

**Buy** (old: Buy)

28.09.2023

**EUR 9.50** (old: EUR 9.50)

### Cooperation with Union Investment is taking shape

**Topic:** Yesterday, LAIQON announced to have successfully signed a **memorandum of understanding with Union Investment**. With that, the cooperation becomes very likely, as it should be seen as the last step before the final signing of the contract.

The objective of the cooperation between Union Investment and LAIQON is the joint launch of a new type of **fund-based investment product for customers of the Volksbanken and Raiffeisenbanken**. The core of the joint product is an **individual fund asset management**, based on AI-generated decision parameters of the WealthTech LAIC that is able to consider both – classic and sustainable (ESG-compliant) investments constraints. While LAIQON is providing the technology via its wealth tech LAIC and a fully digital onboarding, Union Investment is providing the distribution channels and the sales power within Volksbanken and Raiffeisenbanken ecosystem. The joint goal is to attract new customers for individual fund- and AI-based wealth management.

With this cooperation LAIQON would take a big step forward on its “GROWTH 25” growth path. In our view, the signing of the memorandum indicates once again the **high quality of the LAIC algorithm** that is now attracting even the largest addresses for asset management in Germany. Further, the cooperation is another proof that **LAIQONs asset management factory approach** with its **cloud-based enabler DAP 4.0** as a centerpiece is bearing fruit. As of now, all parties are working out the details of the long-term cooperation contract as well as the product details. We expect the closing of the deal until end of the year (eNuW).

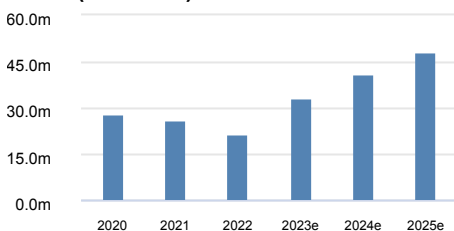
Despite the fact, that is too early to quantify the impact on the numbers, the cooperation – paired with the **platform thinking** and the **customer centricity** that are essential components of the strategy GROWTH 25 – should significantly fuel AuM growth within the next years. The **AuM guidance of € 8-10bn**, implying 15% CAGR22-25e, looks absolutely reasonable, even without considering the likely cooperation with Union Investment.

Therefore, we leave our estimates unchanged for now and reiterate our **BUY** with an unchanged **PT of € 9.50** based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	27.7	26.1	21.6	33.4	41.1	48.3
Sales growth	237.3%	-5.8%	-17.4%	54.8%	23.0%	17.4%
EBITDA	7.0	4.6	-9.9	-1.6	3.1	7.4
Net debt (if net cash=0)	12.4	6.7	12.8	27.6	30.9	31.6
FCF	-2.1	18.8	-4.0	-6.1	0.7	3.8
Net Debt/EBITDA	1.8	1.4	-1.3	-17.2	10.0	4.3
EPS pro forma	-0.05	0.40	-0.58	-0.45	-0.14	-0.07
EBITDA margin	25.1%	17.6%	-46.1%	-4.8%	7.6%	15.2%
ROCE	7.4%	1.0%	-18.3%	-8.8%	-3.3%	0.6%
EV/sales	4.2	4.2	6.9	4.9	4.1	3.5
EV/EBITDA	16.7	23.9	-15.0	-101.9	53.8	22.8
PER	-147.6	19.7	-13.6	-17.2	-57.3	-113.6
Adjusted FCF yield	5.0%	-0.6%	-5.8%	-3.9%	-0.5%	0.2%

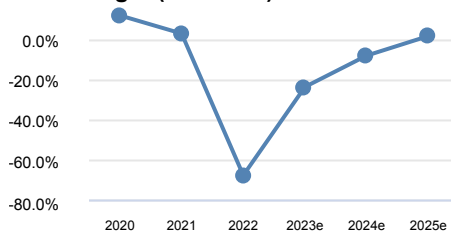
Source: Company data, NuWays, Close price as of 26.09.2023

#### Sales (2020-25e)



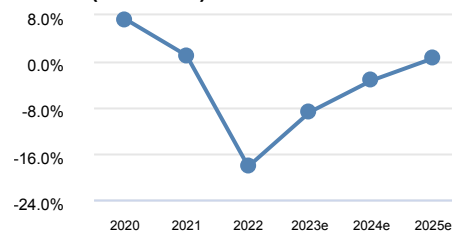
Source: NuWays Research

#### EBIT margin (2020-25e)



Source: NuWays Research

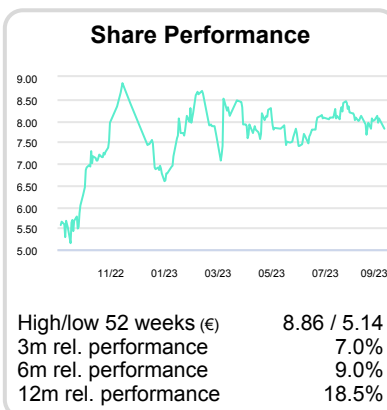
#### ROCE (2020-25e)



Source: NuWays Research

#### Company description

LAIQON is an independent asset- and wealth manager with focus on actively managed non-benchmark funds, on 360 degree, holistic wealth management solutions for wealthy clients as well as on digitizing wealth management via its WealthTech LAIC Advisor.



#### Market data

Share price (in €)	7.80
Market cap (in € m)	136.4
Number of shares (in m pcs)	17.5
Enterprise value (in € m)	164.0
Ø trading volume (6 months)	6,500

#### Identifier

Bloomberg	LQAG GR
Reuters	L1OGK
WKN	A12UP2
ISIN	DE000A12UP29

#### Key shareholders

DEWB	19.0%
SPSW Shareholder	8.0%
Plate Family Office	8.0%
Lange Asset & Consulting Shareholder	8.0%
Free Float	57.0%

#### Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

#### Comment on changes

#### Guidance

- FY25: € 8-10bn AuM
- FY25: >45% EBITDA margin (incl. performance fees)

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>27.7</b>	<b>26.1</b>	<b>21.6</b>	<b>33.4</b>	<b>41.1</b>	<b>48.3</b>
<i>Sales growth</i>	237.3%	-5.8%	-17.4%	54.8%	23.0%	17.4%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>27.7</b>	<b>26.1</b>	<b>21.6</b>	<b>33.4</b>	<b>41.1</b>	<b>48.3</b>
Other operating income	1.2	1.7	3.4	4.9	2.6	2.7
Material expenses	1.1	2.7	3.7	5.4	7.0	8.7
Personnel expenses	11.7	11.3	17.1	21.9	22.1	22.3
Other operating expenses	9.1	9.2	14.1	12.7	11.4	12.6
<b>Total operating expenses</b>	<b>20.8</b>	<b>21.5</b>	<b>31.5</b>	<b>35.0</b>	<b>38.0</b>	<b>40.9</b>
<b>EBITDA</b>	<b>7.0</b>	<b>4.6</b>	<b>-9.9</b>	<b>-1.6</b>	<b>3.1</b>	<b>7.4</b>
Depreciation	1.8	1.6	2.0	2.6	2.7	2.7
<b>EBITA</b>	<b>5.2</b>	<b>3.0</b>	<b>-11.9</b>	<b>-4.2</b>	<b>0.5</b>	<b>4.6</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	2.3	2.7	3.8	3.9	4.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>3.2</b>	<b>0.7</b>	<b>-14.7</b>	<b>-8.0</b>	<b>-3.4</b>	<b>0.6</b>
Interest income	0.0	0.1	0.1	0.1	0.1	0.1
Interest expenses	7.7	9.8	3.9	4.0	4.1	4.2
Investment income	1.5	15.6	2.3	2.3	2.4	2.4
Financial result	-6.2	5.8	-1.5	-1.5	-1.6	-1.6
<b>Recurring pretax income from continuing operations</b>	<b>-2.9</b>	<b>6.5</b>	<b>-16.2</b>	<b>-9.6</b>	<b>-5.0</b>	<b>-1.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-2.9</b>	<b>6.5</b>	<b>-16.2</b>	<b>-9.6</b>	<b>-5.0</b>	<b>-1.0</b>
Income tax expense	-4.0	-0.2	-5.7	-2.0	-3.0	-0.1
<b>Net income from continuing operations</b>	<b>1.0</b>	<b>6.7</b>	<b>-10.4</b>	<b>-7.6</b>	<b>-2.0</b>	<b>-0.9</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>1.0</b>	<b>6.7</b>	<b>-10.4</b>	<b>-7.6</b>	<b>-2.0</b>	<b>-0.9</b>
Minority interest	1.7	1.5	-0.4	0.4	0.4	0.4
<b>Net profit (reported)</b>	<b>-0.7</b>	<b>5.3</b>	<b>-10.1</b>	<b>-7.9</b>	<b>-2.4</b>	<b>-1.2</b>
Average number of shares	13.3	13.3	15.4	17.5	17.5	17.5
<b>EPS reported</b>	<b>-0.05</b>	<b>0.40</b>	<b>-0.65</b>	<b>-0.45</b>	<b>-0.14</b>	<b>-0.07</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	237.3%	-5.8%	-17.4%	54.8%	23.0%	17.4%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	4.2%	6.7%	15.7%	14.8%	6.4%	5.5%
Material expenses	3.9%	10.3%	17.0%	16.0%	17.1%	18.1%
Personnel expenses	42.3%	43.4%	79.3%	65.5%	53.9%	46.2%
Other operating expenses	33.0%	35.3%	65.5%	38.1%	27.8%	26.1%
<b>Total operating expenses</b>	<b>74.9%</b>	<b>82.4%</b>	<b>146.1%</b>	<b>104.8%</b>	<b>92.4%</b>	<b>84.8%</b>
<b>EBITDA</b>	<b>25.1%</b>	<b>17.6%</b>	<b>-46.1%</b>	<b>-4.8%</b>	<b>7.6%</b>	<b>15.2%</b>
Depreciation	6.4%	6.2%	9.2%	7.8%	6.5%	5.6%
<b>EBITA</b>	<b>18.7%</b>	<b>11.4%</b>	<b>-55.3%</b>	<b>-12.6%</b>	<b>1.1%</b>	<b>9.6%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	7.2%	8.8%	12.6%	11.4%	9.5%	8.3%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>11.6%</b>	<b>2.6%</b>	<b>-67.9%</b>	<b>-24.0%</b>	<b>-8.4%</b>	<b>1.3%</b>
Interest income	0.0%	0.4%	0.5%	0.4%	0.3%	0.3%
Interest expenses	27.7%	37.7%	18.0%	11.9%	10.0%	8.7%
Investment income	5.5%	59.7%	10.5%	6.9%	5.8%	5.0%
Financial result	neg.	22.4%	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-10.6%</b>	<b>25.0%</b>	<b>-75.0%</b>	<b>-28.6%</b>	<b>-12.2%</b>	<b>-2.0%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-10.6%</b>	<b>25.0%</b>	<b>-75.0%</b>	<b>-28.6%</b>	<b>-12.2%</b>	<b>-2.0%</b>
Tax rate	134.5%	-3.3%	15.0%	15.0%	15.0%	15.0%
<b>Net income from continuing operations</b>	<b>3.7%</b>	<b>25.8%</b>	<b>-48.3%</b>	<b>-22.6%</b>	<b>-4.9%</b>	<b>-1.8%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>3.7%</b>	<b>25.8%</b>	<b>-48.3%</b>	<b>-22.6%</b>	<b>-4.9%</b>	<b>-1.8%</b>
Minority interest	6.2%	5.7%	-1.7%	1.0%	0.9%	0.7%
<b>Net profit (reported)</b>	<b>-2.5%</b>	<b>20.1%</b>	<b>-46.6%</b>	<b>-23.7%</b>	<b>-5.8%</b>	<b>-2.5%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	56.2	54.8	90.3	87.1	83.9	80.6
Property, plant and equipment	11.5	9.9	10.4	13.9	17.9	22.4
Financial assets	7.7	9.1	1.8	1.8	1.8	1.8
<b>FIXED ASSETS</b>	<b>75.4</b>	<b>73.8</b>	<b>102.5</b>	<b>102.8</b>	<b>103.6</b>	<b>104.7</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	20.0	6.2	9.9	15.4	18.9	22.2
Other assets and short-term financial assets	2.6	9.9	0.9	0.9	0.9	0.9
Liquid assets	6.5	16.3	10.4	15.3	16.3	20.8
Deferred taxes	9.2	10.7	16.1	16.1	16.1	16.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>38.3</b>	<b>43.2</b>	<b>37.4</b>	<b>47.7</b>	<b>52.2</b>	<b>60.1</b>
<b>TOTAL ASSETS</b>	<b>113.7</b>	<b>117.0</b>	<b>139.8</b>	<b>150.6</b>	<b>155.8</b>	<b>164.9</b>

<b>SHAREHOLDERS EQUITY</b>	<b>37.9</b>	<b>43.3</b>	<b>66.6</b>	<b>58.7</b>	<b>56.3</b>	<b>55.2</b>
MINORITY INTEREST	4.9	5.1	5.5	5.1	5.4	5.8
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.2	0.3	0.3	0.3	0.3	0.3
Short-term liabilities to banks	1.3	7.2	2.3	2.6	2.4	2.1
Accounts payable	30.2	25.3	21.7	20.1	22.3	26.2
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)	7.9	6.1	3.5	4.3	5.2	5.9
Deferred taxes	14.4	12.2	17.1	17.1	17.1	17.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>38.1</b>	<b>31.4</b>	<b>25.2</b>	<b>24.5</b>	<b>27.5</b>	<b>32.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>115.5</b>	<b>117.0</b>	<b>139.8</b>	<b>150.6</b>	<b>155.8</b>	<b>164.9</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	49.4%	46.8%	64.6%	57.9%	53.8%	48.9%
Property, plant and equipment	10.1%	8.5%	7.5%	9.3%	11.5%	13.6%
Financial assets	6.7%	7.8%	1.3%	1.2%	1.1%	1.1%
<b>FIXED ASSETS</b>	<b>66.3%</b>	<b>63.1%</b>	<b>73.3%</b>	<b>68.3%</b>	<b>66.5%</b>	<b>63.5%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	17.6%	5.3%	7.1%	10.2%	12.2%	13.5%
Other assets and short-term financial assets	2.3%	8.5%	0.6%	0.6%	0.6%	0.5%
Liquid assets	5.7%	14.0%	7.4%	10.2%	10.4%	12.6%
Deferred taxes	8.0%	9.2%	11.5%	10.7%	10.4%	9.8%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>	<b>33.7%</b>	<b>36.9%</b>	<b>26.7%</b>	<b>31.7%</b>	<b>33.5%</b>	<b>36.5%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>32.8%</b>	<b>37.0%</b>	<b>47.6%</b>	<b>39.0%</b>	<b>36.1%</b>	<b>33.5%</b>
MINORITY INTEREST	4.2%	4.4%	3.9%	3.4%	3.5%	3.5%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Short-term liabilities to banks	1.1%	6.2%	1.7%	1.7%	1.5%	1.3%
Accounts payable	26.2%	21.7%	15.5%	13.4%	14.3%	15.9%
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)	6.8%	5.2%	2.5%	2.9%	3.4%	3.6%
Deferred taxes	12.5%	10.4%	12.2%	11.3%	10.9%	10.3%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>33.0%</b>	<b>26.8%</b>	<b>18.0%</b>	<b>16.2%</b>	<b>17.7%</b>	<b>19.5%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	1.9	6.6	-10.5	-7.6	-2.0	-0.9
Depreciation of fixed assets (incl. leases)	1.8	1.6	2.0	2.6	2.7	2.7
Amortisation of goodwill & intangible assets	2.0	2.3	2.7	3.8	3.9	4.0
Others	-4.7	-6.1	-11.3	-8.4	0.0	0.0
Cash flow from operating activities	-4.7	16.0	-7.5	-8.5	0.7	3.8
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-14.2	2.4	-5.3	-5.4	-3.5	-3.3
Increase/decrease in accounts payable	2.8	1.2	1.4	-1.5	2.2	3.9
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-11.4	3.6	-3.9	-7.0	-1.4	0.6
<b>Cash flow from operating activities</b>	<b>-0.9</b>	<b>20.0</b>	<b>-2.7</b>	<b>-2.1</b>	<b>7.2</b>	<b>10.6</b>
CAPEX	1.2	1.2	1.2	4.0	6.6	6.7
Payments for acquisitions	0.0	0.0	5.0	3.5	4.0	4.5
Financial investments	0.0	-0.5	2.2	0.0	0.0	0.0
Income from asset disposals	0.3	-0.4	-0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.9</b>	<b>-1.1</b>	<b>-8.5</b>	<b>-7.5</b>	<b>-10.6</b>	<b>-11.2</b>
Cash flow before financing	-1.9	18.8	-11.2	-9.6	-3.3	-0.7
Increase/decrease in debt position	3.9	-2.9	4.5	23.0	4.3	5.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	12.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-4.7	-6.1	-11.3	-8.4	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>-0.7</b>	<b>-9.0</b>	<b>5.3</b>	<b>14.6</b>	<b>4.3</b>	<b>5.2</b>
Increase/decrease in liquid assets	-2.6	9.8	-6.0	4.9	1.0	4.6
<b>Liquid assets at end of period</b>	<b>6.5</b>	<b>16.3</b>	<b>10.4</b>	<b>15.3</b>	<b>16.3</b>	<b>20.8</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	237.3%	-5.8%	-17.4%	54.8%	23.0%	17.4%
EBITDA growth	-516.6%	-147.6%	-242.9%	-134.9%	-131.2%	-557.0%
EBIT growth	-280.0%	-106.1%	-556.9%	-1291.5%	-76.5%	-107.9%
EPS growth	-66.8%	-4429.0%	1137.3%	-214.3%	-79.2%	-84.8%
<b>Efficiency</b>						
Sales per employee	538.6	389.9	293.5	436.6	510.5	567.7
EBITDA per employee	135.1	68.8	-135.3	-21.0	38.6	86.5
No. employees (average)	52	67	74	76	80	85
<b>Balance sheet analysis</b>						
Avg. working capital / sales	-14.8%	-77.1%	-50.6%	-35.6%	-18.2%	-8.9%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	263.2	86.3	168.2	168.2	168.2	168.2
Accounts payable turnover	397.5	353.9	366.4	219.8	197.8	197.8
<b>Cash flow analysis</b>						
Free cash flow	-2.1	18.8	-4.0	-6.1	0.7	3.8
Free cash flow/sales	-7.7%	71.8%	-18.3%	-18.4%	1.7%	7.9%
FCF / net profit	neg.	282.8%	37.5%	81.4%	neg.	neg.
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	12.4	6.7	12.8	27.6	30.9	31.6
Net Debt/EBITDA	1.8	1.4	-1.3	-17.2	10.0	4.3
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	71.9%	52.0%	18.5%	12.1%	11.6%	8.8%
<b>Returns</b>						
ROCE	7.4%	1.0%	-18.3%	-8.8%	-3.3%	0.6%
ROE	-1.9%	12.1%	-15.1%	-13.5%	-4.2%	-2.2%
Adjusted FCF yield	5.0%	-0.6%	-5.8%	-3.9%	-0.5%	0.2%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.05	0.40	-0.65	-0.45	-0.14	-0.07
Average number of shares	13.3	13.3	15.4	17.5	17.5	17.5
<b>Valuation ratios</b>						
P/BV	2.7	2.4	2.0	2.3	2.4	2.5
EV/sales	4.2	4.2	6.9	4.9	4.1	3.5
EV/EBITDA	16.7	23.9	-15.0	-101.9	53.8	22.8
EV/EBIT	36.1	163.9	-10.2	-20.5	-48.5	264.8

Source: Company data, NuWays

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Company	Disclosures
LAIQON AG	2

### Historical target price and rating changes for LAIQON AG

Company	Date	Analyst	Rating	Target Price	Close
LAIQON AG	03.12.2022	Jarchow, Frederik	Buy	EUR 10.00	EUR 8.32

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

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## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Vaishnavi Khare**

Analyst

vaishnavi.khare@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com

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