



Research Report (Anno)

FinLab AG



**High profit contributions impacted by fintech investments,
decrease in NAV at HELIAD,
relevant hidden reserves in place**

Target Price: 28.87 €

Rating: BUY

IMPORTANT NOTE:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section § 85 WpHG und Art. 20 MAR on page 16

Note on research as a “minor non-monetary benefit” according to the MiFID II regulation: This research meets the requirements for being classified as a “minor non-monetary benefit”. For more information, see the disclosure under “I. Research under MiFID II”

Date and time of completion (german version): 23/04/2019 (2:13 pm)
Date and time of first distribution (german version): 24/04/2019 (9:00 am)
Date and time of completion (english version): 03/05/2019 (2:13 pm)
Date and time of first distribution (english version): 03/05/2019 (3:00 pm)
Target price valid until: max. 31/12/2019

FinLab AG^{*5a,6a,11}

BUY

Target Price: €28.87
(until now: €32.75)

Current Price: 15.50
23/04/2019 / XETRA / 12:16
am
Currency: EUR

Key Data:

ISIN: DE0001218063
WKN: 121806
Ticker Symbol: A7AG
Number of shares³: 5.239
Marketcap³: 81.20
³in millions / mEUR

Free Float: 20 %

Transparency Level:
Scale

Market Segment:
Freiverkehr

Accounting Standard:
HGB/IFRS

Financial-Year End: 31.12.

Designated Sponsor:
Hauck & Aufhäuser

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* catalogue of possible conflicts of interest on page 16

Company Profile

Sector: Private Equity

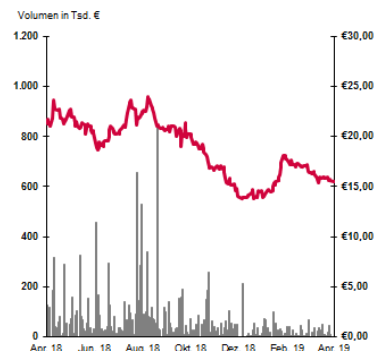
Focus: financial technology ("fintech") business models

Employees: 12 on incubator level and over 500 in subsidiaries

Established: 2000, focus on fintech since beginning 2015

Registered office: Frankfurt am Main

Board of Management: Stefan Schütze, Juan Rodriguez



FinLab AG is an investment company with a specific focus on fintech business models. Its business activities focus on developing self-founded or incubated German fintech start-ups, with the potential to roll out the business model across Europe. FinLab aims to acquire majority stakes in these start-ups and also finances the companies through several rounds of financing as the lead or co-investor. The Company's secondary focus is on investing in promising fintech companies that are not self-founded, and providing associated risk capital in seed or follow-on financing rounds. This does not involve any regional specialisation, but in addition to Germany, investments are also considered in the USA. In recent years, FinLab AG has considerably expanded its investment portfolio, which now comprises ten investments. These include companies from the fast-growing fintech sector as well as companies with a link to the blockchain and cryptocurrency worlds.

P&L in EUR millions*	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Total income	6.46	4.94	4.36	4.69
EBIT	4.02	2.27	1.46	0.79
Net income (loss)	6.54	14.00	14.21	16.92
Operating Cashflow	2.62	0.89	1.83	1.49

*Figures according to IFRS

Key Figures in EUR*

Earnings per share	1.44	3.08	2.97	3.29
Dividend per share	0.00	0.00	0.00	0.00

*Figures according to IFRS

Key figures*

Financial Assets in EUR millions	54.16	68.00	103.19	104.94
Equity (IFRS) in EUR millions	55.03	67.14	103.92	106.27
NAV per share in EUR	12.12	14.79	20.83	20.44
Discount to NAV	27.9%	4.8%	-25.6%	-24.2%
P/E ratio	12.42	5.80	5.71	4.80

*Figures according to IFRS

Financial Calendar

13 -15/05/19: German Spring Conference
25/06/19: AGM
27/09/19: Half Year Report 2019
25 - 27/11/19: Equity Forum

** Last research by GBC:

Date: publication/target price in EUR/rating
24/09/2018: RS / 32.75 / BUY
16/08/2018: RS / 33.75 / BUY
15/06/2018: RS / 30.65 / BUY
23/04/2018: RS / 30.65 / BUY

** The research studies indicated above may be viewed at www.gbc-ag.de, or requested at GBC AG, Halderstr. 27, D86150 Augsburg

EXECUTIVE SUMMARY

- Over the course of financial year 2018, FinLab AG successfully maintained its positive news flow regarding its portfolio companies. Most noteworthy is the development of the “flagship investment” Deposit Solutions GmbH, for which a round of financing was carried out in 2018 on the basis of a business valuation of USD 500 million. In September 2015, when FinLab AG initially invested, the Company was valued at just over EUR 20 million, meaning that the valuation of this investment has risen by a factor of more than 20. As part of the new financing round, FinLab AG realised gains and reduced its shareholding from 12% to 7.7% through sales of shares. This generated an inflow of liquidity of EUR 10.14 million and profits (less reduction in book value) of EUR 3.80 million.
- The other portfolio companies also developed further, with corresponding positive effects on the financial result of FinLab AG. nextmarkets GmbH was approved as a securities trading bank, AUTHADA GmbH was certified by the German Federal Office for Information Security (BSI), Vaultoro Ltd. introduced its second product, “Bar9”, FastBill GmbH reported a new partnership and the new FinLab fund made its first investment, EOS.IO (FinLab EOS VC Europe I). As a result, the financial result of FinLab AG, which in part reflects the performance of the unlisted fintech companies, was once again high at EUR 16.29 million (previous year: EUR 13.00 million).
- It is also worth mentioning here that the Company is not necessarily reliant on the performance of the portfolio companies or on the sale of shares. The provision of services to subsidiaries and portfolio companies, as well as dividend income, represent a steady stream of income for FinLab AG. This is sufficient to cover personnel and material costs, and FinLab is therefore “self-sustaining”. This is not always the case for investment companies. Accordingly, EBIT in the past financial year was also positive at EUR 0.79 million (previous year: EUR 1.46 million).
- The positive performance of the portfolio companies stands in contrast to price losses in the largest investment, the listed Heliad Equity Partners GmbH & Co. KGaA. In the past financial year, as a result of amortisations of shareholdings, Heliad has reported a significant fall in its NAV to EUR 6.20 per share (31/12/17: EUR 12.22 per share), which has led to a significant decline in the Heliad share price. FinLab’s equity, and therefore also FinLab’s NAV, fell by EUR 20.59 million as a result, having benefited from a consistently positive impetus from this investment in previous years.
- Our valuation of FinLab AG is based on NAV, taking into account possible hidden reserves in equity. These hidden reserves consist primarily of the valuations of the fintech portfolio companies and the NAV of the HELIAD shareholding. On this basis, we have calculated a NAV per share of EUR 28.87 (previously: EUR 32.75), which, at the current share price, still offers significant upside potential. The lower Heliad NAV is reflected in the fall in the fair value as calculated by us. We therefore continue to assign the BUY rating.

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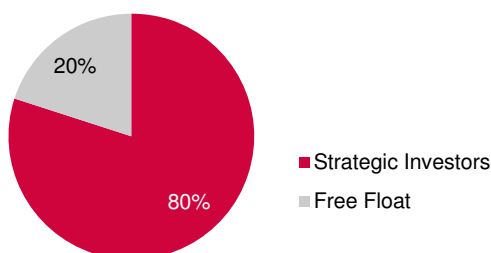
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COMPANY

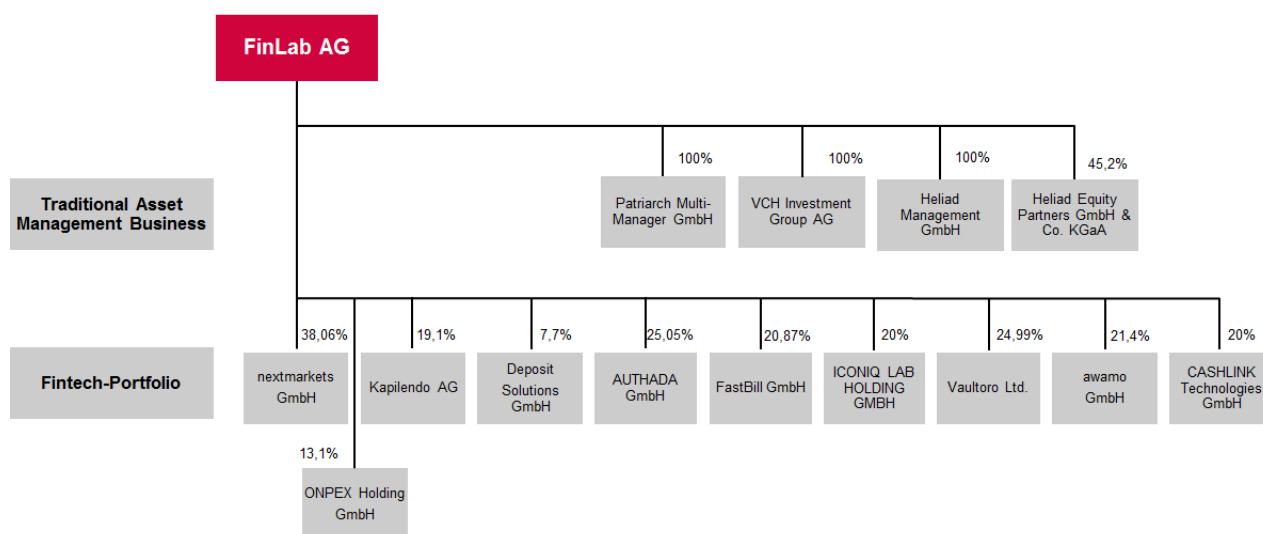
Shareholder Structure

Shareholders in %	in %
Strategic Investors	80 %
Free Float	20 %

Source: FinLab AG; GBC AG



Group Structure



Source: FinLab AG; GBC AG

FinLab AG kept up the continuous expansion of its fintech investments in 2018, and currently holds shares in ten companies including Heliad Equity Partners. The target portfolio size set by the Company was 7 - 10 investments and, with the three new investments made in 2018 and 2019, it has now reached the upper end of this range.

In September 2018, FinLab AG made a seven-figure investment in **awamo GmbH** as part of a financing round. awamo is a provider of SaaS core banking solutions for smaller and medium-sized microfinance institutions in Uganda. The company therefore offers microfinance providers the opportunity to digitalise business processes and also increases the security of transactions and reduces default rates by using biometric authentication. Currently, awamo's customer base comprises around 60 institutions with over 100 branches and 75,000 end customers. Its planned expansion into East Africa should result in a significant expansion of this customer base.

In November 2018, **CASHLINK Technologies GmbH** received a seven-figure investment from FinLab as part of a seed financing round. The Company's own blockchain-based platform is intended to support start-ups in finding capital. The platform connects start-ups directly with potential investors, allowing start-up shares to be traded digitally in the form of "security tokens". This transaction is regulated under German law, which makes it possible to carry out the process at low cost thanks to the high degree of standardisation.

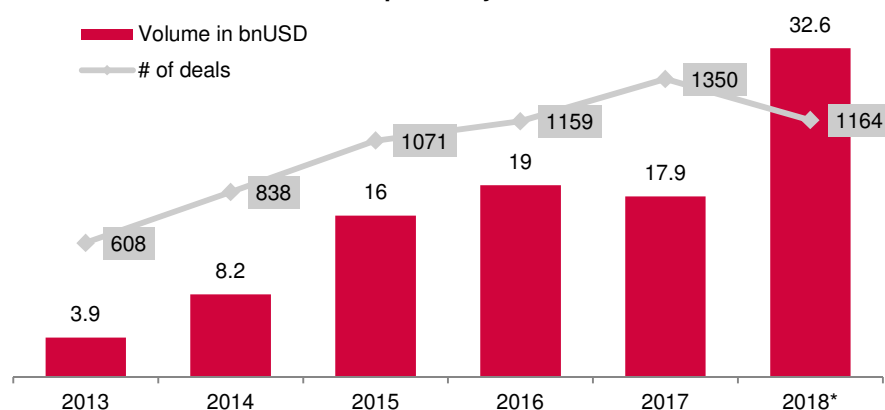
In February 2019, FinLab AG announced its investment in **ONPEX Holding GmbH**. ONPEX is a cloud-based account and payment solution offering modular white-label payment, banking and compliance-as-a-service solutions. Companies, particularly those with digital business models, can use the ONPEX platform to process payments in a

regulated environment, for example. Customers are also able to offer their own financial services (payment processing, etc.) by using the ONPEX-BaaS white-label service. The global platform makes it possible to process international transfers in different currencies. ONPEX's institutional customers also include regulated institutions such as payment processors, banks or cryptocurrency platforms, which can use application programming interfaces (APIs) to create their own custom applications. In the course of the series A financing round, FinLab AG made a high seven-figure investment.

MARKET AND MARKET ENVIRONMENT

FinLab AG operates as a holding company with a clear focus on disruptive fintech models in a rapidly growing market environment. In addition to the operating development of the individual fintech companies, another important factor for the development of the investment portfolio is a general willingness to invest in the fintech market. Market sentiment plays an important role, especially in cases of possible exits or partial sales. This has been very positive for several years now. Statistics show that capital expenditure in the fintech market skyrocketed in 2018. By 30 September the volume of investment had already reached USD 32.6 billion, over 82% greater than the value for the entire previous year:

Global investments in fintech-companies by VCs



Source: CB Insights; GBC AG; until third quarter 2017

The picture is similar in Germany, although slightly less momentum is expected in the investment volume for 2018. However, findings by Ernst & Young point to a “maturing” of the local fintech market, accompanied by an increase in transaction volumes primarily attributable to companies at a more advanced stage of development. FinLab investment Deposit Solutions took second place among the largest financing volumes in 2018, having completed a financing round of USD 100 million.

In addition, an increasing alignment of the “traditional” financial institutions towards the fintech sector can be seen, which makes its disruptive characteristic even clearer. An increasing readiness can therefore be seen from the ten largest German banks when it comes to collaboration, support programmes and the financing of fintech companies in particular. Fintech companies are no longer seen as a threat, but often as an opportunity for the banks to achieve their own aspirations in the area of digitisation.

A further “maturing” of fintech companies is expected for the German fintech market, meaning that the business models that have already been successfully tested on the market should become more established and a cleaning up of unsuccessful models should take place. Against this backdrop, in their study “Germany FinTech Landscape” Ernst & Young predict increased foreign capital expenditure in German companies.

COMPANY DEVELOPMENT

Overview of the key figures

P&L (in €m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Sales	2.85	4.17	1.72	1.52	1.94
Income from investments	0.35	1.61	2.75	2.47	2.25
Other operating income	1.55	0.68	0.48	0.37	0.50
Total income	4.76	6.46	4.94	4.36	4.69
Personnel expenses	-2.09	-1.56	-1.64	-1.76	-2.44
Other operating costs	-2.18	-0.88	-1.02	-1.14	-1.46
EBIT	0.49	4.02	2.27	1.46	0.79
Financial result	1.17	3.11	11.77	13.00	16.29
EBT	1.66	7.14	14.04	14.46	17.08
Taxes on income	-0.02	-0.60	-0.04	-0.25	-0.17
Net profit	1.64	6.54	14.00	14.21	16.92
EBIT	0.49	4.02	2.27	1.46	0.79
Earnings per share in €	0.36	1.44	3.08	2.97	3.29
Dividend per share in €	0.00	0.00	0.00	0.00	0.00
Number of shares in million	4.54	4.54	4.54	4.79	5.24

Source: FinLab AG; GBC AG

Business development 2018

P&L (in €m)	FY 2015	FY 2016	FY 2017	FY 2018
Total income	6.46	4.94	4.36	4.69
EBIT (margin)	4.02 (62.3 %)	2.27 (46.0 %)	1.46 (33.4%)	0.79 (16.8%)
Financial result	3.11	11.77	13.00	16.29
Net profit	6.54	14.00	14.21	16.92
EPS in €	1.44	3.08	2.97	3.29

Source: FinLab AG; GBC AG

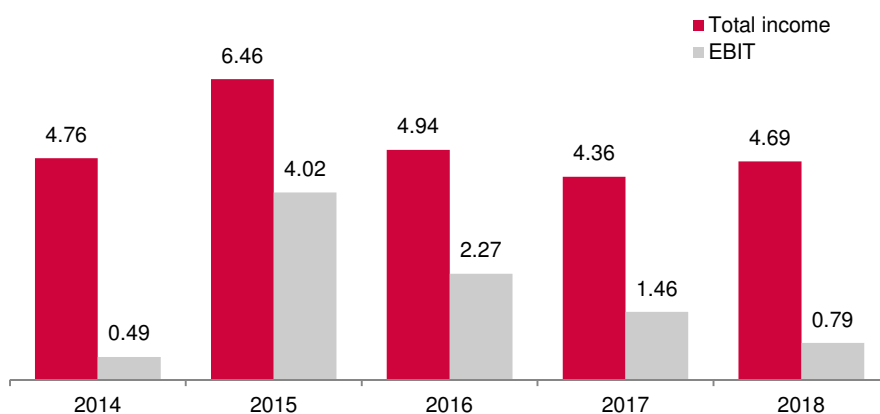
Earnings and EBIT growth 2018

FinLab AG's business model as an investment company that focuses on fintech business models means that an analysis of turnover and earnings performance according to conventional key figures does not adequately represent the business situation. The most important message to take from an examination of revenue and EBIT is the fact, that FinLab AG is "self-sustaining", and that personnel and material costs are therefore covered.

Revenues in this context consist predominantly of revenues from services to subsidiaries and investments, which are mainly provided in the business management, accounting and marketing sectors. The management fees largely originate from Heliad Equity Partners GmbH & Co. KGaA. New income was also generated from the fund founded in 2018 with Block.one, of which FinLab has taken on the management. The fund volume, which is expected to rise as high as USD 100 million, was EUR 70 million at the end of the year.

In addition to the management income, FinLab has also reported investment income (predominantly dividend distributions of Heliad Equity Partners GmbH & Co. KGaA and profit shares of the portfolio companies) giving a total income in 2018 of EUR 4.69 million (previous year: EUR 4.36 million).

Total income and EBIT (in €m)



Source: FinLab AG; GBC AG

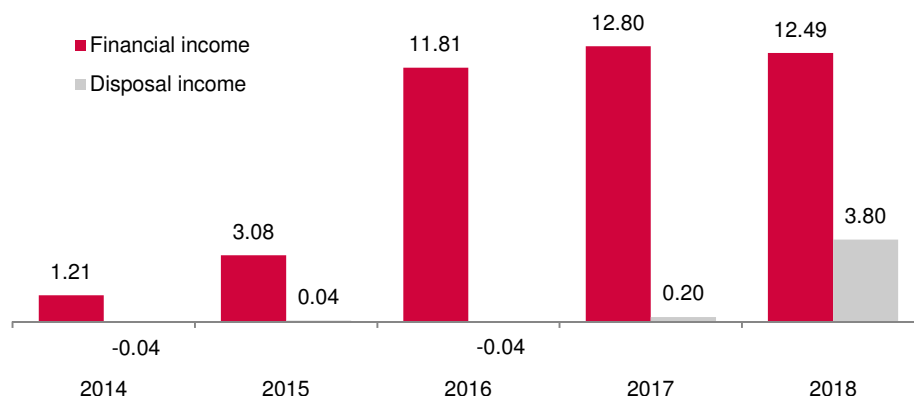
With the expansion of the fintech portfolios, support and administration costs are also rising, which is reflected in an increase in operating costs to EUR 3.90 million (previous year: EUR 2.90 million). However, the positive EBIT of EUR 0.79 million shows that income is still sufficient to cover costs, which cannot always be assumed to be the case for an investment company. This puts FinLab AG in a position to support the development of the portfolio companies over the long term without the pressure to sell in order to cover costs.

Development of the investment portfolio

In accordance with FinLab AG's investment strategy, the shareholding in the fintech portfolio companies is always below 50%, meaning that the performance of those companies is shown in the financial result. However, this does not include the largest investment, the listed Heliad Equity Partners GmbH & Co. KGaA, the performance of which is only recognised in equity as a basis for revaluation. The financial result of EUR 16.29 million (previous year: EUR 13.00 million) includes the performance of the values of the unlisted companies in particular. Conventional DCF valuation methods are used for this purpose. In addition, sales of shares for the fintech investments are also reported in the financial result. In the past financial year, a financial result of EUR 3.80 million was generated from the sale of shares in Deposit Solutions (shareholding reduced from 12% to 7.7%).

In parallel, the increase in the valuations of the investments amounted to EUR 12.46 million (previous year: EUR 12.76 million). We assume that Deposit Solutions, for which a new valuation of USD 500 million has been obtained as the result of a financing round in 2018 – which is therefore more than double the previous amount (approx. EUR 200 million) – is also responsible for this in part. Despite the sale of shares, FinLab AG must have made attributions to this investment. In light of the positive news flow, however, we assume that the investments in nextmarkets and Kapilendo have also recorded gains in value.

Financial result (in €m)



Source: FinLab AG, GBC AG

Due to the significant improvement of the financial results, the post-tax result also rose strongly to EUR 16.92 million (previous year: EUR 14.21 million). As mentioned, however, the post-tax result does not include changes in the value of the listed Heliad investment, which is also the largest FinLab investment. These are included in the revaluation reserve, which in the past financial year was worth EUR -20.58 million – significantly less than the previous financial year's figure (previous year: EUR 16.55 million). In the past financial year, as a result of amortisations of shareholdings, Heliad has reported a significant fall in its NAV to EUR 6.20 per share (31/12/17: EUR 12.22 per share), which has led to a significant decline in the Heliad share price. As at the balance sheet date, 31/12/18, this was EUR 4.79 and therefore significantly below the previous year's level of EUR 9.48 (31/12/17). At EUR 20.58 million, the adjustment to the investment value had a negative impact on the balance-sheet valuation and on the basis for the FinLab equity capital revaluation.

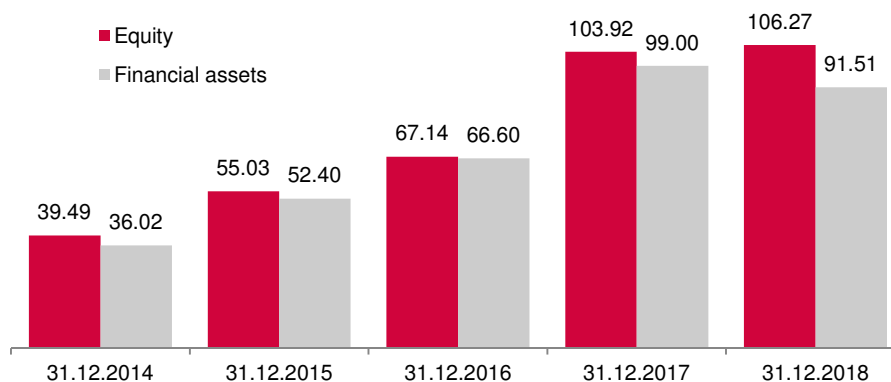
Balance sheet and financial situation as at 31/12/2018

in €m	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Equity	55.03	67.14	103.92	106.27
Equity ratio (in %)	96.1%	94.1%	97.9%	98.2%
Financial Assets	52.40	66.70	99.00	91.51
Securities and Cash	1.77	1.40	4.19	13.42
NAV per share	12.12 €	14.79 €	20.83 €	20.44 €
Cash Flow – operating	2.62	0.89	1.83	1.49
Cash Flow – investing	-3.62	-1.21	-4.29	2.57
Cash Flow – financing	-1.00	-0.32	5.61	5.18

Source: FinLab AG; GBC AG

Equity capital rose slightly to EUR 106.27 million in 2018 (31/12/17: EUR 103.92 million). Overall, therefore, the negative effect from the revaluation reserve of EUR -20.59 million was offset on the one hand by the post-tax result of EUR 16.92 million, and on the other hand by the capital increase implemented in the first half-year in the amount of EUR 5.19 million. FinLab AG still has a very solid financing structure with an equity ratio of 98.2% (31/12/17: 97.9%). It is therefore evident that the Fintech portfolio was not developed with the aid of debt capital. The necessary liquidity for Fintech investments is generally raised either through capital increases, or by selling securities. The slight decline in the NAV per share to EUR 20.44 (31/12/17: EUR 20.83) even with an increase in equity capital is attributable to the increased number of shares.

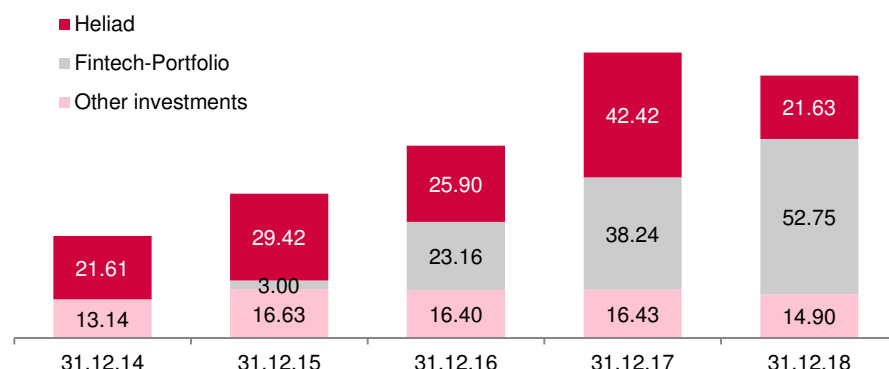
Equity and financial assets (in €)



Source: FinLab AG; GBC AG

While equity capital dominates the liabilities side, the assets side of the FinLab balance sheet almost exclusively comprises the investment values of the portfolio companies. As a result of the decline in HELIAD investments, the value of the financial assets decreased to a total of EUR 91.51 million (31/12/17: EUR 99.00 million), but this was partly offset by the positive development of Fintech investments. In addition, the valuation of the non-listed fintech investments increased due to investments made during the previous financial year in awamo GmbH and CASHLINK Technologies GmbH. Despite the sale of the Deposit Solutions shares, the value of the investments rose from EUR 38.24 million (31/12/17) to EUR 52.75 million (31/12/18). In contrast, HELIAD securities declined from EUR 42.42 million (31/12/17) to EUR 21.63 million (31/12/18).

Financial Assets (in €m)

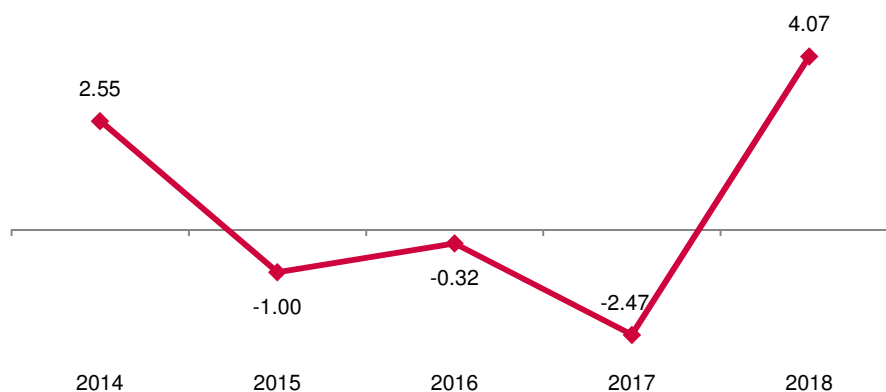


Source: FinLab AG; GBC AG

As at the balance sheet date, the company has an extensive portfolio of liquid assets in the amount of EUR 13.36 million (31/12/17: EUR 4.11 million), which means that there is a high degree of flexibility to seize investment opportunities. This was demonstrated through its seven-figure investment in ONPEX Holding GmbH in February 2019, meaning its available liquidity is currently probably lower.

The above-average liquidity portfolio at the end of the financial year is primarily a result of the capital increase of EUR 5.19 million and the sale of shares in Deposit Solutions GmbH (available liquidity in the amount of EUR 10.14 million). In addition to the liquidity access from the operating business in the amount of EUR 1.49 million, the new investments in the fintech companies awamo and CASHLINK in the amount of EUR 7.09 million were successfully carried out without problems.

Development of the Free Cash Flow (in €m)



Source: FinLab AG; GBC AG

SWOT-Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experienced management team • Secure cash flows through the Heliad and Patriarch investments in the coming years • The balance sheet structure is very solid, with a high equity ratio of over 90% and no financial liabilities • FinLab AG's ongoing costs are covered by recurring cash flows • A certain number of new investments can be financed by the available liquidity and the current cash flow • The fixed cost base is low and the Company consistently breaks even from recurring income 	<ul style="list-style-type: none"> • High dependence on the major investment in Heliad Equity Partners GmbH & Co. KGaA • Difficult for investors to make forecasts due to the young age of the fintech investments • The share is comparatively illiquid due to a low free float of around 20%
Opportunities	Threats
<ul style="list-style-type: none"> • The high demand for fintech business models could further boost the valuation levels of FinLab's investments • Fintech business models record high growth rates, which could also add value to FinLab AG's investments • New investments could increase the growth potential even further • The new fund with EOS.IO should bring an increase in management fees and growth in returns • An increase in the price of the Heliad share would push the NAV of the FinLab share even higher 	<ul style="list-style-type: none"> • FinLab AG's investments could grow more slowly than hoped • A sharp fall in the Heliad share price would further weigh on the equity capital and decrease the NAV • Prospects in the fintech market could turn once more and deteriorate significantly • Lack of investment opportunities in the market could slow down the Company's development • Competitors could use similar or identical business models to limit the market potential of the investments

OUTLOOK & VALUATION

Latest developments and opportunities for the investments

Deposit Solutions GmbH

The financial year 2018 was also extremely successful for the flagship investment of FinLab AG in Deposit Solutions GmbH. A new financing round of around EUR 100 million was successfully completed. Taking into account this new financing round, the company value of the FinLab investment rose to around USD 500 million. The current value is all the more impressive, given that the valuation for Deposit was made at the time that FinLab AG invested. When FinLab first invested in September 2015, the valuation was still just above EUR 20 million and the valuation of Deposit Solutions has therefore increased by a factor of 20 within approximately three years.

As part of the current financing round, FinLab AG reduced its shareholding in Deposit Solutions from around 12% to 7.7% through sales of shares. As part of this transaction, FinLab AG received EUR 10.14 million. Despite the reduction in shareholding, the NAV for Deposit rose sharply on the basis of the new valuation. With a total company value of USD 500 million, this corresponds to a valuation of USD 38.5 million or EUR 33.8 million.

New fund with Block.one (EOS.IO)

Following the announcement of the launch of a USD 100 million fund together with Block.one (founder of the blockchain software EOS.IO) in March 2018, the first seven-digit investment of this fund (FinLab EOS VC Europe I GmbH & Co. KG) in Instaffo GmbH was made in September 2018. Instaffo is a German start-up company that operates a so-called reverse recruiting platform with the help of AI technologies. A total of six investments have been made so far.

nextmarkets GmbH

With the e-learning and trading platform nextmarkets GmbH having received approval as a securities trade bank at the beginning of January 2018, the FinLab participation is authorised to provide all necessary financial services in the European Economic Area. As part of this, nextmarkets customers can open accounts and use the nextmarkets app with real money. The real money service was launched in June 2018.

A further financing round in the amount of over EUR 6 million was concluded at the same time as the launch of the real money service. In addition to the existing shareholders Peter Thiel and Falk Straszeg, new investors including Axel Springer Media for Equity GmbH, Cryptology Asset PLC and the British hedge fund manager, Alan Howard, participated. According to the company's information, this financing, which is to be seen as the second part of the Series A round, resulted in a significantly higher valuation than previous financing rounds.

AUTHADA GmbH

The Darmstadt-based AUTHADA GmbH is a specialist in identification solutions and a provider of cyber security products which enable customers' identities to be checked quickly, thanks to the e-ID function of their personal identity cards. In early 2018, the company obtained certification for its product based on the technical guidelines of the Federal Office of Safety and Information Technology (Bundesamt für Sicherheit und Informationstechnik; BSI). The AUTHADA solution was used for the first time with Fintech ayondo, a German-British social trading platform which requires users to register. Customers can quickly provide proof of identity with an NFC-enabled smartphone and an e-ID card. Other customers, such as paysafecard (an Austrian provider of pre-paid solutions) and comdirect-Bank (one of Germany's leading direct banks), have been added in the past year.

In 2018, AUTHADA GmbH also received a new strategic investor – Main Incubator, a 100% owned subsidiary of Commerzbank. In collaboration with FinLab, a seven-figure sum was invested as part of this financing round.

Vaultoro Ltd.

Vaultoro Ltd. is a leading real-time trading platform for gold and bitcoins, which announced the launch of its second product in 2018. With the newly introduced “Bar9” online savings account, customers can invest money in physical gold, which is stored in a Swiss vault. This process is completed without the involvement of any banks. Customers can use the savings invested in gold as money and make withdrawals in euros. There are also plans to release the first gold-based debit card in the near future and to expand the platform to incorporate additional precious metals such as silver and palladium, as well as cryptocurrencies.

FastBill GmbH

According to its own statements, FastBill GmbH is a leading SaaS company for the financial management of independent companies, and offers a platform for the central management of financial data through its own software solutions. In addition to this, the necessary interfaces for data exchanges with tax advisors and similar services are available. In 2018, an integration between the accounting software and a banking solution was implemented as part of a collaboration with Kontist. The new offer also includes a scanning app and the automatic creation of a liquidity reserve for tax contributions.

Iconiq Lab

Following the sale of Iconiq Lab in early 2018 as part of a private token pre-sale in the amount of around EUR 1.00 million (in ICNQ Club Membership Tokens), additional tokens worth around EUR 0.50 million were sold in the public pre-sale. The funds collected will be used to finance the Accelerator programme, which will see support provided for selected start-ups on their way to their own ICO. The conclusion of another seven-figure financing round at the beginning of 2019 will supplement the funds in the ICO. This was borne by the High-Tech Gründerfonds III and by FinLab AG.

Valuation

We valued FinLab AG by calculating the net asset value (NAV) as a key performance indicator for portfolio companies, which is typical for the sector.

As at 31/12/2018, FinLab AG had equity of EUR 106.27 million according to its IFRS balance sheet. This is based on the financial investments' carrying value of EUR 91.51 million, where the 45.2% investment in Heliad Equity Partners GmbH & Co. KGaA is currently the largest individual investment at EUR 21.63 million (previous year: EUR 42.42 million). As a result of the necessary depreciation of portfolio companies, Heliad investments recorded a significant decline in valuation. With regard to the Heliad NAV at 31/12/2018 in the amount of EUR 6.20 per share (previous year: EUR 12.22 per share), the hidden reserves amount to EUR 6.04 million. We take this into account as part of the NAV valuation.

In addition, the IFRS valuation of the investments at 31/12/18 was EUR 52.75 million (31/12/17: EUR 38.24 million). The 7.7% share in Deposit Solutions, for which a financing round to a valuation of around USD 500 million was carried out in 2018, is worth around EUR 33 million and likely accounts for the largest proportion. In 2018, further new investments were made, and progress was achieved with the existing portfolio companies. We see the total NAV at 31/12/2018 at EUR 92.16 million, and therefore EUR 39.41 million above the carrying amount.

In the third stage of the NAV calculation, we took into account in the liquid assets (including securities) amounting to EUR 13.36 million the expected and predictable revenue streams from traditional asset management business, i.e. the agreed management fees as well as dividend income of up to EUR 5.0 million (including income from the new fund with Block.one). We also included the expected holding costs amounting to EUR 3.5 million in the calculation.

Calculation of the fair value per share of FinLab AG:

in €m	31/12/2018 (lt. IFRS)	Fair value for NAV-calculation (according to GBC)
Heliad Equity Partners GmbH	21.63	27.67
Fintech-Investments	52.75	92.16
Liquid assets	13.36	14.86
Other financial assets	17.13	17.13
Sum	104.87	151.82
	Hidden reserves	46.95
	Equity	153.22
	Equity without debt	151.23
	Number of shares	5.24
	NAV/share	28.87 €

The current NAV/share is therefore determined to be EUR 28.87 (previously: EUR 32.75). The reduction in fair value is based on the clear downward trend in the development of the Heliad NAV. Based on the current share price, however, FinLab AG's share clearly retains its BUY rating.

ANNEX

I.

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