



## **Research Report (Update)**

### **Advanced Blockchain AG**



### Advanced **Blockchain**

## **The Gateway to DeFi, Crypto & Web 3.0**

**HY 2022 as expected**

-

**Price Target confirmed**

**Fair Value: EUR 10.00**

**Rating: BUY**

**IMPORTANT NOTE:**

Please note the disclaimer/risk warning

as well as the disclosure of possible conflicts of interest in accordance with § 85 WpHG and Art. 20 MAR from page 11

Note in accordance with MiFID II regulation for research "Minor non-monetary benefits": The research in question meets the requirements for classification as "Minor non-monetary benefits". For further information, please refer to the disclosure under "I. Research under MiFID II".

Date and time of completion of the study: 03.11.2022 (16:20)

Date and time of the first disclosure of the study: 07.11.2022 (10:30)

Validity of the target price: until max. 31.12.2023

## Advanced Blockchain AG<sup>\*5a,11</sup>

**Fair Value: € 10.00**

**Rating: Buy**

Current price: 3.34

02.11.22 / Xetra / 17:36

Currency: EUR

### Stockmarket data:

ISIN: DE000A0M93V6

WKN: A0M93V

Symbol (FRA): ABX

Number of shares<sup>3</sup>: 3.79

Marketcap<sup>3</sup>: 12.67

<sup>3</sup>in million / in EUR million

Accounting:

German GAAP (HGB)

Financial year: 31.12.

### Analysts:

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### Company profile

Industry: Technology, Crypto

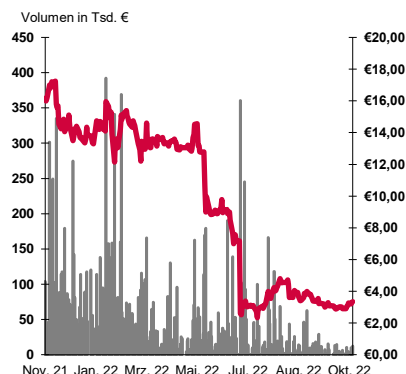
Focus: Blockchain Technology, DeFi, Web 3.0

Employees: 30+

Foundation: 2017

Headquarters: Berlin

Management Board: Simon Telian (CEO)



Advanced blockchain AG is a blockchain venture builder focused on investing, developing, and scaling in disruptive technologies including token investments. Their main market is therefore the venture capital market for companies active in blockchain technology, with a particular focus on the decentralized finance (DeFi) sector and infrastructure projects enabling Web 3.0.

Advanced Blockchain AG is an innovation center with a diversified portfolio consisting of internal projects, incubations as well as early-stage investments. The venture builder arm of Advanced Blockchain AG acts as a leading incubator of projects such as for Composable Finance and Quasar. Extensive expertise, resources and networks provide the company with early-stage access to exclusive investment opportunities in projects with significant potential.

The company's investment strategy has two objectives: maximizing return on investment and identifying synergies in the ecosystem. Supporting the most promising projects with smart capital enables them to fulfill their mission, which in turn provides the company with a good return on investment. Moreover, the company's synergies enable it to exponentially increase the potential and capabilities of its portfolio companies through shared growth and integration, as illustrated by the example of Composable Finance (an incubation project), which secured the eighth parachain in the Polkadot network by raising more than USD 160 million through a crowd-loan. This resulted in an implied combined valuation of USD 400 million for the LAYR and PICA token, adding nearly USD 20 million to Advanced Blockchain's USD 2 million initial investment alone.

Advanced blockchain AG is listed in the Scale segment of Deutsche Börse, as well as in the primary market of Börse Düsseldorf.

### Financial Calendar

11.2022: German Equity Forum

16.11.2022: MKK

### \*\*Latest research from GBC:

Date: Publication / Target price in EUR / Rating

13.07.2022: RS / 10.00 / BUY

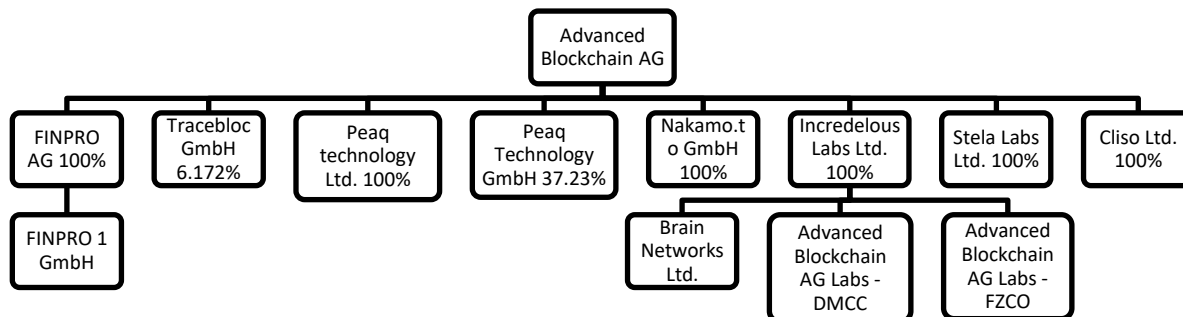
28.04.2022: RS / 23.32 / BUY

\*\* research studies listed above can be downloaded from [www.gbc-ag.de](http://www.gbc-ag.de) or can be requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

\* Catalog of possible conflicts of interest on page 11

## COMPANY

### Company structure



Source: Advanced Blockchain AG

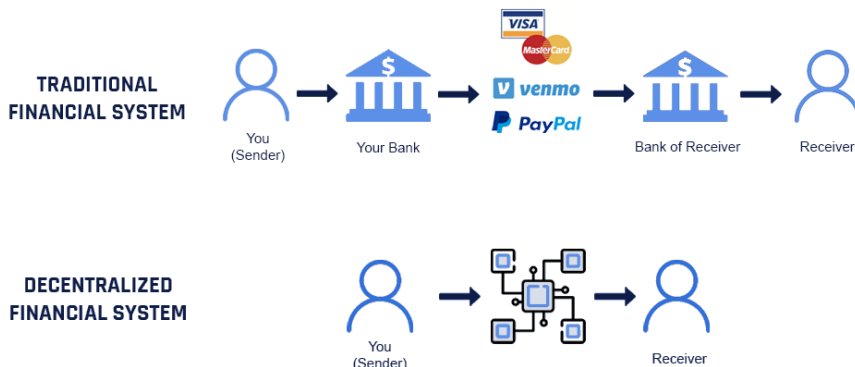
### Advanced Blockchain AG

Advanced Blockchain AG is the first and oldest exchange-traded company on the German market specializing in blockchain technology. The company went public on the Düsseldorf Stock Exchange in January 2017, when Bitcoin was still trading at around EUR 3,200. The company is led by Simon Telian (as of August 31<sup>st</sup>, 2022) and formerly by Michael Geike, two successful serial tech entrepreneurs, and has grown to a large team working worldwide on numerous next-generation DeFi and Web 3.0 projects.

#### The decentralized financial management

After Bitcoin, whose strongest function is to securely record payments, other blockchains like Ethereum (ETH), Polkadot (DOT), Cardano (ADA), and Solana (SOL) take utility of the blockchain technology a step further. These tokens can execute automated programs called smart contracts, such as making a payment after a certain event. This is DeFi, where smart contracts automate the manual processes of traditional finance, such as loans without a middleman (trusted intermediary).

#### Traditional vs. decentralized financial systems



Source: Stably

## Latest developments

| Date       | Investment                                | Message   |
|------------|---|---|
| 31.10.2022 | Advanced Blockchain                       | Investment in Light Protocol  |
| 31.10.2022 | Advanced Blockchain                       | Panoptic Spin-Out   |
| 31.10.2022 | Advanced Blockchain                       | Ecosystem Update October 2022   |
| 04.10.2022 | Advanced Blockchain                       | Shareholder letter: Q3 Recap  |
| 30.09.2022 | Advanced Blockchain                       | Ecosystem Update September 2022   |
| 01.09.2022 | Advanced Blockchain                       | Simon Telian appointed as CEO of Advanced Blockchain  |
| 31.08.2022 | Advanced Blockchain                       | Ecosystem Update August 2022  |
| 30.06.2022 | Advanced Blockchain                       | Advanced Blockchain: Investor Letter Q2, 2022   |
| 21.06.2022 | Advanced Blockchain                       | Profit warning and changes in the Executive Board   |
| 13.06.2022 | Backd (now Mero)                          | Backd raises USD 3.5M in latest funding round led by Advanced Blockchain  |
| 26.05.2022 | Quasar                                    | Advanced Blockchain successfully spins out Quasar to begin cross-chain yield aggregation for IBC-Cosmos   |
| 11.05.2022 | MYSO Finance                              | Advanced Blockchain invests into the seed round of MYSO Finance   |
| 06.05.2022 | Alluo                                     | Advanced Blockchain's portfolio company, Alluo, has completed its Initial Dex Offering  |
| 29.04.2022 | Advanced Blockchain                       | Advanced Blockchain: Investor Update Q1, 2022   |
| 29.04.2022 | Advanced Blockchain                       | Advanced Blockchain announces the appointment of Robin Davids as Chief Strategy Officer   |
| 15.04.2022 | Panoptic protocol                         | Advanced Blockchain officially announces the launch of its latest blockchain project, Panoptic, which is a perpetual, oracle-free options protocol.   |
| 05.04.2022 | FINPRO AG                                 | Advanced Blockchain: Portfolio company FINPRO signs NFT cooperation agreement with leading photo agency group action press AG                         |
| 31.03.2022 | Composable Finance                        | Advanced Blockchain's incubation and investment Composable Finance raises USD 32 million on a total token valuation of USD 400 million                |
| 11.03.2022 | NEAR protocol                             | Advanced Blockchain completes seven-figure investment in NEAR protocol  |
| 04.03.2022 | Polymer Labs                              | Advanced Blockchain strengthens its position in DeFi sector by investing in Polymer Labs USD 3.6 million seed investment round                        |
| 03.03.2022 | Scale Listing                             | Advanced Blockchain moves up to the Scale Segment of Deutsche Börse - Leading Web3 and Blockchain pioneer opens up to the broad stock market audience |
| 28.02.2022 | FinPro AG                                 | Advanced Blockchain announces completion of acquisition and change of management board of FinPro AG   |
| 31.01.2022 | Bribe protocol                            | Advanced Blockchain receives 5% of all tokens for incubation of Bribe protocol  |
| 17.01.2022 | Composable Finance                        | Advanced Blockchain Incubation Composable Finance has received its well-deserved place in the last Polkadot Parachain Auction                         |
| 14.01.2022 | Composable Finance                        | Composable Finance, a token investment of Advanced Blockchain reaches a valuation of US USD 350 million after receiving a Polkadot parachain          |
| 10.01.2022 | Warp                                      | Advanced Blockchain 's portfolio company releases its planned WarpV2 update   |
| 10.12.2021 | Instrumental Finance & Composable Finance | Advanced Blockchain receives 7,000,000 instrumental (STRM) tokens through its subsidiary...   |
| 24.11.2021 | Peaq Technology Ltd.                      | Advanced Blockchain 's portfolio company peaq Technology has won the Breakthrough Award 2021  |
| 11.11.2021 | Neon Labs Ltd.                            | Advanced Blockchain has acquired a stake in Neon Labs through its subsidiary  |
| 09.11.2021 | Peaq Technology Ltd.                      | Advanced Blockchain 's portfolio company peaq launches token launch   |
| 20.10.2021 | Elements Finance                          | Advanced Blockchain has acquired a stake in Element Finance through its subsidiary  |

Sources: Advanced Blockchain, GBC AG

## Investment examples

### Polkadot

Decentralized Web 3.0 blockchain interoperability platform Polkadot is a blockchain network designed to enable Web 3.0, a decentralized and fair internet where users control their own data and markets benefit from the efficiency and security of the network. Polkadot was founded in 2016 by Gavin Wood, former co-founder and CTO of Ethereum.



Back in 2017, Advanced Blockchain AG was able to receive an allocation of USD 50,000. At the time, Polkadot was one of the most promising projects to raise money. By March 31, 2022, this investment resulted in USD 100,000 in monthly staking revenue in DOT and a realized profit to date of approximately USD 4.5 million. All tokens were sold near the all-time high price of DOT. With the important drop in the token prices, Advanced Blockchain recently rebuilt a position in Polkadot tokens.

Recently, Advanced Blockchain bought 200.000 DOT (Polkadot) with an average entry price below 6 USD per DOT. With the active P2P partnership (P2P Economy Ltd.), the company has started to stake DOTs again to create recurring revenue and finance business expenses. P2P Validator's proprietary non-custodial staking methodology offers highly accessible, secure, and risk-free strategies, with a previous average annual percentage yield (APY) for DOT staking in the P2P Validator around 15%.

### **Composable Finance - Incubated**

Composable Finance is an incubation project of Advanced Blockchain. It is one of the most ambitious projects in the ecosystem and strives to connect multiple blockchains and their L2 networks into one giant liquidity center.



Currently, the problem is that many general purpose blockchains, such as Ethereum or Polkadot, exist in isolation from each other and cannot exchange value with each other. This leads to capital inefficiencies and fragmented liquidity. Composable connects blockchains, allowing value to move across blockchains, leading to new application areas, high capital efficiencies, and strong liquidity.

Composable Finance will connect all these networks and enable the free flow of liquidity between them. Through simplifying and unifying DeFi with new interoperability standards, Composable is accelerating DeFi into the mainstream. Creativity, communication, and community are being reimagined and reconciled for a more inclusive and composable future. To this end, Composable Finance has developed a complete ecosystem consisting of the Picasso parachain and the XCVM network to enable seamless cross chain interoperability.

The Composable Cross Chain Virtual Machine (XCVM) is a single, developer friendly interface to interact orchestrate smart contract functions across the multitude of L1 and L2 networks available. In short, the XCVM serves to abstract complexity from the process of having to send instructions to the routing layer directly, initiate call-backs into smart contracts, and more, utilizing Composable's Kusama Parachain, Picasso, and its cross-chain transferal system, Mosaic

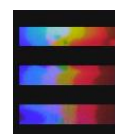
Therefore, the Composable parachain will enable the development of smart dApps that can take advantage of any L2 network and benefit from the free movement of assets between them. This will allow users and developers engaging with Composable to effortlessly interact with any ecosystem, abstracting away all complexities previously presented.

This blockchain agnostic compatibility is so sought after that Composable Finance raised over USD 32 million in a Series A financing.

Composable Finance is the perfect example of Advanced Blockchain's mission: to accelerate the evolution of the blockchain ecosystem through breakthrough solutions that sustainably drive innovative blockchain and Web3 technologies to create disruptive value.

### **Instrumental Finance**

Advanced Blockchain AG has been delegated 7,000,000 of the native tokens of Instrumental Finance, Instrumental tokens (STRM). Instrumental Finance is designed to enable users to maximize their returns from LPing without the existing limitations of Ethereum scalability and fees. To participate, users deposit funds into an instrumental vault. The funds are allocated on the LPing platform and pool with the highest return, regardless of tier and provenance.



### **NEAR - Seed capital investment**

Advanced Blockchain AG made a seven-figure investment in NEAR Protocol.

The investment round was exclusively reserved for institutional investors and thus Advanced Blockchain AG was able to secure special conditions on the purchase price. Advanced Blockchain AG thus shows how it indirectly enables its shareholders to invest in promising projects at attractive conditions. The current market cap of NEAR Protocol is just over USD 2.4 billion and has a 24-hour volume of just under USD 0.266 billion. This is the 28th largest token in terms of market capitalization.



### ***Investments and projects in the start-up phase***

Currently, the company has over thirty-three different investments and five projects under the umbrella of its incubator.

### **Element Finance**

Element is an open-source protocol that offers BTC, ETH, and USDC at a discount for fixed and variable income markets.



### **Warp Finance**

Using LP tokens to collateralize stablecoin loans, Warp Finance offers a new use case for liquidity provider (LP) tokens: that is, as collateral in stablecoin lending. This allows users to leverage existing digital assets to increase their return on investment while promoting liquidity mining, which has proven highly beneficial to the DeFi space.



### **Nakamo.to**

Web 3.0 investor Nakamo.to invests and strategically advises on projects designed to take Web 3.0 to the next level.



### **Fei Protocol**

Fei Protocol is a central bank-like infrastructure that could serve as a backbone to current and future dApps. FEI is the pegged stablecoin produced by Fei Protocol, following the ERC-20 standard. Its supply is uncapped. Minter and Burner contracts control its issuance, via bonding curves and trading incentives. The Fei Protocol solves the existing problems in this area by offering a fully decentralized model with a demand-based token price and direct incentives. This investment was made through nakamo.to.



### **FRACTAL**

As an open-source protocol for fair and open data exchange, the FRACTAL protocol uses blockchain and cryptocurrency to enable advertising that protects user privacy while encouraging interaction with ads and products. This combats widespread problems in the industry, including lack of security/privacy, and guarantees that a user will see an ad. This means that both advertisers and users benefit from this protocol.



### **Manta Network**

The first privacy protocol designed for interoperability, scalability, and privacy. Limited scalability, speed, and security are common issues currently faced by many of the most popular blockchain networks and projects like DEXes that use them. Therefore, the Manta network offers a DEX that alleviates these issues through zk-SNARKS and other advanced data security solutions, reducing vulnerability to theft, fraud, and other malicious acts. This investment was made through nakamo.to.



### **Arweave**

Permanent storage of data. Arweave enables the permanent storage of images, web pages and all other functions of the Internet, creating the "permaweb". This is done in a highly secure and fully decentralized manner, financially rewarding those who provide



storage, so that data is permanently stored on hundreds of devices and is impervious to damage or loss.

### **Tracebloc**

Blockchain- and machine learning-based platform to reduce waste on production lines. Tracebloc helps its customers activate various data that ultimately saves production costs and generates additional revenue. Tracebloc provides a platform that allows the data obtained to be analyzed using artificial intelligence (AI). The goal is to provide practical guidance on production-line optimization and to assess the potential of this data-driven production-line optimization.



### **Stela Labs**

Auditing company for smart contracts of the subsidiary Stela Labs offers two services: testing and development of smart contracts, especially in the context of the vision of Web 3.0 and the economy of DeFi. The team of Stela Labs applies a comprehensive strategy for testing smart contracts and deals with the creation of protocols aimed not only at making the implemented projects more secure, but also more useful and effective at the same time.



### **FinPro**

FinPro tries to make assets accessible for everyone. FinPro AG is a competence center for digital assets. FinPro's goal is, among other things, to build an investment platform for digital assets. FinPro offers a variety of assets, including loans, real estate investments, intangible assets for fractionation, tokenization, and sale, creating a robust investment market. This includes its rapidly growing offering of NFTs.



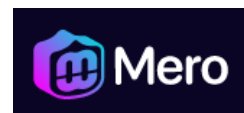
### **Peaq**

The peaq network is a Web3 network powering the Economy of Things (EoT). Under the umbrella of Advanced Blockchain AG, peaq has become the preferred blockchain technology partner for some of the world's largest companies. Peaq is on a mission to democratize a USD 2.5 trillion market, unlocking the potential of tens of billions of increasingly intelligent machines, to everyone's benefit.



### **Mero Finance**

Mero Finance is a trustless, reactive liquidity protocol where users can generate returns and register actions with their liquidity. The Mero protocol delegates liquidity to where it is most efficient using novel multi-utility liquidity pools, yield farming strategies, off-chain bots (keepers) and customizable actions.



### **Panoptic**

Panoptic enables DeFi users to trade options on any asset pool in the Uniswap v3 ecosystem, in a permissionless and non-custodial protocol. As such, it brings traditional finance (TradFi) options trading to DeFi, and takes advantage of the significant assets and liquidity already on Uniswap v3.



### **neon labs**

Neon is an Ethereum Virtual Machine with the scalability and liquidity of Solana



### **Obol**

Distributed validator tech and middleware infrastructure for ethereum POS



### **Energyweb**

Energyweb is building decentralized operating systems for energy grids with the goal of accelerating the decarbonization of the global economy





### Sigmalex

Sigmalex is a self-stabilizing, community driven, NFT powered and game theory enhanced liquidity protocol.



### zCloak

zCloak Network provides Zero-Knowledge Proof as a Service for public blockchains



### apricot

defi borrowing and lending protocol on Solana



### talisman

Talisman is a web3 non custodial wallet built for supporting the growing ecosystem of applications and chains on polkadot and kusama



### Sentinel

An open-sourced, decentralized virtual private network application



### Sdgexc

SDGx is a global exchange platform dedicated to permanently reversing climate change. SDGx provides a full-service marketplace for carbon compliance in accordance with Article 6 of the Paris Agreement. The platform uses blockchain technology to track carbon credits, facilitate trading, and verify compliance for companies around the world. SDGx offers two tokens: the ITMO (permission token) and the Carbono (public token). The ITMO token represents 1 ton of carbon in accordance with the UN's Internationally Transferred Mitigation Outcome guidelines. Carbono is a complementary coin, making the purchase of carbon credits or offsets instant and easy.



### Polymer

Polymer is a multi-chain infrastructure DAO focused on building and operating Inter-Blockchain Communication (IBC) infrastructure to enable cross-chain communication across all blockchain ecosystems.



### Moxy

Moxy is a decentralized gaming studio co-founded by Atari founder Nolan Bushnell that acts as the middleware layer that will power the next generation of Play & Earn video games.



### Fragnova

Fragnova was born with a vision to build the ecosystem-driven distributed gaming engine that allows anyone to develop and play games, interlink experiences, platforms and users.



### Myso

DeFi protocol for Zero Liquidation loans



### Forest park

A modern operating system for institutional lending organizations



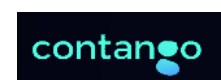
### Maverick

A decentralized spot and leveraged exchange with a novel AMM which allows directional liquidity further enhancing capital efficiency



### Contango

First of its kind decentralized exchange for expirable futures





**Alluo**

A simple mobile app that allows users to save and invest



**Light Protocol**

Light protocol aims to be a compliant ZK Privacy layer powering the majority of solana apps through robust security and seamless UX



## BUSINESS DEVELOPMENT

### Key figures at a glance

| (in EUR million)                  | HY 2021      | HY 2022      |
|-----------------------------------|--------------|--------------|
| <b>Sales</b>                      | <b>2.12</b>  | <b>23.40</b> |
| Other operating income            | 0.00         | 1.64         |
| Cost of materials                 | -0.09        | -21.50       |
| Personnel expenses                | -0.05        | -0.28        |
| Other operating expenses          | -0.42        | -2.38        |
| <b>EBITDA</b>                     | <b>1.56</b>  | <b>0.88</b>  |
| Depreciation and amortization     | -0.05        | -1.42        |
| <b>EBIT</b>                       | <b>1.52</b>  | <b>-0.54</b> |
| Other interest and similar income | 0.00         | 0.00         |
| Interest and similar expenses     | 0.00         | 0.00         |
| <b>EBT</b>                        | <b>1.52</b>  | <b>-0.54</b> |
| Other taxes                       | 0.00         | 0.00         |
| Income taxes                      | 0.00         | 0.00         |
| <b>Net income</b>                 | <b>1.52</b>  | <b>-0.54</b> |
| Net sales                         | 2.11         | 23.40        |
| EBITDA                            | 1.56         | 0.88         |
| <b>EBITDA margin</b>              | <b>73.8%</b> | <b>3.8%</b>  |
| EBIT                              | 1.52         | -0.54        |
| <b>EBIT margin</b>                | <b>71.6%</b> | <b>-2.3%</b> |
| Net result                        | 1.52         | -0.54        |
| <b>Net margin</b>                 | <b>71.6%</b> | <b>-2.3%</b> |

Sources: Advanced Blockchain AG, GBC AG

## Business development HY 2022

| Income statement (in € million) | HY 2021 | HY 2022 |
|---------------------------------|---------|---------|
| Net sales                       | 2.12    | 23.40   |
| EBITDA                          | 1.56    | 0.88    |
| EBITDA margin                   | 73.8%   | 3.8%    |
| EBIT                            | 1.52    | -0.54   |
| EBIT margin                     | 71.6%   | -2.3%   |
| Net income                      | 1.52    | -0.54   |
| EPS in €                        | 0.40    | -0.14   |

Sources: Advanced Blockchain AG, GBC AG

An unaudited pro forma consolidated statement of financial position and consolidated statement of income were published in the financial statements for HY 2022.

### Sales development

In the past half year 2022, the Advanced Blockchain AG Group generated revenues of € 23.40 million. (HY 2021 €2.12 million).

### Earnings development

EBITDA of € 0.88 million was achieved, which corresponds to an EBITDA margin of 3.8%. (HY 2021 € 1.56 million; EBITDA margin 73.8%). The largest cost item was the cost of materials at € 21.49 million. Other operating expenses amounted to € 2.38 million. Personnel expenses were very low and amounted to € 0.28 million. Overall, net income of € -0.54 million was achieved, resulting in a net margin of -2.3%.

## Balance sheet and financial situation as of 30.06.2022

| in € million           | 30.06.2022 |
|------------------------|------------|
| Equity                 | 12.97      |
| Equity ratio (in %)    | 57.6%      |
| Operating fixed assets | 0.89       |
| Net Working capital    | 9.77       |
| Liquid funds           | 3.53       |

Sources: Advanced Blockchain AG; GBC AG

The company has a very lean balance sheet. Equity in the group amounted to € 12.97 million, which corresponds to an equity ratio of 57.6%. Liquid funds were € 3.53 million.

Their crypto investments were recognized at cost and are included in other assets. The item receivables and other assets amounted to € 18.09 million.

## Outlook 2022

Despite the loss in the first half of 2022, Advanced Blockchain AG's management is aiming to end fiscal 2022 profitably, which is "very realistic due to profitable incubation efforts, as well as the successful partial sale of tokens."

## VALUATION

**Note:** We confirm our valuation from the Initial Coverage report (first disclosure 13.7.2022), see <http://www.more-ir.de/d/24603.pdf>

### Portfolio valuation

Many of the portfolio positions are still at the beginning and have a great potential to develop dynamically. In addition, according to our assessment, there are still unpublished portfolio positions, which can also have a value-enhancing effect. According to the management, the annual holding costs are just below € 2 million, which we deduct from our portfolio valuation according to the NAV approach.

| Portfolio - GBC Valuation | (in € million) |
|---------------------------|----------------|
| Investments area          | 32             |
| Holdings division         | 43             |
| Incubations area          | 10             |
| Holding costs             | -2             |
| <b>Total</b>              | <b>83</b>      |

Source: GBC AG

**In total, we confirm our calculated enterprise value of around € 83 million according to NAV. With 3.79 million shares outstanding, this corresponds to a value per share of € 21.99. Due to difficult crypto markets and the ongoing "crypto winter", we have applied an additional market discount to the calculated fair value. We currently calculate this at around 55%. Therefore, we see the fair value at € 37.75 million or € 10.00 per share.**

**Thus, our price target of EUR 10.00 is currently significantly below the calculated fair intrinsic value. With a calming of the crypto markets and a "crypto spring", we will then also reduce our "market discount" accordingly.**

**Against the background of the high upside potential, we assign a BUY rating.**

**Note:** Since we value the company using our GBC NAV valuation approach, we do not believe a forecast model for the sales and earnings metrics is appropriate. Instead, we estimate the value of the investments. But pursuant to § 21 (1c) AGB of Deutsche Börse AG for the Freiverkehr on the Frankfurt Stock Exchange, an (updated) forecast model is required for a Research Update. I.E. See Appendix 1

### Peer Group analysis

Due to limited disclosed financial information and due to the one-of-a-kind nature of its business model, there are currently no comparable publicly traded peers. At this moment, we can therefore not provide valuation by comparison with peers.

## APPENDIX 1

Pursuant to § 21 (1c) AGB of Deutsche Börse AG for the Freiverkehr on the Frankfurt Stock Exchange, an (updated) forecast model is required for a Research Update.

According to internal detailed discussion and decision of our analysts at the time of the research report, such a forecast model is not useful for investment companies. Advanced Blockchain AG is an investment company in the crypto sector.

For this reason, we have noted this as follows:

“Note: Since we value the company using our GBC NAV valuation approach, we do not believe a forecast model for the sales and earnings metrics is appropriate. Instead, we estimate the value of the investments.”

Even now, we do not consider a forecast model for investment companies such as Advanced Blockchain AG to be meaningful and purposeful for investors, as the potential revenues and results are extremely volatile and a valuation of the investment company in our opinion (further mentioned below) appears to be meaningful exclusively on the basis of the valuation of the investments and projects.

In order to fulfill the requirement according to §21 1c AGBs in purely legal terms (whereby we have, in our opinion, already fulfilled an appreciation of the requirement by the reference on page 31), we supplement the research report with this appendix by a required forecast model as follows:

| Forecast model (consolidated) | 2022e        | 2023e        |
|-------------------------------|--------------|--------------|
| Sales                         | € 25.000.000 | € 13.000.000 |
| EBITDA                        | € 370.000    | € 4.000.000  |
| EBIT                          | € 340.000    | € 4.000.000  |
| Net income                    | € 340.000    | € 4.000.000  |

Source: GBC AG

Compared to our previous Forecast model, we have increased our forecast slightly.

However, we would like to point out once again and clearly that our forecasts above can, in our opinion, be regarded as extremely volatile and not reliable due to the naturally very volatile business model of the investment company Advanced Blockchain, which is also still very young as a company and operates in a very volatile market environment (crypto sector). In our opinion, a valuation based on the above key figures does not make sense and is therefore not appropriate. An orientation on the above forecasts for the valuation can, in our opinion, lead to a misvaluation.

For the valuation of Advanced Blockchain AG, rather a valuation of the investments and their value potential has to be used. We have carried out this valuation in our research report.

## ANNEX

### I.

#### **Research under MiFID II**

1. there is an agreement between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG shall be remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested therein.

### II.

#### **§1 Disclaimer/ Exclusion of liability**

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|      |  |
|------|--|
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