

coinIX GmbH & Co. KGaA

Germany | Technology | MCap EUR 5.0m

2 October 2024

UPDATE



H1: Good performance of the portfolio; BUY

What's it all about?

coinIX has presented its figures for the first half of 2024. Operating income of EUR 792k was generated from the sale of investments, which corresponds to an increase of 128% compared to the previous year. This is offset by depreciation and amortization of EUR 394k. Operating expenses rose significantly to EUR 665k due to the variable management remuneration resulting from the good performance of the portfolio. The resulting deficit is not very meaningful, as the corresponding increases in the value of the portfolio are not recognized in the income statement. The planned realization of hidden reserves has been delayed due to the postponement of the transfer of liquid cryptocurrencies to the special fund coinIX COINVEST SCI1, resulting in a lower taxable contribution to earnings. An update of our NAV valuation model with current prices results in a new fair value per share of EUR 3.16 and thus an upside potential of almost 100%. BUY.

BUY (BUY)

Target price	EUR 3.16 (3.40)
Current price	EUR 1.62
Up/downside	95.1%



MAIN AUTHOR

Dr. Oliver Wojahn, CFA

o.wojahn@mwb-research.com

+49 40 309 293-55

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

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coinIX GmbH & Co. KGaA

Germany | Technology | MCap EUR 5.0m | EV EUR 4.6m

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H1: Good performance of the portfolio; BUY

HGB financial statements for H1 positive, but with limited informative value. coinIX has published figures for the first half of 2024. The HGB (German GAAP) financial statements are only of limited significance for an investment company like coinIX, as the actual business purpose - namely the increase in value of the portfolio - can only be recognized if the increase in value is realized in a sale (due to the lower of cost or market principle). Such transactions resulted in operating income of EUR 792k in H1 24, an increase of 128% on the previous year. This was offset by write-downs on existing investments amounting to EUR 394k. Other operating expenses rose from EUR 162k in the previous year to EUR 665k. The reason for this is the good performance of the portfolio in Q1 and the associated variable management remuneration amounting to 20% of the increase in value above the high watermark. The resulting deficit in H1 of EUR 260k is therefore not very meaningful, as the good performance of the portfolio is taken into account via the management remuneration, but not via the recognition of the increase in value in the income statement.

Lower realization of hidden reserves advantageous. With the transfer of the liquid crypto assets to the special fund coinIX COINVEST SCI1, coinIX originally expected to realize hidden reserves of EUR 5.1m in the 2024 financial year. Due to the postponement of the transfer from March to the end of August, the contribution to earnings is reduced to EUR 1.6m, as the crypto valuations have fallen in the meantime, leading to lower realized hidden reserves (we have adjusted our estimates accordingly). Considering the value of the coinIX portfolio, the temporal shift is neutral, as it makes no difference whether the change in value occurs in the coinIX portfolio or in the special fund. However, tax aspects speak in favor of the postponement, as this means that a lower contribution to earnings is immediately taxable.

Valuation still with considerable upside potential: BUY. With coinIX, investors have exclusive access to a broadly diversified portfolio across the entire blockchain value chain. An update of our NAV valuation model with current prices results in a new fair value per share of EUR 3.16 and thus an upside potential of almost 100%. BUY.



Source: Company data, mwb research

High/low 52 weeks 3.66 / 1.10
Price/Book Ratio 0.8x

Ticker / Symbols

ISIN DE000A2LQ1G5
WKN A2LQ1G
Bloomberg XCX:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	0.0	4.3	0.95
	Δ	0.0%	-79.2%	-79.2%
2025E	old	0.0	0.8	0.18
	Δ	0.0%	0.0%	0.0%
2026E	old	0.0	1.0	0.23
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 3.07
Book value per share: (in EUR) 2.04
Ø trading vol.: (12 months) 99

Major shareholders

Free Float 100.0%

Company description

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

coinIX GmbH & Co. KGaA	2021	2022	2023	2024E	2025E	2026E
Sales	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.7	-0.2	0.8	0.9	0.8	1.0
EBIT	1.7	-1.5	0.1	0.9	0.8	1.0
Net profit	1.8	-1.3	0.0	0.6	0.5	0.7
Net debt (net cash)*	-0.8	-0.2	-0.4	-0.5	-1.1	-1.8
Net debt/EBITDA	-0.5x	1.1x	-0.5x	-0.6x	-1.3x	-1.7x
EPS reported	0.63	-0.43	0.01	0.20	0.18	0.23
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROCE	22.4%	-23.2%	1.8%	12.2%	10.2%	12.1%
EV/EBITDA	2.4x	-23.2x	5.7x	4.9x	4.8x	3.1x
EV/EBIT	2.5x	-3.1x	39.2x	4.9x	4.8x	3.1x
PER	2.6x	-3.8x	132.3x	8.2x	9.1x	7.0x

* Negative = cash. coinIX is financed exclusively by equity.

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.

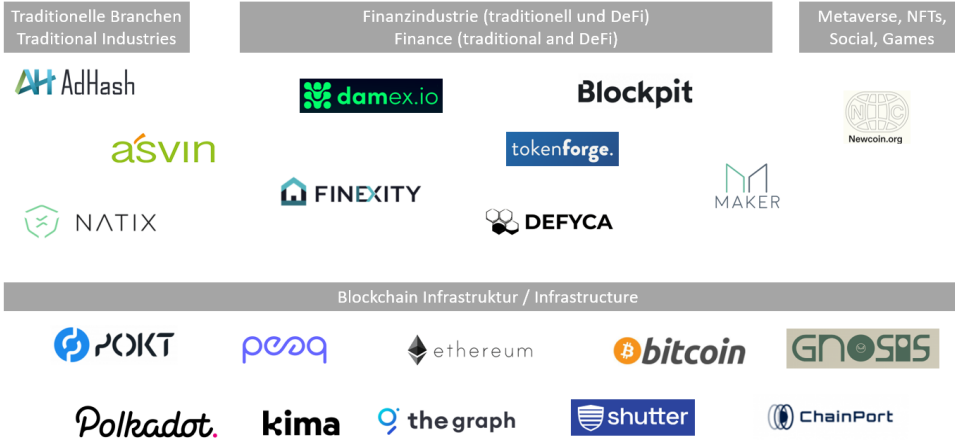
Valuation

Portfolio coinIX						
Unternehmen / Company	Quelle / source	Buchwert book value (reported, EUR k)	Valuation base	Bewertungs- grundlage	aktueller Wert current value (eAR, EUR k)	
Asvin GmbH	reported	254,0	book value	Schätzung	500	
Blockpit GmbH	reported	104,9	Series A 07/21	Series A 07/21	300	
Defyca Holdings Sarl	reported	102,1	book value	Buchwert	102	
Finexity AG	reported	294,5	estimate	Schätzung	700	
FinToVentures	reported	211,4	book value	Buchwert	211	
Kima (ehem. Diversifi)	reported	85,0	estimate	Schätzung	300	
Livin Media Ltd.	reported	139,9	book value	Buchwert	140	
Natix GmbH	reported	200,8	book value	Schätzung	265	
Nexus Network	reported	100,0	book value	Buchwert	100	
Novum Group	reported	150,9	book value	Buchwert	151	
OURZ AG	reported	16,0	book value	Buchwert	16	
Pandora Core AG	reported	107,0	book value	Buchwert	107	
Shifu Software Solutions	reported	94,1	book value	Buchwert	94	
Tokenforge	reported	200,0	book value	Buchwert	200	
XVA Blockchain GmbH	reported	63,5	book value	Buchwert	64	
Summe Equity-Beteiligungen				TTL equity investments	3.250	
EUR/USD		1,1064				
Token & Fonds	Quelle / Source	Anteile / units	Preis / Price (USD)	Preis / Price (EUR)	Wert / Value (EUR k)	
coinIX COINVEST SCI1	reported	33.987		164,50	5.591	
Bitcoin (BTC)	est.	22	61.580	55.656	1.224	
The Graph (GRT)	est.	4.000.000	0,1600	0,1446	578	
All other tokens & Saft	est.				0	
Summe Fondsanteile und Token				TTL funds and tokens	7.394	
Cash (EUR k, Schätzung)				Cash (EUR k, est.)	30	
Zeitwert der Vermögensgegenstände				Fair value of assets	10.674	
-Managementgebühr 6 Jahre auf Equity			- management fee 6 years on equity		390	
-Managementgebühr 2 Jahre auf Token			- management fee 2 years on tokens		72	
-Managementgebühr 1 Jahr auf Cash			- management fee 1 year on cash		1	
-Managementgebühr Erfolgsbeteiligung & Steuern			- outstanding profit participation & taxes		516	
				NAV (EUR k)	9.694	
2-Oct-24				NAV je Aktie / NAV per share (EUR)	3,16	

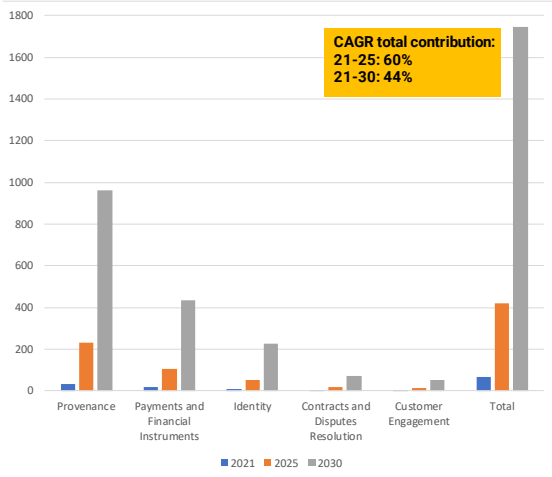
Source: Company data; mwb research

Investment case in five charts

Portfolio (excerpt)

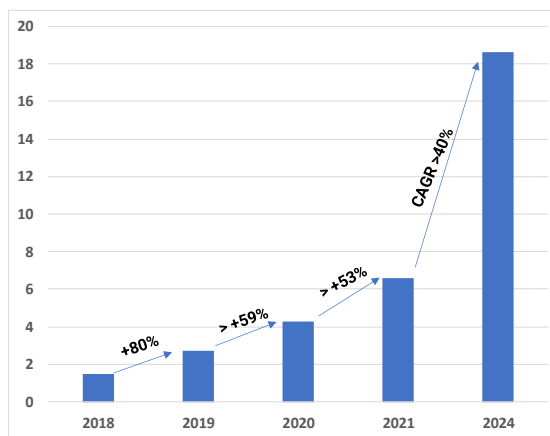


Blockchain's Economic Contributions (worldwide, USD bn)



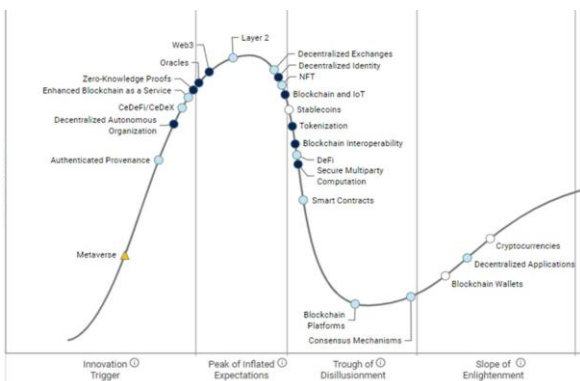
Source: PwC, Time for Trust, October 2020

Global Spending on Blockchain Solutions (USD bn)



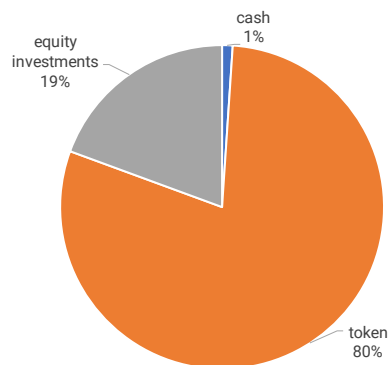
Source: IDC

Gartner Blockchain Hype Cycle



Source: Gartner (Juli 2022)

Portfolio allocation



Source: coinIX

Source: Company data, mwb research

SWOT analysis

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

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	0.0	0.0	0.0	0.0	0.0	0.0
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	4.1	0.6	1.3	2.4	1.6	1.8
Personnel expenses	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	2.4	0.8	0.5	1.5	0.8	0.8
EBITDA	1.7	-0.2	0.8	0.9	0.8	1.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	1.7	-0.2	0.8	0.9	0.8	1.0
Amortisation of goodwill and intangible assets	0.0	1.3	0.7	0.0	0.0	0.0
EBIT	1.7	-1.5	0.1	0.9	0.8	1.0
Financial result	0.5	0.0	0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	2.2	-1.5	0.1	0.9	0.8	1.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	2.2	-1.5	0.1	0.9	0.8	1.0
Taxes	0.4	-0.2	0.1	0.3	0.3	0.3
Net income from continuing operations	1.8	-1.3	0.0	0.6	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	1.8	-1.3	0.0	0.6	0.5	0.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	1.8	-1.3	0.0	0.6	0.5	0.7
Average number of shares	2.87	3.07	3.07	3.07	3.07	3.07
EPS reported	0.63	-0.43	0.01	0.20	0.18	0.23

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	5.1	3.6	0.0	0.0	0.0	0.0
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	1.4	1.9	1.8	1.8	1.8	1.8
FIXED ASSETS	6.5	5.5	1.8	1.8	1.8	1.8
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	0.0	0.5	0.5	0.5
Other current assets	0.4	0.9	4.6	4.6	4.6	4.6
Liquid assets	0.8	0.2	0.4	0.5	1.1	1.8
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	1.3	1.1	5.0	5.6	6.2	6.9
TOTAL ASSETS	7.8	6.6	6.7	7.4	7.9	8.6
SHAREHOLDERS EQUITY	7.0	6.2	6.3	6.9	7.4	8.1
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	0.5	0.3	0.4	0.5	0.5	0.5
Non-current liabilities	0.5	0.3	0.4	0.5	0.5	0.5
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.2	0.0	0.1	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	0.2	0.0	0.1	0.0	0.0	0.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	7.8	6.6	6.7	7.4	7.9	8.6

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	66%	54%	0%	0%	0%	0%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	17%	28%	26%	24%	22%	20%
FIXED ASSETS	84%	83%	26%	24%	22%	20%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	0%	7%	6%	6%
Other current assets	6%	14%	68%	62%	58%	53%
Liquid assets	11%	4%	6%	7%	14%	21%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	16%	17%	74%	76%	78%	80%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	90%	95%	93%	93%	94%	94%
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	7%	5%	5%	7%	6%	6%
Non-current liabilities	7%	5%	5%	7%	6%	6%
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	3%	1%	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	3%	1%	1%	0%	0%	0%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	1.8	-1.3	0.0	0.6	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	1.3	0.7	0.0	0.0	0.0
Others	-0.5	-0.7	0.0	0.1	0.0	0.0
Cash flow from operations before changes in w/c	1.4	-0.8	0.7	0.7	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	-0.5	0.0	0.0
Increase/decrease in accounts payable	0.1	-0.2	0.0	-0.1	0.0	0.0
Increase/decrease in other w/c positions	-0.1	-0.4	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.0	-0.6	-0.6	-0.6	0.0	0.0
Cash flow from operating activities	1.3	-1.4	0.1	0.1	0.5	0.7
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	-3.5	0.0	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	0.3	0.0	0.0	0.0	0.0
Cash flow from investing activities	-3.5	0.3	0.0	0.0	0.0	0.0
Cash flow before financing	-2.2	-1.1	0.1	0.1	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	3.8	0.5	0.0	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	3.8	0.5	0.0	0.0	0.0	0.0
Increase/decrease in liquid assets	0.8	-0.6	0.1	0.1	0.5	0.7
Liquid assets at end of period	0.8	0.2	0.4	0.5	1.1	1.8

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.63	-0.43	0.01	0.20	0.18	0.23
Cash flow per share	0.46	-0.45	0.05	0.05	0.18	0.23
Book value per share	2.44	2.03	2.04	2.24	2.42	2.65
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	2.6x	-3.8x	132.3x	8.2x	9.1x	7.0x
P/CF	3.5x	-3.6x	34.4x	33.9x	9.1x	7.0x
P/BV	0.7x	0.8x	0.8x	0.7x	0.7x	0.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	28.7%	-27.7%	2.9%	2.9%	11.0%	14.2%
EV/EBITDA	2.4x	-23.2x	5.7x	4.9x	4.8x	3.1x
EV/EBIT	2.5x	-3.1x	39.2x	4.9x	4.8x	3.1x
Income statement (EURm)						
Sales	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
EBITDA	1.7	-0.2	0.8	0.9	0.8	1.0
EBIT	1.7	-1.5	0.1	0.9	0.8	1.0
Net profit	1.8	-1.3	0.0	0.6	0.5	0.7
Cash flow statement (EURm)						
CF from operations	1.3	-1.4	0.1	0.1	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	1.3	-1.4	0.1	0.1	0.5	0.7
Balance sheet (EURm)						
Intangible assets	5.1	3.6	0.0	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	7.0	6.2	6.3	6.9	7.4	8.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.5	0.3	0.4	0.5	0.5	0.5
Net financial debt	-0.8	-0.2	-0.4	-0.5	-1.1	-1.8
w/c requirements	-0.2	-0.0	-0.1	0.5	0.5	0.5
Ratios						
ROE	26.0%	-21.3%	0.6%	8.9%	7.4%	8.7%
ROCE	22.4%	-23.2%	1.8%	12.2%	10.2%	12.1%
Net gearing	-11.9%	-3.8%	-6.0%	-7.6%	-14.4%	-21.9%
Net debt / EBITDA	-0.5x	1.1x	-0.5x	-0.6x	-1.3x	-1.7x

Source: Company data; mwb research

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Company	Disclosure
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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

JENS-PETER RIECK
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: jp.riek@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring / Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbucher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

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