



Research Report (Anno)



**Further increase in value of investments and NAV expected for
2016 after successful year 2015**

-

Deposit Solution now valued at €100 million

Target Price: €18.32 (before: €16.70)

Rating: BUY

IMPORTANT NOTE:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) on page 17

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

Rating: BUY
Target price: €18.32

Current price: 13.95
03/08/2016 / ETR

Currency: EUR

Master data:

ISIN: DE0001218063
WKN: 121806
Ticker symbol: A7AG

Number of shares³: 4.538
Market cap³: 63.31
³in millions/EUR m

Free float: 20 %

Transparency level:
Entry Standard

Market segment:
Open Market

Accounting:
IFRS

Financial year: 31 December

Designated sponsor:
Hauck & Aufhäuser

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* List of possible conflicts of interest on page 18

Company profile

Sector: Private Equity

Focus: financial technology ("fintech") business models

Employees: 13 on incubator level and over 100 in subsidiaries

Established: 2000, focus on fintech since beginning 2015

Registered office: Frankfurt am Main

Board of management: Stefan Schütze, Juan Rodriguez, Kai Panitzki



FinLab AG is an investment company focusing on fintech business models. The Company focuses on the development of self-founded and incubated German fintech start-up companies that have the potential to roll out their business models across Europe. The Company attempts to acquire majority interests in the self-founded start-ups and provides funding to companies in multiple funding rounds as lead investor or co-investor. Another focus of the Company is providing venture capital to not self-founded but promising fintech companies in seed or follow-on funding rounds. The Company does not specialise regionally in this regard. In addition to Germany, potential investments are also considered in the US. FinLab AG also keeps the option open to selectively invest in funds and other incubators that focus specifically on fintech. In terms of regions, the Company primarily focuses on the US and Asia in this regard, in order to take advantage of the major role these markets play in the fintech sector and explore potentially attractive co-investment opportunities.

P&L in EUR millions	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Total income	5.58	2.10	4.76	6.46
EBITDA	-6.89	-4.31	0.49	4.02
EBIT	-8.97	-1.25	1.64	6.54
Net income (loss)	-2.70	-3.96	-0.06	2.62

**figures according to IFRS*

Key figures in EUR

Earnings per share	-1.98	-0.27	0.36	1.44
Dividend per share	0.00	0.00	0.00	0.00

**figures according to IFRS*

Key figures*

Financial assets in EUR millions	30.5	30.68	41.64	54.16
Equity (IFRS) in EUR millions	29.91	28.98	39.49	55.03
NAV per share in EUR	6.59	6.38	8.70	12.12
Discount to NAV	65.4 %	53.0 %	48.3 %	9.3 %
PE ratio	neg.	neg.	38.6	9.7

**figures according to IFRS*

Financial calendar

30/09/2016: Half-year report 2016
22/11/2016: Eigenkapitalforum 2016

** Last research by GBC:

Date: publication/target price in EUR/rating

24/03/2016: RS / 16.70 / BUY

28/01/2016: RS / 12.30 / BUY

22/01/2016: RS / 12.30 / BUY

04/11/2016: RS / 12.30 / BUY

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

EXECUTIVE SUMMARY

- FinLab AG not only published excellent figures for FY 2015 a few weeks ago, there were also highly convincing developments in the company's investments for 2016 to date. Topping the list is the latest round of financing at Deposit Solutions in which Deposit Solutions gained €15 million in liquid funds. The company is thus valued at more than €100 million, which reflects the company's potential ever more clearly. The product, COMONEA, has the potential to revolutionise the market for private investments; the opportunities for convincing company performance are correspondingly high.
- A capital increase was also carried out recently at nextmarkets. After investing in Deposit Solutions, high-profile investor Peter Thiel has now also invested in nextmarkets. The round of financing was carried out at a significantly higher valuation than FinLab's first financing round. The capital increase was carried out with a significant seven-digit amount.
- In this regard, it is already apparent that the excellent results of 2015 will again be exceeded in 2016. The value of the share in Deposit Solutions alone should now amount to more than €10 million. The valuation was recognised at €3 million in the balance sheet as of 31/12/2016. In our estimation, the shares in nextmarkets are valued at approx. €6 million after the latest round of financing.
- FinLab AG showed that the proof-of-concept has now been furnished, not only based on the high rounds of financing, but the operational development also highlights the higher valuations. Whilst Deposit Solutions gained several well-known clients, nextmarkets also entered the market at the beginning of the year and is now in the market development phase.
- Last but not least, it must also be noted that, in addition to the successful fintech portfolio, FinLab AG is generating steady cash flows already at this stage. These primarily comprise management fees and dividend payments from the investments in Heliad and Patriarch. Combined, these generate approx. €4 million in fund inflows per annum. These funds cover the overhead expenses and furthermore can be invested in the development of fintech investment portfolios, which opens up a clear competitive advantage for FinLab over other venture capital investors in terms of financing flexibility.
- FinLab AG also expanded its fintech investment portfolio with an investment in AUTHADA GmbH in 2016. The company is active in the area of electronic identity and therefore active in an area of the fintech segment that shows great promise for the future. We expect to acquire additional investments this year.
- **Based on the excellent figures for FY 2015, with an total income of €6.46 million and an EBIT of €4.02 million, the excellent further development in the investment firms and the associated high expectations for FY 2016, we have raised our stock price target from €16.70 to €18.32. The rating thus remains unchanged: BUY.**

INHALTSVERZEICHNIS

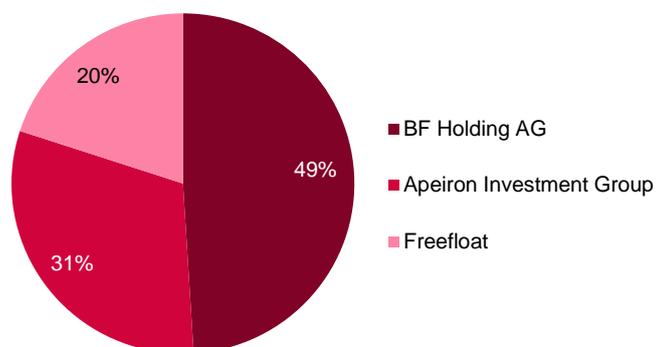
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THE COMPANY

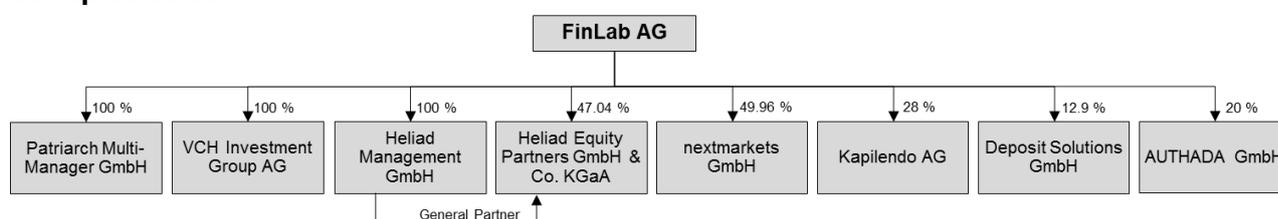
Shareholder structure

Shareholders in %	30/06/2016
BF Holding AG	49.00 %
Apeiron Investment Group	31.00 %
Freefloat	20.00 %
Total	100.00 %

Source: FinLab, GBC



Group structure



Source: FinLab, GBC

Board of Management



Stefan Schütze (Legal, Compliance & Regulation)

- Member of the Board of Management since 2013
- Authorized lawyer
- More than 15 years of experience in the areas of private equity, venture capital and the capital market
- A variety of management positions

Juan Rodriguez (CFO)

- Member of the Board of Management since 2013
- 20 years of experience in the area of finance
- A variety of positions in the areas of asset management, telecommunications and the energy industry

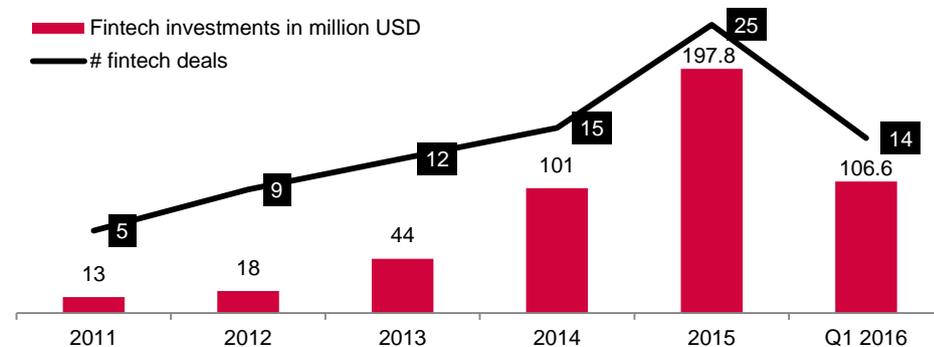
Kai Panitzki (Strategy, Marketing, PR & IR)

- Member of the Board of Management since 2015
- Studies of law at the University of Bonn
- More than 10 years of experience in the areas of media/marketing
- A variety of management positions, e.g. managing director of Scholz & Friends GmbH

MARKET AND MARKET ENVIRONMENT

In 2015, global investments in fintech companies reached US\$19.1 billion, increasing by more than 55% compared to 2014. The majority of investments were made in American companies. However, the German fintech market is also increasingly gaining traction. US\$193 million was invested in fintech companies in Germany in 2015 in the area of venture capital alone. Compared to the previous year, this is equivalent to an increase of 91%. This growth rate is significantly higher than that at the global level. It is therefore clear that the expected catch-up effects are increasingly starting on the German market. For this reason, a further increase in activities can be expected for 2016. Nevertheless, the number of financed companies is still extremely low. Only 25 fintech companies were financed by the VC segment in 2015. We also expect further growth in 2016 here due to the clearly rising momentum in the industry. The figures for Q1 2016 reinforce this expectation.

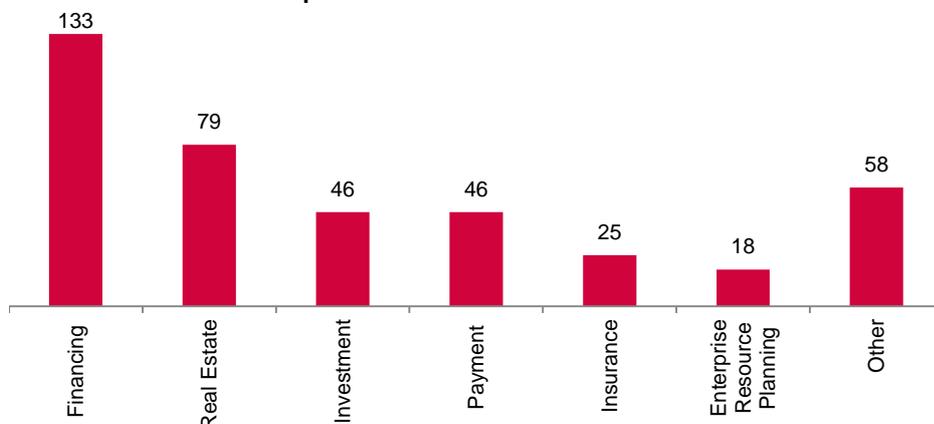
Investments in fintech companies by VCs in Germany (in million USD)



Source: KPMG, CB Insights

The areas within the fintech industry are distributed differently in Germany compared to internationally. Whilst most fintech companies are active in the area of financing in Germany and internationally, the second strongest area is property (PropTech). The topic of payment takes second place at the international level. The subject area of cash investments is a high priority on the German fintech scene. With the investments in nextmarkets, Kapilendo and Deposit Solutions, Finlab AG is optimally positioned in the most important subject areas in terms of this distribution.

Anzahl der Fintech-Startups in Deutschland nach Bereichen



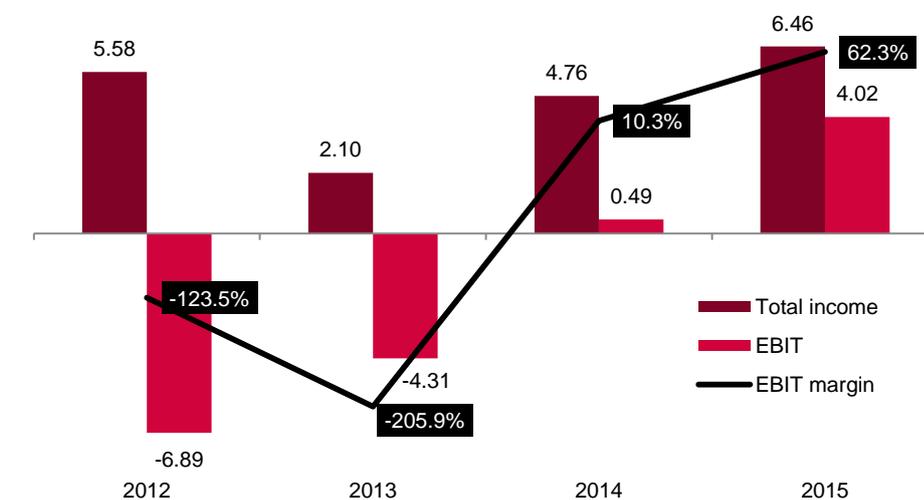
Source: Barkow Consulting "FinTech Money Map", February 2016

COMPANY DEVELOPMENT

Overview of key figures

P&L (in EUR millions)	FY 2012	FY 2013	FY 2014	FY 2015
Sales	4.37	1.53	2.85	4.17
Income from investments	0.28	0.07	0.35	1.61
Other operating income	0.93	0.50	1.55	0.68
Total income	5.58	2.10	4.76	6.46
Personnel expenses	-3.53	-3.05	-2.09	-1.56
Non-personnel expenses	-8.93	-3.37	-2.18	-0.88
EBIT	-6.89	-4.31	0.49	4.02
Financial result	-1.90	3.07	1.17	3.11
EBT	-8.78	-1.24	1.66	7.14
Taxes on income	-0.18	-0.01	-0.02	-0.60
Net profit/loss	-8.97	-1.25	1.64	6.54
EBIT	-6.89	-4.31	0.49	4.02
in % of total income	neg.	neg.	10.3 %	62.3 %
Earnings per share in €	-1.98	-0.27	0.36	1.44
Dividend per share in €	0.00	0.00	0.00	0.00
# of shares in million	4.54	4.54	4.54	4.54

Development of total income, EBIT (in m€) and EBIT-margin (in %)



Source: FinLab, GBC

Business development FY2015 and FY2016

P&L (in EUR millions)	FY 2012	FY 2013	FY 2014	FY 2015
Total income	5.58	2.10	4.76	6.46
EBIT (<i>margin</i>)	-6.89 (<i>neg.</i>)	-4.32 (<i>neg.</i>)	0.49 (10.3 %)	4.02 (62.3 %)
Net income (loss)	-8.97	-1.25	1.64	6.54
EPS in EUR	-1.98	-0.27	0.36	1.44

Source: FinLab, GBC

Latest developments in the investments

Kapilendo AG (formerly: Venturate AG) – equity share: 28%

FinLab's investment, Venturate AG, announced at the end of April that the company would merge with Kapilendo AG. All the shares in Venturate AG were recently taken over by FinLab and will now be contributed in full to Kapilendo AG. In addition, FinLab is investing a significant amount in the company to fund further growth. After completion of the transaction, FinLab now holds 28% in Kapilendo AG.

The merger of the two companies has resulted in a powerful unit that combines the two topics of crowd lending and crowd investing on one platform. The new financing platform is thus in a unique position for which there is no equivalent on the German market at this time. The offering now comprises both the granting of traditional loans to small and medium-sized companies as well as equity investments in start-up companies in accordance with the tried and tested method of curated investing of Venturate AG. The corporate model arising due to the merger thus comprises a wide selection of investment opportunities and, above all, meets the increasing demand for alternative forms of financing for small and medium-sized companies and start-ups.

An example of successful, high-profile financing in the recent past was the German football club, Hertha BSC. The crowd investment project generated €1 million in debt capital, attracting interest of 4.5% with a 3-year term. The financing volume was placed within a few hours due to the high demand. The club will use the funds to further develop its online and digital business.

Deposit Solutions GmbH – equity share: 12.9%

The Deposit Solutions investment, in which FinLab AG has a minority holding of 12.9%, also performed positively in 2015 and 2016. This allowed the company to gain Peter Thiel, the founder of PayPal, as well as FinLab as investors by the end of 2015. A round of financing was carried out at Deposit Solutions GmbH with Thiel and FinLab as investors for more than €6.5 million.

After the recent successes, another round of financing at a valuation of €100 million was carried out; €15 million in liquid funds was generated by the company. The valuation is therefore equivalent to four times the previous value. Besides the existing investors, FinLab and Peter Thiel, new investors namely Greycroft Partners, e.ventures and Valar Ventures participated in the round of financing. FinLab maintained its share in Deposit Solutions GmbH of approx. 12.9% with its participation in the round of financing.

In our view, the higher valuation is not surprising as, with the COMONEA platform, Deposit Solutions has developed a product that can revolutionise the entire deposit and term deposit market. Increasingly, investors are realising that the potential market volume involved is enormous. The European market for private deposits has a volume of

more than 9 billion euros and can be used significantly more efficiently by financial institutions with the assistance of COMONEA.

Development of the valuation of Deposit Solutions GmbH

Date	Capital increase	Valuation
09/2015	6.5 m€	> 20.0 m€
07/2016	15.0 m€	> 100.0 m€

Source: FinLab, GBC

Deposit Solutions will use the funds from the round of financing to further develop technology, develop corporate structures and, above all, penetrate the German and European market. The company currently has co-operations with well-known enterprises. Deposit Solutions GmbH recently announced a co-operation with Deutsche Bank AG. Deutsche Bank will use Deposit Solutions' COMONEA platform for clients to place funds in term deposit investments with other European banks via their account at Deutsche Bank. This increases clients' flexibility in cash investments whilst remaining clients of Deutsche Bank. After Fintech Group AG, Deutsche Bank is another well-known client of the company. Other existing clients are the advisor-tech company, JDC Group, for example. Partnerships are currently being implemented with other partners, such as the Fidelity subsidiary, FFB.

We see the latest capital increase as indicative because Peter Thiel is known for only investing in disruptive business models with a potential to exploit multi-billion markets. On basis of the huge market that opens up by the technology of Deposit Solutions, the company could exhibit a considerably high potential that is by far not covered through the current valuation.

nextmarkets GmbH – equity share: 49.96%

Nextmarkets was only established in 2014, and has been in the open beta phase since 2016. During 2016 this phase is planned to end, starting the market development from then on. Nextmarkets has now gained 20 trading coaches. Investors will benefit from their expertise.

Nextmarkets is a e-learning-platform covering the stock market topic. The core-concept is the so called „curated investing“. This means that the users of the portal get supported by trading coaches, who explain the functioning of the stock markets as well as the capital markets in general. The coaches are stock market experts who share their knowledge and experience with the users in webinars, live-trading-sessions or chats. During the course of the year the trading with nextmarkets shall be possible with real money. By now trading in the round about 1,000 financial instruments is only possible on a virtual basis.

After investing in Deposit Solutions, PayPal founder and high-profile investor Peter Thiel has now also invested in nextmarkets GmbH. Whilst FinLab AG was invested in nextmarkets from the beginning, the latest round of financing took place at a significantly higher valuation. Nextmarkets gains €3.50 million due to the capital increase, which will be used to roll out the business model. Besides Peter Thiel, EXTOREL, the Family Office of the Strascheg family, also participated in the financing.

AUTHADA GmbH – equity share: 20%

At the end of April, FinLab made another investment representing growth financing for AUTHADA GmbH in the seven-digit range. AUTHADA has developed a process with which the electronic identity (eID) of an identity card can be read out by the NFC interface of a smartphone, thereby enabling mobile and secure identification of existing and

target customers in real-time. A customer's identity can then be verified by government-approved master data in a few seconds. Conventional, laborious means of identification such as PostIdent or video identification will thus become superfluous. The application can be used in various areas wherever customer identification is required. The areas of mobile banking or mobile payment, for instance, come to mind.

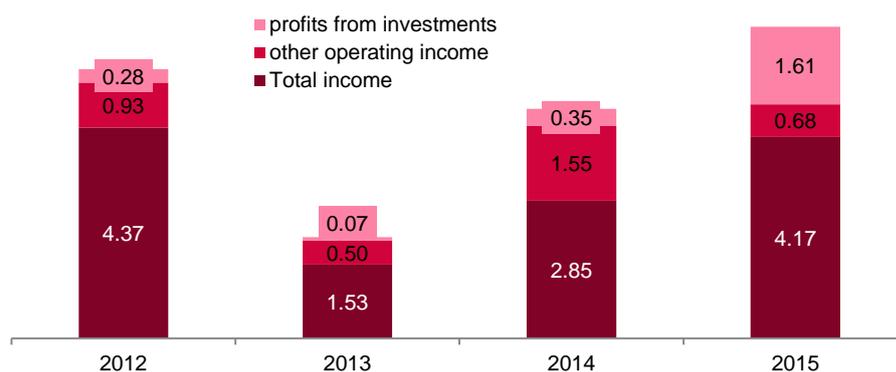
In our view, AUTHADA is a meaningful addition to the fintech portfolio as the company addresses a critical area with a high potential for disruption. This can, for instance, be seen with BaFin's recent tightening of regulations for the video identification process for the opening of accounts and custody accounts, which require stricter control of persons in order to avoid financing terrorist organisations. In this regard, there is a high potential for increasing value in the investment for the upcoming years.

Development of total income

One of the essential competitive advantages that FinLab AG has over other venture capital incubators is the two-part portfolio structure. On the one hand, FinLab holds its own investments in the traditional asset management business. These investments provide the company with consistent cash flows, which allows FinLab to cover the running costs of the holding company and, on the other hand, to develop a fintech portfolio without necessarily having to access external capital.

In FY 2015, FinLab generated the majority of the sales recognised in its income statement from its investments in the traditional asset management business. Total income of €6.46 million includes performance fees from Heliad Management GmbH in the amount of approx. €2.7 million as well as distributions and dividends from Heliad Equity Partners GmbH & Co KGaA of €0.7 million, from Patriarch Multi-Manager GmbH of €0.3 million as well as from Heliad Management GmbH of €0.7 million. Compared to the previous year, this is equivalent to an improvement in total income of 35.7% and is simultaneously the best result in the period under review of the past four years.

Development of total income (in m€)



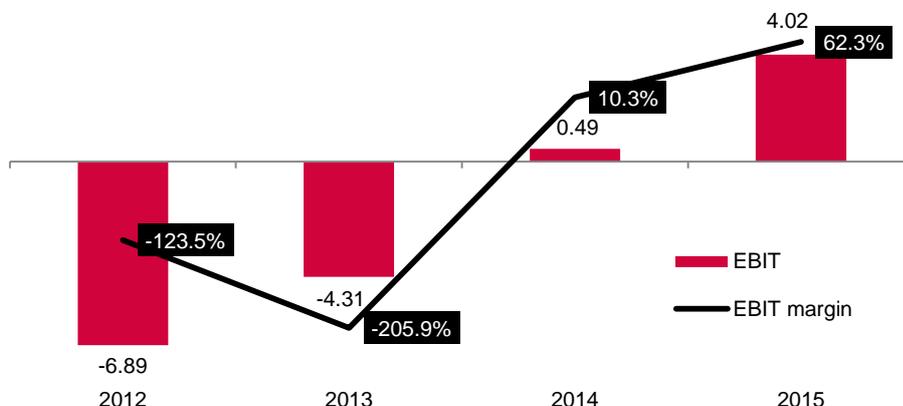
Source: FinLab, GBC

Development of earnings

The excellent performance on total income also had a favourable effect on earnings. Therefore, an EBIT of €4.02 million was generated, which is significantly above that of the previous year. The EBIT margin of 62.3% highlighted the excellent attractiveness of FinLab AG's business model, in particular with respect to combining the traditional asset management business and fintech investments. Last but not least, the significant improvement in the profitability is an expression of FinLab AG's successful repositioning over the past financial years, which had resulted in higher losses and was concluded in

2014. After a slightly positive EBIT was realised in the course thereof already in 2014, the result in 2015 confirms the result of the path taken by the company.

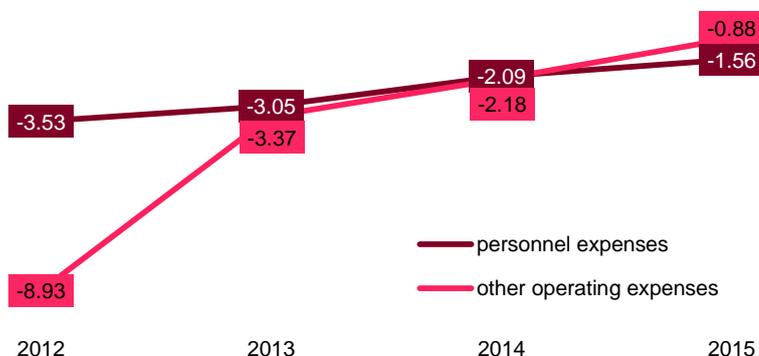
Development of EBIT and EBIT margin (in m€)



Source: FinLab, GBC

Besides the realignment of the operating business, a significant factor of the successful repositioning was also the reduction of costs for the company. FinLab worked extensively at its overhead costs and realised substantial reductions in the area of personnel expenses and other operating expenses. In 2015, significantly lower figures than the previous year were reported. The now far lower overhead costs base is expected to allow future improvements in earnings to have an even more noticeable effect on results.

Development of operating costs (in m€)



Source: FinLab, GBC

With respect to the earnings performance, it must be emphasised that write-ups in Heliad Equity Partners GmbH & Co. KG in the amount of almost €9 million that were carried out due to the sharp increase in the share price in 2015 were not recognised in the income statement but directly in equity in accordance with the regulations of the International Financial Reporting Standards (IFRS).

The successful business development ultimately also impacted cash flow. Due to the synergistic effects of excellent total income and a simultaneously lower cost base, FinLab AG again realised positive cash flow from operations in the amount of €2.62 million in FY 2015. In contrast, no positive figures had been reached in the previous years. This development clearly shows the success of the combined investment approach with a mix of traditional asset management business that generate stable cash flows and investments in the innovative fintech segment.

Development of operating cashflow (in m€)



Source: FinLab, GBC

Due to their nature, the fintech investments have not contributed significantly to the result in 2015 due to their short history. Investment write-ups and write-downs through profit and loss, however, in total contributed a positive figure of €2.98 million year-over-year, which is recognised in financial assets. In the upcoming years in particular, we still expect to see significant contributions to earnings and cash flow from the fintech investments.

On the whole, FinLab AG confirmed the progress in the operational development already indicated in FY 2014 and, above all, stepped it up further. It is clear that the company has positioned itself well in the course of the realignment and can now gradually develop the investment portfolio in the fintech segment from a highly stable base. The company has already negotiated several successful deals in this area. FinLab AG's major advantage is the two-part portfolio structure that ensures consistent cash flow for the company outside of the fintech portfolio. The holding company's expenses can thus be covered and new investments financed. In addition, the company is not necessarily reliant on external financing. This is a competitive advantage, as few competitors are in such a position. Last but not least, FinLab AG has a strong network of partners that enable fast access to the market for investment companies.

An increasing dynamic is noticeable in particular in the area of fintech investments which is expressed in attractive rounds of financing. In turn, this confirms the decisions made by the management of FinLab AG who have clearly made a good choice in portfolio companies.

Balance sheet and financial situation

in m€	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Equity	29.91	28.98	39.49	55.03
Equity ratio (in %)	81.5%	83.1%	92.1%	96.1%
Interest bearing debt	1.00	1.00	1.00	0.00
Financial assets	21.64	26.91	36.02	52.40
Securities and cash	8.51	3.76	5.62	1.77
NAV per share	€6.59	€6.38	€8.70	€12.12

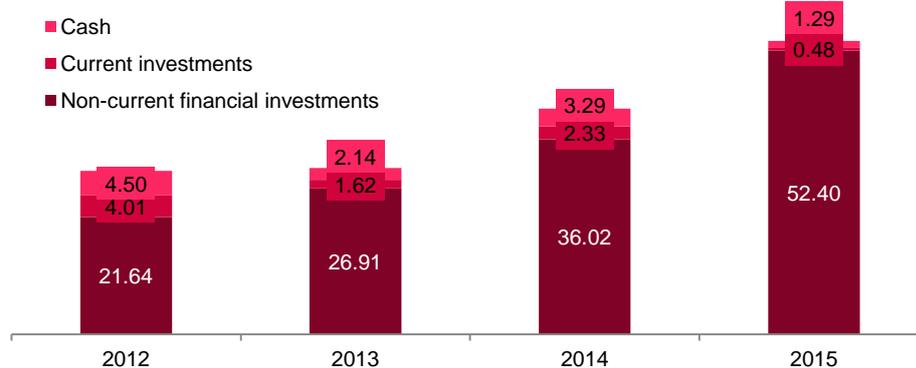
Source: FinLab, GBC

The shareholders equity and liabilities side of FinLab AG's balance sheet is primarily characterised by equity. At the end of FY 2015, the equity ratio of 96.1% was higher than in the same period in the previous year. In absolute terms, the equity base amounted to €55.03 million; 39.4% higher than at the end of 2014. In addition, the shareholders equity and liabilities side of FinLab AG's balance sheet still recognised a bond issued for more than €1 million as of the end of June 2015. This was repaid as of 31/07/2015 with FinLab AG's balance sheet not recognising any interest-bearing liabilities as of the end of 2015.

Two effects in particular were responsible for the significant increase in equity. On the one hand, equity capital increased due to the high annual surplus of €6.54 million. On the other hand, the revaluation reserve increased by €8.87 million. Based on IFRS accounting, changes in the value of securities classified as available-for-sale were not recognised in the income statement but posted directly in equity with no effect on profit and loss.

In the case of FinLab AG, this relates in particular to the share position in the listed company Heliad Equity Partners GmbH & Co. KGaA in which FinLab AG holds 47% of the shares. After this position in the company amounted to €18.79 million at the end of FY 2014, the company's share price increased significantly throughout 2015. The reason for this was the strategic realignment of the operating business in conjunction with a further improvement in profitability and an increase in NAV. At the end of 2015, the Heliad shares held by FinLab AG had a value of €27.74 million. The significant increase in value was recognised in equity, increasing the value of the equity.

Development of financial assets and cash (in m€)



Source: FinLab, GBC

It should be noted that further significant hidden reserves are included in the share position of Heliad as its share price traded at a price of €6.20 at year end - still significantly below the recognised NAV of €10.87. Subjected to a full write-up to the level of the NAV, the hidden reserves from the Heliad position alone amounted to €20.89 million as of 31/12/2015.

SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experienced management team • Steady cash flows from Heliad and Patriarch investments in coming years • High equity ratio of more than 90% • There are no longer any interest-bearing liabilities on the balance sheet • FinLab AG's current costs are covered by recurring cash flows • New investments can be funded using liquidity holdings and current cash flows • Low fixed-cost base 	<ul style="list-style-type: none"> • High dependence on the investment in Heliad Equity Partners GmbH & Co. KGaA • Due to the early stage of activity in the fintech sector, the fintech portfolio still contributes very little to the performance of the Company • The short history of the fintech investments makes forecasting difficult for investors • The market for the shares is very narrow due to a small free float of around 20%
Opportunities	Threats
<ul style="list-style-type: none"> • The large discount to net asset value (NAV) represents significant upside potential for the shares • Strong demand for fintech business models could drive the value of the fintech investments sharply higher • Fintech business models are showing strong growth momentum, which could also benefit FinLab AG's investments • New investments could further increase the growth potential • Additional increases in the Heliad share price would move the NAV of FinLab shares even higher 	<ul style="list-style-type: none"> • FinLab AG's investments could develop more slowly than expected • A sharp drop in the Heliad share price would decrease net income and reduce NAV • The outlook for the fintech market could deteriorate significantly • A lack of market investment opportunities could slow development of the Company • Competitors could use similar or identical business models, thereby limiting the market potential of the investments

OUTLOOK & VALUATION

Expected company development

We expect that FinLab AG will continue to achieve good operational development in FY 2016. The unique positioning of the company and the competitive environment should, in turn, be noticeable. With respect to the secured cash flow, the excellent development of Heliad Equity Partners GmbH & Co. KGaA in 2015 should be reflected in the portfolio of traditional asset management business and ensure increased inflows which, in turn, can be used for the development of the fintech investment portfolio. FinLab AG announced a new investment in April 2016 with AUTHADA GmbH.

The following secured cash flows can be expected for 2016:

• Distribution by Heliad Equity Partners GmbH & Co. KGaA (€0.20 per share):	0.90 m€
• Distribution by Patriarch Multi-Manager GmbH	~0.30 m€
• 2.5% management remuneration on IFRS equity 2015 of Heliad Equity Partners GmbH & Co. KGaA	2.55 m€
• 20% performance fee on HGB [German Commercial Code] EBT of Heliad Equity Partners GmbH & Co. KGaA	0.23 m€
Total:	~4.00 m€

We expect cash flows in the amount of approximately €4 million for FY 2016. Accordingly, the cash balance should increase significantly in Q1 2016 already or the leeway for further investments in attractive fintech business models should have been expanded. With respect to the earnings forecast for FY 2016, the payment streams also form a stable base to again exceed the previous year's total income and profit figures. At the same time, we expect that the operating costs will not increase significantly in 2016. In this respect, we see good prospects of again realising improved operational figures in 2015.

In addition, FinLab AG's result will be positively influenced solely due to the latest rounds of financing at Deposit Solutions and nextmarkets. Due to the resulting higher figures, a corresponding valuation gain will be recognised in the income statement. We therefore expect that the earnings figures in 2016 will again improve compared to 2015.

These increases in value reflect, above all, the excellent performance of the investments and indicate a proof-of-concept for the business models. This will draw relevant investor interest. Deposit Solutions has now been able to gain several well-known clients and nextmarkets has successfully completed the launch of its trading platform at the beginning of the year and is now ready to develop the market.

Valuation

We valued FinLab AG as an industry-specific indicator for investment companies by calculating the net asset value (NAV).

In accordance with the IFRS balance sheet, FinLab AG recognised equity of €55.03 million as of 31/12/2015. On the asset side financial investments, securities and cash summed up to a value of €54.17 million. The largest share of €27.73 million was taken up by the investment in Heliad Equity Partners GmbH & Co. KGaA (Heliad) in which FinLab AG has a holding of 47.04%. Heliad itself last traded significantly below the NAV

as at 31/03/2016. With a NAV per share of €9.58 and a share price of €6.12, the discount of the share price to the NAV was approx. 36%.

As Heliad's share price is a significant benchmark for FinLab's balance sheet recognition, according to our calculations, significant hidden reserves of approximately €14.63 million are included in FinLab AG's investment as of 03/08/2016 due to the discount to the NAV.

In the projection of the NAV, assuming balance sheet data as of 31/12/2015, the expected, planned income streams from the traditional asset management business, namely the agreed management fees as well as dividend income, in the amount of €4.0 million, are taken into account in the liquid funds. In addition, we have included the expected holding company's expenses of €2.5 million in the calculation.

Calculation of the fair value per share of FinLab AG:

	31/12/2014	31/12/2015	03/08/2016*
Heliad NAV as of the reporting date (in €m)	80.87	103.36	91.10
FinLab AG share in Heliad	47.04%	47.04%	47.04%
Fair value of the Heliad investment (in €m)	38.04	48.62	42.85
Heliad share price	€4.20	€6.20	€6.31
Market value of the shares held in Heliad (in €m)	18.80	27.73	28.22
Hidden reserves in the Heliad investment	19.24	20.89	14.63
Financial investments/securities/liquid funds (in €m)	41.64	54.17	67.66
of which Heliad (in €m)	18.80	27.73	28.22
of which other investments (in €m)	13.14	19.63	31.13
of which cash/securities/loans (in €m)	9.70	6.80	8.30
FinLab AG equity (in €m)	39.49	55.03	68.52
Number of shares held by FinLab AG (in millions)	4.54	4.54	4.54
NAV FinLab AG	€8.70	€12.12	€15.10
Hidden reserves per share (€14.63 million/4.54 million shares)			€3.22
Fair value per share of FinLab AG incl. hidden reserves (rounded off)			€18.32

* GBC AG estimates

From the table above it is clear that the value of the investments excluding Heliad amounted to €19.63 million as of 31/12/2015. The latest rounds of financing for the investments in nextmarkets and Deposit Solutions were, however, carried out at significantly higher values. In this respect, the current figures are higher. For instance, the valuation for the shares in Deposit Solutions should be approx. €11 million and for nextmarkets approx. €6 million, given the latest round of financing. This alone should be equivalent to a valuation result of approx. €11.5 million

An even higher valuation should be justified if one adds Kapilendo, Patriarch and AUTHADA. We regard these as hidden reserves that we, however, are not currently taking into account due to the early phase that fintech companies are in, but we emphasise the additional high potential that may arise therefrom in the future which is currently not accounted for in FinLab AG's share price.

Based on this, we have calculated an equity value of €68.52 million as of 03/08/2016, which gives rise to a NAV per share of €15.10. This calculation does not yet include the

hidden reserves from the Heliad investment. In fact, according to our calculations, these currently amount to €3.22 per FinLab share. Excluding the hidden reserves, a fair value per FinLab share of €18.32 arises. Given the current share price of €13.95 this results in a price increase potential of more than 30%.

In this respect, we also regard the fair value of €18.32 per share determined as a minimum value that should increase in the years to come with successful performance of the fintech portfolio.

ANNEX

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