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nextmarkets customers can now trade with real money; another round of financing carried out at nextmarkets; Deposit Solutions brokerage volume continues to rise; price and rating remain unchanged

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

ISIN: DE0001218063

Reason for the Research Comment: Portfolio News

Analyst: Cosmin Filker

Current Share Price: € 20.50 (XETRA; 21/06/18; 15:55)

Target price: 30.65 € (formerly: 30.65 €)

Rating: BUY

Date of completion/Date of first publication: 15/06/2018

*catalogue of potential conflicts of interests on page 4

FinLab AG continues to benefit from a positive news flow about its investments. On 14/06/2018, FinLab’s portfolio company, the Cologne-based company nextmarkets GmbH, announced the conclusion of a round of financing, in which the start-up company received a total of EUR 6.0 million. As with the other FinLab investments, new notable investors, such as Axel Springer Media for Equity GmbH, Cryptology Asset PLC or the British hedge fund manager Alan Howard, were added. We understand that the current Series A round of financing, which brought in a total of EUR 9.5 million, is expected to be used primarily for the expansion of the customer base, i.e. for marketing and sales purposes.

The nextmarkets GmbH technology is, however, market-ready. The real money offering also started on 14/06/2018, meaning that nextmarkets customers are now in a position to trade equities, currencies, commodities and, before long, ETF and cryptocurrencies. To that end, nextmarkets currently offers private investors the assistance of 14 investment professionals, who provide the users with real-time analyses for significant added value when making investment decisions. An important basis for the nextmarkets business operations is the approval as a securities trading bank, which it received in early 2018. According to the company, this round of financing was carried out with a significantly higher valuation. We had already taken this into account in our valuation, which is why we will not make a change in the fair value approach for this associated company.

In addition, the flagship company Deposit Solutions GmbH continued its already very positive performance. At the start-up conference NOAH2018, Deposit CBO and Managing Director Max von Bismarck announced the new value of brokered investments at EUR 8.0 billion. By contrast, the brokered volume was just EUR 1.0 billion at the end of 2016, making Deposit’s platform one of the fastest growing fintech solutions. Deposit Solutions GmbH functions as a fintech company, which means it can use its own open-banking platform to offer customers attractive daily and fixed-term offers from other banks, without having to enter into a new customer relationship.

The positive performance of the FinLab investments is in line with our expectations, which are reflected in the fair value approach of our NAV model. We therefore maintain the recently confirmed target price of EUR 30.65 and confirm the BUY rating.

ANNEX

I.

Research under MiFID II

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The analysts responsible for this analysis are:

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