LAIQON AG

Germany / Financial Services

Initiation of coverage

Bloomberg: LQAG GR
ISIN: DE000A12UP29

RATING	**BUY**
PRICE TARGET	**€ 9.80**
Return Potential	98.8%
Risk Rating	High

WEALTHTECH LAIC WILL DRIVE LAIQON'S NEW GROWTH PHASE

LAIQON AG (LAIQON) is an independent wealth and asset management firm offering investment solutions with environmental, social and governance (ESG) focus to private and institutional clients powered by its innovative Digital Asset Platform (DAP) 4.0. The company's subsidiary LAIC combines DAP 4.0 with cutting-edge artificial intelligence (AI) techniques to create a fully automated WealthTech-advisor. The LAIC-advisor is capable of actively offering >1m personalised, AI-driven portfolio alternatives of shares, funds and ETFs according to each customer's personal risk profile. The less sophisticated peers mostly manage a few ETFs or fund portfolios (passive strategy). These unique features convinced the German asset management giant Union Investment (Union) to become LAIC's white-label distribution partner. The deal validates LAIC's technology and may attract the attention of further prominent financial institutions (e.g. private banks, insurance companies, and large fintechs). With a distribution network of >600 cooperative banks, Union has the potential to generate AuM of €1.5bn for LAIC by 2025 and €5.5bn-€6.5bn by 2028. Union will launch LAIC-advisor in Q4 2024 to those of its sophisticated high net worth clients looking for personalised active investment strategies. We believe this deal will take LAIQON's current AuM of €6.4bn to the next growth level. LAIQON shares offer an attractive value proposition to participate in the surge of the German WealthTech landscape. Our DCF valuation model yields a fair value of €9.80 p/s. We initiate coverage with a Buy rating and €9.80 price target.

We conservatively model a 20% sales CAGR for 2023-2026E with a 22% EBITDA margin in 2026 We believe growth will be driven by robust performance in the traditional wealth & asset management business as well as strong expansion of the AI-powered WealthTech-advisor, LAIC, driven by the partnership with the German asset management firm, Union. LAIQON's solid track record and cost discipline gives us confidence in the company's ability to achieve our top and bottom line forecasts.

FINANCIAL HISTORY & PROJECTIONS

	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Revenue (€ m)	26.12	21.57	30.75	35.44	42.71	52.86
Y-o-y growth	-5.7%	-17.4%	42.5%	15.3%	20.5%	23.8%
EBIT (€ m)	0.67	-14.66	-11.08	-8.45	-1.98	5.43
EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	10.3%
Net income (€ m)	5.15	-10.16	-12.32	-6.30	-3.07	1.26
EPS (diluted) (€)	0.39	-0.67	-0.51	-0.30	-0.15	0.06
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€ m)	18.84	-6.19	-12.05	-1.34	-0.76	3.26
Net gearing	3.1%	11.8%	57.1%	43.0%	51.1%	48.0%
Liquid assets (€ m)	16.33	10.38	7.14	8.10	4.84	5.60

RISKS

Risks include, but are not limited to negative economic and capital markets downturn impact, client satisfaction and loss of key personnel.

COMPANY PROFILE

LAIQON is an independent wealth and asset management firm offering investment solutions to private and institutional clients powered by its innovative Digital Asset Platform 4.0. The company has also developed its WealthTech subsidiary LAIC to offer digital risk-optimised investment solutions. The group is headquartered in Hamburg and has assets under management of >€6bn.

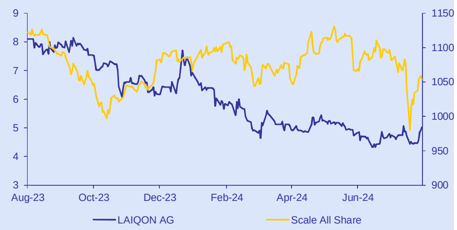
MARKET DATA

As of 19 Aug 2024

Closing Price	€ 4.93
Shares outstanding	19.04m
Market Capitalisation	€ 93.87m
52-week Range	€ 4.33 / 8.14
Avg. Volume (12 Months)	9,536

Multiples	FY 23	FY 24E	FY 25E
P/E	n.a.	n.a.	n.a.
EV/Sales	3.8	3.3	2.8
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2023

Liquid Assets	€ 7.14m
Current Assets	€ 19.83m
Intangible Assets	€ 87.21m
Total Assets	€ 144.63m
Current Liabilities	€ 19.20m
Shareholders' Equity	€ 54.68m

SHAREHOLDERS

DEWB AG	17%
SPSW Capital	8%
Achim Plate	9%
Lange Assets & Consulting	8%
Freefloat & others	58%

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

CONTENTS **PAGE**

INVESTMENT CASE

Build-up of LAIQON, a highly digitalised wealth and asset management firm with ESG focus, completed — AuM of €6.4bn Mr Achim Plate, current CEO of LAIQON, from 2018 orchestrated the transformation process in the ailing German fund service provider Lloyd Fonds (focus on real assets such as ships, aircraft, real estate and renewable energies) into a wealth and asset management company through well targeted takeovers. In the period 2019-2022, LAIQON acquired 90% stakes in SPSW Capital (Asset Management) and Lange Assets & Consulting (Wealth Management), 100% of BV Holding AG (Wealth Management), and a 75% stake in the roboadvisory startup growney GmbH. LAIQON will have invested ~€120m for the acquisitions including earn-out payments until 2026. The company also invested in the development of its state-of-the-art, cloud-based Digital Asset Platform (DAP) 4.0, which can process with powerful algorithms structured and unstructured data from a variety of databases (e.g. Bloomberg, Factset, Stockpulse, MSCI) and is now used to support investment decisions of the fund managers. The DAP 4.0 also enables the company to focus on investment solutions that are in line with environmental, social and governance (ESG) guidelines which are currently in high demand.

LAIQON's IQ segment, which embeds traditional wealth & asset management powered by the DAP 4.0, enjoys an excellent reputation in the industry — AuM of €5.8bn The asset management business is positioned as a specialised provider of non-benchmarked equity, fixed income and mixed funds with a clear focus on active alpha strategies. The company has currently 11 main funds with different risk strategies (four of them are sustainable funds aligned with Article 9 of the EU Sustainable Finance Disclosure Regulation — SFDR) and are all managed by experienced specialists with a proven track record. Outperforming asset managers like Markus Wedel or Tobias Spies, are highly recognised in the fund industry.

The AI-powered WealthTech-advisor developed by LAIQON's subsidiary LAIC is unique and at the forefront of performance in the German landscape Based on DAP 4.0, LAIC developed the WealthTech-advisor using cutting-edge, Bayesian-based AI-powered algorithms. LAIQON's investment in LAIC will exceed €20m by the end of 2024. The LAIC-advisor is capable of offering a fully automated optimal portfolio composition of shares, funds and ETFs determined individually according to each customer's personal risk profile. Unlike its less sophisticated peers, who mostly manage accounts in 10-15 predefined ETFs or fund portfolios (passive strategy), LAIC has great versatility in active asset management and can even generate >1m personalised, AI-driven portfolio solutions. These features, combined with the ability to incorporate ESG considerations into the investment selection process (i.e. aligned with the EU SFDR Article 8/9) are particularly attractive for discerning high-net-worth clients. Furthermore, LAIC has five AI-driven funds (two equity and three mixed funds), all of which are categorised in SFDR Article 8 or 9 and have an excellent performance against benchmark and peers. Particularly the LF – AI Impact Equity US fund is evidence of the superiority of the LAIC platform with an overall performance since 1 January 2023 of +44.21% (vs US ETF MSCI peer group: +32.52%).

LAIC is poised for the next phase of growth, initially driven by the partnership with the 3rd largest German asset management firm Union Investment In December 2023, LAIQON closed the contract with the German asset management giant Union Investment Group (Union). The partnership foresees the generation of a joint product using a white-label version of the LAIC-advisor to be distributed by Union Investment among its customers of the cooperative financial network comprising >400 Volks- und Raiffeisenbanken. With AuM of ~€455.2bn in 1,335 different funds with 5.8m clients, Union is the third largest German asset management firm behind Deutsche Bank and Allianz. Following a rigorous one-year due diligence process conducted in 2023, Union has chosen LAIC as its partner. The superior AI-driven wealth management capabilities combined with a focus on ESG investment practices make the LAIC-advisor the ideal WealthTech for Union's high-net-worth retail clients. LAIC has planned the rollout of the new joint product for Q4 2024. Considering the size of Union, this partnership is a major, game-changing milestone for LAIQON/LAIC, offering potential to substantially increase the group's AuM and revenue.

LAIQON AuM & EBITDA guidance 2025E and LAIC AuM guidance 2028E suggest significant AuM growth chiefly driven by LAIC and the partnership with Union Management has guided to an increase of AuM from €6.4b at the end of March 2024 to >€8bn-10bn by 2025 which comprises an organic CAGR of ~23%. Importantly, LAIC would contribute with €1.5bn and the traditional LAIQON business with the difference of €6.5-€8.5bn. The EBITDA margin should expand to >45% by 2025 including performance-fees if the market remains stable, and >30% if the capital market weakens and the company does not generate performance fees (FBe: 10%). Remarkably, LAIC's AuM is expected to jump to €1.5bn by 2025 and €5.5bn-€6.5bn by 2028, achieving a strong CAGR 2024-2028 of ~86%. According to this forecast, the LAIC subsidiary alone would be roughly as large in five years as the entire LAIQON Group already is today. We recall that roboadvisor Scalable Capital was valued at ~USD400m when it had AuM of >USD2bn in 2019, and a year later when AuM rose to ~USD5bn, the pre-money valuation also increased to ~USD1.4bn.

Is LAIC's expected AuM growth realistic? We want to draw investors' attention to Union's fully owned roboadvisor Visualvest. This startup founded in 2015 has a digital asset management platform offering broadly diversified portfolios of ETFs or purely sustainable funds. According to Visualvest's management, the company achieved AuM of >€500m in the summer of 2019, and it exceeded AuM of €1bn at the beginning of 2021. In 2022 AuM amounted to >€5bn which suggests that AuM increased tenfold within ~3 years. Visualvest's management also confirmed that the majority of the growth is attributable to business via the cooperative branches (source: Fondsprofessionell.de). The rapid AuM growth demonstrates Union's ability to capitalise on roboadvisory-solutions and the strong client appetite for this type of product. We believe Union will position LAIC's WealthTech-advisor as a product for sophisticated high net worth clients looking for personalised active investment strategies in addition to Visualvest's passive ETFs. We therefore see LAIC's AuM outlook 2028 as realistic and probably even somewhat conservative.

The European and German ESG and AI-driven investment trends are accelerating due to growing investor appetite for investments in these types of strategies In Germany, these products are showing above-average growth. Whereas the overall market showed a negative AuM trend in 2022, AuM from SFDR Article 8/9 retail funds grew by 23%. Similarly, roboadvisors in Europe are expected to achieve a CAGR 2023-2027 of 12.80% (sources: German Fund Association BVI; DHF Capital).

We initiate coverage of LAIQON with a Buy recommendation and a price target of €9.80 The rollout of the LAIC-advisor through Union's network of >400 banks and the acquisition of new clients will allow LAIQON to achieve strong AuM and revenue acceleration during the next 12 to 24 months and beyond. We conservatively anticipate that the company will achieve positive EBITDA of €4.3m (margin: 10%) in 2025E and €11.6m (margin: 22%) in 2026E. If LAIQON generates performance fees, EBITDA will be significantly higher. The anticipated strong gains in financial performance warrant a higher valuation in our view. Our proprietary DCF valuation model suggests fair value for LAIQON of €9.80 p/s. We initiate coverage with a Buy rating.

SWOT ANALYSIS

STRENGTHS

- **Experienced management and investment professionals** Achim Plate, CEO, has more than 30 years of experience as manager, investment professional and entrepreneur. He is the chief architect of LAIQON's business model. Mr Stefan Mayerhofer, Chief Wealth Officer, has over 40 years of experience in the banking, wealth and asset management sectors. The company employs only highly qualified asset and wealth managers, which helps guarantee excellence.
- **Digital Asset Platform (DAP) 4.0 enables efficient implementation of sustainability focus** Through the DAP, the company's fund managers are able to offer solutions that are in line with environmental, social and governance (ESG) guidelines. This allows LAIQON to meet the growing demand for ESG investments. The company currently has nine SFDR Article 8/9 funds out of a total of 16 funds.
- **Best-in-class AI platform from WealthTech subsidiary LAIC enables outperformance of German peers** LAIQON's subsidiary LAIC has a state-of-the-art technology platform to provide a broad range of AI-driven personalised solutions for asset and wealth management to clients. LAIC offers a best-in-class, Bayesian-based wealth management system with full automation which leads to an outperformance of its less sophisticated peers.
- **TOP 3 German asset management firm Union Investment validates LAIC's technology** With AuM of ~€455.2bn in 1,335 different funds and 5.8m clients, Union is the third largest asset management firm in Germany. The thorough due diligence process over the course of about one year that Union undertook in 2023 to select LAIC as its partner speaks to LAIC's superior AI-driven wealth management capabilities with ESG compliance.

WEAKNESSES

- **Strong dependence of profitability on capital markets health and performance fees** The company operates a business whose success is highly dependent on the economic environment (cyclical). Moreover, in the last few years of the economic downturn, the company did not generate any performance-related fees and was in the red.
- **Substantial debt on the balance sheet** While financial leverage is a positive factor to optimise a company's investment budgets, high levels of debt can also negatively impact the company's cashflow. At YE/23, LAIQON had convertible financial liabilities of €26.8m (LT+ST) on its balance sheet, and an equity ratio of 38%. However, the 80% conversion of the €5m convertible bond 2020/24 and the recent €5.8m capital increase will improve these KPIs.
- **Limited visibility of LAIC's financial performance and cost structure** Besides AuM guidance, LAIQON only discloses limited information on the subsidiary's financial performance. The company reports KPIs at the AI segment level, which comprises the two fintechs LAIC and growney.
- **Limited financial leeway** The company had cash resources of €7.1m at YE 2023. Together with the financing measures mentioned above, these funds should finance ongoing operations until 2025, when we expect the company to achieve EBITDA profitability (provided the marketing strategy is successful).

OPPORTUNITIES

- **Union Investment represents an AuM potential of €5.5bn-€6.5bn for LAIC by 2028** LAIC has a highly scalable white-label business model and excellent growth prospects. We see significant AuM and revenue growth potential through the roll out of the white-label product with the key partner Union Investment and its broad distribution network. The market launch is planned for Q4/2024.
- **Partnerships deals with other first-class and smaller financial players would generate further AuM and revenue growth** LAIC AI-based wealth & asset management premium products are attractive to a large target group of high-end customers from financial institutions. Thanks to the Union Investment partnership, LAIQON/LAIC will find it easier to attract further German white-label partners, such as private banks, insurance companies, large fintechs, which could boost growth in the coming years.
- **LAIC's international expansion, which could begin after 2026, could further drive growth** While LAIQON/LAIC is primarily a German-focused company, management is considering international expansion once LAIC's German white-label business has achieved a significant critical mass. In an ideal scenario, management can envision internationalising LAIC together with a blue-chip white-label partner.
- **LAIQON/LAIC focus on buoyant ESG and WealthTech markets** The European and German ESG investment trend is accelerating driven by growing investor appetite for investments in these types of strategies. In Germany, whereas the overall market showed a negative AuM trend in 2022, AuM from SFDR Article 8/9 retail funds grew by 23%. Similarly, roboadvisors in Europe are expected to achieve a CAGR 2023-2027 of 12.8% (sources: BVI, DHF Capital).

THREATS

- **Execution and commercial risk through the key white-label partner Union Investment** At the moment, LAIC depends on the commitment of its partner Union Investment for successful sales expansion. Union's sales force will have to capitalise on their current existing distribution network of >400 cooperative banks by obtaining new fund clients and upscaling AuM and revenue. We also see commercial risk. The products may fail to meet clients' expectations, resulting in a delayed or underperforming rollout.
- **Ability to retain management and key staff** LAIQON is highly dependent on the knowledge, experience and the network of the current management. Especially the CEO (company's chief architect) and CWO, as well as the executives and professionals that manage the funds and the AI asset management subsidiary LAIC.
- **Funds underperformance could lead to a reputation decline** LAIQON/LAIC operate in a market which is highly dependent on the public perception. So far, the subsidiaries SPSW and BV, and outperforming asset managers like Markus Wedel or Tobias Spies, are highly recognised in the fund industry. LAIC is younger, yet it delivers an excellent fund performance, particularly in equity investments. Negative publicity for a poor performance of funds at LAIQON/LAIC could discredit the company and affect AuM organic expansion and sales growth.

VALUATION

To determine the fair value of LAIQON, we have used a discounted cash-flow model (DCF). We believe that DCF valuation methodology is best suited to capture the value of LAIQON's operations, since it reflects the longer-term nature of the asset and wealth management industries, as well as disruptive digital industries. Taking into consideration typical life-cycle patterns in the industry, we have applied a two-stage growth model, which includes detailed projections of future sales, operating profit and free cash flows for the planning period 2024E-2036E. We have assumed a terminal free cash flow growth rate of 2.0%.

Using First Berlin methodology, we additionally assume a risk-free rate of 2.30%, a market risk premium of 5.0% and a company-specific risk factor of 2.06, thereby deriving a cost of equity (COE) of 12.8% for LAIQON. Based on an estimated long-term debt ratio of 70.0%, we arrive at a WACC estimate of 10.4%, which we have used to discount projected cash flows. Deducting projected proforma net debt of €24.8m, we value LAIQON at €187.2m, which implies a fair value of €9.80 per share on a proforma fully diluted basis.

Table 1: DCF Model

All figures in EUR '000	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	FY 29E	FY 30E	FY 31E
Net sales	**35,440**	**42,710**	**52,860**	**60,670**	**69,530**	**78,341**	**88,281**	**97,053**
NOPLAT	**-8,450**	**-1,979**	**5,137**	**9,742**	**14,351**	**19,557**	**25,554**	**28,545**
+ depreciation & amortisation	6,450	6,250	6,200	6,050	5,800	5,450	5,150	5,050
Net operating cash flow	-2,000	4,271	11,337	15,792	20,151	25,007	30,704	33,595
- total investments (CAPEX and WC)	-5,127	-3,971	-4,021	-4,206	-4,465	-3,377	-2,990	-2,890
Capital expenditures	-2,450	-2,000	-1,850	-1,850	-1,850	-1,550	-1,550	-1,550
Working capital	-2,677	-1,971	-2,171	-2,356	-2,615	-1,827	-1,440	-1,340
Free cash flows (FCF)	-7,127	300	7,315	11,586	15,686	21,630	27,714	30,704
PV of FCF's	**-6,545**	**250**	**5,515**	**7,914**	**9,708**	**12,129**	**14,080**	**14,135**

All figures in EUR '000	
PV of FCFs in explicit period	107,975
PV of FCFs in terminal period	104,060
Enterprise value	212,036
+ Net cash / - net debt (proforma)	-24,832
+ Investments / minority interests	0
Shareholder value	187,203
Sharecount (proforma)	19,097
Fair value per share in EUR	**9.80**

Price target in EUR	9.80
Cost of equity	12.8%
Pre-tax cost of debt	6.9%
Tax rate	31.0%
After-tax cost of debt	4.8%
Share of equity capital	70.0%
Share of debt capital	30.0%
WACC	**10.4%**

Fair value per share (EUR)

WACC \ Terminal growth rate	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
7.4%	15.17	15.96	16.87	17.96	19.26	20.87	22.90
8.4%	12.53	13.06	13.66	14.36	15.18	16.16	17.33
9.4%	10.50	10.87	11.29	11.76	12.31	12.94	13.67
10.4%	8.91	9.17	9.47	**9.80**	10.18	10.60	11.09
11.4%	7.62	7.82	8.03	8.27	8.54	8.84	9.18
12.4%	6.57	6.71	6.87	7.05	7.25	7.46	7.70
13.4%	5.69	5.80	5.92	6.05	6.20	6.36	6.53

*Please note our model runs through 2036 and we have only shown the abbreviated version for formatting purposes

Source: First Berlin Equity Research

Using our ten-factor risk analysis, we set a High-risk rating for LAIQON. The main risk factors that we have identified are execution and commercial risk through the key white-label partner Union Investment, negative economic and capital markets downturn impact and ability to retain management and key staff.

COMPANY PROFILE

OVERVIEW

LAIQON AG (LAIQON) — an Innovative asset management specialist LAIQON AG (LAIQON), is an independent wealth and asset management firm offering investment solutions to private and institutional clients powered by its innovative Digital Asset Platform (DAP) 4.0. Based on this technology platform, the company has also developed its WealthTech subsidiary LAIC to offer digital risk-optimised investment solutions using artificial intelligence (AI). The Hamburg-based group, with offices in Frankfurt, Berlin and Munich, and a regional focus on the German market, has assets under management (AuM) of €6.4bn (March 2024). The company currently offers >50 wealth products and solutions which are managed by highly qualified portfolio & asset management teams as well as on the basis of artificial intelligence (AI).

LAIQON's roots (previously called Lloyd Fonds) lie in ship fund and real estate management, which suffered from the 2008-2018 crisis LAIQON was founded as an investment management company under the name Lloyd Fonds in 1995. The firm had an initial focus on ship funds which was expanded to real estate in 1999 and renewable energy in 2002. The company conducted its IPO on the Frankfurt Stock Exchange in 2005. During the next years, the company continued its business expansion into new areas such as aircraft or the niche hotel real estate segment in cooperation with strategic partners such as Motel One or TUI Hotelgroup. However, the global financial crisis from 2007 led to the shipping crisis 2008-2018. As a result, many banks and investors worldwide progressively stopped financing shipping funds which then lacked the financial resources to cover even their operating costs. Lloyd Fonds was also hit, which led to declining sales in 2017 (down 31% to €8.2m) due to the contraction of its ship-investment business.

RESHAPING THE COMPANY

Restructuring and turnaround measures were launched in 2018 The company's largest shareholder, the investment group AMA Capital Partners (ACP Fund VLLC), searched for an exit of its 49.9% stake after over 6 years of commitment. In March 2018, the boutique private equity firm Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG (DEWB) took over 25.6% of Lloyd Fonds' shares, and the private investment company SPSW Capital GmbH (SPSW) the remaining 24.3%. Mr Achim Plate and Mr Henning Soltau, both members of the Supervisory Board of the DEWB, managing partners of SPSW Capital GmbH (SPSW) and entrepreneurs with a strong track record in financial markets, arranged the deal together with DEWB's management. As the largest shareholder representatives, Mr Plate and Mr Soltau joined Lloyd Fonds supervisory board to trigger the reshaping of the company's strategy. The turnaround process consisted of a build-up period from 2018 until 2020 (Strategy 2019+) and a growth period planned from 2020 until 2025 (strategy 2023/2025).

Figure 1: Lloyd Fond's transformation process

Source: First Berlin Equity Research, LAIQON AG

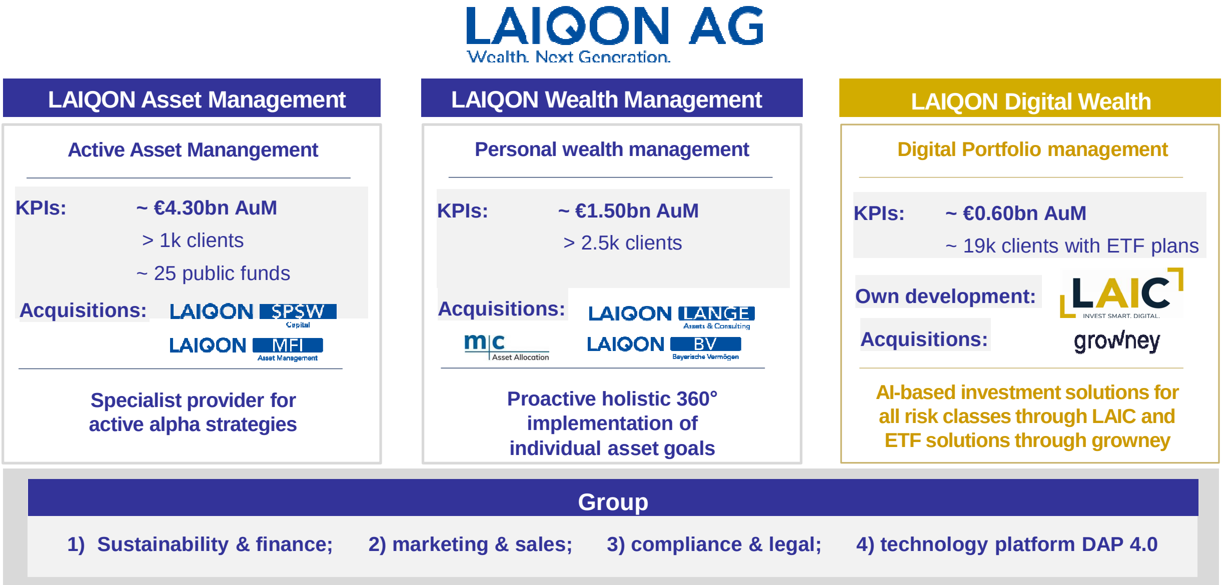
Strategy 2019+ — Setting up the new investment focus and completing the first two acquisitions At the core of the new strategy was the decision to stop offering the closed-end real assets (i.e. ships, real estate, aircraft, and renewable energy projects) to become a wealth manager and asset manager of open-end funds consisting of liquid investments such as equity, bonds, or hedge funds. In addition, the company invested in technology to become a leader in the digitalisation of asset and wealth management. In 2018-2019, the company hired the team and developed the cloud-based digital infrastructure of its Digital Asset Platform (DAP) 4.0, which it now uses to support investment decisions. Based on DAP 4.0, the company also developed its AI-powered WealthTech-advisor LAIC. Further, the Strategy 2019+ envisaged organic and inorganic growth through acquisitions. Lloyd Fonds acquired 90% stakes in two companies, SPSW Capital (Asset Management – AuM of ~€650m) and Lange Assets & Consulting (Wealth Management – AuM of ~€350m), which provided the required expertise and increased critical mass. The company completed the implementation of its 2019+ strategy in December 2019.

In 2020-2022 the company achieved substantial organic growth, completed two further acquisitions… In January 2020, Mr Plate took over the CEO role to lead the transformation process. In April 2020, the LAIC subsidiary received §15 WpIG approval by the BaFin which made possible the subsequent launch of the first multi-asset & pension funds and wealth management solutions, and the acquisition of first clients among the Volksbanken. In the two following years, the group delivered solid organic growth by doubling AuM from €1.1bn at YE/19 to €2.2bn at YE/21. In 2022, the company completed the acquisition of a 100% stake (target was: >90%) in the leading German wealth management firm BV Holding AG, thereby more than doubling AuM to ~€5.0bn. The acquisition price was estimated to amount to ~€18.5m and has been financed through an equity and debt mix. The company also acquired a stake totalling 75.0% in the leading fintech startup growney GmbH by means of an initial cash contribution of €3m for 17.75% (estimated valuation of ~€17m) completed in March 2022 and two undisclosed combination of company shares and cash payments for the remaining 57.25% exercised until May 2023 in accordance with an option agreement for gradual acquisition.

…and launched the change of name 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 name change became effective in January 2023. The name LAIQON is the abbreviation for Leading Artificial Intelligence Quotient Online and describes the company's aim to be a leading provider of innovative and sustainable asset and wealth management solutions by bringing together digital AI and human IQ (i.e. the skills and expertise of the fund and asset managers).

Integration of acquired companies completed — The company's new structure comprises four operating units All acquired 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 alignment with the new strategy, the company established three core business units, the two first ones reflecting the IQ focus: 1) an asset management segment (actively-managed mutual fund line) comprised of equity, mixed, fixed-income and hedge funds; and 2) a wealth management segment; and the third one reflecting the AI focus: 3) a digital wealth segment. The company also established a fourth business unit called Group with focus on centralised strategic and administrative tasks comprising sustainability & finance, marketing & sales, compliance & legal, and the technology platform DAP 4.0 (see figure 2 overleaf).

Figure 2: Snapshot of LAIQON's new structure of its core divisions

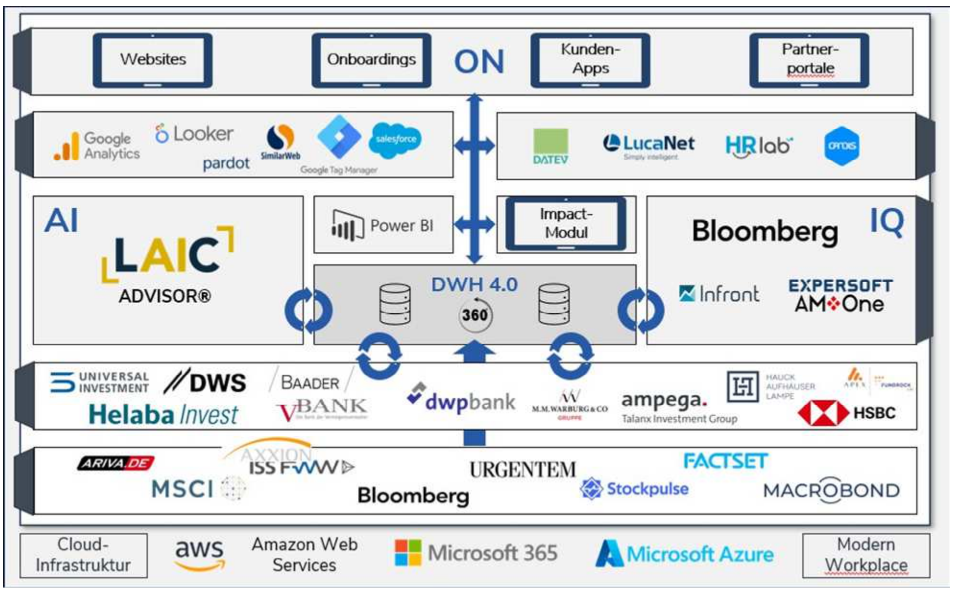


Source: First Berlin Equity Research, LAIQON AG (Note: AuM figures as of March 2024)

LAIQON'S USP # 1: LEADING IN DIGITALISATION

LAIQON's Digital Asset Platform (DAP) 4.0 provides competitive advantage and enabled the creation of its WealthTech subsidiary LAIC LAIQON has invested substantial resources to build up DAP 4.0, a cutting-edge, cloud-based technology platform to operate its IT infrastructure. The DAP 4.0 is capable of processing structured and unstructured data from a large number of databases and systems such as Bloomberg, Factset, Stockpulse, MSCI, Urgentem, Macrobond, certain investment banks and asset management companies, making it a technological enabler for LAIQON's entire asset and wealth management (see figure 3).

Figure 3: Overview of LAIQON's DAP 4.0



Source: First Berlin Equity Research, LAIQON AG

LAIQON's digital platform enables the three operating business lines to access all data and data analytics in real-time during the investment decision-making process, thereby optimising risk management to provide customer-centric solutions. In addition, the data and systems are used for the integration of sustainability parameters, which play an important role at LAIQON. DAP 4.0 is also the core of the algorithm-based portfolio management called LAIC advisor, which operates under the WealthTech subsidiary LAIC (see LAIC chapter).

LAIQON'S USP # 2: LEADING IN SUSTAINABILITY

Sustainability – a key driver in asset management growth The European and German environmental, social or governance (ESG) investment trend is accelerating driven by growing investor appetite for investments in these types of strategies and particularly sustainability which has taken centre stage. Main drivers for sustainability adoption for companies and financial players were UN Sustainable Development Goals (SDGs – 17 goals by 2030), the June 2020 EU taxonomy, which provides a framework to facilitate sustainable investment, including a reporting initiative (e.g. companies must report sustainable metrics), and the Paris Climate Agreement (CA) which aims to limit global warming to <1.5°C by reducing greenhouse gas emissions by 45% by 2030 compared to 2010 levels and achieving net zero by 2050. The Sustainable Finance Disclosure Regulation (SFDR), established by the European Union (EU) in March 2021, has provided a solid base of comprehensive guidelines for transparency and accountability to distinguish funds willing to pursue an ESG focus:

1) **SFDR Article 6** demands that funds not considering ESG factors must be explicitly labelled as non-sustainable, making it challenging to attract investors due to growing popularity of sustainable funds;
2) **SFDR Article 8** describes "light-green funds" which pursue investments with positive environmental or/and social characteristics; and
3) **SFDR Article 9** describes "dark-green funds" which invests in companies that support the UN SDGs and the Paris CA.

Asset managers are being challenged to take increasing ESG consideration in their investment decisions. Moreover, according to data from the German Fund Association BVI as of the end of March 2023, >50% of the assets managed in retail funds in Germany are invested in products that comply with at least SFDR Article 8. In 2022, these products also recorded above-average growth. Whereas the overall market showed a negative AuM trend in 2022, AuMs from SFDR Article 8/9 retail funds grew by 23%.

LAIQON has placed a clear focus on sustainable investment Sustainability is a central pillar of LAIQON's investment strategy. Management is convinced that an innovative sustainability strategy offers an attractive risk/return profile for both private and institutional investors. The further development of the sustainability strategy will be a critical point in the implementation of Strategy 2023/25 2.0. LAIQON aims to become a leading player in the area of sustainability in the financial industry in the future. As a result, the company has committed to key sustainability initiatives such as Principles of Responsible Investment (PRI), the Science Based Target Initiative, the Carbon Disclosure Project, the Austrian Ecolabel, the FNG Quality Seal 2023 and 2024 for sustainable investment funds in German-speaking countries, Contribution to CO_2 neutrality and Technical co-operation with the World Wildlife Fund (WWF). The company intends that its entire product and solution portfolio will comply with SFDR Articles 8 and 9 in the future. At present, the company has nine Article

8/9 funds out of a total of 16 funds. To drive forward the further development of the sustainability strategy, the company hired the sustainability expert Dr Robin Braun (previously DWS) as the new Head of Group Sustainability on 1 January 2023.

Figure 4: LAIQON's sustainability implementation

Implementation - Integration - Customer preferences

Asset Management

- 95% of mutual funds AuMs are aligned with Art. 8/9 SFD
- Full transparency on sustainability
- Clear balancing of positive contributions and controversies
- Pursuing the UN SDG transition path

Wealth Management

- Raising awareness of the opportunities/risks of sustainability among customer groups
- Consideration of individual investment preferences with regard to sustainability
- Full range of services in accordance with Art. 8 SFDR

Digital Wealth

- LAIC ADVISOR takes PAI data (principal adverse impacts) and individual sustainability preferences with the DAP 4.0
- Mandatory CO_2 emission intensity reduction in AI equity funds (Art. 9)
- Consideration of customised sustainability preferences

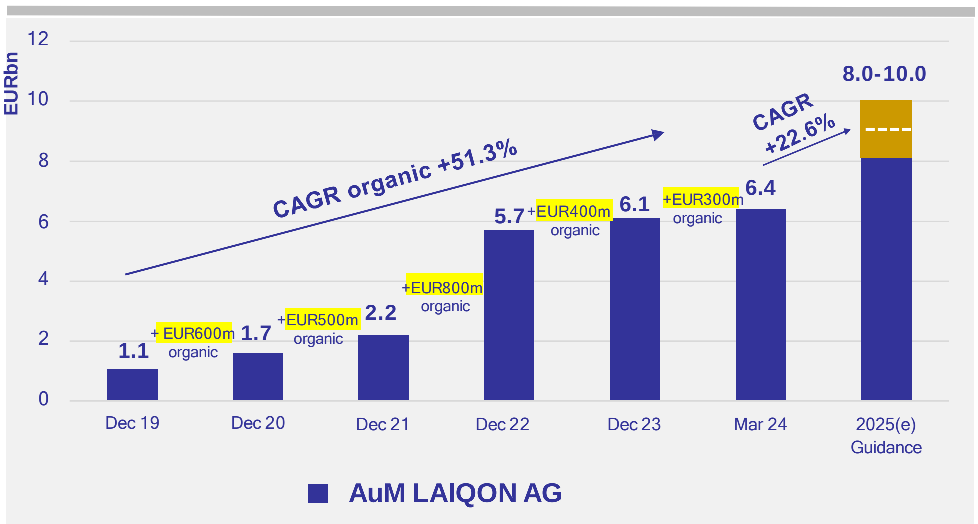
Source: First Berlin Equity Research, LAIQON AG

COMPANY'S GROUP OUTLOOK 2025

Strategy 2023/2025 2.0 – The company foresees above-average organic growth The Strategy 2023/2025 will focus on strengthening the company's position in the market, enhancing customers' experience and value proposition, as well as boosting organic growth. As a result, management has guided to an increase of Assets under Management (AuM) from €6.4b in March 2024 to >€8-10bn by 2025 which represents an organic CAGR of roughly 23%. Remarkably, the company wants to deliver an organic CAGR 2019-2025E of an impressive 51%.

The EBITDA margin should expand to >45% by 2025 including performance-fees if the market remains stable, and >30% if the capital market weakens and the company does not generate performance fees.

Figure 5: LAIQON outlook of €8-10bn AuM in 2025



Source: First Berlin Equity Research, LAIQON AG

THE TWO IQ DIVISIONS

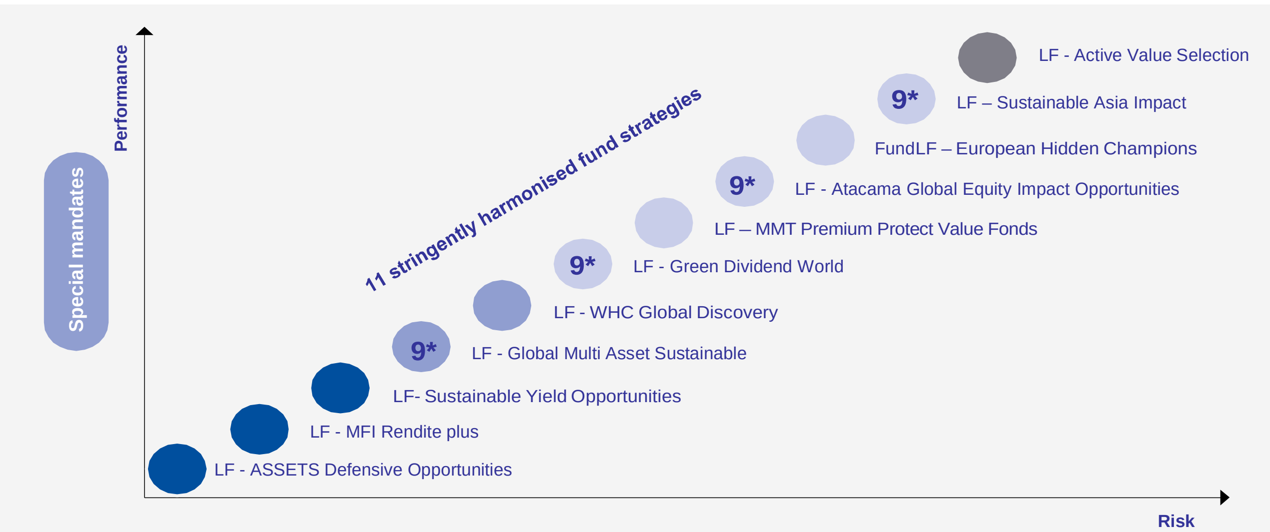
I) LAIQON WEALTH MANAGEMENT – AUM OF ~€1.5BN

The business line established through the acquisition of Lange Assets & Consulting (LAC) and BV Holding AG (BVH) The current LAIQON Wealth Management business comprises advising family offices, wealthy private and institutional clients, for investment in funds, real estate or direct investments. In March 2024, the wealth management segment had AuM of ~€1.5bn (unchanged since YE 2023), which were built up through acquisitions and organic growth. In December 2018, LAIQON acquired the Hamburg-based asset and wealth management company LAC. Founded in 2005, LAC brought the required expertise in asset management for wealthy clients, including ~€350m AuM. The company used to advise its clients on its fund called ASSETS Defensive Opportunities UI. LAC has currently ~70 clients under management. In 2022, the company completed the acquisition of a 100% stake in the leading German wealth management firm BV Holding AG, which added AuM of ~€2.5bn from its combined asset & wealth management solutions business. BVH emerged from Bayerische Vermögen AG, as a result of an extensive reorganisation process which was completed before the acquisition. BVH comprises three subsidiaries: 1) BV Bayerische Vermögen GmbH, 2) Munich-based MFI Asset Management GmbH (a spin-off of Merck Finck & Co founded in 1993), which merged with the BV Group in 2018 before LAIQON's acquisition and 3) m+c Asset Allocation. BVH actively manages over 2,000 clients.

II) LAIQON FUNDS – AUM OF ~€4.3BN

LAIQON's Funds business segment is positioned as a specialised provider of non-benchmarked equity, fixed income and mixed funds with a clear focus on active alpha strategies. Most company funds have an average of around 50 positions, with the most promising top 10 positions being more heavily weighted and therefore expected to make an above-average contribution to the overall performance of the individual funds. The majority of LAIQON funds are launched for private investors and include attractive performance fees ranging from 7.50% for the more defensive funds to 20% for the less defensive funds. The company currently has 11 funds with different risk strategies, four of which are sustainable funds aligned with SFDR Article 9 (see figure 6 below). The funds are all managed by experienced specialists with a proven track record who also share the company's sustainable values for the investment process.

Figure 6: Overview of LAIQON eleven funds and their respective risk profiles



Source: First Berlin Equity Research, LAIQON AG

The funds acquired with SPSW are the jewel of the crown – they provided ~€650m AuM In April 2019, LAIQON acquired a 90% stake in SPSW Capital GmbH. Founded in 2010, SPSW enjoys a strong reputation in Germany, having been designated as one of the best asset managers in Germany multiple times by the investor magazine "WirtschaftsWoche". Besides having an excellent track record, these funds are also among LAIQON best performers since acquisition. SPSW was consolidated into LAIQON from January 2020 onwards and contributed AuM of ~€650m. SPSW owned the following funds:

- Mr Markus Wedel is responsible for and manages two large mixed funds: 1) the LF - WHC Global Discovery, LAIQON's largest fund by far, which was launched in October 2010; and 2) SPSW - Global Multi Asset Sustainable (GMAS), launched in October 2013. WHC has a strong focus on European midcaps (vs GMAS in blue chips), a target return of 8% p.a. (vs GMAS 6%), shows a slightly higher volatility and is less defensive than GMAS which pursues a sustainability strategy in alignment to SFDR article 9.
- The special fund SPSW - Active Value Selection, launched in February 2011, is a mixed fund managed by Markus Wedel and Robert Benjak with a primary focus on German small and mid-cap listed companies.

Own expertise was also built on experienced fund managers with positive track records LAIQON established own fund management expertise by hiring new equity and fixed-income specialists who started in January 2019. The company opened a new office in Munich, where the new team comprising Chartered Financial Analyst (CFA), Dr Maximilian Thaler, CFA, and Dr Tobias Spies launched their asset management activities. Dr Thaler brought a key focus on European equities, while Dr Spies concentrates on global fixed-income securities. Strengthened with this team, LAIQON successfully launched the first four funds during 2019:

- Three equity funds: LF-European Hidden Champions (launched in April 2019), LF-European Quality & Growth (launched in April 2019) and the SFDR article 9 fund LF-Green Dividend World (launched in December 2019), which is now managed by Axel Brosey. However, in March 2021, LAIQON took the strategic decision to merge LF-European Quality & Growth into the more successful LF-Hidden Champions fund.
- One bond fund: LF-Special Yield Opportunities (launched in April 2019).

Three funds stem from LAC's and BVH acquisitions As we described earlier, LAIQON had also gained access to bond fund ASSETS Defensive Opportunities through the acquisition of the wealth management specialist LAC in 2018. This fund is managed by Dr Tobias Spies and is positively rated with five stars by Morningstar. In addition, the acquisition of BV Holding's contributed with a mixed fund stemming from the subsidiary MFI Asset management: LF- MFI Rendite Plus managed by Johann Peter Roßgoderer (launched in 2014). In January 2021, LAC launched a second mixed fund, LF - MMT Premium Protect Value Fonds, which is managed by Markus Walder and Felix Schleicher.

Two further funds aligned with SFDR article 9 launched with partners in 2023 In November 2023, LAIQON launched the LF - Sustainable Asia Impact Fund in alignment to SFDR article 9. This Ireland-based fund will invest in Asian equities with a Singapore-based partner, the investment company Santa Lucia Asset Management Pte Ltd (SLAM). SLAM has many years of experience in market development in the Asian region and an excellent network of institutional investors and high net worth individuals. The CEO of SLAM Florian Weidinger is the fund manager of this fund. In addition, in July 2023, LAIQON repositioned and renamed the underperforming stock fund LF - European Emerging Champions (launched in 2021 and managed by Dr Maximilian Thaler) to the fund LF – Atacama Global Equity Impact Opportunities, which is now managed by Stanislaus von Thurn und Taxis, CIO of the Munich-based fund boutique Atacama Partners.

Fund performance Most LAIQON funds have shown an excellent performance until around the beginning of 2021. In the last three years, their performance has weakened and many of them have lost their top Morningstar and Citywire ratings. Nevertheless, their annual performance since inception had remained at a competitive level within their risk class (see table 2 below). Active funds often lack a consistent relative performance and may outperform in one year but underperform the next. It is more important that they perform well in the long run. LAIQON has a long-term investment perspective, which is why some investments may still take some time until they show their intrinsic value.

Table 2: LAIQON eleven funds and their performance since inception

FUNDS	Launch	Manager	AuM (€m)	Performance since inception p.a. (%)	Performance YTD (%)	Volatility 12M (%)	Risk class	Report
SHARE FUNDS								
LF - Active Value Selection (hedge fund)	01.02.2011	SPSW Capital	€53.09	13.34%	12.28%	17.31%	>5	Jul-24
LF - Sustainable Asia Impact Fund							5	
LF - European Hidden Champions	02.04.2019	SPSW Capital	€45.12	7.63%	4.17%	14.91%	4	Jul-24
LF- Atacama Global Equity Impact Opportunities	03.07.2023	LAIC	€4.01	-	2.47%	-	4	Jun-24
LF - Green Dividend World	02.12.2019	SPSW Capital	€57.88	6.68%	9.84%	8.57%	4	Jul-24
MIXED FUNDS								
LF - MMT Premium Protect Value Fonds	15.01.2021	MFI Asset M.	€15.71	1.81%	0.60%	5.27%	3	Jul-24
LF - WHC Global Discovery	01.10.2010	SPSW Capital	€388.90	7.05%	2.76%	10.86%	4	Jul-24
LF - Global Multi Asset Sustainable	01.10.2013	SPSW Capital	€67.21	6.57%	0.69%	7.45%	3	Jul-24
LF - MFI Rendite Plus UI	20.05.2014	MFI Asset M.	€28.43	1.62%	3.50%	4.02%	2	Jul-24
PENSION FUNDS								
LF - Sustainable Yield Opportunities	02.04.2019	SPSW Capital	€219.93	2.93%	3.46%	1.46%	2	Jul-24
LF - ASSETS Defensive Opportunities	30.05.2011	Lange Asset	€67.64	1.60%	2.49%	0.62%	2	Jul-24

Source: First Berlin Equity Research, LAIQON AG

LAIQON manages a total of ~30 mutual funds and ~40 institutional funds – AuM of ~€4.3bn LAIQON's eleven flagship mutual funds mentioned above, which are fully aligned with the company's investment strategy, have AuM of almost €1bn (see table 2). The company also has a further 19 mutual fund mandates bringing the total number of mutual funds to 30. In addition, LAIQON manages 40 institutional funds. As is usual with asset management companies, LAIQON either does not disclose details of these mandates or only mentions some general information, depending on contractual agreements or other factors. This is the case, for example, with SPSW, which manages an equity mandate for a Scandinavian pension fund and, since August 2021, a bond mandate for a pension fund based in Germany. All 70 funds altogether have AuM of ~€4.3bn as of March 2024.

Distribution LAIQON markets its funds through various distribution channels such as its own sales team, partner savings banks, private banks, insurance companies, broker pools, wealth managers and family offices, as well as online.

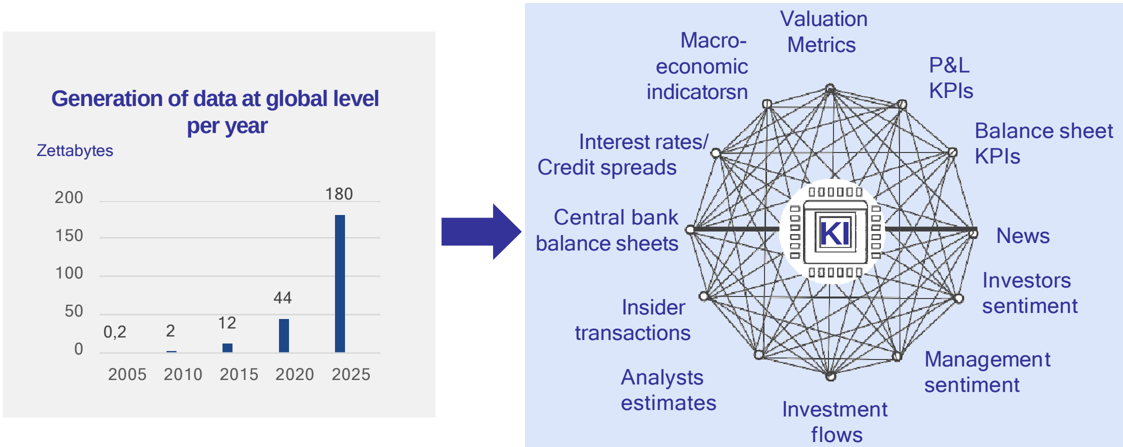
THE AI DIVISION – AUM OF ~€0.6BN

LAIC – DESCRIPTION OF THE WEALTHTECH BUSINESS

Digital asset management powered by AI In recent years, the amount of data generated has been growing at an exponential pace. In portfolio management, the complexity and rapid increase in data requires the use of AI alongside IQ. The Digital Asset Platform 4.0 (DAP 4.0) is the cloud-based digital infrastructure developed in house as technical enabler for the group's wealth and asset management business. DAP 4.0 is also the heart of LAIC's WealthTech-advisor, a state-of-the-art platform to provide digital asset and wealth management to clients using artificial intelligence (AI). Starting in 2018, both platforms were developed and upgraded simultaneously. LAIC embodies the Fintech business of LAIQON.

Given that high-quality data is essential for developing a reliable, robust AI model, the company has acquired and integrated in its system historical capital markets data of ~30 years (e.g. asset prices and technical indicators, macroeconomic and microeconomic data derived from analyses of P&Ls, balance sheets, cash flows, analyst estimates, sentiment data as an indicator of investor behaviour, etc.) and ESG data from a large number of databases such as Bloomberg, Factset, Stockpulse, MSCI, Urgentem, Macrobond, certain investment banks and asset management companies, which is updated continuously in real time. This data has been used to train LAIC's AI models and to identify patterns that are relevant for explaining the returns realised in the past and to subsequently forecast potential future returns in light of the prevailing uncertainties (i.e. associated risk). LAIC's AI algorithms are thus capable of making fast, objective investment decisions based on the data, learn daily through machine learning and dynamically adapt the models.

Figure 7: Complexity of data lead to improved analysis through AI

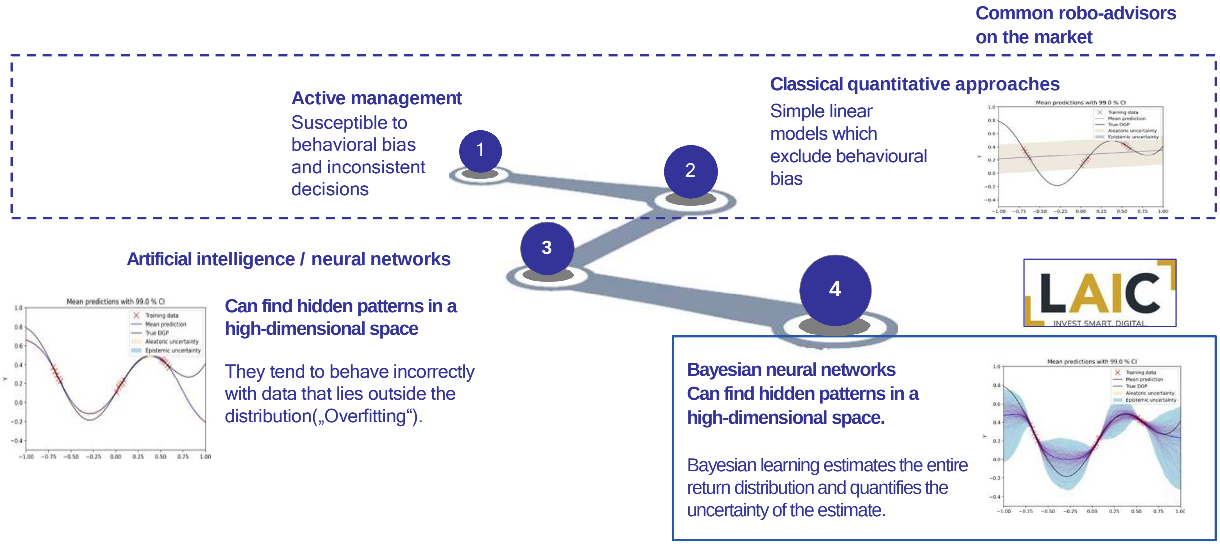


Source: First Berlin Equity Research, LAIQON AG

LAIC's WealthTech-advisor integrates state-of-the-art machine learning techniques… LAIC's WealthTech-advisor uses self-learning AI-based asset allocation and risk management algorithms capable of analysing large data sets and recognise patterns, in structured (e.g. data tables) as well as in unstructured data (e.g. text documents through integration of natural language processing capabilities - NLP). Mr Lasse Linzer and Mr Christian Sievers were the leaders of a team of highly qualified data analysts and mathematicians who created the WealthTech-advisor platform which basically consists of AI algorithms to extract decision-relevant information from the mass of data fed through DAP 4.0.

…based on a Bayesian Neural Network (BNN)…LAIC's team chose a BNN as the statistical and algorithm methodology for the platform. BNN is a powerful hybrid methodology that integrates the probabilistic approach of a Bayesian model (highly useful in tasks where estimation of uncertainty is crucial) with the complexity and learning capacity of a Neural Network (model designed to classify and pattern information in a manner similar to the human brain). Therefore, a BNN has the advantage that it can capture the uncertainty typically seen in capital markets for the prediction of capital market trends (e.g. stock, bond, portfolio, index prices) by providing a distribution of outcomes with associated probabilities rather than a single-point estimate. This feature is particularly useful for investors, who do not only gain insight into expected trends but also understand the inherent uncertainty (risk) in these predictions, which allows them to choose a portfolio of assets according to the estimated risk. By leveraging BNN, LAIC's WealthTech-advisor can offer sophisticated, data-driven investment strategies that account for uncertainty in a way traditional models cannot, leading to more robust and personalised investment outcomes. The BNNs can analyse >125m data points daily to produce daily forecasts of 5k stocks and more than 15k funds/ETFs.

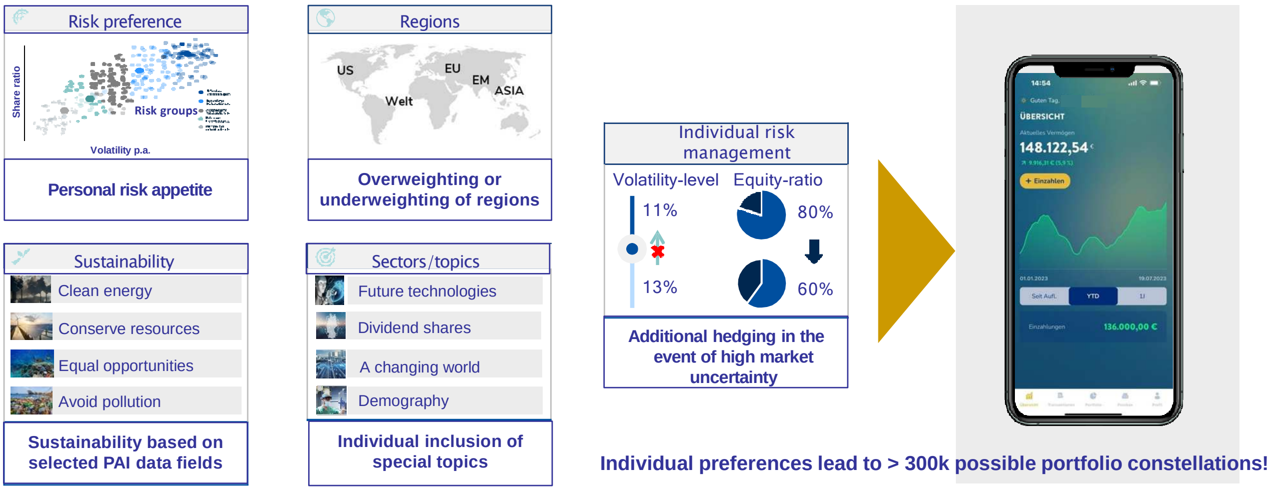
Figure 8: LAIC's state of the art BNN approach offers superior capabilities



Source: First Berlin Equity Research, LAIQON AG

The LAIC-advisor includes optimisation functions for an investor's individual risk profile, offering >1m individual AI-based portfolio solutions LAIC's AI algorithms excel with their high flexibility, enabling its WealthTech-advisor to offer optimal portfolio composition determined individually according to each client's personal risk profile. The versatility of LAIC's approach to active asset management enables it to provide a broad range of >1m individual AI-based portfolio solutions, including funds, ETFs, selected equities and derivatives. Clients can constantly monitor asset allocation and automatically make changes within their risk profile as they wish.

Figure 9: LAIC's highly personalised AI-based portfolios



Source: First Berlin Equity Research, LAIQON AG

LAIC is strongly differentiated from its German/European peers Unlike its peers, who mostly manage accounts in 10-15 predefined ETFs or fund portfolios (passive strategy), LAIC has significant versatility in active asset management, enabling it to provide a broad range of personalised products. Clients can constantly monitor asset allocation and automatically make changes within their risk profile. In our view, LAIC's platform offers superior technological features (i.e. individualised asset allocation embedding a best-in-class risk management system) and higher automation than most of its roboadvisory peers. These unique attributes allow LAIC to prevail among its peers and gain market share in the strongly growing roboadvisory market.

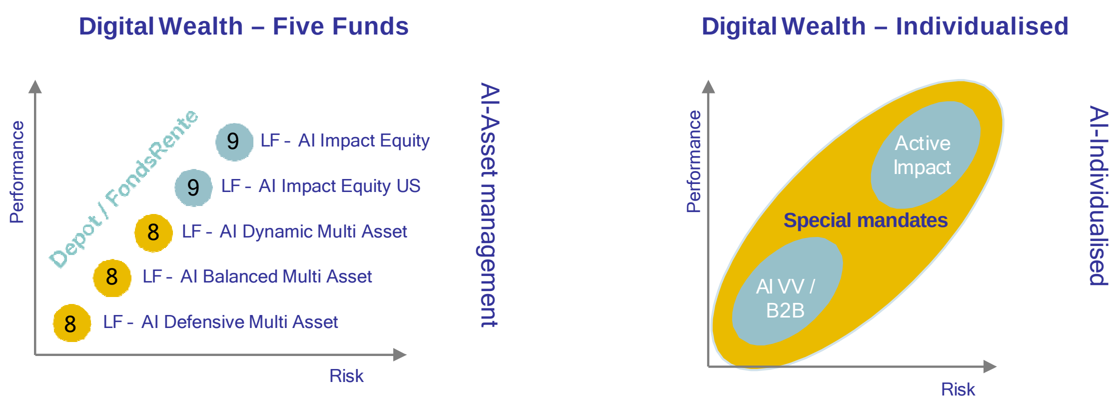
Figure 10: LAIC advantage against classic roboadvisors

LAIC – INVEST SMART. DIGITAL.	Classic Robo-advisor on the market
Individual portfolios	Limited number of model portfolios
Focus on actively managed funds, ETFs, equities and derivatives	Focus on ETFs, actively managed funds for admixture
Very large universe, which is re-evaluated on a daily basis	Limited universe, which is used statically and adjusted on fixed dates if necessary
Investment process through AI-based LAIC ADVISOR®, controlled by LAIC investment team	Static investment process or determined by Committee
Dynamic daily risk management and rebalancing	Static risk management and rebalancing
Consideration of sustainability criteria	Little to no sustainability aspects

Source: First Berlin Equity Research, LAIQON AG

Products and solutions LAIQON currently has five funds based on its LAIC-Advisor, three mixed funds investing basically in funds and ETFs, offering three different risk classes (defensive, balanced and dynamic) and two higher-risk equity funds focusing respectively on the US and Europe, which together should allow for broad coverage of customer groups and risk profiles. Moreover, in accordance with the LAIC sustainability concept, all five funds allocate at least 51% of fund volume to assets aligned with the EU SFDR Article 8/9. The three multi-asset funds are aligned with SFDR Article 8. The two equity funds are aligned with SFDR Article 9 and only hold sustainable investments (besides derivative instruments and cash for risk management purposes which together may not exceed 20% of total funds). LAIC aims to continuously reduce the portfolio's carbon emissions by 7% annually relative to its benchmarks in order to achieve the Paris-aligned benchmarks. In addition, LAIC offers an individualised solution for wealthy clients, which represents the maximum level of customer focus and service, reflected in asset investment fully aligned with client risk and return goals (see figure 11 below).

Figure 11: LAIC product overview based on AI



Source: First Berlin Equity Research, LAIQON AG

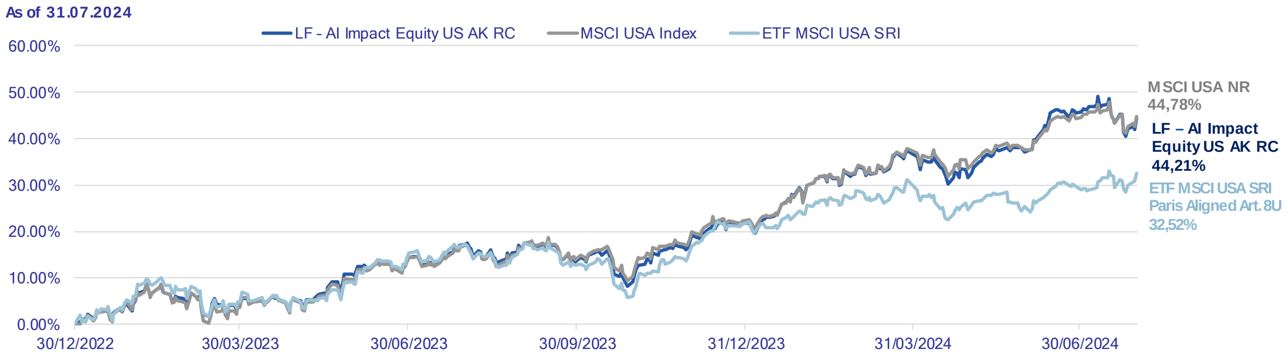
SUPERIOR AI TECHNOLOGY LEADS TO OUTPERFORMANCE

LAIC five SFDR Article 8/9 funds show an excellent performance against benchmark and peers Given that the performance of the WealthTech-Advisor ultimately determines its success, LAIQON has invested significant resources in maximising its performance. During the testing stage in 2019, LAIQON claimed that LAIC significantly outperformed its German roboadvisor peers (largely ETF roboadvisors). Following completion of development and testing, the company rolled out its LAIC-Advisor to clients in April 2020 together with six funds, of which one sustainable fund was closed and the others were reclassified (e.g. upgraded from Article 6 to Article 8 or 9 SFDR) or refocused (e.g. from multi-asset to equity) in alignment to the company's optimisation efforts and evolving ESG strategy. We have taken a closer look at the five funds' performance since inception. Our key conclusions are as follows:

- **Multi-asset funds:** With its dynamic and balanced strategy portfolios, LAIC has consistently outperformed the roboadvisory peer group by a significant margin and its performance is very close to the index benchmark consisting of 60%MSCI/40% Euro Bond (as of 31 July 2024): (1) Total return dynamic LAIC: 34.98%; index: 36.11%; peers: 19.59%; and (2) Total return balance LAIC: 18.96%; index: 19.03%; peers: 17.64%. With its defensive strategy portfolio, LAIC's performance far exceeded both the index benchmark, consisting of 30%MSCI/70% Euro Bond, and that of the peer group (total return LAIC: 15.48%; index: 10.98%; peer group: 6.91%).
- **Equity EU:** This is the youngest AI fund, having launched on 30 June 2023. As of 31 July 2024, LAIC has achieved a stable positive performance, but weaker than the EU MSCI index (LAIC: 7.43%; index: 10.71%). Our understanding is that the company previously only had a limited number of companies in its investment universe that met the requirements of SFDR Article 9 in the EU. This pool has been upgraded and the company now has a broader selection of investments to generate excess returns.
- **Equity US:** LAIC has achieved an excellent performance, substantially beating the US ETF peer group and approaching the performance of the US MSCI index. Given the outstanding data quality of the US capital markets, we consider this to be LAIC's flagship fund. A more detailed analysis of the performance can be found below and in figure 12 on the next page.

Performance of the LF – AI Impact Equity US fund shows the strength of the LAIC platform The AI-managed fund, launched in May 2020 as an AI-managed mixed fund (LF - Dynamic Digital Selection), was converted to an equity fund with a US focus on 1 January 2023. Management also upgraded it from Article 6 to Article 9 SFDR and renamed it LF – AI Impact Equity US RC. These measures proved positive and the fund has shown an excellent performance since then. In 2023, the fund achieved an outstanding performance of plus 21.72%. The overall performance to date (31 July 2024) is plus 44.21% and thus very close to the benchmark index MSCI US NR, which delivered a plus of 44.78%. Importantly, LAIC was clearly superior to the US ETF MSCI peer group which achieved a plus of 32.52%. The long term investment objective of LF – AI Impact Equity US is to sustainably outperform the MSCI USA NR. We believe LAIC has good chances of achieving this goal.

Figure 12: LAIC's LF - AI Impact Equity US performance since strategy changeover



Source: First Berlin Equity Research, LAIQON AG

LAIC'S DIRECT AND INDIRECT DISTRIBUTION CHANNELS

Own distribution channels as well as new ones emerging from partnerships with a range of financial players will leverage the company's WealthTech business
Distribution channels used by asset managers to sell their fund products evolve over time. Today they represent a combination of the classic personal advice with digital/online marketing and distribution channels LAIQON has launched various sales projects (using B2B, B2B2C and B2C marketing strategies) and partnerships with important financial players in order to expand the distribution channels and drive growth. The LAIC-Advisor is primarily distributed in two ways:

1) Branded product: LAIC-Advisor "Best-in-Class Direct", offered through its own distribution network of fund management companies
2) White-label-product: LAIC-Advisor "White-Label-Partnerships", offered through the distribution network of its partners.

Figure 13: LAIC dual distribution strategy

Source: First Berlin Equity Research, LAIQON AG

An AI-based white-label product is attractive for traditional asset management firms
Based on a flexible and modular design, LAIC's white-label solution offers a high degree of customisation during the onboarding process, allowing partner institutions to implement an individual branding and tailor the products and services to the needs and preferences of their clients. Considering that asset management is a highly regulated field, maintaining compliance requires significant resources. Partner financial institutions benefit from LAIC's expertise and compliance framework, which includes automated reporting (digital document management), with all relevant information and documents delivered digitally to the customer by email or via their customer account (i.e. online cloud-based dashboards and a self-service client app).

Expansion of strategic partnerships to enhance product distribution is underway In 2021, LAIQON reached its first significant milestone in offering a white-label solution for LAIC-advisor by completing and subsequently launching the platform "V:KI Smart Invest" (https://vki-smartinvest.de/) in the German co-operative financial network (Volksbanken), which is supported by about 400 financial advisors.

In 2022, the company expanded its distribution channels through partnerships with six insurance partners, including Ergo Direct AG, Bayerische Beamten Lebensversicherung a.G. and Barmenia Allgemeine Versicherungs-AG, that use LAIC's AI-controlled investment funds as the engine for the investment in fund-linked, tax-privileged pension funds.

In February 2023, the company established a joint venture (LAIQON owns 25%) with the large Bavarian cooperative bank Volksbank Raiffeisenbank eG, Rosenheim (10th largest cooperative bank in Germany), with the aim to position the JV as an attractive full-service provider in the rapidly growing market for asset management for high net worth bank customers. On 30 July, both partners decided to expand their existing cooperation and signed a LoI under which Volksbank Rosenheim will acquire a 25% stake in LAIQON's asset management subsidiary BV Bayerische Vermögen GmbH (BV) for an undisclosed amount. The planned acquisition of the 25% stake in BV is expected to be finalised within the next three months. We note that Volksbank Rosenheim also acquired a direct stake of 5.04% in LAIC Capital GmbH as part of the LAIC financing round completed on 25 July 2024 (see section on LAIC financing below).

In May 2023, LAIQON acquired a 30% stake in the Frankfurt-based investment boutique QC Partners GmbH (QCP), a Buy-Out from Kepler Capital Markets founded in 2013. QCP has AuM of about €1.8bn and is focused on institutional investors. LAIQON acquired 80% of the company together with partners such as Volksbank Mittelhessen eG. The main goal of this acquisition is to strengthen the distribution channels for its products.

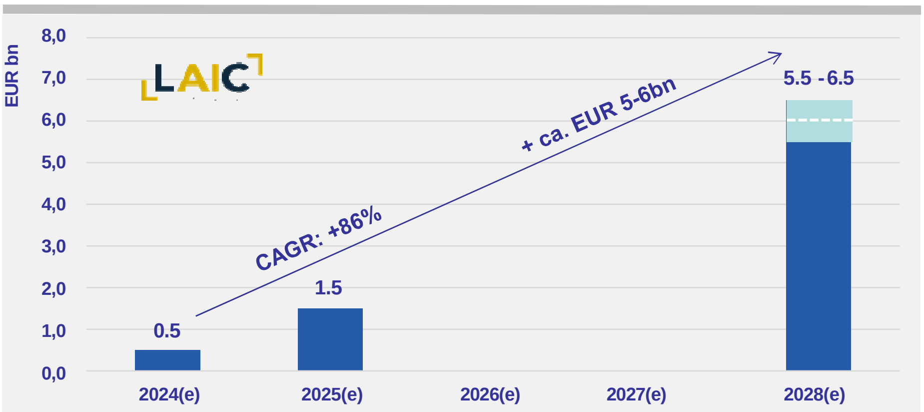
LAIC'S GAME-CHANGING PARTNERSHIP WITH UNION INVESTMENT

Agreement with Union Investment to create a joint product based on LAIC's platform to be distributed among Union Investment's clients In December 2023, LAIQON concluded a contract with the German asset management giant Union Investment Group (Union). The partnership entails the generation of a joint product using a white-label version of the LAIC-Advisor to be distributed by Union Investment among its customers in the cooperative financial network (Volks- und Raiffeisenbanken). LAIC has scheduled the rollout of the new joint product for Q4 2024. Onboarding and further preparations are progressing rapidly and management has recently confirmed that the market launch will take place on time.

Union Investment an ideal partner for LAIC Union is part of the DZ Bank Group (2nd largest banking group in Germany based on total assets) which serves as the central institution for >800 cooperative banks in Germany. Union therefore has access to a wide distribution network. With AuM of ~€455.2bn in 1,335 different funds with 5.8m clients, Union is the third largest German asset manager behind Deutsche Bank and Allianz. Following a rigorous due diligence process carried out in 2023, Union picked LAIC as its partner. Superior AI-driven wealth management capabilities combined with a focus on responsible investment practices and ESG make the LAIC-Advisor the ideal WealthTech platform to advise Union's retail clients. Considering the size of Union, this cooperation is a major, game-changing milestone for LAIQON and its subsidiary LAIC, offering potential to substantially increase the group's AuM and revenue.

LAIC outlook: AUM of €5.5-€6.5bn by 2028 Chiefly driven by the Union partnership, management expect that LAIC's AuM will climb from €0.5bn in 2024, to €1.5bn in 2025 and to a range of €5.5-€6.5bn by 2028, implying a 2024-2028 CAGR of about 86%. This newly communicated guidance is aligned with the previous LAIQON Group outlook for 2025 of AuM at €8-10bn, of which LAIC would contribute €1.5bn, and the remaining traditional LAIQON business the balance of €6.5-8.5bn. Importantly, according to this forecast, the LAIC subsidiary alone would be roughly as large in five years as the entire LAIQON Group already is today (AuM of €6.1bn at YE/23 and €6.4bn at the end of Q1/24).

Figure 14: LAIC's organic AuM growth until 2028 – branded & white-label partnerships



Source: First Berlin Equity Research, LAIQON AG

How quickly can Union Investment increase LAIC's AuM? – Observing the industry may give an indication The asset management industry is being disrupted by so-called roboadvisors. However, setting up a roboadvisor and making it successful involves a significant investment that can easily amount to several hundred million Euros. These funds need to develop a competitive technology platform and implement marketing efforts to acquire clients. According to some experts, customer acquisition costs (CAC) for most roboadvisors can be as expensive as USD300 to USD1,000 per client and it may take €20m to 50m+ to scale a roboadvisor to achieve AuM of €1bn+ which is still a small size. Therefore access to distribution channels and potential clients are very valuable for roboadvisors. According to market estimates, the critical mass required to operate a long-term profitable wealth management firm is an AuM of €5bn+ (source: WIPRO 2020, DAI Magister 2016). Traditional asset managers (incumbents) have taken steps to either develop their own roboadvisors, or have entered partnerships with roboadvisors or even acquired them. For disruptors like LAIC, a B2B strategy (marketing through another party) may be a more cost-effective alternative to expand market reach. An important question is therefore how fast/slow this route is in reaching meaningful scale. We have scrutinised the industry in search of similar cases.

USE CASE 1 – Union's roboadvisor Visualvest delivered AuM rise from €500m to €5bn within ~3 years Union founded its 100% subsidiary Visualvest in 2015 to develop an own digital asset management. Visualvest has a focus on broadly diversified portfolios of ETFs or purely sustainable funds. The subsidiary developed several white label solutions and products (online solution "Mein Invest", branch solution "Vermögen Plus") that are distributed through the branches of the cooperative Volksbanken and Raiffeisenbanken. According to management, Visualvest achieved AuM of >€500m in the summer of 2019, and the company exceeded AuM of €1bn at the beginning of 2021. In 2022 AuM amounted to >€5bn which suggests that AuM increased tenfold within about three years. Moreover, management confirmed that the majority of the growth is attributable to business via the cooperative branches and only a small proportion to the online channel (source: Fondsprofessionell.de). In our view this rapid AuM growth demonstrates Union's ability to capitalise on roboadvisory-solutions and the strong client appetite for this type of product. We think LAIC's WealhTech-advisor is a premium solution and therefore complementary to Visualvest (which, similar to LAIQON's growney, offers products for cost-conscious younger clients). We believe that Union will position LAIC as a product for sophisticated high net worth clients looking for personalised active investment strategies with a broader range of alternatives in addition to passive ETFs. Based on the use case, we see LAIC's AuM outlook 2028 as realistic and probably even somewhat conservative.

USE CASE 2 – Partnership of the roboadvisor Scalable Capital with the leading digital bank ING Founded in 2014, Scalable Capital is a leading German-based digital wealth roboadvisor. Scalable Wealth, the asset management roboadvisor, is primarily based on ETFs. The company also acts as a neobroker offering retail investors cheap trading services for a broad range of shares, funds and ETFs. To date, the company has raised €260m in five rounds of funding. In 2017, Scalable Capital closed a partnership with ING which gave the roboadvisor access to over 8m clients from the German digital bank subsidiary. After launching the platform, it took Scalable Capital 18 months to achieve AuM of €1bn with ING's customers, which led to Scalable's total AuM of >€2bn at the end of 2019. While the company has not disclosed AuM generated with ING since 2019, we believe the partnership contribution continued to be substantial. We therefore see well targeted B2B partnerships as an efficient approach to scaling AuM. Scalable also expanded its business model to neobrokerage and regionally to other European countries such as UK, France, Spain, Italy and Austria and entered into further partnerships with leading fintechs (e.g. Oskar in Germany), banks (e.g. Barclays in the UK and Santander in Spain) and asset management firms (e.g. Blackrock, Invesco), which increased AuM to >€20bn by 2024 (source: Scalable Capital).

FINANCING OF LAIC, >€20M INVESTED SO FAR

Since the founding of the subsidiary LAIC in 2018, LAIQON has invested a substantial amount of funds in the development of WealthTech. According to management, the total investment will exceed €20m by the end of 2024; more than half of this amount has been financed via the innovative token financing instruments, LAIC-Token 21 and 24.

Through successful placement of LAIC–Token 21, LAIC raised €5m at a pre-money valuation of €50m In August 2021, LAIQON and its subsidiary LAIC Capital GmbH completed the placement of the blockchain-based financing instrument LAIC-Token 21, raising funds of €5.0m. A group of investors, including DEWB, acquired undisclosed stake rights which altogether totalled €5m and equated to 9.75% of LAIC's equity at a pre-money valuation of €50m. LAIQON retained a 90.25% stake in LAIC Capital GmbH. The funds raised have been used to finance the growth of LAIC's business.

LAIC–Token 24 financing and direct investment by Volksbank Rosenheim totalling €7.2m gross proceeds at a higher valuation of €65m completed in June 2024 LAIQON decided to further finance the growth of its subsidiary LAIC by issuing the LAIC Token 24. LAIQON's partner Volksbank Rosenheim chose to also invest directly in LAIC and acquired a 5.04% stake, enabling LAIC to raise a total of €7.2m. These funds are intended to accelerate the growth of LAIC, which expects organic AuM growth to a range of €5.5bn to €6.5bn by 2028. The financing measures were carried out at a valuation of LAIC of €65m. Following the financing round, LAIQON's stake in LAIC fell from 90.25% to 80.04%.

GROWNEY – A LEADING ETF ROBOADVISOR

Acquisition of a 75% stake in fast-growing roboadvisory startup growney LAIQON acquired a 75% stake in the Berlin-based digital asset management startup growney GmbH. In a preliminary step, LAIQON acquired a 17.75 % stake by means of a cash contribution totalling €3m in February 2022, which equates to a pre-money valuation of €16.9m. In two further steps in December 2022 and May 2023, LAIQON increased the stake to 75% by issuing shares to growney's shareholders accompanied by two cash equity issues of €1m each. LAIQON has option agreements regarding the possible gradual acquisition of up to 100% of growney GmbH against the issuance of further shares in LAIQON and cash payments.

Award-winning B2C player with strong brand growney focuses on offering private users an automated platform for investing in diversified portfolios primarily composed of ETFs. The platform has a user-friendly interface (includes an app) that allows automated management of investment portfolios based on the individual's risk preference and financial goals of investors. Founded in 2016 by Gerald Klein, growney quickly positioned its B2C roboadvisor advisor among the top performers on the German scene. The company has won over 80 awards since 2026, including winner in Stiftung Warentest with the grade "very good" (1.3) in 2021, Test winner for €100k investment in the 07/21 issue of Finanztest, Best roboadvisor from Test from Euro on Sunday in 2022, Finance award from ntv in 2023, best roboadvisor for company depots from Focus Money in 2024 (see: https://growney.de/testsieger-bester-robo-advisor-vergleich#alle).

Figure 15: growney a B2C roboadvisor with multiple awards

Source: First Berlin Equity Research, LAIQON AG

growney is complementary to LAIC, which allows for two-brand strategy While LAIC is a premium product aimed at institutional investors and wealthy private clients via asset managers (e.g. LAIQON, Union Investment), growney is a mass-market product targeting a broad audience of retail investors, including those with limited budgets, financial knowledge or investment experience, mainly through online channels.

Figure 16: Two brand strategies LAIC and growney

LAIC (INVEST SMART. DIGITAL.)	growney
Active management with individual portfolios - AI with LAIC ADVISOR®	Passive approach based on ETFs
Focus on risk-adjusted performance	Easy access for price-conscious investors
Institutional investors & wealthy private clients	Independent retail investors and newcomers
Fee structure plus performance-related remuneration	Simple and low cost structure
White label partner distribution	Online distribution
„Individual strategies“	„Pre-defined model strategies“

Source: First Berlin Equity Research, LAIQON AG

Growth potential of growney may be limited in the near future, but could be higher in the medium term Considering that Germany is very competitive with about 25 roboadvisors on the market, attracting new clients may be a costly task for LAIQON for the time being. We currently do not see LAIQON as being in a position to finance extensive marketing campaigns to attract new private customers and therefore only expect limited growth potential for this startup in the near term. In the medium term, we anticipate that LAIQON will open up further sales channels for the start-up, such as possible partnerships with banks or insurance companies.

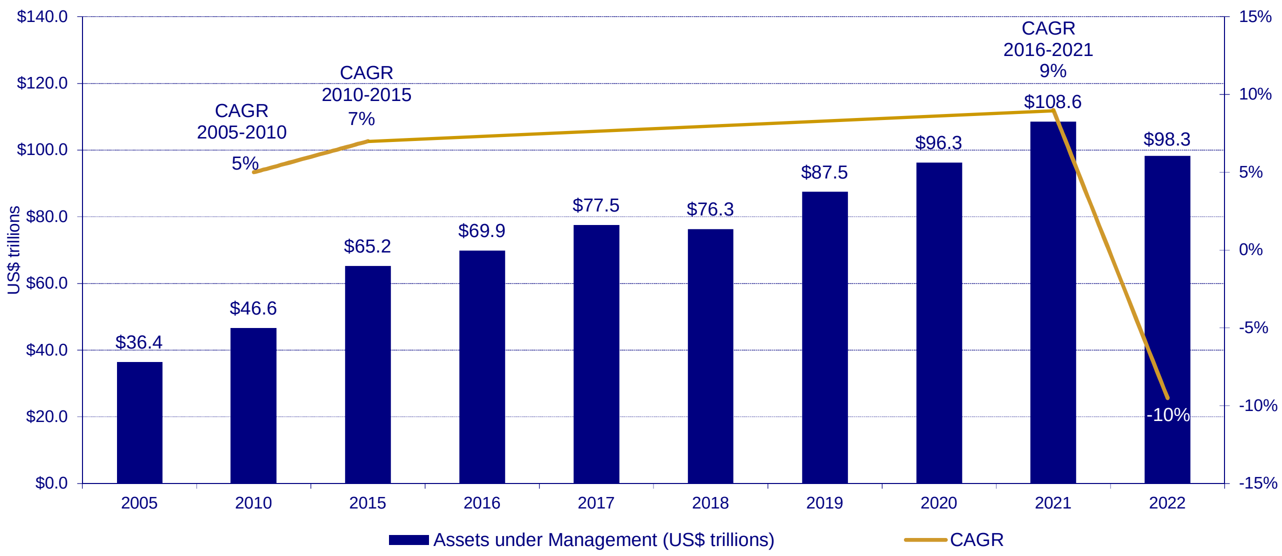
MARKET ENVIRONMENT

In this section, we provide some background and a few KPIs, trends and forecasts for the international and German asset management market. The analysis below underscores our view that LAIQON and particularly LAIC are strategically well positioned to benefit from the growth-driving trends of sustainability and digitalisation (roboadvisory) in the wealth and asset management market which will provide ample opportunities to capture additional market share over its German territory.

THE GLOBAL ASSET MANAGEMENT MARKET

According to BCG, asset management companies have close to USD100 trillion AuM globally (as of the end of 2022). The US market is by far the largest with a share of ~47%, followed by Europe with a share of ~23%. After more than a decade of continuous AuM growth, a challenging geopolitical environment accompanied by surging inflation and the unexpectedly sharp rise in interest rates in 2022 (e.g. US Federal Funds Target Rate jumped from 0.25% at YE 2021 to 4.50% at YE 2022) led to a slump in stock and bond values. This event caused a significant decline in global AuM by ~10% or USD10 trillion to USD98 trillion (close to 2020 levels). 2022 was one of the worst years for investor returns since 2008, but markets are expected to recover. After the peak in the federal funds rate of 5.50% in July 2023, the Federal Open Market Committee (FOMC) predicted at its December 2023 meeting making three quarter-point cuts by the end of 2024 to an interest rate of ~4.75%. We therefore see good chances that capital markets will start to experience relief in the second half of 2024, so that a return of the asset management market to old CAGRs in the range of 5-8% is likely over the next five years.

Figure 17: Global AUM 2005- 2022



Source: First Berlin Equity Research, BCG's Global Asset Management Market Sizing, 2023

The ten largest asset management firms hold >35% of global AuM The global asset management industry is highly fragmented, but it also shows a large concentration among the largest players, led by the US companies BlackRock, Charles Schwab, Vanguard Group, State Street Corporation and Fidelity; the ten largest companies alone hold > 35% of AuM worldwide. Only in Europe are there more than 4,000 companies active in this sector (sources: ThinkAdvisors, Q1/2023; BankingHub.de).

Sustainability and digitalisation trends – roboadvisors are disrupting the industry chiefly focusing on ETFs In the global wealth and asset management market, sustainability and digitalisation (particularly through roboadvisory) are two major trends shaping the industry: 1) The trend towards sustainability is largely driven by increasing investor demand for ESG criteria to be integrated into investment strategies. This shift is influencing everything from the development of new sustainable investment products to the reevaluation of existing portfolios to ensure they meet higher ESG standards. 2) Roboadvisors, which require minimal human intervention and can offer personalised investment management services at a lower cost than traditional financial advisors, are having a substantial impact on the industry. In the US, roboadvisors usually charge management fees of 0.25% - 0.5% per year, while financial advisors typically charge ~1% of AuM per year. Therefore, roboadvisors are particularly popular among younger, tech-savvy investors who prefer online services. Roboadvisors not only democratise access to wealth management services but also enhance the efficiency of these services by using vast amounts of data to make more precise investment decisions. The growth of roboadvisory services is also spurred by advancements in AI and machine learning, enabling more sophisticated analysis and better handling of complex portfolios. As these technologies continue to evolve, they are expected to become more integrated into the broader asset management processes, influencing both the strategy and the operational aspects of the industry. Current leading roboadvisors chiefly offer standard solutions consisting of a diversified portfolio of selected funds and low-fee ETFs that align with customers goals and risk level; whereas premium clients receive standard roboadvisory plus personal service through access to financial advisors.

Two of the three pioneer US roboadvisors that have reached substantial AuM scale were acquired by large asset management players Betterment was the first roboadvisor to enter the US market in 2008, followed by the competitor Wealthfront in 2011 and Personal Capital shortly after. In 2020, Personal Capital (AuM of ~USD22bn) was acquired by Empower Financial for ~USD1bn. In 2022, the prominent Wealthfront (AuM of ~USD27bn at the time of acquisition, now ~USD50bn) was acquired by UBS for USD1.4bn. Betterment (AuM of ~USD45bn as of February 2024) is the only company of the trio that remains independent. In the last financing round in 2021, the company was valued at USD 1.3bn. Other disruptors have struggled to scale. Customer acquisition costs are high, making it difficult for newcomers to profitably acquire customers and compete with heavyweights like Vanguard and Schwab, which have used their strong distribution channels to position own roboadvisors, as well as the trio of leading disruptors.

Roboadvisor from incumbent asset management firm Vanguard is the leader in the US The leading incumbent asset management firms have either developed own roboadvisors or acquired one. Vanguard, the third largest asset management company worldwide, launched its roboadvisor in 2015 and has now become by a distance the clear leader in the roboadvisory space with AuM of >USD205bn on its own digital investment platform. Charles Schwab, the second-largest asset manager worldwide, also launched its own roboadvisor in 2015 and has positioned it in second place with AuM of >USD65bn. The roboadvisor of the asset management market leader Blackrock ranks ninth among roboadvisors with AuM of ~USD1.8bn. To enter the digital field, Blackrock acquired the fintech FutureAdvisor (AuM of ~USD600m at the time of the acquisition) for >USD150m in 2015 (sources: Forbes 2023; companies).

EUROPEAN AND GERMAN ASSET MANAGEMENT MARKETS

European asset management industry: strong dynamic driven by roboadvisors In Europe, the asset management industry holds funds worth USD22.2 trillion (~€20 trillion – source: BCG). According to the German Fund Association (BVI), Germany is the 2nd largest European asset management market with invested assets of €3.8 trillion in 2022 (vs €4.3 trillion in 2021), behind the UK (GBP8.8 trillion). The first European roboadvisors appeared in 2012/13 in the UK and in Germany. Adoption of roboadvice in Europe has gained momentum in recent years. DHF Capital estimates that roboadvisors in Europe will reach AUM of ~USD794bn in 2023 and will achieve a 2023-2027CAGR of 12.80% which will lead to a projected AuM of about USD1.3 trillion by 2027. According to these figures, roboadvisors achieved a penetration of ~3% of total AuM in Europe in 2023, which is still low. However, we believe these estimates include AuM for asset management as well as for trading, considering that large roboadvisors typically offer both type of services, wealth management and neobrokerage. Some of the largest wealth management roboadvisors which have achieved substantial share in Europe are: Nutmeg (UK – acquired by JP Morgan in 2021), Moneyfarm (UK – it acquired its large German peer Vaamo, has Allianz as a partner), Scalable Capital (Germany – one of its main shareholders is Blackrock), Liqid (Germany), Yomoni (France) and Indexa Capital (Spain).

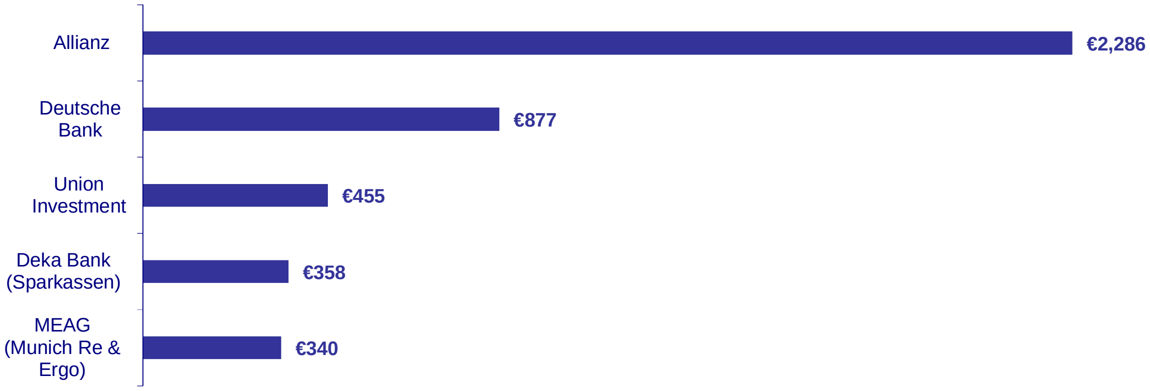
The global asset management heavyweights are cooperating with leading European fintechs – partnerships are an efficient way to win customers In recent years, we have seen a growing trend towards partnerships between the leading US asset management players with the main goal of providing their roboadvisory products to the customers of the large European fintechs. These moves have proved successful. The world's number 1 asset management, Blackrock, dominates this trend as it closed several partnerships with the leading European fintechs such as the UK's largest neobank Monzo (2023), and the neobrokers Bux (2023), HeyTrade (2022), Scalable Capital (2019) and Trade Republic (2017). For example, Monzo reported that it had a waiting list of 200k customers (from ~8m total customers in the UK) willing to invest in Blackrock's multi-asset ETF funds two days after the announcement of the partnership and the upcoming product launch. Other leading US banks such as Fidelity and Goldman Sachs have also made similar moves with European fintechs. In our view this trend shows that partnerships are an efficient way to access new customers which are otherwise expensive and even difficult to acquire.

The failure of global market leader roboadvisor Vanguard to position its brand & establish its own distribution in Germany shows how difficult it can be to win customers One example of how difficult it is to win new clients is Vanguard's 2020 attempt to customise and directly distribute its roboadvisory products in Germany (advised by BCG). At that time, the German Scalable Capital had a dominant position controlling ~50% of the local market. Vanguard cancelled this project in 2023 after two years due to lack of success and thus lost considerable associated investments. According to Finance Fwd Capital, Vanguard was barely able to raise €4m or 4% of the targeted AuM. The company decided to continue distributing its products through its partners, mainly direct banks or neobrokers, which later enabled it to play a leading role in the local market.

German asset management firms dominate the local market, but they are small compared to the international peers Over the past 10 years, the German asset management market grew on average by 8.4% per year which was a faster pace than the rest of the region. The leading German asset managers are among the small to medium-sized providers in terms of their global AuM but dominate the German fund market. The top five German providers: Allianz (AuM: €2.3 trillions), Deutsche Bank (Investment subsidiary DWS – AuM: €877bn), Union Investment (AuM: €455bn), Deka Bank ("Sparkassen" Savings

Banks Association – AuM: €358bn), and MEAG (the asset management arm from Munich Re and Ergo – AuM: €340bn) account for almost 80% of fund assets (source: bankinghub and companies – see figure 18 below).

Figure 18: Top 5 asset management companies in Germany (AuM € billions)



Source: First Berlin Equity Research, companies

A mix of private and corporate roboadvisors operate on the German market – they chiefly focus on funds & ETFs In Germany, there are ~24 roboadvisors active on the market and trying to win ~50m private investors. Similar to their US and European counterparts, German roboadvisors focus chiefly on offering a combination of funds and ETFs. These providers stem from two different sectors: 1) Independent private roboadvisors, mostly financed with venture capital such as Scalable Capital or Ginmon; and 2) So-called corporate roboadvisors developed and distributed by traditional asset management firms/banks; these providers include Cominvest (Comdirect/Commerzbank), Fintego (FNZ Bank-direct bank), Quirion (Quirin Privatbank), Vanguard, and Visualvest (Union Investment). The seven largest asset management roboadvisors in Germany include Scalable Capital, Visualvest, Quirion, Raisin Invest, Cominvest. Liqid, and Growney. According to estimates by extraETF, the robo-advisor market in Germany has AuM of ~€25bn (as of March 2023), which corresponds to a penetration of <1% of the total German asset management market of €3.8 trillion (source: BVI).

Table 3: Top 10 ETF-based asset management roboadvisors in Germany

Roboadvisors	Assets under management (AuM)	Market launch
Visualvest	~€5.0 billion	2016
Scalable Capital	~€3.0 billion*	2016
Quirion	~€1.8 billion	2014
Raisin Invest	~€1.0 billion	2018
Cominvest	~€1.0 billion	2017
Liqid	~€750 million**	2016
Growney	~€300 million	2016
Ginmon	~€300 million	2014
Bevestor	~€135 million	2019
Smavesto	~€100 million	2019

**Note1: Scalable Capital has total AuM of >€20bn in Europe including both segments: asset management and neobrokerage; **Note 2: Liqid has total AuM of €2.5bn, including private equity investment.*

Source: extraETF.com, as of: 06/2023; First Berlin Equity Research

For German roboadvisors, high costs for managing client funds are the most important disadvantage. With a median annual fee of around 1% (plus the ETF cost of about 0.25%), German roboadvisors are much more expensive than their US counterparts with an annual fee of only ~0.3%. The high costs of German roboadvisors reflect the fixed expenses of setting up such a platform and the so far limited economies of scale.

MAIN WEALTHTECH COMPETITORS IN GERMANY

LAIC's value proposition is by far the strongest within the peer group Both LAIQON and LAIC have a clear focus on the German market. From the competitive universe, LAIQON sees six German WealthTech companies as the direct peers to LAIC, having the most significant relevance in the market and being closest to LAIC in terms of value proposition. Management has rated the peers based on six key features, which we summarise in table 4 below. LAIC offers the most competitive value proposition. In our view, LAIC's main advantage is the superiority of its AI-based platform for asset management which translates into superior historical performance. Most competitors have simpler AI algorithms (e.g. no Bayesian neural networks that allow for probabilistic scenarios) and fewer data sources (e.g. largely fund & ETF-based vs LAIC's large universe of stocks). In addition, unlike most of its peers, LAIC has developed advanced white label capabilities that allow full customisation to the partner's needs, as well as a cloud-based end-to-end solution that includes onboarding, dashboards (incl. KPIs, reporting) & digital document management and a client app. These features make LAIC the ideal partner for traditional asset management companies.

Table 4: LAIC's competitive position against six key peers

Company	AI-based asset management	White label capability	Mass customisation	End-to-end technology	Historical performance	AuM in AI
LAIC	**YES**	**YES**	**YES**	**YES**	↗	**>€150m**
GET Capital AG	YES	YES	NO	NO	→	>€2bn
Smavesto	YES	YES	NO	NO	↘	>€100m
Ultramarin	YES	NO	NO	NO	↘	>€70m
Tungsten	YES	NO	NO	NO	↘	>€100m
ACATIS	YES	NO	NO	NO	→	>€50m
MAN Group	YES	NO	NO	NO	→	>€54bn

Source: LAIQON AG, First Berlin Equity Research

Six peers offering WealthTech solutions worth watching According to the previous analysis, the main six peers to keep an eye on are GET Capital AG, Smavesto, Ultrmarin, Tungsten, Acatis and MAN. Within this group, we see GET Capital, an asset management firm with a similar profile to LAIQON, which has an advanced HealthTech advisor with strong AI and white-label capabilities as the most relevant peer. We note that Smavesto, a subsidiary of the Sparkasse Bremen, uses a customised white-label roboadvisor from GET Capital. In addition, we consider the two players ACATIS (German) and MAN (UK) as relevant LAIC peers. They are the heavyweights among the peer group, as both have strong AI capabilities and can, in our view, adequately fulfil the expectations of high-end customers, which are LAIC's main target population. Ultramarin and Tungsten are the smaller players and have different strategies and distribution channels as LAIC. We discuss these players in detail overleaf.

GET Capital AG's corporate roboadvisor is a pioneer in the field with 10+ years track record Founded in Mönchengladbach in 2006, GET Capital is a technology-driven, independent asset management boutique that specialises in quantitative investment strategies. The firm currently has AuM of >€3bn, of which >€2bn is in purely AI-driven funds, and >50% of its employees work in R&D. GET Capital is a German important player in the field of roboadvisory and can look back on >15 years of R&D for its technology platform. The platform integrates modern portfolio theory and ESG considerations with AI with the aim of maximising returns and efficiently managing risks on the capital markets. The company launched its first AI-driven public funds as early as 2012. Based on its technology platform, the company created a roboadvisor which is capable of analysing daily >8k markets and individual securities for portfolio optimisation. The company also offers a white-label solution, one of its clients is the roboadvisor Smavesto (see below).

Smavesto GmbH – the corporate roboadvisor of the Sparkasse Bremen which uses a customised white-label version of GET Capital Smavesto is a 100% subsidiary of the Sparkasse Bremen, a regional savings bank with ~400k private clients. Smavesto's roboadvisory platform uses AI to create globally diversified portfolios based on ETFs (exchange traded funds – i.e. basket of securities mimicking the performance of an underlying index) and ETCs (exchange traded commodities – financial instruments that provide exposure to commodities such as metals, energy, and agricultural products without physically owning the underlying asset). Launched in 2019, the roboadvisor invests exclusively in passive ETFs and ETCs that track a specific market at the lowest possible cost, but weights the various asset classes based on the platforms risk management technology. The company has a license for financial portfolio management by the German Federal Financial Supervisory Authority (BaFin).

Ultramarin (formerly Othoz) – deep tech startup with roboadvisor for asset management using AI Founded in Berlin in 2017, the startup Ultramarin developed a technology platform for AI-driven investment in equities. The AI boutique offers now actively managed AI funds, ETF products and equity research in the form of Ultrascope, a new form of equity analysis for >5k companies worldwide. Ultramarin's platform incorporates in its investment decision-making process various dimensions, including return expectations, risk budgets, and ESG investment criteria. The company raised a total of €10m in a Series A round in December 2021 at a pre-money valuation of ~€50m. Ultramarin has opened also offices Frankfurt am Main and Munich.

Investment boutique Tungsten Capital Management GmbH has an AI driven technology platform Tungsten Capital Management GmbH, based in Frankfurt am Main, was founded in 2006 and is the institutional asset management arm of the Corecam Investment Group. As a bank-independent investment house, Tungsten Capital specialises on risk management for liquid capital markets. Tungsten developed an AI technology platform for asset management which enabled the launch of an AI driven fund in 2013. The company has AuM of >€400m in three funds, one of which, Trycon, is AI driven. This fund pursues a multi-asset strategy, investing in 60 global, liquid markets consisting of equity indices, government bonds, currencies and volatility. Trycon has a focus on risk mitigation strategies, moderate volatility, and a near-zero correlation to global stock markets, making it an innovative choice for investors looking for alternatives to traditional investment strategies.

ACATIS Investment Kapitalverwaltungsgesellschaft mbH Founded in Frankfurt am Main in 1994, ACATIS is an independent fund boutique specialised in "value investing" based on the model of Benjamin Graham and Warren Buffett. The company is owner-managed and has AuM of ~€11.7bn (as of March 2023). ACATIS has been working on an AI technology platform for portfolio management since 2016. In 2017 and 2018 the company launched two equity funds and an external mandate whose stock selection and portfolio composition are fully controlled by its AI platform. In 2023, the company stated that its 2017 AI-driven Global fund returned 18% over the last 12 months, achieving its main goal of beating the MSCI World Index.

MAN Group plc Man Group is a global, technology-drive active investment management firm focused on delivering alpha (add excess returns to a portfolio without increasing risk) and portfolio solutions for clients. Founded in 1783 and headquartered in London with multiple offices globally, the company has AuM of USD167.5bn (as of YE 2023). The company started using AI in 2013 and today it has a powerful technology platform, supporting its investment decisions for alpha generation, portfolio management, trade execution and risk management. In 2023, the company launched an in-house generative AI (GenAI) portal, ManGPT, to support productivity across the firm. MAN has a collaboration with the University of Oxford through the Oxford-Man Institute on machine learning techniques and AI. The company is listed on the London Stock Exchange and has a market cap of ~GBP 3.2bn.

FINANCIAL RESULTS

FINANCIAL HISTORY

LAIQON has published its audited 2023 annual report in accordance with IFRS standards. The company accomplished several relevant milestones in 2022 that are meaningful for the 2023 group figures and for coming years. The highlights were:

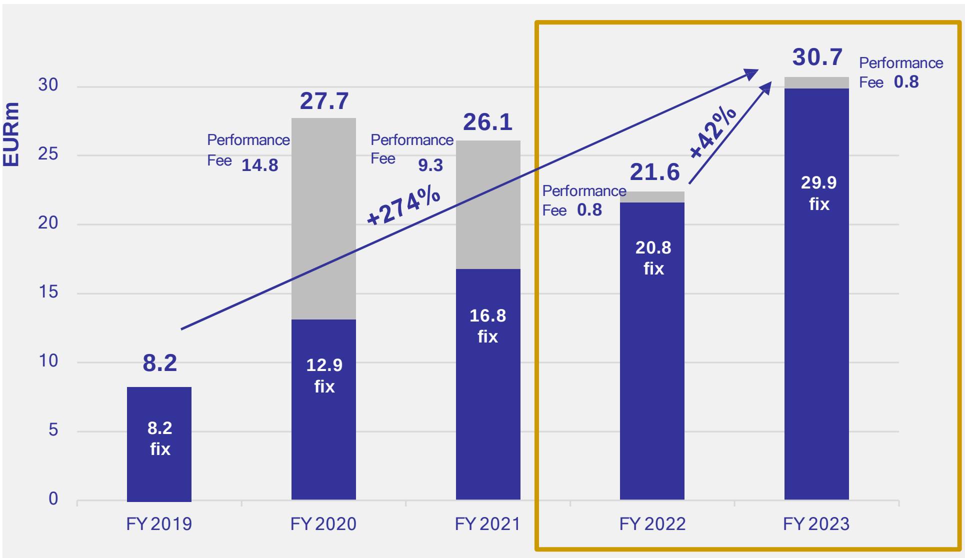
I) Acquisition of BV Holding completed in April 2022;

II) Conclusion of a partnership agreement between LAIC and Union Investment in December 2023, which envisages the launch of the new white label product via the Union network in Q4 2024.

Income Statement FY 2023

Revenue In 2023, group revenues rose by 43% to €30.7m (2022: €21.6m). This increase was achieved organically through positive funds performance and new funds inflow as well as the positive effect of the BV Holding acquisition, which was only consolidated from 1 April 2022. Due to difficult capital markets, revenue only included €0.8m in performance fees for the second year in a row. We point out that the company achieved performance fees of €9.3m in 2021 and as much as €14.8m in 2020.

Figure 19: LAIQON revenue 2019-2023 (in € millions)



Source: First Berlin Equity Research, LAIQON AG

EBITDA In 2023, LAIQON costs of materials increased to €5.9m (2022: €3.7m), which led to a slight decline in the gross margin to 80.7% of sales compared to 83.0% in the previous year. Personnel expenses expanded to €20.2m (2022: €17.1m) mainly due to hiring of new employees. Management sees 2023 as an investment year in preparation for growth, which is why the number of employees increased to 158 (2022: 123), albeit with a lower estimated average salary per employee of €128k p.a. (2022: €139k p.a.). Other operating expenses (other OPEX) declined to €8.7m (2022: €11.0m), primarily due to lower legal & consulting costs as well as income of €3.4m from the deconsolidation of 30% of the stake in V:KI GmbH in connection with its disposal for distribution partnerships. As a result, EBITDA improved to €-4.7m (2022: €-9.9m).

EBIT and net result Depreciation & amortisation increased to €6.4m (2022: €4.7m), chiefly as a result of the BV acquisition. Importantly, the increase in amortisation of intangible assets from €2.7m to €3.9m includes amortisation of customer relationships capitalised as part of company acquisitions. As a result, the EBIT loss widened to €-11.1m (2022:€-14.7m). The net financial result increased substantially to €-8.9m (2022: €-1.6m), which included financial income of €1.7m (2022: €1.3m) chiefly from investment income and financial expenses of €10.9m (2022: €3.9m) of which only €1.8m were cash-effective in connection with the convertible bonds; the remaining were largely non-cash accounting procedures such as interest expense of €-5.5m (2022: €-0.8m) stemming from a change in value of the purchase price liabilities (SPSW acquisition), interest expense of €-1.8m (2022: €0) due to higher valuation of the WealthTech LAIC-Token which is booked as debt capital in accordance with IFRS. The company reported a positive income tax result of €7.1m (2022: €5.7m) consisting largely of deferred taxes. The net result totalled €-12.9m (2022: €-10.5m). LAIQON reported a net result after minorities of €-12.3m (2022: €-10.2m), which equates to €-0.51 p/s (2022: €-0.67 p/s) based on fully diluted average shares outstanding.

Table 5: Income Statement (KPIs) 2023 and 2022

All figures in EUR '000	FY 23	FY 22	*Delta*
LAIQON group revenues	30,746	21,575	*42%*
COGS	-5,941	-3,665	*n.a.*
Gross profit	**24,805**	**17,910**	***38%***
Personnel expenses	-20,226	-17,113	*n.a.*
Other operating expenses	-8,658	-11,024	*n.a.*
Share of profit of associates	-614	281	*n.a.*
EBITDA	**-4,693**	**-9,946**	***n.a.***
Depreciation	-6,386	-4,711	*n.a.*
Operating income (EBIT)	**-11,079**	**-14,657**	***n.a.***
Net income / loss	-12,874	-10,541	*n.a.*
Minorities	-552	-376	*n.a.*
Net result after minorities	-12,322	-10,165	*n.a.*

Source: First Berlin Equity Research, LAIQON AG

Segment reporting - Positive development in all divisions All business segments contributed with growth to the top line. The IQ segment, which includes the asset and wealth management businesses, was the only operating segment with a positive EBITDA contribution of €2.5m (2022: €2.3m, see table 6). The AI segment lowered the EBITDA loss to €2.9m (2022: €4.5m). The Group segment, which comprises the revenue/costs from the old non-core real assets business and the central administrative costs (i.e. management, accounting, legal, IR/PR, marketing), also recorded a positive development, although this included one-off commission income from the sale of some assets.

Table 6: LAIQON segment performance 2023

P&L KPIs	IQ Segment			AI Segment			Group			TOTAL LAIQON		
	2023	2022	Delta	2023	2022	Delta	2023	2022	Delta	2023	2022	Delta
Revenue	22,443	16,640	*35%*	2,213	808	*174%*	6,089	4,127	*48%*	30,745	21,575	*43%*
COGS	-2,479	-1,119	*n.a.*	-702	-481	*n.a.*	-2,759	-2,065	*n.a.*	-5,940	-3,665	*n.a.*
Gross profit	**19,964**	**15,521**	***29%***	**1,511**	**327**	***362%***	**3,330**	**2,062**	***61%***	**24,805**	**17,910**	***38%***
Personnel expenses	-12,838	-10,292	*n.a.*	-3,546	-2,539	*n.a.*	-3,842	-4,282	*n.a.*	-20,226	-17,113	*n.a.*
Other operating expenses	-4,527	-2,975	*n.a.*	-838	-2,287	*n.a.*	-3,293	-5,762	*n.a.*	-8,658	-11,024	*n.a.*
Share of profit of associates	-63	0	*n.a.*	5	0	*n.a.*	-556	281	*n.a.*	-614	281	*n.a.*
EBITDA	**2,536**	**2,254**	***13%***	**-2,868**	**-4,499**	***-36%***	**-4,360**	**-7,701**	***-43%***	**-4,692**	**-9,946**	***-53%***

Source: First Berlin Equity Research, LAIQON AG

Balance Sheet FY 2023

The 2023 balance sheet total expanded to €144.6m (2022: €139.8m). Current assets declined to €19.8m in 2023 (2022: €22.4m), chiefly reflecting a lower cash position of €7.1m (2022: €10.4m) due to funding of ongoing operations. Similarly, LAIQON's equity position dropped to €55.6m at YE 2023 (YE 2022: €66.6m), corresponding to an equity ratio (ER) of 38% (2022 ER: 50%). We give an overview of the main balance sheet positions in table 7 below:

Table 7: Balance sheet KPIs 2023 and 2022

All figures in EUR '000	FY 23	FY 22	*Delta*
Cash and cash equivalents	7,139	10,375	*-31%*
Receivables	10,888	9,942	*10%*
Financial assets	845	863	*-2%*
Other current assets	958	1,179	***-19%***
Current assets, total	**19,830**	**22,359**	*-11%*
Property, plant & equipment	13,202	10,436	***27%***
Intangible & other assets	109,848	106,477	*3%*
Goodwill	1,748	570	*207%*
Financial assets	0	1,180	***-100%***
Deferred tax assets & other	22,634	15,003	*51%*
Non-current assets, total	**124,798**	**117,483**	*6%*
Accounts payable	14,869	16,029	***-7%***
Financial liabilities (ST+LT)	38,346	18,846	*103%*
Other liabilities (ST+LT)	19,055	15,827	***20%***
Deferred tax liabilities (LT)	17,681	17,052	*4%*
Minority interests	-877	5,471	*n.a.*
Shareholders' equity	55,554	66,616	***-17%***
Equity ratio	*38%*	*52%*	*n.a.*
Balance sheet, total	**144,628**	**139,841**	*3%*

Source: First Berlin Equity Research, LAIQON AG

The other most noteworthy positions on the balance sheet were:

(1) Property and equipment increased to €13.2m (2022: €10.4m), primarily due to an expansion of right- of-use-assets totalling €6.0m (2022: €0.7m) in connection with the first-time recognition of the new office in Munich and the purchase of IT hardware & office equipment amounting to €0.6m (2022: €0.2m).

(2) Intangible assets, which mainly reflect the goodwill recognised as part of the acquired companies and the capitalised fund management contracts, fell to €87.2m in 2023 (2022: €90.3m) due to ongoing amortisation. We note that the valuable acquired customer contracts represent the largest portion of intangible assets.

(3) LT financial assets booked at fair value and chiefly reflecting disposed investment in non-consolidated affiliated companies (shelf companies as well as limited liability companies acting as general partners for investment funds) and associates (insolvent entities), declined to €0 (2022: €1.2m) as part of strategic measures.

(4) LAIQON expanded its deferred tax assets due to unused tax losses to €22.4m (2022: €15.0m), whereas its deferred tax liabilities mainly related to the acquired intangible assets increased only slightly to €17.8m (2022: €17.1m). LAIQON estimates its corporate income tax loss carryforwards at ~€73.2m (2022: ~€57.9m) and trade tax loss carryforwards of ~€81.1m (2022: ~€61.3m), of which some of the deferred tax assets have been already recognised.

(5) Minority interests amounted to €-0.9m in 2023, compared to €5.5m in 2022. The main reason for this change was an amendment to the SPSW takeover agreement, whereby LAIQON's option to purchase the minority interests is to be exercised for a fixed amount of €9m. As a result, the minority interests were reduced by the present value of the repayment amount. The corresponding amount was recognised under other non-current liabilities.

(6) Financial liabilities (ST+LT) increased substantially to €38.3m (2022: €18.8m), chiefly in connection with the two convertible bonds 2023/27 and 2023/28 placed in 2023 primarily to repay the purchase price and bank liabilities in connection with company acquisitions, as well as for further financing of ongoing operations and the GROWTH 25 strategy. The conversion window for the convertible bond 2020/24 expired on 31 May 2024 and 80% of the €5m outstanding amount was converted, which lead to a dilution of 618k shares. We give an overview of the three last convertible bonds in table 8 below:

Table 8: Overview of outstanding convertible bonds

Terms	2020/24	2023/27	2023/28
Maturity:	4 years*	4 years	5 years
Coupon:	5.50%	6.50%	7.00%
Conversion price:	€ 4.85	€ 10.00	€ 10.50
Interest payment date:	Half-yearly	Half-yearly	Half-yearly
Face value:	€5 million	€5 million	€20 million
Issue:	17/07/2020*	21/02/2023	24/05/2020

**Final conversion window for 2020/24 is 03 May - 31 May 2024; management expects conversion of > €4m*

Source: First Berlin Equity Research, LAIQON AG

Cash Flow Statement FY 2023

In 2023, cash flow from operating activities totalled €-10.7m and was substantially weaker than the previous period (2022: €-2.8m), which was primarily due to a weaker net result (2023: €-12.9m vs 2022: €-10.5m), lower dividends & profit distributions received (2023: €1.9m vs 2022: €5.9m) and an increase in receivables (2023: €-7.1m vs 2022: €-5.3m). Capital expenditures declined to €-1.3m in 2023 (2022: €-3.4m). Free cash flow in 2023 was lower compared to the previous year and amounted to €-12.1m (2022: -€6.2m). Cash flow from financing was €8.8m (2022: €5.3m) and comprised the placement of the two convertible bonds totalling €25m; this amount was reduced by the repayment of financial debt of €7.6m, the payment of liabilities for acquisitions of €8.4m and distributions to minority interests of €0.2m. As a result, net cash flow came in at -€3.2m in 2023 (2022: €-6.0m).

Table 9: Cash flow statement KPIs 2023 and 2022

All figures in EUR '000	FY 23	FY 22	*Delta*
Operating cash flow	**-10,735**	**-2,765**	**n.a.**
CapEx	-1,315	-3,423	n.a.
Free cash flow	**-12,050**	**-6,188**	**n.a.**
Other investments	0	-5,049	n.a.
Cash flow from investing	**-1,315**	**-8,472**	**n.a.**
Cash flow from financing	8,813	5,281	n.a.
Net cash flow	**-3,237**	**-5,956**	**n.a.**

Source: First Berlin Equity Research, LAIQON AG

FINANCIAL OUTLOOK

LAIQON AuM and EBITDA guidance 2025E and LAIC AuM guidance 2028E LAIQON has guided to an increase in AuM to >€8-10bn by 2025 (Q1/24: €6.4bn), to which LAIC is expected to contribute €1.5bn. The EBITDA margin should expand to >45% by 2025 including performance-fees if the market remains stable, and >30% if the capital markets weaken, and the company does not generate substantial performance fees. LAIC is expected to achieve AuM of €5.5-6.5bn by 2028E.

Revenue forecast We have prepared our sales projections in line with company AuM guidance for 2025 and 2028. So far, Mr Plate has a positive track record of achieving AuM guidance since taking the CEO seat. Given the strength of Union Investment's distribution across its network of >400 Volksbanken, which has led to its ETF roboadvisor achieving AUM of >€5bn in about three years (see details in the LAIC chapter), we believe LAIQON's AuM guidance for LAIC is realistic and there is room for positive surprises. Our conservative projections are at the lower end of the company guidance. Further, in the past few years, LAIQON has generated average net management fees of ~0.31% to 0.40% of AuM in the IQ/AI segments; we have assumed net average management fees of 0.46%-0.51% for our projections. We forecast that consolidated revenue will grow from €30.7m in 2023, to €35.4m in 2024E, €42.7m in 2025E and €52.9m in 2026E. In our conservative projections, we assume a low level of performance fees comparable to the last two years (i.e. €0.8m), leaving room for outperformance of our estimates. According to management some of LAIQON's products are currently close to their hurdle rates, which means that performance fees are also likely to be charged in 2024 if the capital markets remain stable. See our detailed group sales model in table 10 below.

Table 10: Calculation of Group Revenue forecasts

AuM figures in EURm	FY 22	FY 23	FY 24E	FY 25E	FY 26E
IQ segment	**5,450**	**5,550**	**5,850**	**6,400**	**6,900**
Asset management	4,000	4,100	4,350	4,800	5,200
Wealth management	1,450	1,450	1,500	1,600	1,700
AI segment	**250**	**550**	**950**	**2,100**	**3,250**
LAIC*	50	100	400	1,500	2,600
growney*	200	450	550	600	650
TOTAL LAIQON AuM	**5,700**	**6,100**	**6,800**	**8,500**	**10,150**
Revenue figures in EUR '000	**FY 22**	**FY 23**	**FY 24E**	**FY 25E**	**FY 26E**
IQ segment	**16,640**	**22,443**	**27,360**	**32,800**	**39,700**
Asset management	12,489	15,282	20,010	24,960	31,200
Wealth management	4,151	7,161	7,350	7,840	8,500
AI segment	**808**	**2,213**	**3,880**	**7,410**	**11,960**
LAIC*	108	213	1,680	5,250	9,620
growney*	700	2,000	2,200	2,160	2,340
Group segment	4,127	6,089	4,200	2,500	1,200
TOTAL LAIQON Revenues	**21,575**	**30,746**	**35,440**	**42,710**	**52,860**
YoY (%)	*-17%*	*43%*	*15%*	*21%*	*24%*
ASSUMPTIONS AVERAGE FEES ON AUM	**0.31%**	**0.40%**	**0.46%**	**0.47%**	**0.51%**

**Note: LAIC and growney AuM and revenue are FB estimates; LAIQON does not report these figures*

Source: First Berlin Equity Research estimates

Income Statement - Costs and Profit We assume that LAIQON's gross margin will fluctuate between 81%-85% over the forecast period. COGS chiefly reflect services purchased in connection with the funds (e.g. Atacama license, consultancy agreements, fund sales commissions, etc.). Considering the company's expansion, particularly at the subsidiary LAIC, we project that operating expenses will grow in the period 2024E-2026E. The main drivers in our view will be personnel as well as other operating expenses. We expect these cost items to increase substantially in coming years.

Despite increasing OPEX, we anticipate that the company's EBITDA will improve from €-4.7m in 2023 to €-2.0m in 2024E, achieving positive EBITDA of €4.3m in 2025E (EBITDA margin: 10%) and €11.6m in 2026E (EBITDA margin: 22%). If the company generates performance fees in 2024E, this could lead to the achievement of positive EBITDA one year earlier. We further project that EBIT will also improve from €-11.1m in 2023 to €-8.5m in FY 24E, €-2.0m in 2025E and €5.4m in 2026E. LAIQON has income tax loss carryforwards of ~€73.2m and trade tax loss carryforwards of ~€81.1m. In consequence, we assume a ~15% effective tax rate once the company reaches profitability. We forecast a net result of €-7.0m in 2024E and €1.7m in 2026E (see table 11).

Table 11: Revenue, EBITDA, EBIT, net income forecasts (selected items)

All figures in EUR '000	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
LAIQON group revenues	**26,122**	**21,575**	**30,746**	**35,440**	**42,710**	**52,860**
COGS	-2,702	-3,665	-5,941	-5,240	-6,115	-10,043
Gross profit	**23,420**	**17,910**	**24,805**	**30,200**	**36,595**	**42,817**
Personnel expenses	-11,341	-17,113	-20,226	-22,408	-22,879	-22,073
Other operating expenses	-7,796	-11,024	-8,658	-9,592	-9,345	-9,016
Share of profit of associates	327	281	-614	-200	-100	-99
EBITDA	**4,610**	**-9,946**	**-4,693**	**-2,000**	**4,271**	**11,629**
Depreciation	-3,938	-4,711	-6,386	-6,450	-6,250	-6,200
Operating income (EBIT)	**672**	**-14,657**	**-11,079**	**-8,450**	**-1,979**	**5,429**
Net income / loss	**6,632**	**-10,541**	**-12,874**	**-6,963**	**-3,869**	**1,657**
Margins in % from total revenue						
Gross profit	*89.7%*	*83.0%*	*80.7%*	*85.2%*	*85.7%*	*81.0%*
EBITDA	*17.6%*	*n.a.*	*n.a.*	*n.a.*	*10.0%*	*22.0%*
Operating income (EBIT)	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*10.3%*
Y-Y Growth						
LAIQON group revenues	*42.5%*	*15.3%*	*20.5%*	*23.8%*	*14.8%*	*14.6%*
Operating income (EBIT)	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*101.5%*	*50.4%*

Source: First Berlin Equity Research, LAIQON AG

Balance Sheet

In 2024, we project that the company will implement several measures to finance its expansion process, strengthen its balance sheet and improve its financial position:

(1) Completion of a capital increase totalling €5.8m through the placement of 928k shares at €6.25 p/s;

(2) Successful financing round for the LAIC subsidiary, including placement of the LAIC-Token 24, raising €7.2m; LAIQON's stake has been reduced to 80.04% (previously: 90.25%);

(3) Conversion of 80% or €4m of the convertible bond 20/24 worth €5m, resulting in a repayment of €1m; LT debt decreased by €5m.

In consequence, we expect LAIQON's equity position to increase to €60.0m in 2024E (2023: €55.6m). At YE/24E, we forecast a cash position of €8.1m. We expect these funds to adequately finance operations in coming years given that we anticipate the company's business model will become EBITDA positive by 2025E and free cash flow positive by 2026E. This is reflected in a progressively growing cash position going forward. We have summarised our balance sheet projections in table 12 overleaf.

Table 12: Balance sheet KPIs 2021-2026

All figures in EUR '000	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Cash and cash equivalents	16,331	10,375	7,139	8,100	4,836	5,599
Receivables	6,177	9,942	10,888	14,564	17,552	23,172
Financial assets	9,908	863	845	845	845	845
Other current assets	568	1,179	958	1,558	1,674	1,800
Current assets, total	**32,984**	**22,359**	**19,830**	**25,067**	**24,907**	**31,416**
Property, plant & equipment	9,935	10,436	13,202	12,452	11,752	11,052
Intangible & other assets	67,682	106,477	109,848	107,046	103,954	100,770
Goodwill	6,360	570	1,748	1,748	1,748	1,748
Financial assets	2,719	1,180	0	0	0	0
Deferred tax assets & other	10,192	15,003	22,634	23,082	23,539	24,006
Non-current assets, total	**83,977**	**117,483**	**124,798**	**121,247**	**117,454**	**113,570**
Accounts payable	16,123	16,029	14,869	15,868	16,885	20,333
Financial liabilities (ST+LT)	17,847	18,846	38,346	33,246	33,155	33,241
Other liabilities (ST+LT)	22,474	15,827	19,055	21,056	19,243	16,189
Deferred tax liabilities (LT)	12,155	17,052	17,681	17,681	17,681	17,681
Minority interests	5,099	5,471	-877	-1,539	-2,334	-1,934
Shareholders' equity	43,263	66,616	55,554	60,002	57,731	59,476
Equity ratio	*41.3%*	*51.5%*	*37.8%*	*40.0%*	*38.9%*	*39.7%*
Balance sheet, total	**116,961**	**139,841**	**144,628**	**146,313**	**142,361**	**144,987**

Source: First Berlin Equity Research, LAIQON AG

Cash Flow Statement We expect that the increase in revenue and earnings will allow LAIQON to generate positive operating cash flow of €1.1m in 2024E. However, due to an increase in CAPEX, primarily to accelerate the development of LAIC in connection with the partnership with Union Investment, we project negative free cash flow (FCF) of €-1.3m in 2024E, €-0.8m in 2025E, and we anticipate first positive FCF of €3.3m in 2026E. In 2024E, LAIQON raised equity amounting to €5.8m and converted €4m of debt, and we also assume a payment instalment of €2.5m for the SPSW acquisition costs (and a further instalment of €2.5m in 2025E). In consequence, we project financing cash flow of €2.3m in 2024E and €-2.5m in 2025E. We expect net cash flow to total €962k in 2024E and provide an overview of our cash flow projections in Table 13 below. Going forward, we project that the positive trend of strengthening operating performance and cash flow will continue to positively impact the company's free cash flow and net cash flow.

Table 13: Cash Flow KPIs 2021-2026

All figures in EUR '000	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Operating cash flow	**19,956**	**-2,765**	**-10,735**	**1,112**	**1,236**	**5,114**
CapEx	-1,117	-3,423	-1,315	-2,450	-2,000	-1,850
Free cash flow	**18,839**	**-6,188**	**-12,050**	**-1,338**	**-764**	**3,264**
Other investments	0	-5,049	0	0	0	0
Cash flow from investing	**-1,117**	**-8,472**	**-1,315**	**-2,450**	**-2,000**	**-1,850**
Cash flow from financing	**-9,041**	**5,281**	**8,813**	**2,300**	**-2,500**	**-2,500**
Net cash flow	**9,798**	**-5,956**	**-3,237**	**962**	**-3,264**	**764**

Source: First Berlin Equity Research, LAIQON AG

NEWSFLOW

In our view, LAIQON's stock price will be driven by news about its business as well as achievement of financial milestones. We expect the company to make a number of announcements during the coming 12-18 months which will act as catalysts for the stock. These include:

Business

- Newsflow on operating progress and milestone achievements from its fintech holding LAIC and its financing process;
- Announcements regarding progress of the Union Investment partnership during the next 12 months;
- Announcements of further white-label partnerships in 2024;
- Update on LAIQON's AuM progress over the next 12 months, including potential achievement of performance fees in selected funds.

Financial Schedule

- AGM due on 29 August 2024;
- H1/24 financial results due on 30 August 2024;
- FY/24 financial results due on 28 March 2025.

MANAGEMENT

Achim Plate, CEO

Dipl. Ing. Achim Plate has >30 years of management, entrepreneurial and investment experience in various industries including the asset management and the financial services sectors. He has been CEO of LAIQON since January 2020. Mr Plate is responsible for asset management and digital wealth and is also in charge of finance and investor relations. He had been a member of the company's Supervisory Board since April 2018 and Chairman since August 2018 until he stepped down to become CEO. Previously, Mr Plate was CEO of the asset management company SPSW Capital GmbH (SPSW), which he founded in 2010 and which is very successful. LAIQON acquired SPSW in April 2019 as part of LAIQON's reorganisation. Previously, he was CEO of D+S Europe AG (Prime Standard, SDAX company), which he developed from 2003 to 2009 from a call centre company with 1,500 employees and sales of €42m into a service group for multimedia customer contact management with >7,000 employees and sales of around €300m. In 2002, D+S Europe took over a main company that Mr Platte had founded and built up since 1990. Mr Platte holds a degree in mechanical engineering from the University of the Federal Armed Forces in Hamburg.

Stefan Mayerhofer, CWO

Mr Stefan Mayerhofer has >40 years of experience in the banking, wealth and asset management sectors. He has been Chief Wealth Officer (CWO) of LAIQON AG since April 2022. He joined the LAIQON management team in connection with the acquisition of the asset management company BV Holding AG (BV) by LAIQON. He was a member of the Management Board of BV and has held various management positions at subsidiaries of the BV Group since 2011. Prior to that, Mr Mayerhofer had been a member of the Management Board of the financial services provider PEH Wertpapier AG since 2000. Before that, he had held various management positions in asset and wealth management at Bayerische Hypotheken und Wechsel-Bank AG since 1990. He began his career in the financial sector in 1986 as a securities specialist at Commerzbank AG, where he gained fundamental knowledge and experience in the equity and bond markets. He was previously trained as Bankkaufmann (Ausbildung) at Commerzbank.

SUPERVISORY BOARD

Stefan Rindfleisch, Chairman

Dr Stefan Rindfleisch is the chairman of the supervisory board of LAIQON AG. Outside of the company he is also a partner at the law firm Ehlermann Rindfleisch Gadow. Mr. Rindfleisch has been a member of the supervisory board of LAIQON AG since 2017.

Jörg Ohlsen, Vice chairman

Jörg Ohlsen is the vice chairman of the supervisory board of LAIQON AG. Outside of the company he is a partner at KPMG, a founder and partner at OLP and a partner at Delloite. Mr. Ohlsen has been a member of the supervisory board of LAIQON AG since 2020.

Oliver Heine, Member of the board

Oliver Heine is a member of the supervisory board of LAIQON AG. Outside of the company he is a partner at Kanzlei Heine und Partner gbR and a founding member of Lange Assets & Consulting GmbH. Mr Heine has been a member of the supervisory board of LAIQON AG since June 2019.

Wolfgang Henseler, Member of the board

Prof. Wolfgang Henseler is a member of the supervisory board of LAIQON AG. Outside of the company he is a professor for digital media of creative directions at Hochschule Pforzheim and is creative managing director at Sensory-Minds. Mr Henseler has been a member of the supervisory board of LAIQON AG since 2018.

Helmut Paulus, Member of the board

Helmut Paulus is a member of the supervisory board of LAIQON AG. Outside of the company he was a co-founder and later CEO of Quoniam Asset Management GmbH and is currently the managing director of SPT Scientific Pension Technology GmbH and BlueVentus GmbH. Mr Paulus has been a member of the supervisory board of LAIQON AG since 2023.

SHAREHOLDERS & STOCK INFORMATION

Stock Information	
ISIN	DE000FG1P28
WKN	A12UP2
Bloomberg ticker	LQAG
No. of issued shares	19.04m
Transparency Standard	Medium
Country	Germany
Sector	Financial Services
Subsector	Asset Management

Source: Börse Frankfurt, First Berlin Equity Research

Shareholder Structure	
DEWB AG	17%
SPSW Capital GmbH	8%
Achim Plate	9%
Lange Assets & Consulting GmbH	8%
Freefloat & others	58%

Source: LAIQON AG

INCOME STATEMENT

All figures in EUR '000	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
LAIQON group revenues	**26,122**	**21,575**	**30,746**	**35,440**	**42,710**	**52,860**
Cost of goods sold	-2,702	-3,665	-5,941	-5,240	-6,115	-10,043
Gross profit	**23,420**	**17,910**	**24,805**	**30,200**	**36,595**	**42,817**
Personnel expenses	-11,341	-17,113	-20,226	-22,408	-22,879	-22,073
Other operating expenses	-7,796	-11,024	-8,658	-9,592	-9,345	-9,016
Share of profit of associates	327	281	-614	-200	-100	-99
EBITDA	**4,610**	**-9,946**	**-4,693**	**-2,000**	**4,271**	**11,629**
Depreciation expenses	-3,938	-4,711	-6,386	-6,450	-6,250	-6,200
Operating income (EBIT)	**672**	**-14,657**	**-11,079**	**-8,450**	**-1,979**	**5,429**
Net financial result	5,747	-1,631	-8,889	-3,513	-3,390	-3,480
Pre-tax income (EBT)	**6,419**	**-16,288**	**-19,968**	**-11,963**	**-5,369**	**1,949**
Tax result	213	5,747	7,094	5,000	1,500	-292
Net income / loss	**6,632**	**-10,541**	**-12,874**	**-6,963**	**-3,869**	**1,657**
Minority interests	1,481	-376	-552	-662	-795	400
Net result after minorities	**5,151**	**-10,165**	**-12,322**	**-6,300**	**-3,074**	**1,257**
Diluted EPS (in EUR)	**0.39**	**-0.67**	**-0.51**	**-0.30**	**-0.15**	**0.06**

Ratios as % of total revenue						
Gross margin	89.7%	83.0%	80.7%	85.2%	85.7%	81.0%
EBITDA margin	17.6%	n.a.	n.a.	n.a.	10.0%	22.0%
EBIT margin	n.a.	n.a.	n.a.	n.a.	-4.6%	10.3%
Net margin	n.a.	n.a.	n.a.	n.a.	-7.2%	2.4%
Tax rate	-3.3%	3.0%	30.0%	30.0%	15.0%	15.0%
Expenses as % of of total revenue						
Personnel expenses	43.4%	79.3%	65.8%	63.2%	53.6%	41.8%
Other operating expenses	29.8%	51.1%	28.2%	27.1%	21.9%	17.1%
Depreciation expenses	15.1%	21.8%	20.8%	18.2%	14.6%	11.7%
Y-Y Growth						
Revenues	-5.7%	-17.4%	42.5%	15.3%	20.5%	23.8%
EBITDA	-29.1%	n.a.	n.a.	n.a.	n.a.	172.3%
Operating income (EBIT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income/ loss	415.3%	n.a.	n.a.	n.a.	n.a.	n.a.

BALANCE SHEET

All figures in EUR '000	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Assets						
Current assets, total	**32,984**	**22,359**	**19,830**	**25,067**	**24,907**	**31,416**
Cash and cash equivalents	16,331	10,375	7,139	8,100	4,836	5,599
Inventories	0	0	0	0	0	0
Receivables	6,177	9,942	10,888	14,564	17,552	23,172
Financial assets	9,908	863	845	845	845	845
Other current assets	568	1,179	958	1,558	1,674	1,800
Non-current assets, total	**83,977**	**117,483**	**124,798**	**121,247**	**117,454**	**113,570**
Property, plant & equipment	9,935	10,436	13,202	12,452	11,752	11,052
Financial assets	2,719	1,180	0	0	0	0
Intangible assets	54,771	90,293	87,214	83,964	80,414	76,764
Deferred tax assets & other	10,192	15,003	22,634	23,082	23,539	24,006
Associated companies (Goodwill)	6,360	570	1,748	1,748	1,748	1,748
Total assets	**116,961**	**139,841**	**144,628**	**146,313**	**142,361**	**144,987**
Shareholders' equity & debt						
Current liabilities, total	**28,622**	**22,872**	**19,202**	**19,786**	**20,632**	**24,095**
Short-term debt	7,217	2,311	1,918	1,818	1,727	1,813
Accounts payable	16,123	16,029	14,869	15,868	16,885	20,333
Income tax liabilities	1,781	1,982	330	100	120	144
Other current liabilities	3,501	2,551	2,085	2,000	1,900	1,805
Long-term liabilities, total	**39,977**	**44,882**	**70,749**	**68,065**	**66,332**	**63,349**
Long-term debt	10,630	16,535	36,428	31,428	31,428	31,428
Deferred tax liabilities	12,155	17,052	17,681	17,681	17,681	17,681
Trade payables and other liabilities	17,192	11,295	16,640	18,956	17,223	14,240
Minority interests	**5,099**	**5,471**	**-877**	**-1,539**	**-2,334**	**-1,934**
Shareholders' equity	**43,263**	**66,616**	**55,554**	**60,002**	**57,731**	**59,476**
Total consolidated equity and debt	**116,961**	**139,841**	**144,628**	**146,313**	**142,361**	**144,987**
Ratios						
Current ratio (x)	1.2	1.0	1.0	1.3	1.2	1.3
Quick ratio (x)	1.2	1.0	1.0	1.3	1.2	1.3
Net debt/(net cash)	1,516	8,471	31,207	25,146	28,319	27,642
Net gearing	3.5%	12.7%	56.2%	41.9%	49.1%	46.5%
Book value per share (in €)	3.25	4.38	2.68	2.90	2.79	2.87
Return on equity (ROE)	15.3%	-15.8%	-23.2%	-11.6%	-6.7%	2.9%
Equity ratio	41.3%	51.5%	37.8%	40.0%	38.9%	41.0%

CASH FLOW STATEMENT

All figures in EUR '000	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Net income	**6,632**	**-10,541**	**-12,874**	**-6,963**	**-3,869**	**1,657**
Depreciation and amortisation	3,938	4,711	6,386	6,450	6,250	6,200
Changes in working capital	3,628	-4,349	-3,192	-3,592	-2,167	-2,369
Other adjustments	5,758	7,414	-1,055	5,216	1,022	-375
Operating cash flow	**19,956**	**-2,765**	**-10,735**	**1,112**	**1,236**	**5,114**
CapEx	-1,117	-3,423	-1,315	-2,450	-2,000	-1,850
Free cash flow	**18,839**	**-6,188**	**-12,050**	**-1,338**	**-764**	**3,264**
Other investments and disposals	0	-5,049	0	0	0	0
Cash flow from investing	**-1,117**	**-8,472**	**-1,315**	**-2,450**	**-2,000**	**-1,850**
Debt financing, net	-14,041	-6,759	8,813	-7,500	-2,500	-2,500
Equity financing, net	5,000	12,040	0	9,800	0	0
Cash flow from financing	**-9,041**	**5,281**	**8,813**	**2,300**	**-2,500**	**-2,500**
Net cash flow	**9,798**	**-5,956**	**-3,237**	**962**	**-3,264**	**764**
Cash, start of the year	6,533	16,331	10,375	7,138	8,100	4,836
Cash, end of the year	**16,331**	**10,375**	**7,138**	**8,100**	**4,836**	**5,599**
EBITDA/share (in €)	**0.35**	**-0.65**	**-0.23**	**-0.10**	**0.21**	**0.56**

Y-Y Growth						
Operating cash flow	n.a.	n.a.	n.a.	n.a.	11.2%	313.7%
Free cash flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA/share	-90.4%	n.a.	n.a.	n.a.	n.a.	n.a.

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:
First Berlin Equity Research GmbH
Friedrichstr. 69
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680
Fax: +49 (0) 30-80 93 9 687
E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B
UST-Id.: 251601797
Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV
First Berlin Equity Research GmbH

Authored by: Christian Orquera, Analyst
All publications of the last 12 months were authored by Christian Orquera.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

The production of this recommendation was completed on 20 August 2024 at 12:23

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

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.

First Berlin Equity Research GmbH (hereinafter referred to as: “First Berlin”) prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], 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 art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and 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) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of LAIQON AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the LAIQON AG for preparation of a financial analysis for which remuneration is owed.

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;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of LAIQON AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the LAIQON AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that is has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

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	Today	€4.93	BUY	€9.80

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**

can be accessed through the following internet link: https://firstberlin.com/disclaimer-english-link/

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.