can be assumed for their accuracy - neither explicitly nor implicitly. Furthermore, all information may be incomplete or summarized. Neither GBC nor the individual authors accept any liability for damages arising from the use of this document or its contents or otherwise in this context.

Furthermore, we would like to point out that this document is neither an invitation to subscribe to nor to purchase any securities and should not be interpreted in this sense. Neither may it or any part of it serve as the basis for a binding contract of any kind whatsoever or be relied upon as a reliable source in this context. Any decision in connection with a prospective offer for sale of securities of the company or companies discussed in this publication should be made solely on the basis of information contained in prospectuses or offer letters issued in connection with such an offer.

GBC does not guarantee that the indicated yield or price targets will be achieved. Changes in the relevant assumptions on which this document is based may have a material impact on the target returns. Income from investments is subject to fluctuations. Investment decisions always require the advice of an investment advisor. Consequently, this document cannot assume an advisory function.

Distribution outside the Federal Republic of Germany:

This publication, if distributed in the UK, may only be made available to persons who are authorised or exempt under the Financial Services Act 1986 or persons covered by section 9(3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Order 1988 (as amended) and may not be communicated, directly or indirectly, to any other person or group of persons.

Neither this document nor a copy thereof may be brought, transferred or distributed in the United States of America or its territories or possessions. The distribution of this document in Canada, Japan or other jurisdictions may be restricted by law and persons into whose possession this publication comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the United States, Canadian or Japanese securities laws or the laws of any other jurisdiction.

By accepting this document, you accept any disclaimer and the above limitations.

You will also find the information on the disclaimer/exclusion of liability under www.gbc-ag.de

Legal information and publications in accordance with § 85 WpHG and FinAnV

The notes are also available on the Internet at the following address
<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (I) Updating:

A concrete update of the present analysis(s) at a fixed date has not yet been scheduled. GBC AG reserves the right to update the analysis without prior notice.

§ 2 (II) Recommendation/ Ratings/ Classification:

Since 1 July 2006, GBC AG has used a 3-level absolute share rating system. Since 1.7.2007, the ratings have been based on a time horizon of at least 6 to a maximum of 18 months. Previously, the ratings were based on a time horizon of up to 12 months. When the analysis is published, the investment recommendations are determined by reference to the expected return in accordance with the ratings described below. Temporary price deviations outside of these ranges do not automatically lead to a change of rating, but do give rise to a revision of the original recommendation.

The respective recommendations/classifications/ ratings are associated with the following expectations:

BUY	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$.
-----	--

HOLD	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is > - 10% and < + 10%.
SELL	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is <= - 10%.

Price targets of GBC AG are determined on the basis of the fair value per share, which is determined on the basis of generally accepted and widely used methods of fundamental analysis, such as the DCF method, peer group comparison and/or the sum-of-the-parts method. This is done by taking into account fundamental factors such as stock splits, capital reductions, capital increases, M&A activities, share buybacks, etc.

§ 2 (III) Historical recommendations:

GBC's historical recommendations on the present analysis(s) are available on the Internet at the following address
<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (IV) Information base:

For the preparation of the present analysis(s), publicly available information about the issuer(s), (where available, the three most recently published annual and quarterly reports, ad-hoc announcements, press releases, securities prospectus, company presentations, etc.), which GBC believes to be reliable, has been used. In addition, discussions were held with the management of the company(ies) in question in order to have the facts relating to the business development explained in more detail.

§ Section 2 (V) 1. conflicts of interest pursuant to Section 85 of the German Securities Trading Act (WpHG) and Art. 20 of the German Securities Trading Act (MAR)

GBC AG and the responsible analyst hereby declare that the following potential conflicts of interest for which the company(ies) named in the analysis exist at the time of publication and therefore comply with the obligations of § 85 WpHG and Art. 20 MAR. An exact explanation of the possible conflicts of interest is provided in the catalogue of possible conflicts of interest under § 2 (V) 2.

The following potential conflict of interest exists with respect to the securities or financial instruments discussed in the analysis: (5a,11)

§ Section 2 (V) 2. catalogue of possible conflicts of interest:

- (1) GBC AG or a legal entity affiliated with it holds at the time of publication shares or other financial instruments in this analysed company or analysed financial instrument or financial product.
- (2) This company holds more than 3% of the shares in GBC AG or a legal entity affiliated with it.
- (3) GBC AG or a legal entity affiliated with it is market maker or designated sponsor in the financial instruments of this company.
- (4) GBC AG or a legal entity affiliated with it was, at the time of the public issue, in the previous 12 months of financial instruments of this company.
- (5) a) GBC AG or a legal entity affiliated with it has entered into an agreement in the preceding 12 months concerning the Preparation of research reports against payment with this company or issuer of the analysed financial instrument hit. Under this agreement, the issuer was given access to the draft financial analysis (without the valuation section) prior to publication.
- (5) b) An amendment to the draft financial analysis has been made on the basis of justified indications from the company or issuer
- (6) a) GBC AG or a legal entity affiliated with it has entered into an agreement in the preceding 12 months concerning the Preparation of research reports against payment with a third party on this company or financial instrument. In Under this agreement, the third party and/or company and/or issuer of the financial instrument of Draft of the analysis (without evaluation part) made available prior to publication.
- (6) b) An amendment to the draft financial analysis has been made on the basis of justified indications of the third party and/or issuer
7. The analyst responsible, the principal analyst, the deputy principal analyst and/or any other person involved in the preparation of the study Person holds shares or other financial instruments in this company at the time of publication.
- (8) The responsible analyst of this company is a member of the local management board or supervisory board.
- (9) The relevant analyst has, prior to the date of publication, acquired shares in the company he/she is analysing before public issue were received or acquired.
- (10) GBC AG or a legal entity affiliated with it has entered into an agreement within the preceding 12 months regarding the Provision of consulting services with the analyzed company closed.
- (11) GBC AG or a legal entity affiliated with it has significant financial interests in the analysed company, e.g. the acquisition and/or exercise of mandates with the analysed company or the acquisition and/or provision of of services for the analysed company (e.g. presentation at conferences, roundtables, road shows etc.)
- (12) At the time of the financial analysis, the analysed company is located in a country which is controlled by GBC AG or its affiliates.

legal entity, financial instrument or financial product (e.g. certificate, fund, etc.) that is managed or advised

§ 2 (V) 3. compliance:

GBC has internal regulatory arrangements in place to prevent or disclose potential conflicts of interest, if any. The current Compliance Officer, Karin Jaegg, Email: jaegg@gbc-ag.de, is responsible for compliance with the regulations.

§ 2 (VI) Responsible for the preparation:

The company responsible for the preparation of the present analysis(s) is GBC AG, based in Augsburg, which is registered as a research institute with the responsible supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, 60439 Frankfurt).

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

The analysts responsible for this analysis are

Matthias Greiffenberger, M.Sc., M.A., Financial Analyst

Cosmin Filker, Dipl. Betriebswirt (FH), Deputy Chief Analyst

§ 3 Copyrights

This document is protected by copyright. It is provided 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 generally requires the consent of the GBC or the relevant company, provided that there has been a transfer of rights of use and publication.

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>

Email: 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