

coinIX GmbH & Co KGaA

Germany | Technology | MCap EUR 4.6m

3 August 2023

UPDATE



Annual General Meeting: Good prospects for 2023, BUY

What's it all about?

The Annual General Meeting of coinIX took place in Hamburg with a high attendance. The Management Board provided a review of the 2022 financial year and a promising outlook for 2023, highlighting the potential for recurring revenue in the form of staking income from Ethereum and The Graph. The company also continues to have opportunities to invest in promising young blockchain companies. In order to take advantage of these and other opportunities, the Annual General Meeting approved a capital increase of approximately 1 million new shares with subscription rights at a ratio of 3:1. At the current level, coinIX is very attractively valued, we continue to recommend BUY with a price target of EUR 2.53.

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

BUY (BUY)

Target price	EUR 2.53 (2.53)
Current price	EUR 1.50
Up/downside	68.7%

 **ResearchHub** 

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Annual General Meeting: Good prospects for 2023, BUY

Annual General Meeting in Hamburg with high attendance. coinIX held its Annual General Meeting 2023 in Hamburg. The Management Board was fully present with Karl-Gero Wendeborn (CEO) and Felix Krekel (CFO), the Supervisory Board was represented by Chairman Moritz Schildt and Deputy Chairman Dr. Bianca Ahrens. The presence of the shareholders was surprisingly high, with over 59% of the votes present. First, the Management Board gave a review of the 2022 financial year, where coinIX was unable to escape the difficult economic environment, but came through the crypto winter comparatively smoothly. (For more details, see our [update from July 19](#)).

Potential for recurring revenue. The presentation by the Management Board and the general debate highlighted some interesting new prospects for coinIX. The potentials for generating recurring revenues are to be emphasized: Delegating was resumed for the token "The Graph" (GRT). In this process, tokens are temporarily made available to an indexer and thus indirectly contribute to network security. Currently, a token yield of approx. 8.2% is achievable (source: Staking Rewards), but the yield is volatile. At current prices for GRT and with a start of delegating in May, this results in an annual revenue potential for coinIX of approximately EUR 100k. In addition, coinIX by investing in its own hardware has created the conditions to act as an Ethereum (ETH) validator and generate staking revenues. The current return on investment for this is around 5.7% (source: Staking Rewards) with an annual revenue potential of EUR 90k at current prices. In addition to a stabilization of revenues, the staking activities thus increase the return potential for coinIX from the holdings of GRT and ETH.

- continued -

coinIX GmbH & Co KGaA	2020	2021	2022	2023E	2024E	2025E
Sales	0.0	0.0	0.0	0.0	0.0	0.0
<i>Growth yoy</i>	na	na	na	na	na	na
EBITDA	-0.1	1.7	-0.2	0.4	0.6	0.8
EBIT	-0.1	1.7	-1.5	0.4	0.6	0.8
Net profit	-0.7	1.8	-1.3	0.3	0.5	0.7
Net debt (net cash)*	-0.1	-0.8	-0.2	-0.2	-0.7	-1.4
Net debt/EBITDA	2.8x	-0.5x	1.1x	-0.5x	-1.2x	-1.7x
EPS reported	-0.29	0.63	-0.43	0.11	0.16	0.22
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	na	na	na	na	na	na
ROCE	-5.7%	22.4%	-23.3%	6.4%	8.5%	10.4%
EV/EBITDA	-119.2x	2.2x	-21.4x	10.4x	6.5x	4.0x
EV/EBIT	-66.1x	2.2x	-2.9x	10.4x	6.5x	4.0x
PER	-5.1x	2.4x	-3.5x	13.3x	9.3x	7.0x
FCF yield	-0.9%	31.0%	-29.9%	-0.3%	10.7%	14.4%

* coinIX is financed exclusively by equity. Source: Company data, AlsterResearch

Note 1: German GAAP reporting is not very meaningful for an investment company.

Note 2: Estimates do not include any proceeds from divestments of equity stakes.



Source: Company data, AlsterResearch

High/low 52 weeks 2.72 / 1.15
Price/Book Ratio 0.7x

Ticker / Symbols

ISIN DE000A2LQ1G5
WKN A2LQ1G
Bloomberg XCX:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	0.0	0.4	0.11
	Δ	na%	0.0%	0.0%
2024E	old	0.0	0.6	0.16
	Δ	na%	0.0%	0.0%
2025E	old	0.0	0.8	0.22
	Δ	na%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 3.07
Ø trading volume: (52w, in pcs) 1,200

Major shareholders

Free Float 100.0%

Company description

coinIX is a venture capital investment firm that invests in blockchain technology companies, tokens and cryptocurrencies.

Opportunities in corporate investments. coinIX regularly invests via various instruments (equity, tokens, convertible bonds) in young blockchain companies from the pre-seed phase up to the last financing round before Series A. In response to a shareholder's inquiry, it was explained that the investment horizon here is regularly 6 to 8 years and that, as is typical for VCs, the portfolio companies usually require several more rounds of financing after coinIX's entry before the liquidity requirements can be covered from the company's own cash flow. All portfolio companies of coinIX are still in this phase. However, the success of an investment may become apparent earlier, e.g. if later financing rounds can be successfully executed at a higher valuation. An example of this is Finexity, an asset tokenization platform. In August 2020, coinIX participated in a financing round with a pre-money valuation of EUR 15 million (source: crunchbase). Due to the good development of the company, we assume that any future financing rounds will take place at a significantly higher valuation. In general, it is true in the VC business that the high rate of failures can be more than compensated by a few successful investments.

Fresh capital for new investments. In order to take advantage of the current opportunities in the blockchain market, coinIX has obtained approval at the Annual General Meeting for a capital increase by issuing approximately 1 million new shares with subscription rights at a ratio of 3:1 (approval rate: 99.99%). The possibility of this capital increase is limited to 6 months.

Valuation with significant upside potential: Buy, target price EUR 2.53. The recovery of the crypto markets in recent months and the good prospects for 2023 have so far only been partially reflected in the valuation of coinIX. We reiterate our BUY recommendation with a price target of EUR 2.53.

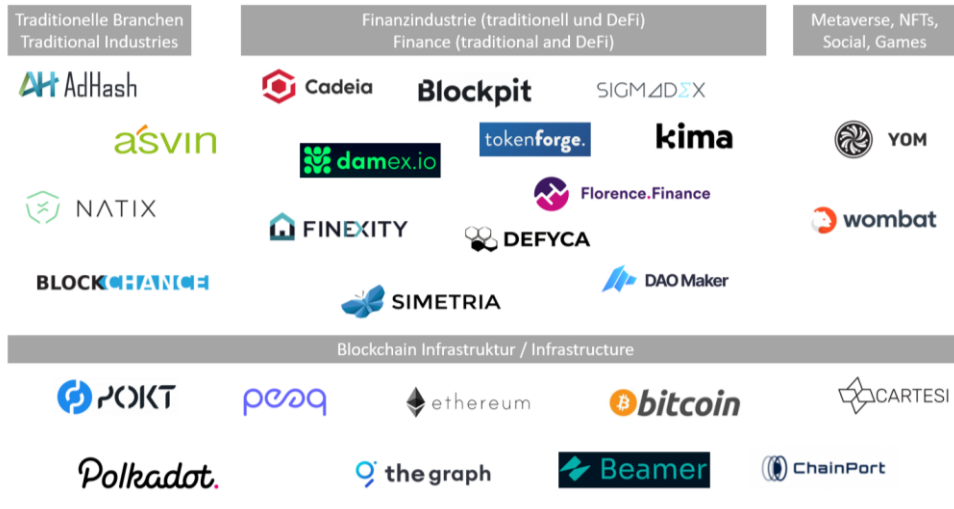
Valuation

Portfolio coinIX					
Unternehmen / Company	Quelle / source	Buchwert book value (EUR k)	Valuation base	Bewertungs- grundlage	aktueller Wert current value (eAR, EUR k)
Finexity AG	reported	260,0	estimate	Schätzung	400
Cadeia GmbH	reported	200,5	book value	Schätzung	500
Asvin FmbH	reported	200,0	book value	Buchwert	200
AdHash AG	reported	150,9	book value	Buchwert	151
Simetria Trading Solutions Ltd.	reported	125,0	book value	Schätzung	63
Pandora Core AG	reported	107,0	estimate	Schätzung	54
Blockpit GmbH	reported	104,9	Series A 07/21	Series A 07/21	300
Defyca Holdings Sarl	reported	102,1	book value	Buchwert	102
Natix GmbH	reported	200,0	book value	Schätzung	265
Kima (ehem. Diversifi)	reported	85,0	book value	Schätzung	150
Crypto Index Series Ltd.	reported	75,0	book value	Schätzung	25
XVA Blockchain GmbH	reported	63,5	book value	Schätzung	32
AllTokenFotball	reported	62,5	book value	Schätzung	0
Livin Media Ltd.	reported	56,0	book value	Schätzung	28
Blockchance UG	reported	45,3	book value	Schätzung	125
OURZ AG	reported	16,0	book value	Schätzung	0
Autonomy Labs Ltd.	reported	9,0	book value	Buchwert	9
Bricks Protocol Pte Ltd	reported	8,8	book value	Buchwert	9
Summe Equity-Beteiligungen			TTL equity investments		2.412
EUR/USD		1,09387			
Token	Quelle / Source	Anz. / Number Token (k)	Preis / Price (USD)	Preis / Price (EUR)	Wert / Value (EUR k)
The Graph (GRT)	est.	15.275	0,1050	0,0960	1.466
Ethereum (ETH)	est.	1,300	1.861	1.701	2.212
Bitcoin (BTC)	est.	0,022	30.328	27.725	610
All other tokens & SAFT	est.				1.200
Summe Token-Projekte und Kryptowährungen			TTL token projects and cryptos		5.488
Cash (EUR k, Schätzung)			Cash (EUR k, est.)		390
Zeitwert der Vermögensgegenstände			Fair value of assets		8.289
-Managementgebühr 6 Jahre auf Equity			- management fee 6 years on equity		289
-Managementgebühr 2 Jahre auf Token			- management fee 2 years on tokens		220
-Managementgebühr 1 Jahr auf Cash			- management fee 1 year on cash		8
-Managementgebühr ausstehende Erfolgsbeteiligung			- outstanding profit participation		0
			NAV (EUR k)		7.773
			NAV je Aktie / NAV per share (EUR)		2,53
17-Jul-23					

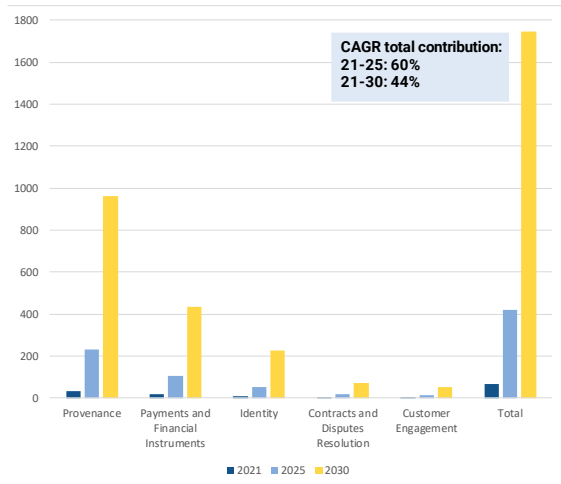
Source: AlsterResearch estimates, coinIX

Investment case in five charts

Portfolio (excerpt)

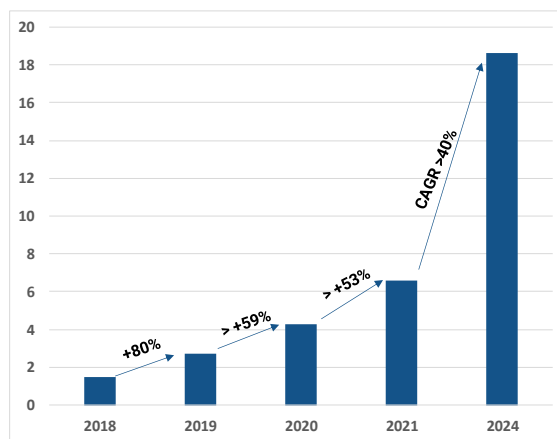


Blockchain's Economic Contributions (worldwide, USD bn)



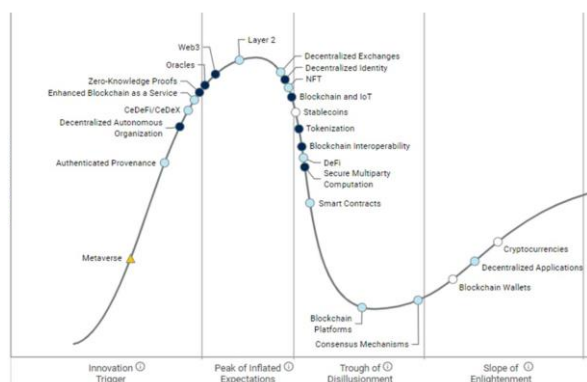
Source: PwC, Time for Trust, October 2020

Global Spending on Blockchain Solutions (USD bn)



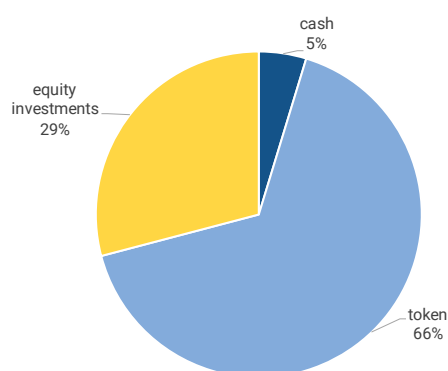
Source: IDC

Gartner Blockchain Hype Cycle



Source: Gartner (Juli 2022)

Portfolio allocation (as per publication date)



Source: coinIX

SWOT

Strengths

- Early mover with good track record
- Exclusive focus on blockchain; deep and complementary know-how in the team (including inhouse regulatory expertise)
- Network enables access to attractive pre-sales and seed rounds
- Flexibility in asset allocation and high diversification in cryptocurrencies, tokens and blockchain venture capital

Weaknesses

- Unusual legal form (GmbH & Co KGaA)
- Listing on the open market (Düsseldorf, Munich, Berlin) with low transparency and reporting requirements

Opportunities

- Enormous growth of the blockchain market and related investment opportunities
- Very high return potential with simultaneously high liquidity of cryptocurrencies and some tokens
- Generating recurring revenues through staking / delegating
- Eurocentric business model with clear regulatory framework

Risks

- Volatility of cryptocurrencies and token prices
- Stricter regulation of cryptocurrencies and accompanying higher regulatory requirements for coinIX

Financials

Attention: Note: German GAAP reporting is not very meaningful for an investment company.

Profit and loss (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net sales	0.0	0.0	0.0	0.0	0.0	0.0
Sales growth	na	na	na	na	na	na
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.3	4.1	0.6	1.2	1.4	1.6
Personnel expenses	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.3	2.4	0.8	0.8	0.8	0.8
EBITDA	-0.0	1.7	-0.2	0.4	0.6	0.8
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	-0.1	1.7	-0.2	0.4	0.6	0.8
Amortisation of goodwill and intangible assets	0.0	0.0	1.3	0.0	0.0	0.0
EBIT	-0.1	1.7	-1.5	0.4	0.6	0.8
Financial result	0.0	0.5	0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	-0.1	2.2	-1.5	0.4	0.6	0.8
Extraordinary income/loss	-0.6	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-0.7	2.2	-1.5	0.4	0.6	0.8
Taxes	0.0	0.4	-0.2	0.1	0.1	0.1
Net income from continuing operations	-0.7	1.8	-1.3	0.3	0.5	0.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.7	1.8	-1.3	0.3	0.5	0.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-0.7	1.8	-1.3	0.3	0.5	0.7
Average number of shares	2.31	2.87	3.07	3.07	3.07	3.07
EPS reported	-0.29	0.63	-0.43	0.11	0.16	0.22

Balance sheet (EUR m)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	0.5	5.1	3.6	3.6	3.6	3.6
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.4	1.4	1.9	1.9	1.9	1.9
FIXED ASSETS	0.9	6.5	5.5	5.5	5.5	5.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	0.3	0.4	0.9	0.9	0.9	0.9
Liquid assets	0.1	0.8	0.2	0.2	0.7	1.4
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	0.4	1.3	1.1	1.1	1.6	2.3
TOTAL ASSETS	1.3	7.8	6.6	6.6	7.1	7.7
SHAREHOLDERS EQUITY	1.2	7.0	6.2	6.6	7.1	7.7
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.5	0.3	0.0	0.0	0.0
Non-current liabilities	0.0	0.5	0.3	0.0	0.0	0.0
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.1	0.2	0.0	0.0	0.0	0.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	0.0	0.1	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	0.1	0.2	0.1	0.0	0.0	0.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1.3	7.8	6.6	6.6	7.1	7.7

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	41%	66%	54%	54%	51%	46%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	30%	17%	28%	28%	26%	24%
FIXED ASSETS	71%	84%	83%	83%	77%	70%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	0%	0%	0%	0%
Other current assets	21%	6%	14%	14%	13%	12%
Liquid assets	8%	11%	4%	3%	10%	18%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	29%	16%	17%	17%	23%	30%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	91%	90%	95%	100%	100%	100%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	7%	4%	0%	0%	0%
Non-current liabilities	1%	7%	4%	0%	0%	0%
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	8%	3%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	0%	1%	0%	0%	0%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	8%	3%	1%	0%	0%	0%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	0.0	1.8	-1.3	0.3	0.5	0.7
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	1.3	0.0	0.0	0.0
Others	0.0	-0.5	-0.7	-0.3	0.0	0.0
Cash flow from operations before changes in w/c	0.0	1.4	-0.8	0.1	0.5	0.7
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts payable	0.0	0.1	-0.2	-0.0	0.0	0.0
Increase/decrease in other w/c positions	0.0	-0.1	-0.4	-0.0	0.0	0.0
Increase/decrease in working capital	0.0	-0.0	-0.6	-0.1	0.0	0.0
Cash flow from operating activities	0.0	1.3	-1.4	-0.0	0.5	0.7
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	0.0	-3.5	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.3	0.0	0.0	0.0
Cash flow from investing activities	0.0	-3.5	0.3	0.0	0.0	0.0
Cash flow before financing	0.0	-2.2	-1.1	-0.0	0.5	0.7
Increase/decrease in debt position	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	3.8	0.5	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	3.8	0.5	0.0	0.0	0.0
Increase/decrease in liquid assets	0.0	0.8	-0.6	-0.0	0.5	0.7
Liquid assets at end of period	0.0	0.8	0.2	0.2	0.7	1.4

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	-0.29	0.63	-0.43	0.11	0.16	0.22
Cash flow per share	-0.01	0.46	-0.45	-0.00	0.16	0.22
Book value per share	0.51	2.44	2.03	2.14	2.30	2.52
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-5.1x	2.4x	-3.5x	13.3x	9.3x	7.0x
P/CF	-114.2x	3.2x	-3.3x	-324.0x	9.3x	7.0x
P/BV	2.9x	0.6x	0.7x	0.7x	0.7x	0.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-0.9%	31.0%	-29.9%	-0.3%	10.7%	14.4%
EV/Sales	4,501.3x	3,771.0x	na	na	na	na
EV/EBITDA	-119.2x	2.2x	-21.4x	10.4x	6.5x	4.0x
EV/EBIT	-66.1x	2.2x	-2.9x	10.4x	6.5x	4.0x
Income statement (EURm)						
Sales	0.0	0.0	0.0	0.0	0.0	0.0
yoy chg in %	na	na	na	na	na	na
Gross profit	0.0	0.0	0.0	0.0	0.0	0.0
Gross margin in %	na	na	na	na	na	na
EBITDA	-0.0	1.7	-0.2	0.4	0.6	0.8
EBITDA margin in %	na	na	na	na	na	na
EBIT	-0.1	1.7	-1.5	0.4	0.6	0.8
EBIT margin in %	na	na	na	na	na	na
Net profit	-0.7	1.8	-1.3	0.3	0.5	0.7
Cash flow statement (EURm)						
CF from operations	0.0	1.3	-1.4	-0.0	0.5	0.7
Capex	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	0.0	1.3	-1.4	-0.0	0.5	0.7
Balance sheet (EURm)						
Intangible assets	0.5	5.1	3.6	3.6	3.6	3.6
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	1.2	7.0	6.2	6.6	7.1	7.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.0	0.5	0.3	0.0	0.0	0.0
Net financial debt	-0.1	-0.8	-0.2	-0.2	-0.7	-1.4
w/c requirements	-0.1	-0.2	-0.0	0.0	0.0	0.0
Ratios						
ROE	-57.7%	26.0%	-21.3%	5.2%	7.0%	8.6%
ROCE	-5.7%	22.4%	-23.3%	6.4%	8.5%	10.4%
Net gearing	-9.0%	-11.9%	-3.8%	-3.3%	-10.1%	-17.8%
Net debt / EBITDA	2.8x	-0.5x	1.1x	-0.5x	-1.2x	-1.7x

Source: Company data; AlsterResearch

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