

coinIX GmbH & Co KGaA

Germany | Technology | MCap EUR 4.3m

7 September 2023

UPDATE



H1 still slightly negative, profit expected for 2023, BUY

What's it all about?

coinIX has published its interim financial statements for the first half of the year. In H1, a small loss was still generated due to write-downs on cryptocurrencies and corporate investments despite a significant reduction in expenses. The resumed GRT delegating, and the first-time ETH staking should lead to significantly increasing recurring income in the second half of the year. For the 2023 financial year, coinIX expects to make a profit. With current cryptocurrency prices, we arrive at a new fair value of EUR 2.36 (old: EUR 2.53). This results in a upside potential of almost 70% and we confirm our BUY recommendation.

BUY (BUY)

Target price	EUR 2.36 (2.53)
Current price	EUR 1.40
Up/downside	68.6%

 **ResearchHub**



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H1 still slightly negative, profit expected for 2023, BUY

Figures for H1 presented. coinIX has published its interim financial statements for H1. Other operating income from cryptocurrency sales decreased year-on-year from EUR 406k to EUR 313k, partly due to lower sales volumes. GRT delegating activities resumed in the second quarter and ETH staking revenues were generated for the first time (for details see our last comment [here](#)). Together, these already contributed EUR 34k to revenues, partially offsetting the decline in crypto sales income. Write-downs on cryptocurrency holdings and company participations amounting to EUR 256k (previous year: EUR 26k) led to a loss of EUR 71k despite a significant reduction in other operating expenses from EUR 269k to EUR 162k, mainly due to lower management fees.

H2 with increasing recurring income and expected profit. While income from cryptocurrency sales is irregular and difficult to plan, the level of recurring income should increase significantly in H2. Even achievable returns from staking are not fixed, but even under conservative assumptions the corresponding income for coinIX should exceed EUR 100k in H2. In addition to more stable income, staking activities thus increase the potential returns for coinIX from GRT and ETH holdings. The stabilization of the crypto markets should limit the need for further write-downs. The management of coinIX therefore expects a profit for the full year.

Corporate investments expanded. In H1, coinIX invested in tokenforge, a provider of asset tokenization software. Following the good performance of the portfolio company Finexity, coinIX has thus further expanded its involvement in the field of asset tokenization. In the case of two existing company investments, coinIX participated in further financing rounds, usually a sign that milestones in the company's development have been reached.

Valuation with significant upside potential: BUY, target price EUR 2.36. 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 adjust our fair value to the slightly lower prices of ETH, GRT and BTC since our last update and arrive at a new price target of EUR 2.36 (old: EUR 2.53). This results in a price potential of almost 70% and we confirm our BUY recommendation.

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	-111.0x	2.0x	-19.9x	9.7x	6.0x	3.6x
EV/EBIT	-61.6x	2.1x	-2.7x	9.7x	6.0x	3.6x
PER	-4.8x	2.2x	-3.2x	12.5x	8.7x	6.5x
FCF yield	0.0%	33.2%	-32.1%	-0.3%	11.5%	15.4%

* 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 2.54 / 1.10
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) 342

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	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		1,07366			
Token	Quelle / Source	Anz. / Number Token (k)	Preis / Price (USD)	Preis / Price (EUR)	Wert / Value (EUR k)
The Graph (GRT)	est.	15.275	0,0867	0,0808	1.234
Ethereum (ETH)	est.	1,300	1.629	1.518	1.973
Bitcoin (BTC)	est.	0,022	25.760	23.993	528
All other tokens & SAFT	est.				1.200
Summe Token-Projekte und Kryptowährungen			TTL token projects and cryptos		4.934
Cash (EUR k, Schätzung)			Cash (EUR k, est.)		390
Zeitwert der Vermögensgegenstände			Fair value of assets		7.736
-Managementgebühr 6 Jahre auf Equity			- management fee 6 years on equity		289
-Managementgebühr 2 Jahre auf Token			- management fee 2 years on tokens		197
-Managementgebühr 1 Jahr auf Cash			- management fee 1 year on cash		8
-Managementgebühr ausstehende Erfolgsbeteiligung			- outstanding profit participation		0
			NAV (EUR k)		7.241
5-Sep-23			NAV je Aktie / NAV per share (EUR)		2,36

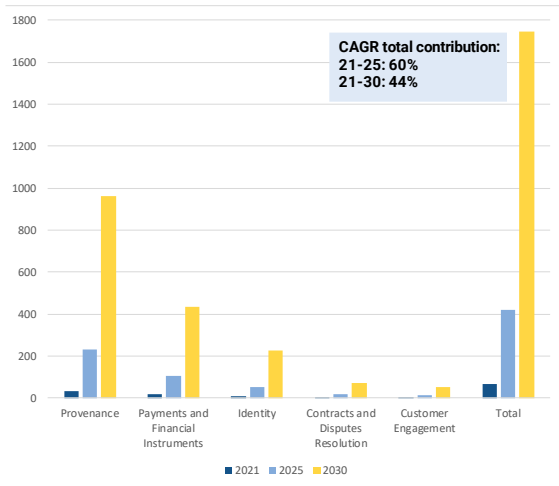
Source: AlsterResearch estimates, coinIX

Investment case in five charts

Portfolio (excerpt)

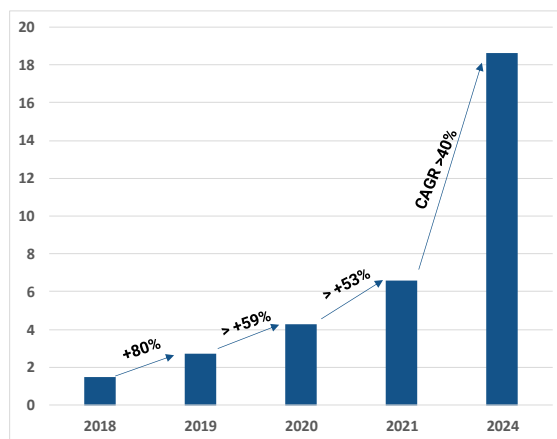


Blockchain's Economic Contributions (worldwide, USD bn)



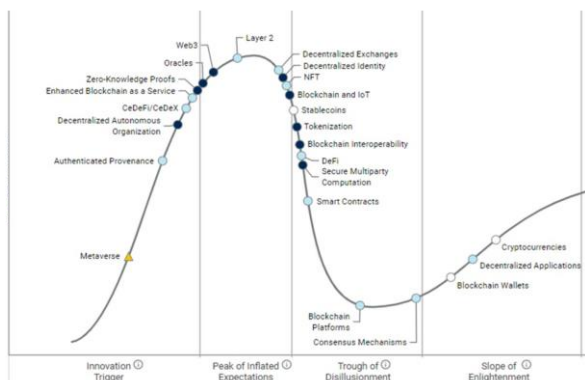
Source: PwC, Time for Trust, October 2020

Global Spending on Blockchain Solutions (USD bn)



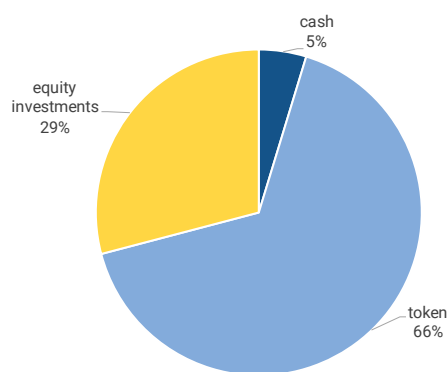
Source: IDC

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	-4.8x	2.2x	-3.2x	12.5x	8.7x	6.5x
P/CF	Infinityx	3.0x	-3.1x	-302.3x	8.7x	6.5x
P/BV	2.7x	0.6x	0.7x	0.7x	0.6x	0.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	0.0%	33.2%	-32.1%	-0.3%	11.5%	15.4%
EV/Sales	4,194.1x	3,463.6x	na	na	na	na
EV/EBITDA	-111.0x	2.0x	-19.9x	9.7x	6.0x	3.6x
EV/EBIT	-61.6x	2.1x	-2.7x	9.7x	6.0x	3.6x
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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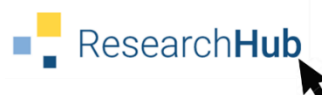
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