

coinIX GmbH & Co KGaA

Germany | Technology | MCap EUR 3.7m

19 October 2023

UPDATE



Roundtable confirms investment case, BUY

What's it all about?

coinIX CEO Karl Gero Wendeborn and CFO Felix Krekel presented at the AlsterResearch Investment Manager Conference, discussing blockchain and crypto market developments, current use cases, and the company's portfolio and financial developments. coinIX's business model focuses on investing in blockchain startups, liquid cryptocurrencies, and token projects. A recording can be watched [here](#). The company has adapted its strategy during the market crisis and is investing in blockchain infrastructure solutions and acting as an Ethereum validator. The company's portfolio company, Finexity, which tokenizes real-world assets, was highlighted as a good development. We reiterate to BUY as the valuation is not reflecting the recovery of the crypto markets and the positive outlook for H2 2023. Our price target of EUR 2.36 offers almost 100% upside potential.

BUY (BUY)

Target price	EUR 2.36 (2.36)
Current price	EUR 1.20
Up/downside	96.7%

 **ResearchHub** 



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

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Roundtable confirms investment case, BUY

Presentation at AlsterResearch Investment Manager Conference. coinIX CEO Karl Gero Wendeborn and CFO Felix Krekel presented at the AlsterResearch Investment Managers Pop-up Conference. The presentation covered Blockchain and Crypto market developments, current use cases and a detailed review of the current portfolio and most recent financial developments. A recording can be watched [here](#).

Reminder of the business model. As a focused blockchain specialist, coinIX invests in startups, liquid cryptocurrencies and token projects. Key to success is access to attractive investment opportunities which coinIX secures through a good network and services that go beyond pure financing. Currently, coinIX holds 20 equity investments, 18 investments in tokens and 11 cryptos. coinIX has taken advantage of the market crisis to evolve its strategy and make the business more robust. Based on the experience gained, there is increased investment in technical solutions for blockchain infrastructure where decentralization is an important aspect. The company has also started to act as an Ethereum validator and thus generate recurring staking revenue.

Current topics. In the call, several current topics were discussed. If the SEC were to approve a spot Bitcoin ETF, for example for Blackrock (as some news reports already claimed to be the case, however, these proved to be inaccurate), coinIX management believes that this would bring blockchain and crypto even more into the mainstream, but doubt that it would have a lasting effect on valuations. Other use cases aside from crypto as a pure currency and object of speculation are considered to be more important. In this context, management highlighted the good development of the portfolio company Finexity, which tokenizes real world assets like art, classic cars and luxury watches and thus makes them investable for people otherwise shut out of these markets.

Valuation with significant upside potential: BUY. With a share in coinIX, one acquires a broadly diversified portfolio across the full blockchain value chain, to which investors would otherwise have little access. The recovery of the crypto markets in recent months and the good outlook for H2 2023 have so far only been partially reflected in coinIX's valuation. We reiterate our BUY rating with unchanged price target of EUR 2.36, offering almost 100% upside.

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	-0.0	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%	-23.2%	6.4%	8.5%	10.4%
EV/EBITDA	-94.8x	1.7x	-16.9x	8.2x	4.9x	2.9x
EV/EBIT	-52.5x	1.7x	-2.3x	8.2x	4.9x	2.9x
PER	-4.1x	1.9x	-2.8x	10.7x	7.5x	5.6x
FCF yield	0.0%	38.7%	-37.4%	-0.4%	13.4%	18.0%

* 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 2.22 / 1.10
Price/Book Ratio 0.6x

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) 280

Major shareholders

Free Float 100.0%

Company description

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

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	275,0	estimate	Schätzung	700
Cadeia GmbH	reported	200,5	book value	Schätzung	400
Asvin GmbH	reported	250,0	book value	Buchwert	250
AdHash AG	reported	150,9	book value	Buchwert	150
Simetria Trading Solutions Ltd.	reported	125,0	book value	Schätzung	0
Pandora Core AG	reported	107,0	estimate	Schätzung	50
Blockpit GmbH	reported	104,9	Series A 07/21	Series A 07/21	300
Defyca Holdings Sarl	reported	102,1	book value	Buchwert	100
Natix GmbH	reported	200,0	book value	Schätzung	265
Kima (ehem. Diversifi)	reported	85,0	book value	Schätzung	300
Crypto Index Series Ltd.	reported	75,0	book value	Schätzung	75
XVA Blockchain GmbH	reported	63,5	book value	Schätzung	60
AllTokenFotball	reported	62,5	book value	Schätzung	0
Livin Media Ltd.	reported	56,0	book value	Schätzung	50
Blockchance UG	reported	45,3	book value	Schätzung	0
OURZ AG	reported	16,0	book value	Schätzung	0
Autonomy Labs Ltd.	reported	9,0	book value	Buchwert	10
Bricks Protocol Pte Ltd	reported	8,8	book value	Buchwert	0
Tokenforge	reported	100,0	book value	Buchwert	100,0
Summe Equity-Beteiligungen			TTL equity investments		2.810

EUR/USD 1,05926

Token	Quelle / Source	Anz. / Number Token (k)	Preis / Price (USD)	Preis / Price (EUR)	Wert / Value (EUR k)
The Graph (GRT)	est.	15.500	0,0786	0,0742	1.151
Ethereum (ETH)	est.	1,300	1.552	1.465	1.905
Bitcoin (BTC)	est.	0,022	28.303	26.720	588
All other tokens & SAFT	est.				1.200
Summe Token-Projekte und Kryptowährungen			TTL token projects and cryptos		4.843

Cash (EUR k, Schätzung) Cash (EUR k, est.) **290**

Zeitwert der Vermögensgegenstände	Fair value of assets	
-Managementgebühr 6 Jahre auf Equity	- management fee 6 years on equity	337
-Managementgebühr 2 Jahre auf Token	- management fee 2 years on tokens	194
-Managementgebühr 1 Jahr auf Cash	- management fee 1 year on cash	6
-Managementgebühr ausstehende Erfolgsbeteiligung	- outstanding profit participation	0
	NAV (EUR k)	7.407
18-Oct-23	NAV je Aktie / NAV per share (EUR)	2,41

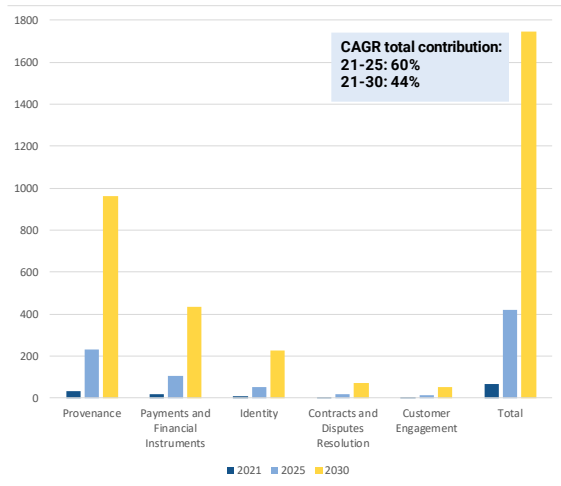
Source: AlsterResearch estimates, coinIX

Investment case in five charts

Portfolio (excerpt)

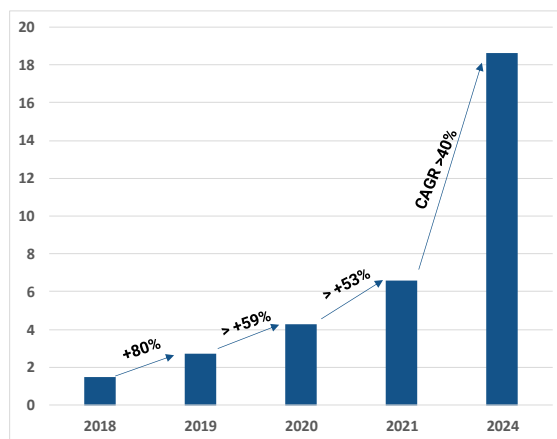


Blockchain's Economic Contributions (worldwide, USD bn)



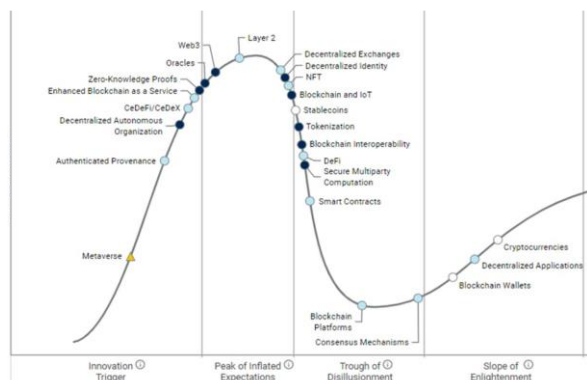
Source: PwC, Time for Trust, October 2020

Global Spending on Blockchain Solutions (USD bn)



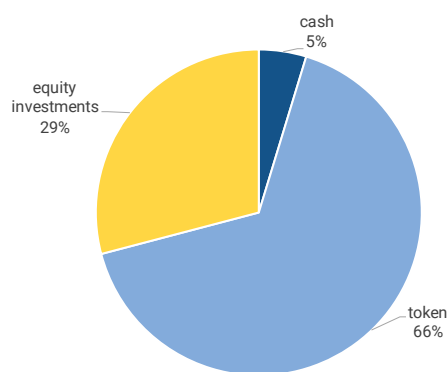
Source: IDC

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 (excl. 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	0.0	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	0.0	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%	5%	0%	0%	0%
Non-current liabilities	1%	7%	5%	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%	0%	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	0.0	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	-0.0	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	0.00	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	-4.1x	1.9x	-2.8x	10.7x	7.5x	5.6x
P/CF	Infinityx	2.6x	-2.7x	-259.1x	7.5x	5.6x
P/BV	2.4x	0.5x	0.6x	0.6x	0.5x	0.5x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	0.0%	38.7%	-37.4%	-0.4%	13.4%	18.0%
EV/Sales	3,579.9x	2,849.3x	na	na	na	na
EV/EBITDA	-94.8x	1.7x	-16.9x	8.2x	4.9x	2.9x
EV/EBIT	-52.5x	1.7x	-2.3x	8.2x	4.9x	2.9x
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%	-23.2%	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

Conflicts of interest

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Company	Disclosure
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