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GBC Research Comment - Advanced Blockchain AG

Company: Advanced Blockchain AG^{*5a,11}

ISIN: DE000A0M93V6

Analysts: Matthias Greiffenberger; Julien Desrosiers

Current price: € 3.09 (Tradegate 19.04.2024; 11:01)

Fair value: EUR 17.64

Rating: Buy

Date (time) of completion: 19.04.2024 (12:40)

Date (time) of first publication: 19.04.2024 (14:00)

*Catalog of possible conflicts of interest from page 5

Company performance in a challenging environment exceeds expectations with significant value increases in the top 10 portfolio positions - target price raised to €17.64 (previously: €11.00)

Advanced Blockchain AG has published preliminary figures for the fiscal year 2023. The revenue of Advanced Blockchain AG fell to €5.2 million in 2023 (from €14.73 million the previous year), but still exceeded the forecasted mark of €5.0 million. The significant increase in preliminary EBIT to €2.2 million, an improvement of more than 40% compared to 2022, demonstrates effective cost control and a strengthened focus on high-margin activities.

The appreciation of the top 10 portfolio (according to AVS appraisal) from €39.65 million by more than 45% to €57.5 million is particularly noteworthy. This shows Advanced Blockchain AG's strategic competence in investing early in promising blockchain technologies and successfully developing them. With the development of the AI-supported research platform "ABX Analytics," Advanced Blockchain AG continues to position itself as a leader in innovation in the blockchain sector and aims to expand its service offering and generate stable, recurring revenues.

Furthermore, Advanced Blockchain AG has started the new fiscal year 2024 with impressive financial results. The company has already generated over €1 million this year and over €3 million in the last ten months from the sale of assets, which were sold at significant profits. As of April 15, 2024, the company's cash balance amounts to more than €2 million.

Advanced Blockchain AG plans to use the free capital to drive its expansion plans. A notable investment was the acquisition of rights to Celestia (TIA) tokens, which have already generated a significant book profit exceeding ten times the original investment.

In summary, Advanced Blockchain positions itself successfully for further growth in the dynamic blockchain industry through effective asset management and strategic investments. As part of the growth strategy, Advanced Blockchain is actively recruiting new talent to strengthen the team and further advance the development of ABX Analytics.

Given the recent surge in Bitcoin to an all-time high, we see a significant improvement in the market environment. This leads us to gradually reduce our valuation discount, which was set during the "Crypto Winter." Therefore, we are raising our rating for Advanced Blockchain AG's shares. The Bitcoin halving, expected tonight at 22:30, will halve the

reward for mining a block from 6.25 to 3.125 Bitcoins. Historically, such halvings have led to significant price increases as they slow down the new production of Bitcoins.

Portfolio (in m €)	2023	2024
Top 10 holdings	45	57,5
Remaining portfolio	45	47,5
Holding costs	-2	-2
NAV	88	103

Source: GBC AG

The current undervaluation of Advanced Blockchain AG is particularly evident when considering only the 10 largest positions in the portfolio and the entire market capitalization. These top positions alone, according to the AVS valuation report, represent a fair value of at least €57.5 million, while the market capitalization of Advanced Blockchain is currently only about €15.14 million (Tradegate 19.04.2024 11:01). We estimate the total value of the portfolio, including updated valuations, at around €105 million. We estimate the holding costs at about €2 million. Thus, we have estimated the company value based on the net asset value (NAV) at about €103 million, which corresponds to a value of €27.14 per share. With the significantly improved market situation in the crypto markets, we are gradually reducing our original "Crypto Winter" discount from 53% to 35%.

This has led us to determine a fair value per share of €17.64 (previously: €11.00). Given the considerable upside potential, we assign a "buy" rating.

APPENDIX

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