



Research study (Anno)

wallstreet:online AG

wallstreet:online

FY 2021 closed with significant revenue growth from booming transaction and portal business

-

Dynamic revenue growth also for the current FY 2022 due to the strong expansion and optimisation of the Brokerage business expected

-

The continuation of the successful growth strategy should ensure dynamic sales and earnings growth in the future

Target price: € 37.55 (previously: € 38.60)

Rating: Buy

IMPORTANT NOTICE:

Please note the disclaimer/risk notice

as well as the disclosure of possible conflicts of interest pursuant to § 85 WpHG and Art. 20 MAR from page 22

Notice pursuant to MiFID II regulation for research "Minor Non-Monetary Contribution": This research meets the requirements for classification as "Minor Non-Monetary Contribution". For further information, please refer to the disclosure under "I. Research under MiFID II".

Date and time of completion of the study: 20/06/2022 (9:31 am)

Date and time of the first distribution: 20/06/2022 (10:00 am)

Validity of the target price: until max. 31/12/2022

wallstreet:online AG^{*5a,5b,11}

Rating: Buy

Target price: € 37.55
(previously: € 38.60)

Current price: € 17.00
17/06/2022 / ETR
(17:36 pm)
Currency: EUR

Master data:

ISIN: DE000A2GS609
WKN: A2GS60
Ticker symbol: WSO1
Number of shares³: 15.10
Market cap³: 256.70
Enterprise Value³: 236.87
³ in m / in m EUR
Free float: 36.0%

Transparency level: -

Market segment:
Freiverkehr
(Open market)

Accounting:
HGB

Financial year: 31/12

Designated Sponsor:
mwb fairtrade

Analysts:

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* Catalogue of possible conflicts of interest on page 23

Company profile

Industry: Fintech / Internet service provider

Focus: online brokerage, online advertising, financial community/financial news

Employees wallstreet-online group: >200 (as of 05/22)

Foundation: 1998

Headquarters: Berlin

Executive Board: Matthias Hach (CEO), Roland Nicklaus (CFO), Michael Bulgrin, Stefan Zmojda, Oliver Haugk

The wallstreet:online group operates Smartbroker - a multi-award-winning online broker that is the only provider in Germany to combine the extensive product range of traditional brokers with the extremely favourable conditions of neobrokers and to provide access to the capital market free of charge. With 200,000 custody account customers and estimated assets under management of around € 6.0 billion (GBCe), the Berlin-based financial services provider is already one of the leading providers on the neobroker market around two years after the launch of the Smartbroker. wallstreet:online AG and its subsidiaries stand for more than 20 years of experience in the distribution of capital investment products; at the same time, the company operates four stock market portals with a wide reach (wallstreet-online.de, boersenNews.de, FinanzNachrichten.de and ARIVA.de). With most recently around 3.90 billion page views (as of 31 December 2021), the group is by far the largest publisher-independent financial portal operator in the German-speaking world and maintains the largest financial community. More than 800,000 users are registered in the wallstreet-online.de forums alone.



P&L in EUR million \ FY-end	31/12/2021	31/12/2022e	31/12/2023e	31/12/2024e
Revenue	48.20	62.33	84.02	98.57
EBITDA	3.56	10.04	14.05	28.73
EBIT	0.35	7.24	11.05	25.53
Net profit for the year	-0.54	5.00	7.65	17.77

Key figures in EUR

Earnings per share	-0.04	0.33	0.51	1.18
Dividend per share	0.00	0.00	0.00	0.00

Key figures

EV/Revenue	4.91	3.80	2.82	2.40
EV/EBITDA	66.54	23.59	16.86	8.24
EV/EBIT	676.77	32.72	21.44	9.28
P/E ratio	n/s	51.34	33.56	14.45
P/B ratio	5.19			

Financial dates

24/06/2022: Annual General Meeting

28/11/2022: Equity Forum 2022

**last research from GBC:

Date: Publication / Target price in EUR / Rating

30/03/2022: RS / € 38.60 / BUY

09/08/2021: RS / € 37.70 / BUY

09/03/2021: RS / € 29.00 / BUY

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

EXECUTIVE SUMMARY

- According to published business figures, wallstreet:online achieved a new record in the past financial year 2021 on a pro forma basis with revenue growth of 82.2% to € 51.40 million (previous year: € 28.21 million). The transaction business (Smartbroker) proved to be the main growth driver. This exceeded the company's guidance (€ 45.00 million to € 50.00 million). Our revenue estimate was also reached or almost reached on a pro forma basis as well as on the level of reported consolidated revenues (€ 48.20 million) (GBC forecast: € 49.10 million).
- At the earnings level, EBITDA adjusted for one-time effects and new customer acquisition costs for the Smartbroker of € 13.1 million increased dynamically by 45.0% to € 17.50 million (previous year: € 12.50 million). Due to considerable investments in the expansion and development of the brokerage business, which, in addition to development costs incurred, primarily affected the marketing and personnel areas, the EBITDA after customer acquisition costs fell to € 3.90 million (previous year: € 7.50 million) compared to the previous year. It should be noted that the EBITDA of the previous year was positively influenced by a special effect based on extraordinary income (€ 3.01 million) from the sale of an investment. The company thus also met its earnings guidance (adjusted EBITDA before customer acquisition costs: € 17.50 million). Our earnings estimate was not reached due to higher costs for the development and expansion of their transaction business.
- For the current financial year 2022, wallstreet:online also expects a continuation of their dynamic growth course. The management expects a significant increase in consolidated revenues of around 25.0% to between € 62.0 million and € 67.0 million compared to the previous year. At the earnings level, adjusted EBITDA (operating EBITDA) after customer acquisition costs is expected to be in a range of € 10.00 million to € 12.00 million. With regard to customer acquisition costs (Smartbroker), the company expects marketing costs of € 6.00 million for the current financial period and thus an adjusted EBITDA before customer acquisition costs of € 16.00 million to € 18.00 million.
- We also expect that the company will be able to continue its successful growth course dynamically in the current financial year and in the years to come. The transaction business and the Smartbroker should continue to be the main growth drivers in the future. Specifically, we expect consolidated revenue of € 62.33 million for the current financial year. In the following years 2023 and 2024, these should increase further to € 84.02 million and € 98.57 million respectively.
- Parallel to our revenue estimates, we also expect significant growth in earnings. For the current financial year 2022, we calculate an EBITDA of € 10.04 million. Based on expected economies of scale in both business units, we expect a disproportionate increase in EBITDA to € 14.05 million and € 28.73 million for the coming financial years 2023 and 2024, respectively. At the same time, the expected EBITDA margin should jump from 16.1% (2022) to 29.1% (2024).
- Overall, we remain convinced that the wallstreet:online group will succeed in significantly expanding its market positions in their two complementary business segments and thus continue its dynamic growth course. Their significant investments in the Smartbroker should be increasingly reflected in their earnings and profitability figures in the future, in particular due to expected econo-

mies of scale and an improved cost structure. In addition, we expect that the increased dovetailing of the synergetic media and brokerage business activities will additionally boost the growth course and profitability of the group.

- **Within the framework of our DCF valuation model, we have determined a target price of € 38.60 per share based on our estimates, which were previously adjusted in our research report (based on the preliminary business figures). Due to higher capital costs (the increase in the risk-free interest rate to 0.40% instead of the previous 0.25%) compared to the previous study (as of 30 March 2022), we have slightly lowered our previous price target to € 37.55 per share. We have left our previous revenue and earnings estimates unchanged. In view of the current share price level, we continue to give the rating "Buy" and see significant upside potential.**

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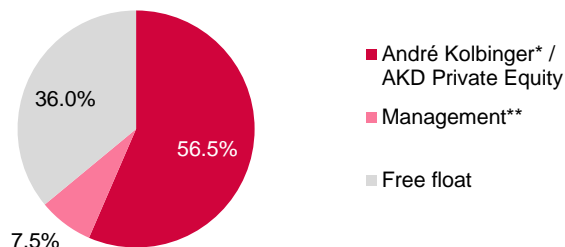
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COMPANY

Shareholder structure

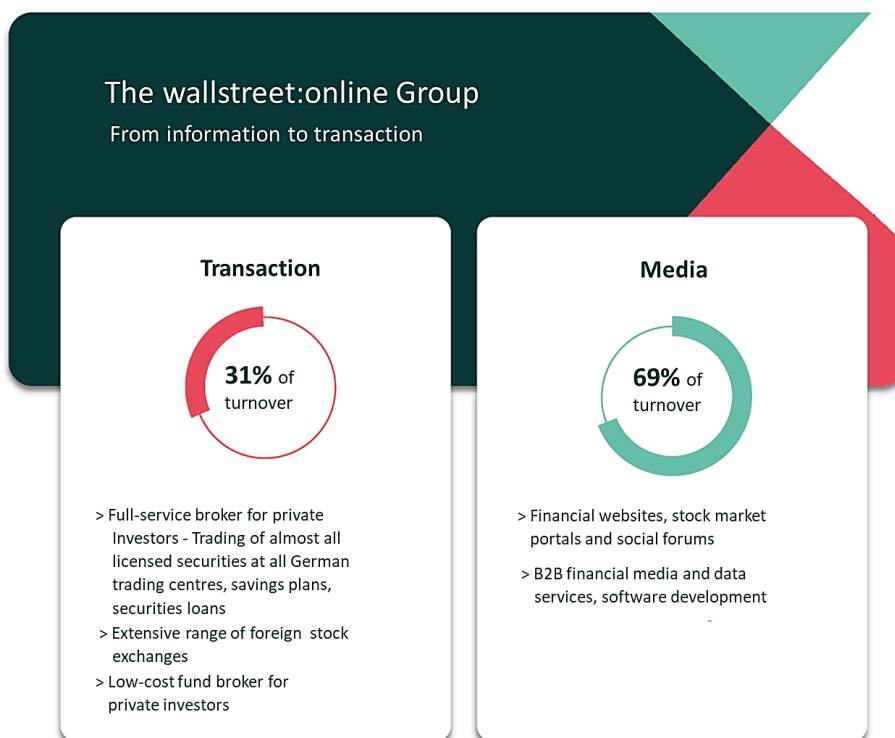
Shareholders in %	
André Kolbinger* / AKD Private Equity	56.5%
Management**	7.5%
Free float	36.0%

Source: wallstreet:online, GBC *Founder of the company;
**excluding A.Kolbinger



Business model in general

The wallstreet:online group is a financial technology provider (fintech / online services) with a comprehensive product offering that combines digital private asset management with the provision of financial media and stock market information. The group develops and operates brokerage platforms for private investors (transaction business) as well as Germany's largest financial communities and portals (media business). In addition, the group offers customised B2B software solutions in the areas of financial data, web services and regulatory documents.



Sources: wallstreet:online AG; GBC AG

Transaction (Smartbroker brand)

Smartbroker is an award-winning online broker that combines the extensive product range of traditional brokers and direct banks (e.g. Comdirect or ING) with the extremely favourable conditions of neobrokers.

The Smartbroker brand was launched in December 2019 to meet the market need for a premium broker for self-determining investors at zero cost where possible. The investment in brokerage technology, combined with the group's long-standing market presence and extensive industry network, enabled the launch of a digital broker without the product restrictions that often exist with other neobrokers.

With Smartbroker, investors trade almost all listed securities and have a free choice of their preferred trading venue. The offering includes trading on all German stock exchanges, in direct trading, via gettex, Lang & Schwarz, Tradegate and Xetra. In addition, Smartbroker offers the possibility of trading international equities on the respective home exchanges, including trading via Nasdaq, NYSE and LSE. Broken down by asset classes, the broker offers free trading of shares, funds, ETFs, savings plans and bonds via gettex, trading via Lang & Schwarz at € 1.00 per trade and derivatives trading at zero cost via selected premium partners. For an order volume of less than € 500.00, trading fees of only € 4.00 are charged within Germany.

B2C media (portal business with private customers)

With wallstreet-online.de, FinanzNachrichten.de, börsenNews.de and ARIVA.de, the wallstreet:online group operates four high-reach stock market portals as well as the associated apps, communities, discussion forums and a print magazine (Smart Investor). With several hundred million monthly page views and more than 836,000 registered users, the group is by far the largest publisher-independent financial portal operator in the German-speaking world and the largest financial community.

In addition to international news agencies, the company's own stock exchange editorial team, renowned financial professionals, selected community experts and specialist authors shed light on events relating to the economy, stock exchange and politics on the portals. Thus, wallstreet:online offers advertisers a wide reach and at the same time a clearly defined target group of investors, savers, investors and people generally interested in the capital market.

The portals' monetization by means of advertising is managed internally. A combination of direct deals with advertisers and agencies and the automated allocation of advertising space to specialised technology providers ("Real Time Bidding", "RTB") enables the company to achieve high fill rates, planning security and stable profit margins.

B2B (media business with commercial customers)

In addition to its stock exchange portal and the associated app, the subsidiary ARIVA.DE AG (Ariva) offers a comprehensive range of customised software solutions - from the processing and provision of high-quality financial data and regulatory documents to the creation and support of individual web services and complete online presences. Securities information, market data, key figures and regulatory documents are provided according to individual customer requirements. Ariva is one of the pioneers on the market and one of the few providers that distribute real-time market data from Deutsche Börse, among others, as a data vendor.

Brands and partners of the wallstreet:online group

Transaction | Digital Brokerage

FondsDISCOUNT.de | wallstreet-online capital AG

Germany's only provider that combines the extensive product range of traditional brokers with the extremely favourable conditions of Neobroker.

Our awards

Selection of partners

Morgan Stanley | UBS | HSBC | Vontobel

gettex | tradegateexchange | LS | Quotrix

Finance Media | Community

börsenNEWS.de | FinanzNachrichten.de | ARIVA.DE | Smart Investor

WSO is by far the largest publisher-independent financial portal operator in the German-speaking world and maintains the largest financial community.

Our reach

- 3.9 billion page impressions in 2021
- Approx. 3 million users per month in 2021; the group thus reaches at least 40.0% of all execution-only investors and savers.

Selection of advertising partners

Deutsche Bank | Amundi | Morgan Stanley

SOCIÉTÉ GÉNÉRALE | DZ BANK | iShares

Sources: wallstreet:online AG; GBC AG

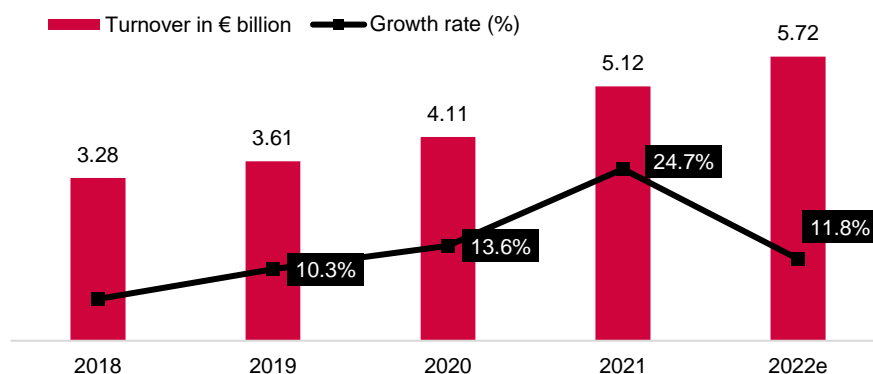
MARKET AND MARKET ENVIRONMENT

The German financial portal market is currently dominated by the providers Finanzen.net (part of the Axel Springer group) and the wallstreet:online group with its portals wallstreet-online.de, FinanzNachrichten.de, börsenNews.de and ARIVA.de. Through several acquisitions of financial portals and measures to increase reach in recent years, the wallstreet:online group has been able to catch up significantly in terms of reach with the market-leading portal operator Finanzen.net and, in our estimation, has recently been able to further reduce the gap.

According to its own information, wallstreet:online was able to increase the number of annual page impressions again last year by 15.0% to around 4.0 billion (compare estimated annual page impressions of Finanzen.net: approximately 4.8 billion). In addition, the company continues to have the largest online financial community in the German-speaking region with numerous active users (> 800,000 registered users).

Due to the enormous reach of the financial portals and the numerous active users, these online platforms are particularly attractive for advertisers. Accordingly, the company also has a significant number of prominent advertising clients, especially from the financial sector. wallstreet:online traditionally generates a significant share of its revenues in the area of digital marketing and digital advertising due to the operation of a financial portal business. This sector continues to grow highly dynamically worldwide and is also very much boosted by the general trend towards digitalisation.

Market volume with digital display advertising in Germany



Sources: Online-Vermarkterkreis (OVK); GBC AG

The German digital advertising market was also able to increase in volume again in the past year 2021. According to a study by the Online-Vermarkterkreis (OVK) in the Bundesverband Digitale Wirtschaft, the market for digital display advertising increased significantly by 24.7% to € 5.12 billion compared to the previous year. For the current year 2022, the market experts also expect a dynamic continuation of the market growth by 11.8% to € 5.72 billion.

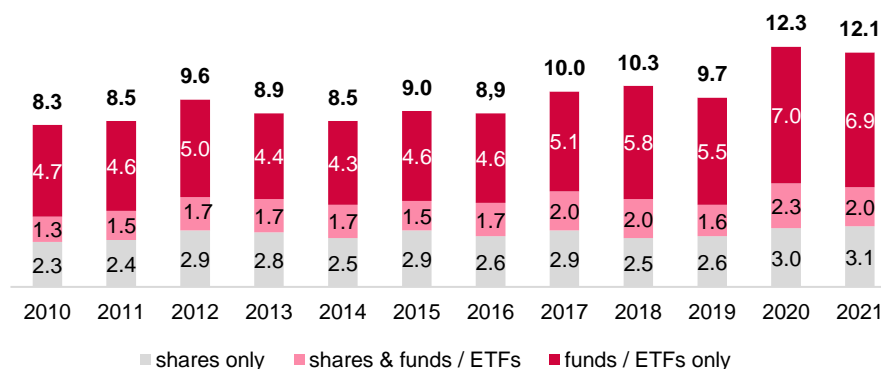
In addition to the portal business, wallstreet:online is also active in the complementary business area of brokerage or digital financial services (the share of consolidated sales was most recently approximately 31.0%), which recently proved to be the most significant growth driver of the group. The business activities in this area are very much concentrated on the still young Smartbroker brand, which has been positioned as a low-cost full-service broker and can thus also be assigned to the fintech sector.

The persistently low interest rate environment, higher fees at traditional banks (negative interest rates, etc.), as well as the inflation trend, have, among other things, led German citizens to become more involved in the capital market in recent years.

In addition, the particularly favourable fees for securities transactions and the simplified access to the brokerage business (especially with online-/neobrokers) as well as the increasing importance of old-age provision (private pension savings) have led to an increase in the number of German investors. Especially in terms of pension provision, the stock market or capital market has been increasingly "discovered" by private investors as an attractive yield alternative for asset accumulation.

As part of this, many young private investors in particular have come into contact with the stock market for the first time and have set up corresponding securities accounts. The emerging fintech sector has also been able to profit from this -for example through so-called neobrokers, which have often been able to build up a customer base of hundreds of thousands of clients within a very short time.

Historical shareholder development in Germany (in € million)



Sources: Deutsches Aktieninstitut e.V.; GBC AG

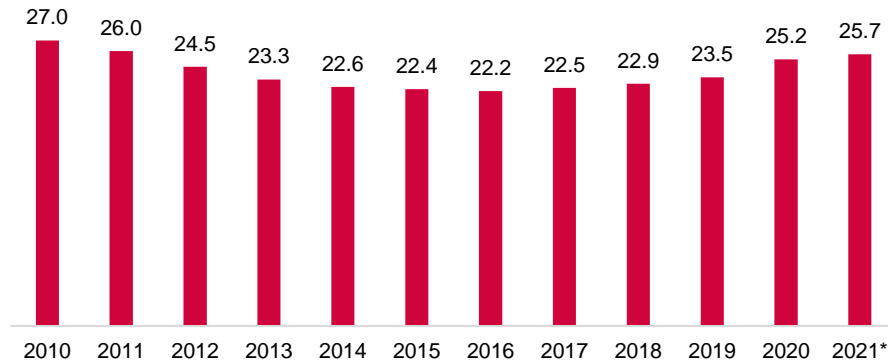
According to many capital market observers and market experts, a much more pronounced "capital markets culture" is beginning to develop again in Germany. This has also been reflected in the almost steady increase in the number of shareholders in Germany in recent years. According to a recent study by the German Equities Institute (DAI), there were 12.1 million equity investors in the Federal Republic of Germany in 2021 - the third highest level since data collection began.

Compared to the previous year's record figure (12.3 million), a slight decline was recorded, but the authors of the study do not consider this to be a structural effect, but attribute it, among other things, to profit-taking due to the very positive stock market development. In relation to the total number of German citizens (most recently around 83.0 million), this corresponds to a shareholder ratio of around 14.5%, which is rather average in comparison to the rest of Europe and thus still offers significant catch-up potential.

In addition to the significant growth in the number of shareholders in recent years, the number of securities accounts (held by private investors) has also increased significantly, according to a study by the consulting firm Oliver Wyman. At the end of the past year 2021, the number of securities accounts increased again to 25.7 million (end of previous year: 25.2 million). According to the consulting firm's assessment, "digital banking providers" in particular should benefit from further market growth, with market experts noting a trend towards self-administration in addition to the trend towards online brokerage. The

industry experts estimate that the market share of neobrokers measured against the share of total traders was already almost 10.0% in 2020.

Number of securities accounts of German private investors at the end of the year (million)



Sources: Oliver Wyman; GBC AG *2021 values are based on an estimate as of Feb. 2021

Overall, the wallstreet:online group has focused on growth sectors (Digital Banking & Digital Media) with its two complementary business areas "Transaction" and "Media" and should be able to benefit significantly from the market opportunities that arise in these business areas due to its good positioning.

COMPANY DEVELOPMENT & FORECAST

Business development 2021

P&L (in € million)	FY 2020	FY 2021
Revenues	28.21	48.20
EBITDA	4.52	3.56
EBIT	2.03	0.35
Net result	3.55	-0.54

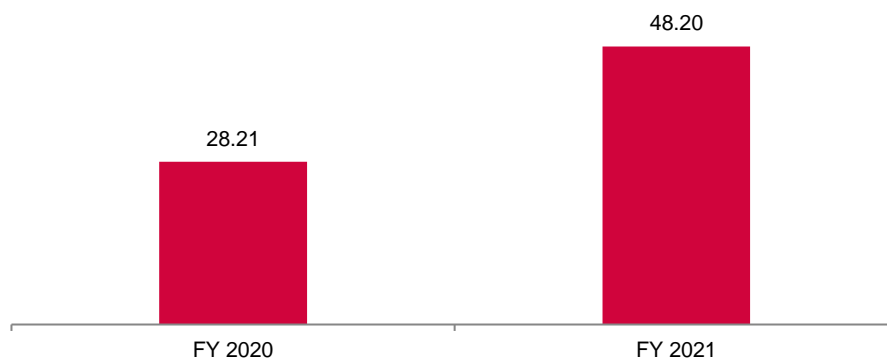
Sources: wallstreet:online AG, GBC AG

Turnover development

On 17 May 2022, wallstreet:online AG announced its audited business figures for the past financial year 2021. According to these figures, the wallstreet:online group continued its dynamic growth course in the past financial year with a year-on-year increase in revenue of 70.9% to € 48.20 million. In our estimation, the company benefited from a continued high level of interest in financial information and products as well as a continuing upswing in the area of financial market advertising.

On a pro forma basis (full consolidation of wallstreet:online capital AG as of 01/01/2021), consolidated revenue increased by 82.2% to € 51.40 million (previous year: € 28.21 million). The company thus significantly exceeded its published revenue guidance (revenue in a range of € 45.0 million and € 50.0 million). Our turnover forecast of € 49.10 million was also exceeded.

Development of group turnover (in € million)



Sources: wallstreet:online AG; GBC AG

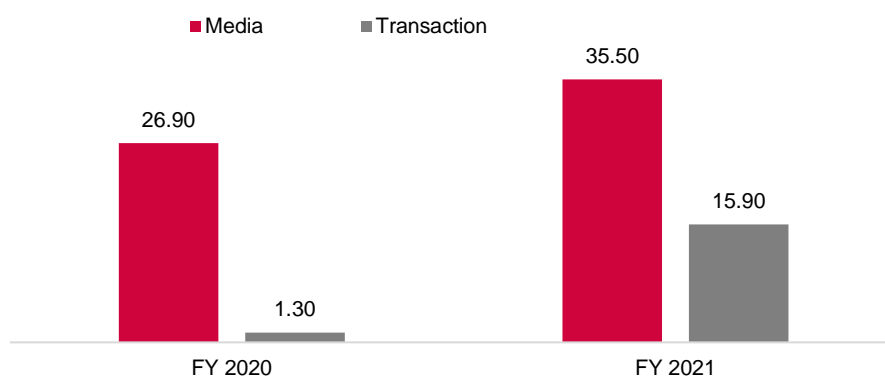
The dynamic pro forma increase in consolidated turnover resulted primarily from the significantly higher business volume in their transaction business. In this division, segment revenues increased massively to € 15.90 million (previous year: € 1.30 million) compared to the previous year. This dynamic increase in revenue reflects the successful investments in the expansion of the Smartbroker customer base and at the same time the high level of customer demand for the brokerage product range. The Smartbroker again proved to be the largest growth factor. In addition, the growth of the transactional segment was boosted by positive effects from the acquired Volkswagen customer base (acquired in 2020).

The company was able to more than double the number of securities accounts opened and assets under management in the brokerage business segment over the past financial year. According to the company, a total of around 246,000 securities accounts were managed as at 31 December 2021, of which around 200,000 were attributable to the

Smartbroker. The neobroker of the wallstreet:online group thus grew by 120,000 securities accounts compared to the previous year, which equates to an increase of 140.0%.

Parallel to this, the assets under custody increased significantly by 105.0% to € 8.80 billion (previous year: € 4.30 billion). This results in an average custody account volume of approximately € 36,000, which is significantly higher than the values of well-known competitors in the neobroker sector. Thus, the company has a particularly valuable client base compared to its competitors. In terms of client assets under management, the wallstreet:online group thus has, according to its own information, risen to become the largest neobroker operator in Germany within a very short time.

Development of pro forma segment revenues (in € million)



Sources: wallstreet:online AG; GBC AG

In addition, wallstreet:online also used the past financial year to prepare for the planned market launch of Smartbroker 2.0 in the second half of 2022. This project not only means the introduction of its own mobile trading app and the creation of a completely new, improved user experience, but also profound optimisations in IT as well as in the commercial business model. As part of this growth project, wallstreet:online capital AG has applied to BaFin for a licence extension of its previous authorisation as a securities institution to include additional securities services. The company expects to receive the licence extension in the second or third quarter of 2022.

Furthermore, the wallstreet:online group was able to implement the targeted majority shareholding in wallstreet:online capital AG in 2021. The ownership control procedure was decided positively and the company initiated a squeeze-out procedure in August 2021 after reaching more than 95% ownership, which was successfully completed in April 2022. As a result, wallstreet:online AG is now the 100% owner of the Smartbroker operating company. The complete takeover of the shares created an important prerequisite for bringing the Media and Transaction business areas even closer together, driving forward investments and accelerating the further growth of the group.

Overall, it can be stated that the wallstreet:online group succeeded in growing significantly in both business areas in the past financial year. The brokerage business (Smartbroker) once again proved to be a growth driver and is becoming increasingly important for the group's revenue. Through the complete takeover of the Smartbroker operating company wallstreet:online capital AG, a successful step was also taken to further accelerate the pace of growth and to leverage extensive synergies within the group.

Development of results

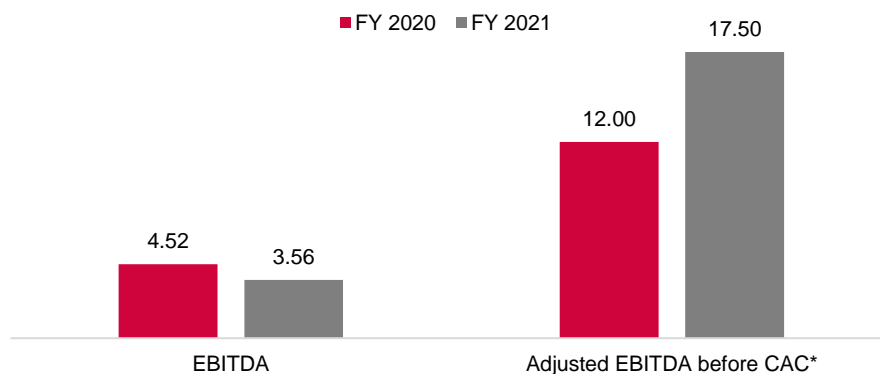
The earnings situation of the wallstreet:online group in the past financial year was primarily characterised by high investments in its own product range and the acquisition of new customers, which mainly affected the transaction business (Smartbroker). Despite these significant investments to accelerate the growth of the Smartbroker, a positive operating result (EBITDA) of € 3.56 million was achieved, which was, however, below the previous year's level (PY: € 4.52 million).

At the pro forma level (full consolidation of wallstreet:online capital as of 1 January 2021), EBITDA amounted to € 3.90 million, which also represents a decline in earnings compared to the previous year (PY: € 7.50 million). It should be noted at this point that the EBITDA of the previous year was positively influenced by a special effect based on extraordinary income (€ 3.01 million) from the sale of an investment. Adjusted for one-off effects and new customer acquisition costs for the Smartbroker, which amounted to € 13.1 million, an adjusted EBITDA of € 17.50 million was achieved. Compared to the previous year's level (PY: € 12.0 million), a significant increase in earnings of 45.0% was achieved.

Thus, the adjusted EBITDA was also in line with the company's guidance (adjusted EBITDA before customer acquisition costs: € 16.50 to € 18.50 million). Our earnings estimate (EBITDA: € 5.70 million) was not reached due to higher costs for setting up and developing the brokerage business.

Depreciation and amortisation in the past financial year 2021 amounted to a total of € 3.21 million (previous year: € 2.51 million) and increased significantly compared to the previous year. At € 1.80 million (previous year: € 1.26 million), these are mainly based on the scheduled amortisation of goodwill from the initial consolidation of capital shares.

Development of EBITDA and adjusted EBITDA (in € million)



Sources: wallstreet:online AG; GBC AG *EBITDA before Smartbroker customer acquisition costs (CAC)

Taking into account depreciation, financial and tax effects, the net result for the past financial year was € -0.54 million (previous year: € 3.55 million). It should be noted that the net result was also burdened by costs incurred for a capital increase of € 0.49 million. Corrected for this special effect, a nearly balanced consolidated result would have been achieved. Compared to the net result of the previous financial year, a consolidated result at almost the same level as the previous year would be achieved, excluding the aforementioned extraordinary income (€ 3.01 million).

Overall, the wallstreet:online group closed the past financial year with a solid operating result despite record investments in the development and expansion of the

transaction business. The earnings from the highly profitable media business enabled the rapid growth of the brokerage business segment and thus also made a decisive contribution to the further establishment of the Smartbroker brand. However, the investments in the expansion of the market position in the transaction business and the optimisation of the brokerage business model, which will initially have a negative impact on earnings, should lead to a disproportionately high development of earnings in this business segment in the medium and long term and also significantly boost the consolidated result.

Balance sheet and financial situation

Selected key balance sheet figures in € million	31/12/2020	31/12/2021
Equity capital (equity ratio in %)	30.23 (71.7%)	49.46 (65.6%)
Intangible assets	20.47	37.47
thereof goodwill	11.43	22.59
Receivables (including other assets)	7.94	8.84
Bank loan	7.50	5.70
Cash in hand and bank balances	14.07	25.53
Balance sheet total	51.15	75.38

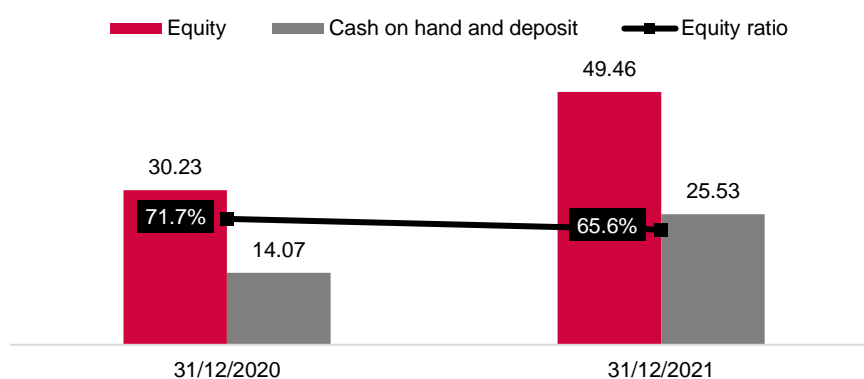
Source: wallstreet:online AG

The assets side of the wallstreet:online consolidated balance sheet at the end of the past financial year is primarily characterised by intangible assets (share of balance sheet total: 49.7%), whereby these are predominantly based on capitalised goodwill (€ 22.59 million). Compared to the previous year, due to the establishment of a majority stake in wallstreet:online capital AG and software developments capitalised for the first time, intangible assets increased significantly by 83.0% to € 37.47 million (previous year: € 20.47 million) as of the balance sheet date 31 December 2021.

In addition, the balance sheet items cash on hand and bank balances as well as receivables (including other assets) are important items on the assets side of the balance sheet. The latter reached a volume of € 8.84 million at the end of the past financial year and thus increased significantly compared to the previous year's level due to their expanded business activities (previous year: € 7.94 million).

Due to a cash capital measure successfully carried out in the past financial year with gross proceeds of € 19.10 million, cash in hand and bank balances increased significantly to € 25.53 million (31/12/2020: € 14.07 million) as of the balance sheet date 31/12/2021. Thus, cash and cash equivalents most recently accounted for around 34.0% of the balance sheet total.

Development of equity and liquidity (in € million)



Sources: wallstreet:online AG; GBC AG

The liabilities side of wallstreet:online's consolidated balance sheet is dominated in particular by a high equity ratio, which stood at 65.6% as at 31 December 2021. This means that the company has an above-average level or particularly high equity capitalisation. Bank liabilities amounted to only € 5.70 million at the end of the past financial year.

Overall, wallstreet:online has a solid balance sheet structure. Thanks to the highly profitable portal business and the high level of liquidity, the group is also in a comfortable financial position.

SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Very scalable business model with a high share of fixed costs • Strong market position in the financial portal business in Germany • Very loyal and active financial community (3.0 million users per month) • New innovative advertising products can be established quickly and reliably • Established Smartbroker as one of the leading neobrokers in Germany • Highly experienced management takes advantage of current market situations and identifies market trends in the advertising and brokerage business at an early stage 	<ul style="list-style-type: none"> • High dependence on the financial community • Regionally limited to the German-speaking community or region • Highly dependent on the stock market environment and stock market development as well as on product placements • Still highly dependent on the media business (share of turnover >65.0% at last count)
Opportunities	Risks
<ul style="list-style-type: none"> • Growth opportunities in the dynamic fintech market via the Smartbroker and fondsdiscout.de • High market growth in online and display advertising as well as high growth rates in financial advertising • Very good market perception in the USA and Canada may lead to further increase in demand • The shift from agency marketing to real-time bidding can lead to further margin expansion • Considerable synergy potential (e.g. through cross-selling) between the complementary portal and brokerage business 	<ul style="list-style-type: none"> • Possible regulations could further complicate the advertising of financial products • Fast-moving digital trends could limit or make wallstreet:online's business model redundant through new technologies/approaches • Cyclical stock market business could lead to weaker operating phases, especially in portal business with correspondingly lower advertising revenues • A sustained negative stock market environment could cause a weakening of client interest in brokerage products and a reduction in trading activity

Forecast and model assumptions

P&L (in € million)	FY 2021	FY 2022e	FY 2022e	FY 2023e
Revenues	48.20	62.33	84.02	98.57
EBITDA	3.56	10.04	14.05	28.73
EBIT	0.35	7.24	11.05	25.53
Net result	-0.54	5.00	7.65	17.77

Sources: wallstreet:online AG; Forecasts GBC AG

Turnover forecasts

For the current financial year, the wallstreet:online management expects to be able to continue the dynamic growth course it has embarked upon. For the current financial period, the company expects revenues in a range of € 62.00 million to € 67.00 million and thus a year-on-year increase in revenues of around 25.0%. At the earnings level, an adjusted EBITDA (operating EBITDA) after customer acquisition costs in a range of € 10.00 million to € 12.00 million is to be achieved.

With regard to customer acquisition in the brokerage area (Smartbroker), the company expects marketing costs of € 6.00 million (PY: € 13.1 million) for the current financial period and thus an adjusted EBITDA before customer acquisition costs of € 16.00 million to € 18.00 million. The expected significant decrease in customer acquisition costs compared to the previous year is the result of a strategic decision to concentrate all efforts on the planned introduction and implementation (probably in the second half of 2022) of the company's own "Smartbroker Cloud Platform".

After the market launch of the new Smartbroker 2.0, however, the acquisition of new customers is to be significantly increased again, with the company expecting 55,000 new securities account customers for the current business year. In January and February of this year, more than 13,000 new securities accounts were already opened, which already corresponds to 24.0% of the annual plan.

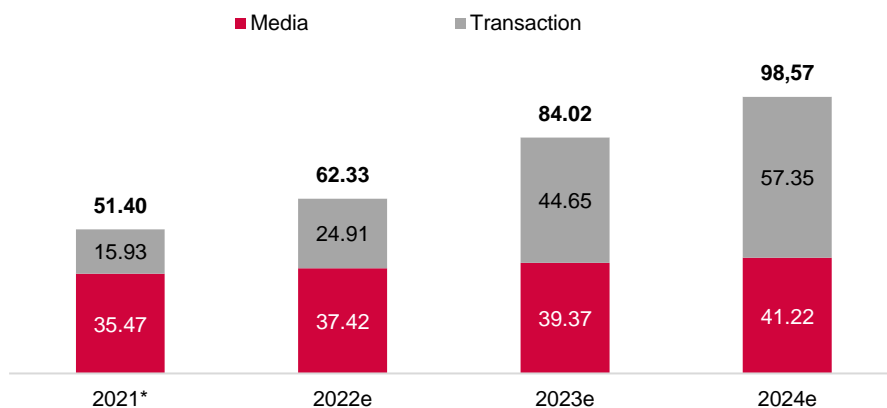
With the introduction of its own Smartbroker Cloud platform, wallstreet-online expects a significant improvement in its existing brokerage business model and anticipates positive effects both in terms of revenue and earnings. The company expects that by implementing its own IT infrastructure, new target groups can be addressed and, in parallel, customer acquisition costs can be reduced. In addition, all digital channels should be covered by the new IT platform, thereby significantly increasing the number of transactions per securities account and at the same time reducing the costs per transaction execution on the part of the company. Furthermore, the overall increased degree of internationalisation should lead to additional cash flows and economies of scale in costs.

In the context of the publication of our research study (30/03/2022) on the preliminary financial figures of wallstreet:online, we have adjusted our revenue forecasts for the financial years 2022 and 2023 upwards due to the company's strong performance and positive outlook. Due to the fact that we expect higher costs for the expansion and development of the brokerage business (Smartbroker) in the future, our earnings forecasts for the financial years 2022 and 2023 have been lowered. In addition, we have calculated concrete revenue and earnings estimates for the 2024 financial year for the first time.

For the current financial year 2022, we are expecting a year-on-year increase in consolidated sales of 21.0% to € 62.33 million (previous year: € 28.21 million), with growth in both business segments "Media" and "Transaction". The brokerage business area should once again prove to be the biggest growth driver. Due to the market launch of

Smartbroker 2.0 and the associated Smartbroker Cloud platform, we initially expect only limited additional positive revenue impulses for the current financial year.

Expected turnover development of the segments and the group turnover (in € million)



Sources: wallstreet:online AG; estimates GBC AG *Pro-forma values

For the following years 2023 and 2024, we expect dynamic group revenue growth to € 84.02 million and € 98.57 million respectively, mainly based on the expected successful introduction of Smartbroker 2.0 (including the internationalisation of important processes) and the acceleration of customer acquisition activities in the transaction segment. In this context, the Smartbroker should form the main growth factor of the group through its further market penetration and significantly increase the share of group turnover of the brokerage business.

Parallel to this, we also assume that the Media segment will successively increase its business volume in the coming years and contribute a significant share to the group's turnover.

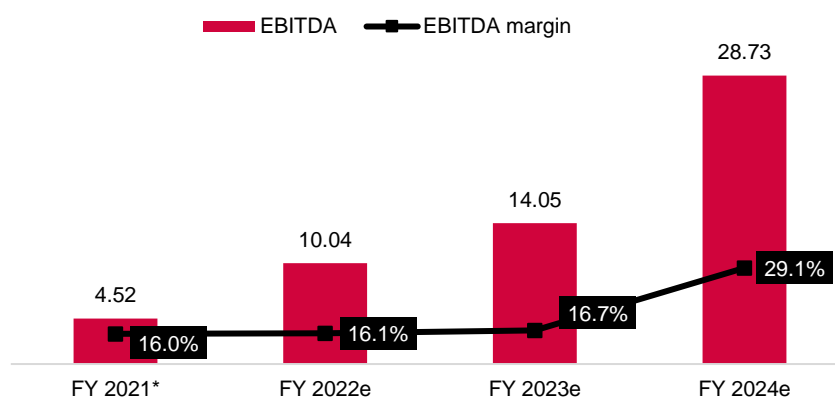
Result forecasts

Our expected dynamic turnover development is also reflected in our earnings forecasts. The group's generally very scalable business model should lead to a disproportionately high development of earnings in the medium and long term in the course of the further significant expansion of the sales volume.

The planned introduction of Smartbroker 2.0 and its own brokerage platform should significantly optimise the existing business model in the transaction business and also lead to a significantly improved revenue and cost structure, which also enables high economies of scale.

In view of the planned significant investments in Smartbroker customer acquisition, wallstreet:online expects an operating EBITDA (after customer acquisition costs) at a range of € 10.00 million to € 12.00 million for the current financial year 2022 and thus an operating result significantly above the previous year's level. We conservatively assume that the lower end of the earnings guidance will be reached and accordingly expect an EBITDA of € 10.04 million. Our earnings estimate also takes into account the expected high start-up costs due to the introduction of Smartbroker 2.0 and the development of our own Smartbroker Cloud platform in the second half of 2022.

Expected development of EBITDA and EBITDA margin (in € million / in %)



Sources: wallstreet:online AG; estimates GBC AG * Pro-forma values

In the following financial years 2023 and 2024, the company should be able to benefit increasingly from the high investments in the most important growth project Smartbroker and the positive effects expected from this (improved revenue and cost structure, scalability of the brokerage business, no revenue share with the current partner bank, etc.). For the 2024 financial year in particular, we expect the positive effects from the start-up and expansion investments in the brokerage business to take full effect and, in conjunction with the expected onset of economies of scale, to increase group profitability disproportionately.

Parallel to this, we also expect economies of scale to set in for the Media segment as part of the forecast segment growth. Accordingly, this business segment should also further advance the profitability level of the group in the coming financial years through an expected disproportionate increase in earnings.

Overall, we remain convinced that the wallstreet:online group will succeed in significantly expanding its market positions in the two complementary business segments and thus continue its dynamic growth course. The high investments in the Smartbroker should be increasingly reflected in the earnings and profitability figures in the future due to expected economies of scale and an improved cost structure. In addition, we expect that the increased integration of the synergetic media and brokerage business activities will further boost the growth course and profitability of the group.

Within the framework of our DCF valuation model, we have determined a target price of € 38.60 per share based on our estimates, which were previously adjusted in our research report (based on the preliminary business figures). Due to higher capital costs (increase in the risk-free interest rate to 0.40% instead of the previous 0.25%) compared to the previous study (as of 30 March 2022), we have slightly lowered our previous price target to € 37.55 per share. We have left our previous revenue and earnings estimates unchanged. In view of the current share price level, we continue to give the rating "Buy" and see significant upside potential.

EVALUATION

Model assumptions

We valued wallstreet:online AG using a three-stage DCF model. Starting with the concrete estimates for the years 2022, 2023 and 2024 in phase 1, the forecast has been made for 2025 to 2029 in the second phase by applying value drivers. Here, we expect increases in revenue of 10.0% (previously: 10.0%) and an EBITDA margin of 31.1% to 39.10% (previously: 31.1% to 39.10%). We have included the tax rate of 30.0% in phase 2. In the third phase, a residual value is also determined after the end of the forecast horizon using the perpetual annuity. In the final value, we assume a growth rate of 2.0%.

Determination of the cost of capital

The weighted average cost of capital (WACC) of wallstreet:online AG is calculated from the cost of equity and the cost of debt. To determine the cost of equity, the fair market premium, the company-specific beta and the risk-free interest rate must be determined.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. The basis for this is the zero bond interest rates published by the Deutsche Bundesbank according to the Svensson method. To smooth short-term market fluctuations, the average yields of the previous three months are used and the result rounded to 0.25 basis points. The currently used value of the risk-free interest rate is 0.40% (previously: 0.25%).

We set the historical market premium of 5.50% as a reasonable expectation of a market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the equity market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 1.34 (previously: 1.34) is currently determined.

Using the assumptions made, we calculate a cost of equity of 7.70% (previously: 7.60%) (beta multiplied by risk premium plus risk-free interest rate). Since we assume a sustainable weighting of the cost of equity of 100.0%, the weighted average cost of capital (WACC) is 7.70% (previously: 7.60%).

Valuation result

The future cash flows are discounted on the basis of the entity approach. We have calculated the corresponding cost of capital (WACC) at 7.70% (previously: 7.60%). The resulting fair value per share at the end of the 2022 financial year corresponds to a target price of € 37.55 (previously: € 38.60). Our lowering of the price target results only from higher capital costs, which have also increased due to a higher risk-free interest rate (increase to 0.40% instead of 0.25%). We have left unchanged the revenue and earnings forecasts previously adjusted in our research report (as of 30 March 2022).

DCF model

wallstreet:online AG - Discounted Cash Flow (DCF) analysis

Value driver of the DCF model according to estimate phase:

consistency - Phase		final - Phase	
Sales growth	10.0%	Eternal growth rate	2.0%
EBITDA margin	29.1%	Eternal EBITA margin	37.4%
Depreciation to fixed assets	6.5%	Eternal effective tax rate	30.0%
Working Capital to sales	4.3%		

Three-phases model:

phase in € m	estimate			consistency					final Terminal Value
	FY 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	
Sales	62.33	84.02	98.57	108.42	119.27	131.19	144.31	158.74	
Sales change	29.3%	34.8%	17.3%	10.0%	10.0%	10.0%	10.0%	10.0%	2.0%
Sales to fixed assets	1.34	1.81	2.14	2.37	2.63	2.94	3.28	3.66	
EBITDA	10.04	14.05	28.73	33.77	39.53	46.11	53.61	62.14	
EBITDA margin	16.1%	16.7%	29.1%	31.1%	33.1%	35.1%	37.1%	39.1%	
EBITA	7.24	11.05	25.53	30.78	36.56	43.16	50.70	59.28	
EBITA margin	11.6%	13.1%	25.9%	28.4%	30.7%	32.9%	35.1%	37.3%	37.4%
Taxes on EBITA	-2.17	-3.31	-7.66	-9.23	-10.97	-12.95	-15.21	-17.78	
Taxes to EBITA	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	5.07	7.73	17.87	21.55	25.59	30.22	35.49	41.49	
Return on capital	12.9%	15.9%	36.5%	44.0%	50.9%	60.0%	70.7%	82.7%	84.5%
Working Capital (WC)	2.00	2.50	3.00	4.61	5.07	5.58	6.13	6.75	
WC to sales	3.2%	3.0%	3.0%	4.3%	4.3%	4.3%	4.3%	4.3%	
Investment in WC	-2.12	-0.50	-0.50	-1.61	-0.46	-0.51	-0.56	-0.61	
Operating fixed assets (OAV)	46.56	46.46	45.96	45.67	45.30	44.66	44.05	43.39	
Depreciation on OAV	-2.80	-3.00	-3.20	-2.99	-2.97	-2.94	-2.90	-2.86	
Depreciation to OAV	6.0%	6.5%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%	
Investment in OAV	-9.87	-2.90	-2.70	-2.70	-2.60	-2.30	-2.30	-2.20	
Capital employed	48.56	48.96	48.96	50.28	50.37	50.23	50.19	50.14	
EBITDA	10.04	14.05	28.73	33.77	39.53	46.11	53.61	62.14	
Taxes on EBITA	-2.17	-3.31	-7.66	-9.23	-10.97	-12.95	-15.21	-17.78	
Total investment	-11.99	-3.40	-3.20	-4.31	-3.06	-2.81	-2.86	-2.81	
Investment in OAV	-9.87	-2.90	-2.70	-2.70	-2.60	-2.30	-2.30	-2.20	
Investment in WC	-2.12	-0.50	-0.50	-1.61	-0.46	-0.51	-0.56	-0.61	
Investment in goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cash flows	-4.13	7.33	17.87	20.23	25.50	30.35	35.54	41.54	720.23

Value operating business (due date)	552.77	588.25
Net present value explicit free cash flows	125.55	127.94
Net present value of terminal value	427.22	460.31
Net debt	-14.27	-21.48
Value of equity	567.04	609.74
Minority interests	0.00	0.00
Value of share capital	567.04	609.74
Outstanding shares in m	15.10	15.10
Fair value per share in €	37.55	40.38

Cost of Capital:

Risk-free rate	0.4%
Market risk premium	5.5%
Beta	1.34
Cost of Equity	7.7%
Target weight	100.0%
Cost of Debt	3.0%
Target weight	0.0%
Taxshield	25.0%
WACC	7.7%

Return on Capital	WACC				
	7.1%	7.4%	7.7%	8.0%	8.3%
84.0%	41.91	39.51	37.38	35.47	33.75
84.3%	42.01	39.60	37.46	35.55	33.82
84.5%	42.11	39.70	37.55	35.63	33.90
84.8%	42.21	39.79	37.64	35.71	33.97
85.0%	42.31	39.88	37.72	35.79	34.05

APPENDIX

I.

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2. The research report shall be made available simultaneously to all investment service providers interested in it.

II.

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

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

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The analysts responsible for this analysis are:

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

Other person involved in this study:

Jörg Grunwald, Management Board

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