

Advanced Blockchain AG^{*5a,11}

Current price: 13.90
09.03.22 / XETRA / 02:02 pm
Currency: EUR

Key Data:

ISIN: DE000A0M93V6
WKN: A0M93V
Symbol (DUS): BWQ
Number of shares³: 3.77
Marketcap³: 52.45

³in m / in m EUR fully diluted

Accounting Standard:
German GAAP

FY End: 31/12/

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Company profile

Industry: Technology, Crypto

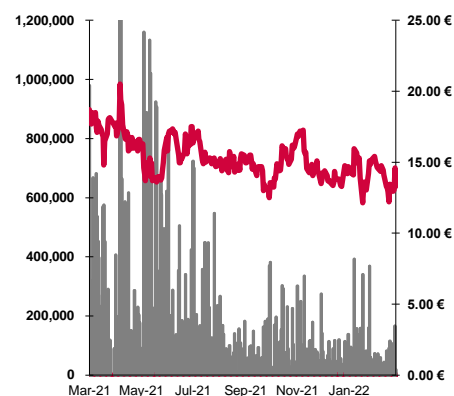
Focus: Blockchain technology, DeFi, Web 3.0

Employees: 160

Foundation: 22.01.2008

Head office: Berlin

Management: Michael Geike (CEO), Simon Telian (CIO)



Advanced Blockchain AG is a blockchain venture studio focused on promoting, building, and investing in disruptive technologies including investments in tokens. Its main markets are thus the venture capital market for companies active in the blockchain technology with a special focus on the decentralised finance area and infrastructure projects enabling the web 3.0.

Advanced Blockchain is an innovation hub that is well-diversified in its portfolio, representing both incubation and investment. The venture studio arm of Advanced Blockchain operates as a leading incubator of projects building on top of the Polkadot ecosystem such as Composable Finance.

Advanced Blockchain is not only incubating the most promising projects but have created and continue to build a diverse portfolio of investments because of their expertise and their network have allowed them to access some of the industry's most promising deal flow at an early stage, including Element Finance, Obol Technologies, and Neon Labs.

The Company's investment strategy pursues two goals: maximize its return on investments and identify ecosystem synergies. Supporting the most promising projects with smart capital, enables them to accomplish their mission, in turn providing the company with a good return on investment. Additionally, the synergies allow the company to exponentially grow the potential and capabilities of their portfolio companies through collaborative growth and integration, as the example of Composable Finance (an incubated project) securing the 8th Parachain on the Polkadot network by raising over 160 million USD in their crowd loan. This resulted in an implied valuation of 350 million USD for the LAYR Token and therefore, almost 20 million USD for Advanced Blockchain 2 million USD initial investment alone.

Recent news:

03.03.2022

Advanced Blockchain AG lists in the Scale segment of the German Stock Exchange.

Financial Calendar

04/2022: FY 2021

05/2022: AGM

09/2022: HY 2022

11/2022: Deutsches Eigenkapitalforum

**last research from GBC:

Date: Publication / Target price in EUR / Rating

The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

* Catalogue of possible conflicts of interest on page 7

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09.03.2022 (04:52 pm)

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Best entry to Web 3.0 and DeFi

Advanced Blockchain is the first, and oldest publicly traded company on the German market specialised in blockchain technology. The Company entered the Frankfurt Exchange in January 2019, when Bitcoin was still trading at around 3.200 EUR. The Company is led by Michael Geike and Simon Telian, two successful serial tech entrepreneurs and has now grown to 160 developers and other team members worldwide working on more than 23 different next generation DeFi (Decentralized Finance) and Web 3.0 projects.

Leading Board

Michael Geike is a mathematician with over six years' experience as an investment banker for JP Morgan. He has also led teams of Data Scientists, focused on optimizing payment algorithms for Zalando, and has co-founded the first publicly listed Distributed Ledger Technology company, Smart Equity AG, in 2013. Michael is an advisor to Peaq, a successful spin off form Advanced Blockchain incubator.

Simon Telian started his career at Dresdner Bank and subsequently worked for Commerzbank as executive assistant. After holding various positions at Rocket Internet and Asia Venture Group, he founded his own company in South Africa which he later successfully exited. Most recently, he was responsible for the operational business for the Swedish edge cloud company CloudBackend AB.

What is DeFi

Following Bitcoins, which strongest function is to securely record payment, tokens such as Ether, Cardano, Solana with blockchains go one step further. These tokens can execute automated programs, called smart contracts, such as making a payment after a specific event. This is Decentralized Finance (DeFi) where smart contracts automate manual processes of traditional finance, such as loans without a middleman (trusted intermediary)¹.

Traditional vs. Decentralized financial system



Source: Stably

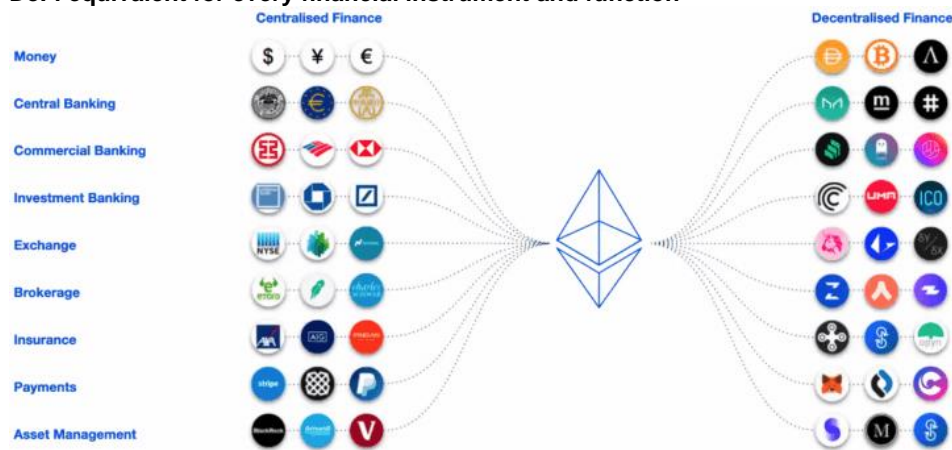
Market

Defining the DeFi market is a challenging task by itself as we do not know its limit. From helping banks backoffice to managing level 1,2 and 3 money movement, DeFi is bound to disrupt the legacy banking sector. It will change forever the way users are lending, borrowing, trading, saving, and more. With Goldman Sachs, Morgan Stanley, Blackrock,

¹ *Global Cryptocurrencies and Digital Assets (bofa.com)*

and several Government institutions adopting DeFi, it is not a question of when but rather how fast. The early adopters have already jumped onboard the train as total asset locked (measure of token value used for decentralized finance applications) into the DeFi projects increased to over 68 billion USD already, from \$17bn in August 2020. Companies like Maker is leading the lending space with over 16 billion USD in Total value locked.

DeFi equivalent for every financial instrument and function



Source: ConsenSys

The race is on with digital banking solutions replacing legacy brick and mortars business model. This change will affect not only customers ways of accessing services but also, with the creation of new DeFi infrastructures, protocols, and ecosystems, but transform the role of every stakeholder. In the DeFi model, anyone with capital becomes market maker, borrower, lender, and validator.

Business model in a nutshell

Advanced blockchain's strategy is to invest, incubate, and partner with transformational blockchain ecosystem projects. The company invest usually between 100.000 EUR up to 2M EUR per project. The Company uses its own money, made from earlier ventures, to invest in blockchain most promising projects, protocols, and tokens. They then yield farm these tokens to maximise earnings and fund new projects.

The Company objective is to identify and capitalise on early financing seeds for projects that have the higher chance of adoption in the DeFi space.

Differentiator

The Company competitive advantages towards their peers are the Management Team and their incubation philosophy once they deployed Capital.

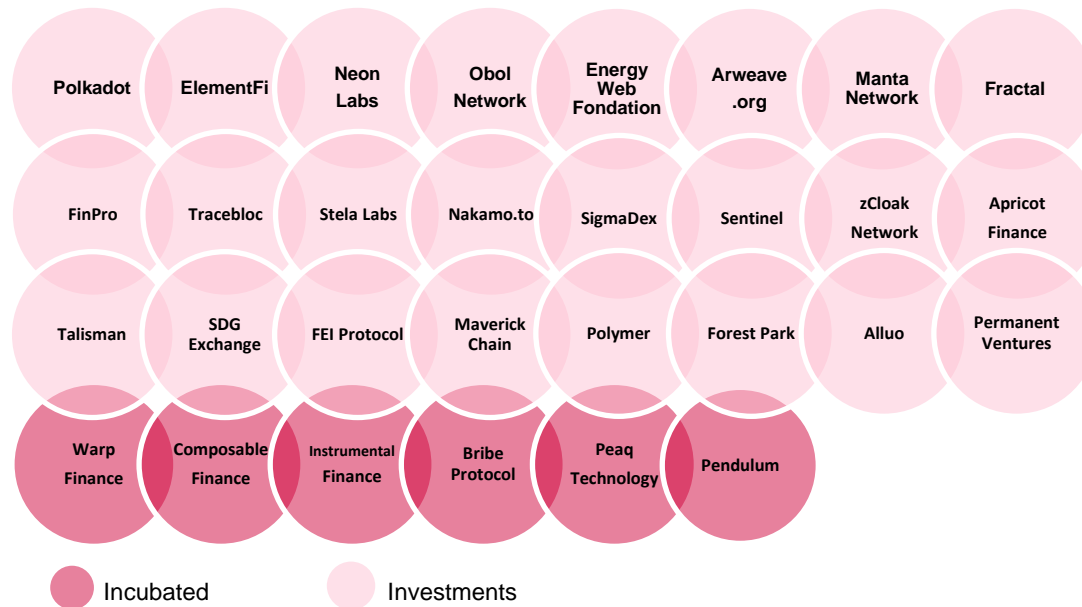
As proven successful entrepreneurs themselves, M. Geike and S. Telian have encountered first hands the issues of having money pored in an early-stage company without support and guidance from investors.

To counter this issue, Advanced Blockchain has developed an Ecosystem-as-a-Service approach, providing full services: from finding qualified developers, to marketing, etc. to maximise the projects outputs. Additionally, this leads to building long lasting relationships with the different projects' executives. In the heated DeFi/Web 3.0 sectors, these relationships and competences are key factors in getting investment allocation in the most promising projects.

Investments and incubated projects

Currently, the company has over 24 different investments, and 6 projects under their incubator umbrella.

Advanced Blockchain portfolio



Source: Advanced Blockchain, GBC AG

Latest key developments

Date	Investment	Headline
Mar-03-2022	Scale-Listing	Advanced Blockchain AG lists in the Scale segment of the Deutsche Börse AG.
Feb-28-2022	FinPro AG	Advanced Blockchain AG announces the full completion of the acquisition of FinPro AG. Having previously held 49.5% of the shares in FinPro AG, Advanced Blockchain AG is now the sole shareholder.
Jan-14-2022	Composable Finance	Advanced Blockchain AG, through a subsidiary, holds 5.7% of all LAYR tokens with a notional equivalent value of approximately US\$20 million.
Dec-10-2021	Instrumental Finance & Composable Finance	Advanced Blockchain Receives 7,000,000 Instrumental (STRM) Tokens for Collaboration with Instrumental Finance and Composable Labs
Nov-24-2021	Peaq Technology GmbH	Advanced Blockchain AG's portfolio company peaq Technology has won the 2021 Breakthrough Awards
Nov-11-2021	Neon Labs Ltd.	Advanced Blockchain AG (DUSE:BWQ) acquired an unknown stake in Neon Labs Ltd.
Nov-09-2021	Peaq Technology GmbH	Advanced Blockchain AG and Peaq Technology GmbH Plans to Launch Native Peaq Token in Early 2022
Oct-20-2021	Elements Finance	Element Finance, Inc. announced that it has received \$31.999793 million in funding from a group of investors
Oct-19-2021	Obol	Obol Technologies Inc. announced that it has received \$6.15 million in funding from Advanced Blockchain AG, Coinbase Ventures, Ethereum Ventures, Acrylic Capital Management LLC and other investors
Oct-04-2021	Talisman	Talisman announced that it has received \$2.35 million in funding from Advanced Blockchain AG, Hypersphere Ventures LLC, Koji Capital and other investors

Sources: Advanced Blockchain, GBC AG

GBC initial research coverage is coming soon

We are currently working on the Initial Coverage of Advanced Blockchain, which is coming soon. Based on this, we will start ongoing coverage on Advanced Blockchain as we believe now is the ideal time to show the valuation potential in this growth story.

APPENDIX

I.

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GBC AG is currently represented by its board members Manuel Hölzle (chairman) and Jörg Grunwald.

The analysts responsible for this analysis are

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Matthias Greiffenberger, M.Sc., M.A., Financial Analyst

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Other people involved in the study:

Manuel Hölzle, Dipl. Kaufmann, Head of Research

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