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**11.12.2023 - GBC Research Comment - Advanced Blockchain AG**

Company: Advanced Blockchain AG<sup>\*5a,11</sup>  
 ISIN: DE000A0M93V6  
 Analysts: Matthias Greiffenberger; Julien Desrosiers  
 Current price: € 3.20 (Xetra 08.12.2023; 9:02)  
 Fair value: EUR 11.00  
 Rating: Buy  
 Date (time) of completion: 11.12.2023 (10:50)  
 Date (time) of first publication: 11.12.2023 (12:00)  
 \*Catalog of possible conflicts of interest from page 5

**Expected increase in profitability**

Advanced Blockchain AG was recently presented at the Eigenkapitalforum by CEO Simon Telian and Sebastian Markowsky, which met with considerable interest from investors. Initial plans for 2024 have been communicated. Assuming that the current very positive trend in the crypto market continues, the management is planning strategic divestments of token generation events in the amount of around € 2.5 million. These events could take place, for example, with LAYR from Composable or Krest from peaq. These token generation events are expected to have a recurring character and thus increase the company's predictability, which could enable sustainable positive results. In addition, the focus remains on closing further OTC deals, which could amount to around € 2 million. With these planned transactions, we forecast that revenue will increase to around € 5 million in total in 2024.

(in € million)	FY 2021	FY 2022	FY 2023e	FY 2024e
Revenue	17.86	14.73	5.00	5.00
Net result	5.32	1.76	0.50	1.00

Source: GBC AG

Advanced Blockchain AG has rethought its business model in light of the rise in interest rates and the changed market situation. The focus is now increasingly on recurring income, particularly through data-based solutions that the company is currently developing and which could make a significant contribution in the future. The focus for new incubations continues to be on resource-efficient deployment. Management is also concentrating on developing strategic partnerships, particularly in the core markets of Switzerland, Dubai and Tokyo, and on building up highly qualified staff. We expect a noticeable increase in net income, especially after the implementation of a cost-cutting program in the current financial year 2023. We therefore assume that net income in 2024 will probably be around € 1 million. Furthermore, given the extremely positive market environment and business development, this year's result may already exceed market expectations.

The crypto markets are currently experiencing a significant upward movement, with Bitcoin breaking through the USD 43,000 threshold and now having a market capitalization of over USD 900 billion. Binance's recent settlement with the US Department of Justice has influenced market momentum. The growing anticipation of a Bitcoin ETF approval continues to drive this momentum and significant capital inflows are expected to drive prices higher in the cryptocurrency market.

Furthermore, important milestones were reached in the investments of Advanced Blockchain AG: Panoptic recently raised USD 11.5 million in a seed financing led by Greenfield Capital, resulting in a valuation of more than USD 30 million. peaq recorded a successful launch of the first Wicrypt hotspots on the Krest network. The Krest token price has seen a steady increase since August, contributing a significant seven-figure amount to the group's portfolio.

In addition, the company is now also represented in Dubai and will participate in the upcoming Global Blockchain Congress on December 11 and 12. CEO Simon Telian is currently in Tokyo to explore potential collaborations with the Japanese government. A white paper from the Japanese government proposes crypto-friendly measures. These include recommendations for tax changes, accelerated token valuations, regulation of stablecoins and support for legal frameworks for NFTs. The document proposes the creation of a Web3 minister, the introduction of crypto visas and the expansion of startup visas.

**We confirm our current valuation of € 11.00 per share and continue to assign a Buy rating due to the considerable upside potential.**

## APPENDIX

### I.

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