Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG

Germany / Financials
Frankfurt
Bloomberg: EFF GR
ISIN: DE0008041005

Initiation of coverage

RATING	**BUY**
PRICE TARGET	**€ 2.50**
Return Potential	55.3%
Risk Rating	High

BUILDING UP A PROMISING FINTECH PORTFOLIO

DEWB is a boutique private equity firm with a more than 100-year history. The company's primary investment focus is innovative Fintech start-ups within the asset and wealth management sector, including companies with business models that are key to digitalising this industry in the German-speaking region. DEWB's Fintech strategy was launched in 2018 combined with the acquisition of the 22.3% anchor stake in Lloyd Funds AG (LFAG). Following restructuring measures implemented in LFAG, this holding has delivered an outstanding operating performance so far, and its growth outlook through 2024 is promising. Backed by €18.7m (36% IRR) in proceeds from the non-core MueTec investment sold in 2020/2021, DEWB is now well capitalised to expand its Fintech portfolio. Besides the 2016 investment in factoring specialist aifinyo, we view the two recent investments in the commission-free neobroker Nextmarkets and the marketplace for alternative investments Stableton, as highly attractive. We anticipate DEWB will conduct 2-3 new Fintech investments p.a. going forward. In connection with DEWB's guidance to expand its portfolio's market value to €100m by 2024, we expect an annual value gain of financial assets >20% and solid group profitability in the coming years as its holdings gain in critical mass and traction. We believe DEWB is well positioned to benefit from the buoyant Fintech market. We initiate coverage of DEWB with a Buy recommendation and a price target of €2.50.

DEWB has had a positive investment track record since 1997 including 62 investments with 50 exits Investment performance from its previous photonics focus delivered a positive IRR of 12.8% until 2017. In FY/20, DEWB successfully closed the disposal contract for MueTec, its last large non-core optical measurement holding. This deal will generate €18.7m total proceeds (€7.6m in FY/20 and €11.1m in May 2021 after the German government agency BMWi approved the transaction) with an excellent 36% IRR and a 6.8x multiple.

Profitable business model Following a reported net profit of €2.4m in FY/20 chiefly driven by the MueTec exit, we project the company's net profit will expand to €7.4m in FY/21 (DEWB guidance: >€7.0m). We expect DEWB will continue working profitably going forward. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2018	2019	2020	2021E	2022E	2023E
Other income (€m)	11.70	3.28	4.97	9.40	2.12	4.77
Y-o-y growth	n.a.	-0.7%	0.5%	0.9%	-0.8%	1.2%
EBIT (€m)	4.41	2.18	3.15	7.97	0.95	3.49
EBT	-1.53	0.29	2.43	7.40	0.33	2.81
Net income (€m)	-1.53	0.29	2.43	7.40	0.33	2.81
EPS (diluted) (€)	-0.09	0.02	0.15	0.44	0.02	0.17
NAV (€m)	11.02	11.31	13.74	21.14	21.47	24.28
Financial Assets (€m)	23.44	26.21	25.62	31.60	36.11	40.58
Net gearing	126.4%	148.0%	95.5%	59.6%	71.9%	70.5%
Liquid assets (€m)	2.19	1.61	0.45	1.00	1.05	1.13

RISKS

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

COMPANY PROFILE

DEWB is a boutique private equity firm focused 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.

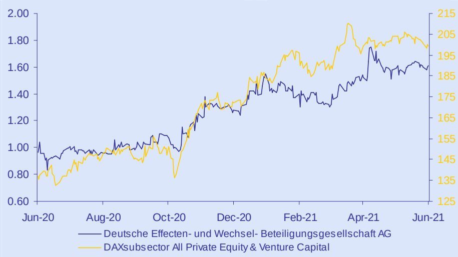
MARKET DATA

As of 6/23/2021

Closing Price	€ 1.61
Shares outstanding	16.75m
Market Capitalisation	€ 26.97m
52-week Range	€ 0.84 / 1.75
Avg. Volume (12 Months)	17,896

Multiples	2020	2021E	2022E
P/E	11.0	3.6	82.1
P/Book Value	1.9	1.3	1.2
EV/EBIT	12.4	4.9	41.0
Div. Yield	n.a.	n.a.	n.a.

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2020

Liquid Assets	€ 0.45m
Current Assets	€ 4.41m
Financial Assets	€ 25.62m
Total Assets	€ 30.09m
Current Liabilities	€ 2.56m
Shareholders' Equity	€ 13.74m

SHAREHOLDERS

SPSW Capital	17.0%
ABAG Aktienmarkt Beteiligungs AG	13.0%
Management	1.0%
Freefloat	69.0%

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

CONTENTS **PAGE**

INVESTMENT CASE

Experienced management team with an extensive network in the German-speaking Fintech landscape Mr Bertram Köhler (CEO) and Mr Marco Scheidler (Authorized Signatory and investment manager) are highly qualified executives with many years of investing experience and extensive knowledge of financial markets and the Fintech scene in the German-speaking region.

MueTec's exit provides total funds of €18.7m to be invested in the Fintech portfolio In 2020, MueTec was sold to the Chinese group TZTEK for total gross proceeds of €18.7m. Based on the initial investment estimated at ~€2.5-2.8m in 2014, the exit provides a highly lucrative ~6.8x multiple and an IRR of ~36%. In September 2020, DEWB received an upfront payment of €7.6m. On 29 April 2021, the German BMWi approved the deal and the remaining €11.1m was paid in May. These funds provide a solid war chest to build up the company's Fintech portfolio comprising thus far its main 22.3%-holding in LFAG, and the lending specialist aifinyo (i.e. factoring, finetrading, leasing & debt collection) with a 5% stake.

LFAG and aifinyo reflect DEWB's ability to identify attractive Fintechs and actively reshape them for success In 2018, together with its main investor SPSW Capital, DEWB acquired a 49.9% stake in the weakened LFAG (DEWB: 25.6% / SPSW: 24.3%). They triggered LFAG's change of strategy from closed-end real assets (e.g. ships, real estate, aircraft), to a successful asset manager (traditional and digital through its LAIC-roboadvisor) of open-end funds including equity, bonds, mixed, hedge funds and a wealth manager offering. We believe LFAG has implemented a highly competitive business model based on top asset managers and extensive digitalisation, enabling it to generate above-average returns to investors. Management's positive outlook through 2024 suggests substantial business growth over the next few years, which may positively impact the company's valuation. Similarly, DEWB guided its factoring Fintech holding Decimo GmbH to a combination with its ~5x larger (sales basis) and highly complementary peer aifinyo AG. This transaction led to synergies, added critical mass and strengthened their combined market position, which allowed the merged aifnyo to weather the negative impact of the tough pandemic economic environment.

We see the recently acquired Fintechs Nextmarkets and Stableton as promising investments with significant growth potential In March, DEWB acquired an undisclosed stake (FBe: <5%) in the highly attractive commission-free, expert-curated German neobroker Nextmarkets. The company has a successful serial-entrepreneur founder-team with strong capital market expertise, an innovative technology platform offering engineered Contracts for Difference (CFDs) and physical shares through a user-friendly app, an owned banking license, and a loyal and very active client base. Following the USD30m funding round and the ongoing measures to expand in Europe, we see a good chance that Nextmarkets can capture an important stake in the European trading market. In June, DEWB took over an undisclosed stake (FBe: <15%) in Stableton, the young, Swiss-based marketplace for alternative investments. Based on a strong, highly experienced team, Stableton has created an appealing Alternatives product portfolio including venture capital, private debt, and real assets. The company has already signed ~2% of Swiss financial intermediaries such as wealth managers, private banks, and family offices. Considering that Switzerland is the largest wealth management market in Europe, we believe Stableton has the potential to become one of the leading players in the EU region.

Booming Fintech market to trigger further portfolio expansion The global Fintech market was valued at USD 5,504bn in 2019 and is expected to grow at a CAGR of 23.6% until 2025 (source: Mobility Foresights). Europe also shows a sound trend of investment growth which has reached more than 25% p.a. since 2014. Moreover, European Fintechs have created ~€128bn in value (including exits and unrealised value) since 2013. This outstanding performance equates to more than twice the value created by other tech sectors.

DEWB shares appear undervalued. We Initiate coverage with a price target of €2.50 and a Buy recommendation DEWB's management intends to expand the NAV of its portfolio from €28m in 2019 to more than €100m by 2024. To achieve this goal, the company plans to acquire at least two new holdings yearly, funded chiefly from exit returns. The company has delivered good news with the recent acquisitions of stakes in exciting Fintechs. We expect further attractive investments in the next twelve months, which will allow DEWB to deliver superior returns. Our conservative residual income model based on portfolio NAV suggests a fair value of €2.50/share.

SWOT ANALYSIS

STRENGTHS

- **Experienced management team** Mr Bertram Köhler (CEO) and Mr Marco Scheidler (Authorised Signatory and investment manager) are highly qualified executives with many years of experience and extensive knowledge of financial markets, the investment start-up scene and Fintech markets.

- **High-quality Fintech portfolio** DEWB has an attractive portfolio of four core investments within the Fintech sector. The holdings have innovative and well scalable business models and excellent growth prospects. Following the recent successful divestment of the non-core holding MueTec, further Fintech investments are already planned.

- **Long history with positive investment track record** The company has an over 100-year history with more than 20 years acting as a VC/private equity investor. Its previous photonics and sensor investment focus delivered a positive IRR of 12.8% until 2017. In 2020/2021, DEWB managed to successfully exit its remaining non-core investment MueTec (optical measurement company). This transaction produced €18.7m proceeds, delivering a 36% IRR and a 6.8x multiple.

- **Profitable business model** Due to the successful MueTec exit, the company reported a net profit of €2.4m in 2020, which we expect to increase to €7.4m in 2021E. Going forward, management is guiding to a profitable business, funding operations from the portfolio's exits.

WEAKNESSES

- **Small-cap company** With a market cap of about €26m, the company is small compared to its private equity peers such as Finlab or Heliad (market cap ~€120m), or the big players Gesco AG, Indus Holding, Deutsche Beteiligungs AG or Aurelius, all with market caps in the range of €225m-€900m.

- **Narrow portfolio, ability to successfully outperform the Fintech scene still to be proved** With four core holdings, DEWB still has to demonstrate its ability to exploit opportunities within the Fintech sector, generate above-average returns and operate sustainably in the long term.

- **Limited transparency** At present, two of DEWB's core Fintech holdings are listed, small-cap companies showing a good level of transparency. However, the two recent investments and the new holdings to be acquired in the future will most likely be private companies, for which DEWB investors will typically receive little financial information since they are non-consolidated minority participations.

OPPORTUNITIES

- **Above-average increase in value of the portfolio** DEWB focuses on investments in Fintech start-ups with digital business models and high scaling potential. This opens an opportunity for above-average increases in the value of the individual investments and thus of the portfolio. European Fintechs have created ~€128bn in value (including exits and unrealised value) since 2013. This performance equates to more than twice the value created by other tech sectors.

- **Value-enhancing expansion towards a €100m+ assets value firm** According to management, DEWB has a promising Fintech investment pipeline and targets to increase NAV from €28m in 2019 to more than €100m by 2024. For this goal, the company plans to acquire at least two new holdings yearly, funded chiefly from exit cash inflow.

- **Strong growing Fintech market** The company will benefit from a booming industry. The global Fintech market was valued at USD5,504bn in 2019 and is expected to grow at a CAGR of 23.6% until 2025 (source: Mobility Foresights). Europe has also shown an investment growth trend greater than 25% p.a. since 2014.

THREATS

- **Investment risk** Companies that DEWB has invested in may fail, impacting DEWB's performance and prospects (NAV, ROE, liquidity, and valuation) negatively. Investments in start-up companies are generally high risk since they are often unprofitable and dependent on additional financial resources to operate and to expand. Technological change, new competitors, weaker demand, and management errors can lead to a deterioration of the business development up to the point of insolvency, thus diminishing the value of the investment, including the possibility of a total loss.

- **Portfolio liquidity** At present, two of DEWB holdings are small-cap listed companies showing a moderate level of liquidity. However, DEWB will most likely expand its investment portfolio with private companies, which are typically illiquid. This illiquidity may make it difficult for DEWB to sell such investments if the need arises. An exit usually requires a lengthy sales process or a time-consuming IPO. A short-term sale is often only possible with a considerable discount.

VALUATION

RESIDUAL INCOME MODEL

Given the importance of net asset value (NAV) for venture capital funds, we have chosen to value the company using the residual income method, which is likewise based on NAV. The advantage of the residual income method compared with the discounted cash flow (DCF) model is that the value beyond the explicit forecast period is already included in NAV. Moreover, in contrast to a DCF, the residual income model is not subject to error resulting from uncertainties surrounding growth and margin levels beyond the stated forecast period.

We use the residual income method, a notional charge corresponding to the required return on equity subtracted from net profit. The resulting residual income is discounted using the required rate of return. The discounted residual income figures are then added to the existing NAV to produce a value per share. Residual income, and hence a share price premium to NAV, only arises if the ROE exceeds the cost of equity (COE) during the explicit valuation period (2021 to 2030 in our model). The stated valuation period corresponds to the timeframe we expect DEWB to generate returns above the COE. Beyond our defined valuation period, we assume returns will fall back in line with the COE. The residual income model hence calculates a time-adjusted value for future return above risk-required return (COE).

Using First Berlin methodology, which takes into account company-specific risk factors, we have derived a COE of 13.5% for DEWB. The primary risk factors we have identified are portfolio risk and portfolio liquidity. Also, the company's small size and lack of transparency in the private holdings present additional risks. The residual income model suggests a fair value per share of €2.50.

Figure 1: Residual Income Model

In €'000	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Shareholders' equity	21,143	21,469	24,277	30,591	40,116	53,099	69,038	88,511	109,945	130,336
Average shareholders' equity	17,443	21,306	22,873	27,434	35,354	46,608	61,068	78,775	99,228	120,140
Net profit	7,399	326	2,808	6,314	9,525	12,983	15,939	19,473	21,433	20,391
Return on equity	42.4%	1.5%	12.3%	23.0%	26.9%	27.9%	26.1%	24.7%	21.6%	17.0%
Cost of equity	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Spread	**28.9%**	**-12.0%**	**-1.2%**	**9.5%**	**13.4%**	**14.4%**	**12.6%**	**11.2%**	**8.1%**	**3.5%**
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Residual income	5,044	(2,550)	(280)	2,610	4,752	6,690	7,695	8,838	8,038	4,172
PV of residual income stream	4,722	(2,103)	(203)	1,671	2,681	3,325	3,370	3,410	2,732	1,250

Fair value calculation	
NAV (2021E)	21,143
PV of residual income stream	20,855
Fair value	41,998
Number of shares (000's)	16,750
Fair value per share €	**2.50**

Source: First Berlin Equity Research

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

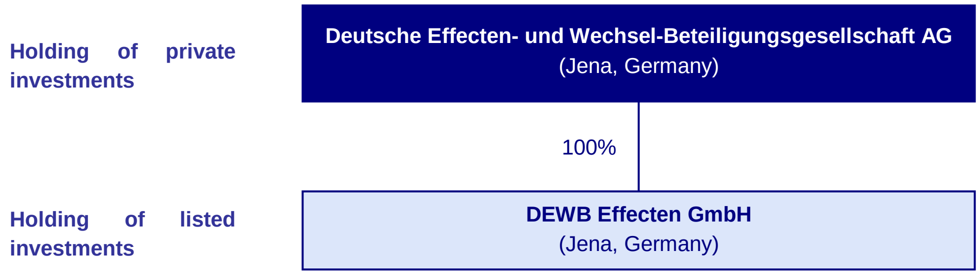
- 2021E NAV reflects our projected book value of the portfolio at the end of 2021, which equates to the balance sheet's equity.
- We conservatively project DEWB to achieve a revaluation rate of financial assets (RRFA) of 20-22% in 2021-2024, which is below the company's implied RRFA of >25% from the strategy 2020-2024. Going forward, we assume RRFA will decline to 13.5% after 2030.

COMPANY PROFILE

OVERVIEW

Company profile Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG (DEWB) is a boutique private equity firm investing in the asset management sector and Fintech companies whose technologies will play a key role in shaping the future development of the financial industry. DEWB intends to invest primarily in business models and technology for capital investment, asset management and their distribution. DEWB is geographically focused on German-speaking countries (Germany, Austria and Switzerland). It has excellent expertise in local financial market dynamics, relevant actors, legal and fiscal conditions within this region. The DEWB group comprises Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG which holds the private investments, and DEWB Effecten GmbH which holds the listed investments.

Figure 2: DEWB structure



Source: First Berlin Equity Research, DEWB AG

HISTORY

DEWB was initially founded as a private bank more than 100 years ago,… DEWB has a history within the finance industry stretching back well over 100 years. In June 1872, the company was founded as a bank (a spin-off of the private bank L.A. Hahn) under the name Deutsche Effecten- und Wechsel-Bank in Frankfurt am Main. In the same year, the bank was a founding shareholder of Dresdner Bank AG, Dresden. The company refrained from building up its branch network, and opted for participations in small regional private banks to access their retail accounts. In 1969, the company disposed of the banking business to Effectenbank Warburg AG (later acquired by Credit Suisse) and changed its name to Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG.

…and turned into a venture capital firm in 1997 In 1997, DEWB was acquired by Jenoptik AG as a holding company for the disposal of Jenoptik's non-strategic investments. The company conducted its IPO on the Frankfurt Stock Exchange sometime later and moved its headquarters from Frankfurt to Jena in 2000. DEWB rapidly evolved into a venture capital firm investing in photonics, biotechnology and IT startups. Following a restructuring in 2005-2006 led by the newly promoted CEO, Mr Bertram Köhler, DEWB downsized the business and narrowed the investment focus to photonics and sensor technology.

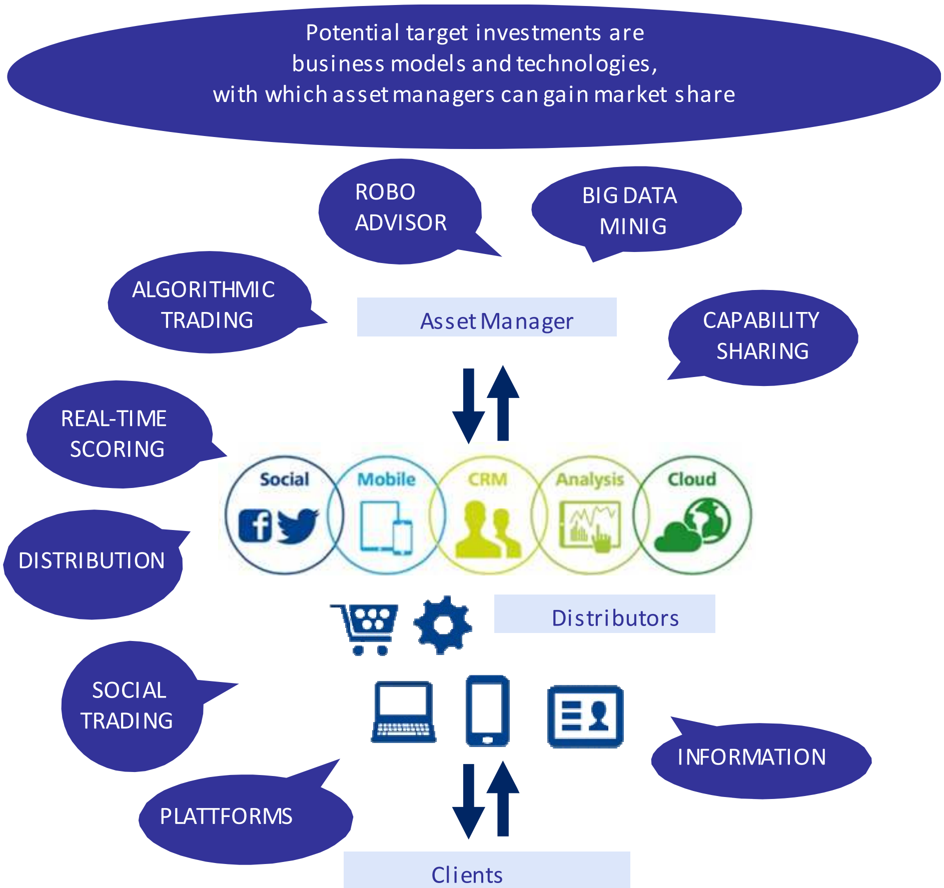
A 20-year period of investment focused on photonics and sensor technology – which ended in 2017 with the departure of Jenoptik - delivered a positive IRR of 12.8% In 2017, Jenoptik decided to sell its share package to Investment funds managed by Hamburg-based SPSW Capital. Over the twenty years of investment under the leadership of Jenoptik, DEWB invested €384m in 58 companies, of which 48 companies achieved an exit with a transaction volume >€500m. DEWB has thus achieved a multiple of 1.3x and an internal rate of return (gross IRR) of 12.8%.

STRATEGY AND INVESTMENT APPROACH

Strategic realignment of DEWB with a new investment focus on Fintech and the asset management segment In 2017, SPSW Capital became DEWB's largest shareholder (at present 17%) through the acquisition of Jenoptik's and other smaller investors' stakes. Mr Achim Plate and Mr Henning Soltau, two managing partners of SPSW Capital and entrepreneurs with a strong track record in financial markets, joined DEWB's Supervisory Board. The new Board members together with the management team decided to strategically reposition DEWB by realigning its investment focus to Fintech, with a special emphasis on business models and technologies for the digitalisation of asset management. The main goal was to exploit the core competencies of the new anchor investors and their extensive capital market network.

DEWB's new strategy led to the investment in Lloyd Fonds, which became the anchor holding In March 2018, DEWB acquired a 25.6% stake in the listed investment and asset manager firm Lloyd Fonds AG. In addition, DEWB's investor SPSW Capital took a 24.3% position in Lloyd Fonds, purchasing together the total 49.9% stake from the main shareholder ACP Fund V LLC. DEWB thus had a strong position to shape the future of the new holding. Lloyd Fonds became the core holding in DEWB's new investment strategy. With a buy and build approach, DEWB intends to participate in complementary business models and technologies for capital investment, asset management as well as their distribution.

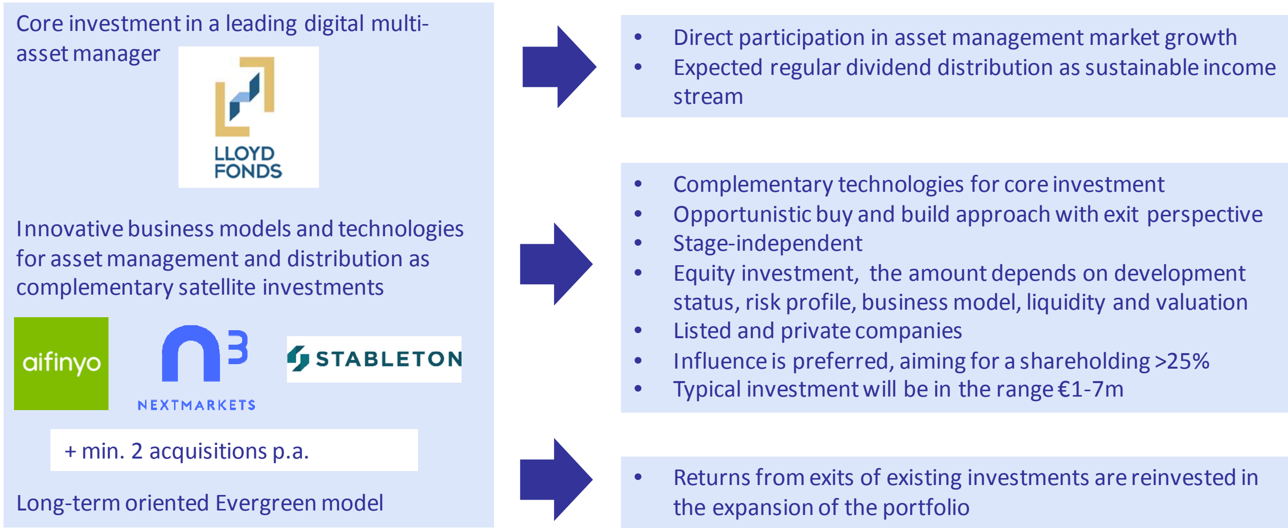
Figure 3: Overview of potential target investments



Source: First Berlin Equity Research, DEWB

Main characteristics of DEWB's investment strategy and approach As a listed public company, DEWB has a long-term orientation under the evergreen model. The company invests for an indefinite period and reinvests the exit proceeds in the portfolio expansion. DEWB's investments are irrespective of the target companies' development stage and can be privately held or listed. However, DEWB prefers investments whose business models are innovative, highly scalable, and have a proven track record (i.e., generating initial revenues and entering the growth stage). To exert influence on its investments, DEWB generally aims for a stake of at least 25%, but this is not mandatory. The investment amounts are usually between one and seven million euros. A key strength of DEWB is its vast network among the German and Swiss Fintech scenes.

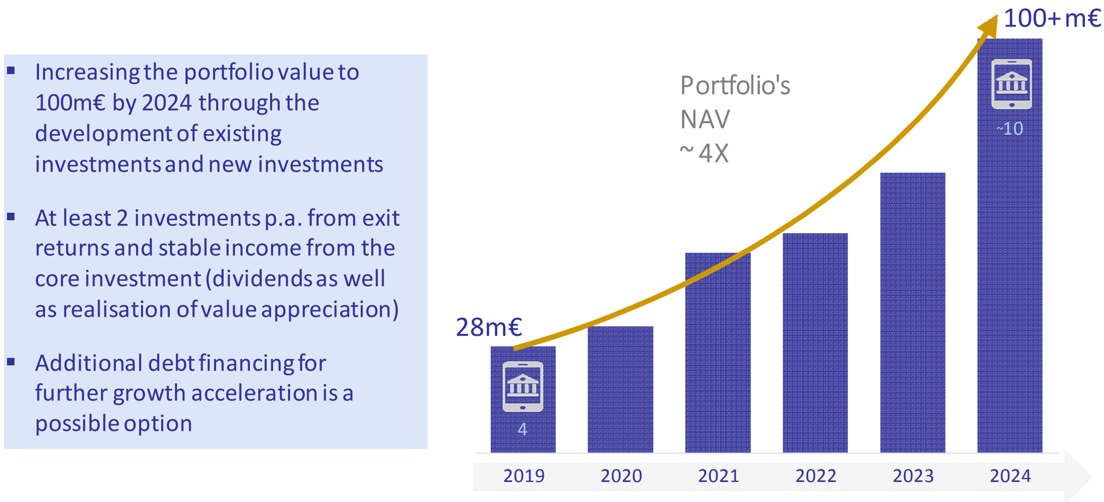
Figure 4: DEWB's investment strategy and approach



Source: First Berlin Equity Research, DEWB

Strategy 2020-2024 foresees expanding the portfolio from 4 holdings in 2019 to more than 10 by 2024 DEWB's management intends to expand the NAV of its portfolio from €28m in 2019 to more than €100m by 2024. To achieve this goal, the company plans to acquire at least two new holdings yearly, funded chiefly from exit returns. Management does not rule out raising more debt if attractive investing opportunities emerge which show potential to accelerate growth.

Figure 5: Strategy 2020-2024



Source: First Berlin Equity Research, DEWB

SNAPSHOT OF THE PORTFOLIO

Small, high-quality portfolio of 4 core investments and 2 non-core investments DEWB's core portfolio consists of Lloyd Fonds, Aifinyo, Nextmarkets and Stableton, which are a diverse group of digital finance related investments (Fintech). They respectively belong to the asset management, digital lending, neobrokerage and alternative investment sectors. DEWB believes these are segments where digital finance is gaining superior traction and the holdings have strong competitive positions. The core portfolio companies are largely at a growth stage.

The non-core portfolio comprises the small biotech investment in Noxxon, which the company plans to divest once an opportunity emerges, for example, following the achievement of a key milestone in clinical trials. Based on the current share price of the listed holdings, the portfolio has a value of >€29m. We give an overview of DEWB's portfolio in Table 1.

Table 1: DEWB's investment portfolio overview

Company	Field	Based	Stake	Since	Status	Market cap	Stake value
Lloyd Fonds	Asset management	Hamburg	22.3%	03/2018	listed	€109.7m	€24.5m
Aifinyo	Digital lending	Dresden	5.0%	01/2020	listed	€90.1m	€4.5m
Nextmarkets	Neobrokerage	Cologne	Undisclosed FBe: <5%	03/2021	private	-	-
Stableton	Marketplace alternative investments	Zurich	Undisclosed FBe: <15%:	04/2021	private	-	-
Noxxon	Biotech	Amsterdam	0.8%	12/2000	listed	€25.0m	€0.2m

NEW INVESTMENT FOCUS IN DIGITAL FINANCE

OLD INVESTMENT FOCUS (For disposal)

Source: First Berlin Equity Research, DEWB

Exit track record is underpinned by the recent successful disposal of MueTec at a multiple of ~6.8x and with IRR of ~36% Private equity firms are measured by their success in increasing the value of their holdings. Besides some setbacks, DEWB has achieved a consistent Y/Y increase in the value of its holdings. In 2020, the optical measurement company MueTec was sold to the Chinese group TZTEK Technology Ltd.for a total price of €25.0m (EV), which included debt to investors of €6.8m. For DEWB's 92% stake, the company received €18.7m, including €2.1m for debt repayment. Based on the initial investment estimated at ~€2.4m in 2014, the exit provides a highly lucrative ~6.8x multiple and an IRR of ~36%. The sale of MueTec to TZTEK took place in two steps. In September 2020, DEWB received an upfront payment of €7.1m. On 29 April 2021, the German Federal Ministry for Economic Affairs and Energy (BMWi) granted the deal approval and the transaction, including payment of the remaining €10.3m, was completed in May. The outstanding amount of €1.4m (€0.5m in Sept./20 and €0.9m in May/21) was deposited in an escrow account for potential guarantee payments for a period of 18 months.

We anticipate that the positive portfolio performance trend will continue We believe DEWB's investment activity has created a highly attractive Fintech portfolio, establishing the foundation for future exits. The company intends to conduct yearly exits that will finance ongoing operations:

ANCHOR INVESTMENT: LLOYD FONDS – INNOVATIVE ASSET MANAGER

Lloyd Fonds – 22.3% stake Lloyd Fonds represents by far the largest position in DEWB's portfolio. Our analysis will thus pay special attention to this investment.

A TURNAROUND STORY

Lloyd Fonds AG (LFAG) reflects DEWB's ability to identify attractive Fintechs and actively reshape them for success Mr Achim Plate and Mr Henning Soltau, both members of DEWB's Supervisory Board, managing partners of SPSW Capital GmbH (SPSW) and entrepreneurs with a strong track record in financial markets, arranged together with DEWB's management the acquisition of a substantial minority stake in the Hamburg-based asset management listed company Lloyd Fonds AG (LFAG). LFAG was suffering from sharply declining sales (2017: -31%, down to €8.2m) due to the contraction of its ship-investment business. The largest shareholder, the investment group ACP Fund V LLC, searched for an exit of its 49.9% stake after over 6 years of commitment, providing DEWB and SPSW with an attractive investment opportunity. In March 2018, DEWB took over 25.6% of LFAG's shares, and SPSW the remaining 24.3%.

As the largest shareholder representatives, Mr Plate and Mr Soltau joined LFAG's 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 6: LFAG's transformation process

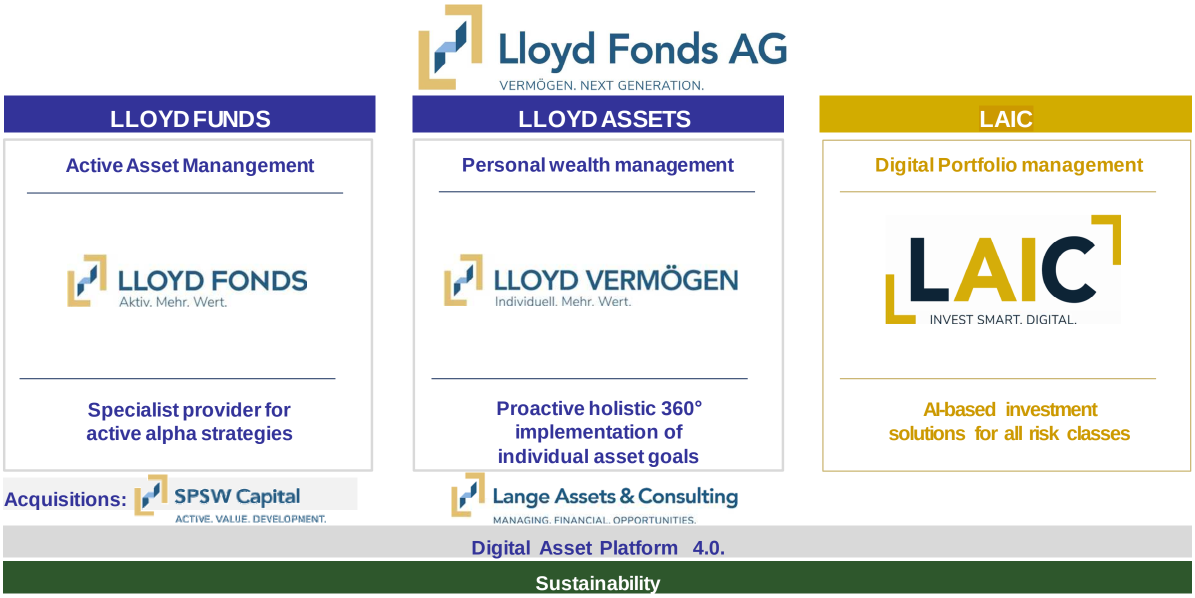
Source: First Berlin Equity Research, DEWB, LFAG

Strategy 2019+ - Setting up the new structure At the core of the new strategy was the decision to stop offering the closed-end real assets (e.g. ships, real estate, aircraft, and renewable energy projects) to become an 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 asset and wealth management digitalisation.

The Strategy 2019+ envisaged organic and inorganic growth through acquisitions. For this purpose, the company established an actively-managed mutual fund line comprised of equity, mixed, fixed-income and hedge funds - LF-Fonds -, a wealth management line - LF-Assets -, and a digital portfolio management line – LAIC – (see figure 7 overleaf). LFAG also acquired two companies, SPSW Capital (Asset Management) and Lange Assets and Consulting (Wealth Management), which provided the required expertise and increased critical mass.

Additionally, LFAG invested substantial resources to build up a cloud-based platform to operate its IT infrastructure. This platform enables the three business lines to access all data and data analytics in real-time, thereby optimising risk management and providing customer-centric solutions (digital Asset Platform 4.0). Consideration of sustainable investment rounded out the new strategy. The company completed the implementation of its 2019+ strategy in December 2019.

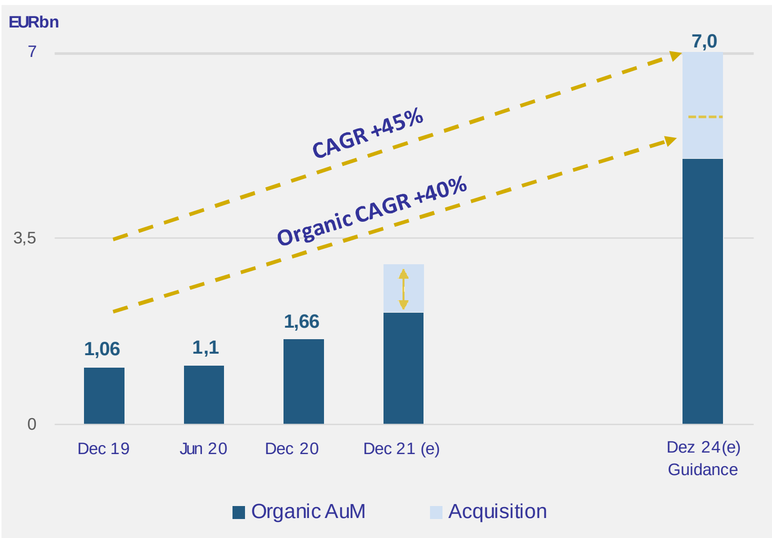
Figure 7: Snapshot of LFAG's new structure



Source: First Berlin Equity Research, DEWB, LFAG

Strategy 2023/2025 – The combination of organic and inorganic growth will enable above-average 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 and inorganic growth. As a result, management has guided to an increase of Assets under Management (AUM) from €1.06b in 2019 to €7bn by 2024, which comprises an organic CAGR of roughly 40% and a total CAGR including acquisitions of 45%.

Figure 8: LFAG outlook of €7bn. AUM in 2024



- An acquisition within LLOYD ASSETS is planned for 2021
- Expected organic annual growth rate of approx. 40%.
- Taking acquisitions into account, a long-term growth rate of 45% is expected

Source: First Berlin Equity Research, DEWB, LFAG

LF-ASSETS

LF-Assets business line established through the acquisition of Lange Assets & Consulting (LA&C) – provided €350m assets under management (AUM) In December 2018, LFAG acquired the Hamburg-based asset and wealth management company LA&C. Founded in 2005, LA&C brought the required expertise in asset management for wealthy clients, including €350m assets under management. The company advises its clients on its fund called ASSETS Defensive Opportunities UI. The new LF Assets (German LF-Vermögen) business comprises advising family offices, wealthy private and institutional clients, for investment in funds, real estate or direct investments. The undisclosed acquisition price is expected to be in the upper single-digit million euro range and will be paid over seven years.

LF-FUNDS

LF-Funds built on the expertise of three experienced fund managers with excellent track records LFAG established its fund management expertise by hiring three new equity and fixed-income specialists who started in January 2019. The company opened a new office in Munich, where the new team comprising Christian Reindl, Chartered Financial Analyst (CFA), Maximilian Thaler, CFA, and Dr Tobias Spies launched their asset management activities. Mr Reindl and Mr Thaler brought a key focus on European equities, while Dr Spies concentrates on fixed-income securities. Strengthened with a team of outstanding fund managers, LFAG 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 LF-Green Dividend World (launched in December 2019),
- One bond fund: LF-Special Yield Opportunities (launched in April 2019).

This team played a key role in driving the reorientation of LFAG towards becoming a leading open-end asset manager in Germany. This new business unit was positioned under the Brand LF-Funds.

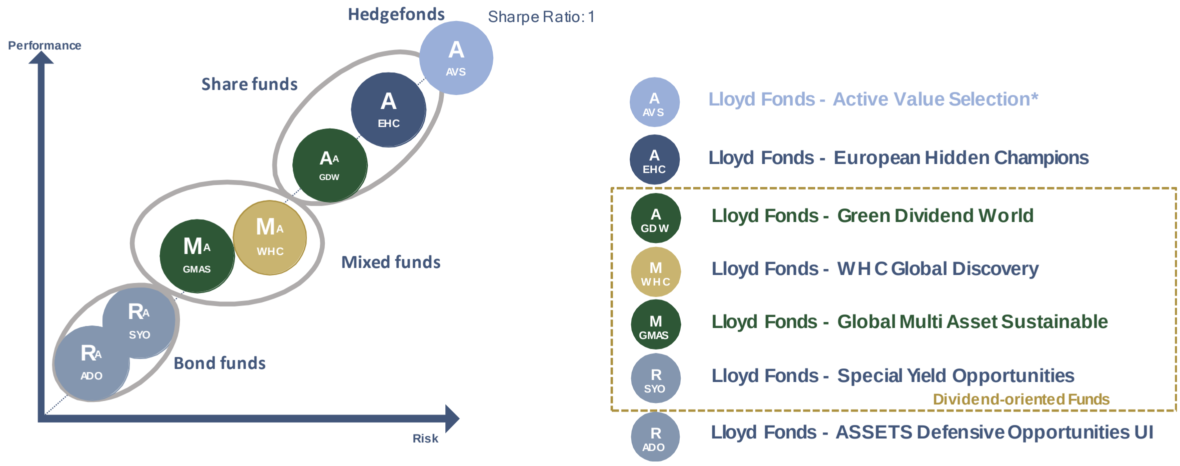
Mr Thaler's "Hidden Champions" fund wins award for its outstanding performance LFAG's European Hidden Champions equity fund was the winner in the "Europe Small Caps" category in a 1-year comparison conducted at the Euro Fund awards 2021. In 2020, the fund achieved an impressive performance of 71%. Dr Maximilian Thaler has a successful track record since he managed his first fund back in 2015. He thus holds the highest AAA rating by the fund manager performance tracking agency Citywire (https://citywireselector.com/manager/maximilian-thaler/d30017).

LF-Funds business boosted by the acquisition of SPSW, which provided €650m (AUM) In April 2019, LFAG acquired a 90% stake in SPSW Capital GmbH. SPSW's managed funds were also the main investor in DEWB and in LFAG. In April 2020, in connection with this transaction, Mr Plate and Mr Soltau resigned from the Supervisory Board, and Mr Plate became CEO of LFAG to implement the Strategy 2023/25. Founded in 2010, SPSW enjoys a strong reputation in Germany, having been designated as one of the best asset managers in Germany since 2015 by the investor magazine "WirtschaftsWoche". SPSW contributed assets under management of almost €650m. The company managed:

- two mutual funds, the mixed funds SPSW - WHC Global Discovery (launched in October 2010) and SPSW - Global Multi Asset Sustainable (launched in October 2013),
- a special fund for asset management, SPSW - Active Value Selection (launched in February 2011).

SPSW was consolidated into LFAG from January 2020 onwards. LFAG previously gained access to LA&C's bond fund ASSETS Defensive Opportunities UI (see LF-Assets). For improved marketing and positioning of its brand, LFAG renamed SPSW's and LA&C's funds in 2020. By the end of December 2020, LFAG owned eight funds under management. In March 2021, LFAG took the strategic decision to merge LF-European Quality & Growth into the highly successful LF-Hidden Champions fund, leaving seven managed funds with different risk strategies (see figure 9 overleaf).

Figure 9: Overview of LF-Funds' seven Funds and their respective strategies



Source: First Berlin Equity Research, DEWB, LFAG

Distribution LFAG 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.

Assets under management (AUM) of ~€1.7bn The acquisitions of SPSW and LA&C provided AUM of about €1bn. Following the launch of its own new funds, LFAG achieved AUM of ~€1.7bn by the end of December 2020.

LAIC – THE FINTECH BUSINESS

LAIC – AI-based digital asset management,... LAIC embodies the Fintech business of LFAG. The in-house developed Digital Asset Platform 4.0 (DAP 4.0) is the technical enabler of the group's wealth and asset management business. Still, it is also the heart of LAIC's digital portfolio management products offered as a so-called robo-advisor to clients: The company's LAIC robo-advisor is a state-of-the-art platform to provide digital asset management using artificial intelligence (AI).

...with superior features LAIC excels in using AI algorithms with high flexibility, enabling its robo-advisor to offer an optimal portfolio composition determined individually according to each customer's personal risk profile. LAIC has significant versatility for active asset management, enabling it to provide a broad range of personalised products, including funds, ETFs, selected equities or derivatives. Clients can constantly monitor asset allocation and automatically conduct changes within their risk profile as they wish.

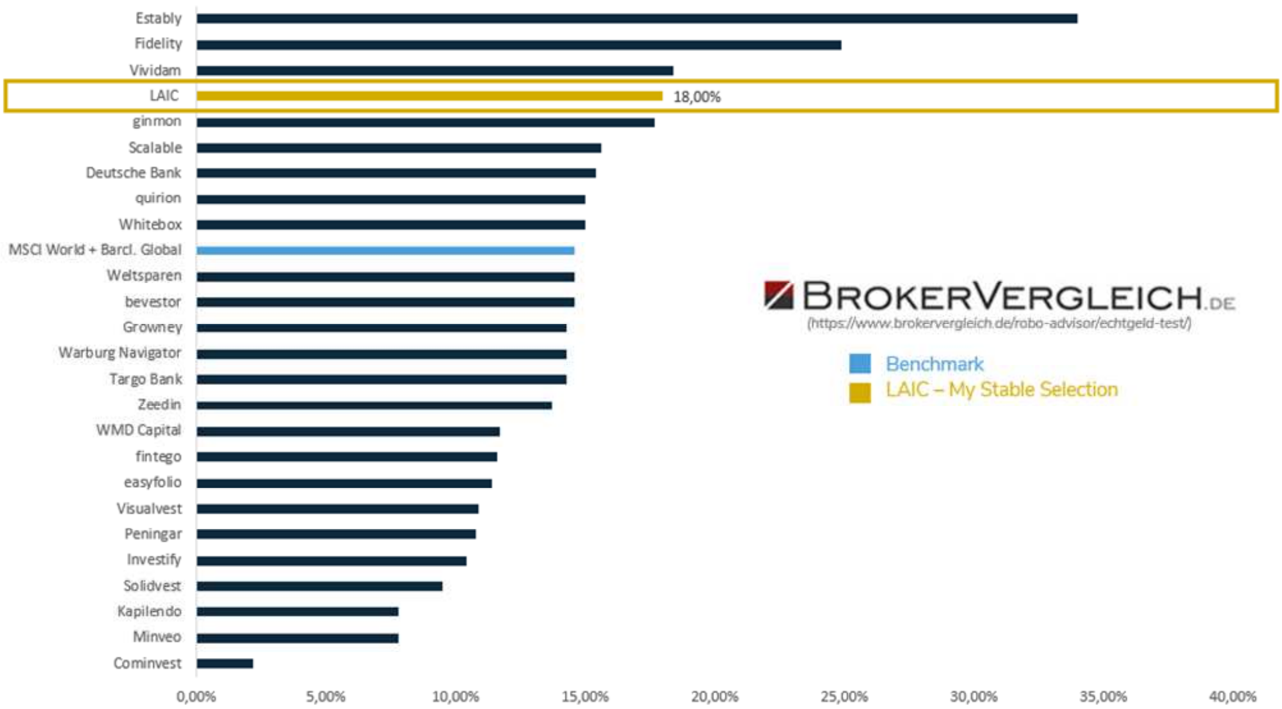
Figure 10: LAIC advantage against classic robo-advisors

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, DEWB, LFAG

LAIC demonstrated its superior performance in the crisis year 2020 Considering that the performance of the robo-advisor ultimately determines its success and market demand, LFAG invested significant efforts in maximising its performance. Already in the testing stage during 2019, LFAG claimed that LAIC significantly outperformed its robo-advisor peers. Following completion of development and testing, the company launched its LAIC robo-advisor to clients in April 2020. According to the robo-advisor performance monitoring portal Brokervergliech, during the crisis year 2020, LAIC was among the top robo-advisor performers, delivering a +22.5% return over the period 01.05-30.12.20, slightly behind Estably with +25.9%, and followed by Fidelity with +20.2%. A recent update by Brokervergleich for the period 01.05.2020-31.03.2021 showed that LAIC's performance weakened slightly, achieving fourth place with a return of +18.0%, exceeded only by Estably, Fidelity and Vividam. This peer comparison suggests that LAIC's performance is very competitive compared with the main players in this industry (see figure 11).

Figure 11: Comparisons of robo-advisors with real money deposits



Source: First Berlin Equity Research, LFAG, Brokervergleich (period 01.05.2020 – 31.03.2021)

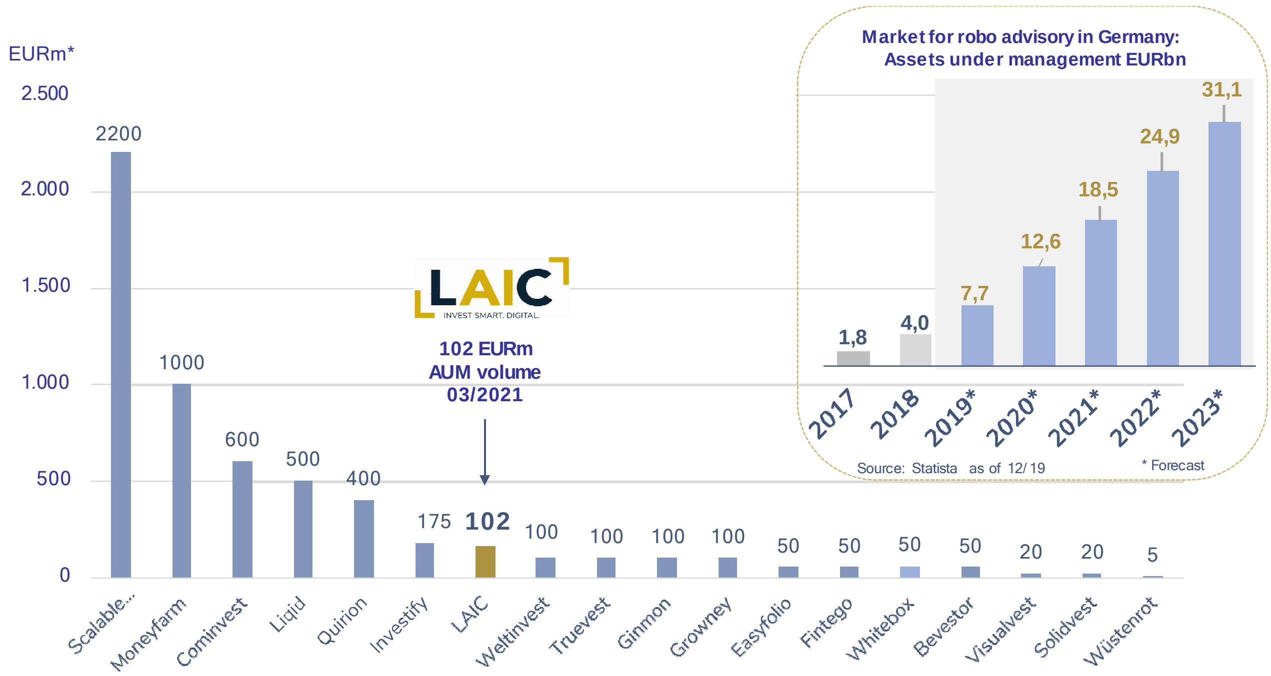
GERMANY – ROBO-ADVISORY COMPETITIVE ENVIRONMENT

German robo advisory market shows strong growth dynamic… According to Deloitte and Statista, the robo advisory market shows a strong growth dynamic (see figure 12 overleaf). Their takeover of the classic field of wealth and asset management represents an emerging industry trend. Robo-advisors are cheaper than asset management specialists and are very scalable. They can thus serve customers with small accounts at a very low cost and also advise a larger number of clients with minimal additional costs. According to Bankinghub, the European market had about €14bn AUM in 2018. UK was the largest market with AUM of €5bn, followed by Germany with AUM of about €4bn. German AUM are projected to grow strongly to €31.1m by 2023 (source: Statista).

…with about 30 players chasing market share and customers The German robo advisory market is relatively crowded and competition is increasing, with about 30 players in the market. In 2020, the strongest player was the Fintech Scalable Capital with AUM of about €2.2bn backed by strong partners such as Barclays, ING Germany, Targobank and Baader Bank. In second place was the Italian Fintech Moneyfarm, which had AUM of about €1bn backed by its principal investor Allianz. In early 2021, Moneyfarm closed its German asset management business. Cominvest, the robo-advisor of Commerzbank's direct bank Comdirect, holds the third place with AUM of about €600m.

Main players are Fintechs or digital arms of financial institutions Some of the relevant players are independent Fintechs such as Scalable Capital, Liqid, Investify or Whitebox, or digital applications within the omnichannel offering of private banks such as Quirion from Quirin Privatbank, of large-cap banks (Commerzbank's Cominvest) or the digital arms of traditional asset management firms (Lloyd Fond's LAIC or DJE Kapital's Solidvest). We give an overview of the main players in figure 12.

Figure 12: Competitive environment of robo advisory in Germany



Source: First Berlin Equity Research, LFAG, Statista

FINANCIALS

Strong FY/20 financial figures,… Despite the challenging economic environment in the pandemic year 2020, LFAG delivered a sound financial performance. Total group revenues increased by 238% YoY in FY/20 and amounted to €27.7m (FY/19: €8.2m). Revenue growth was chiefly driven by the consolidation of the acquired company SPSW, as well as by the positive performance of its asset management business. AUM increased from €1.1bn in FY/19 to €1.7bn in FY/20. About 80% of the AUM increase was due to the consolidation of SPSW, the remaining 20% was pure organic growth. LFAG typically charges a management fee (i.e. 0.25-2.40%) and a performance fee (i.e.15-20% above a hurdle rate).

…with the company's funds achieving a top performance as well LFAG's funds delivered excellent returns in FY/20, resulting in high ratings by the funds rating agencies Morningstar and Citywire (see figure 13 overleaf). As a result, the company generated substantial performance fees in the double-digit Euro range. The LAIC Fintech business achieved AUM of €50m, which however jumped to €102m at the end of March 2021.

Figure 13: LFAG's funds performance in FY/20 and awards by rating agencies

Fund	Performance	Morningstar	Citywire	Awards
A AVS Lloyd Fonds – Active Value Selection	+27,44% Perfomance in 2020	Morningstar: 5 years among best 2% of the peer group	Citywire: 5 years: place 1 of 60	
A EHC Lloyd Fonds – European Hidden Champions	+71,05% Perfomance in 2020	Morningstar: 1 year among best 1% of the peer group	Citywire: 5 years: place 1 of 88	FUND AWARD 2021 €uro €uro BÖRSE; CITYWIRE AAA
A GDW Lloyd Fonds – Green Dividend World	+7,74% Perfomance in 2020	Morningstar: 1 year among best 5% of the peer group	Citywire: 3 years: place 1 of 66	WWF PARTNER FÜR NACHHALTIGERE INVESTMENTS; LLOYD FONDS Aktiv. Mehr. Wert.
M WHC Lloyd Fonds – W H C Global Discovery	+22,68% Perfomance in 2020	Morningstar: Since launch among best 1% of the peer group	Citywire: 5 years: place 1 of 40	MORNINGSTAR ★★★★★
M GMAS Lloyd Fonds – Global Multi Asset Sustainable	+11,66% Perfomance in 2020	Morningstar: Since launch among best 2% of the peer group	Citywire: 5 years: place 20 of 255	MORNINGSTAR ★★★★★
R SYO Lloyd Fonds – Special Yield Opportunites	+3,04% Perfomance in 2020	Morningstar: Since launch among best 24% of the peer group	Citywire: 5 years: place 3 of 55	
R ADO Lloyd Fonds – ASSETS Defensive Opportunities	+0,38% Perfomance in 2020	Morningstar: Since launch among best 14% of the peer group	Citywire: 5 years: place 2 of 72	FUND AWARD 2021 €uro €uro BÖRSE; MORNINGSTAR ★★★★★

Source: LFAG and rating agencies

EBITDA came in at €7.0m (2019: €-9.7m), equating to a healthy EBITDA margin of 25.3%. Based on net revenues of €26.6m, EBITDA was even higher at 26.1%. The net financial result amounted to €-6.2m in 2020 compared to €5.9 in 2019. This change can be chiefly explained by the higher non-cash expense due to the performance-based price increase of the SPSW acquisition. Financial results in 2019 benefited from the disposal of the "real estate portfolio in Cologne". Following the positive effect of deferred taxes €4.0m (2019: €5.0m), LFAG reported a net profit of €1.0m, (2019: €-0.1m) corresponding to €0.05 per share (2019: €-0.01).

Table 2: Overview of Lloyd Fonds key financial metrics

€m	2016	2017	2018	2019	2020
Assets under management (liquid assets)	n.a.	n.a.	0	1,060	1,660
Sales	9.50	7.50	7.90	8.20	27.70
Y-o-Y growth	n.a.	-21.1%	5.3%	3.8%	237.8%
EBITDA	1.30	1.00	-1.80	-9.70	7.00
margin	n.a.	n.a.	n.a.	n.a.	25.3%
EBIT	0.80	0.50	-1.80	-10.90	3.20
margin	8.4%	6.7%	-22.8%	-132.9%	11.6%
Net profit	3.2	1.4	-1.5	-0.1	1.0

Source: LFAG

Solid cash position LFAG's 2020 balance sheet total was €113.7m in FY/20 (FY/19: €104.8m). The company reported a cash position of €6.5m (FY/19: €9.2m), which in view of the company's positive EBITDA, suggests sufficient funds to finance ongoing operations. To finance LAIC's business expansion, LFAG intends to conduct a 2021 financing round in the form of blockchain-based economic participation rights (so-called "LAIC tokens") in an amount of up to 10% of the share capital of LAIC Capital GmbH. The issuance of LAIC tokens to exclusively professional and semi-professional investors is expected to provide funds in the mid-single-digit million Euro range. Total liabilities (ST+LT) increased to €19.0m in FY/20 (FY/19: €14.8m), chiefly through the placement of convertible debt.

Outlook – AUM >€7bn by 2024 and EBITDA margin >45% The business growth dynamic continued during Q1/21. LFAG's AUM increased in Q1/21 by approx. 11% to almost €1.9bn (End of FY/20: €1.7bn). In connection with the sound performance of its funds in Q1/21, the company generated performance fees of approx €3.0m which suggests that FY/21E is on track to be a strong year. In FY/21E, the company also plans to acquire a second wealth management company to expand the LF-Assets business. Management confirmed the positive outlook to achieve AUM >€7bn by 2024 with an EBITDA margin on net sales >45% (after 26.1% in FY/20):

We see LFAG well positioned for further growth We believe LFAG has a competitive business model, which may enable it to generate positive returns for investors. Management's positive outlook suggests substantial business growth over the next few years, which may positively impact the company's valuation.

INVESTMENT 2: AIFINYO – DIGITAL FINANCING SPECIALIST

Aifinyo – 5% stake

MAXIMISING THE HOLDING'S BUSINESS PERSPECTIVES THROUGH A MERGER

DEWB guided its factoring Fintech holding Decimo GmbH to a combination with its ~5x larger (sales basis) peer aifinyo AG In 2019, DEWB's investment Decimo announced its merger with the listed company aifinyo. aifinyo's valuation was determined at ~4x Decimo's. The merger was conducted as a contribution in kind by Decimo to aifinyo, whereby Decimo was absorbed by aifinyo. Decimo's shareholders received a 25% stake in aifinyo AG, and DEWB obtained a 5% participation for its 19.9% stake in Decimo. DEWB's management recognised the significant synergies from a potential merger of the two highly complementary companies, and took the step of introducing management of both companies for initial discussions. While the established aifinyo group had strength in innovative approaches to the traditional financing business (i.e. factoring, finetrading, leasing and debt collection), the factoring Fintech Decimo had a unique technology platform developed and tested over several years, making a great "Fin"-"Tech"-match. The transaction was completed in January 2020.

Decimo chiefly contributed with its Tech-expertise – and financed an invoice volume of ~€50m by 2019 Founded in 2012, the Berlin-based Fintech Decimo developed a powerful, highly scalable, fully automated technology platform to offer online factoring services. The platform had an intuitive online interface and a modern risk assessment system, which offered the target client group of small and medium enterprises (SMEs) and freelancers a factoring line within 24 hours. In 2014, Decimo obtained its license from the German Federal Financial Supervisory Authority as a factoring institution and subsequently launched its online services (https://www.rechnung.de/). DEWB took a 16.7% stake in 2016, which it increased to 22.9% two years later in connection with a €12m capital increase. By 2018, Decimo showed strong growth and was able to win important distribution partners and sales multipliers such as the insurance group AXA. In 2019, Decimo handled >100k factoring invoices (+50% YoY), and the total financed invoice volume increased to almost €50m (+~60% YoY). In the same year, DEWB's shareholding shrank to 19.9%, since it did not participate in the 2019 capital increase conducted to replace old shareholder agreements and employee shareholdings in connection with the merger with aifinyo,

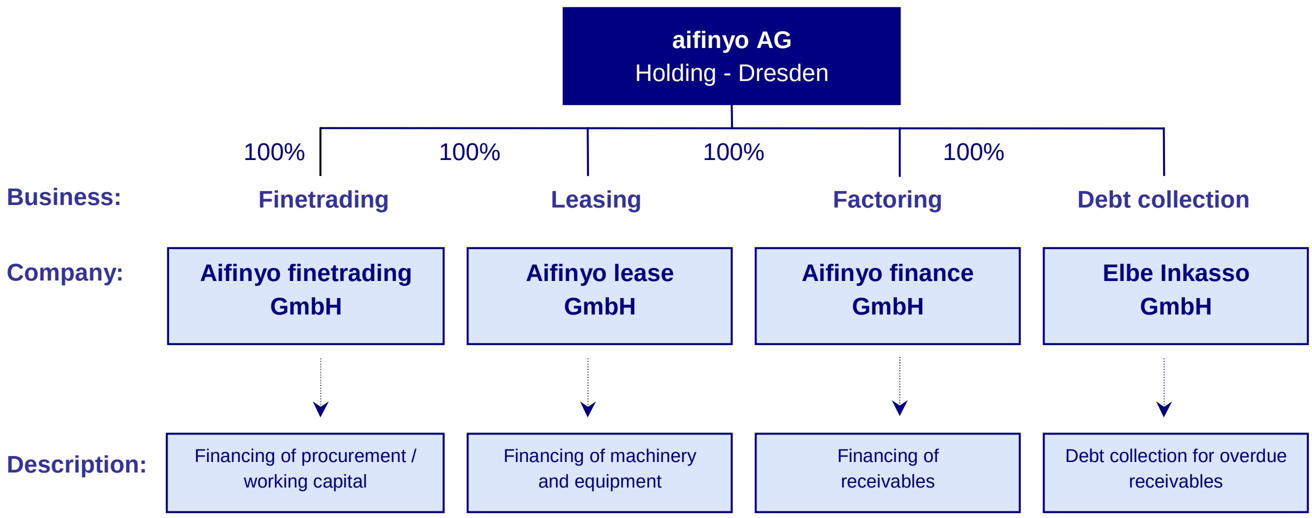
aifinyo mainly provided the Finance-expertise – and financed an invoice volume of ~€270m by 2019 Elbe Finanzgruppe GmbH (name and corporate changed in 2019 to aifinyo AG) was founded in 2012 in Dresden as a financing service provider independent of banks. The company built up a broader product portfolio offering individual financing solutions in the areas of factoring, finetrading, leasing, and debt collection, but addressed the same customer group as Decimo. In 2018, aifinyo conducted its IPO on the m:access stock exchange in Munich. In 2019, aifinyo handled a financing volume of around €270m (+26% YoY). Digitisation had a progressively stronger role in aifinyo's growth strategy, which is why Decimo was an ideal merger partner.

Merger resulted in synergies, added critical mass and strengthened their joint market position Decimo's team will focus on expanding the technology platform to the broader financing product portfolio of the combined company aifinyo AG. Besides the complementary alignment of both companies, the merger increased critical mass and market position with jointly more than 2,000 active customers and an annual financing transaction volume of ~€320m in 2019.

OVERVIEW OF AIFINYO'S STRUCTURE, STRATEGY AND BUSINESS MODEL

Structure The aifinyo group is structured in four core business units offering the following financing services: factoring, finetrading, leasing and debt collection. Each business is carried out in a separate subsidiary.

Figure 14: aifinyo's structure



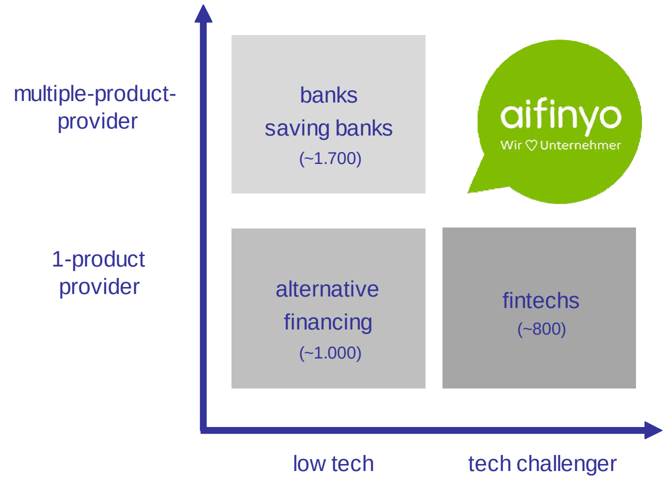
Source: aifinyo AG

Business strategy: one-stop-shop to provide liquidity to SME's and freelancers Following the merger, the aifinyo group aims to become a leading, bank-independent, digital financing service provider for SMEs and freelancers. Most of aifinyo's target clients generate sales <€100k and have relatively small financing requirements. This customer group is unserviced and neglected by banks and other large financial institutions which require larger transaction volumes. aifinyo has implemented a one-stop-shop approach offering a wide product range. This strategy provides a competitive advantage against its peers. The company benefits from cross-selling opportunities among its businesses, increasing the potential revenue per client.

Powerful platform The core of the business is the internally-developed risk analysis tool powered with artificial intelligence algorithms to quickly and cheaply rate the clients' risk. This tool is accessed by aifinyo's potential clients via the online platform, allowing for a rapid decision on providing them with liquidity. In the case of working capital financing, the company retains rights on the inventory until complete payment. The platform is capable of also handling clients' entire accounting process, including preparation, administration and debt collection.

Well-positioned in a highly fragmented market The financing market in Germany is crowded and highly fragmented, comprising about 3,500 financial players, of which ~1,700 are banks/saving banks, ~1,000 are alternative financing institutions and ~800 are Fintechs. Aifinyo differentiates itself through a combination of high-tech expertise and a wide product range (see figure 15).

Figure 15: aifinyo's competitive position



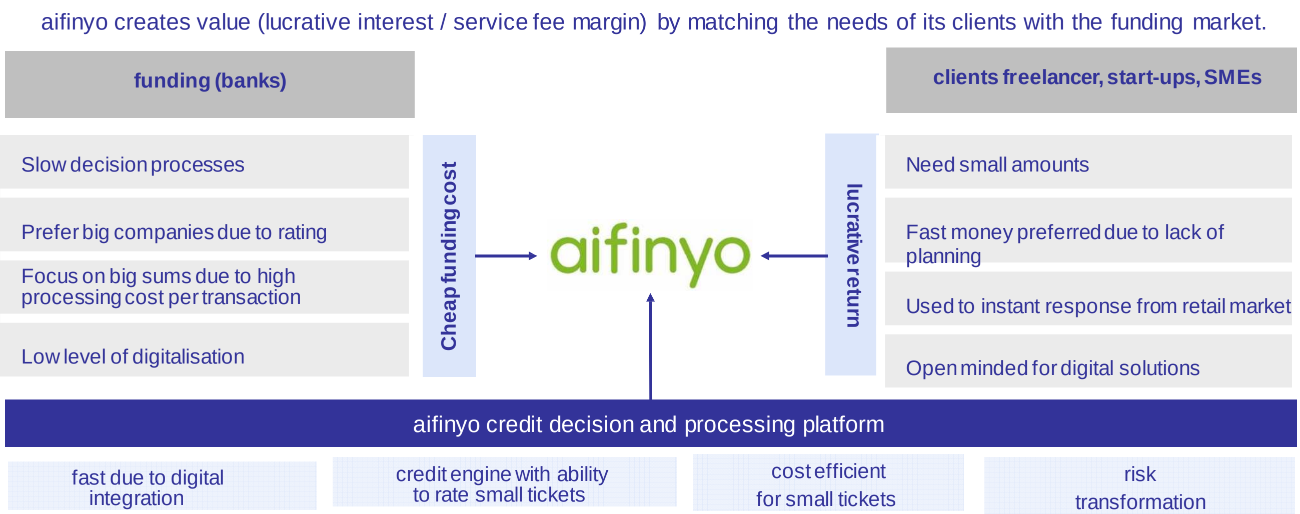
- aifinyo is well positioned, due to product range, size and tech focus

- highly fragmented market, huge number of competitors, presure on consolidation
- banks lack technology and focus, regulatory burden
- alternative financing peers lack product range and small sum expertise
- fintechs are mainly too small to afford the platform cost and lack product range

Source: aifinyo AG

Business model aifinyo acts as a financial intermediary, which sources cheap funding from cooperating banks in the form of a loan and charges a highly lucrative interest rate on the financing it provides to its clients. Its digital platform allows a quick and efficient credit rating for even the small sums the company provides.

Figure 16: Business model

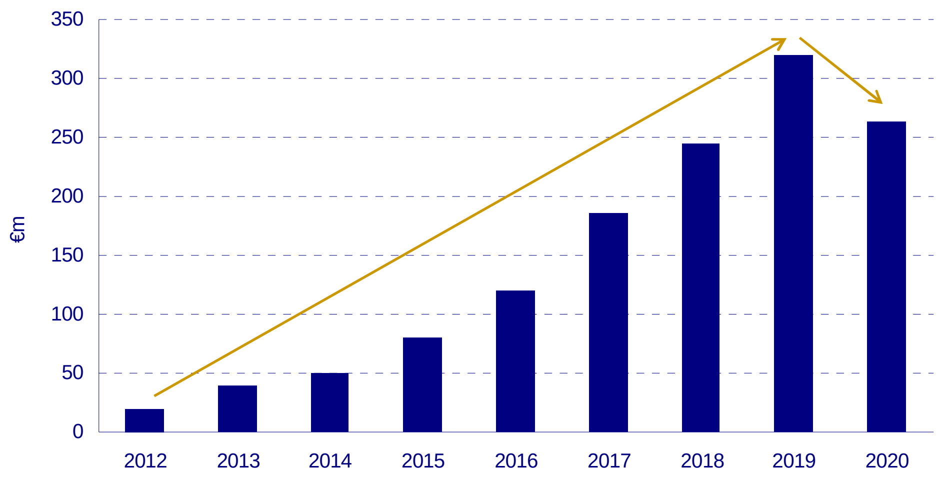


Source: aifinyo AG

FY/20 RESULTS: BUSINESS TEMPORARILY HIT BY COVID-19

FY/20's financed transaction volume down by 18% Due to the Corona pandemic and its impact on aifinyos's relevant customer groups, freelancers as well as small businesses, the company reported a decline in the financed transaction volume — the first in its history. This figure dropped by 18% from €320 in FY/19 to €263m in FY/20. This was a sharp decline, considering that the firm has been growing by 30 to 50% p.a. in recent years.

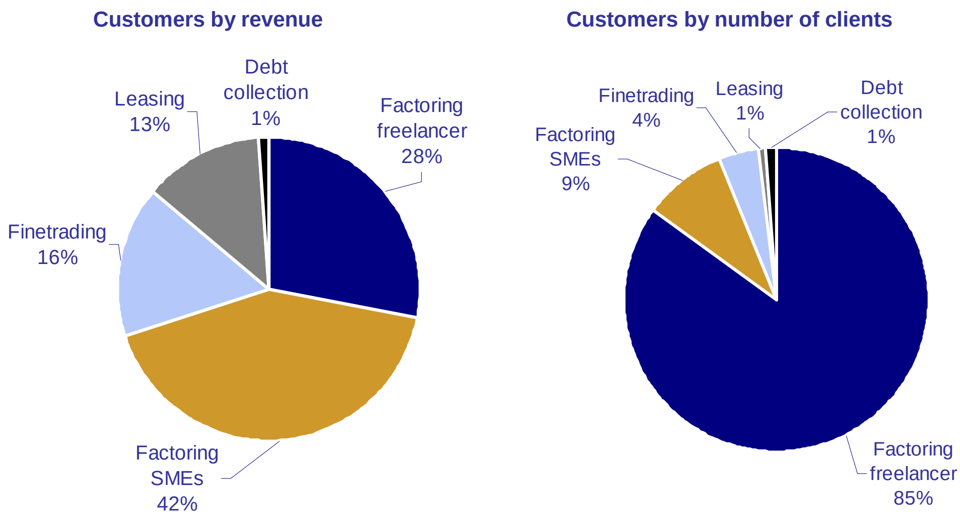
Figure 17: aifinyo's transaction volume 2012-2020



Source: aifinyo AG

FY/20 preliminary figures showed a significant sales decline… Sales dropped by 27% to €32m (FY/19: €44m). This decline was connected to lower revenues in the areas of leasing and factoring for freelancers. Freelancers were strongly affected during the corona pandemic. Freelancers represent 85% of total clients by number. They contributed about 28% of 2019 revenues (see figure 18). Customer numbers in the e-commerce, technology, and healthcare segments developed positively in H2/20, compensating somewhat for the sales shortfall.

Figure 18: Customer segments based on 2019 figures



Source: aifinyo AG

…and a net loss The company reported a net loss of €3.5m (FY/19: net profit of €0.2m before the merger). Besides lower revenues, OPEX included unusually high losses on receivables (€1.8m) and significantly higher provisions for risk (€1.0m) due to the negative impact of the corona pandemic.

Measures taken by aifinyo to deal with risks from the pandemic Following the pandemic's breakout, aifinyo rapidly adjusted its lending criteria. The company's portfolio has a short term duration, with ~80% of the portfolio having an average remaining lifetime of below 2 months (e.g. factoring has an average remaining lifetime of ~1 month). The company was thus able to reduce risk positions very quickly, especially in the sectors particularly affected by the pandemic. According to management, risk costs were already significantly lower in H2/20.

Figure 19: Negative business impact of COVID-19 and measures taken by aifinyo

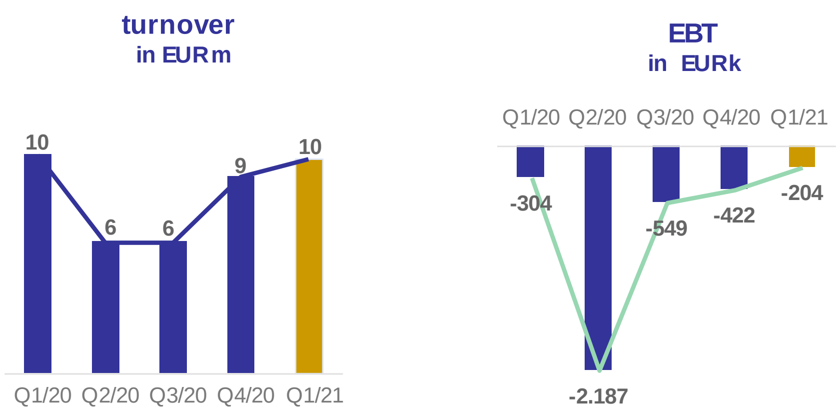
short term impacts	action undertaken
Target customers had less turnover	Reduction of exposure in struggling industries
Less need for working capital financing	Increase in credit standards / collateral
Few investments by (cautious) clients	Focus on short term maturities
Huge competition by state banks (KFW)	Price adjustments due to higher risk
Higher default rates	Active decrease of credit / risk portfolio

Source: aifinyo AG

FY/20 capital increases led to stronger equity position Total assets fell by 36% from €50.3m to €32.2m, chiefly related to weaker business and the corresponding lower receivables from clients on the assets side, as well as from lower debt from banks on the passive side. In December, the company completed a capital increase raising €1.9m in FY/20. When combined with the effect of lower total assets, the equity ratio including subordinated capital increased to 20% (FY/19: 14%).

Q1/21 results reinforce signs of a recovery process started in Q4/20 In Q1/21, aifinyo reported revenues of €9.8m, which was slightly better than Q4/20 and close to pre-Corona levels (Q1/20: €10m). Profitablity also improved with the EBT-loss declining from €-2.2m in Q2/20 and €-0.4m in Q4/20 to €-0.2m in Q1/21 (see figure 20 below).

Figure 20: Quarterly financial performance in FY/20 and Q1/21



Source: aifinyo AG

We view FY/21E as somewhat challenging, but a return to the pre-pandemic level by FY/22E is likely Following the merger, aifinyo achieved a stronger competitive position in its market. Unfortunately, the company has a large exposure to freelancers who typically have comparatively fragile financial positions and a strong dependence on the economic environment. This makes aifinyo vulnerable to the government's management of the pandemic and a potentially slow or partial economic recovery. It is difficult to predict the company's future performance. At present, we believe FY/21E may remain a challenging year for the company. Recent strategic measures such as the cooperation with HalloFreelancer, a subsidiary of the Hamburg-based company New Work SE (formerly XING SE), may increase the chance that FY/22E returns to a growth dynamic comparable to before the pandemic.

INVESTMENT 3: NEXTMARKETS – ZERO-COST NEOBROKER

DEWB took a small undisclosed position in Nextmarkets AG In March 2021, DEWB invested an undisclosed amount in the German private neobroker Nextmarkets AG as one of the investors in a USD 30m funding round. Nextmarkets AG intends to use the proceeds to fund its European expansion. Besides DEWB, renowned investors such as Alan Howard (founder of Brevan Howard Asset Management LLP), and Christian Angermayer (serial entrepreneur and owner of the family office Apeiron Investment Group, and co-owner of the fund Cryptology Asset Group), participated in this Series B financing round. In previous fundraising rounds, Nextmarkets attracted investors of the calibre of Peter Thiel (technology entrepreneur and investor, co-founder of Paypal), FinLab and Axel Springer. According to FinanceFwd, the pre-money valuation of the company at the time of the transaction was about USD70m, which is relatively low compared to some of the European peers. In comparison, Trade Republic recently raised USD 900m at a valuation of USD 5bn, and Scalable Capital shows a valuation of ~€450m. Companies preparing IPOs include the Israeli eToro which is expected to be valued at ~€10bn, and the US peer Robinhood valued at USD11.7bn during the last funding round. – Robinhood shares trading in the pre-IPO secondary market reflect a company valuation of ~USD40bn - (sources: FinanceFwd, FAZ, Techcrunch, Quartz, Rainmaker Securities). Based on Nextmarkets' transaction profile, we estimate DEWB invested a low single-digit euro amount for a stake <5%.

OVERVIEW OF THE COMPANY

Profile – zero cost, expert-curated, online trading provider Nextmarkets is a German innovative FinTech company offering private investors commission-free online brokerage services accompanied by expert-curated investment advice.

Nextmarkets provides its clients free advice from experts to improve their trading success The company was founded in 2014 in Cologne by the serial entrepreneur brothers Manuel und Dominic Heyden, who previously founded and successfully exited the social trading start-up Ayondo. In social trading, clients follow the investment strategies of successful unprofessional participants, so-called street investors. According to market statistics, about 80% of private investors are losing money. Therefore, in their subsequent venture, Nextmarkets, the Heyden brothers decided to improve their clients' success rate by providing them free access to professional asset managers, analysts and traders. They would act as 'trading coaches', and would educate and guide them on basic principles of investing. The company currently has 22 trading coaches on their trading platform, giving out up to 300 real-time trading recommendations per month across seven asset classes.

The user-friendly interface allows the easy-replication of either a single trade or the entire strategy of selected trading coaches These technical features are the fundamental reason for the platform's appeal to young customers and for Nextmarkets' high customer loyalty and activity (number of trades per user). At present, a third of Nextmarkets' customers are trading based on recommendations within the app, a third are acting on their own strategy, and a third use a mixture of both. In the survey undertaken for the Bitkom Digital Finance Report 2020, 69% of respondents stated that "an advisor's input is absolutely key to making good investment decisions." Providing professional advisory services for trading stocks can limit risks, particularly for inexperienced users.

Innovative technology platform offers cost-free trading for a broad range of products Nexmarkets developed a highly automated technology platform specifically for the banking backend and a user-friendly front end including the Web Trader and the mobile apps. This platform allowed the company to engineer Contracts for Difference (CFDs) for a broad product universe of over 8,000 securities, share indices, ETFs, cryptoassets and commodities. A CFD is a type of derivative contract such as a future, option or a swap. The users do not buy the underlying physical security but close a contract whereby the differences between the opening and closing trade prices are cash-settled. The purchaser of Nextmarkets' CFD can choose the amount of leverage on the underlying security up to a ratio of 5 to 1, and can opt for going long or short. Speculative leverage has to be used carefully by private investors. Through its CFD products, the company saves stock exchange trading costs. The client benefits from commission-free trading, and the company cashes in 100% of the usual bid-offer spread (difference between the buying and selling prices) from the broker/market maker. In October 2020, the company also expanded its zero-cost product offering to more than 7,000 physical shares and 1,000 ETFs via cooperation with the gettex stock exchange in Munich. These products target private investors who want to possess the physical shares, visit the AGM, etc. Here the company receives a rebate or payment for order flow from the stock exchange on which the orders are executed. CFDs will undoubtedly be the most lucrative business for Nextmarkets.

Banking license obtained by its 100% subsidiary in Malta Headquartered in Cologne, the company has subsidiaries in Portugal and Malta. Through the subsidiary in Malta, the company has a banking license and can offer securities trading and act as a portfolio manager across Europe. Because Malta is part of the EU, similar regulations apply there as in most of the other countries. Notably, the license allows the company to conduct fast product innovation without dependence on typically inflexible banks as cooperating partners for licensing purposes.

Strategy foresees geographical and portfolio expansion The company will focus its funds and resources on rapidly expanding to other European countries and acquiring new customers. The company already has a presence in the UK and Austria. In December 2020, the platform was also launched in France, Spain, Italy and Portugal. Nextmarkets also intends to expand its product offerings. A recent example is the launch of physical trading for shares and ETFs.

COMPETITIVE ENVIRONMENT

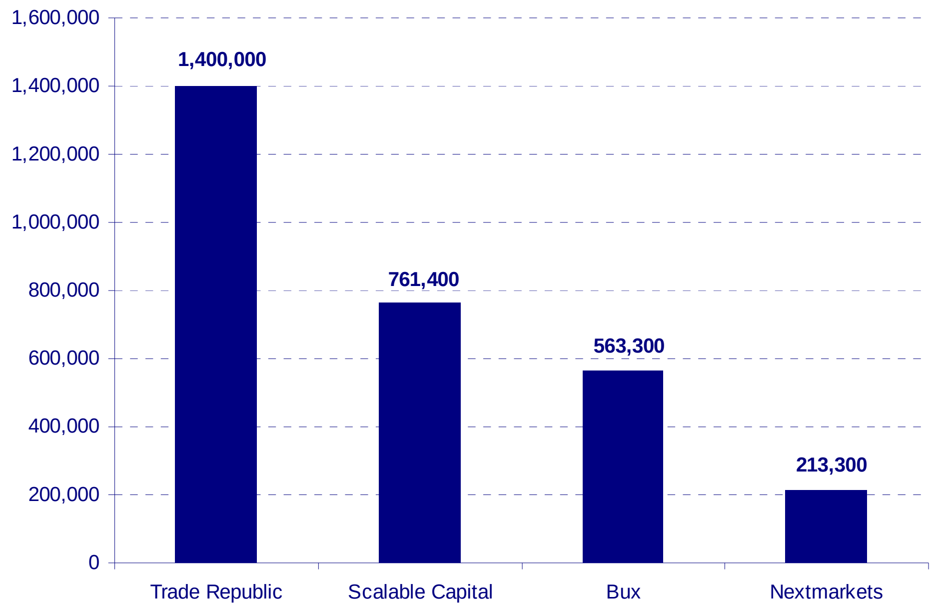
Strong appetite for app trading by young private investors The recent trend of trading on stock markets via apps reflects the growing interest of private investors. Like social media apps, they are addressing a young target group between 25- and 35-years of age who, besides access to stock trading, also seek a new kind of user experience. Typically, users do their own research outside of the app, using articles, forums and social media, or follow recommendations of successful investors (e.g. social trading). The low-interest-rate government policies and COVID-19 pandemic have accelerated the growth dynamic of private investment in this field.

Robinhood and eToro, with sound US presence, are the global market leaders The US social trading Neobroker Robinhood, founded in 2013, launched its app in 2015 and became one of the pioneers in democratising stock market trading by offering it commission-free to small private investors. In 2020, the company achieved order flow revenues of USD682m (+514% YoY), and had ~20m users. Robinhood has raised funds of ~USD5.6bn thus far. In early 2021, the company cancelled its plans to enter the UK and European markets to focus on its home market. The social trading neobroker eToro, initially founded in 2007 as RetailFX in Israel, launched its app in 2010 and is presently operating in 140 countries, including the US and Germany. The company has raised funds of ~USD272m in over 12 rounds, and claims to have ~20m users.

Five European players aiming to capture share in the European region The European trading market is still young, competition is gaining traction and will likely intensify in the coming years. According to market players' statistics, ~85% of European households assets are in bank accounts with either zero or negative interest rates, suggesting substantial investment potential in capital markets.

The leading relevant European players are the social trading platforms Bux, Trading212, and Trade Republic, the curated-trading platform Nextmarkets, and the robo-advisor-supported trading platform Scalable Capital. Based on the total number of app downloads, Trade Republic, Scalable Capital, and Bux seem to be well ahead of Nextmarkets (see figure 21 below). However, Nexmarkets is catching up, showing a sharp increase in downloads in Q1 2021. Moreover, Nextmarkets' users are very active, which is reflected in a high number of trades.

Figure 21: Total number of downloads on relevant trading apps



Source: Finance Forward from Airnow Data

We provide some relevant information on the main European players:

- The Netherlands-based Bux was founded in 2013, is active in 9 European countries, including Germany, has over 2m users and has raised ~USD35m over 7 financing rounds.

- The UK based-Trading212 was founded in 2004, claims to be the market leader in its home country, and reported about 1.4m users.
- The German player Trade Republic was founded in 2015, and has raised funds of USD 995.5m. It launched the app in 2019, generating 250k trades. The company may have more than 1m users.
- The German Nextmarkets was founded in 2014. It may have achieved 1.2-1.7m trades in 2020 and has raised funds of USD 43m so far.
- The German Scalable Capital offers a digital wealth management service, using its proprietary robo-advisor platform that allows people to make online investments into digital portfolios that suit their risk appetite. Scalable Capital was founded in 2014 and has raised funds of €112m.

Nextmarkets shows a strong product and technology offering Nextmarkets chiefly differentiates from the peer group through its curated-investment feature, its innovative technology platform allowing for broad product offerings, ownership of its banking license, its lean corporate structure, and the availability of an easy switch from physical stock to CFD leveraged trading (peers typically have separate platforms for CFDs and physical securities). We give an overview of the peer group comparison in figure 22.

Figure 22: Overview of the company's competitive position

	Trade Republic	Scalable Capital	robinhood	BUX	Trading 212	eToro	n^3
Trading Offering							
True zero-commission trading*	⊘	⊘	✓	✓	✓	✓	✓
Available across Europe (KYC, tax, multi-currency etc.)	⊘	⊘	⊘	✓	✓	✓	✓
More than 7,000 Shares and 1,100 ETFs available	✓	✓	⊘	⊘	⊘	⊘	✓
Platform							
All licenses: banking, portfolio management & invest advice	⊘	⊘	⊘	⊘	⊘	✓	✓
In full control of own technology	⊘	⊘	✓	⊘	✓	✓	✓
One slider away: Seamless for users to level up from regular stocks to leveraged CFDs**	⊘	⊘	⊘	⊘	⊘	⊘	✓

Source: Nextmarkets AG

BUSINESS PERFORMANCE

Platform growing at CAGR of 221% since launch in June 2018 As a private company, there is little visibility on the financial performance of Nextmarkets. The company reported achievement of record figures in the first quarter 2020, triggered by the increased capital market volatility and the launch of further innovative app features. The company expected that its platform would conduct a total of 1.2 to 1.7m trades in 2020. Since the platform launch in June 2018, the company has indicated that executed trades achieved a CAGR of 221%. Also, compared to Q4 2019, the trading volume more than tripled in Q1 2020.

Company well positioned to expand in Europe Following recent funding, and the current expansion-implemented measures, we see a good chance that Nextmarkets can capture an important stake of the European trading market. However, competition is intensifying, and it remains unclear how well the company will prevail against its peers.

INVESTMENT 4: STABLETON – MARKETPLACE FOR ALTERNATIVE INVESTMENTS

DEWB took an undisclosed position in Stableton Financial AG On 2nd June 2021, DEWB announced the investment of an undisclosed amount in the young Swiss digital marketplace company Stableton Financial AG in connection with an oversubscribed seed financing round. DEWB acted as lead investor and Mr Köhler (DEWB's CEO) joined Stableton's Board of Directors. We believe DEWB took a <15% stake in the company.

OVERVIEW OF THE COMPANY

Profile – One-stop-shop for alternative investments Stableton is a Zurich-based Fintech company offering financial products to qualified financial intermediaries such as wealth managers, private banks, and family offices, as well as qualified individual investors. Using a digital platform, clients access attractive alternative investments including venture capital, private debt, and real assets. The company was founded in 2018 by four highly experienced managers and alternative investment specialists from the private equity, hedge fund, and banking industries. Mr Andreas Bezner (Managing Partner, Co-Founder), a successful serial entrepreneur and active venture investor, founded the company with Konstantin Heiermann (Managing Partner, Co-Founder). A few months later, Carmine Meoli (Investor Solutions and Distribution Manager) and Vinzent Zerner (Business Development Manager) also joined Stableton as Co-Founders.

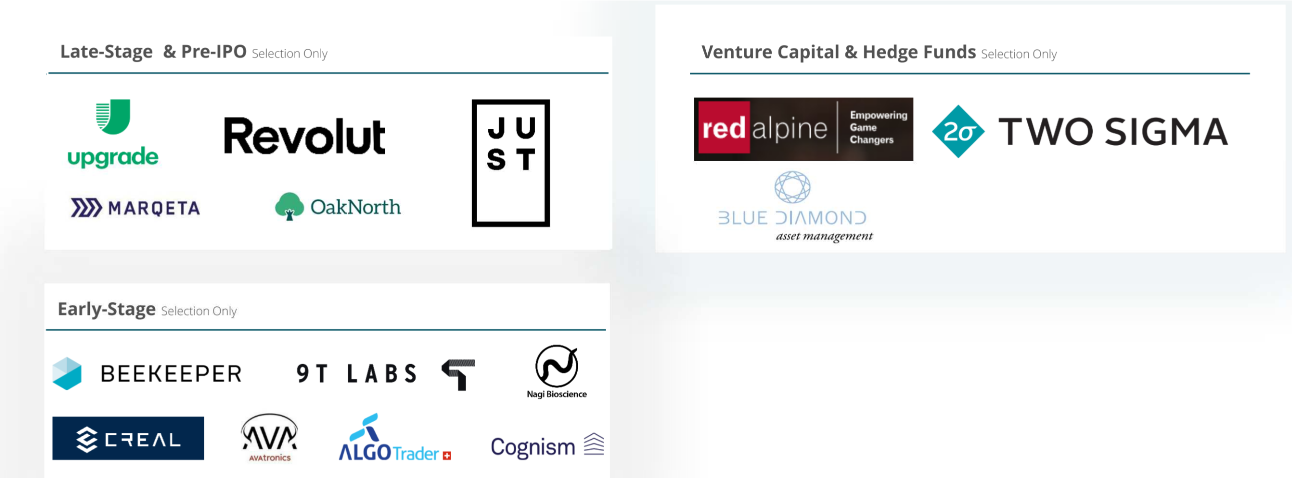
What are alternative assets? Alternative assets (Alternatives) comprise those which are in private hands and are not publicly available in capital markets (such as stocks, bonds, or derivatives). According to the Alternatives-specialised data provider Prequin, there are seven main Alternatives asset classes: 1) private equity, 2) Venture Capital, 3) Hedge Funds, 4) Private Debt, 5) Real Estate, 6) Infrastructure, and 7) Natural Resources. These investments are typically less liquid than public assets and require longer investment timeframes to realise value gains.

Alternatives have generated attractive returns… Alternative assets have been able to provide attractive risk-adjusted returns over the medium term, particularly during a difficult market environment. This characteristic has attracted investor interest to further diversify their portfolios by investing in this asset class.

…but are difficult and expensive to access Accessing this sophisticated asset class is associated with several hurdles, such as a high minimum investment, little transparency, expensive costs, time-consuming due diligence and paperwork, and high deal-related consulting fees, which mostly only large institutional investors can afford.

Stableton offers a selected portfolio of Alternative assets… A combination of expertise and technology enables Stableton to offer a digital marketplace with a carefully curated product offering. The company has a strong competence and network in Alternatives. Investors gain access to the company's industry-leading expertise to source and identify alternative investment opportunities directly and across its network of deal-sourcing partners. The company conducts its research and due diligence to pick the most promising investments and include them in its product portfolio. Stableton additionally provides regular reporting to increase transparency. In the private equity and venture capital verticals, the company has a focus on late-stage investment opportunities which are up to 2-5 years before IPO, but it also has some offerings in earlier stages.

Figure 23: Overview of some relevant product portfolio examples



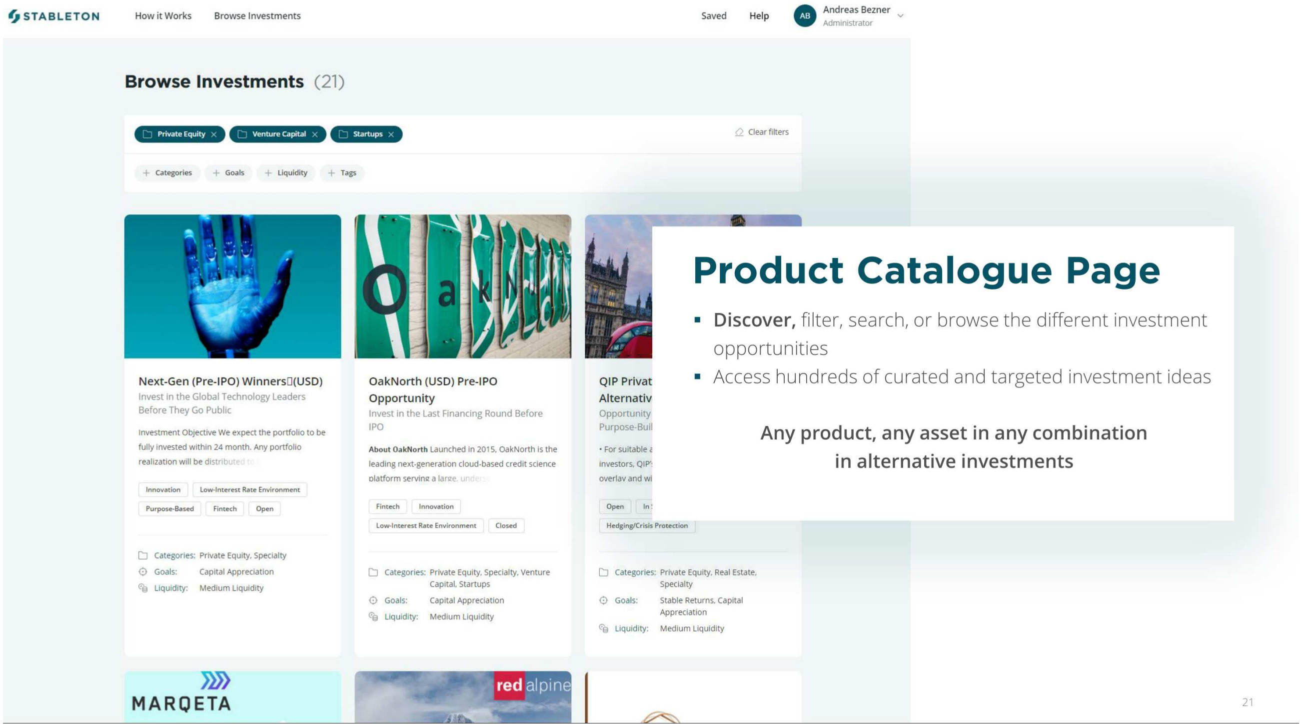
Source: Stableton

…which attends to the needs of financial intermediaries Typical investment opportunities in Alternatives for institutional investors start at about CHF500k, which is by far too high for a financial intermediary. An average wealth manager overseeing a CHF100m fund could be interested in investing ~5% of its fund or ~CHF5m in a portfolio of Alternatives, which could include ~10 single investments, equating to CHF500k per investment. He or she would then split this investment over his clients, for example 20-100, requiring investment amounts of 5k-25k. Some financial intermediaries with smaller funds/larger number of clients require much smaller sums. Assets also need to be identifiable through an international security identification number (ISIN). The company makes its Alternatives product portfolio bankable through securitisation, offering a SWISS ISIN for each product and with a low investing minimum of CHF100. The company's product portfolio thus meets the requirements of financial intermediaries and high-net-worth individuals through the following main features:

- Easy digital access to multiple unique, curated investment opportunities across a range of Alternative verticals
- Stableton provides relevant content & reporting to increase transparency
- Due to superior quality, offered investments achieve a positive performance
- The platform enables clients to build portfolios of alternative assets & diversify their risk
- Bankable securitised assets with a Swiss ISIN
- Low minimum investment size of CHF100

The digital platform allows an in-depth search in accordance with individual investment criteria Users can easily browse the platform searching for the investments that best meet their requirements. The clients can go through the detailed information offered, request more info, contact an advisor if required, or invest directly.

Figure 24: Snapshot of the digital marketplace search engine



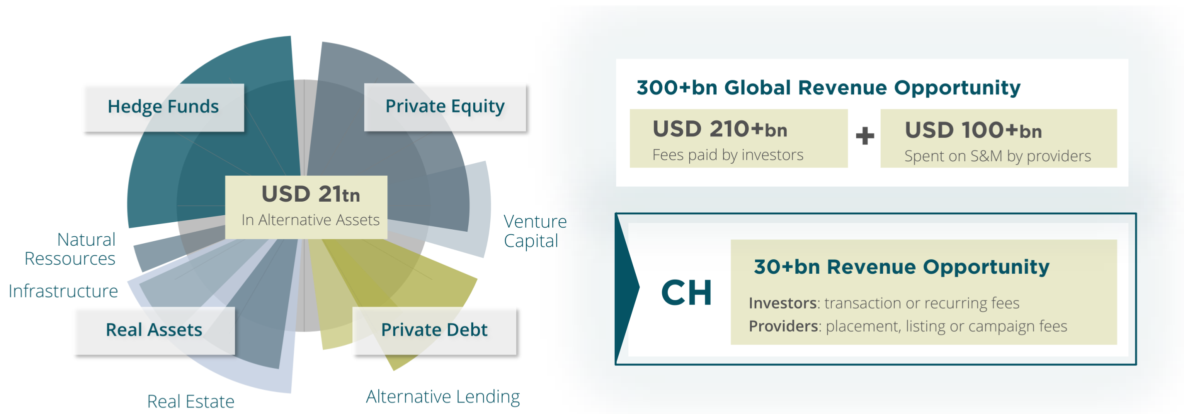
Source: Stableton

MARKET AND COMPETITIVE ENVIRONMENT

Appetite for Alternatives is growing among institutional investors According to the paper "The Rise of Alternatives" by HSBC, institutional investors' willingness to further diversify their portfolios has led to an expansion into Alternatives and an increase of their exposure to this asset class. Pension funds in Australia, Canada, Germany, Japan, South Korea, and Switzerland have an average allocation of more than 30% to alternative assets.

Alternative asset management could be USD21tn by 2025 According to Stableton and a PricewaterhouseCoopers report, global Alternatives can amount to USD21tn by 2025, creating a USD300m global revenue opportunity. Switzerland, the largest wealth and asset management location worldwide, represents a CHF30+bn revenue opportunity for a marketplace platform like Stableton's.

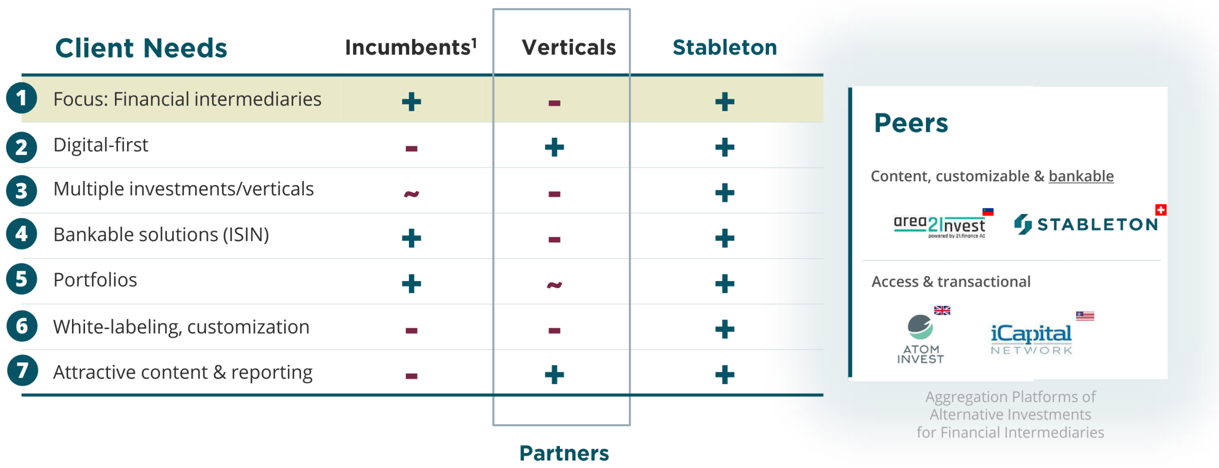
Figure 25: Market potential



Source: Stableton

Few Fintech peers with a similar profile in Europe Besides Stableton, only a few players offer a digital Alternatives marketplace. The main peers are the European companies Area2invest, Dot investing, Atom Invest, and the US company iCapital network. Icapital is, in our view, the market leader with the largest critical mass. However, it has a strong focus on its home US market. It was not until October 2020 that the company started expanding into Europe and Asia. The European market for Alternatives is still largely untapped and is in the early stages of being democraticed. Stableton chiefly differentiates itself from its peers by offering a broad portfolio (not specialised on only one vertical, highly customised to clients needs (e.g. bankable securitised offerings) within the European financial environment, and the possibility of offering white label solutions. Also, a main distinguishing competitive advantage has been the company's ability to offer top investment opportunities such as the unicorn Fintechs Revolut, Oak North, Upgrade and Marqeta, which are otherwise accessible only to selected, well-connected VC investors.

Figure 26: Digital marketplace enables search according to investor requirements



Source: Stableton

Below is an overview of the company's main peers:

Area2invest The Lichtenstein based Fintech 21.finance AG, which operates the digital multi-asset investment platform area2invest, was founded by Max J. Heinzle and Udo G. Oksakowski in March 2017. The platform aims to connect capital-seeking companies with investors looking for investment projects in different yield and risk classes, either online or offline. The company provides access to equity and debt capital, real estate, commodities and cryptocurrency, both traditional and tokenised, supporting offerings primarily in the European Economic Area (EEA) and in Switzerland. The company also offers Marketplace as a Service (MaaS) with white label solutions for financial institutions. In September 2018, the Lichtenstein-based private Bank Frick acquired a stake of slightly over 25% in connection with a capital increase.

Dot investing Founded in 2018, the UK-based digital platform offers qualified UK investors investment opportunities in Alternatives and alternative investment funds starting at an amount of £100,000. The company was founded by the entrepreneurs and private investment specialists Kinson Lo (CEO), Christine Tsai (Co-Founder) and Luke Dixon (Head of Investment) and launched its platform in December 2020

Atom Invest The UK-based digital assets investment company offers tailor-made investment services to investors. Its product range includes cryptocurrency assets, cannabis assets, and cryptocurrency loans. The company has more than 40,000 clients from over 42 countries worldwide.

iCapital Network Founded in 2013, the US Fintech company has a platform that connects financial intermediaries, financial advisors and their high net worth investors to leading alternative investment managers**.** The firm's platform offers advisors and their clients access to a curated portfolio of private equity, private credit, hedge funds, and other alternative investments at lower minimums with a full suite of due diligence, administrative support and reporting in a secure digital environment. iCapital was recognised in the Forbes Fintech 50 (top 50 innovative financial technology companies transforming finance through technology) in 2018, 2019, and 2020. As of October 2020, iCapital Network had 301 employees and serviced ~USD65bn in global client assets for more than 125,000 underlying accounts.

Competitively positioned Based on a strong, highly experienced team, Stableton has created an appealing Alternatives product portfolio. The company has already signed over 30 Swiss financial intermediaries who represent ~2% of the local market. Considering that Switzerland is the largest wealth management market in Europe, we believe the company has good chances of becoming one of the leading players in the European region.

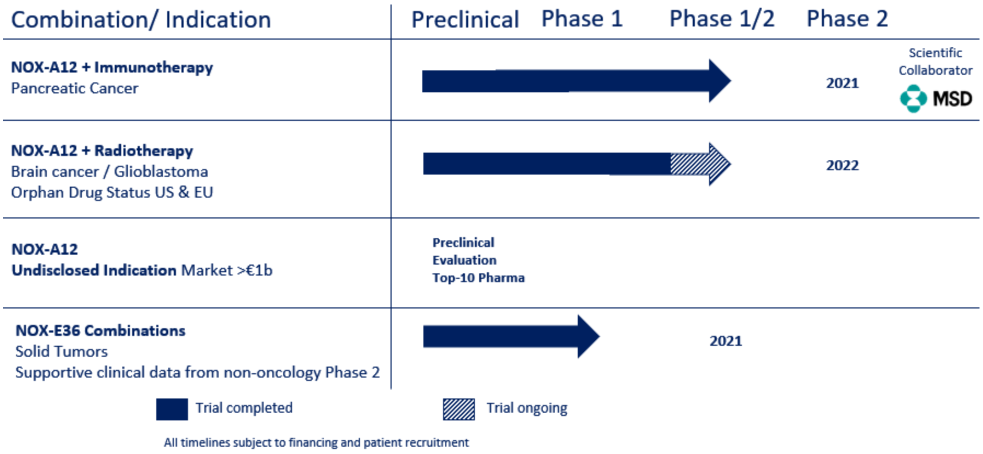
NON-CORE INVESTMENTS

NOXXON – BIOTECH WAITING FOR THE RIGHT EXIT OPPORTUNITY

Noxxon – 0.8% stake In 2020, Noxxon carried out several capital increases totalling ~€13m, which diluted DEWB's stake to the current low level of 0.8%. Due to the new investment focus, DEWB will not participate in any additional financing rounds for Noxxon, and thus a further dilution of its stake is likely. Considering the low share price combined with the small stake size, the downside risk of the holding may be limited (at present, market value of €200k). We believe DEWB will wait until Noxxon achieves relevant development milestones to benefit from a potential substantial share price appreciation. We anticipate a holding period of up to 2-3 years.

Company profile Founded in 1997 and headquartered in Berlin, Noxxon Pharma NV is a biotech company with a development stage immunotherapeutic product pipeline focusing on cancer. The company's drug candidates belong to a new class of drugs called Spiegelmers, which are synthesized through the company's proprietary discovery platform. Noxxon currently has two innovative immuno-oncology (IO) drugs in clinical development. The lead drug candidate, NOX-A12, has the ability to treat a broad range of cancers. NOX-A12 is in phase I/II clinical stage for pancreatic cancer in combination with the checkpoint inhibitor Keytruda from Merck and for brain cancer/glioblastoma in combination with radiotherapy (orphan drug status in the US and EU). The company plans to initiate a two-arm pancreatic cancer clinical trial in H2 2021, with target completion by H2 2023. The study will test two different standard of care chemotherapy combinations with NOX-A12 plus the PD-1 inhibitor Keytruda. In addition, the company intends to report topline data readout results of the ongoing dose-finding (three doses of 200, 400 and 600 mg/week) phase I/II glioblastoma study in newly diagnosed patients in Q4 2021. We give an overview of Noxxon's pipeline in figure 27 overleaf.

Figure 27: Snapshot of the clinical-stage R&D pipeline focusing on cancer



Source: Noxxon Pharma NV

NOX-A12 + radiotherapy in brain cancer has potential for positive results for this very aggressive and difficult-to-treat disease The NOX-A12/radiotherapy combination for the treatment of glioblastoma/brain cancer is in our view a promising approach. This treatment showed an impressive 100% response (thereof 66% durable) in animal investigation (rat brain cancer models) during preclinical studies. Glioblastoma (GBM), also known as glioblastoma multiforme, is a highly aggressive type of brain cancer. It's also the most common type of malignant brain tumour among adults. GBM is thus a fast-moving killer with few treatment options, having <10% five-year survival rate and a median survival of only 15 months.

Financials Current funds, including secured financing vehicles, can finance operations well into 2022.

VENTURE CAPITAL & FINTECH LANDSCAPE

DEWB investment strategy targets the Fintech market, with particular attention to technologies related to the asset management segment (anchor investment). We will briefly describe the main characteristics of the Fintech industry.

DEFINITION OF FINTECH

Fintech is a term that describes the use of technology applied in various financial service areas, leading to digital solutions such as

- Digital funding and credit (e.g. crowdfunding and peer-to-peer-lending)
- Mobile banking & mobile payments
- Cryptocurrency & blockchain
- Digital wealth management/trading (e.g. robo-advisors)
- Digital insurance (Insurtech)
- Digitalisation of real estate (Proptech)

Many of these solutions are already used in daily life by consumers.

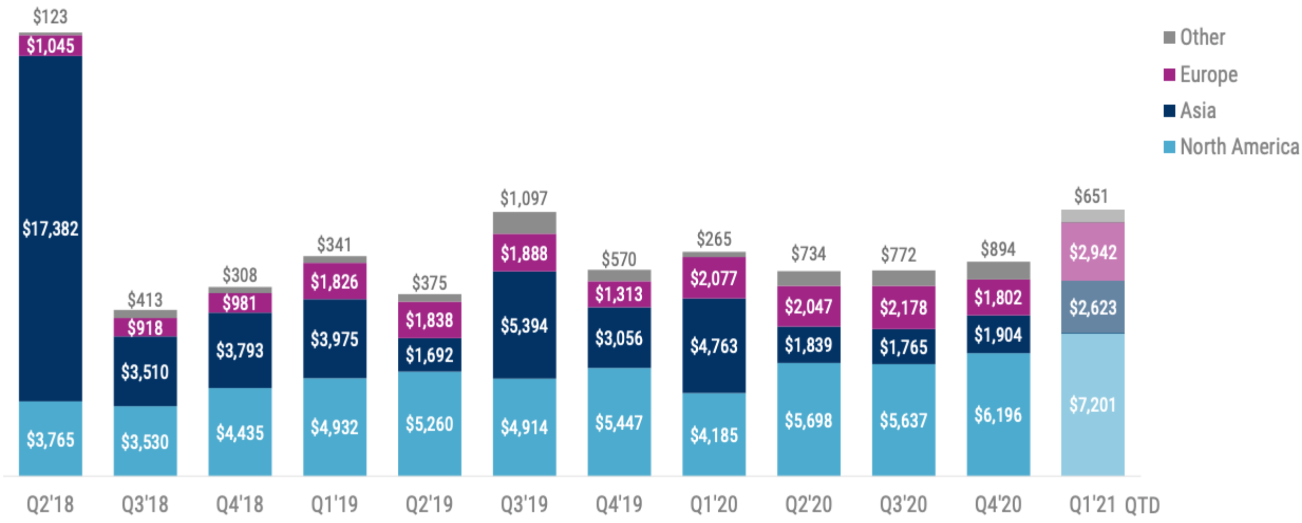
THE EUROPEAN FINTECH MARKET IN GLOBAL CONTEXT

Europe lags behind the US and Asia regarding Fintech penetration According to the market intelligence provider Mobility Foresights, the global Fintech market was valued at USD5,504.1bn in 2019 and is expected to grow at CAGR of 23.6% until 2025. Europe is still among the least developed regions in terms of penetration of Fintech solutions such as mobile money and lending. Also, only a small number of the big Fintech unicorns currently dominating the global Fintech landscape originated in Europe (e.g. PayPal - US, Ant Group - China, Shopify-Canada, Square - US, Adyen - Netherlands, Afterpay - Australia, Robinhood -US). This suggests significant market growth potential to narrow the gap.

Solid Fintech funding foothold in Europe – Fintechs have created ~2x more value than any other tech sector Fintech investment in Europe has been growing at more than 25% p.a. in the period 2014 – 2020. Also, according to Dealroom, in the period 2017-2019 Fintech was the segment with the largest share of European VC investment, reaching 20% of total funding (in Germany: 21%). Spending in this industry has paid off. Since 2013, European Fintechs have created ~€128bn in value (including exits and unrealised value) which equates to more than twice the value created by other sectors. The funding environment for Fintech entrepreneurs in Europe is more positive and better balanced than it has been for many years. There are more funds available from a greater variety of sources for early-stage ventures, with governments, business angels, incubators, crowdfunding and VC's filling the gaps in this segment. Corporate VCs continue to focus on investing in later-stage investments. Banks are increasingly looking to VC-backed start-ups to fill gaps in their own R&D pipeline and investing in innovative technologies.

Q1/21 showed a Fintech funding boom in Europe and worldwide According to the market intelligence provider CBInsights, Q1/21 is on track to be the highest global Fintech funding quarter with expected USD15bn since the peak of USD22.3bn reached in Q2/18. CBInsights reported that until the end of February Fintech funding exceeded worldwide USD13.4bn. Q1/21's funding boom has also taken place in Europe, showing a record Fintech funding of impressive USD2.9bn.

Figure 28: Global Fintech funding by continent, Q2/18 – Q1/21 (as of 28.02.2021)



Source. CBInsights (Note: Asia's Q2/18 funding included Ant's record USD14bn funding)

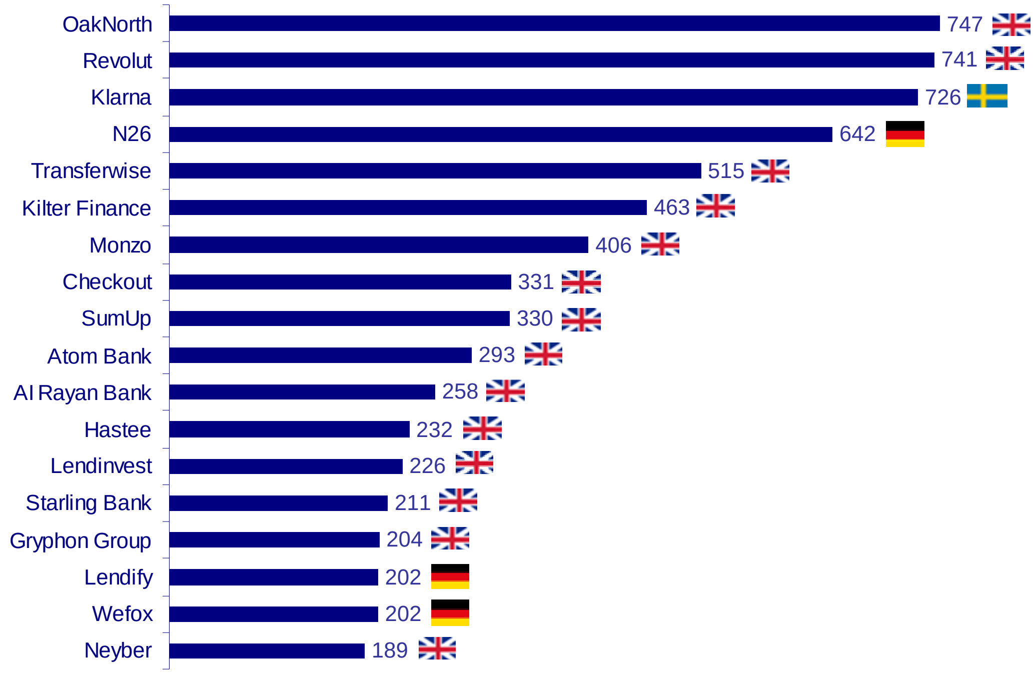
Several mega-rounds took place in Europe in Q1/21. We summarise them below:

- the UK-based online payments platform provider Checkout.com raised USD450m, nearly tripling thereby its valuation to USD15bn
- the German-based banking software company Mambu raised EUR110m, increasing the Fintech's post-money valuation to EUR1.7bn
- the UK-based localised payment provider PPRO raised USD270m in two tranches, hitting the billion-dollar valuation mark
- the Luxembourg-based Fintech Blockchain.com has raised USD420m in two funding rounds. It provides a popular cryptocurrency wallet, an exchange, and a block explorer, among other products
- UK's Neobank Starling Bank, UK-based insurtech startup Zego and the Austrian cryptocurrency startup BitPanda, all raised mega-rounds and achieved unicorn status

UK leads the European Unicorn Fintech ranking At present, there are 20 Fintech unicorns based in Europe, with the UK leading the rankings with 13 Fintech unicorns, followed by Germany with 4, and Switzerland, the Netherlands, Sweden and Austria with one Fintech unicorn each.

Fintech experienced robust funding even in the pandemic year 2020 The COVID-19 pandemic hit the world's population and its economy hard in 2020. However, several digital sectors, including Fintech, benefited from some trends emerging or accelerating around the pandemic. As the report "The state of Fintech in Europe" shows, momentum was strong, and ~€10bn of funding was raised in 2020 by Fintech companies in Europe. The UK leads the ranking of Fintechs mega-rounds with 14, followed by Germany with 3, among the top 20 European companies based on the total size of investments closed (see figure 29 overleaf).

Figure 29: Top 18 European Fintechs by total funding size in 2020 (2017-H1 2020, in EURm)



Source: The state of Fintech in Europe by Tech EU and FInstar, 2021

Fintech is a relevant sector for European governments Governments across Europe have been keen supporters of new business and innovation in a bid to boost employment, particularly among young people. Numerous governments and regulators, including the UK, Germany, France and Sweden have taken measures to develop their Fintech ecosystems, and additional countries are following their steps.

Fintech trends to watch in Europe in 2021 According to KPMG, digital currencies and embedded finance will be two key relevant trends to watch in 2021, as they expect these segments to continue gaining traction. KPMG also expects to see further consolidation.

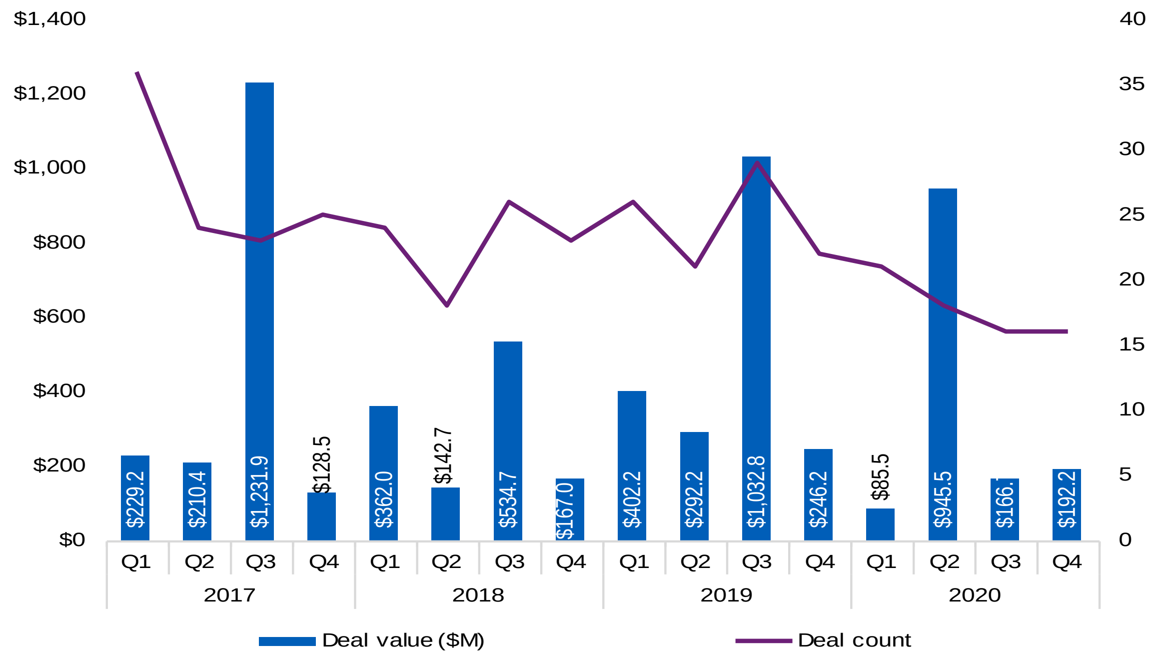
- **Crypto-assets** will benefit from new developments in distributed ledger technology (DLT), cryptocurrencies and central bank digital currencies (CBDC). The European Central Bank is exploring the introduction of a digital euro in the future. Further CBDC initiatives around the world are also gaining traction (e.g. China).
- **Embedded finance**, which refers to non-financial companies integrating financial products into their service offerings, is another relevant trend in 2021. Embedded consumer lending such as “buy now and pay later” (BNPL) services, and embedded payments, are in high demand. Fintechs active in the field such as Klarna, TransferWise, Bitpanda, Checkout, Auxmoney, TrueLayer, N26, Revolut, and Alma are booming following the pandemic.

THE GERMAN FINTECH INDUSTRY

General funding environment In the last decade, Germany has tried to create stable economic conditions with tax breaks and government involvement (e.g. government banks and funds) to create a self-nurturing ecosystem, while also attracting talent from abroad and fostering the spirit of incubators. This environment has helped support the tech scene in Germany, including the Fintech industry.

Fintech funding in 2020 According to KPMG's publication "Pulse of Fintech", VC investment was very strong in Germany, reaching a solid sum of USD1.4bn in 2020. The Neobank N26 raised USD570m, catapulting it to the top position in Germany's funding rankings, followed by the digital insurance manager CLARK which raised USD83m in H2/20.

Figure 30: Total Fintech investment activity in Germany, 2017-2020 (in USDm)



Source: KPMG Pulse of Fintech H2/20

FINANCIAL RESULTS

FINANCIAL HISTORY

Financial statement in accordance with German HGB DEWB has published its audited 2020 annual report in accordance with German accounting principles and the German Commercial Code (Handelsgesetzbuch - HGB). 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. A main principle with HGB is the so-called “Niederstwertprinzip” or “lowest-value-principle”, which states that assets such as investments in holding companies are valued at acquisition cost less any necessary, appropriate valuation allowances. The value of investments reported on the balance sheet does not reflect potential value appreciation over time, creating hidden reserves until the assets are sold.

Reorganisation of the portfolio in 2018 led to valuation of the listed portfolio in the balance sheet at market prices In connection with a structural reorganisation of the investment portfolio conducted in 2018, DEWB transferred its listed investments Lloyd Fonds AG and NOXXON Pharma N.V. to the newly founded wholly-owned subsidiary DEWB Effecten GmbH. The main reason for this was management’s intention to reflect the market value of the listed investments on DEWB's balance sheet. In the course of the transaction, DEWB reviewed and adjusted the book value of the entire investment portfolio. This resulted in non-cash other operating income of €11.7m for Lloyd Fonds, other operating loss of €4.7m for Noxxon and depreciation to holdings amounting to €5.2m (LemnaTec, Nanotron Technologies). In 2019, Decimo merged with the listed company aifnyo and was transferred at market value to DEWB Effecten GmbH, resulting in non-cash other operating income of €3.1m.

MueTec’s transaction The main highlight of calendar-year 2020 was the successful disposal of its non-core holding MueTec, which had a strong positive impact on DEWB’s financial statements.

Income Statement FY 2020 – Overall proceeds of €7.6m and profit of €5.5m from business disposal DEWB reported other operating income of €5.0m, up 58% compared to the previous year (2019: €3.3). This figure shows the result from the exit of holdings in the investment business and is chiefly related to the successful disposal of its non-core holding MueTec. DEWB sold 24.9% of its 92% MueTec-stake, while the remaining 75.1% was closed in May 2021 after the German Federal Ministry for Economic Affairs and Energy ("BMWi") approved the transaction and issued the clearance certificate. DEWB’s realised profit in FY/20’s transaction was €0.5m higher, but the €0.5m was deposited in an escrow account for any guarantee payments over a period of 18 months.

In FY/20, personnel expenses increased by 50% to €546k (2019: €365k) chiefly due to a transaction bonus paid to management in connection with MueTec’s exit. Other operating expenses also increased by 75% to €1.3m (2019: 725k), mainly due to higher consulting costs related to the MueTec disposal.

DEWB reported a strong operating profit (EBIT) of €3.2m, which increased by 44% Y/Y (2019: €2.2m). Net financial expenses were €718k, slightly higher than the previous period (2019:699k). In FY/20, DEWB had no depreciation to financial assets. The FY/19 results included €1.2m depreciation chiefly related to the write-off of its non-core holding Lemnatec GmbH due to insolvency. Net earnings totalled €2.4m, up from €0.3m in 2019. We give an overview of the main results in table 3 overleaf.

Table 3: Income statement FY/20 and FY/19 (selected items)

All figures in EUR '000	2020A	2019A	*Delta*
Other operating income	4,970	3,277	*52%*
OpEx	-1,818	-1,093	*66%*
EBIT	3,152	2,184	*44%*
Net financial result	-718	-699	*3%*
Other financial result (depreciation)	0	-1,197	*n.a.*
Net income / loss	2,434	288	*745%*
EPS (in EUR, dil.)	0.15	0.02	*745%*
Margins in %			
EBIT	63.4%	66.6%	-
Net income / loss	49.0%	8.8%	-

Source: DEWB, First Berlin Equity Research

Balance Sheet FY 2020 The FY/20 balance sheet total amounted to €30.1m (FY/19: €30.0m). DEWB reported a lower cash position of €0.5m (FY/19: €1.6m) due to the company's investment in several assets and partial repayment of debt. Overall proceeds from the MueTec transaction amounted to €7.6m. Of that amount, €5.5m corresponded to the purchase price and €2.1m was from DEWB's loan to MueTec, taken over and paid off by the Chinese group TZTEK, and recorded on the balance sheet as receivables from investments. From the total proceeds, €0.5m was deposited in an escrow account and recorded as trade receivables.

Besides financing operations, DEWB used the proceeds to repay a part of its credit line. As a result, financial debt declined by €2.4m to €15.1m (FY/19: €17.5m). DEWB's financial debt was comprised of the credit line of €2.5m (FY/19: €4.9m), and a corporate bond amounting to €12.5m (FY/19: €12.5m). DEWB invested €2.5m of its liquidity in its own bonds, which were purchased from investors and booked on the balance sheet under other short-term assets (FY/19: €0). Therefore, bond debt actually amounted to €10.0m. The company will hold the bonds until it requires liquidity to invest in new holdings. The corporate bond was placed on 1 July 2018. It bears an interest rate of 4.0% and matures on 1 July 2023. The bond is listed and traded in the form of partial bonds (with a nominal amount of €1,000 each) on the Open Market of the Frankfurt Stock Exchange. The credit line is quite flexible. It can be expanded if required, and according to management has very attractive interest rate terms.

DEWB also invested €1.1m in a loan to the 100% subsidiary DEWB Effecten GmbH which issued a convertible loan to a new undisclosed Fintech investment. As a result, after full payment of MueTec's loan by TZTEK, receivables from investments declined to €1.1m (FY/19: €2.1m) instead of zero.

The company reported financial assets of €25.6m (2019: €26.2m). This slight decline of €0.6m reflects the portfolio contraction due to the disposal of MueTec's 24.9% stake, which was recorded at acquisition cost. The total investment represents a book value of about €2.4m. Total equity increased to €13.7m (2019: €11.3m), which represents an equity ratio of 46% (2019: 38%).

Table 4: Balance Sheet FY/20 and FY/19 (selected items)

All figures in EUR '000	2020A	2019A	*Delta*
Cash & cash equivalents	451	1,608	*-72%*
Other short term assets	2,456	9	*27189%*
Receivables, total	1,507	2,069	*-27%*
Current assets, total	**4,414**	**3,686**	***20%***
Tangible & intangible assets	8	9	*-11%*
Financial Assets	25,619	26,213	*-2%*
Other LT financial assets	0	8	*-100%*
Non-current assets, total	**25,627**	**26,230**	***-2%***
Financial debt (LT & ST)	15,076	17,452	*-14%*
Other liabilities incl. provisions	1,267	1,221	*4%*
Total Equity	13,744	11,310	*22%*
Equity ratio	*46%*	*38%*	*21%*
Balance sheet, total	**30,087**	**29,983**	***0%***

Source: DEWB, First Berlin Equity Research

Cash Flow FY 2020 As mentioned previously, DEWB does not report a cash flow statement. We calculated it for analysis purposes. In FY/20, we estimate that DEWB's cash flow from operating activities improved to €4.4m (FY/19: €-1.1m), chiefly driven by the positive impact of MueTec's exit. Cash flow from investing activities amounted to €2.4m (FY/19: €2.3m). Cash flow from financing activities came in at €-3.1m (FY/19: €2.8m), reflecting the company's debt repayment. Net cash flow thus was €-1.2m (FY/19: €-0.6m).

Table 5: Cash flow FY/20 and FY/19 (selected items)

All figures in EUR '000	2020A	2019A	*Delta*
Operating cash flow	4,377	-1,150	*n.a.*
CapEx / intangibles	-1	0	*n.a.*
Free cash flow	4,376	-1,150	*n.a.*
Cash flow from investing	-2,440	-2,283	*7%*
Cash flow from financing	-3,094	2,849	*n.a.*
Net cash flows	-1,157	-584	*98%*

Source: Calculated by First Berlin Equity Research (DEWB does not report a cash flow statement)

FINANCIAL OUTLOOK

Company FY/21E guidance The company estimates FY/21E profit from the transaction of €9.4m and is thus guiding towards net income higher than €7m. The company will further expand its Fintech portfolio.

Income Statement In accordance with management's guidance, we project that other operating profit will grow by 89% to €9.4m in FY/21E (FY/20: €5.0m). We anticipate that DEWB will invest most of its €18.7m total proceeds from MueTec's disposal over the next 2-3 years in its Fintech portfolio. We therefore project yearly investment in 2-3 Fintechs with a total investment amount of €6-8m p.a. in the period FY/21E - FY/23E. We conservatively assumed that the company's portfolio will deliver a revaluation rate in the range of 20-22% p.a. (MueTec's IRR: 36%) in the forecasting period. We note that the company's strategy for 2020-2024 implies a portfolio IRR of >25% from current levels to achieve the >€100m NAV goal by 2024. We forecast that the portfolio's revaluation rate beyond 2024 will remain at the previous year's level until 2026 and progressively decline over time towards 15% by 2030 as the industry becomes mature and returns go down.

We have assumed a low exit activity in FY/21 and FY/22, allowing the currently small Fintech portfolio to progressively gain volume. In this initial period, we will most likely see partial exit of smaller pieces of its listed portfolio which can be easily monetised. This procedure will provide sufficient funds to achieve a profitable operation and demonstrate the company's sustainable business model.

In FY/21E, we anticipate personnel expenses of €707k, higher than the previous year (FY/20: 546k). Our estimate includes basic salaries of about €365k and a performance bonus of €342k due to the successful sale of MueTec's remaining 75.1% stake. We also project lower other operating expenses of €0.7m (FY/20: €1.3m) since the company will have lower international M&A consulting expenses (e.g. transaction with Chinese counterpart) this year. We thus project that the company will achieve positive EBIT of €8.0m in FY/21E, which equates to an EBIT margin on other operating income of 89.1% (FY/20: 63.4%). Going forward, we expect EBIT to initially go down to €950k in FY22E and then grow from that level to €3.5m in FY/23, more or less in line with the investment business' growth.

Due to debt repaid in FY/20, we expect lower financial expenses in 2021E. However, we anticipate an increase in debt to finance Fintech investing and a subsequent rise in financial expenses over 2022E-2023E.

DEWB had a tax loss carryforward (TLCF) of more than €75m at the end of FY/20, which we expect to offset potential tax expense. Furthermore, under Section 8b of the corporate tax law (KStG) in Germany regulating taxation of disposal gains from holdings, 95% of the income is tax-free. We have assumed a 0% effective tax rate on profit for our financial projections in the forecasting period 2021E-2030E.

We project a net result of €7.4m (EPS: €0.44) in FY/21E, which following a decline to €0.3m (EPS: €0.02) in FY/22 we forecast to pick up to €2.8m (EPS: €0.17) in FY/23. Due to DEWB's growing portfolio, we anticipate net profit to also improve significantly beyond 2023E. Our 2021E-2023E estimates were the baseline for our projections through 2030E. We have considered typical financial industry cycles.

Table 6: Income statement forecasts (selected items)

All figures in EUR '000	2018A	2019A	2020A	2021E	2022E	2023E
Other operating income	11,700	3,277	4,970	9,400	2,125	4,770
OpEx	-7,286	-1,093	-1,818	-1,429	-1,175	-1,281
EBIT	4,414	2,184	3,152	7,971	950	3,489
Net financial result	-864	-699	-718	-572	-624	-680
Other financial result (depreciation)	-5,077	-1,197	0	0	0	0
Net income / loss	-1,527	288	2,434	7,399	326	2,808
EPS (in EUR, dil.)	-0.09	0.02	0.15	0.44	0.02	0.17
Y-Y Growth						
Other operating income	*n.a.*	*-72%*	*52%*	*89%*	*-77%*	*124%*
EBIT	*n.a.*	*-51%*	*44%*	*153%*	*-88%*	*267%*
Net income / loss	*n.a.*	*n.a.*	*745%*	*204%*	*-96%*	*760%*

Source: First Berlin Equity Research

Balance Sheet We have projected that the company will substantially grow its financial assets over the period 2021-2023, which has the largest impact on the value of total assets. Additionally, management is planning to carefully increase its debt exposure to implement DEWB's expansion strategy. DEWB has a favourable low-interest-rate environment offering the chance to secure inexpensive debt. We thus project that debt will grow from €15.1m in FY/21E to a peak of €17.2m in FY/23E. We have assumed that the company will renew the bonds that expire in July 2023E.

In FY/21E, we estimate that other short term assets will remain unchanged at €2.5m (FY/20: €2.5m), chiefly comprised of its own bonds purchased from investors. We forecast this position to decline to €1.0m in FY/22E and €0 in FY/23, as the company will require liquidity to invest in its portfolio. We have summarised our balance sheet projections in Table 7.

Table 7: Balance Sheet forecasts (selected items)

All figures in EUR '000	2018A	2019A	2020A	2021E	2022E	2023E
Cash & cash equivalents	2,192	1,608	451	1,003	1,050	1,130
Other short term assets	4	9	2,456	2,456	1,000	0
Receivables, total	1,147	2,069	1,507	2,407	1,073	1,095
Current assets, total	**3,343**	**3,686**	**4,414**	**5,866**	**3,123**	**2,224**
Tangible & intangible assets	12	9	8	9	9	10
Financial Assets	23,444	26,213	25,619	31,605	36,108	40,577
Other LT financial assets	499	8	0	0	0	0
Non-current assets, total	**23,955**	**26,230**	**25,627**	**31,613**	**36,117**	**40,587**
Financial debt (LT & ST)	15,298	17,452	15,076	15,076	16,470	17,190
Other liabilities incl. provisions	986	1,221	1,267	1,307	1,348	1,390
Total Equity	11,022	11,310	13,744	21,143	21,469	24,277
Equity ratio	*40%*	*38%*	*46%*	*56%*	*55%*	*57%*
Balance sheet, total	**27,306**	**29,983**	**30,087**	**37,525**	**39,287**	**42,857**

Source: First Berlin Equity Research

Cash Flow We expect increasing profit from exits and earnings to result in positive operating cash flows in 2021E - 2023E. Following an excellent operating cash flow of €8.8m in FY/21E, we forecast this figure to decline to €3.6m for FY/22E, and to grow again to €6.1m in FY/23E. Capital expenditures represent a minor position for DEWB. We anticipate CAPEX to stay roughly stable over the next few years. We project FY/21E cash flow from investing (CFI) to increase to €7.7m. In FY/22E we expect that DEWB will invest €5.8m in holdings, but due to €1.5m divestment of its other short term financial assets (STFA), i.e. DEWB's own bonds, CFI will amount to €4.4m. We project CFI of €6.0m in FY/23, which includes €1.0m from the divestment of STFA. Our forecasted cash flows from financing of €-0.6m in FY/21E, €0.8m in FY/22E and €40k in FY/23E reflect the growing debt exposure and interest expense in the €0.6-0.7m range. We anticipate net cash flow to total €0.6m in 2021E, €47k in FY/22E and €80k m in FY/23E.

Table 8: Cash flow forecasts (selected items)

All figures in EUR '000	2018A	2019A	2020A	2021E	2022E	2023E
Operating cash flow	-3,006	-1,150	4,377	8,812	3,630	6,080
CapEx / intangibles	-1	0	-1	-3	-3	-3
Free cash flow	-3,007	-1,150	4,376	8,810	3,627	6,077
Cash flow from investing	-8,384	-2,283	-2,440	-7,688	-4,353	-6,040
Cash flow from financing	8,340	2,849	-3,094	-572	770	40
Net cash flows	-3,050	-584	-1,157	552	47	80

Source: Calculated by First Berlin Equity Research (DEWB does not report a cash flow statement)

NEWSFLOW

In our view, DEWB'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

- Announcements on additional 2-3 Fintech acquisitions during the next 12 months,
- Newsflow on partial exits from the existing portfolio holdings, particularly Lloyd Fonds or Aifinyo, provided they show a positive share price performance
- Newsflow on operating progress and milestone achievements from its portfolio holdings, particularly its largest holding Lloyd Fonds.

Financial Schedule

- H1/21 financial results due on 23 September 2021,
- FY/21 audited financial report due in March 2022.

SHAREHOLDERS & STOCK INFORMATION

Stock Information	
ISIN	DE0008041005
WKN	804100
Bloomberg ticker	EFF GR
No. of issued shares	16,750,000
Transparency Standard	Germany
Country	Financial
Sector	Private Equity
Subsector	DE0008041005

Source: Börse Frankfurt, First Berlin Equity Research

Shareholder Structure	
SPSW Capital	17.0%
ABAG Aktienmarkt Beteiligungs AG	13.0%
Management	1.0%
Freefloat	69.0%

Source: Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft AG

MANAGEMENT BOARD

Bertram Köhler, CEO

Mr Köhler has over 20 years of management and investment experience in the private equity and venture capital sectors. He has been CEO and member of DEWB's Board of Directors since 2005. Mr Köhler joined DEWB in 2000 as Exit Transaction Manager. Therefore he has significant expertise in all facets of the corporate sale through IPOs, mergers, MBO, MBI, LBO and trade sales. He brought to DEWB substantial transaction know-how in complex acquisitions of listed and privately held companies as well as in various financing measures via the capital markets. He worked for Commerzbank in corporate reorganisation, turnaround projects, structured finance and M&A projects. Before that, he was a consultant at KPMG in the Financial Services Division. Mr Köhler holds an MBA in business administration from the Friedrich Schiller University in Jena.

Marco Scheidler, Authorised Signatory

Mr Scheidler has over 20 years of experience in the private equity and venture capital sectors. He has been an investment manager at DEWB since 2007. He has deep expertise in corporate finance and investment management. With his transaction know-how, he has managed the entire investment process at DEWB from the acquisition to the exit of the portfolio companies. Before joining DEWB, Mr Scheidler worked as an investment manager for the divestment of portfolios of various venture capital companies and as Investor Relations Manager for an international TecDAX company. In 2000, he began his career at a leading European venture capital firm for seed and startup financing in the technology, media and telecommunications sectors. Mr Scheidler holds a Master's degree in finance from the University of Applied Science in Jena,

SUPERVISORY BOARD

Dipl.- Kfm., Jörg Ohlsen, Chairman of the Supervisory Board

Mr Ohlsen has 38 years of experience as a partner at KPMG, founder and Managing Partner of a consultancy group and as a Partner at Deloitte. Most recently, he was responsible for M&A and investment banking as a managing partner of Deloitte Corporate Finance Germany. In transaction consulting, Mr Ohlsen worked for listed and private companies in various industrial sectors in all stages of company development. He covered the entire range of consulting services for acquisitions, trade sales and IPOs as well as restructurings, from strategy to deal management to post-merger integration and reorganisation of corporate groups. Mr Ohlsen served as chairman and member of the supervisory boards of various start-ups, management buyouts, investment funds and IPO candidates. He has been a member of the Board of Trustees of the Institute for Corporate and Capital Markets Law at Bucerius Law School since 2007. He is also a member of the Supervisory Board of Lloyd Fonds AG, Hamburg.

Dipl.- Kfm., Rolf Ackermann, Deputy Chairman of the Supervisory Board

Mr Ackermann has many years of international experience in corporate management, marketing and sales, as well as business development. Since February 2015, Mr Ackermann has been a member of the Management Board of ABAG Aktienmarkt Beteiligungs AG, Cologne, a medium-sized investment company with a broadly diversified portfolio. His professional career has also included senior positions with a lifting technology company, as well as an internationally operating company in the packaging industry. He began his career in 1995 in São Paulo, where he worked for the Oetker Group. Mr Ackermann holds a German Diplom Kaufmann degree in business administration from the University of Saarland.

Dipl.- Kfm., Henning Soltau, Board Member

Mr Soltau holds a degree in business administration and is a qualified tax consultant. He worked for an international accounting and consulting company for a number of years before taking on the position of commercial director of a mid-sized IT company. Between 2000 and 2009, he was CFO at D+S Europe AG, overseeing the company's IPO among other things. In 2009, Mr Soltau resigned from the board of directors of D + S Europe and co-founded the Hamburg-based investment company SPSW Capital GmbH, of which he has been managing director ever since.

INCOME STATEMENT

All figures in EUR '000	2018A	2019A	2020A	2021E	2022E	2023E
Other operating income -profit on exit	**11,700**	**3,277**	**4,970**	**9,400**	**2,125**	**4,770**
Personnel expenses	369	365	546	707	442	539
Other operating expenses	6,912	725	1,270	720	730	740
EBITDA	**4,419**	**2,187**	**3,154**	**7,973**	**953**	**3,491**
Depreciation and amortization	-5	-3	-2	-2	-2	-2
EBIT	**4,414**	**2,184**	**3,152**	**7,971**	**950**	**3,489**
Net financial result	-864	-699	-718	-572	-624	-680
Other financial result (depreciation)	-5,077	-1,197	0	0	0	0
Pre-tax income (EBT)	**-1,527**	**288**	**2,434**	**7,399**	**326**	**2,808**
Tax expense	0	0	0	0	0	0
Net income / loss	**-1,527**	**288**	**2,434**	**7,399**	**326**	**2,808**
EPS (in €)	**-0.09**	**0.02**	**0.15**	**0.44**	**0.02**	**0.17**
Diluted EPS (in €)	**-0.09**	**0.02**	**0.15**	**0.44**	**0.02**	**0.17**

Ratios						
EBITDA margin on other operating income	0.0%	66.7%	63.5%	84.8%	44.8%	73.2%
EBIT margin on other operating income	37.7%	66.6%	63.4%	84.8%	44.7%	73.1%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses as % of other operating income						
Personnel expenses	-3.2%	-11.1%	-11.0%	-7.5%	-20.8%	-11.3%
Other operating expenses	-59.1%	-22.1%	-25.6%	-7.7%	-34.4%	-15.5%
Depreciation and amortization	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%
Y-Y Growth						
Other operating income -profit on exit	n.a.	-72.0%	51.7%	89.1%	-77.4%	124.5%
Personnel expenses	n.a.	-1.1%	49.6%	29.5%	-37.5%	21.8%
Other operating expenses	n.a.	-89.5%	75.2%	-43.3%	1.4%	1.4%
EBITDA	n.a.	-50.5%	44.2%	152.8%	-88.1%	266.5%
EBIT	n.a.	-50.5%	44.3%	152.9%	-88.1%	267.1%
Net income/ loss	n.a.	n.a.	745.1%	204.0%	-95.6%	760.2%

BALANCE SHEET

All figures in EUR '000	2018A	2019A	2020A	2021E	2022E	2023E
Assets						
Current assets, total	**3,343**	**3,686**	**4,414**	**5,866**	**3,123**	**2,224**
Cash & cash equivalents	2,192	1,608	451	1,003	1,050	1,130
Other short term assets	4	9	2,456	2,456	1,000	0
Receivables from investments	1,147	2,069	1,052	1,052	1,073	1,095
Trade receivables	0	0	455	1,355	0	0
Non-current assets, total	**23,955**	**26,230**	**25,627**	**31,613**	**36,117**	**40,587**
Intangible assets	4	4	4	4	5	5
Property plant & equipment	8	5	4	4	4	5
Financial Assets	23,444	26,213	25,619	31,605	36,108	40,577
Other LT financial assets	499	8	0	0	0	0
Accruals	**8**	**67**	**46**	**46**	**46**	**46**
Total assets	**27,306**	**29,983**	**30,087**	**37,525**	**39,287**	**42,857**
Shareholders' equity & debt						
Current liabilities, total	**4,071**	**5,043**	**2,559**	**2,561**	**3,958**	**4,681**
ST borrowings (banks)	4,008	4,912	2,536	2,536	3,930	4,650
Trade & other payables	51	3	12	13	15	16
Other current liabilities	12	128	11	12	13	15
Long-term liabilities, total	**12,213**	**13,630**	**13,784**	**13,821**	**13,860**	**13,899**
Bonds	11,290	12,540	12,540	12,540	12,540	12,540
Provisions for pensions	833	903	962	991	1,021	1,051
Other provisions	90	187	282	290	299	308
Total Liabilities	**16,284**	**18,673**	**16,343**	**16,383**	**17,818**	**18,580**
Total Equity	**11,022**	**11,310**	**13,744**	**21,143**	**21,469**	**24,277**
Total Equity and Liabilities	**27,306**	**29,983**	**30,087**	**37,525**	**39,287**	**42,857**
Ratios						
Current ratio (x)	0.82	0.73	1.72	2.29	0.79	0.48
Equity ratio	40.4%	37.7%	45.7%	56.3%	54.6%	56.6%
Gearing	126.4%	148.0%	95.5%	59.6%	71.9%	70.5%
Net debt	13,935	16,738	13,131	12,608	15,440	17,111
Return on equity (ROE)	n.a.	2.6%	19.4%	42.4%	1.5%	12.3%

CASH FLOW STATEMENT

All figures in EUR '000	2018A	2019A	2020A	2021E	2022E	2023E
Net income	**-1,527**	**288**	**2,434**	**7,399**	**326**	**2,808**
Depreciation & amortisation	5	3	2	2	2	2
Depreciation to financial investments	5,179	1,201	0	0	0	0
Other non-cash items	-6,708	-2,483	769	1,737	1,341	2,608
Net financial result	762	695	718	572	624	680
Tax result	0	0	0	0	0	0
Changes in working capital	-717	-854	454	-898	1,336	-19
Operating cash flow	**-3,006**	**-1,150**	**4,377**	**8,812**	**3,630**	**6,080**
CapEx / intangibles	-1	0	-1	-3	-3	-3
Free cash flow	**-3,007**	**-1,150**	**4,376**	**8,810**	**3,627**	**6,077**
Investment in holdings	-9,244	-2,769	0	-7,686	-5,806	-7,037
Change in ST financial assets (bond investment)	861	486	-2,439	0	1,456	1,000
Cash flow from investing	**-8,384**	**-2,283**	**-2,440**	**-7,688**	**-4,353**	**-6,040**
Debt financing, net	5,298	2,154	-2,376	0	1,394	720
Equity financing, net	2,280	0	0	0	0	0
Net paid financing expenses	762	695	-718	-572	-624	-680
Cash flow from financing	**8,340**	**2,849**	**-3,094**	**-572**	**770**	**40**
Net cash flows	**-3,050**	**-584**	**-1,157**	**552**	**47**	**80**
Cash, start of the year	5,242	2,192	1,608	451	1,003	1,050
Cash, end of the year	**2,192**	**1,608**	**451**	**1,003**	**1,050**	**1,130**

Note: Calculated by First Berlin Equity Research (DEWB does not report a cash flow statement)

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
Mohrenstr. 34
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, Mohrenstraße 34, 10117 Berlin

The production of this recommendation was completed on 24 June 2021 at 10:31

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 Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft 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 Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft 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 Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft 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 Deutsche Effecten- und Wechsel- Beteiligungsgesellschaft 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 Current market capitalisation (in €)		1 0 - 2 billion	2 > 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	€1.61	Buy	€2.50

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.