Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG

Germany / Financials
Frankfurt
Bloomberg: EFF GR
ISIN: DE0008041005

H1 2023 results & business update

RATING	**BUY**
PRICE TARGET	**€ 1.80**
Return Potential	115.6%
Risk Rating	High

CORE HOLDING LAIQON HAS SIGNED AGREEMENT WITH UNION INVESTMENT

DEWB has published its financial statement for H1/23. Overall results were roughly as expected. The company reported no revenues and EBIT of €-0.4m (FBe: €-0.5m; H1/22: €-0.5m). Interest expenses rose to €0.4m (FBe: €0.3m; H1/22: €0.2m) chiefly due to higher ST borrowings (H1/23: €8.1m vs YE/22: €5.2m). On 30 June, the company succeeded in refinancing the expiring €15m 4% 5-year bond with a new €6.6m 8% 5-year bond (2023/2028). As the company's credit line has much better terms than the bond, the company has now shifted part of its total debt to the credit line with its principal bank. DEWB's current credit limit amounts to €9.0m, so that the company still has financing scope of ~€0.9m. With this amount, operations can be financed for ~one year, during which time a holding exit should take place. The company is still guiding for an exit before YE23. The net result came in at €-0.8m (FBe: €-0.8m; H1/22: €-0.7m). According to management, apart from the two troubled neobrokers which show signs of recovery, the remaining companies from DEWB's investment portfolio have healthy operations and have performed satisfactorily despite the current challenging market environment: 1) DEWB's core investment LAIQON expanded its assets under management to €6bn and is on track to achieve break-even by the end of 2023, even without performance fees. Importantly, LAIQON recently entered into a memorandum of understanding for a cooperation agreement with Union Investment Group. A joint product using LAIQON/LAIC's AI-based asset management approach will be established for distribution by Union Investment among its customers in the cooperative financial network (Volks- und Raiffeisenbanken). This deal is a key milestone for LAIQON as Union Investment is one of Germany's largest asset managers; 2) Aifinyo maintained its profitable growth; 3) Neobroker Naga reported a third consecutive profitable quarter following restructuring; 4) Neobroker Nextmarkets received financial support from main investor Apeiron (Christian Angermayer) to continue operations and merged with the data analysis and indexing company ADRIX to strengthen its competitive position; and 5) private holdings Stableton and Cashlink are well financed. Based on unchanged estimates, we reiterate our Buy recommendation and price target of €1.80. **(p.t.o.)**

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022	2023E	2024E
Revenue (€ m)	3.28	4.97	9.39	0.02	2.10	3.64
Y-o-y growth	n.a.	51.7%	89.0%	n.a.	n.a.	73.5%
EBIT (€ m)	2.18	3.15	8.13	-0.88	0.90	2.34
EBIT margin	0.3%	2.4%	7.5%	-4.8%	0.1%	1.4%
Net income (€ m)	0.29	2.43	7.54	-4.80	0.10	1.38
EPS (diluted) (€)	0.02	0.15	0.45	-0.29	0.01	0.08
NAV (€m)	11.31	13.74	21.28	16.48	16.58	17.96
Financial Assets (€m)	26.21	25.62	29.97	30.48	30.52	31.74
Net gearing	148.0%	95.6%	48.4%	86.3%	85.3%	77.8%
Liquid assets (€ m)	1.61	0.45	0.83	1.12	1.07	1.08

RISKS

Risks include, but are not limited to, portfolio risk (particularly its largest holding Laiqon), 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.

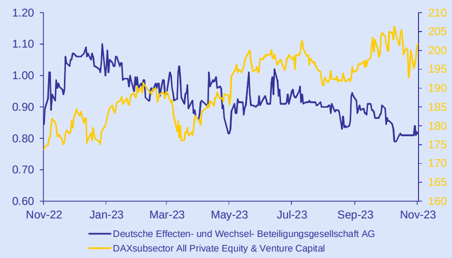
MARKET DATA

As of 06 Nov 2023

Closing Price	€ 0.84
Shares outstanding	16.75m
Market Capitalisation	€ 13.99m
52-week Range	€ 0.79 / 1.10
Avg. Volume (12 Months)	5,659

Multiples	2022	2023E	2024E
P/E	n.a.	161.2	11.5
EV/Sales	1.0	1.0	0.9
EV/EBIT	n.a.	26.6	10.2
Div. Yield	n.a.	n.a.	n.a.

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2023

Liquid Assets	€ 0.00m
Current Assets	€ 0.57m
Intangible Assets	€ 30.93m
Total Assets	€ 31.60m
Current Liabilities	€ 8.08m
Shareholders' Equity	€ 15.69m

SHAREHOLDERS

SPSW Capital GmbH	13.0%
ABAG Aktienmarkt Beteiligungs AG	13.4%
Management	3.0%
Freefloat	70.6%

Analyst: Christian Orquera, Tel. +49 (0)30 - 80 93 96 90

H1 2023 FINANCIAL RESULTS

H1 2023 financial results were roughly as expected DEWB reported other operating income of €164k (FBe: €60k, H1/22: €9k) chiefly due to consulting provided to the holding companies. OPEX increased YoY to €579k (H1/22: €495k) and was close to our estimate of €600k. EBIT amounted to €-415k and was better than our projection of €-540k (H1/22: €-486k). The net financial result was €-369k (FBe: €-300k; H1/22: €-248k). Net income/loss came in at €-790k (FBe: €-840k; H1/22: €-734k). We give an overview of the main P&L positions in table 1.

Table 1: P&L H1/23 reported figures vs FB estimates and H1/22 (KPIs)

All figures in EUR '000	H1/23	H1/23E	*Delta*	H1/22	*Delta*
Other operating income	164	60	*n.a.*	9	*n.a.*
OpEx	-579	-600	*n.a.*	-495	*n.a.*
EBIT	-415	-540	*n.a.*	-486	*n.a.*
Net financial result	-369	-300	*n.a.*	-248	*n.a.*
Other financial result (depreciation	-6	0	*n.a.*	0	*n.a.*
Net income / loss	-790	-840	*n.a.*	-734	*n.a.*
EPS (in EUR, dil.)	-0.05	-0.05	*n.a.*	-0.04	*n.a.*

Source: First Berlin Equity Research, DEWB

H1/23 balance sheet DEWB reported a low cash position of only €3k (YE/22: €1.1m). Investors should not be alarmed by this. The company reduced its cash position to a necessary minimum in order to keep its borrowing costs and interest payments low. In addition to equity, the company finances its operations and investment activities through debt from two sources:

1. Five-year corporate bond: On 30 June, the company succeeded in refinancing the expiring €12.5m 4% 2018/2023 bond with a new €6.6m 8% 2023/2028 bond. The company already held €3.6m of the €12.5m bond, which had been repurchased and booked under other short-term assets. This position declined to €0 at expiry at the end of H1/23 compared to the carrying amount of €3.5m seen at YE/22. Due to current higher interest rates and a difficult financing environment, management lowered the amount of capital placed via this instrument.
2. ST borrowings from DEWB's flexible credit line rose to €8.1m (YE/22: €5.2m). The conditions of this position were renegotiated with the principal bank by YE 2022. The company's current credit limit amounts to €9m (previously: €6m), so that management still has financial leeway of €0.9m which can be used to fund about one year of ongoing operations. According to management, conditions and the interest rate terms are very attractive and are well below the 8% corporate bond.

In H1/23, receivables declined to €570k (YE/22: €680k). These receivables are mainly loan and interest receivables against holding companies. Financial assets increased slightly to €30.9m (YE/22: €30.5m) mainly due to a €450k investment in the portfolio company Cashlink. Equity declined to € 15.7m (FY/21: €16.5m), corresponding to an equity ratio of 50% (YE/22:46%). We give an overview of the main balance sheet positions in table 2 overleaf.

Table 2: Balance sheet H1/23 and FY/22 (KPIs)

All figures in EUR '000	H1/23	FY/22	*Delta*
Cash & cash equivalents	3	1,120	*-100%*
Other short term assets	0	3,488	*-100%*
Receivables, total	575	691	*-17%*
Current assets, total	**578**	**5,299**	***-89%***
Tangible & intangible assets	16	14	*14%*
Financial Assets	30,934	30,484	*1%*
Other LT financial assets	0	0	*n.a.*
Non-current assets, total	**30,950**	**30,498**	***1%***
Financial debt (LT & ST)	14,470	17,793	*-19%*
Other liabilities incl. provisions	1,441	1,542	*-7%*
Total Equity	15,690	16,480	*-5%*
Equity ratio	*50%*	*46%*	*n.a.*
Balance sheet, total	**31,601**	**35,815**	***-12%***

Source: First Berlin Equity Research, DEWB

Guidance for 2023 confirmed Despite the current challenging geopolitical and capital market environment, DEWB is still planning an exit which should lead to a positive net result. Thus, we see LAIQON as a liquid stock that would be an ideal candidate for DEWB to sell a portion of its shares in order to achieve DEWB's profitability targets in the event of a share price increase. Even though LAIQON 's current share price already allows DEWB to sell at a profit, we believe management has been waiting to make such a move once the stock reaches higher levels. Our DEWB 2023E projections of €2.1m other operating income from exits and net income of €0.1m remain unchanged. However, we have fine tuned our FY/23 balance sheet debt forecasts, particularly estimates for the ST borrowings vs LT bond, in line with the mix observed in H1/23.

Management purchased 2.1% of the company's stock as sign of confidence in DEWB's prospects On 28 August, Mr Köhler (CEO) and Mr Scheidler (CFO) bought 196k and 149k DWB shares respectively at 0.78 p/s. In our opinion, this transaction reinforces management's view to the capital markets that the shares are undervalued. Management increased its stake by 2.1% to 3.0%.

PROGRESS REPORTED BY THE HOLDINGS

PORTFOLIO OVERVIEW

The challenging environment in the fintech industry seen last year continued in H1/23 – DEWB's NAV amounted to €23.8m or €1.42 p/s by the end of September At the end of June 2023, DEWB's NAV dropped slightly to €22.2m or €1.32 p/s (YE/22: €23.7m or €1.41 p/s), which included hidden reserves of €6.5m or €0.39 p/s (YE/22: hidden reserves of €7.2m or €0.43 p/s). As of 27 September 2023 (last report), DEWB's NAV amounted to €23.8m or €1.42 p/s. Meanwhile, the NAV might have dropped marginally due primarily to a minor decline in LAIQON's share price. Following a difficult 2022 for the European and German macroeconomic environment and stock markets, equity indices recovered slightly in H1/23. However, fears of recession and inflation continue to affect the stock markets and the fintech industry. DEWB's listed portfolio has seen a mixed performance in this year: the share price of the anchor holding LAIQON and Aifinyo went both down ~6% and ~25% respectively, while the neobroker Naga Group's has increased by ~3%. LAIQON is on track to achieve break even this year and the recent deal with Union Investment makes the achievement of its ambitious mid- to long-term AuM targets very likely. Aifinyo continues its growth trend, although there was a slight slowdown in the second and third quarters, which could continue in the coming quarters. Naga's restructuring and cost-cutting measures are bearing fruit; the company reported three profitable quarters in 2023. Private neobroker Nextmarkets was rescued from impending liquidation by core investor Apeiron (Christian

Angermayer), which provided the necessary funds to continue operations and merged with data analytics firm ADRIX to strengthen its competitive position. DEWB had written down this investment by €1.6m last year. This potential turnaround creates upside potential for DEWB's NAV. The rest of DEWB's private portfolio appears to be in good shape. DEWB's private investments, Stableton and Cashlink, are well financed to survive the current difficult times. We give an updated overview of DEWB's portfolio in table 3 below.

Table 3: DEWB's investment portfolio of seven holdings

	Company	Field	Based	Stake	Since	Status	Market cap	Stake value
1	LAIQON	Asset management	Hamburg	18.5%	03/2018	listed	€124.5m	€23.0m
2	Aifinyo	Digital lending	Dresden	4.2%	01/2020	listed	€47.0m	€2.0m
3	Naga Group	Neobrokerage	Hamburg	0.7%	12/2021	listed	€62.2m	€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	3.2%	12/2021	private	-	-

LISTED PORTFOLIO

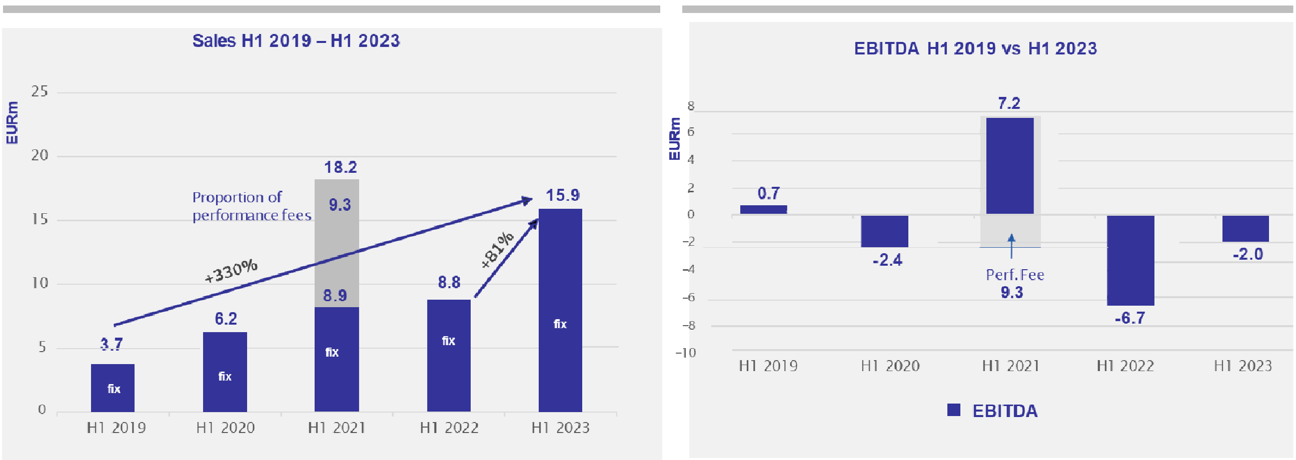
Source: First Berlin Equity Research, DEWB, Bloomberg

UPDATE ON THE LISTED HOLDINGS

LAIQON – 18.5% ANCHOR STAKE

Despite weak capital market environment, H1/23 sales increased by 81% whereas negative EBITDA narrowed The company's turnover increased YoY by 81% to €15.9m (H1/22: €8.8m) driven by the two acquisitions (98% stake in the leading German asset management firm BV Holding AG and the fast-growing roboadvisory startup Growney) conducted last year and organic growth of fund and asset management activities. Reported group revenue included no performance fees representing solely recurring revenues. EBITDA improved to €-2.0m in H1/23 (H1/22: €-6.7m), chiefly driven by the positive effect of economies of scale despite rising business expansion costs, and the disappearance of one-off acquisition-related costs in H1/22. This positive operating performance suggests a trend towards break-even which management intends to achieve by YE, even without performance fees (see figure 1).

Figure 1: LAIQON's sales and EBITDA performance in the period H1 2019-H1 2023



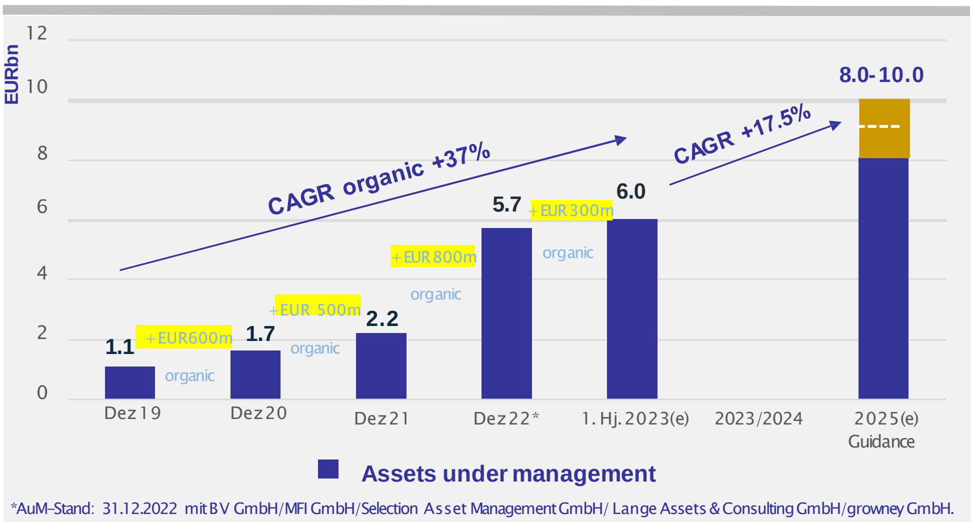
Source: LAIQON

Cooperation agreement with Union Investment to create a joint product based on LAIC's platform to be distributed among Union Investment's clients In September, LAIQON closed a memorandum of understanding with the German asset management giant Union Investment Gruppe (assets under management of ~€432.3bn in 1,335 different funds with 5.8m clients) for the generation of a joint product using LAIQON/LAIC's AI-based fund asset management to be distributed by Union Investment among its customers of the cooperative financial network (Volks- und Raiffeisenbanken). This cooperation is a relevant milestone for LAIQON and its subsidiary LAIC, offering potential to substantially increase the group's AuM. We note that LAIQON had closed agreements with two Volksbanken directly to distribute its portfolio of ~20 products and ~35 solutions within asset management, wealth management & digital wealth (LAIC and Growney):

- In February 2023, the company established a joint venture (LAIQON owns 25%) with the large Bavarian cooperative bank Volksbank Raiffeisenbank eG (10th largest cooperative bank in Germany) with the aim to establish innovative wealth management for high-end bank customers.
- In May 2023, LAIQON acquired a 30%-stake of the Investment boutique QC Partners GmbH, and together with partners such as Volksbank Mittelhessen eG acquired 80% of the company. The main goal of this acquisition is to strengthen the distribution channels for its products.

Outlook 2025 confirmed — AuM >€8-10bn by 2025 and EBITDA margin >45% The growth momentum in AuM continued in H1/23 expanding to €6.0bn after €5.7bn at YE/22. Management has confirmed the positive guidance. Considering the AuM level reached at H1/23 and the deal closed with Union Investment, chances of achieving the AuM target have increased despite the current challenging capital market environment.

Figure 2: LAIQON's AuM guidance overview



Source: LAIQON

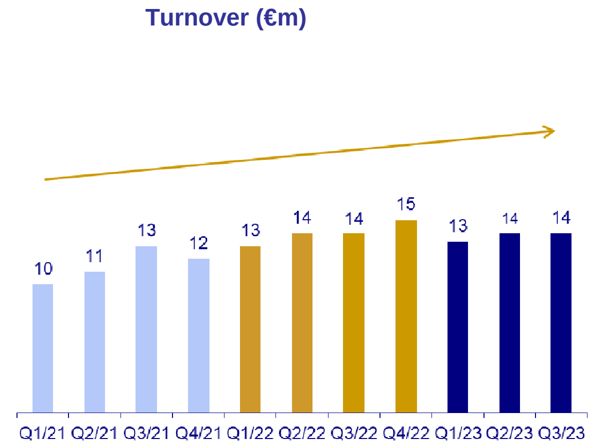
Financing requirements secured — the company placed two convertible bonds, 2023/27 and 2023/28, raising €5m and €20m, respectively In February, LAIQON issued a 2023/27 convertible bond raising €5m with 4-year maturity, a coupon of 6.50% p.a. and a conversion price of €10. In June 2023, the company issued convertible bond 2023/28 raising €20m with a coupon of 7%, a conversion price of €10.50 p/s and 5 year maturity. The bond is intended to provide additional funding to finance the recent acquisitions and further strategic growth steps.

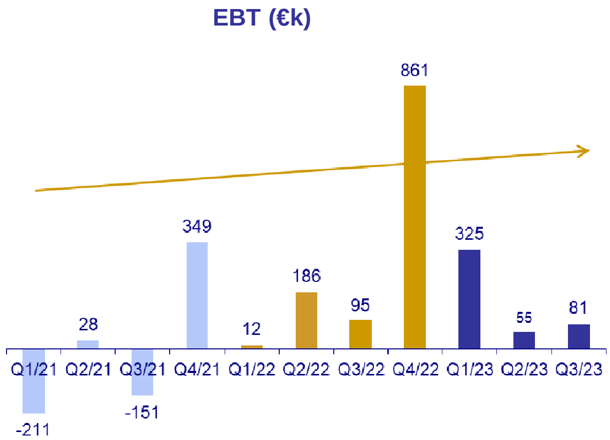
Our positive view on LAIQON remains unchanged We believe LAIQON's recent strategic cooperation with Union Investment Group represents a significant milestone for the company with potential to become a major driver of AuM and revenue growth. The company is well positioned as a leading asset and wealth management specialist with >50 wealth products and solutions using its innovative digital asset platform 4.0 capable of generating above-average returns for its clients. We expect substantial business growth over the next few years, which should positively impact the company's valuation.

AIFINYO AG – 4.2% STAKE

Revenue declined slightly whereas transaction volume and profitability increased in 9M/23 Revenues declined slightly from €42.4m in 9M/22 to €41.1m in 9M/23 chiefly due to a changed product mix (less trade finance which has higher turnover margin). The company expanded the transaction volume by 16.9% to €307k (9M/22: €263k) and gross profit, one of the main performance indicators, rose by 11.6% to €10.5m (9M 2022: €9.4m); EBT came in at €464k in 9M/23 compared to €414k in the prior year period. Despite the worsening economic downturn, demand for Aifinyo's factoring, finetrading, leasing and debt collection services is still showing an upward trend from freelancers & SMEs, albeit at a slower pace. Management provided a cautiously positive outlook for 2023 and expects full-year profit growth. We give an overview of the company's financial performance in figure 3.

Figure 3: Quarterly financial performance 2021-2023





Source: Aifinyo AG

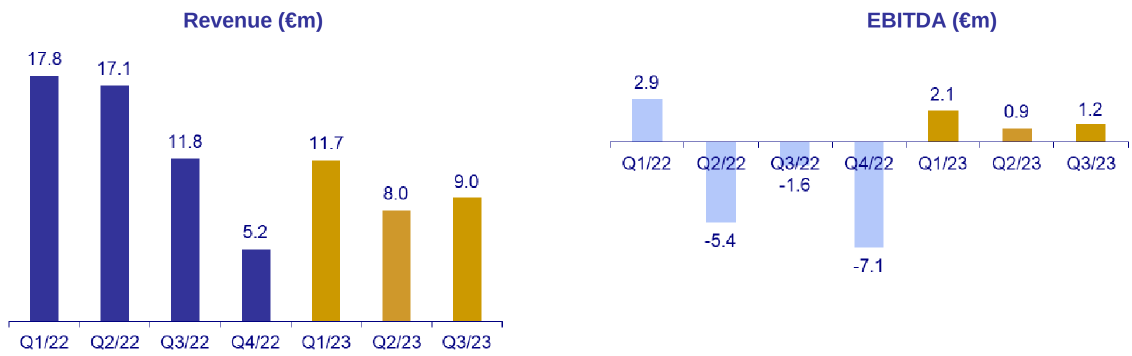
In Q3/23, company focus was still on platform integration of the acquired billing company Billomat Through the acquired billing software Fintech peer Billomat GmbH & Co. KG (03/2022), Aifinyo expanded the group's customer base from around 2k (Aifinyo alone) to almost 10k (Aifinyo + Billomat). Following the integration work conducted so far, focus on the coming quarters will be on selling Aifinyo's financing solutions to Billomat's clients through the joint platform.

AI-chatbot added to the product offer may provide additional sales momentum Aifinyo launched aifinyoCHAT in September 2023. The AI-chatbot application enables SME's and freelancers to have frequently asked customer questions answered quickly, automatically and at any time on their website using artificial intelligence (AI). aifinyoCHAT is based on ChatGPT technology and complies with DSGVO-compliant quality standards. Thanks to a simple modular system the application can be easily installed and integrated on the client's website.

NAGA GROUP AG – 0.7% STAKE

On course for stable sales coupled with EBITDA profitability at ~15% throughout 9M/23 In the ongoing difficult economic environment triggered last year by the conflict between Ukraine and Russia, management's change in strategy to focus on the trading business coupled with an aggressive cost reduction is bearing fruits. After achieving first profitable quarter at the EBITDA level in Q1/23, this performance has been maintained over the following quarters. The company reported positive unaudited preliminary consolidated figures for 9M 2023 with revenues of €28.4m and EBITDA of €4.2m which equates to an EBITDA margin of 15%. The performance is good considering the current depressed investor sentiment in capital markets which usually leads to a significant decline in trading activity.

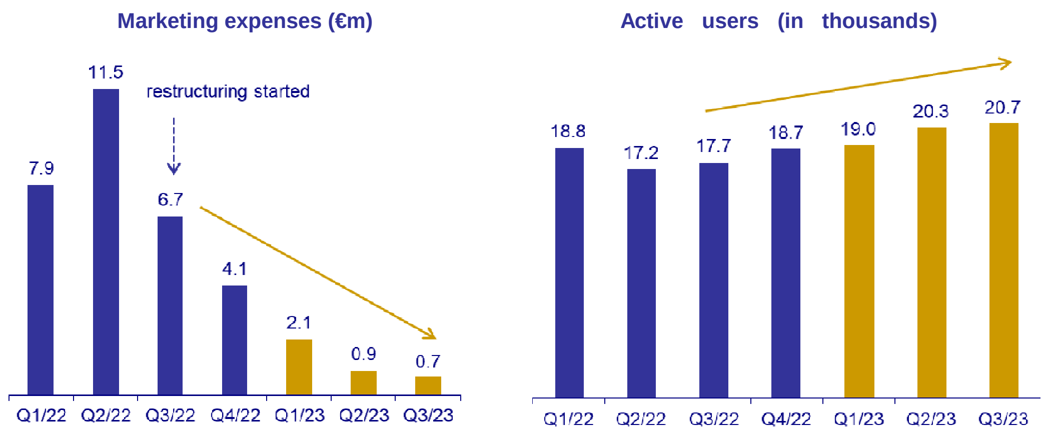
Figure 4: Overview of Naga's quarterly revenue and EBITDA performance 2022-2023



Source: Naga Group AG

9M/23 figures reflect substantial cost reduction and enhanced business efficiency… Following the launch of the restructuring programme in Q3/22, NAGA substantially lowered OPEX and optimised the customer acquisition strategy. The company reduced personnel expenses from €2.6m in Q3/22 (headcount of ~170) to €1.8m in Q3/23 (headcount of ~117). Particularly the efficiency of the implemented AI-driven marketing measures has progressively increased in 9M/23. NAGA reduced marketing expenses from €6.7m in Q3/22 to €0.7m Q3/23, while growing the number of active users from 17.7k in Q3/22 to 20.7k in Q3/23 (see figure 5).

Figure 5: KPIs for Naga's implemented measures in 2022 and 9M 2023



Source: Naga Group AG

…and further KPIs are also positive Trading volume increased from €98bn in 9M/22 to €110bn in 9M/23. As a result, the average net acquisition cost per new account improved drastically, falling from €1,269 in 9M/22 to only €181 in 9M/23. Despite reducing its acquisition budget by >83%, Naga acquired ~10k new funded accounts in 9M/23 vs ~12.5k in 9M/22 (-19%). Importantly, the company's paying app, NAGA Pay, has shown a double-digit growth in each quarter this year. Revenue reached €0.25m in 9M/23, and the app is expected to break even in Q4 as a standalone project. To fund operations, NAGA raised further financing of USD 8.2m through a convertible bond in April 2023. However, it remains a drawback for investors that the company has not yet published the audited financial statement for FY/22. Management expects to publish it by mid-November. The main reasons for the delay are: (1) change of auditor for FY/22; (2) inclusion of new business activities and new subsidiaries; and (3) technical problems in the accounting recording of business transactions with cryptocurrencies. Publication of the H1/23 and FY/23 financial statements are scheduled for December 2023 and June 2024 respectively.

Refinancing of the convertible bonds – first white label partner will commence business in Kuwait Management confirmed that it bought back the majority of its convertible bonds issued in April 2023 and that the terms of the remaining bonds have been renegotiated. The holder has agreed not to exercise the conversion right, so no further dilution is expected. In addition, the company has as a partner, a Kuwaiti regulated online brokerage firm, that will shortly launch its branded trading product using NAGA's white label platform. This is the first partner on the path of international expansion that capitalises on NAGA's social trading platform and contributes to revenue growth.

Encouraging outlook CEO Michael Milonas feels "confident for the upcoming months" and expects to accelerate revenue generation maintaining thereby attractive profitability ratios. The company intends to continue expansion into new markets by launching partnerships and opening new branches. Management intends to expand the presence in Asia, Middle East, Africa, and Latin America by leveraging strategic partnerships with proven local leaders. Founder and CIO Bilski gave the latest trading update via Zoom on 11 October 2023 (https://group.naga.com/investor-relations/news-and-presentations-webcasts). We believe these measures that increase transparency may help restore investors' confidence in management, although it may take some more time; financial visibility is still low. Until the company addresses some main concerns from investors (e.g. publish audited financial statements in a timely manner), we anticipate the stock to stay under pressure.

UPDATE ON THE PRIVATE HOLDINGS

NEXTMARKETS AG – 1.4% STAKE

After a weak Q1 2023 the lead investors stopped supporting the company; in the meantime Christian Angermayer's Apeiron launched a rescue plan entailing a merger + bridge financing Nextmarkets is an innovative German Fintech company offering private investors commission-free online brokerage services accompanied by expert-curated investment advice. Last year, in connection with the current challenging environment in capital markets and the brokerage business, Nextmarkets switched its focus from aggressive to moderate customer growth with an optimised cost structure that should allow profitable operation. Following weaker than planned business development in Q1 2023, lead investors FinLab and Samara Asset Group (formerly Cryptology Asset Group) abruptly decided not to support a necessary financing round, dispose of Nextmarkets' assets and subsidiaries, and to liquidate the company.

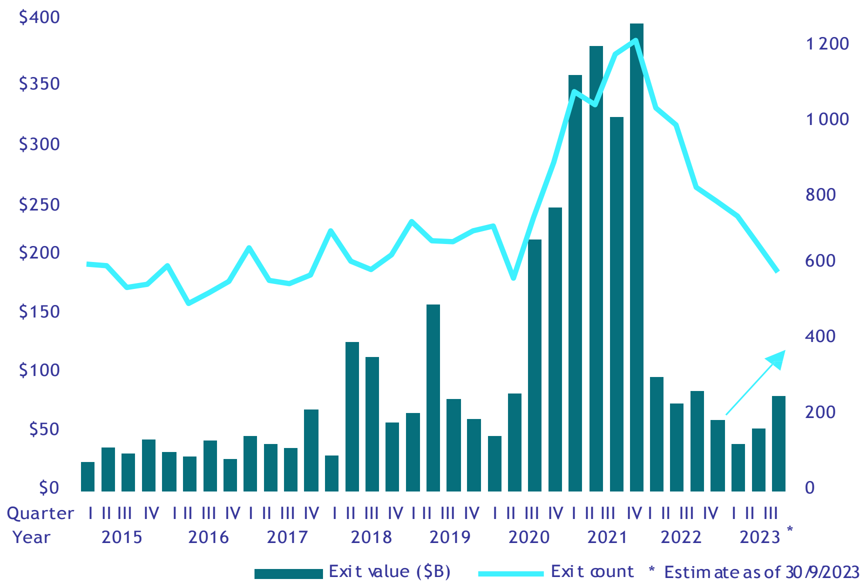
During the exit discussions Christian Angermayer's Apeiron launched a continuation initiative and provided Nextmarkets with bridge financing to explore a merger option with a complementary FinTech. In the meantime, Nextmarkets has signed a merger agreement with ADRIX Inc. The Dubai-based startup has developed an innovative real-time data indexing technology that enables pricing human performance such as that of professional athletes. This evaluation in real time is converted into benchmark indices, thus making it tradable for the first time. With the integration into Nextmarkets' technology platform, users will in the future be able to trade the value of well-known athletes (e.g. soccer or basketball players) like a financial instrument and thus profit financially from their successes; ADRIX benefits from Nextmarket's banking license.

Potential revaluation of Nextmarket's stake at DEWB's balance sheet The formal groundwork for the merger was laid at Nextmarkets' AGM in 4 August 2023. The companies are currently exploring the new business opportunity. To fully implement this promising product innovation and market it further funds need to be raised. Such a financing round would trigger a revaluation of this holding which was fully written off as of 31 December 2022 at DEWB. We recall that DEWB's management had cautiously booked a non-cash impairment of €1.4m (€1m for the equity investment and €0.4m for existing loan receivables).

STABLETON – 12.2% STAKE

Challenging market for Stableton's alternative investments in VC and private equity… 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. However, the 2022 decline in stock market valuations in the technology sector made it one of the most difficult years for VC and private equity (PE) investments in over a decade. European PE saw a slight recovery in fundraising activity as it benefited from two major funding rounds in 2023 – Permira's 8th flagship fund secured €16.7bn and CVC Capital Partners closed its 9th flagship fund for €26bn becoming the largest buyout fundraise in history. Globally, Q3 closed with the lowest deal value in six years, the fewest deals in three years, and lowest level of capital raised by VC funds in nine years. Deals in growth-stage companies amounted to USD6.6bn in Q3, roughly flat compared to Q2, but down substantially by 53.0% compared to Q1 (source: Stableton, PitchBook). Encouragingly, Q3 saw a rebound in VC exit activity in terms of value which could help to spur appetite for investing in this segment again. The recent successful US tech IPOs of chip designer ARM, which raised USD4.9bn at a USD54.5bn valuation; grocery delivery company Instacart, at a USD10bn valuation; and the advertising tech company Klaviyo, which raised USD576m at a USD9.2bn valuation, significantly boosted this quarter's exit values and may signal the beginning of a shifting IPO dynamic.

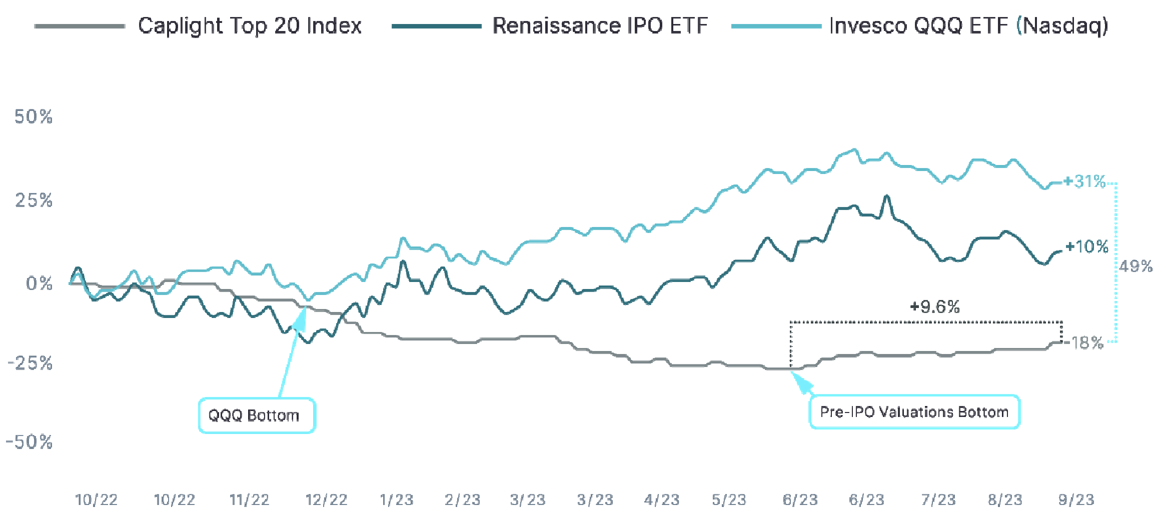
Figure 6: Overview of quarterly global VC exits 2015-2023



Source: Stableton, Pitchbook October 2023

… business prospects remain intact, driven by strengthening secondary markets The above mentioned VC and PE environment also led to a slowdown in growth at Stableton. However, Stableton sees the two long-term macro trends that are important to its business being intact: (1) the democratisation of private market investments; and (2) the ever-increasing value creation in this segment as disruptive technologies meet vast investment needs. Importantly, Stableton believes current valuation multiples offer attractive investment opportunities in secondary markets. For example, the 20 most active pre-IPOs tracked by Caplight Data bottomed in June 2023, six months behind the Nasdaq. They have risen ~10% since June but still trail their public peers by ~50% over the past 12 months (see figure 7). Also, Bid/Ask spreads are narrowing, as sellers realize they may have overpaid, and buyers become more comfortable with current valuations. As investors reduce their allocation to VC funds, interest in secondary funds is growing. Secondary funds raised USD37.2bn in H1/2023, up 30% from H1/2022. Goldman Sachs survey revealed that secondaries are the second most popular strategy after co-investing (source: Stableton, Venture Capital Journal)

Figure 7: Pre-IPO performance secondary market vs IPO ETF and NASDAQ ETF



Source: Stableton, Caplight Data -The Caplight Top 20 Index is a financial index tracking the performance of the largest late-stage, venture capital-backed, private companies with active secondary markets

New VC-Index product launched in 2023 was well received Following its product range and customer group expansion (e.g. institutional investors, high-net-worth individuals and retail investors) carried out in 2022, the company introduced a product innovation in 2023. Together with partners Swissquote and Morningstar, Stableton launched a structured product that for the first time makes the 20 largest VC unicorns, i.e. companies with a valuation of over USD1bn, more accessible to investors. The offering is aimed at both institutional investors through an open-ended Luxembourg investment fund and retail investors through a bankable, actively managed certificate (AMC). Both investment products aim to track the Morningstar PitchBook Unicorn Select 20 Index, which measures the performance of the 20 largest privately held venture capital-backed companies. The Unicorn Index AMC Stableton certificate is the world's first private market product of its kind. With a minimum investment amount of CHF 5k, it is possible to invest simultaneously in all of the top 20 Unicorns in the index, such as SpaceX, Epic Games, She-In or Stripe. Compared to existing private market funds, the certificate offers a cost-effective and also liquid alternative. Distribution started in the summer, initially in Switzerland.

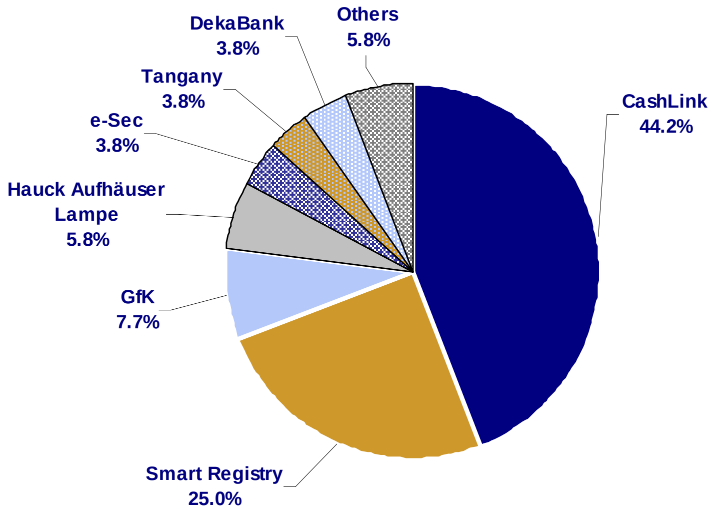
Stableton is sufficiently financed – CHF 15m Series A financing round raised in July 2022 The financing measure was led by TX Ventures, the venture capital arm of the TX Group. The German VC firm C3 EOS VC Venture Fund and DEWB (lead investor of the seed financing round) also participated in the round. Mr Köhler (DEWB's CEO) is a Stableton's Board of Directors member.

CASHLINK – 3.2% STAKE

Cashlink successfully closed series A funding round raising €7m in H1 2023 Despite the challenging financing environment, the fintech was able to raise total funds of €7m in two transactions closed in March and June 2023. The new investors contributing to the first funding initiative were the Swiss venture capitalist TX Ventures, Futury Capital, Beteiligungs-Managementgesellschaft Hessen and several business angels. The existing investors DEWB, seed + speed from Carsten Maschmeyer, Panta Rhei and C3 Venture Capital also participated. In the second closing, Helaba Landesbank Hessen-Thüringen conducted a strategic investment with the goal to strengthen its access to the tokenisation ecosystem as part of the bank's Digital Agenda to build sustainable business models. These funds leave the company in a good position to navigate the current uncertain economic environment.

Leading provider of tokenisation services for digital securities in the German financial industry Cashlink is one of the first Fintechs to obtain a provisional permit valid since December 2021 to operate a crypto securities register in Germany from BaFin in accordance with Section 65 (2) of the German Banking Act (KWG). The company's tokenisation-as-a-service (conversion of an asset into a digital token on a blockchain system) technology platform enables the legally compliant issuance and management of digital securities for institutional clients such as banks and investment platforms (e.g. crowdfunding) as an all-in-one solution. The 2021 introduction of crypto securities bill "Gesetz für elektronische Wertpapiere - eWpG" in Germany has been a major growth driver for the company, which as registrar has implemented most of the issuances made to date under the eWpG, including for well-known issuers such as Deutsche Bank. As of September 2023, Cashlink is by far the market-leading electronic security registrar in terms of number of transactions under the eWpG in Germany. Cashlink's market share is almost twice as large as the second crypto registrar Smart Registry (also known as NYALA Smart Registry), followed by GfK Gesellschaft für Kryptoregisterführung, Hauck Aufhäuser Lampe, e-Sec, Tangany and DekaBank (see figure 6 below). The planned extension of the Act to equities in 2023 has the potential to provide further momentum to this emerging market.

Figure 8: Overview of the largest electronic security registrars under eWpG



Source: eWpG-Register.de; 21e6 Capital

LAIC CAPITAL – 3.4% STAKE

LAIC, LAIQON's AI-based WealthTech advisor LAIC GmbH embodies the Fintech business of LAIQON. The in-house developed Digital Asset Platform 4.0 (DAP 4.0) is the technical enabler of the group's wealth and asset management business. Still, it is also the heart of LAIC's digital portfolio management products offered as a so-called WealthTech advisor to clients. The company's LAIC advisor is a state-of-the-art platform to provide digital asset management using artificial intelligence (AI). LAIC excels in using AI algorithms with high flexibility, enabling its LAIC advisor to offer an optimal portfolio composition determined individually according to each customer's personal risk profile. Unlike its peers, who mostly manage accounts in 10-15 predefined ETFs or fund portfolios, LAIC has significant versatility for active asset management, enabling it to provide a broad range of personalised products, including funds, ETFs, selected equities or derivatives.

Broad product portfolio based on LAIC Using AI, LAIC is capable of conducting daily forecasts for >5k stocks and >15k funds. Currently, LAIC's product range already includes five mixed funds, two pension funds and an institutional mutual fund. In addition, wealthy private and institutional investors can invest in an individual portfolio according to their risk preferences for a minimum investment volume of €50k with LAIC's digital support. With the two insurance partners Helvetia Schweizerische Lebensversicherungsgesellschaft AG and Condor Lebensversicherungs-AG, there are also two unit-linked, tax-subsidised pension insurance policies based on the digitally controlled mixed funds that also address private investors. The institutional mutual fund LAIC - Digital Institutional Europe was developed and launched together with an institutional customer to meet the requirements of Volksbanks and savings banks in the Depot A business. Also, LAIC is the foundation of the cooperation with Union Investment (see DEWB's holding LAIQON).

VALUATION MODEL

Buy rating reiterated at slightly lower price target The economic and capital market environments remained challenging for DEWB's Fintech portfolio in H1 2023. However, most of the holdings have conducted efficient measures to operate in these uncertain times. Particularly the two most hardly hit neobroker holdings Naga Group and Nextmarkets are showing signs of recovery, and we believe it is possible that DEWB will reverse the conducted write-downs. We have updated our financial model to consider a rise of yield of riskless assets (10y German government bond: 2.9% vs previously 2.3%), which led to a higher cost of equity estimate of 15.6% (previously: 15.0%). Our residual income model, which is based on the portfolio NAV, still yields a price target of €1.80. We reiterate our Buy recommendation. DEWB is trading at a substantial discount to its NAV of €1.42 p/s (as of the end of September 2023).

Table 4: Residual Income Model

In €'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Shareholders' equity	16,579	17,961	20,418	25,263	34,597	50,950	70,644	92,134	112,587	132,978
Average shareholders' equity	16,530	17,270	19,189	22,840	29,930	42,773	60,797	81,389	102,361	122,783
Net profit	99	1,382	2,457	4,845	9,334	16,353	19,694	21,490	20,453	20,391
Return on equity	0.6%	8.0%	12.8%	21.2%	31.2%	38.2%	32.4%	26.4%	20.0%	16.6%
Cost of equity	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%
Spread	**-15.0%**	**-7.6%**	**-2.8%**	**5.6%**	**15.6%**	**22.6%**	**16.8%**	**10.8%**	**4.4%**	**1.0%**
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Residual income	-2,480	-1,312	-537	1,282	4,665	9,681	10,210	8,793	4,485	1,237
PV of residual income stream	-2,413	-1,105	-391	807	2,542	4,563	4,163	3,101	1,368	326

Fair value calculation	
NAV (2023E)	16,579
PV of residual income stream	12,962
Fair value	29,542
Number of shares (000's)	16,750
Fair value per share €	**1.80**

INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022A	2023E	2024E
Other operating income - profit on exit	**3,277**	**4,970**	**9,394**	**21**	**2,100**	**3,644**
Personnel expenses	365	546	829	451	460	498
Other operating expenses	725	1,270	432	452	740	800
EBITDA	**2,187**	**3,154**	**8,133**	**-882**	**900**	**2,346**
Depreciation and amortization	-3	-2	-2	-2	-2	-2
EBIT	**2,184**	**3,152**	**8,131**	**-884**	**898**	**2,344**
Net financial result	-699	-718	-554	-601	-799	-962
Other financial result (depreciation)	-1,197	0	-37	-3,319	0	0
Pre-tax income (EBT)	**288**	**2,434**	**7,540**	**-4,804**	**99**	**1,382**
Tax expense	0	0	0	0	0	0
Net income / loss	**288**	**2,434**	**7,540**	**-4,804**	**99**	**1,382**
EPS (in €)	**0.02**	**0.15**	**0.45**	**-0.29**	**0.01**	**0.08**
Diluted EPS (in €)	**0.02**	**0.15**	**0.45**	**-0.29**	**0.01**	**0.08**

Ratios						
EBITDA margin on other operating income	66.7%	63.5%	86.6%	n.a.	42.9%	64.4%
EBIT margin on other operating income	66.6%	63.4%	86.6%	n.a.	42.7%	64.3%
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%	13.7%
Other operating expenses	22.1%	25.6%	4.6%	n.a.	35.2%	22.0%
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%	-99.8%	n.a.	73.5%
Personnel expenses	-1.1%	49.6%	51.8%	-45.6%	2.0%	8.2%
Other operating expenses	-89.5%	75.2%	-66.0%	4.6%	63.7%	8.1%
EBITDA	-50.5%	44.2%	157.9%	n.a.	n.a.	160.7%
EBIT	-50.5%	44.3%	158.0%	n.a.	n.a.	161.1%
Net income/ loss	n.a.	745.1%	209.8%	n.a.	n.a.	n.a.

BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022A	2023E	2024E
Assets						
Current assets, total	**3,686**	**4,414**	**5,369**	**5,299**	**1,765**	**1,776**
Cash & cash equivalents	1,608	451	827	1,120	1,071	1,076
Other short term assets	9	2,445	2,445	3,488	0	0
Receivables from investments	2,069	1,052	712	680	694	701
Trade receivables (escrow account)	0	466	1,385	11	0	0
Non-current assets, total	**26,230**	**25,627**	**29,979**	**30,498**	**30,538**	**31,761**
Intangible assets	4	4	4	4	4	5
Property plant & equipment	5	4	5	10	11	11
Financial Assets	26,213	25,619	29,970	30,484	30,523	31,745
Other LT financial assets	8	0	0	0	0	0
Accruals	**67**	**46**	**34**	**18**	**18**	**18**
Total assets	**29,983**	**30,087**	**35,382**	**35,815**	**32,321**	**33,555**
Shareholders' equity & debt						
Current liabilities, total	**5,043**	**2,559**	**13**	**5,311**	**7,614**	**7,420**
ST borrowings (banks)	4,912	2,536	0	5,253	7,550	7,350
Trade & other payables	3	12	4	45	50	54
Other current liabilities	128	11	9	13	14	16
Long-term liabilities, total	**13,630**	**13,784**	**14,085**	**14,024**	**8,129**	**8,174**
Bonds	12,540	12,540	12,540	12,540	6,600	6,600
Provisions for pensions	903	962	1,025	1,033	1,064	1,096
Other provisions	187	282	520	451	465	478
Total Liabilities	**18,673**	**16,343**	**14,098**	**19,335**	**15,742**	**15,595**
Total Equity	**11,310**	**13,744**	**21,284**	**16,480**	**16,579**	**17,960**
Total Equity and Liabilities	**29,983**	**30,087**	**35,382**	**35,815**	**32,321**	**33,555**
Ratios						
Current ratio (x)	0.73	1.72	413.00	1.00	0.23	0.24
Equity ratio	37.7%	45.7%	60.2%	46.0%	51.3%	53.5%
Gearing	148.0%	95.6%	48.4%	86.3%	85.3%	77.8%
Net debt	16,738	13,142	10,293	14,218	14,143	13,970
Return on equity (ROE)	2.6%	19.4%	43.1%	-25.4%	0.6%	8.0%

CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022A	2023E	2024E
Net income	**288**	**2,434**	**7,540**	**-4,804**	**99**	**1,382**
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	-32	1,175	2,008
Net financial result	695	718	591	3,920	799	962
Tax result	0	0	0	0	0	0
Changes in working capital	-854	443	-589	1,451	3	-1
Operating cash flow	**-1,150**	**4,366**	**9,395**	**537**	**2,078**	**4,354**
CapEx / intangibles	0	-1	-3	-7	-3	-4
Free cash flow	**-1,150**	**4,365**	**9,392**	**530**	**2,075**	**4,350**
Investment in holdings	-2,769	0	-5,889	-527	-1,170	-3,184
Change in ST financial assets (bond investment)	486	-2,428	0	-1,043	3,488	0
Cash flow from investing	**-2,283**	**-2,429**	**-5,892**	**-1,577**	**2,314**	**-3,187**
Debt financing, net	2,154	-2,376	-2,536	5,253	-3,643	-200
Equity financing, net	0	0	0	0	0	0
Net paid financing expenses	695	-718	-591	-3,920	-799	-962
Cash flow from financing	**2,849**	**-3,094**	**-3,127**	**1,333**	**-4,442**	**-1,162**
Net cash flows	**-584**	**-1,157**	**376**	**293**	**-49**	**5**
Cash, start of the year	2,192	1,608	451	827	1,120	1,071
Cash, end of the year	**1,608**	**451**	**827**	**1,120**	**1,071**	**1,076**

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INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

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Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

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.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
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	4 October 2022	€0.93	Buy	€1.90
6	11 May 2023	€0.88	Buy	€1.80
7	Today	€0.84	Buy	€1.80

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- **key sources of information in the preparation of this research report**
- **valuation methods and principles**
- **sensitivity of valuation parameters**

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