

coinIX GmbH & Co. KGaA

Germany | Technology | MCap EUR 6.1m

25 July 2024

UPDATE



US SEC approves Ethereum ETF; BUY

What's it all about?

The US Securities and Exchange Commission (SEC) has approved Ethereum ETFs, making ETH investable for conventional investors via traditional brokers. Well-known issuers such as BlackRock, Fidelity, Grayscale, 21Shares, Bitwise, Franklin Templeton, VanEck and Invesco Galaxy will launch ETH ETFs, similar to Bitcoin ETFs, which have attracted billions of dollars in investment since January. This could drive up the price of ETH, from which coinIX will benefit indirectly as Ethereum is the largest position in its specialized fund. The focus on Ethereum and blockchain infrastructure is also reflected in another investment by coinIX: coinIX has invested in Nexus Network, which is developing a platform to generate revenue from idle ETH bridge assets. An update of our NAV valuation model with current prices results in a new fair value per share of EUR 3.40 and thus upside potential of over 70%. BUY.

BUY (BUY)

Target price	EUR 3.40 (4.00)
Current price	EUR 1.98
Up/downside	71.7%

 ResearchHub 



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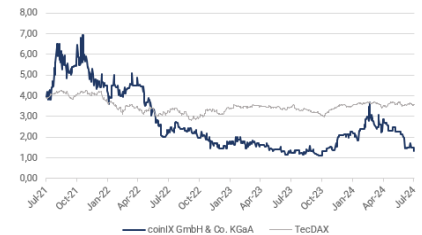
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US SEC approves Ethereum ETF; BUY

Ethereum ETFs approved by the SEC. The US supervisory authority SEC has granted final approval for Ethereum ETFs. The decision is the result of a year-long process and follows the approval of Bitcoin ETFs in January. Offering Ether (ETH) in ETFs could make them more attractive to conventional investors as the ETFs can be traded through traditional brokers. The first issuers of ETH ETFs are BlackRock, Fidelity, Grayscale, 21Shares, Bitwise, Franklin Templeton, VanEck and Invesco Galaxy. Since their launch in January, Bitcoin ETFs have attracted billions in investment. Similar demand for ETH ETFs could have a positive impact on the price of ETH.

coinIX benefits indirectly. Following the transfer of a large part of the holdings of liquid cryptocurrencies to the special fund coinIX COINVEST SCI1 (ISIN: DE000A408Q55), coinIX is benefiting indirectly from the price strength of ETH. According to the factsheet, Ethereum is the largest and Ethereum Name Services the third largest active position in the fund. While speculative demand for ETH could provide price momentum in the short term, blockchain use cases that go beyond crypto as a pure currency are more important in the long term. In particular, ETH should be mentioned here as the technical standard for ERC-20 tokens and therefore as the basis for smart contracts. For example, Finexity, a successful portfolio company of coinIX, uses the ERC-20 standard to tokenize tangible assets such as art, vintage cars or luxury watches, making them investable for people who would otherwise be excluded from these markets.

Investing in Nexus Network. In June, coinIX announced an investment in Nexus Network. It is part of coinIX's strategy to invest in blockchain infrastructure with a particular focus on Ethereum. Nexus Network is developing a platform that makes it possible to generate income from unused ETH bridge assets. Such assets are created, for example, when users transfer assets from Ethereum to other blockchains: the user sends the asset to the bridge (a smart contract) on the Ethereum network, which locks the asset and creates (or "mints") a corresponding amount of the asset on the target blockchain. Nexus Networks' system allows these locked assets to earn secure returns through staking. coinIX has not disclosed the amount of its investment, but Nexus Networks has raised a total of USD 1m in a pre-seed funding round.



Source: Company data, mwb research

High/low 52 weeks 3.66 / 1.10
Price/Book Ratio 1.0x

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%	0.0%	0.0%
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) 64

Major shareholders

Free Float 100.0%

Company description

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

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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	4.3	0.8	1.0
EBIT	1.7	-1.5	0.1	4.3	0.8	1.0
Net profit	1.8	-1.3	0.0	2.9	0.5	0.7
Net debt (net cash)	-0.8	-0.2	-0.4	-2.8	-3.4	-4.1
Net debt/EBITDA	-0.5x	1.1x	-0.5x	-0.7x	-4.2x	-3.9x
EPS reported	0.63	-0.43	0.01	0.95	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%	44.6%	7.9%	9.6%
EV/EBITDA	3.1x	-28.7x	7.1x	0.7x	3.3x	1.9x
EV/EBIT	3.1x	-3.8x	48.7x	0.7x	3.3x	1.9x
PER	3.1x	-4.6x	161.7x	2.1x	11.1x	8.6x

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

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 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 3.40 and thus a further upside potential of over 70%. BUY.

Valuation

Portfolio coinIX

Unternehmen / Company	Quelle / source	Buchwert book value (reported, EUR k)	Valuation base	Bewertungs- grundlage	aktueller Wert current value (eAR, EUR k)
AdHash AG	reported	150,9	book value	Buchwert	150
Asvin GmbH	reported	250,0	book value	Buchwert	500
Blockpit GmbH	reported	104,9	Series A 07/21	Series A 07/21	300
Crypto Index Series Ltd.	reported	75,0	book value	Schätzung	75
Defyca Holdings Sarl	reported	102,1	book value	Buchwert	100
Finexity AG	reported	275,0	estimate	Schätzung	700
Kima (ehem. Diversifi)	reported	85,0	book value	Schätzung	300
Livin Media Ltd.	reported	56,0	book value	Schätzung	50
Natix GmbH	reported	200,0	book value	Schätzung	265
Nexus Network	reported	100,0	estimate	Schätzung	100
Pandora Core AG	reported	107,0	estimate	Schätzung	50
Tokenforge	reported	200,0	book value	Buchwert	200
XVA Blockchain GmbH	reported	63,5	book value	Schätzung	60
Summe Equity-Beteiligungen				TTL equity investments	2.850

EUR/USD 1,0882

Token & Fonds	Quelle / Source	Anteile / units	Preis / Price (USD)	Preis / Price (EUR)	Wert / Value (EUR k)
coinIX COINVEST SCI1	reported	33.987		194,35	6.605
Bitcoin (BTC)	est.	22	66.410	61.027	1.343
The Graph (GRT)	est.	5.000.000	0,2010	0,1847	924
All other tokens & Saft	est.				180
Summe Fondsanteile und Token				TTL funds and tokens	9.052

Cash (EUR k, Schätzung) Cash (EUR k, est.) 150

Zeitwert der Vermögensgegenstände	Fair value of assets	12.052
-Managementgebühr 6 Jahre auf Equity	- management fee 6 years on equity	342
-Managementgebühr 2 Jahre auf Token	- management fee 2 years on tokens	98
-Managementgebühr 1 Jahr auf Cash	- management fee 1 year on cash	3
-Managementgebühr Erfolgsbeteiligung & Steuern	- outstanding profit participation & taxes	1.156
	NAV (EUR k)	10.453
24-Jul-24	NAV je Aktie / NAV per share (EUR)	3,40

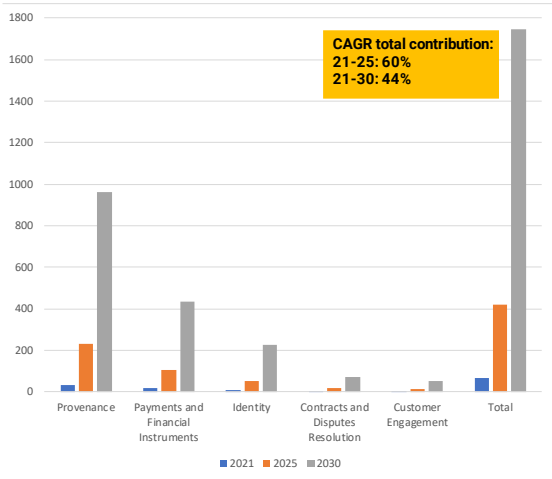
Source: Company data; mwb research

Investment case in five charts

Portfolio (excerpt)

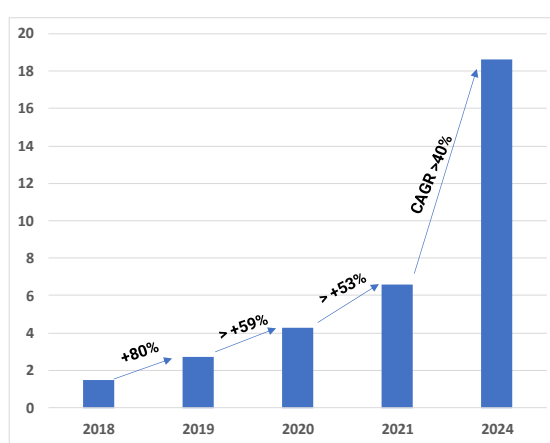


Blockchain's Economic Contributions (worldwide, USD bn)



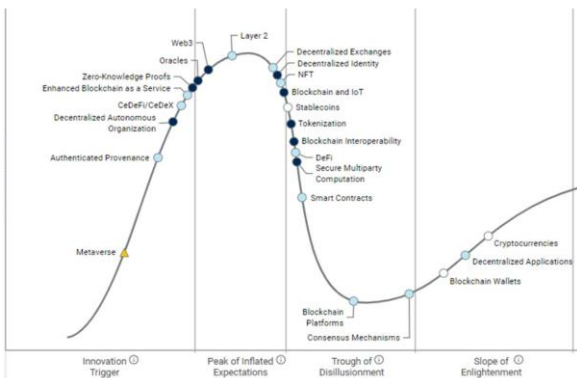
Source: PwC, Time for Trust, October 2020

Global Spending on Blockchain Solutions (USD bn)



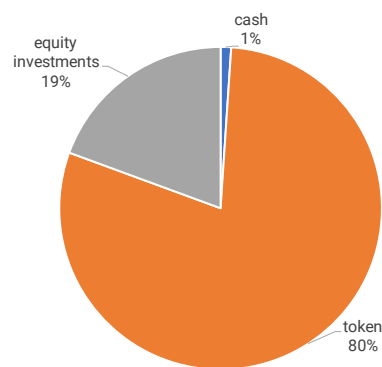
Source: IDC

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	5.1	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	0.8	0.8	0.8
EBITDA	1.7	-0.2	0.8	4.3	0.8	1.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	1.7	-0.2	0.8	4.3	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	4.3	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	4.3	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	4.3	0.8	1.0
Taxes	0.4	-0.2	0.1	1.4	0.3	0.3
Net income from continuing operations	1.8	-1.3	0.0	2.9	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	2.9	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	2.9	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	0.95	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	2.8	3.4	4.1
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	7.9	8.5	9.2
TOTAL ASSETS	7.8	6.6	6.7	9.7	10.2	11.0
SHAREHOLDERS EQUITY	7.0	6.2	6.3	9.2	9.7	10.5
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	9.7	10.2	11.0

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%	18%	17%	16%
FIXED ASSETS	84%	83%	26%	18%	17%	16%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	0%	5%	5%	5%
Other current assets	6%	14%	68%	47%	45%	42%
Liquid assets	11%	4%	6%	29%	33%	37%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	16%	17%	74%	82%	83%	84%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	90%	95%	93%	95%	95%	95%
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%	5%	5%	5%
Non-current liabilities	7%	5%	5%	5%	5%	5%
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	2.9	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	3.1	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	-0.5	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	2.5	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	2.5	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	2.5	0.5	0.7
Liquid assets at end of period	0.8	0.2	0.4	2.8	3.4	4.1

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	0.95	0.18	0.23
Cash flow per share	0.46	-0.45	0.05	0.80	0.18	0.23
Book value per share	2.44	2.03	2.04	2.99	3.17	3.40
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	3.1x	-4.6x	161.7x	2.1x	11.1x	8.6x
P/CF	4.3x	-4.4x	42.1x	2.5x	11.1x	8.6x
P/BV	0.8x	1.0x	1.0x	0.7x	0.6x	0.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	23.5%	-22.7%	2.4%	40.5%	9.0%	11.7%
EV/EBITDA	3.1x	-28.7x	7.1x	0.7x	3.3x	1.9x
EV/EBIT	3.1x	-3.8x	48.7x	0.7x	3.3x	1.9x
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	4.3	0.8	1.0
EBIT	1.7	-1.5	0.1	4.3	0.8	1.0
Net profit	1.8	-1.3	0.0	2.9	0.5	0.7
Cash flow statement (EURm)						
CF from operations	1.3	-1.4	0.1	2.5	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	2.5	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	9.2	9.7	10.5
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	-2.8	-3.4	-4.1
w/c requirements	-0.2	-0.0	-0.1	0.5	0.5	0.5
Ratios						
ROE	26.0%	-21.3%	0.6%	31.8%	5.6%	6.8%
ROCE	22.4%	-23.2%	1.8%	44.6%	7.9%	9.6%
Net gearing	-11.9%	-3.8%	-6.0%	-30.9%	-34.8%	-39.2%
Net debt / EBITDA	-0.5x	1.1x	-0.5x	-0.7x	-4.2x	-3.9x

Source: Company data; mwb research

Conflicts of interest

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Company	Disclosure
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