Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG

Germany / Financials
Frankfurt
Bloomberg: EFF GR
ISIN: DE0008041005

H1 2024 results

RATING	**BUY**
PRICE TARGET	**€ 1.50**
Return Potential	206.1%
Risk Rating	High

H1/24 RESULTS IN-LINE WITH EXPECTATIONS

Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft (DEWB) has published its financial statements for H1/24. Adjusted for non-cash income, the results were as expected. The company reported operating income from exits of €0.4m (FBe: €0.4m; H1/23: €0.2m). The current difficult capital market environment was the main obstacle for the completion of a major exit transaction at an appropriate valuation. Management is continuing to work on potential exit options, but completions before the end of 2024 are difficult to predict and depend on further capital market developments. Based on management's disciplined spending, OPEX fell to €0.4m (FBe: €0.4m; H1/23: €0.6m). According to management, most companies from DEWB's investment portfolio have healthy operations and performed well in H1/24. Unfortunately, the share prices of the three listed holdings LAIQON, Naga Group and Aifinyo have performed poorly despite a positive business outlook. We have updated our financial model, and reiterate our Buy recommendation with a lower price target of €1.50 (previously €1.80). We believe the company is significantly undervalued at the current share price.

H1/24 financial results as expected The company reported other operating income of €0.8m (FBe: €0.4m; H1 2023: €0.2m), which comprised income from exits of €0.4m and non-cash one-off reversals of provisions and impairment losses from previous years of €0.4m. We understand that the exit income stems from a partial sale of a 0.8% stake in the holding Nextmarkets to a co-investor as part of a put option that DEWB held and decided to exercise. As a result, DEWB's shareholding fell to 1.3%. This is excellent news considering that DEWB had written off €1.4m of the investment value in this holding following last year's decision by the lead investors not to support a necessary financing round and to dispose of Nextmarkets' assets and subsidiaries and liquidate the company. However, in the meantime the lead investors have launched an initiative for a continuation scenario which is currently underway (see further details on the holdings section). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023	2024E	2025E
Revenue (€ m)	5.0	9.4	0.0	0.3	0.9	2.1
Y-o-y growth	51.7%	89.0%	-99.8%	n.a.	195.1%	134.0%
EBIT (€ m)	3.2	8.1	-0.9	-0.7	0.0	1.2
EBT (€ m)	2.4	7.5	-4.8	-1.6	-1.1	0.0
Net income (€ m)	2.4	7.5	-4.8	-1.6	-1.1	0.0
EPS (diluted) (€)	0.15	0.45	-0.29	-0.10	-0.07	0.00
NAV (€)	13.74	21.28	16.48	14.86	13.75	13.80
Financial assets (€m)	25.6	30.0	30.5	30.3	30.1	30.1
Net gearing	95.6%	48.4%	86.3%	103.7%	121.1%	120.0%
Liquid assets (€ m)	0.5	0.8	1.1	0.8	0.5	0.7

RISKS

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

COMPANY PROFILE

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

MARKET DATA

As of 16 Oct 2024

Closing Price	€ 0.49
Shares outstanding	16.75m
Market Capitalisation	€ 8.21m
52-week Range	€ 0.37 / 0.92
Avg. Volume (12 Months)	3,915

Multiples	2023	2024E	2025E
P/E	n.a.	n.a.	347.8
P/BV	1.1	1.2	1.2
EV/EBIT	n.a.	n.a.	26.3
Div. Yield	n.a.	n.a.	n.a.

STOCK OVERVIEW

COMPANY DATA

As of 30 Jun 2024

Liquid Assets	€ 0.00m
Current Assets	€ 0.95m
Financial Assets	€ 30.46m
Total Assets	€ 31.48m
Current Liabilities	€ 7.02m
Shareholders' Equity	€ 14.68m

SHAREHOLDERS

SPSW Capital GmbH	10.0%
Management	3.0%
Freefloat	87.0%

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

Management has implemented cost-saving measures and reduced spending. As a result, OPEX fell to €0.4m (FBe: €0.4m; H1/23: €0.6m). DEWB reported EBIT of €0.4m in H1/24 (FBe: €0; H1/23: €-0.4m). Interest expenses rose to €0.5m (FBe: €0.5m; H1/23: €0.4m) chiefly due to higher interest rates following refinancing of the Bond 2023/2028. The net result came in at €-0.2m (FBe: €-0.5m; H1/23: €-0.8m). We give an overview of the main P&L KPIs in table 1 below.

Table 1: P&L H1/24 reported figures vs FB estimates and H1/23 (KPIs)

All figures in EUR '000	H1/24	H1/24E	*Delta*	H1/23	*Delta*
Other operating income	808	400	*102%*	164	*393%*
OpEx	-443	-400	*n.a.*	-579	*n.a.*
EBIT	365	0	*n.a.*	-415	*n.a.*
Net financial result	-545	-500	*n.a.*	-369	*n.a.*
Other financial result (depreciation)	0	0	*n.a.*	-6	*n.a.*
Net income / loss	-180	-500	*n.a.*	-790	*n.a.*

Source: First Berlin Equity Research, DEWB

H1/24 balance sheet DEWB reported a cash position of €0 (YE/23: €0.8m) which should not alarm investors. The company is minimising its borrowing costs and interest payments. In addition to equity, the company finances its operations and investment activities through debt totalling €15.6m at H1/24 (YE/23: €15.4m) from two sources:

1. LT borrowings from the five-year corporate bond 2023/2028 with a total nominal value of €10m and an 8% coupon, of which the company has to date placed €8.64m in two tranches (€6.64m in June 2023 and €2.0m in early 2024), leaving a balance of €1.36m that the company could place when it needs more funds; and
2. ST borrowings from DEWB's flexible credit line with its principal bank – according to management, conditions and interest rate terms are very attractive and are well below the 8% corporate bond. This credit line has a current limit of €7.9m, of which €7.0m was already used in H1/24, leaving financing headroom of €0.9m. As a result, the credit line can finance DEWB's OPEX for over 1 year without considering the placement of the remaining bond 2023/2028, or potential exits or investments.

Financial assets increased slightly to €30.5m (YE/23: €30.3m). Equity declined slightly to €14.7m (FY/23: €14.9m), corresponding to an equity ratio of 47% (YE/23: 47%). We give an overview of the main balance sheet positions in table 2 below.

Table 2: Balance sheet H1/24 and YE/23 (KPIs)

All figures in EUR '000	H1/24	FY/23	*Delta*
Cash & cash equivalents	0	806	*-100%*
Other short term assets	0	192	*-100%*
Receivables, total	946	584	*62%*
Current assets, total	**946**	**1,582**	***-40%***
Tangible & intangible assets	16	18	*-11%*
Financial Assets	30,462	30,297	*1%*
Other LT financial assets	0	0	*n.a.*
Non-current assets, total	**30,478**	**30,315**	***1%***
Financial debt (LT & ST)	15,655	15,388	*2%*
Other liabilities incl. provisions	1,149	1,664	*-31%*
Total Equity	14,676	14,856	*-1%*
Equity ratio	*47%*	*47%*	*n.a.*
Balance sheet, total	**31,480**	**31,908**	***-1%***

Source: First Berlin Equity Research, DEWB

Guidance for 2024 – achievement of profitability driven by exit deal possible, but challenging in our view DEWB's management is sticking to its goal of achieving an exit at attractive conditions and a positive net result in 2024, although the burden of the difficult geopolitical and capital market environment on the microcap sector may prevent a positive result. The company intends to achieve this goal once there are visible signs of a recovery in the capital markets. Given the short timeframe until year-end, we prefer to remain conservative. We have therefore lowered our DEWB forecast for 2024E and going forward.

Forecasts revision In the light of the delay we expect in the growth of other operating income, we have cut our other operating income projections from 2024 onwards. Also, we have fine-tuned our EBITDA, EBIT, net interest and net income estimates for 2024E - 2025E and beyond (see table 3 below).

Table 3: Changes to our forecasts (KPIs)

	2024E			2025E		
All figures in € '000	**old**	**new**	**% delta**	**old**	**new**	**% delta**
Other operating income	3,644	900	*-75.3%*	4,898	2,106	*-57.0%*
EBIT	2,344	-3	*n.a.*	3,502	1,154	*-67.1%*
Margin on other income (%)	64%	0%	-	71%	55%	-
Net income	1,382	-1,105	*n.a.*	2,546	46	*n.a.*
EPS (€)	0.08	-0.07	*n.a.*	0.15	0.00	*n.a.*

Source: First Berlin Equity Research

PROGRESS REPORTED BY THE HOLDINGS

PORTFOLIO OVERVIEW

In contrast to their share prices the listed portfolio holdings developed positively in H1/24 DEWB's hidden reserves had completely melted away by the end of H1/24 due to the negative share price development of the listed portfolio. Unfortunately, German small-cap and tech indexes such as SDAX and TECDAX and micro caps continued to perform poorly showing a very modest performance (e.g. SCALE 30: +5%). DEWB's listed portfolio underperformed the index: the share price of the anchor holding LAIQON declined by ~28%, Aifinyo's share fell ~67% and the share of the neobroker Naga Group dropped by ~35%. These shares performed negatively despite positive business performance in H1/24. We give an updated overview of DEWB's portfolio in table 4 below.

Table 4: DEWB's investment portfolio of seven holdings

	Company	Field	Based	Stake	Since	Status	Market cap	Stake value	
1	LAIQON	Asset management	Hamburg	17.0%	03/2018	listed	78.1m	€13.3m	**LISTED PORTFOLIO**
2	Aifinyo	Digital lending	Berlin	4.2%	01/2020	listed*	€15.0m	€0.6m	
3	Naga Group	Neobrokerage	Hamburg	~0.2%**	12/2021	listed	€199.0m	~€0.4m	
4	Nextmarkets	Neobrokerage	Cologne	1.3%	03/2021	private	-	-	
5	Stableton	Marketplace alternative investments	Zurich	12.2%	04/2021	private	-	-	
6	LAIC	WealthTech	Hamburg	3.4%	08/2021	private	-	-	
7	Cashlink	Tokenization of securities	Frankfurt	3.2%	12/2021	private	-	-	

*Notes: *Aifinyo delisted from m:access on 30.09.2024; **Naga stake after the merger*

Source: First Berlin Equity Research, DEWB, Bloomberg;

UPDATE ON THE LISTED HOLDINGS

LAIQON – 17.0% ANCHOR STAKE / LAIC CAPITAL – 3.4% STAKE

H1/24 results LAIQON has published its H1/24 financial results, which adjusted for exceptional items affecting the top line, were close to our expectations. In H1/24, AuM increased to €6.5bn compared to €6.0bn in H1/23. This corresponds to a growth rate of >8%. Adjusted group revenues rose by 17% to €16.3m (FBe: €16.4m; H1/23: €13.9m). Importantly, LAIQON generated performance fees totalling ~€1m in H1/24, a significant increase compared to H1/23 (H1/23: €0; FY/23: €0.8m). Moreover, management is guiding for performance fees of €2m in FY/24. Adjusted EBITDA improved significantly in H1/24 to ~€-1.4m (FBe: €-1.3m; H1/23 adj. EBITDA: €-3.7m).

Table 5: P&L H1/24 and H1/23 reported figures vs FB estimates (KPIs)

KPIs figures adjusted for exceptional items (rounded)*					
All figures in EUR '000	**H1/24**	**H1/24E**	***Delta***	**H1/23**	***Delta***
LAIQON group revenues	16,300	16,400	*-1%*	13,900	17%
EBITDA	-1,400	-1,300	*n.a.*	-3,700	n.a.
EBIT	-4,560	-4,520	*n.a.*	-6,917	n.a.
Net income / loss	-2,213	-3,620	*n.a.*	-5,057	n.a.
KPIs reported figures					
All figures in EUR '000	**H1/24**	**H1/24E**	***Delta***	**H1/23**	***Delta***
LAIQON group revenues	14,767	16,400	*-10%*	15,866	-7%
COGS	-2,429	-2,400	*n.a.*	-2,883	n.a.
Gross profit	12,338	14,000	*-12%*	12,983	-5%
margin	*83.6%*	*85.4%*	*n.a.*	*81.8%*	*n.a.*
OpEx	-15,284	-15,300	*n.a.*	-14,976	n.a.
EBITDA	-2,946	-1,300	*n.a.*	-1,993	n.a.
margin	*n.a.*	*n.a.*	*n.a.*	*-12.6%*	*n.a.*
Depreciation	-3,160	-3,220	*n.a.*	-3,217	n.a.
EBIT	-6,107	-4,520	*n.a.*	-5,210	n.a.
Net financial result	-1,143	-1,600	*n.a.*	-434	n.a.
EBT	-7,250	-6,120	*n.a.*	-5,643	n.a.
Net income / loss	-3,746	-3,620	*n.a.*	-3,057	n.a.

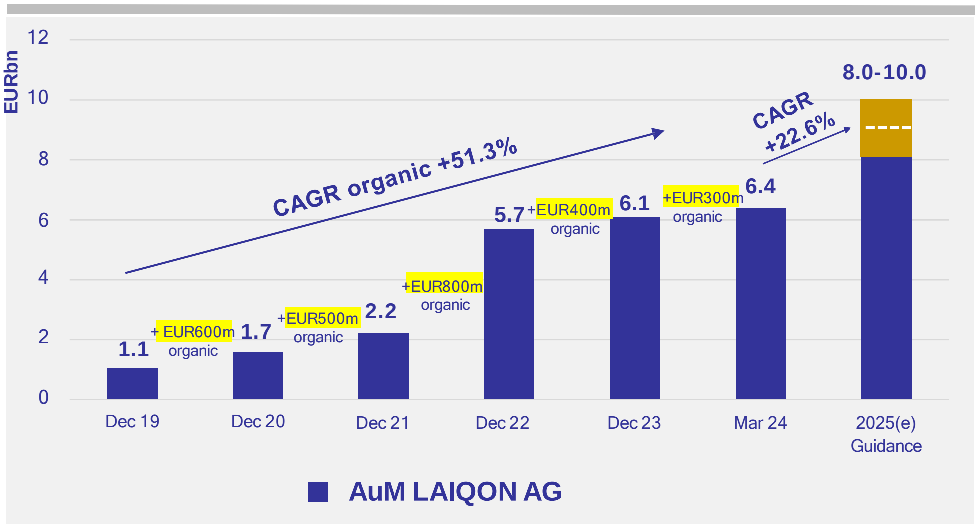
**H1/24 and H1/23 figures adjusted for extraordinary revenue effects of ~€+1.5m and €-2.0m respectively*

Source: First Berlin Equity Research, LAIQON AG

Balance sheet H1/24 LAIQON reported a lower cash position of €4.3m (FY/23: €7.1m). The successful completion of the financing round for the subsidiary LAIC Capital GmbH on 25 July 2024 raised funds totalling €7.2m. This transaction valued LAIC at €65m and comprised two measures: 1) placement of the financial instrument LAIC-Token 24 (5.17% stake), increasing their stake to 14.92%; and 2) a direct stake of 5.04% in LAIC Capital GmbH, which was acquired by LAIQON/LAIC's joint venture (JV) partner Volksbank Rosenheim (10th largest cooperative bank in Germany). This financing round led to a reduction of LAIQON's stake in LAIC to 80.04% (previously: 90.25%) which still represents a qualified majority. We note that the investment by Volksbank Rosenheim underlines the confidence of the LAIQON partner in the potential of LAIC. 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 was completed in September 2024.

LAIQON AuM and EBITDA guidance 2025E LAIQON has guided for 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 is expected to 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.

Figure 1: LAIQON outlook of €8-10bn AuM in 2025



Source: First Berlin Equity Research, LAIQON AG

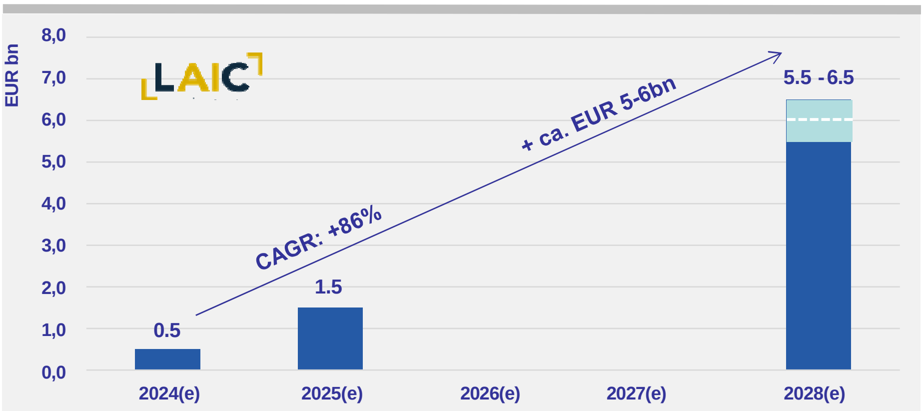
Agreement with Union Investment to create a joint product based on LAIC's platform to be distributed among Union Investment's clients In December 2023, LAIQON concluded a contract with the German asset management giant Union Investment Group (Union). The partnership entails the generation of a joint product using a white-label version of the Wealth-Tech LAIC-Advisor to be distributed by Union Investment among its customers in the cooperative financial network (Volks- und Raiffeisenbanken).

LAIC is on track for market launch with Union in Q4/24 LAIQON announced that its subsidiary LAIC and Union Investment (Union) will launch their joint product called "WertAnlage" initially through a few pilot banks from the cooperative financial network across Germany in mid-October 2024. Further banks will be involved from December. The market launch will therefore take place as originally scheduled without any delays.

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 ~€486.9bn in 1,329 different funds with 5.9m clients, Union is the second largest German asset manager behind 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 AuM guidance 2028E 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 is today (AuM of €6.1bn at YE/23 and €6.5bn at the end of H1/24).

Figure 2: LAIC's organic AuM growth until 2028 – branded & white-label partnerships



Source: First Berlin Equity Research, LAIQON AG

Positive view on LAIQON and LAIC – we initiated coverage of LAIQON with a Buy rating and a price target of €9.80 We believe LAIQON's recent strategic partnership with Union Investment Group represents a significant milestone for the company with potential to become a major driver of AuM and revenue growth. The company is well positioned as a leading asset and wealth management specialist with >50 wealth products and solutions using its innovative digital asset platform 4.0 capable of generating above-average returns for its clients. The negative development of LAIQON's share price does not reflect the progress the company has made recently. We expect substantial business growth over the next few years, which should positively impact the company's valuation. We initiated coverage on LAIQON on 20 August 2024. Our DCF model yields a price target of €9.80. Our recommendation is Buy.

AIFINYO AG – 4.2% STAKE

Revenue and profitability declined slightly whereas transaction volume increased in FY/23 Revenues declined slightly from €53.6m in FY/22 to €51.1m in FY/23 chiefly due to a changed product mix (less trade finance which has higher turnover margin). The company expanded transaction volume by 8% to €407m and gross profit, one of the main performance indicators, rose by 5% to €14.6m. EBIT declined slightly to €1.9m in FY/23 (FY/22: €2.2m). EBT declined even more sharply to €0.2m (FY/22: €1.2) chiefly due to the negative impact of higher interest rates. It is positive that the company is operating profitably despite the economic downturn. Demand for Aifinyo's factoring, finetrading, leasing and debt collection services from freelancers & SMEs is still growing, albeit at a slower pace. Management provided a cautiously positive outlook and expects to "return to double-digit growth in the future".

Aifinyo was delisted on 30 September 2024 due to low investor interest In February 2024, management decided to delist the Aifinyo share from the Munich-based m:access; the delisting was completed on 30 September 2024. As a result, the company has discontinued its voluntary quarterly reporting. The main reason for the decision to delist was lack of investor interest in a listed Aifinyo share.

NAGA GROUP AG – ~0.2% STAKE (AFTER THE MERGER)

Solid sales coupled with EBITDA margin at 18.5% in FY/23 The company reported positive final audited figures. Management changed strategy to focus on the trading business following the discontinuation of NAGA Coin business in the wake of the bankruptcy of crypto exchange FTX which caused significant market turbulence. Coupled with aggressive cost cutting in marketing and sales and staff reductions (down from 175 to 100), the new strategy is bearing fruit. In consequence revenues declined to €28.4m (FY/22: €57.6m). All key cost items were reduced compared to the previous year and EBITDA increased to €8.4m (FY/22: €-13.7m) which equates to an EBITDA margin of 18.5%. The performance is good considering the depressed investor sentiment in capital markets which usually leads to a decline in trading activity. Selected business KPIs for FY/23 were also positive: (1) registered users increased Y/Y by 45% to 204k; (2) the number of active users expanded by 32% to 18.9k; and (3) trading volume grew by 19% to €150bn. According to management, new customer growth has reached the best level since NAGA's inception.

NAGA merged with peer company Key Way Group, which operates under the capex.com brand (CAPEX), through a capital increase in kind On 29 August, Naga completed the strategic merger with Key Way. Both companies operate in the CFD (contract for difference) trading business and are highly complementary in terms of regional focus: NAGA is strong in Europe, whereas CAPEX has a strong footprint in Latin America, Africa, the Middle East and Asia. The transaction valued the combined company at €237.4m. CAPEX's CEO and shareholders will receive 70.4% of the combined company, representing substantial dilution for NAGA's shareholders. The founder and CEO of CAPEX, Octavian Patrascu, is the new CEO of the merged company. He is a successful entrepreneur with >15 years of experience in the fintech and neo-brokerage industry. He injected cash of €8.1m through a convertible note (which may add further dilution) and is preparing the company for a NASDAQ listing. Overall, the merger shows a positive strategic fit (see figure 3 below). Mr Patrascu's new strategy envisages the consolidation of all NAGA applications, including their social media functionalities, into an integrated financial super app in 2024. NAGA plans to increase the number of users from the current 1.5m to 5m by the end of 2025. Over the next three years, this is expected to generate revenue of over USD250m. The merger is expected to realise annual cost savings of up to USD10m. The merged, stronger company will be able to better compete with the large peers active in the field, which generate revenue in the USD billion range (e.g. eToro, Revolut, NuBank, Robinhood).

Figure 3: Overview of Naga's quarterly revenue and EBITDA performance 2022-2023

Source: Naga Group AG

UPDATE ON THE PRIVATE HOLDINGS

NEXTMARKETS AG – 1.3% STAKE

Neobroker Nextmarkets received financial support from its main investor Samara Asset Group (Christian Angermayer) to continue operations and merged with ADRIX (data analysis company) to strengthen its competitive position After Nextmarkets failed to achieve the targeted break-even in Q1 2023, lead investors FinLab and Samara Asset Group (formerly Cryptology Asset Group) abruptly decided not to support a necessary financing round and to dispose of Nextmarkets' assets and subsidiaries and liquidate the company. DEWB booked non-cash impairment of €1.4m (€1m for the equity investment and €0.4m for existing loan receivables) in the FY 2022 financial statement. However, in the meantime lead investor Samara provided Nextmarkets with bridging finance coupled with a merger agreement with Aqua Digital Rising Limited (ADRIX). The Dubai-based startup has developed an innovative real-time data indexing technology that enables pricing human performance such as that of professional athletes. This evaluation in real time is converted into benchmark indices, thus making it tradable for the first time. With the integration into Nextmarkets' technology platform, users will in the future be able to trade the value of well-known athletes (e.g. soccer or basketball players) like a financial instrument and thus profit financially from their successes, producing a significant product innovation; ADRIX benefits from Nextmarket's banking license.

DEWB completed a partial sale of a 0.8% stake in the holding Nextmarkets DEWB realised a partial sale of Nextmarkets shares to a co-investor as part of a put option. This reduced DEWB's stake from 2.1% to 1.3%, which is excellent news. We assume that Nextmarkets has not yet been able to raise further funds. Due to its tight financial situation, the company has taken cost-cutting and realignment measures, including focussing on product development of the ADRIX technology, which led to the outsourcing of the brokerage business to the partner Alchemy Markets.

STABLETON – 12.2% STAKE

Following two difficult years, the market for alternative investments is showing signs of recovery – Stableton anticipates business growth in 2024 Stableton is a Zurich-based Fintech company offering alternative investments to qualified financial intermediaries such as wealth managers, private banks, family offices, and qualified individual investors. Using a digital platform, clients access attractive alternative investments, including venture capital, private debt, and real assets. The company has established a strong footprint in the pre-IPO market. However, Stableton's market for alternative investments in VC and private equity has been challenging in recent years. Nevertheless, H2 2023 saw a rebound in VC exit activity in terms of value in the US, with 80 new IPOs raising USD17.8bn in proceeds in H1/24 (source: EY's Global IPO Trends Q2 2024) and 232 companies in the IPO pipeline at the end of Q2/24 (source: KPMG). In 2024, the most prominent successfully completed IPOs were Lineage (valued at USD18bn), Reddit (valued at USD6.5bn) and Tempus AI (valued at USD6.4m). Transactions of this calibre could help to reignite appetite for investing in this segment. With investors increasingly willing to invest and secondary market valuations rising, Stableton sees good opportunities from the market recovery. Large secondary market transactions by well-known unicorns, such as SpaceX, OpenAI and Revolut provided positive impetus. In addition to the Unicorn Index products launched in 2023, Stableton expanded its offering to include an investment product linked to individual companies in the Stableton Unicorn Index. The focus here is on international marketing to banks and other large institutional investors. If market momentum continues, Stableton is planning further overall growth for 2024.

CASHLINK – 3.2% STAKE

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

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

Recent milestones underscore company's leadership in the young field Cashlink is the first Fintech to obtain a full license from BaFin (the company had been operating with a provisional license from 2021) to operate a crypto securities register in Germany in accordance with Section 65 (2) of the German Banking Act (KWG). In September, Cashlink acted as the crypto securities registrar in KfW's successful issue of its second digital bond in the form of a crypto security. In this transaction, DZ BANK AG, acted as bookrunner, Union Investment and DekaBank as key investors, and Boerse Stuttgart Digital as the crypto custodian.

VALUATION MODEL

Buy rating reiterated at slightly lower price target In accordance with our assumption that the company will generate a positive economic profit over a ten-year forecasting period, our model extends to YE 2033. We have updated our financial model assumptions to reflect the one-year delay in achieving profitability (from 2024E to 2025E), resulting in more conservative other operating income and net income forecasts until 2033E. We have further updated our yield assumption for riskless assets (10y German government bond: 2.2% vs 2.9% previously), which leads to a lower cost of equity (COE) estimate of 14.9% (previously: 15.6%). Our residual income model, which is based on portfolio NAV, yields a lower price target of €1.50 (previously: €1.80). 2024 has so far been a challenging year for DEWB's Fintech portfolio. Although DEWB's core holding LAIQON entered into a groundbreaking partnership with Union Investment in December 2023, LAIQON's and DEWB's share price have performed negatively. We continue to believe that DEWB has a promising fintech portfolio. We therefore reiterate our Buy recommendation and consider the company to be significantly undervalued at the current share price.

Table 6: Residual Income Model

In €'000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Shareholders' equity	13,751	13,797	14,326	16,076	21,084	30,423	47,141	66,928	87,932	107,554
Average shareholders' equity	14,304	13,774	14,062	15,201	18,580	25,753	38,782	57,035	77,430	97,743
Net profit	-1,105	46	529	1,750	5,008	9,339	16,718	19,787	21,004	19,622
Return on equity	-7.7%	0.3%	3.8%	11.5%	27.0%	36.3%	43.1%	34.7%	27.1%	20.1%
Cost of equity	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
Spread	**-22.6%**	**-14.6%**	**-11.1%**	**-3.4%**	**12.1%**	**21.4%**	**28.2%**	**19.8%**	**12.2%**	**5.2%**
	2024	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Residual income	-3,236	-2,007	-1,566	-515	2,239	5,502	10,940	11,289	9,467	5,058
PV of residual income stream	-3,146	-1,698	-1,153	-330	1,249	2,671	4,622	4,151	3,030	1,409

Fair value calculation	
NAV (2023)	14,856
PV of residual income stream	10,805
Fair value	25,661
Number of shares (000's)	16,750
Fair value per share €	**1.50**

INCOME STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023A	2024E	2025E
Other operating income - profit on exit	**4,970**	**9,394**	**21**	**305**	**900**	**2,106**
Personnel expenses	546	829	451	501	450	450
Other operating expenses	1,270	432	452	522	450	500
EBITDA	**3,154**	**8,133**	**-882**	**-718**	**0**	1,156
Depreciation and amortization	-2	-2	-2	-4	-3	-3
EBIT	**3,152**	**8,131**	**-884**	**-722**	**-3**	**1,154**
Net financial result	-718	-554	-601	-833	-1,100	-1,106
Other financial result (depreciation)	0	-37	-3,319	-69	-2	-2
Pre-tax income (EBT)	**2,434**	**7,540**	**-4,804**	**-1,624**	**-1,105**	**46**
Tax expense	0	0	0	0	0	0
Net income / loss	**2,434**	**7,540**	**-4,804**	**-1,624**	**-1,105**	**46**
EPS (in €)	**0.15**	**0.45**	**-0.29**	**-0.10**	**-0.07**	**0.00**
Diluted EPS (in €)	**0.15**	**0.45**	**-0.29**	**-0.10**	**-0.07**	**0.00**

Ratios						
EBITDA margin on other operating income	63.5%	86.6%	n.a.	-235.4%	0.0%	54.9%
EBIT margin on other operating income	63.4%	86.6%	n.a.	-236.7%	-0.3%	54.8%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	230.0%
Expenses as % of other operating income						
Personnel expenses	11.0%	8.8%	n.a.	164.3%	50.0%	-21.4%
Other operating expenses	25.6%	4.6%	n.a.	171.1%	50.0%	0.0%
Depreciation and amortization	0.0%	0.0%	n.a.	1.3%	0.3%	
Y-Y Growth						
Other operating income - profit on exit	51.7%	89.0%	-99.8%	n.a.	195.1%	134.0%
Personnel expenses	49.6%	51.8%	-45.6%	11.1%	-10.2%	0.0%
Other operating expenses	75.2%	-66.0%	4.6%	15.5%	-13.8%	11.1%
EBITDA	44.2%	157.9%	n.a.	n.a.	n.a.	n.a.
EBIT	44.3%	158.0%	n.a.	n.a.	n.a.	n.a.
Net income/ loss	745.1%	209.8%	n.a.	n.a.	n.a.	n.a.

BALANCE SHEET

All figures in EUR '000	2020A	2021A	2022A	2023A	2024E	2025E
Assets						
Current assets, total	**4,414**	**5,369**	**5,299**	**1,582**	**1,453**	**1,676**
Cash & cash equivalents	451	827	1,120	806	504	682
Other short term assets	2,445	2,445	3,488	192	0	0
Receivables from investments	1,052	712	680	564	570	575
Trade receivables (escrow account)	466	1,385	11	20	380	418
Non-current assets, total	**25,627**	**29,979**	**30,498**	**30,315**	**30,121**	**30,078**
Intangible assets	4	4	4	4	4	4
Property plant & equipment	4	5	10	14	15	16
Financial Assets	25,619	29,970	30,484	30,297	30,102	30,058
Other LT financial assets	0	0	0	0	0	0
Accruals	**46**	**34**	**18**	**11**	**11**	**11**
Total assets	**30,087**	**35,382**	**35,815**	**31,908**	**31,585**	**31,765**
Shareholders' equity & debt						
Current liabilities, total	**2,559**	**13**	**5,311**	**9,044**	**7,826**	**7,858**
ST borrowings (banks)	2,536	0	5,253	8,748	7,500	7,500
Trade & other payables	12	4	45	9	10	11
Other current liabilities	11	9	13	287	316	347
Long-term liabilities, total	**13,784**	**14,085**	**14,024**	**8,008**	**10,008**	**10,109**
Bonds	12,540	12,540	12,540	6,640	8,640	8,700
Provisions for pensions	962	1,025	1,033	1,020	1,010	1,040
Other provisions	282	520	451	348	358	369
Total Liabilities	**16,343**	**14,098**	**19,335**	**17,052**	**17,834**	**17,967**
Total Equity	**13,744**	**21,284**	**16,480**	**14,856**	**13,751**	**13,797**
Total Equity and Liabilities	**30,087**	**35,382**	**35,815**	**31,908**	**31,585**	**31,765**
Ratios						
Current ratio (x)	1.72	413.00	1.00	0.17	0.19	0.21
Equity ratio	45.7%	60.2%	46.0%	46.6%	43.5%	43.4%
Gearing	95.6%	48.4%	86.3%	103.7%	121.1%	120.0%
Net debt	13,142	10,293	14,218	15,410	16,646	16,558
Return on equity (ROE)	19.4%	43.1%	-25.4%	-10.4%	-7.7%	0.3%

CASH FLOW STATEMENT

DEWB does not report a cash flow statement*.

**The company is classified as a small corporation pursuant to Sec. 267 (1) HGB, and is therefore not required to report a cash flow statement.*

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

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

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	24 June 2021	€1.61	Buy	€2.50
2	30 September 2021	€1.79	Buy	€2.50
3	16 December 2021	€1.88	Buy	€2.90
4	28 March 2022	€1.72	Buy	€2.90
5	4 October 2022	€0.93	Buy	€1.90
6	11 May 2023	€0.88	Buy	€1.80
7	7 November 2023	€0.84	Buy	€1.80
8	Today	€0.49	Buy	€1.50

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- **key sources of information in the preparation of this research report**
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