

# tokentus investment AG

Germany | Technology | MCap EUR 12.3m

11 October 2021

UPDATE



## Capital Increase announced; Upgrade PT on Token Value; BUY

### What's it all about?

tokentus this morning announced a capital increase without subscription rights of up to 20m shares at a price of EUR 2.55 per share. The public offering is subject to the approval of the prospectus by the BaFin. A private placement will be conducted in parallel. The offer price looks very attractive considering the 15% discount to the most recent share price of EUR 3.00 and a more than **40% discount to our upgraded price target** of EUR 4.34.

The announced capital increase will boost liquidity and should bring the stock to the attention of a much broader investment community. We see it as an attractive entry point into this exciting company and **recommend to BUY. We upgrade the PT to EUR 4.34 (old: EUR 4.05) following the steep price increase of the price of the Qredo token.**

### BUY (BUY)

Target price	EUR 4.34 (4.05)
Current price	EUR 3.00
Up/downside	44.7%



### MAIN AUTHOR

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Germany | Technology | MCap EUR 12.3m | EV EUR 10.9m

<b>BUY</b> <small>(BUY)</small>	<b>Target price</b> Current price Up/downside	<b>EUR 4.34 (4.05)</b> EUR 3.00 44.7%	<b>MAIN AUTHOR</b> <b>Dr. Oliver Wojahn, CFA</b> o.wojahn@alsterresearch.com +49 40 309 293-58
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## Capital increase announced; Upgrade PT on token value; BUY

**Capital increase announced.** tokentus this morning announced a capital increase without subscription rights of up to 20m shares. The public offering is subject to the approval of the prospectus by the BaFin. A private placement will be conducted in parallel. The proceeds of up EUR 51m will be used according to the venture capital business model of tokentus: the funds will be invested into private blockchain companies and tokens and be used for general corporate purposes.

**Attractive pricing.** The offer price of EUR 2.55 looks very attractive considering the 15% discount to the most recent share price of EUR 3.00 and a more than 40% discount to our upgraded current price target of EUR 4.34. The following table shows the dilution of the fair value as a function of the number of shares placed assuming 5% issuing costs. We think it is likely that the fair value will be above EUR 3.00 post transaction:

	number shares issued @ EUR 2.55 (m)				
	0	2	5	10	20
post transaction fair value (EUR per share)	4,34	3,74	3,32	3,01	2,77

**Upgrade of PT:** The basis for the AlsterResearch valuation is a risk-adjusted NAV. The two most valuable components in tokentus' portfolio are the equity stake in Celsius Network and the Qredo token. For Celsius Network, we continue to apply a discount of 30% to account for regulatory risks, which seems appropriate given that Kentucky recently joined New Jersey, Texas, and Alabama in trying to prohibit Celsius' interest-bearing accounts. For Qredo, we take high volatility into account by using the 30-day average price with a discount of 20% for illiquidity. This results in an upgraded valuation basis of USD 1.03 (formerly: USD 0.92), compared with a current price of USD 2.31. This results in an upgraded PT of EUR 4.34 (old: EUR 4.05).

**Why tokentus is an interesting proposition.** The strict focus on the blockchain and the accumulating **deep sector know-how**, combined with a growing **network of highly respected co-investors**, allows tokentus to make deeply informed investments in the blockchain market. This market is expected to show a **CAGR > 40% p.a. until 2024**. The announced capital increase will boost liquidity and should bring the stock to the attention of a much broader investment community. We see it as an attractive entry point into this exciting company and **recommend to BUY with PT EUR 4.34**.

tokentus investment AG	2018	2019	2020	2021E	2022E	2023E
Sales	0.0	0.0	0.0	0.0	0.0	0.0
<i>Growth yoy</i>	<i>Na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
EBITDA	0.0	-0.2	-0.5	-1.0	-1.6	-1.7
EBIT	0.0	-0.2	-0.5	-1.0	-1.6	-1.7
Net profit	0.0	-0.2	-0.5	-0.6	-1.0	-1.1
Net debt (net cash)	0.0	-2.2	-1.4	-1.4	-0.4	0.7
EPS recurring	0.0	-0.05	-0.12	-0.15	-0.24	-0.25
DPS	0.0	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Gross profit margin	na	na	na	na	na	na
EBIT margin	na	na	na	na	na	na
ROCE	na	-8.8%	-20.0%	-40.9%	-114.0%	-128.1%
EV/EBITDA	na	-51.3x	-23.3x	-10.8x	-7.4x	-7.7x
EV/EBIT	na	-51.3x	-23.0x	-10.8x	-7.4x	-7.7x
PER	na	-61.1x	-25.3x	-20.2x	-12.6x	-12.0x
FCF yield	na	-1.6%	-4.0%	-6.5%	-7.9%	-8.3%

Source: Company data, AlsterResearch



Source: finanzen.net

**High/low 52 weeks** 3.00 / 2.20  
**Price/Book Ratio** 5.4x

**Ticker / Symbols**  
ISIN DE000A3CN9R8  
WKN A3CN9R  
Bloomberg 14D:GR

Changes in estimates				
		Sales	EBIT	EPS
2021	old	00.0	00.0	00.0
	Δ	—	—	—
2022	old	00.0	00.0	00.0
	Δ	—	—	—
2023	old	00.0	00.0	00.0
	Δ	—	—	—

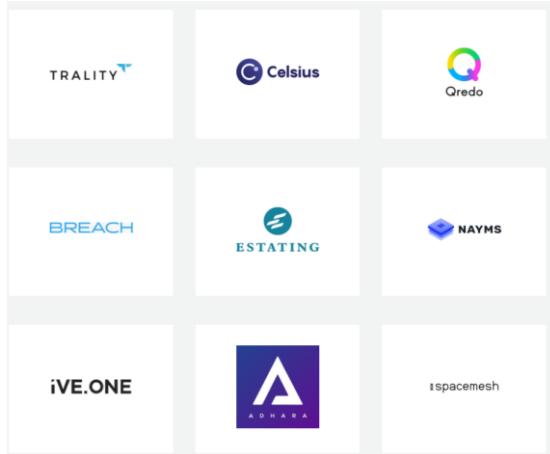
**Key share data**  
Number of shares: (in m pcs) 4.38  
Book value per share: (in EUR) 0.55  
Ø trading volume: (12 months) 200

**Major shareholders**  
Free Float 100.0%

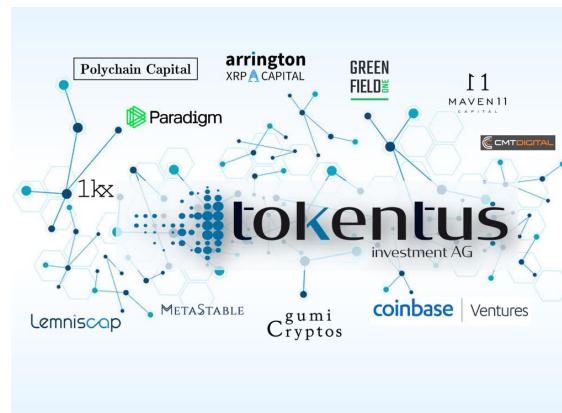
**Company description**  
tokentus is a highly focused investment company, investing into private blockchain companies and related tokens.

## Investment case in six charts

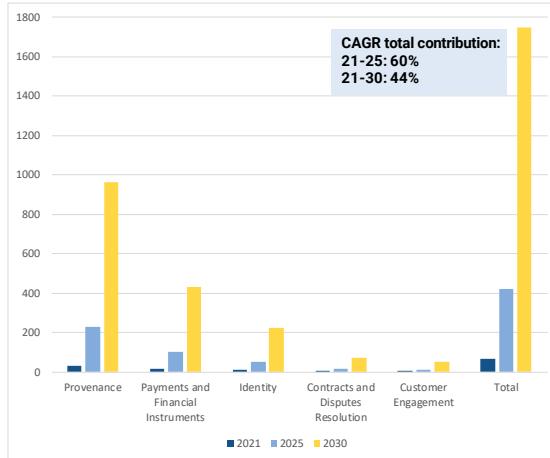
### Portfolio Companies



### Network of Prestigious Co-investors

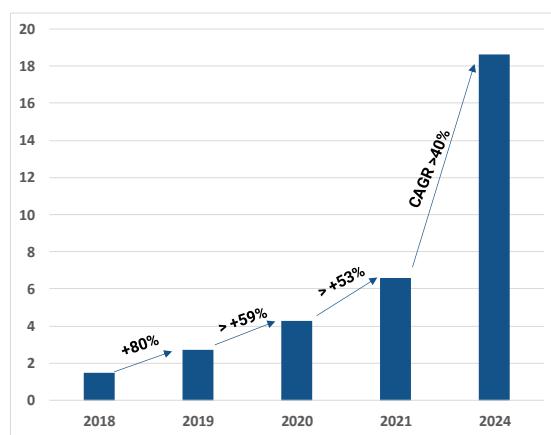


### Blockchain's Economic Contributions (USD bn)



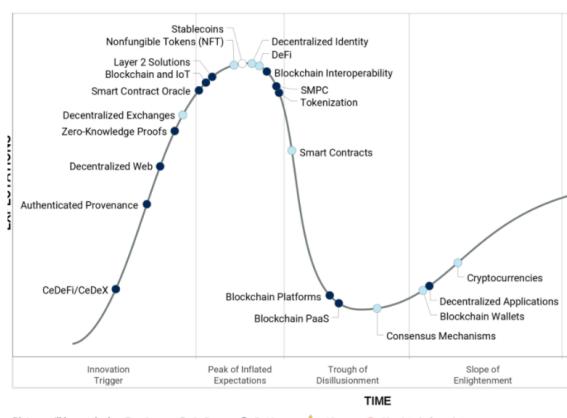
Source: PwC, Time for Trust, October 2020

### Global Spending on Blockchain Solutions (USD bn)



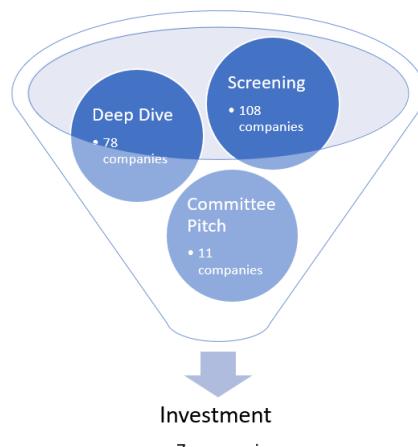
Source: IDC

### The Gartner Blockchain Hype Cycle



Source: Gartner (July 2021)

### Investment Funnel 2020



# A Short Primer on Blockchain and Tokens

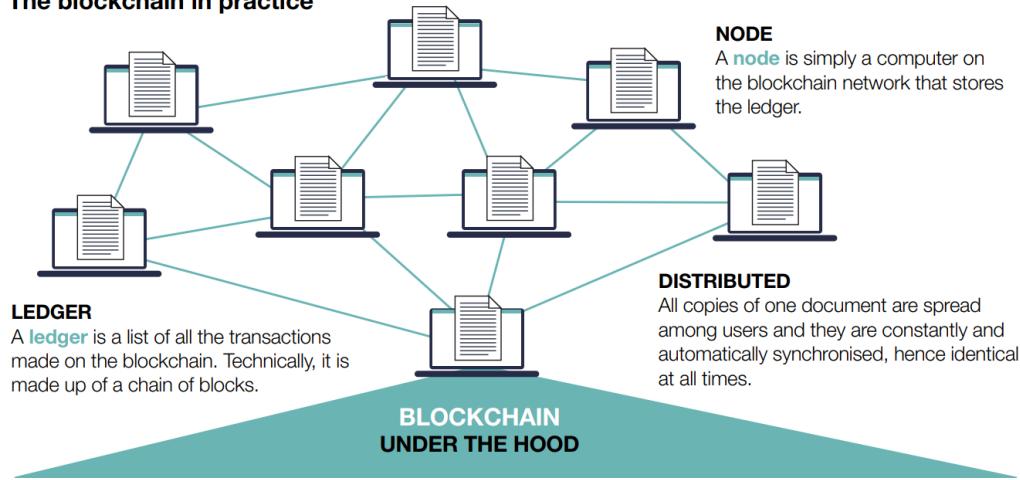
## Blockchain

A wide range of documentation on the blockchain is available from different sources, ranging from non-technical explanations aimed at laypeople to highly technical documentation, including white papers and code on GitHub, requiring a high degree of sophistication in IT and coding. The following is a very short explanation not requiring any technical background, with the aim of showing the commercial potential of the blockchain. It is partly based on [The OECD Blockchain Primer](#), which provides a good non-technical introduction.

Very simply put, a **blockchain is a ledger** which chronologically records transactions. In this way, it can be compared to a shareholder register maintained by a stock corporation or a land registry maintained by a local authority.

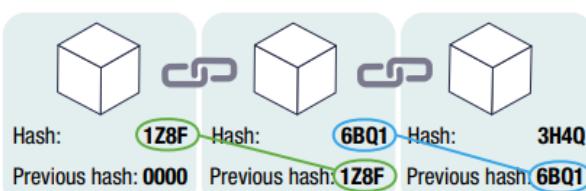
However, while traditional ledgers like a shareholder or land registry have to be maintained by a single trusted central authority (a corporation, a bank, a government authority etc.), the **blockchain ledger is distributed among all users on the network (nodes)**, each keeping an identical copy of the ledger.

### The blockchain in practice



Source: OECD

Transactions on the blockchain are **stored in blocks that are chained together** by a unique string of numbers and letters, a **hash**, created by solving difficult mathematical problems. Solving the problem and adding a block is called **mining** and usually rewarded, for example in cryptocurrency like Bitcoin. No block can be added without the consent of specified nodes in the network, the exact rules how this works is called the **consensus mechanism**.



Source: Savjee

Two key characteristics of the blockchain thus are:

1. **Distributed:** the database is held and maintained by all nodes in the network, there is no central authority.
2. **Immutable:** once a transaction is recorded on the blockchain, it is almost impossible to undo. This contributes to the trustworthiness of the recorded data.

Two further **features of a blockchain** are worth mentioning:

1. **Openness:** **public** blockchains are open for anyone to read, while **private** blockchains can only be viewed by a chosen group.
2. **Level of permissions required to add information:** In **permissionless** blockchains, anyone can contribute and add data to the ledger, in **permissioned blockchains**, only selected users can.

For example, Bitcoin and Ethereum are public permissionless blockchains. On public blockchains, the transactions of user accounts are visible to all other users, thus they are **NOT anonymous but pseudonymous**. This means that each transaction can be connected to a user account and if the identity behind that account becomes known, it can also be traced back to the user.

## Tokens

Digital assets on the blockchain are called **tokens**, and the process of transferring the rights of a real-world asset into a digital representation is called **tokenization**.

Main types of tokens are

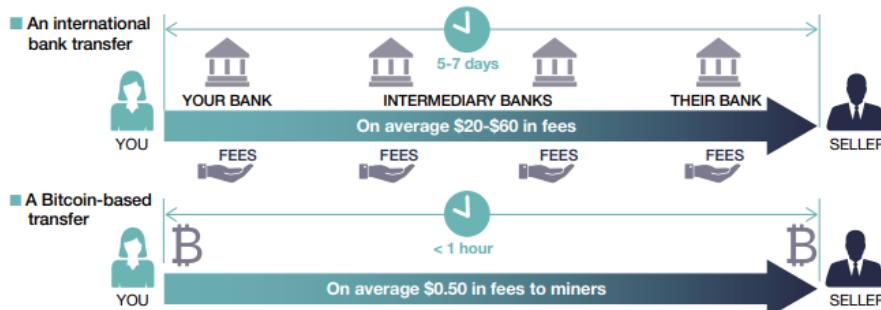
1. **Payment tokens**, also known as **cryptocurrencies**. Examples: Bitcoin, Ethereum, Cardano and Tether (note that Tether is a stablecoin, i.e. the value is pegged to the value of a national currency, in this case the USD).
2. **Utility tokens** represent a right to a good or service, similar to air miles or gift cards. For example, Filecoin allows users access to a cloud storage platform.
3. **Security tokens** provide **equity or an equity-like investment in a company**. For example, U.S. listed company Overstock paid a dividend in security tokens which come with nearly the same rights as the listed shares.
4. **Asset-backed tokens** represent a digital claim on a physical asset like gold, crude oil, real estate, pieces of art, wine or even intangible assets like a patent or a copyright.

**Coins** in a narrow sense are cryptocurrencies, but sometimes the expression is also used for other types of tokens. Start-ups can raise funds by selling utility tokens in an initial coin offering (**ICO**) or by selling security tokens in a security token offering (**STO**). The regulatory landscape for issuing tokens is still in its infancy and differs substantially between jurisdictions.

There are several **advantages of tokenization**:

- **Cutting out the middleman:** Tokenized assets or cryptocurrencies can be transferred directly from user to user without going through intermediaries like banks. **This saves time and costs and reduces counterparty risk.**

### Comparing bank transfers and Bitcoin



Source: OECD



**Fractionalization:** Tokens can represent partial ownership of unique assets, for example the painting "Filette au bérét" by Pablo Picasso has been tokenized into 4,000 tokens. These can be traded on a platform. Thus tokenization improves the liquidity of non-fungible assets (thus these tokens are called non-fungible tokens, or NFTs) and opens asset classes to investors that otherwise would have been shut out.

- **Automation:** Smart contracts on the blockchain are contracts that can be executed and enforced without human interaction. They can lead to efficiency gains: for example, a token representing a share in a rented house can distribute rents automatically by an airdrop, i.e. the transfer of cryptocurrency to the holders of the token. The same mechanism could be used to distribute dividends or interest.
- **Transparency and safety:** Whereas in a centralized ledger, there is a single point of failure that is vulnerable to manipulation, a distributed ledger is almost immutable and tamper-proof. It can also be designed to be more transparent if it is on a public blockchain.



Source: [builtin.com](https://www.builtin.com)

Next to cryptocurrencies and tokens, the blockchain is a potentially useful **enabling technology** in many other industries. Worth mentioning are:

**Logistics / supply chains:** Blockchain technology allows the tracking of goods along the supply chain, for example to ensure the origin of gemstones (e.g. diamonds), meat and other food or clothing. A more transparent supply chain will allow companies to identify risks and consumers to make informed decisions. The challenge is to ensure that only reliable information is entered on the blockchain ("garbage in, garbage out").

**Healthcare:** Healthcare providers can use the blockchain to replace siloed information in multiple databases, making it easier to selectively share information. This can potentially reduce the costs and improve the quality of the healthcare system. Obstacles to implementation are privacy and data security concerns.

**Energy:** The blockchain can be used to set up peer-to-peer electricity trading, thus facilitating systems with a large number of distributed renewable energy resources.

**Public administration:** Blockchain technology can be used to register votes and conduct elections or referendums. Any administrative processes can be transparently documented with blockchain and thus used to secure against data loss and subsequent manipulation or to fight corruption.

**Identity management:** Blockchain identity management enables everyone in the network to see which credentials are valid and who attested to the validity, without revealing the actual data. The information is auditable, traceable and verifiable.

Other use cases of the blockchain are possible (for example in **law** and **digital content protection**) and are currently explored.

# Company background

## Products & services

tokentus investment AG is a stock market listed company that operates like a private equity or venture capital fund: tokentus raises capital from shareholders and then invests those funds into private blockchain companies and tokens. So far, the company has invested roughly EUR 2m in 9 target companies.

The investment approach of tokentus is **highly focused in four dimensions**:

- 1) tokentus only invests into companies that are closely related to the **blockchain**, for example because they use blockchain to build applications that users interact with or because they provide a service to a blockchain-related market. tokentus will typically invest in smallish (up to 5%) **equity stakes or convertible bonds** of these companies, but also in **tokens** issued by portfolio companies.
- 2) tokentus so far predominantly invests into **early-stage companies**, i.e. Pre-Seed ("friends and family") and Seed funding rounds. However, the company has also started to move into later stages with a first Series A funding completed and is targeting even later stages with growing equity commitments. This also implies that single investments could grow from currently below EUR 0.5m into a range up to EUR 1.5m.
- 3) tokentus joins funding rounds as a **co-investor of large and well-known lead investors** (e.g. Coinbase Ventures). While tokentus performs its own due diligence, the company also benefits from the expertise of the lead investor in target selection and valuation.
- 4) tokentus has actively decided not to invest in cryptocurrencies, but only in **selected verticals**. Current portfolio companies mostly relate to **decentralized finance** (DeFi), for example blockchain-based lending, payment, liquidity management and insurance. Other verticals include **asset tokenization**, for example for real estate. Future verticals could include logistics, healthcare, energy markets and others.

The long-term value add of tokentus is built on the premise that the investment process will select companies that appreciate in value and can be divested at a capital gain. Due to the infancy of the blockchain technology and the early stage of target companies, tokentus **has not yet exited any investments**. Thus it is too early to evaluate a track record – and will stay so for a while considering that a typical venture capital investment has a lifespan of 5 to 10 years.

However, as for all VC investments, there is a high likelihood that **some portfolio companies will fail**, while the **payoff for the winners could be substantial**, even in "unicorn" territory, i.e. a private company valued at more than USD 1bn (tokentus already has a hot candidate, see "Portfolio Companies" for more detail). To manage these risks, it seems instrumental to build a portfolio that is well diversified, both in number of investments and qualitatively in business models and verticals. At 9 companies operating in diverse markets, tokentus is on a good way to build such a portfolio, and there seem to be a number of leads that could lead to additional transactions soon.

Since August 3<sup>rd</sup>, 2021, the shares of tokentus are listed in Munich in the m:access segment, which is a market segment tailored to the resources and requirements of German SMEs, and in Berlin. tokentus has recently **listed shares also on the Frankfurt exchange and on Xetra**, which will lead to **increased transparency** through extended reporting requirements. The announced **large capital increase of up to 20m shares at a price of EUR 2.55** should also **boost the market cap and liquidity**, thus making the shares more accessible for institutional investors.

## Management of tokentus

	
Oliver Michel, Founder and CEO since 2019. Formerly CEO of Max21, a listed technology holding company.	Benedikt Schulz, Investment Manager since 2020. Formerly co-founder and COO of insoro, a digital financial advisory service.

Source: Company data; AlsterResearch

## Supervisory Board

			
Reinhard Schumann, Chairman  Managing Director of a digital transformation consultancy	Rupertus Rothenhäuser  CEO of Crypto Finance (Brokerage) AG	Michael Kollmann  Managing Director of a financial services company	Christoph Mast  Consultant, former Global Head of Trading Allianz

Source: Company data; AlsterResearch

## Shareholders

tokentus currently has circa 100 shareholders, mostly high net worth individuals and family offices. There are no mandatory voting rights notifications in the Open Market (tokentus' market segment), so there is no publicly available information on any large shareholders. We believe that there is no shareholder holding in excess of 10% of the share capital, and that this is the result of an active policy whereby tokentus set an upper limit to investments in earlier financing rounds.

## Portfolio companies

The following table displays all portfolio companies of tokentus, together with the date and funding round in which tokentus entered the capital. It also shows the equity stake, or the value of the convertible loan or SAFE, whatever applies. The current valuation of the portfolio investments is estimated in the Valuation chapter.

### Portfolio Companies of tokentus

company	location	funding date	funding round	currency	invest tokentus (k)	ttl raised in round (m)	ttl life funding (m)	equity stake	loan / SAFE
Celsius	London	27-Jul-20	Venture	USD	360	18,8	93,8	0,24%	
Trality	Vienna	1-Sep-20	Pre Seed	EUR	120	0,82	4,10	4,07%	
Estating	Berlin	30-Dec-20	Seed	EUR	150	na	na	1,20%	
iVE.ONE	Frankfurt	14-Jan-21	Seed	EUR	250	0,25	1,0	0,00%	EUR 250k
Nayms	London	15-Jan-21	Seed	GBP	225	1,5	8,4	3,46%	
Breach	Boston	30-Apr-21	Seed	USD	100	2,5	2,6	0,00%	EUR 85k
Qredo	London	3-May-21	Seed	USD	435	11,0	12,5	1,73%	
Adhara	London	10-May-21	Series A	USD	na	7,5	14,0	na	
spacemesh	New York	na	na	USD	na	na	18	na	

Sources: Crunchbase (note that "total life funding" is only based on published data and thus inaccurate), tokentus, AlsterResearch estimates



## Celsius

**Company Description:** Celsius Network (founded in 2017) is a blockchain-based lending platform that is accessible through a free mobile app. Lenders can get high rewards lending their coins while borrowers pay low interest rates for credits. Celsius is the crown jewel in tokentus' portfolio: it has grown rapidly and currently has more than 1m users and in excess of USD 24bn in community assets. There have been some regulatory issues lately.

**Management:** Alex Mashinsky (CEO, Co-Founder, inventor of VoIP, experienced in founding and scaling companies, with exits worth more than USD 3bn), Daniel Leon (COO, Co-Founder), Nuke Goldstein (CTO, Co-Founder), Jeremie Beaudry (CCO)

**Employees:** 352

**Co-Investors:** gumi Cryptos, Alpha Sigma Capital, Tether



**Company Background:** Trality is an algorithmic trading platform enabling users to build or code their own trading bots and offer these bots on a marketplace. The bots can be connected to the APIs of the major crypto exchanges (Binance, Kraken, Coinbase etc.) to trade crypto currencies such as Bitcoin, Ethereum and many more. Founded in 2019, Trality aspires to empower retail traders by giving them the tools needed to compete with algorithmic trading programs employed by banks and other financial institutions.

**Management:** Moritz Putzhammer (CEO, Co-Founder), Christopher Helf (CTO, Co-Founder)

**Employees:** 16

**Co-Investors:** Cherry Ventures (lead investor), CMT Digital Ventures, Maximilian Tayenthal, Blockrocket.



## ESTATING

**Company Description:** Estating is a real estate tokenization platform. Properties are fractionalised into tokens which can be bought by investors as an investment into real estate without requiring full ownership of the property. The process is set up within the regulated banking system, providing safety and convenience for investors and real estate sellers.

**Management:** Matthias Oetken (CEO, Co-Founder, formerly CFO/CRO of N26), Martin Halblaub (Chairman, Co-Founder, formerly CEO of SDX, an exchange for digital assets in Switzerland), Daniel Vegue Dominguez (CCO, Co-Founder), Vahe Andonian (CTO, Co-Founder)

**Employees:** 24

**Co-Investors:** Gauss ventures



**Company Description:** iVE.ONE (founded 2017) is a platform to tokenize assets like real estate, art, ships, and securities, and sell the resulting tokens on a B2C marketing platform. iVE.ONE's regulatory engine enables compliant digital asset transactions in the primary and secondary market.

**Management:** Phong Dao (CEO, Co-Founder), Evgeny Matershev (CPO, Co-Founder), Robert Malec (CTO, Co-Founder)

**Employees:** 19

**Co-Investors:** EOS VC Fund, High-Tech Gründerfonds, CVVC



**Company Description:** Nayms is a smart contract platform for the placement, trade, reporting and settlement of insurance risk. Tradeable on the platform are so called Smart Insurance Contracts (SIC). SICs are similar to normal insurance contracts but are more transparent, tradable, they can hold loss triggers for automatic pay-out, track transactional and participant activity in real time. They are also collateralised, avoiding counterparty risk and limiting liability. Most offered SICs are insurance policies for crypto currencies where pay-out occurs when for example a wallet has been hacked.

**Management:** Dan Roberts (CEO, Co-Founder, serial entrepreneur), Theodore Georgas (CTO, Co-Founder, banking IT-specialist)

**Employees:** 9

**Co-Investors:** Coinbase Ventures, Spartan Group, MakerDAO, Maven11, XBTO, G1 Ventures, Cypher Capital, Cadenza Capital and others

# BREACH

**Company Description:** Breach (founded 2018) develops, underwrites, and distributes insurance solutions for the digital asset marketplace. These policies insure crypto currencies from hacking attacks on most crypto exchanges. As USD 2 bn were already stolen from exchanges, insurance is relevant for crypto investors. Breach's dashboard makes it easy for clients to manage insurance contracts and track crypto currencies.

**Management:** Eyhab Ajaz (CEO, Co-Founder, insurance specialist), Iain Fraser (CTO, Co-Founder)

**Employees:** 8

**Co-Investors:** Global Founders Capital, Goodwater Capital, Ted Rogers, Alumni Ventures Group, Thomas Bailey, EOS VC Fund and Block.one



**Company Description:** Qredo is a platform that provides secure and fast movement of digital assets. Qredo offers a custodian service (wallets), peer to peer and peer to pool trading via its network, "The vault". The vault enables secure decentralized custody, eliminates private key risks and removes centralized points of attack. These features build institutional trust in Qredo's wallet for crypto assets.

**Management:** Anthony Foy (CEO, 20+ years of experience in VC-backed growth companies, 4 exits, 2 IPOs), Brian Spectro (CTO, specialist in advanced cryptography; 5 patents)

**Employees:** 61

**Co-Investors:** Coinbase Ventures, Celsius Network, Deribit, Wintermute, GSR, Spartan Group, 1kx, gumi Cryptos, Maven11 and others

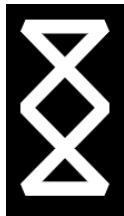


**Company Description:** ADHARA provides liquidity management and international payments solutions for decentralised financial networks. Clients such as banks, central banks and corporations can choose from a variety of products including treasury management, FX exchanges or interbank payments.

**Management:** Julio Faura (CEO, Co-Founder, formerly McKinsey and Santander), Edward Budd (Product Lead, Co-Founder, former Chief Digital Officer of Deutsche Bank), Peter Munnings (COO, Co-Founder, has led projects for central banks)

**Employees:** 43

**Co-Investors:** ConsenSys, FOM Capital, Yabeo



**Company Description:** Spacemesh (founded 2018) employs a new consensus protocol, Proof of Space Time (PoST), that aims to solve the problems of the current Proof of Work (PoW) and Proof of Stake (PoS) protocols. A cryptocurrency based on PoST would be highly usable as a means of payment. PoST could also be the basis to create the infrastructure for smart contracts.

**Management:** Tomer Afek (CEO, Co-Founder) and Aviv Eyal (Explorer/Builder, Co-Founder)

**Employees:** 27

**Co-Investors:** Paradigm, Polychain, Coinbase Ventures, Metastable Capital, Greenfield.One, gumi Cryptos, Lemniscap, Arrington XRP among others

# Quality

One way of determining the quality of a private equity / venture capital investment company is by looking at its **track record**. However, the blockchain technology is only just emerging and tokentus is still a young company, founded in 2019. First investments date back to 2020, and target companies are mostly still in seed or early stages of development. Considering that the typical holding period for venture capital is 5 to 10 years, it is way too early to expect exits as a measure of success. At the time of writing, there have not even been any publicized successive financing rounds giving indication of whether an investment has developed favorably (up-round) or not (down-round). The operational development of one portfolio company, Celsius Network, however, strongly indicates that substantial value has been created, see Valuation for more detail.

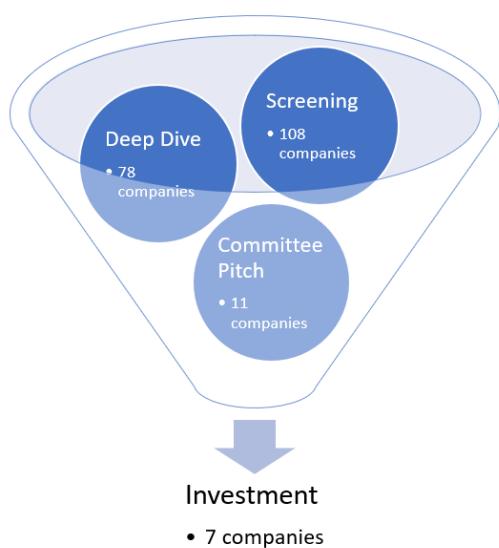
Lacking a track record of exits, we can rely on other indications to judge the quality of the business model. In tokentus' stage, the key to future success is built on the ability to **identify promising targets and to invest into these targets**. Thus it hinges on the performance of the target selection process, also called the **investment funnel**:

## Step 1: Screening

The challenge in this step is to get promising leads. tokentus uses the typical screening tools like online research and industry events. More importantly, the **technological focus allows tokentus to build an ever-denser network in the blockchain ecosystem**, with companies looking for funding, incubators, accelerators and with potential co-investors. Looking only at those investments listed by data provider Crunchbase, tokentus has participated in funding rounds with **more than 50 co-investors**, an extremely valuable source of leads.

In 2020, 78 companies passed a first screening at tokentus and moved into the next stage.

## Investment Funnel 2020



Source: Company data, AlsterResearch

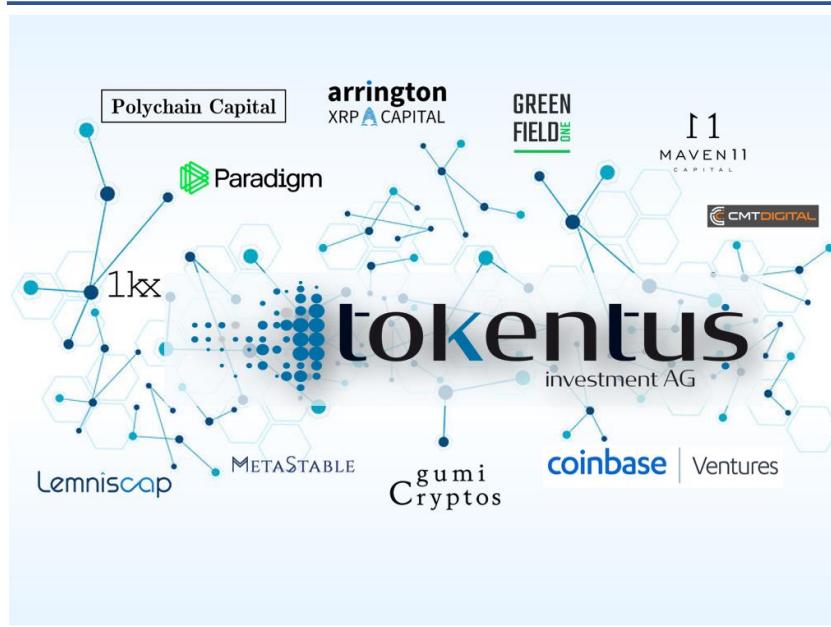
## Step 2: Deep Dive

Once a company has made it through the screening process, it is deemed worth putting in the resources for due diligence. This involves a **full assessment of the target company**, including the business model, the team, the market and the strategic fit into the portfolio, including potential synergies. Due to the infancy of

most blockchain companies, due diligence is less about analyzing financial statements and more about evaluating the competence of the team and the potential of the idea.

Since tokentus is now established as an investor in the blockchain community, it can **benefit from the expertise of respected co-investors, who often take the lead in a funding round.**

#### Network of Co-Investors



Source: Company data, AlsterResearch

Some of these co-investors are among the largest and most highly regarded VCs in the blockchain universe. To highlight just a few, consider only those from San Francisco, the venture capital hub of the Western world:

- **Coinbase Ventures** is the VC division of Coinbase, the company operating the largest crypto exchange in the world. Coinbase Ventures has completed 131 investments.
- **Gumi Cryptos Capital** is a blockchain and crypto asset venture fund and has raised USD 30m across three funds. Gumi has made 35 investments in blockchain companies.
- Another San Francisco-based VC is **Polychain Capital**. Polychain has invested in 112 blockchain companies.
- And finally, **MetaStable Capital** has completed 21 investments. Andreessen Horowitz and Sequoia Capital, two of the 10 largest VC firms worldwide, are investors in MetaStable.

Of the 78 companies entering the Deep Dive phase, 11 passed through this stage into the Committee Pitch.

#### Step 3: Committee Pitch

Each investment candidate that has passed the Deep Dive stage is pitched to the Investment Committee. The Committee consists of three members of the supervisory board (4 members) and the advisory board (4 members). This step consists of a **final check on the economic and legal terms of the transaction**, and an approval has to be unanimous. The Committee Pitch is an important part in keeping up with a strict compliance framework in the investment process.

Of the 11 companies pitched to the Committee in 2020, 7 passed this stage.

#### Step 4: Investment

Once a company has successfully passed through all stages of the funnel, an investment by Tokentus can be made. In 2020, this was the case for 8 investments in 7 companies.

The type of investment varies and could be in the form of equity, convertible notes or SAFE:

**Equity:** For startups, investors' vehicle of choice often is *preferred equity*, which typically has a higher claim on the assets of a company than common equity, for example in bankruptcy proceedings, and additional rights. Founders and employees often hold *common stock* with fewer rights.

**Convertible notes:** One of the most contentious issues in an equity funding round is the valuation. A convertible note can delay this problem by structuring it as a loan that only at a later stage can be converted into equity at the valuation of a later funding round.

**SAFE (simple agreement for future equity):** In a SAFE, an investor provides funding to a company in return for the right to invest into equity in the future when certain events occur. Usually the trigger is a future sale of shares of the company. Like a convertible note, the SAFE also postpones the difficult task of valuation to a later time. Unlike a convertible note, there is no interest and no maturity and the SAFE thus does not qualify as debt. This lowers the complexity and transaction costs compared to convertibles.

Tokentus mostly invests via equity but has also participated in funding rounds with convertible loans (IVE.One) and SAFE (Breach).

# SWOT analysis

## Strengths

- Highly focused investment manager
- Growing network of co-investors provides access to deals and expertise
- Early mover in blockchain investments
- Strong start in building a track record (unicorn potential!)

## Weaknesses

- Corporate structure is built for strong growth in assets managed, thus cost base currently too high in relation to assets
- Volatile token values could translate into volatile NAV and share price
- No exits yet
- Ca. 90% of portfolio value in 2 assets (Celsius equity and Qredo token)

## Opportunities

- Immense growth of blockchain applications and investments
- Blockchain winter could provide good entry points

## Threats

- Stricter regulatory oversight for crypto lending products could diminish value of Celsius
- Blockchain winter devaluing the portfolio

## Growth

In December 2017, a little-known microcap stock called Long Island Iced Tea Corp announced that it would pivot and change its name to "Long Blockchain Corp". The stock soared more than 200% as a result:

BITCOIN

## \$24 million iced tea company says it's pivoting to the blockchain, and its stock jumps 200%

PUBLISHED THU, DEC 21 2017 9:32 AM EST | UPDATED TUE, DEC 26 2017 11:03 AM EST

Evelyn Cheng  
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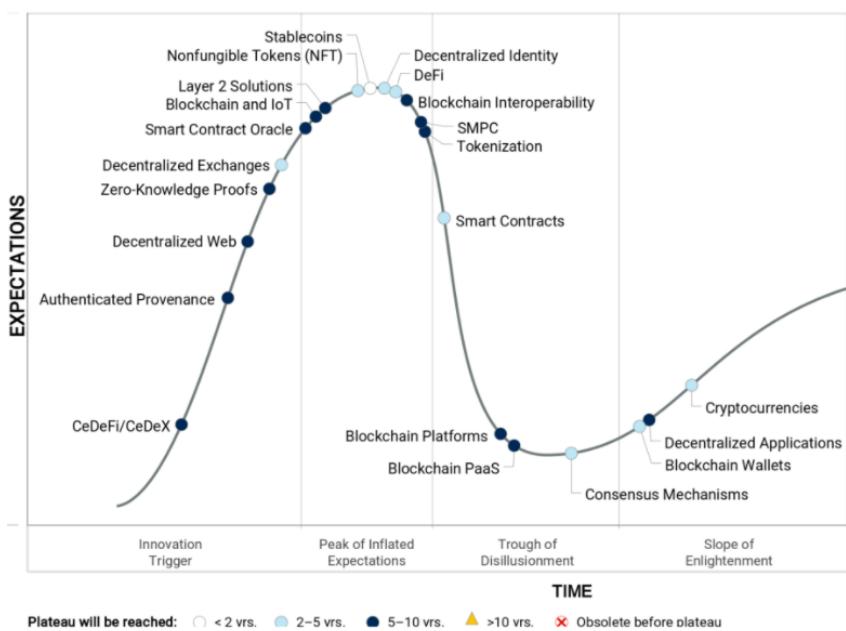
Source: CNBC

Most observers would agree that this was a pretty obvious sign of overly inflated expectations and might have been the peak of what Gartner calls the "Hype Cycle". A good three years later, the picture has changed radically.

Gartner recently updated their view on the state of play for different blockchain-related technologies, showing that some segments of the market are still hyped up, for example NFTs and DeFi.

For others, however, expectations are normalizing (tokenization, smart contracts) or are converging towards a realistic assessment of the true growth potential (consensus mechanisms, blockchain wallets, cryptocurrencies). Finally, many applications and technologies are still at a very early stage ("innovation trigger"), thus promising sources of future growth.

### The Blockchain Hype Cycle



Source: Gartner (July 2021)

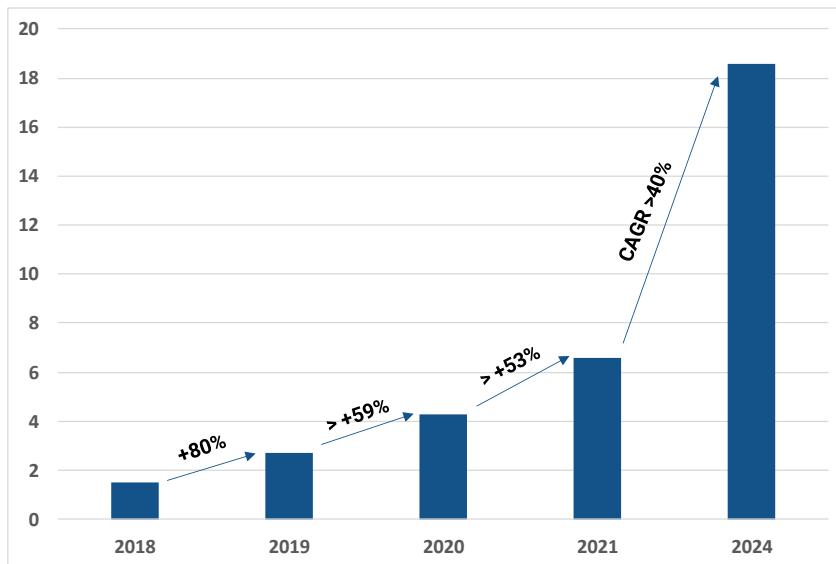
Among the **growth drivers** according to Gartner are

- widespread **adoption of Bitcoin**, even as legal tender in El Salvador
- the adoption of **distributed ledger technologies (DLTs) for money movement** and the deployment of **central bank digital currencies (CBDCs)**
- **DeFi** applications offering great financial rewards (e.g. high interest rates)
- the **tokenization** of assets, especially NFTs and DeFi tokens, and tokens linked to physical assets in the future
- **cost-effective alternatives to Ethereum** transactions, for example on Binance, Cardano or Solana
- migration from proof-of-work to **more energy-efficient consensus mechanisms**

Among the challenges are global regulatory risks and China's continued clampdown on crypto activities.

So what does this all add up to in terms of market growth? One useful gauge are the **investments into blockchain technology**. In 2018, this figure stood at USD 1.5bn (source: IDC). Since then, **growth rates have been stratospheric**, exceeding 80% in 2019 and 50% in 2020, with a similar performance expected for 2021. Global spending is estimated to reach in excess of **USD 18bn in 2024, a 12-fold increase compared to 2018** and translating into average **growth rates in excess of 40% in the years to come**:

**Global Spending on Blockchain Solutions (USD bn)**



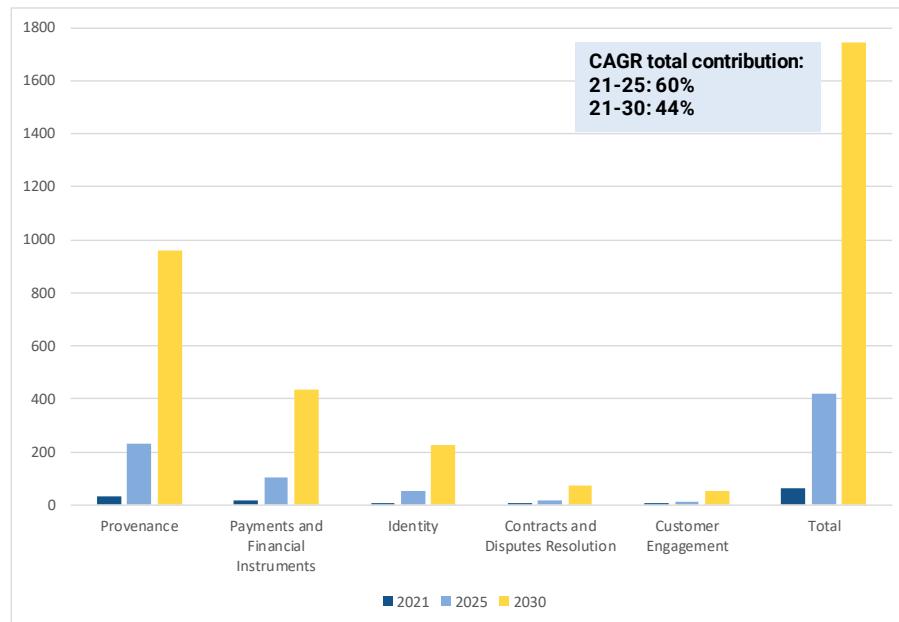
Source: IDC, April 2021

Looking at the industry split, **nearly 30%** of spending on blockchain technologies in 2021 is expected to come from the **banking sector**, where the blockchain is employed for cross-border payments & settlements and trade finance & settlements. Another **20%** of spending is from the **manufacturing industry**, where the key use case is to gather product information and track product journeys in a way that is secure, trustworthy and accessible ("provenance").

Other industries spending highly on blockchain technologies are professional services, retail, and insurance. These industries use blockchain to trace the movement of payments and products.

Finally, it is worth highlighting that the adoption of blockchain technologies has a **disproportionally large impact on economic growth**. A 2020 study by PwC estimates that the adoption of blockchain technologies will contribute USD 65bn to GDP in 2021, USD 421bn in 2025 and USD 1,746bn in 2030. The development and split between use cases is displayed in the following graph:

#### Blockchain's Economic Contributions (USD bn)



Source: PwC, Time for Trust, October 2020

Overall, this development translates into a CAGR 20-25E of 60% in the economic impact of blockchain technologies. So there seems to be a broad consensus that there is **substantial growth ahead for blockchain applications, with high double-digit rates visible for many years to come**. This should open the door for many startups and thus potential investment targets for tokentus. Also, it is a fertile ground for value appreciation of the existing portfolio.

According to the Blockchain Venture Capital Report from April 2021, less than 1% of all VC investments currently go into blockchain related companies. The room for growth also from this perspective looks significant.

# Valuation

## Introduction

The usual valuation techniques employed by AlsterResearch, i.e. DCF and FCF yield, are not applicable to an investment company such as tokentus. Instead, we use the most appropriate approach in this case, i.e. we calculate a **sum-of-the-parts** valuation by adding up the value of the portfolio constituents, subtracting the net debt or adding the net cash and arrive at an estimated net asset value (NAV).

Note that tokentus reports under German GAAP (HGB), which contains the following rules for the reporting of financial assets: **Current financial assets** are reported as the lower of cost or market, with an impairment booked if the fair value is below the carrying amount. **Non-current financial assets** are carried at amortized costs. An impairment loss has to be booked if a decrease in value is non-temporary; if a decrease in value is temporary, impairment is optional.

So in both cases, **the value of the asset on the balance sheet can never exceed the cost including acquisition expenses** ("Anschaffungs- oder Herstellungskosten"). As a consequence, the value of financial assets on the balance sheets is a poor indication of the actual value of those assets if they appreciate in value and should not be the basis for valuing the company.

## Sum-of-the-parts valuation (NAV)

The assets of tokentus consist of investments in companies and in tokens.

The investments in companies are via equity stakes or related instruments like convertible loans or simple agreements for future equity / SAFE (explained later). If there is no good reason to proceed otherwise, we **use the latest post-money valuation** as the basis. **The only exception we make is for Celsius Network.**

## Celsius Network

Celsius Network has grown exceptionally since tokentus' investment in July 2020 and recent transactions for similar companies suggest a steep increase in value.

The following table shows peer transactions and valuations based on 2 metrics: the equity value in relation to the assets held on the platform and the value per registered user. These are admittedly very crude tools to value a company, but given the lack of more detailed financial data, they are the best option available.

Based on the median price per user, the fair value for Celsius Network is USD 1.7bn. Based on the median asset multiple, we calculate a fair value of USD 7 bn. Lacking any good reasons to choose one over the other, we believe that a simple average of these two extremes, i.e. USD 4.35bn, is a good first proxy for the valuation of Celsius. However, we also need to take into account that the regulatory regime in the US has become riskier for cryptocurrency lending recently. For example, Coinbase canceled the introduction of a lending product after the SEC issued legal warnings. Also, Kentucky recently joined New Jersey, Texas, and Alabama in trying to prohibit Celsius' interest-bearing accounts. Thus we apply a risk discount of 30% and arrive at a **fair value of Celsius of USD 3 bn**. We would be surprised if Celsius did not enter the exclusive club of unicorns in the next financing round.

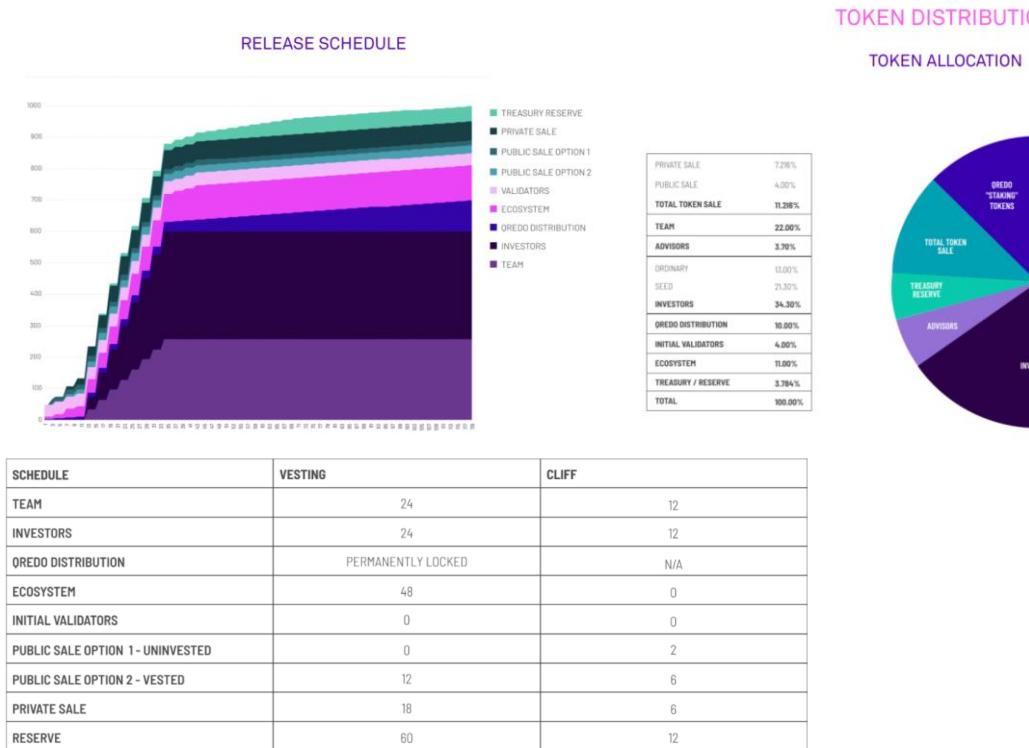
### Valuation Celsius

Company	Founded	Business model	Community			Valuation	asset multiple	USD per user
			Assets	Users				
BlockFi	2017	blockchain-based lending platform	USD 15 bn	265 k	post-money Series D 03/2021: USD 3 bn	0,20	11.320	
Amber Group	2017	cryptocurrency financial services	USD 1.5 bn	na	pre-money Series B 06/2021: USD 1 bn	0,67	na	
Circle Internet	2013	cryptocurrency financial services	na	2.8 m eoy	planned reverse IPO via SPAC: USD 4.5 bn	na	1.607	
Coinbase	2012	cryptocurrency financial services	USD 180 bn	68 m	market cap: USD 52 bn	0,29	765	
						median	0,29	1.607
Celsius	2017	blockchain-based lending platform	USD 24 bn	> 1 m	implied valuation of Celsius: USD 7 bn	USD 1.7 bn		
					AlsterResearch valuation:	USD 3 bn		

Sources: Crunchbase, AlsterResearch, corporate information

## Qredo Tokens

tokentus only invests in tokens of companies where it holds an equity stake. Tokens are regularly distributed to investors. This for example was the case for Qredo. According to information released by Qredo on Aug 26, 2021, the following graphs show the token allocation and release schedule:



Source: Qredo

So the total number of tokens allocated to investors is 343 million. These tokens will vest over 24 months and have a lockup period (called a "cliff" in blockchain terminology) of 12 months. tokentus has not disclosed the number of tokens received, and the calculation is not straightforward, as the distribution to seed and ordinary investors differs and tokentus participated in both rounds.

The following facts are public:

- tokentus has invested a total of GBP 300k in Qredo in 2 funding rounds (source: tokentus)
- Qredo has received a total funding of USD 12.5m in 4 funding rounds, thereof USD 11m in the last one (source: crunchbase)
- 213m tokens are distributed to seed investors, 130m to ordinary investors (source: Qredo)

So an assumption regarding the split of the total investment of tokentus between seed and later stages is needed to calculate the total number of tokens allocated to tokentus. The following table shows the AlsterResearch estimate, arriving at an estimate of 12m Qredo tokens distributed to tokentus for free:

### Estimate number of Qredo tokens

round	contribution	contribution	volume	%	ttl tokens	allocation
	tokentus (GBP k)	tokentus (USD k)	funding (USD k)		allocated (m)	tokentus (m)
Seed	40	55	1.500	3,6%	213	7,8
Ordinary	260	355	11.000	3,2%	130	4,2
TTL	300	410	12.500			<b>12,0</b>

Source: Qredo

## Putting it all together

Now we have all building blocks to calculate the net asset value (NAV) of tokentus. The first part of the table calculates the value of the investments in portfolio companies. For the most part, we could rely on published data, the relevant valuation base is given in the table. For the transactions with Adhara and spacemesh, there was no disclosure and we simply assume that investment and valuation is EUR 125k each.

Given the high volatility of the price for Qredo tokens, we use the 30-day average based on coinmarketcap prices. This leads to a price of USD 1.29 per token, compared to USD 2.31 quoted price at the time of writing. The tokens held by tokentus have a staggered vesting period until 2023, and after vesting there is a lockup of 12 months. Currently the supply of Qredo tokens is quite limited, but it will grow as the release schedule is followed and more tokens come off the cliff, which could lead to downward pricing pressure. To account for this risk, we apply a discount of 20%.

To account for the costs of managing the portfolio, we estimate the cost share of only managing the existing portfolio at EUR 168k in 2021, growing by 3% annually for 8 years (our assumed holding period). We discount these costs at 8% and come to steady state holding costs of c. EUR 1.1m, which we subtract from NAV. With these assumptions, we come to a fair value per share of EUR 4.34:

## Valuation tokentus

Company Value		Investment		
Company	(EUR m)	Valuation base	Equity stake	value (EUR k)
Trality	2,9	latest post-money valuation	4,07%	118
Adhara	na	AlsterResearch estimate	na	125
Qredo	21,4	latest post-money valuation	1,73%	371
Breach	na	Investment via SAFE	na	85
Nayms	7,6	latest post-money valuation	3,46%	264
IVE.ONE	na	convertible loan agreement	na	250
Estating	12,5	latest post-money valuation	1,20%	150
Celsius	2589,6	see separate valuation	0,24%	6.215
spacemesh	na	AlsterResearch estimate	na	125
			<b>equity total</b>	<b>7.703</b>
Number tokens				
Token	(m)	Valuation base		
Qredo	12,0	coinmarketcap 30d avg (USD)	1,29	
		Exchange rate	1,16	
		Price per token (EUR)	1,11	
		Discount for lockup	20%	
		Adj. price per token (EUR)	0,89	10.652
			<b>token total</b>	<b>10.652</b>
			<b>+ equity total</b>	<b>7.703</b>
			<b>portfolio value</b>	<b>18.355</b>
		- 8 years discounted steady state costs	1.145	
			<b>+ current cash</b>	<b>1.800</b>
			<b>NAV</b>	<b>19.010</b>
			number shares (k)	4.381
		<b>NAV per share (EUR)</b>	<b>4,34</b>	

Sources: AlsterResearch, Crunchbase, tokentus, coinmarketcap

As discussed above, tokentus has announced a capital increase of up to 20m shares. Since the maximum number of newly issued shares is potentially high in relation to the number of outstanding shares, the fair value could see substantial dilution if a high number of shares is issued. The following table shows the post-transaction NAV for different numbers of shares issued, assuming 5% issuance costs:

	number shares issued @ EUR 2.55 (m)				
	0	2	5	10	20
<b>post transaction fair value (EUR per share)</b>	4,34	3,74	3,32	3,01	2,77

Source: AlsterResearch

# Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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
<b>Total sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>Gross profit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	0.0	0.1	0.3	0.5	0.8	0.8
Other operating expenses	0.0	0.1	0.2	0.5	0.8	0.9
<b>EBITDA</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-1.0</b>	<b>-1.6</b>	<b>-1.7</b>
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	0.0	-0.2	-0.5	-1.0	-1.6	-1.7
Amortization of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-1.0</b>	<b>-1.6</b>	<b>-1.7</b>
Financial result	0.0	0.0	0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	0.0	-0.2	-0.5	-1.0	-1.6	-1.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.0	-0.2	-0.5	-1.0	-1.6	-1.7
Taxes	0.0	0.0	0.0	-0.3	-0.6	-0.6
Net income from continuing operations	0.0	-0.2	-0.5	-0.6	-1.0	-1.1
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-1.0</b>	<b>-1.1</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	0.0	-0.2	-0.5	-0.6	-1.0	-1.1
Average number of shares	3.98	3.98	3.98	4.38	4.38	4.38
<b>EPS reported</b>	<b>0.00</b>	<b>-0.05</b>	<b>-0.12</b>	<b>-0.15</b>	<b>-0.24</b>	<b>-0.25</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>na</b>	<b>na</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	na	na	0%	0%	0%	0%
<b>Total sales</b>	<b>na</b>	<b>na</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	na	na	0%	0%	0%	0%
<b>Gross profit</b>	<b>na</b>	<b>na</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Other operating income	na	na	0%	0%	0%	0%
Personnel expenses	na	na	1,074%	212,766%	319,149%	335,106%
Other operating expenses	na	na	1,016%	212,766%	361,702%	379,787%
<b>EBITDA</b>	<b>na</b>	<b>na</b>	<b>-1,990%</b>	<b>-425,432%</b>	<b>-680,751%</b>	<b>-714,794%</b>
Depreciation	na	na	20%	0%	0%	0%
EBITA	na	na	-2,011%	-425,432%	-680,751%	-714,794%
Amortization of goodwill and intangible assets	na	na	0%	0%	0%	0%
<b>EBIT</b>	<b>na</b>	<b>na</b>	<b>-2,011%</b>	<b>-425,432%</b>	<b>-680,751%</b>	<b>-714,794%</b>
Financial result	na	na	2%	0%	0%	0%
Recurring pretax income from continuing operations	na	na	-2,009%	-425,432%	-680,751%	-714,794%
Extraordinary income/loss	na	na	0%	0%	0%	0%
Earnings before taxes	na	na	-2,009%	-425,432%	-680,751%	-714,794%
Taxes	na	na	0%	-148,901%	-238,263%	-250,178%
Net income from continuing operations	na	na	-2,009%	-276,531%	-442,488%	-464,616%
Result from discontinued operations (net of tax)	na	na	0%	0%	0%	0%
<b>Net income</b>	<b>na</b>	<b>na</b>	<b>-2,009%</b>	<b>-276,531%</b>	<b>-442,488%</b>	<b>-464,616%</b>
Minority interest	na	na	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>na</b>	<b>na</b>	<b>-2,009%</b>	<b>-276,531%</b>	<b>-442,488%</b>	<b>-464,616%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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	0.0	0.0	1.0	1.0	1.0	1.0
<b>FIXED ASSETS</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
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	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.0	2.2	1.4	1.4	0.4	0.3
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
<b>CURRENT ASSETS</b>	<b>0.0</b>	<b>2.2</b>	<b>1.4</b>	<b>1.4</b>	<b>0.4</b>	<b>0.3</b>
<b>TOTAL ASSETS</b>	<b>0.0</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>1.4</b>	<b>1.3</b>
<b>SHAREHOLDERS EQUITY</b>	<b>0.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.4</b>	<b>1.4</b>	<b>0.3</b>
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	0.2	0.2	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	1.0
Accounts payable	0.0	0.0	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
<b>Current liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>0.0</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>1.4</b>	<b>1.3</b>

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>na</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
Goodwill	na	0%	0%	0%	0%	0%
Property, plant and equipment	na	0%	0%	0%	0%	0%
Financial assets	na	0%	42%	41%	71%	76%
<b>FIXED ASSETS</b>	<b>na</b>	<b>0%</b>	<b>42%</b>	<b>42%</b>	<b>72%</b>	<b>77%</b>
Inventories	na	0%	0%	0%	0%	0%
Accounts receivable	na	0%	0%	0%	0%	0%
Other current assets	na	0%	0%	0%	0%	0%
Liquid assets	na	100%	58%	58%	28%	23%
Deferred taxes	na	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	na	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>na</b>	<b>100%</b>	<b>58%</b>	<b>58%</b>	<b>28%</b>	<b>23%</b>
<b>TOTAL ASSETS</b>	<b>na</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>na</b>	<b>92%</b>	<b>91%</b>	<b>100%</b>	<b>100%</b>	<b>24%</b>
MINORITY INTEREST	na	0%	0%	0%	0%	0%
Long-term debt	na	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	na	0%	0%	0%	0%	0%
Other provisions	na	7%	7%	0%	0%	0%
<b>Non-current liabilities</b>	<b>na</b>	<b>7%</b>	<b>7%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
short-term liabilities to banks	na	0%	0%	0%	0%	76%
Accounts payable	na	1%	1%	0%	0%	0%
Advance payments received on orders	na	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	na	0%	1%	0%	0%	0%
Deferred taxes	na	0%	0%	0%	0%	0%
Deferred income	na	0%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>na</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>76%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>na</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	0.0	-0.2	-0.5	-0.6	-1.0	-1.1
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	-0.2	0.0	0.0
Cash flow from operations before changes in w/c	0.0	-0.2	-0.5	-0.8	-1.0	-1.1
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	0.0	0.0	-0.0	0.0	0.0
Increase/decrease in other w/c positions	0.0	0.0	0.0	-0.0	0.0	0.0
Increase/decrease in working capital	0.0	0.0	0.0	-0.0	0.0	0.0
<b>Cash flow from operating activities</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-1.1</b>
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	-1.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Cash flow before financing	0.0	-0.2	-1.5	-0.9	-1.0	-1.1
Increase/decrease in debt position	0.0	0.0	0.0	0.0	0.0	1.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	2.2	0.6	0.9	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
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>2.2</b>	<b>0.6</b>	<b>0.9</b>	<b>0.0</b>	<b>1.0</b>
Increase/decrease in liquid assets	0.0	2.0	-0.9	0.0	-1.0	-0.1
<b>Liquid assets at end of period</b>	<b>0.0</b>	<b>2.2</b>	<b>1.4</b>	<b>1.4</b>	<b>0.4</b>	<b>0.3</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	na	na	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	na	na	0.0%	0.0%	0.0%	0.0%
The Americas	na	na	0.0%	0.0%	0.0%	0.0%
Asia	na	na	0.0%	0.0%	0.0%	0.0%
Rest of World	na	na	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>na</b>	<b>na</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported						
Earnings per share reported	0.00	-0.05	-0.12	-0.15	-0.24	-0.25
Cash flow per share	0.00	-0.05	-0.12	-0.20	-0.24	-0.25
Book value per share	0.00	0.52	0.55	0.56	0.32	0.07
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation</b>						
P/E	na	-61.1x	-25.3x	-20.2x	-12.6x	-12.0x
P/CF	na	-61.1x	-25.1x	-15.4x	-12.6x	-12.0x
P/BV	na	5.8x	5.4x	5.4x	9.4x	42.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	0.0%	-1.6%	-4.0%	-6.5%	-7.9%	-8.3%
EV/Sales	na	na	na	na	na	na
EV/EBITDA	na	na	na	na	na	na
EV/EBIT	na	na	na	na	na	na
<b>Income statement (EURm)</b>						
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	-0.2	-0.5	-1.0	-1.6	-1.7
EBITDA margin in %	na	na	na	na	na	na
EBIT	0.0	-0.2	-0.5	-1.0	-1.6	-1.7
EBIT margin in %	na	na	na	na	na	na
Net profit	0.0	-0.2	-0.5	-0.6	-1.0	-1.1
<b>Cash flow statement (EURm)</b>						
CF from operations	0.0	-0.2	-0.5	-0.9	-1.0	-1.1
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	-0.2	-0.5	-0.9	-1.0	-1.1
<b>Balance sheet (EURm)</b>						
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	0.0	2.1	2.2	2.4	1.4	0.3
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.0	0.2	0.2	0.0	0.0	1.0
Net financial debt	0.0	-2.2	-1.4	-1.4	-0.4	0.7
w/c requirements	0.0	-0.0	-0.0	0.0	0.0	0.0
<b>Ratios</b>						
ROE	na	-9.5%	-21.5%	-26.6%	-74.1%	-350.6%
ROCE	na	-8.8%	-20.0%	-40.9%	-114.0%	-128.1%
Net gearing	Na	-108.6%	-63.1%	-58.5%	-27.7%	225.9%
Net debt / EBITDA	na	11.5x	3.0x	1.4x	0.2x	-0.4x

Source: Company data; AlsterResearch

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