Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG

Germany / Financials
Frankfurt
Bloomberg: EFF GR
ISIN: DE0008041005

H1 2022 results & portfolio update

RATING	**BUY**
PRICE TARGET	**€ 1.90**
Return Potential	105.4%
Risk Rating	High

WELL POSITIONED TO WEATHER DOWNTURN OF CAPITAL MARKETS

Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft (DEWB) has published its H1/22 report and an update on its portfolio holdings. The financial results came in roughly as expected. DEWB had no income (H1/21: €9.4m profit from Muetec's exit), and EBIT amounted to €-495k (FBe: €-500k; H1/21: €8.5m). DEWB's listed portfolio holdings were hit by the downswing of the capital markets. DEWB's NAV dropped to €1.59 by the end of June, and is currently at €1.23, whereas the company's shares have been trading at a ~21-22% discount to NAV. The anchor shareholding, Lloyd Fonds AG (LFAG; will be renamed to LAIQON in Q4), saw significant proforma sales (-26%) and EBITDA declines due to the absence of performance fees (they represented ~50% of sales in H1/21) in the current difficult capital markets. Still, following the recent acquisitions (BV Holding and Growney), and the progress of its WealthTech LAIC, LFAG has a solid market position and its recurring business is healthy and delivering strong proforma sales growth (H1/22: +44%). The company gave a positive growth outlook until 2025. The fintech Aifinyo saw healthy business progress in H1/22 and has seen higher demand for its financing products. Unfortunately, the social trading NAGA Group had two profit warnings and its 2020 and 2021 results have been revised down, which triggered a strong share price decline. DEWB's private holding portfolio seems to be progressing well. The marketplace for alternative investments Stableton even managed to raise CHF 15m in May to finance further expansion. Considering the challenging capital market environment and the lower portfolio valuation, we believe it is unlikely that DEWB will conduct an anticipated portfolio exit this year. We have therefore revised our projections for 2022 and going forward. We have also lowered our portfolio revaluation assumptions for 2022 and 2023, and adjusted the COE to reflect the increased risk-free rate. We have updated our residual income model and arrived at a lower price target of €1.90 (previously: €2.90). We reiterate our Buy rating based on DEWB's promising portfolio and the share's substantial upside potential from current levels. **(p.t.o.)**

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€ m)	3.28	4.97	9.39	0.00	2.10	4.28
Y-o-y growth	n.a.	51.7%	89.0%	n.a.	n.a.	103.8%
EBIT (€ m)	2.18	3.15	8.13	-1.01	0.90	2.96
EBT (€ m)	0.29	2.43	7.54	-1.56	0.14	1.94
Net income (€ m)	0.29	2.43	7.54	-1.56	0.14	1.94
EPS (diluted) (€)	0.02	0.15	0.45	-0.09	0.01	0.12
NAV (€m)	11.31	13.74	21.28	19.72	19.86	21.80
Financial Assets (€m)	26.21	25.62	29.97	32.51	35.83	40.26
Net gearing	148.0%	95.6%	48.4%	66.3%	81.9%	86.0%
Liquid assets (€ m)	1.61	0.45	0.83	0.85	0.79	0.82

RISKS

Risks include, but are not limited to, portfolio risk (particularly its largest holding Lloyd Fonds), portfolio liquidity (exit possibilities) and lack of transparency in the private holdings.

COMPANY PROFILE

DEWB is a boutique private equity firm. It focuses on investing in young and high-growth Fintech companies within the asset management sector, including technology companies with business models that are key to digitalising this industry. The company is based in Jena and has a regional focus on German-speaking countries.

MARKET DATA

As of 30 Sep 2022

Closing Price	€ 0.93
Shares outstanding	16.75m
Market Capitalisation	€ 15.49m
52-week Range	€ 0.88 / 2.22
Avg. Volume (12 Months)	9,895

Multiples	2021	2022E	2023E
P/E	2.1	n.a.	115.7
P/BV	0.7	0.8	0.8
EV/EBIT	2.9	n.a.	26.6
Div. Yield	n.a.	n.a.	n.a.

STOCK OVERVIEW

COMPANY DATA

As of 30 Jun 2022

Liquid Assets	€ 0.00m
Current Assets	€ 3.48m
Intangible Assets	€ 29.97m
Total Assets	€ 35.41m
Current Liabilities	€ 0.92m
Shareholders' Equity	€ 20.55m

SHAREHOLDERS

SPSW Capital GmbH	13.0%
ABAG Aktienmarkt Beteiligungs AG	13.4%
Management	1.0%
Freefloat	72.6%

Analyst: Christian Orquera, Tel. +49 (0)30 - 80 93 96 93

FINANCIAL RESULTS

H1/22 results roughly as expected… In H1/22, OPEX amounted to €495k, close to our estimate of 500k (H1/21: €940k). The previous period's OPEX figure was substantially higher chiefly due to a performance bonus for management in connection with the successful sale of MueTec. DEWB recorded EBIT of €-486k (FBe: €-500k; H1/21: €8.5m). Net income came in at €-734k (FBe: €-771k; H1/21: €8.2m). EPS was €-0.04 (FBe: €-0.05; H1/21: €0.49).

Table 1: Reported H1/22 figures vs FB estimates and FY/21 (KPIs)

All figures in EUR '000	H1/22	H1/22E	*Delta*	H1/21	*Delta*
Other operating income	9	0	*n.a.*	9,400	*n.a.*
OpEx	-495	-500	*n.a.*	-940	*n.a.*
EBIT	-486	-500	*n.a.*	8,460	*n.a.*
Net financial result	-247	-270	*n.a.*	-308	*n.a.*
Other financial result (depreciation)	-1	-1	*n.a.*	0	*n.a.*
Net income / loss	-734	-771	*n.a.*	8,152	*n.a.*
EPS (in EUR, dil.)	-0.04	-0.05	*n.a.*	0.49	*n.a.*

Source: First Berlin Equity Research, DEWB

…but management's outlook suggests that the anticipated exit this year may not happen due to challenging capital markets DEWB's original plan was to conduct an exit to be slightly profitable this year. However, the downswing of capital markets has had substantially negative impact on its listed portfolio valuations and, to a lesser extent, its private holdings. Uncertainty around inflation and asset valuations has slowed the fintech industry's deal flow, and first-half 2022 data already shows a sharp decrease in exit and funding activity. VCs are in a more cautious stance. Whereas previously the focus was on aggressive sales growth, profitability and cash flow break-even are now the new core KPIs, particularly for growth and technology stocks (e.g. fintech). The anticipated exit with an attractive return on investment is unrealistic in such an environment. Management will thus wait until capital markets and valuations recover for any potential exit transaction. We do not anticipate such recovery until H2/23 at the earliest.

H1/22 balance sheet – corporate LT bond refinancing due within next 9 months DEWB reported a low cash position of €3k (FY/21: €0.8m), which however reflects management's financial discipline to minimise money generating no interest. DEWB has €2.5m of its liquidity in its own bonds (they pay 4 % interest), which it purchased from the market in late 2020 and are booked under other short-term assets (FY/21: €2.5m). ST borrowings increased to €0.9m (FY/21: €0). The company used this flexible credit line to finance operations. Management has disclosed that this line has very attractive interest rate terms of ~3.65% p.a. These conditions are even better than from its corporate bond. This explains why management preferred using the credit line instead of selling part of its stock of own bonds. This ~€6m credit line has and can be used to finance operations or to conduct further investments if needed. DEWB's unchanged corporate debt position amounted to €12.5m, which comprises its 2018-2023 corporate bond with maturity of 30 June 2023 and a 4% coupon. We believe management is already conducting preparations to refinance the five-year 2023 bond. However, considering rising interests, we believe the new conditions will be somewhat higher, in the range of 5-6%.

Receivables declined to €4k (FY/21: €1.4m) due to payment of the remaining €1.4m of MueTec's sale price, which has been deposited in an escrow account for potential guarantee payments. Financial assets rose to €31.8m (FY/21: €30.0m). Management reported it invested ~€2.2m in its fintech portfolio without disclosing details. We believe most of this figure was allocated to the successfully completed €15m Series A financing round of Stableton. Considering that DEWB was the lead investor in the seed round, it was important for the company to also participate in this growth round. Equity declined to €20.6m (FY/21: €21.3m), corresponding to an equity ratio of 58% (FY/21: 60%).

Revising forecasts following exit postponement, the cost level seen in the H1/22 and upcoming financing changes In light of the postponement of the exit planned for this year, we have cut our other operating income projections from 2022 onwards. We now assume that the €2.1m exit will be postponed to H2/23. Also, we have fine-tuned our EBITDA, EBIT and net income estimates for 2022E - 2024E and beyond (table 2). This reflects the OPEX seen in H1/22 and the higher cost of debt we anticipate from 2023 due to rising interests that may impact the renewal of the 2018-2023 corporate bond expiring in June 2023.

Table 2: Changes to our forecasts (KPIs)

	2022E			2023E			2024E		
All figures in € '000	**old**	**new**	**% delta**	**old**	**new**	**% delta**	**old**	**new**	**% delta**
Other operating income	2,125	0	*-100.0%*	4,784	2,100	*-56.1%*	8,653	4,280	*-50.5%*
EBIT	951	-1,009	*n.a.*	3,502	898	*-74.4%*	7,171	2,957	*-58.8%*
Margin on other income (%)	45%	-	-	73%	43%	-	83%	69%	-
Net income	327	-1,565	*n.a.*	2,822	137	*-95.1%*	6,429	1,943	*-69.8%*
EPS (€)	0.02	-0.09	*n.a.*	0.17	0.01	*-95.1%*	0.38	0.12	*-69.8%*

Source: First Berlin Equity Research estimates

PORTFOLIO OVERVIEW

The Russian-Ukrainian crisis has had a substantial negative impact on stock markets and on DEWB's listed portfolio. At the end of June, DEWB's NAV sank to €26.6m or €1.59 p/s, lowering hidden reserves to merely €6m or €0.36 p/s (NAV at year-end: €46.9m or €2.80 p/s with hidden reserves of €25.6m or €1.53 p/s). The NAV's negative trend continued after June, amounting now to €20.6m or €1.23 p/s. Hidden reserves are currently about €0. The updated NAV chiefly reflects the share price developments of the three listed holdings (Lloyd Fonds, Aifinyo and Naga Group) and hidden reserves from the private holdings (chiefly Stableton). The majority of portfolio holdings have experienced a business slowdown, as they have been affected by the current challenging macroeconomic environment (except for Aifinyo, which has seen a slight demand increase for its financing products). The stocks of DEWB's holdings have struggled this year: the share price of the anchor holding Lloyd Fonds has declined by ~65%, Aifinyo's is down ~45% and Naga Group is ~85% lower YTD (affected by two profit warnings and accounting issues). On the positive side, DEWB's private holding Stableton conducted a Series A funding round, which we believe took place at an attractively higher valuation. Despite the current macroeconomic crisis, DEWB's holdings are mostly well financed and have successfully adapted their business models to navigate a worsening economic environment. We give an updated overview of DEWB's portfolio in table 3.

Table 3: DEWB's investment portfolio of seven holdings

	Company	Field	Based	Stake	Since	Status	Market cap	Stake value	
1	Lloyd Fonds	Asset management	Hamburg	19.3%	03/2018	listed	€74.0m	€14.3m	LISTED PORTFOLIO
2	Aifinyo	Digital lending	Dresden	4.2%	01/2020	listed	€46.9m	€2.0m	
3	Naga Group	Neobrokerage	Hamburg	0.8%	12/2021	listed	€48.4m	€0.4m	
4	Nextmarkets	Neobrokerage	Cologne	1.4%	03/2021	private	-	-	
5	Stableton	Marketplace alternative investments	Zurich	12.2%	04/2021	private	-	-	
6	LAIC	WealthTech	Hamburg	3.4%	08/2021	private	-	-	
7	Cashlink	Tokenization of securities	Frankfurt	3.4%	12/2021	private	-	-	

Source: First Berlin Equity Research, DEWB, Bloomberg

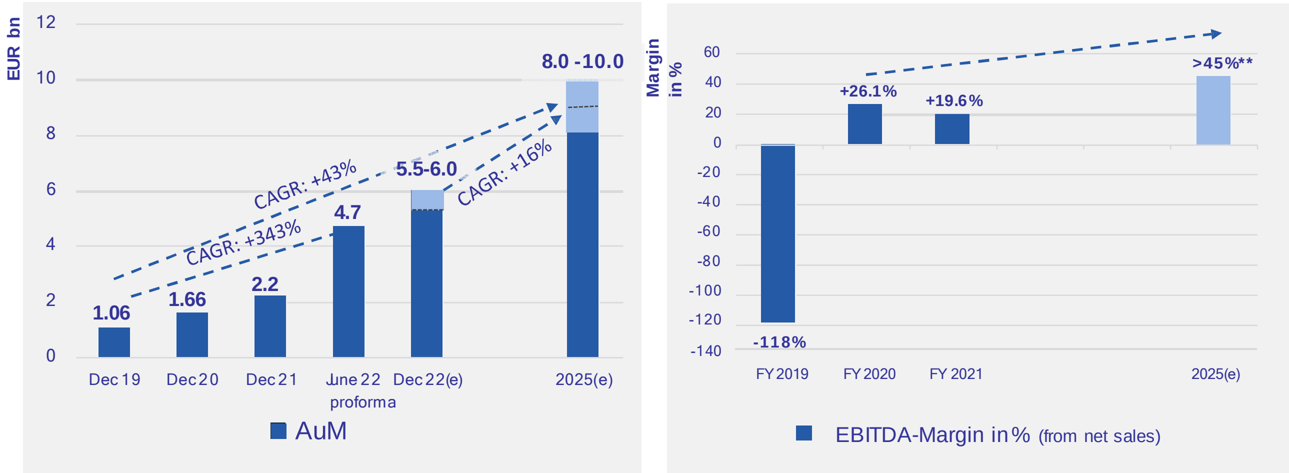
UPDATE ON THE LISTED CORE HOLDINGS

LLOYD FONDS (NEW NAME: LAIQON) – 19.3% STAKE

The company name changed to LAIQON At the AGM held on 21 July 2022, management presented its new "strategy 2023/25 2.0" and its 2025 AuM and EBITDA outlook. In connection with its strategy, management decided to change the company name to LAIQON, which received shareholder approval. The company will change its name and promote its new brand across all its subsidiaries and products during Q4 2022.

New outlook 2025—AuM >€8-10bn by 2025 and EBITDA margin >45% Management gave new positive guidance of achieving AuM > €8-10bn by 2025 (previously: AUM of >€7bn by 2024) with an unchanged EBITDA margin on net sales of >45%. While realistic, management's 2025 EBITDA guidance appears ambitious if the capital markets remain weak and the company cannot generate performance fees by then.

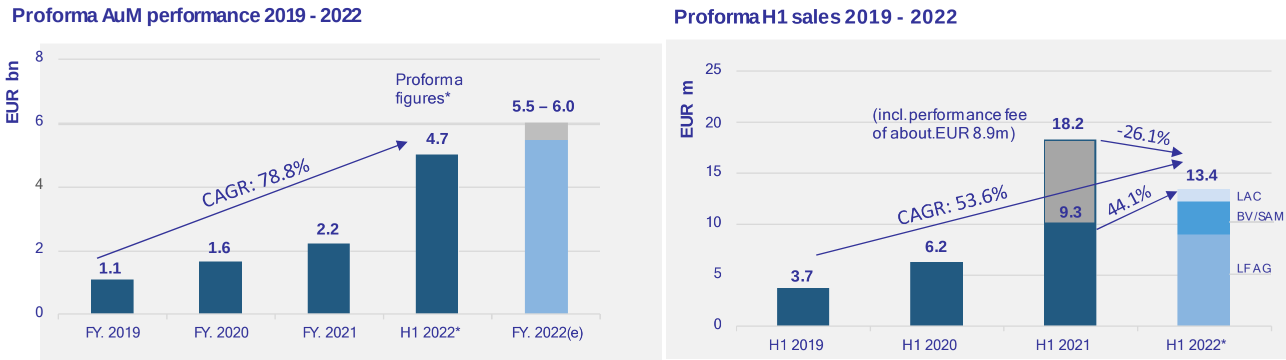
Figure 1: Overview of outlook 2025 for AuM and EBITDA margin



Source: LFAG, First Berlin Equity Research

H1 proforma sales and EBITDA figures saw declines chiefly due to the absence of performance fees The H1 2022 figures were strongly impacted by the effect of acquisitions. The BV Holding has been consolidated since 1 April and Lange Assets & Consulting GmbH since 30 June. Therefore, the reported proforma figures reflect LFAG's performance the best. The reported proforma AuM amounted to €4.7bn, and management is planning to have proforma AuM of ~€5.5-6.0bn by the end of this year. The company's proforma revenue declined by 26% to €13.4m (H1/21: €18.2m). The main reason was the absence of performance fees in H1/22 after €9.3m in H1/21. Clearly, LFAG will have difficulty generating performance fees in the current economic downturn and the challenging capital markets. Fortunately, the fixed revenue business is showing strength. Therefore, without considering performance fees, group revenue grew by 44% (see figure 2).

Figure 2: LFAG's AuM and sales performance 2019 - 2022



Source: LFAG, First Berlin Equity Research

Proforma EBITDA declined to €-4.4m in H1/22 after €7.2m in H1/21. The main reasons for this result were one-off transaction costs of €1.4m related to BV Holding's acquisition, higher personnel and marketing/IT expenses of €1.5m to drive the group's expansion, and weaker revenues (i.e. no performance fees). Management anticipates a significant improvement in EBITDA in H2 2022 compared with H1 2022 even without performance fees.

Capital measures in H1/22 To finance its acquisitions, LFAG conducted a capital increase in February 2022 raising €7.4m at €12 p/s. In addition, LFAG issued around 1m shares due to full conversion of its convertible bond 2019/2022 at €6.08 p/s. As a result of both capital measures, DEWB's shareholding was diluted to 19.3% (previously: 22.3%). DEWB remains the largest single shareholder in LFAG.

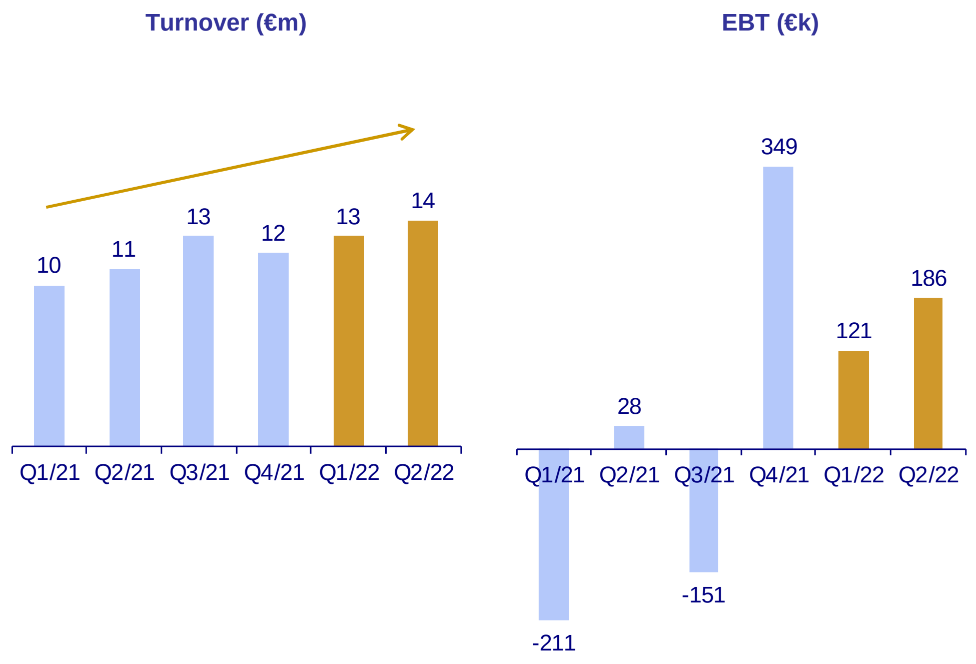
Integration of the acquired BV Holding and the fintech Growney, as well as expansion of its own fintech LAIC are on track Management confirmed that all three companies are well integrated into the group's distribution network. Particularly the two complementary fintechs, LAIC and Growney, represent a promising driver for substantial growth in the group going forward. The WealthTech LAIC is being established as a premium provider with individual risk-optimised investment solutions for wealthy private investors and institutional clients. The Berlin-based fintech Growney is positioned as a cost leader in the segment of ETF-based model strategies for price-sensitive retail clients.

In good shape to master current challenging capital markets We believe LFAG's recent acquisitions have substantially improved the company's strategic position in the German asset and wealth management market. The company's digital business (LAIC and Growney) offering a full-service robo advisory solution represents a substantial growth opportunity. Despite temporary revenue/profitability weakness (dependence on economy and capital markets health) due to the absence of performance fees, the fixed revenue business of the company remains solid. It seems capable of delivering an attractive revenue and profitability performance even in a depressed economic environment.

AIFINYO – 4.7% STAKE

Solid revenue growth and profitability in H1/22 Aifinyo's positive performance seen in FY/21 improved even further in H1/22. The company saw slight business acceleration in Q2/22, which suggests that it is benefiting of the current uncertain economic environment in Germany. Companies typically tend to conserve their liquidity in challenging times. This is exactly the core of Aifinyo's business by offering financing services for freelancers & SMEs including factoring, finetrading, leasing and debt collection). In H1/22, revenues increased y-o-y by 34% to €27.9m (H1/21: €20.8m). EBIT expanded y-o-y by 179% to €0.70m in H1/22 (H1/21: EBIT of €0.25m). Adjusted for one-off effects, EBIT was even EUR 0.88m. EBT also improved from €-0.18m in H1/21 to a positive figure of €0.32m in H1/22 (see figure 3).

Figure 3: Quarterly financial performance 2021-2022



Source: Aifinyo AG

The acquired billing company Billomat strengthened Aifinyo's competitive position The billing software fintech Billomat acquired on 22 March is successfully being integrated into the company's organisation and its IT infrastructure. Through this transaction, Aifinyo has strengthened its competitive position in the corporate billing process, expanding at the same time the group's customer base from around 2k (Aifinyo alone) to almost 10k (Aifinyo + Billomat). Management anticipates focusing the second half of the year in implementing measures to exploit the considerable existing cross-selling potential. For example, Aifinyo intends to give Billomat's customers access to Aifinyo's more profitable financing solutions, which could lead revenue per customer to grow significantly in the medium term.

Well equipped to navigate the current economic downturn During a poor economic climate most companies tend to conserve their liquidity. Financing services offered by a company like Aifinyo gain relevance. With a strong cash balance after the two capital increases conducted last year (total gross proceeds of €12.1m) and its EBITDA positive business model, the company has sufficient funds to fuel business growth.

NAGA GROUP – 0.8% STAKE

In July and September 2022, the company issued two profit warnings lowering its preliminary sales and EBITDA figures for 2021 announced in February, as well as its reported 2020 EBITDA results. The main reason was divergence with the auditor's opinion on how to book certain positions. We summarise the two announcements below.

1) Proprietary cryptocurrency trading booked as sales - NAGA revised down its 2021 reported sales and EBITDA figures and the 2022 outlook According to the July announcement, the auditors of NAGA's financial statements disagreed on the approach selected by the company on how proprietary trading in and holdings of cryptocurrencies at the balance sheet date should be recognised in accordance with IFRS. The financial statements will thus have to be corrected, leading to a reduction in the preliminary sales of €55.3m announced in February to about €50-52m). Due to this change, the reported preliminary EBITDA of EUR 12.8m will also be lower at a range of €2.5m to €5.0m. Due to the current negative development on the crypto markets and its impact on the crypto business segment started by NAGA in 2022 (NAGAX - https://nagax.com/), coupled with the change in booking practice, management also took back its guidance for 2022.

2) The auditors' change in opinion on the capitalisation of certain marketing expenses led to a further reduction of 2021 EBITDA figures, as well as the 2020 EBITDA Following the September announcement, Naga's auditor changed its assessment of the extent to which customer acquisition expenses can be capitalised. According to the company, this topic was already analysed in the audit in the previous year's account. Apparently, the auditor committed omissions on this issue during the 2020 annual financial statements audit. During the audit of the 2021 annual financial statements, the auditors concluded that a significant portion of the customer acquisition expenses related to "affiliate marketing" capitalised by the company as intangible assets could not be capitalised under IFRS accounting rules. This reassessment led to higher marketing expenses and a further reduction in the most recently reported preliminary consolidated EBITDA 2021 and the reported 2020 accounts. The 2021 EBITDA was lowered from a range of €2.5m to €5.0m to an amount of approximately €-4.2m. The 2020 EBITDA will go down to €4.5m (reported figure: €6.6m). The key changes in figures for 2021 and 2020 are summarised in table 4 overleaf. The final audited financial statements are yet to be published.

Table 4: Overview of changes to 2021 and 2020 figures following auditor's review

€m	2021 corrected	2021 preliminary reported	2020 corrected	2020 reported
Sales	52.88	55.30	24.26	24.26
EBITDA	-4.21	12.80	4.45	6.57

Source: Naga Group, First Berlin Equity Research

Management has implemented strategic changes leading to healthy customer growth with reduced costs In view of the challenging market environment and investors' expectations, management has switched its focus away from aggressive growth towards sustainable growth with EBITDA positive operations. In early September, NAGA's management reported successfully implementing cost-cutting measures since the end of Q2 2022. So far, monthly cost reductions of >15% y-o-y have been achieved, anticipating these savings to increase to 25-30% by year-end. The company has optimised marketing spending, achieving around 50k customer registrations with >40% cost reduction per customer.

Doubts on NAGA's accounting practices raise investors' concerns, stock may likely remain under pressure at least until further details are known Naga's negative announcements led to a substantial share price decline. The little details provided by management on the specific accounting matters make a deeper assessment by market participants difficult. For this reason, we anticipate the stock to stay under pressure at least in the near term.

UPDATE ON THE PRIVATE CORE HOLDINGS

STABLETON – 12.2% STAKE

Stableton raised CHF 15m as part of a Series A financing round The financing measure was led by TX Ventures, the venture capital arm of the TX Group. The German VC firm C3 EOS VC Venture Fund and DEWB (lead investor of the seed financing round) also participated in the round. Mr Köhler (DEWB's CEO) is a Stableton's Board of Directors member. The funds will primarily be used to finance expansion of its existing operation from Switzerland to selected international markets and to increase of its range of technological services, available investment structures and regulatory & compliance.

Stableton is a Zurich-based Fintech company offering alternative investments to qualified financial intermediaries such as wealth managers, private banks, family offices, and qualified individual investors. Using a digital platform, clients access attractive alternative investments including venture capital, private debt, and real assets. The company has established a strong footprint in the pre-IPO market.

Sound performance since last year Stableton's management reported that it had grown the assets under management 7.5 times since last year's seed round. The fintech company has over 2'500 marketplace users and almost 500 product investors in Switzerland alone. Stableton has developed into a dominant market player, whose clients represent >2% of the local market. Considering that Switzerland is the largest wealth management market in Europe, we believe the company has a good chance of becoming one of the leading players in the European region.

NEXTMARKETS – 1.4% STAKE

Nextmarket's expansion adapted to the new economic environment According to DEWB, the Neobroker Nextmarkets continued its revenue and customer growth in H1 2022. Considering the significantly more difficult financial environment, Nextmarkets has switched its focus from aggressive customer growth to moderate growth with an optimised cost structure that allows profitable operation. The company has implemented its own innovative affiliate marketing tool, which enables efficient use of resources and lower acquisition costs per customer. In addition, Nextmarkets has tapped into additional customer target groups by expanding its product offering such as the interface to the Meta Trader trading platform and offering an international CFD trading account with higher leverage.

VALUATION MODEL

Buy rating unchanged, price target lowered The difficult geopolitical and macroeconomic environment has hit European stock markets hard, including the share prices of DEWB's listed portfolio and its own stock. DEWB's NAV has hit a low point of €20.6m or €1.23 p/s. DEWB's stock has also dropped below €1.00. In this challenging environment, we no longer expect an exit to generate operating profit this year with our assumptions postponed into 2023. We have therefore lowered our sales and profit projections for 2022 and going forward. Also, in connection with the recent increase in the yield of riskless assets (10y German government bond: 1.9%), we arrive at a higher cost of equity (COE) estimate of 14.7% (previously: 13.5%). Based on updated estimates, our Residual Income Model based on NAV yields a lower price target of €1.90 (previously €2.90). We continue to believe DEWB has an attractive fintech portfolio. We reiterate our Buy recommendation.

Table 3: Residual Income Model

In €'000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Shareholders' equity	19,719	19,857	21,800	25,383	32,017	44,045	64,930	90,010	116,447	140,637
Average shareholders' equity	20,502	19,788	20,828	23,591	28,700	38,031	54,488	77,470	103,229	128,542
Net profit	-1,565	137	1,943	3,583	6,634	12,029	20,884	25,081	26,436	24,190
Return on equity	-7.6%	0.7%	9.3%	15.2%	23.1%	31.6%	38.3%	32.4%	25.6%	18.8%
Cost of equity	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
Spread	**-22.3%**	**-14.0%**	**-5.4%**	**0.5%**	**8.4%**	**16.9%**	**23.6%**	**17.7%**	**10.9%**	**4.1%**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Residual income	-4,578	-2,771	-1,119	115	2,415	6,438	12,875	13,692	11,262	5,295
PV of residual income stream	-4,416	-2,331	-820	74	1,346	3,128	5,454	5,057	3,626	1,486

Fair value calculation	
NAV (2022E)	19,719
PV of residual income stream	12,603
Fair value	32,323
Number of shares (000's)	16,750
Fair value per share €	**1.90**

Source: First Berlin Equity Research

Additionally, our residual income model is based on the following assumptions:

- Following H1/22 reporting, we have lowered 2022E NAV to €19.7m (previously €21.6m) which reflects our forecast for YE22 portfolio book value. In the current environment, we do not expect further portfolio investments until year-end. Our assumption that the company is able to generate a positive economic profit until YE 2031 remains unchanged.
- We project DEWB will achieve more modest economic profits until 2031, chiefly due to lower return on equity in 2022-2024, and the overall higher cost of equity.

INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Other operating income - profit on exit	**3,277**	**4,970**	**9,394**	**0**	**2,100**	**4,280**
Personnel expenses	365	546	829	442	460	521
Other operating expenses	725	1,270	432	565	740	800
EBITDA	**2,187**	**3,154**	**8,133**	**-1,007**	**900**	**2,959**
Depreciation and amortization	-3	-2	-2	-2	-2	-2
EBIT	**2,184**	**3,152**	**8,131**	**-1,009**	**898**	**2,957**
Net financial result	-699	-718	-591	-556	-760	-1,014
Other financial result (depreciation)	-1,197	0	0	0	0	0
Pre-tax income (EBT)	**288**	**2,434**	**7,540**	**-1,565**	**137**	**1,943**
Tax expense	0	0	0	0	0	0
Net income / loss	**288**	**2,434**	**7,540**	**-1,565**	**137**	**1,943**
EPS (in €)	**0.02**	**0.15**	**0.45**	**-0.09**	**0.01**	**0.12**
Diluted EPS (in €)	**0.02**	**0.15**	**0.45**	**-0.09**	**0.01**	**0.12**

Ratios						
EBITDA margin on other operating income	66.7%	63.5%	86.6%	n.a.	42.9%	69.1%
EBIT margin on other operating income	66.6%	63.4%	86.6%	n.a.	42.7%	69.1%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses as % of other operating income						
Personnel expenses	11.1%	11.0%	8.8%	n.a.	21.9%	12.2%
Other operating expenses	22.1%	25.6%	4.6%	n.a.	35.2%	18.7%
Depreciation and amortization	0.1%	0.0%	0.0%	n.a.	0.1%	0.1%
Y-Y Growth						
Other operating income - profit on exit	-72.0%	51.7%	89.0%	n.a.	n.a.	103.8%
Personnel expenses	-1.1%	49.6%	51.8%	-46.7%	4.1%	13.2%
Other operating expenses	-89.5%	75.2%	-66.0%	30.8%	31.0%	8.1%
EBITDA	-50.5%	44.2%	157.9%	n.a.	n.a.	228.8%
EBIT	-50.5%	44.3%	158.0%	n.a.	n.a.	229.4%
Net income/ loss	n.a.	745.1%	209.8%	n.a.	n.a.	1313.1%

BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Assets						
Current assets, total	**3,686**	**4,414**	**5,369**	**4,096**	**1,604**	**1,640**
Cash & cash equivalents	1,608	451	827	851	788	816
Other short term assets	9	2,445	2,445	2,445	0	0
Receivables from investments	2,069	1,052	712	800	816	824
Trade receivables (escrow account)	0	466	1,385	0	0	0
Non-current assets, total	**26,230**	**25,627**	**29,979**	**32,516**	**35,845**	**40,271**
Intangible assets	4	4	4	4	4	5
Property plant & equipment	5	4	5	5	5	6
Financial Assets	26,213	25,619	29,970	32,507	35,835	40,261
Other LT financial assets	8	0	0	0	0	0
Accruals	**67**	**46**	**34**	**34**	**34**	**34**
Total assets	**29,983**	**30,087**	**35,382**	**36,646**	**37,482**	**41,946**
Shareholders' equity & debt						
Current liabilities, total	**5,043**	**2,559**	**13**	**2,795**	**3,446**	**5,918**
ST borrowings (banks)	4,912	2,536	0	2,780	3,430	5,900
Trade & other payables	3	12	4	5	6	6
Other current liabilities	128	11	9	10	11	12
Long-term liabilities, total	**13,630**	**13,784**	**14,085**	**14,131**	**14,179**	**14,228**
Bonds	12,540	12,540	12,540	12,540	12,540	12,540
Provisions for pensions	903	962	1,025	1,056	1,087	1,120
Other provisions	187	282	520	536	552	568
Total Liabilities	**18,673**	**16,343**	**14,098**	**16,926**	**17,625**	**20,146**
Total Equity	**11,310**	**13,744**	**21,284**	**19,719**	**19,857**	**21,800**
Total Equity and Liabilities	**29,983**	**30,087**	**35,382**	**36,646**	**37,482**	**41,946**
Ratios						
Current ratio (x)	0.73	1.72	413.00	1.47	0.47	0.28
Equity ratio	37.7%	45.7%	60.2%	53.8%	53.0%	52.0%
Gearing	148.0%	95.6%	48.4%	66.3%	81.9%	86.0%
Net debt	16,738	13,142	10,293	13,080	16,270	18,744
Return on equity (ROE)	2.6%	19.4%	43.1%	-7.6%	0.7%	9.3%

CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Net income	**288**	**2,434**	**7,540**	**-1,565**	**137**	**1,943**
Depreciation & amortisation	3	2	2	2	2	2
Depreciation to financial investments	1,201	0	0	0	0	0
Other non-cash items	-2,483	769	1,851	46	1,179	2,354
Net financial result	695	718	591	556	760	1,014
Tax result	0	0	0	0	0	0
Changes in working capital	-854	443	-589	1,299	-15	-7
Operating cash flow	**-1,150**	**4,366**	**9,395**	**338**	**2,064**	**5,306**
CapEx / intangibles	0	-1	-3	-2	-3	-3
Free cash flow	**-1,150**	**4,365**	**9,392**	**336**	**2,061**	**5,303**
Investment in holdings	-2,769	0	-5,889	-2,537	-4,459	-6,731
Change in ST financial assets (bond investment)	486	-2,428	0	0	2,445	0
Cash flow from investing	**-2,283**	**-2,429**	**-5,892**	**-2,539**	**-2,017**	**-6,734**
Debt financing, net	2,154	-2,376	-2,536	2,780	650	2,470
Equity financing, net	0	0	0	0	0	0
Net paid financing expenses	695	-718	-591	-556	-760	-1,014
Cash flow from financing	**2,849**	**-3,094**	**-3,127**	**2,225**	**-110**	**1,456**
Net cash flows	**-584**	**-1,157**	**376**	**24**	**-63**	**29**
Cash, start of the year	2,192	1,608	451	827	851	788
Cash, end of the year	**1,608**	**451**	**827**	**851**	**788**	**816**

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy[1]	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

[1] The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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Initial Report	24 June 2021	€1.61	Buy	€2.50
2	30 September 2021	€1.79	Buy	€2.50
3	16 December 2021	€1.88	Buy	€2.90
4	28 March 2022	€1.72	Buy	€2.90
5	Today	€0.93	Buy	€1.90

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