

# tokenus investment AG

Germany | Technology | MCap EUR 12.3m

4 October 2021

INITIATION



## Your slice of unicorn

# BUY

### What's it all about?

tokenus is a venture capital investment manager focused on blockchain markets. While still very young (founded in 2019), tokenus has already scored two major successes among its portfolio of 9 company investments. One of them, Celsius, could soon become a unicorn. Another, Qredo, has allocated tokens that now contribute significantly to the value of tokenus.

Thus evidence is mounting that tokenus is adept at picking the right companies in the blockchain ecosystem. We view this as a rare opportunity to participate in the expected substantial growth in the blockchain markets, at manageable risk. We recommend to **BUY with a PT of EUR 4.05**, based on a sum-of-the-parts valuation. An authorized large capital increase of up to 20m shares at a minimum price of EUR 2.00 (time restricted until January 5<sup>th</sup>, 2022) would also **boost the market cap and liquidity**, and, together with an uplisting to Frankfurt exchange and Xetra, make the shares more accessible for institutional investors.

**Buy** (NOT RATED)

|                     |                        |
|---------------------|------------------------|
| <b>Target price</b> | <b>EUR 4.05 (none)</b> |
| Current price       | EUR 2.80               |
| Up/downside         | 44.6%                  |



MAIN AUTHOR

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## Your slice of unicorn; initiate with BUY

**Focused blockchain investment manager.** tokenus is a **venture capital (VC) investment manager focused on companies in the blockchain market** and associated tokens (but NO cryptocurrencies). The company was founded in 2019 and first investments were made in 2020. The current portfolio consists of 9 equity investments and three related tokens.

**Evidence of success is growing.** The typical holding period of a VC investor is 5 to 10 years, so it will take a while until exits can prove the quality of the business model. However, there is growing evidence that the **investment process is well calibrated:** one portfolio company, Celsius Networks, is on its way to be valued as a unicorn in the next funding round, and the tokens allocated by another portfolio company, Qredo, are contributing greatly to the NAV after a sharp price increase. The ability to identify and invest in the right targets is built on:

- The strict focus on the blockchain and the accumulating **deep sector know-how**.
- A growing **network of highly respected co-investors** like Coinbase Ventures, who often take the lead in a funding round, allowing tokenus to benefit from their network, access and expertise.

**Dizzying growth.** The blockchain market has been growing at high double-digit rates over the last years and is expected to show a **CAGR in excess of 40% p.a. until 2024**. As an **early mover and investor**, tokenus is well positioned to benefit from a technology that is now starting to unfold its full potential.

**A sum-of-the-parts valuation** yields a fair value of EUR 4.05. tokenus only recently listed in the m:access segment and intends to move to Frankfurt and Xetra soon. Combined with a potential authorized capital increase of up to 20m shares, this would boost transparency and liquidity and should bring the stock to the attention of a much broader investment community. We **recommend to BUY with PT EUR 4.05**.

| tokenus 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>     | Na   | na     | na     | na     | na      | na      |
| 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     |
| Net debt/EBITDA       | na   | na     | na     | na     | na      | na      |
| 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> | 0.0% | 0.0%   | 0.0%   | 0.0%   | 0.0%    | 0.0%    |
| Gross profit margin   | na   | na     | na     | na     | na      | na      |
| EBITDA 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   | -57.0x | -23.6x | -18.9x | -11.8x  | -11.2x  |
| FCF yield             | na   | -1.8%  | -4.3%  | -7.0%  | -8.5%   | -8.9%   |

Source: Company data, AlsterResearch



Source: finanzen.net

**High/low 52 weeks** 3.00 / 2.20  
**Price/Book Ratio** 5.1x

### 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

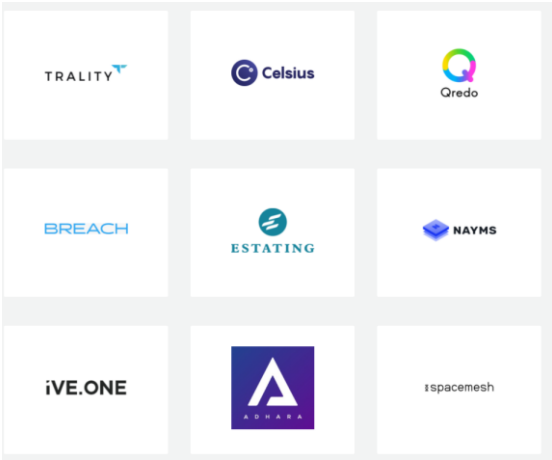
Free Float 100.0%

### Company description

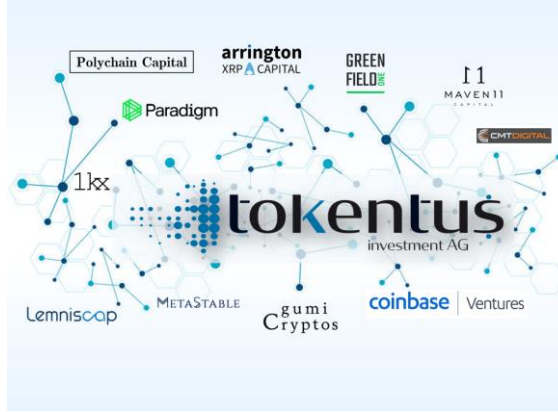
tokenus is a highly focused investment company, investing into private blockchain companies and related tokens.

# Investment case in six charts

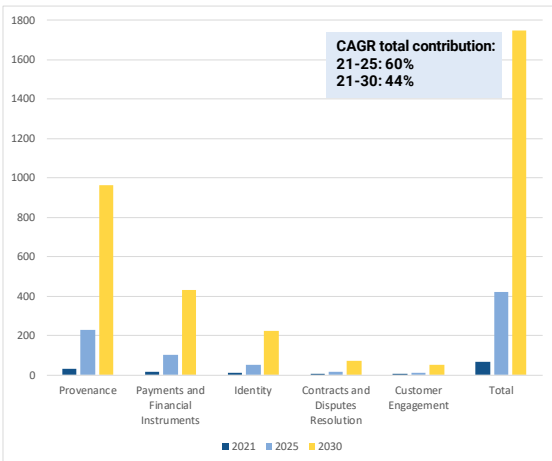
## Portfolio Companies



## Network of Prestigious Co-investors

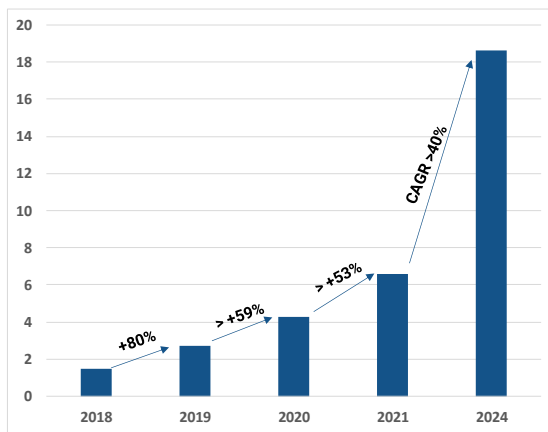


## Blockchain's Economic Contributions (USD bn)



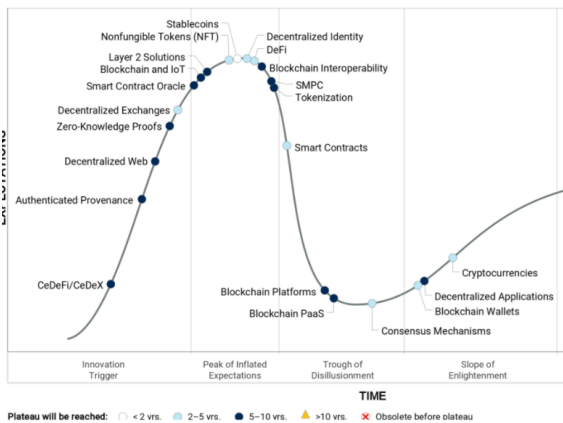
Source: PwC, Time for Trust, October 2020

## Global Spending on Blockchain Solutions (USD bn)



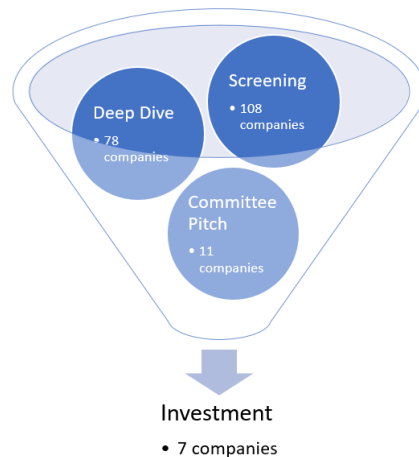
Source: IDC

## The Gartner Blockchain Hype Cycle



Source: Gartner (July 2021)

## Investment Funnel 2020



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# A Short Primer on Blockchain and Tokens

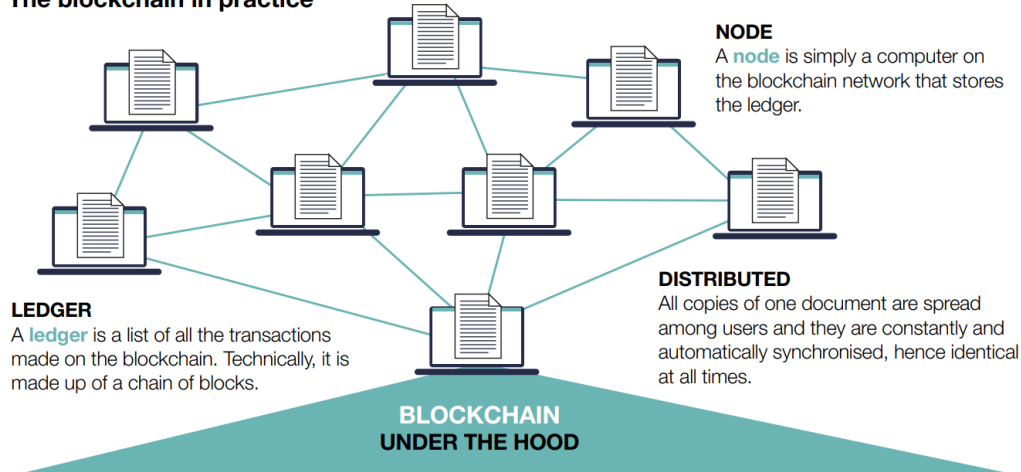
## Blockchain

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.

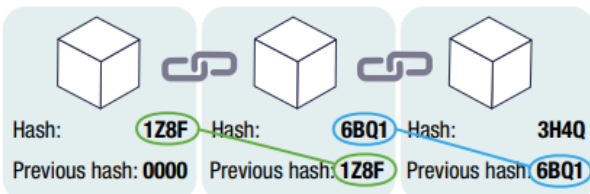
However, while traditional ledgers like a shareholder or land registry have to be maintained by a single trusted central authority (a corporation, a bank, a government authority etc.), the **blockchain ledger is distributed among all users on the network (nodes)**, each keeping an identical copy of the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

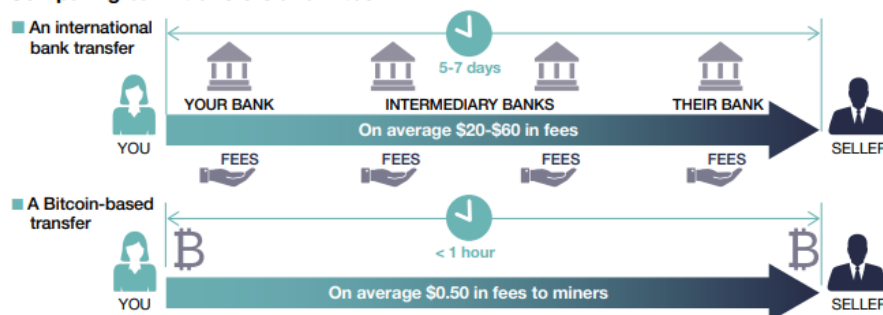
1. **Payment tokens**, also known as **cryptocurrencies**. Examples: Bitcoin, Ethereum, Cardano and Tether (note that Tether is a stablecoin, i.e. the value is pegged to the value of a national currency, in this case the USD).
2. **Utility tokens** represent a right to a good or service, similar to air 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 béret” 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

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

tokenus investment AG is a stock market listed company that operates like a private equity or venture capital fund: tokenus 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 tokenus is **highly focused in four dimensions**:

- 1) tokenus 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. tokenus 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) tokenus 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) tokenus joins funding rounds as a **co-investor of large and well-known lead investors** (e.g. Coinbase Ventures). While tokenus performs its own due diligence, the company also benefits from the expertise of the lead investor in target selection and valuation.
- 4) tokenus 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 tokenus 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, tokenus **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 (tokenus 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, tokenus 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 tokenus 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. tokenus plans to **list shares also on the Frankfurt exchange and on Xetra**, which will lead to **increased transparency** through extended reporting requirements. An authorized **large capital increase of up to 20m shares at a minimum price of EUR 2.00** (time restricted until January 5<sup>th</sup>, 2022) could also **boost the market cap and liquidity**, thus making the shares more accessible for institutional investors.


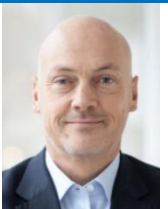




## Management of tokenus

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

Source: Company data; AlsterResearch

## Supervisory Board

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

Source: Company data; AlsterResearch

## Shareholders

tokenus currently has circa 100 shareholders, mostly high net worth individuals and family offices. There are no mandatory voting rights notifications in the Open Market (tokenus' 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 tokenus set an upper limit to investments in earlier financing rounds.

## Portfolio companies

The following table displays all portfolio companies of tokenus, together with the date and funding round in which tokenus 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 tokenus

| company   | location  | funding date | funding round | currency | invest tokenus (k) | tvl raised in round (m) | tvl 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), tokenus, AlsterResearch estimates



**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 tokenus' 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 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 Andonians (CTO, Co-Founder)

**Employees:** 24

**Co-Investors:** Gauss ventures

## iVE.ONE

**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 Aejaz (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

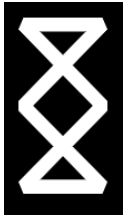


**Company Description:** ADHARA provides liquidity management and international payments solutions for decentralised financial networks. Clients such as banks, central banks and corporations can choose from a variety of products including treasury management, FX exchanges or interbank payments.

**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 tokenus 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 tokenus' 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

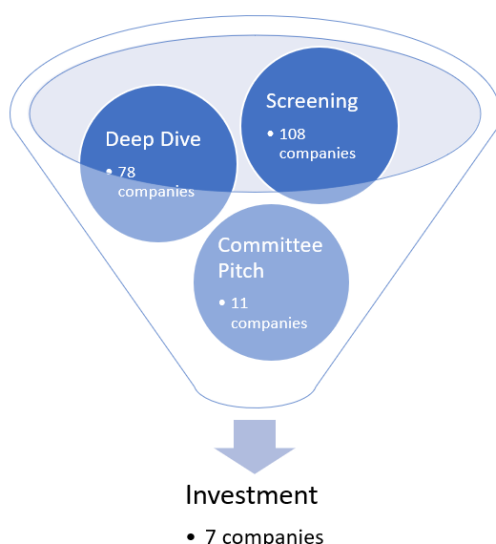
The challenge in this step is to get promising leads. tokenus uses the typical screening tools like online research and industry events. More importantly, the **technological focus allows tokenus to build an ever-denser network in the blockchain ecosystem**, with companies looking for funding, incubators, accelerators and with potential co-investors. Looking only at those investments listed by data provider Crunchbase, tokenus 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 tokenus and moved into the next stage.

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### Investment Funnel 2020

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Source: Company data, AlsterResearch

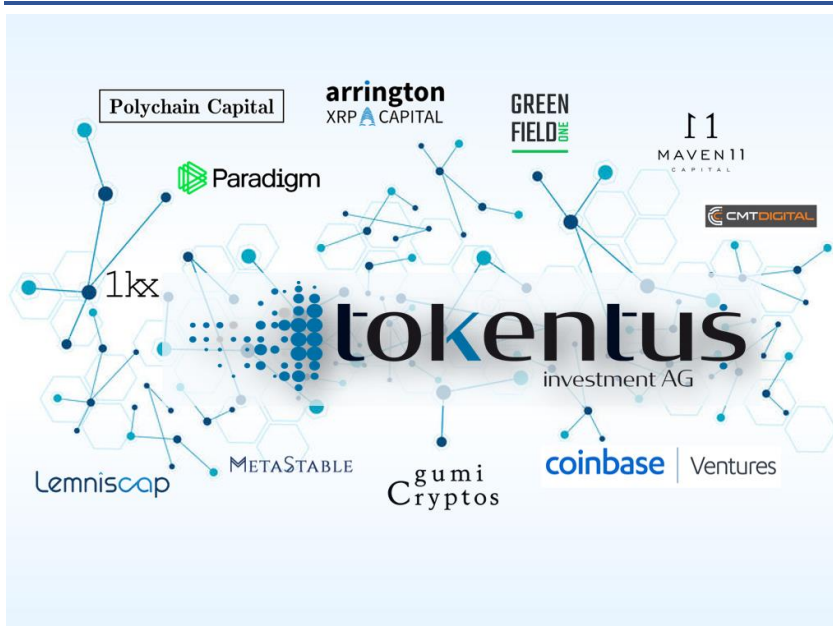
### Step 2: Deep Dive

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 tokenus 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

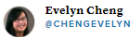
# Growth

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  
@CHENGEVELYN

SHARE

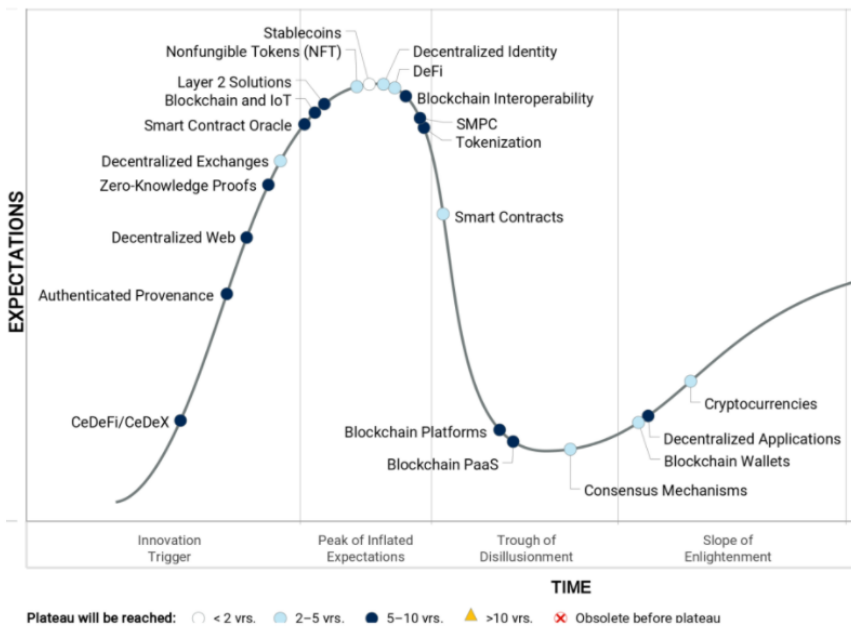
Source: CNBC

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)

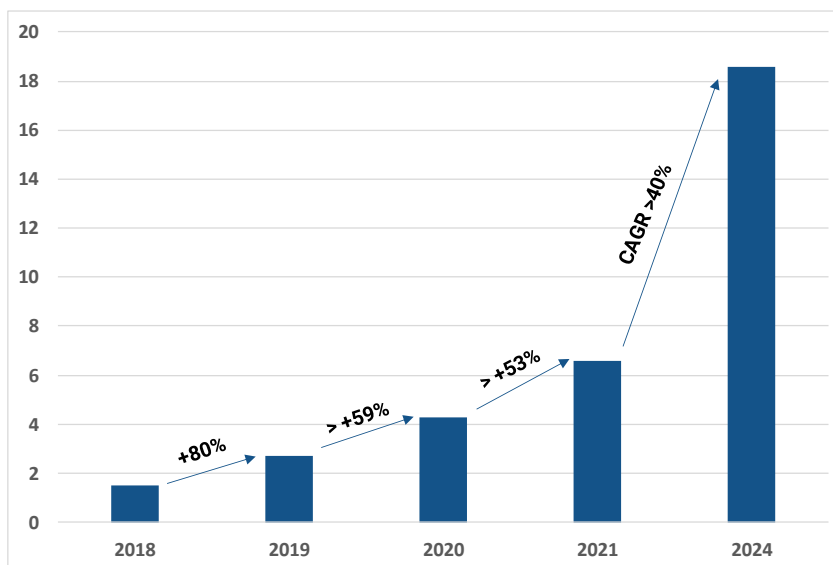
Among the **growth drivers** according to Gartner are

- 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)



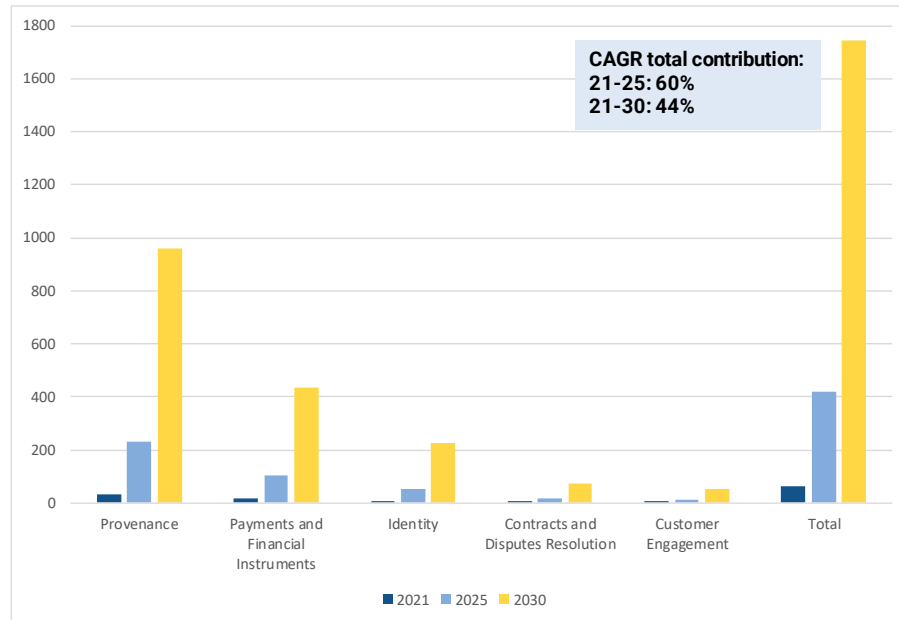
Source: IDC, April 2021

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 tokenus. 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. 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 Celsiusus

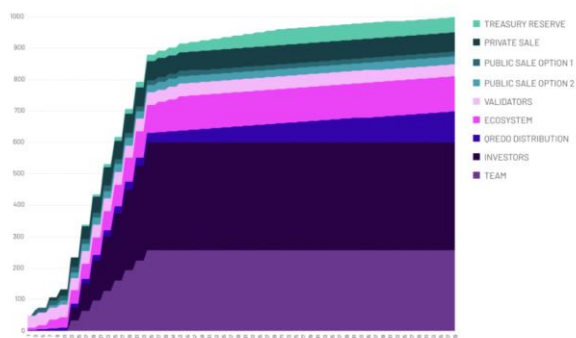
| Company         | Founded | Business model                    | Community  |           | Valuation                                | asset multiple  | USD per user      |
|-----------------|---------|-----------------------------------|------------|-----------|--|-----------------|-------------------|
|                 |         |                                   | 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     | <b>implied valuation of Celsius:</b>     | <b>USD 7 bn</b> | <b>USD 1.7 bn</b> |
|                 |         |                                   |            |           | <b>AlsterResearch valuation:</b>         | <b>USD 3 bn</b> |                   |

Sources: Crunchbase, AlsterResearch, corporate information

## Qredo Tokens

tokenus 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:

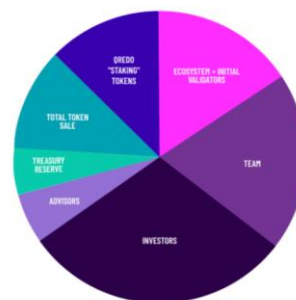
RELEASE SCHEDULE



|                         |                |
|-------------------------|----------------|
| PRIVATE SALE            | 7.28%          |
| PUBLIC SALE             | 4.00%          |
| <b>TOTAL TOKEN SALE</b> | <b>11.28%</b>  |
| TEAM                    | 22.00%         |
| ADVISORS                | 3.70%          |
| ORDINARY                | 10.00%         |
| SEED                    | 21.30%         |
| <b>INVESTORS</b>        | <b>34.30%</b>  |
| QREDO DISTRIBUTION      | 10.00%         |
| INITIAL VALIDATORS      | 4.00%          |
| ECOSYSTEM               | 11.00%         |
| TREASURY / RESERVE      | 3.784%         |
| <b>TOTAL</b>            | <b>100.00%</b> |

TOKEN DISTRIBUTION

TOKEN ALLOCATION



| SCHEDULE                          | VESTING            | CLIFF |
|-----------------------------------|--------------------|-------|
| TEAM                              | 24                 | 12    |
| INVESTORS                         | 24                 | 12    |
| QREDO DISTRIBUTION                | PERMANENTLY LOCKED | N/A   |
| ECOSYSTEM                         | 48                 | 0     |
| INITIAL VALIDATORS                | 0                  | 0     |
| PUBLIC SALE OPTION 1 - UNINVESTED | 0                  | 2     |
| PUBLIC SALE OPTION 2 - VESTED     | 12                 | 6     |
| PRIVATE SALE                      | 18                 | 6     |
| RESERVE                           | 60                 | 12    |

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. tokenus has not disclosed the number of tokens received, and the calculation is not straightforward, as the distribution to seed and ordinary investors differs and tokenus participated in both rounds.

The following facts are public:

- tokenus has invested a total of GBP 300k in Qredo in 2 funding rounds (source: tokenus)
- 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 tokenus between seed and later stages is needed to calculate the total number of tokens allocated to tokenus. The following table shows the AlsterResearch estimate, arriving at an estimate of 12m Qredo tokens distributed to tokenus for free:

| Estimate number of Qredo tokens |                 |                 |                 |      |                      |                    |
|---------------------------------|-----------------|-----------------|-----------------|------|----------------------|--------------------|
| round                           | contribution    | contribution    | volume          | %    | ttl tokens allocated | allocation tokenus |
|                                 | tokenus (GBP k) | tokenus (USD k) | funding (USD k) |      |                      |                    |
| 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 tokenus. 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 1.15 per token, compared to USD 1.23 quoted price at the time of writing. The tokens held by tokenus 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 4.05:

### Valuation tokenus

| 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       | 2577,3  | see separate valuation      | 0,24%                                   | 6.186         |
| spacemesh     | na      | AlsterResearch estimate     | na                                      | 125           |
|               |         |                             | <b>equity total</b>                     | <b>7.673</b>  |
| Number tokens |         |                             |   |               |
| Token         | (m)     | Valuation base              |   |               |
| Qredo         | 12,0    | coinmarketcap 30d avg (USD) | 1,15                                    |               |
|               |         | Exchange rate               | 1,16                                    |               |
|               |         | Price per token (EUR)       | 0,99                                    |               |
|               |         | Discount for lockup         | 20%                                     |               |
|               |         | Adj. price per token (EUR)  | 0,79                                    | 9.433         |
|               |         |                             | <b>token total</b>                      | <b>9.433</b>  |
|               |         |                             | <b>+ equity total</b>                   | <b>7.673</b>  |
|               |         |                             | <b>portfolio value</b>                  | <b>17.106</b> |
|               |         |                             | - 8 years discounted steady state costs | 1.145         |
|               |         |                             | <b>+ current cash</b>                   | <b>1.800</b>  |
|               |         |                             | NAV                                     | 17.761        |
|               |         |                             | number shares (k)                       | 4.381         |
|               |         |                             | <b>NAV per share (EUR)</b>              | <b>4,05</b>   |

Sources: AlsterResearch, Crunchbase, tokenus, coinmarketcap

As discussed above, the AGM of tokentus has authorized a large 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 the placement price is below our calculated NAV and a high number of shares is issued. The following table shows the post-transaction NAV for different combinations of issue price and number of shares issued, assuming 5% issuance costs:

|   |           | issue price (EUR per share) |      |      |      |      |      |
|---|-----------|-----------------------------|------|------|------|------|------|
|   |           | 2,00                        | 2,20 | 2,40 | 2,60 | 2,80 | 3,00 |
| <b>number<br/>shares<br/>issued<br/>(m)</b> | <b>1</b>  | 3,65                        | 3,69 | 3,72 | 3,76 | 3,80 | 3,83 |
|   | <b>2</b>  | 3,38                        | 3,44 | 3,50 | 3,56 | 3,62 | 3,68 |
|   | <b>5</b>  | 2,91                        | 3,01 | 3,11 | 3,21 | 3,31 | 3,41 |
|   | <b>10</b> | 2,56                        | 2,69 | 2,82 | 2,95 | 3,08 | 3,22 |
|   | <b>20</b> | 2,29                        | 2,44 | 2,60 | 2,75 | 2,91 | 3,07 |

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       | 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   | -57.0x  | -23.6x | -18.9x | -11.8x  | -11.2x  |
| P/CF                              | na   | -57.0x  | -23.4x | -14.3x | -11.8x  | -11.2x  |
| P/BV                              | na   | 5.4x    | 5.1x   | 5.0x   | 8.7x    | 39.4x   |
| Dividend yield (%)                | 0.0% | 0.0%    | 0.0%   | 0.0%   | 0.0%    | 0.0%    |
| FCF yield (%)                     | 0.0% | -1.8%   | -4.3%  | -7.0%  | -8.5%   | -8.9%   |
| 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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