

Advanced Blockchain

Building the blockchain

Advanced Blockchain offers unique exposure to a range of blockchain technologies among European-listed companies. The \$3bn blockchain industry is growing rapidly and is forecast to reach c \$40bn by 2025 (MarketsandMarkets) as blockchain applications are increasingly adopted in multiple industries. Advanced Blockchain focuses on companies and digital assets that use distributed ledger technologies for commercial use. It is an early-stage strategic investor and hands-on company builder with a portfolio of cryptocurrency and token investments. Investments are reported at cost and do not reflect some significant successes such as Polkadot, which is currently valued at c 70x the original investment.

The network effect

Advanced Blockchain's management is relatively experienced, with some notable successes in an emerging industry, and is well placed to deliver on a strategy built on equity investments, token investments, project incubation within the token-based economy enabling portfolio companies to grow blockchain ecosystems. The focus will continue to be on decentralised finance (DeFi) projects as well as essential infrastructure projects enabling cross chain interoperability. Management is complemented by c 150 sub-contracted developers as the company seeks first-mover advantage in a rapidly changing industry.

Industrial disruption

Key investment themes include building Web 3.0 infrastructure, DeFi and tackling persistent blockchain issues such as interoperability. For example, portfolio company Peaq has developed an interoperability platform being used by a large car manufacturer for its electric vehicle charging platform and by NTT to help secure its data centre. Incubated company Composable Finance addresses interoperability issues in the DeFi area, providing seamless movement between layers one and two of the Ethereum network. Composable recently secured a Polkadot parachain and a valuation uplift.

Valuation: 16x market capitalisation to EBITDA

Consensus forecasts are not yet available, there is limited financial disclosure and a lack of direct listed peers. Advanced Blockchain became profitable in H121 and is trading at 16x its market capitalisation to 2021 EBITDA, which is calculated by annualising the reported H1 EBITDA of €1.5m. We are unable to calculate EV/EBITDA as the company has not reported net cash.

Historical financials						
Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/18	0.2	(0.9)	N/A	0.0	N/A	N/A
12/19	0.6	(0.3)	N/A	0.0	N/A	N/A
12/20	1.1	(0.1)	N/A	0.0	N/A	N/A
H121	2.1	1.5	N/A	0.0	N/A	N/A

Source: Advanced Blockchain. Note: EPS not provided.

Financials

3 March 2022

Price €12.90
Market cap €49m

Share price graph



Share details

Code BWQ
Listing Deutsche Börse Scale
Shares in issue 3.8m
Last reported net current assets at 30 June 2021 €7.3m

Business description

Advanced Blockchain is a Berlin-based, publicly listed, blockchain-focused investor and incubator with a portfolio of equity stakes, cryptocurrencies and tokens.

Bull

- Growth in blockchain applications for industrial use cases.
- Management team's track record and connections.
- Early mover in the blockchain industry.

Bear

- Dependent on further adoption of blockchain and digital assets.
- Many portfolio companies are loss making and will require capital.
- Regulation of digital assets is evolving.

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Company description: Building the blockchain

Advanced Blockchain was established in 2017 and listed in Dusseldorf that year. It is now joining Deutsche Börse's Scale market to broaden the scope of potential investors. It focuses on companies that use blockchain technologies for commercial use cases and has headquarters in Berlin and offices in Stockholm, Dubai and Paphos. Initial capital of €350,000 has been supplemented by five equity issues since 2017, raising an additional €6.7m; most recently it raised €3.9m (in 2021). The shares are held exclusively by retail investors with no substantial shareholder. It currently has investments in 12 companies at the seed and A round stage, is incubating six companies and has a diverse portfolio of more than 20 crypto and token investments. Advanced Blockchain enables portfolio companies to grow the blockchain ecosystem and focuses on projects in the DeFi space and essential infrastructure projects that facilitate cross chain interoperability.

Strategy

To fulfil the vision of bringing the Web 3.0 era to its maximum potential, there are three legs to Advanced Blockchain's strategy: equity investments, token investments and project incubation within the token-based economy. As incubated companies and early-stage projects mature, Advanced Blockchain sees the potential for spin-out ventures. Composable Finance (see below) is an example of a 'core' project in the blockchain space and the group seeks to benefit from the ecosystem that will grow around the core technology.

The focus will continue to be on decentralised finance projects and essential infrastructure projects, enabling cross chain interoperability.

Equity investments

Like a typical venture fund with a portfolio of equity investments at the seed and A round stage, Advanced Blockchain identifies opportunities with a view to developing those companies and then exiting them over the medium to long term. It is usually the lead investor in the early financing rounds, but not necessarily in later rounds. Advanced Blockchain offers 'smart capital', providing technical and operational resources as well as access to the Advanced Blockchain global network. Since inception, Advanced Blockchain has invested more than €10m in its portfolio companies.

Project incubation

In addition, the incubator identifies innovative concepts and strong teams. Advanced Blockchain assists in developing the concept, team and business model, then seeks to spin out the company for later independent development. Since 2017, Advanced Blockchain has contributed over €6m in resources to incubated companies.

Token investments

Advanced Blockchain owns a portfolio of tokens and cryptocurrency assets held either directly under Advanced Blockchain or through its 100% subsidiary, Incredulous Labs. Some of these investments are generating income through 'staking' activities, whereby Advanced Blockchain receives rewards for providing tokens as collateral to validate the network. The company has invested more than €5m in the token and cryptocurrency portfolio since 2017.

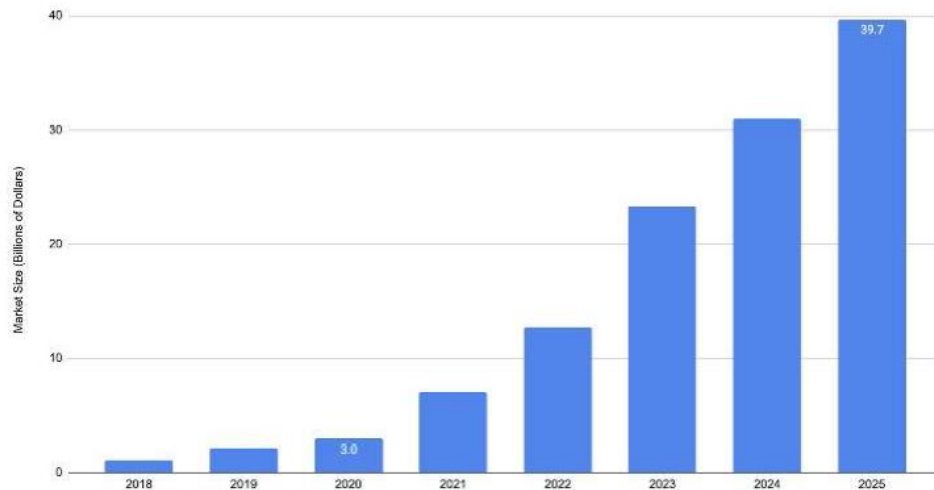
Market opportunity

Despite the COVID-19 pandemic, the blockchain market grew by 50% year-on-year to \$3bn in 2020 and is expected to reach \$39.7bn by 2025 according to MarketsandMarkets analysis. Driving this

growth are the increasing number of industrial use cases for blockchain beyond its original purpose in 2008 (ie allowing Bitcoin to operate as a peer-to-peer electronic cash system). Companies are seeing the benefits of having a decentralised ledger with no single point of failure (see our blockchain adoption note for a more detailed analysis of the [disruption potential](#)).

Industries such as finance, healthcare and automotive, as well as governments are examining the adoption of blockchain technologies.

Exhibit 1: The blockchain market 2018–2025e



Source: Advanced Blockchain, MarketandMarkets

Investment themes

Web 3.0

Advanced Blockchain is seeking to capitalise on the opportunities provided by the move to a decentralised world enabled by Web 3.0. ‘Big Tech’ (eg YouTube, Facebook, Google) dominates Web 2.0, acting as a gateway between networks of individuals and corporations. The Web 2.0 world uses the IP protocol that transfers data packages from one computer to another making a copy of that data. Web 3.0 seeks to solve issues around ownership and control of individuals’ and corporations’ data. Additionally, problems arise along the supply chain as document handling and data management are time consuming, costly and inefficient due to the lack of interoperability between the Big Tech players.

Tim Berners-Lee, the inventor of the world wide web and director of the World Wide Web Consortium (W3SC), defines Web 3.0 (or the Semantic Web) as a ‘web of data that can be processed directly and indirectly by machines’. This means that, like humans, computers understand the meaning of words and the relationship of words to data that can distinguish relevant and irrelevant data. The W3SC sets standards for Web 3.0, defining how websites are made and how people interact with them.

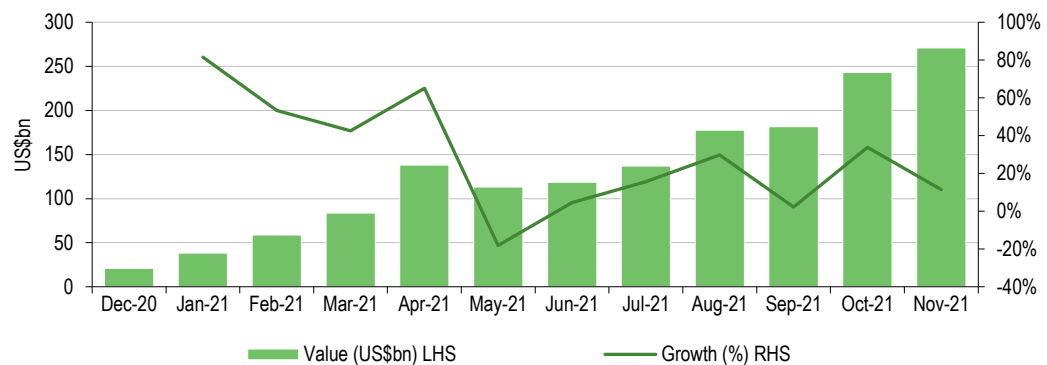
Web 3.0 is designed to facilitate the move from data monarchy to data democracy where individuals will have 100% ownership and control over their data. The focus will be on peer-to-peer technologies such as blockchain, whereby adherence to the rules is ensured because each node on the network keeps its own copy of the entire ledger. It is therefore easy to spot if any given entity has tried to corrupt the ledger. Participants are also incentivised with tokens.

DeFi

Enabled by the emergence of Web 3.0, DeFi offers a vision of a global, open alternative to the existing financial system. Disintermediation of the financial services industry grants all users free access to financial products such as borrowing, lending, saving, trading and payments and facilitates the financial inclusion of the unbanked.

A useful indicator for the growth in DeFi is the total value locked (TVL), that is the sum of all assets deposited in DeFi protocols earning rewards, interest, new coins and tokens. TVL surged to \$271bn in November 2021 up from just \$21.1bn at the start of the year (source: DeFi Llama).

Exhibit 2: TVL, December 2020 to November 2021 (\$bn)



Source: DeFi Llama, Edison Investment Research

Interoperability

Interoperability is a key challenge to the blockchain industry. The Ethereum chain forms the basis of most DeFi protocols; however, the main chain of Ethereum became congested with transactions and slowing performance. Layer two blockchain protocols have eased the slowdown, with solutions built 'on top' of the main blockchain so not every transaction needs validation by the main chain. However, interoperability issues remain, such as those that arise both from different layer two solutions used on a given blockchain network (this may be a particular issue with Ethereum where there are a number of competing layer two scaling solutions being developed), but also across different layer one chains. For the foreseeable future, we will live in a multichain environment so interoperability issues will persist. A good example is Ethereum versus other blockchains hosting smart contracts such as Solana, Cardano, Tezos, Stellar and Binance Smart Chain, which try to challenge the status of Ethereum.

Polkadot offers both cross-blockchain operability and unification potential for a disparate industry as it enables increased compatibility. Advanced Blockchain was an early investor in DOT tokens, the native token of the [Polkadot blockchain](#). These coins provide governance, staking and bonding along the Polkadot blockchain and thereby facilitate the main functions for Polkadot. Advanced Blockchain believes this interoperability is essential to the future of blockchain and therefore continues to support the Polkadot ecosystem through various means such as its DOT token staking (see below). The Advanced Blockchain research hub nakamoto.to and smart contract auditing company Stela Labs are focused on projects that work alongside the Polkadot and Ethereum blockchain ecosystems.

The Advanced Blockchain portfolio

In this section we look at Advanced Blockchain's holdings via equity investments, the incubator, crypto and token investments. While it is beyond the scope of the report to provide detail on each

investment, we provide an overview and highlight what we believe are some of the most interesting companies.

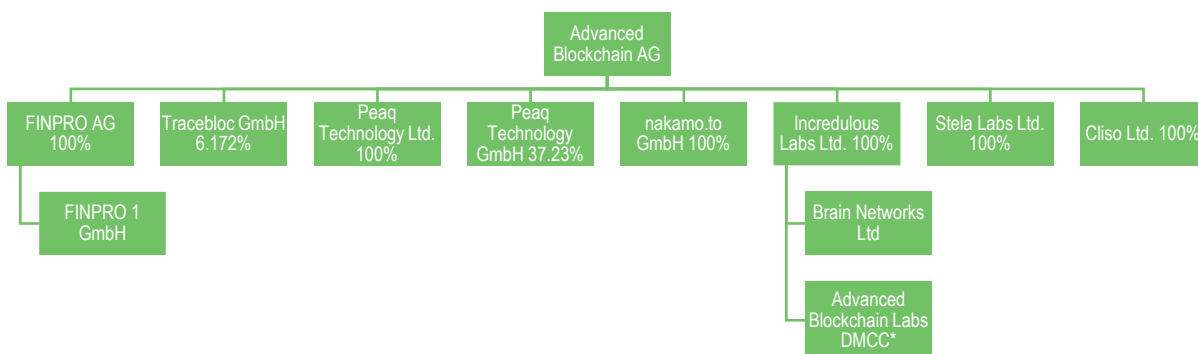
Equity investments

Advanced Blockchain holds direct (see organisation chart below) and indirect stakes in 12 companies in the equity portfolio. Investments are in the seed or A stage, generally in pre-revenue stage companies. The average deal size is around €1m (although investments can range from €100,000 to €2m) and although Advanced Blockchain is usually lead investor in early financing rounds, this is not always the case as companies mature. Advanced Blockchain has invested €10m in the portfolio.

Advanced Blockchain's investment team is drawn from diverse backgrounds and claims to approach problems in finance and technology from a unique perspective. Key criteria are energetic and innovative founders addressing pervasive and persistent problems. Investee companies should be user-friendly with clear business plans. As a hands-on investor, Advanced Blockchain aims to help portfolio companies develop a realistic vision based on industry knowledge and market research.

We note that Advanced Blockchain's lab, the Dubai Multi Commodities Centre (DMCC) is based in Dubai and the company expects its incubation unit will move to DMCC from Incredulous Labs in the long term. Advanced Blockchain believes DMCC is a key ecosystem for the blockchain industry.

Exhibit 3: Advanced Blockchain organisation chart



Source: Advanced Blockchain. Note: *Currently operating under the name Advanced Blockchain DMCC, change of name to Advanced Blockchain Labs DMCC is in process.

The table below provides a brief description of each subsidiary company.

Exhibit 4: Advanced Blockchain subsidiaries

Subsidiary	Holding	Description
FINPRO	100%	Provides SaaS enabling management and issuance of digitised assets
FINPRO 1	100%*	Shelf company for planned tokenisation of assets, currently inactive
nakamo.to	100%	Group research unit
Stela Labs	100%	Auditing and development of smart contracts
Incredulous Labs	100%	Holds and invests in the Advanced Blockchain token portfolio
Brain Networks	100%**	Collaboration with Laconic to support technology development
Advanced Blockchain Labs - DMCC	100%**	Expected to take over Incredulous Labs' activities in the long term
CLISO	100%	Developer of the Warp protocol and issuer of Warp tokens
Peaq Technology	37.3%	Developer of proprietary technology for decentralised industrial solutions and platforms.
Peaq Technology	100%	Supports the launch of the future Peaq Technology Network
Tracebloc	6.17%	A blockchain and AI based platform to reduce production line waste

Source: Advanced Blockchain. Note: * via FINPRO; ** via Incredulous Labs.

Two companies that Advanced Blockchain highlights in its inclusion document are Peaq and FINPRO.

Peaq: A success story

Advanced Blockchain first invested in Berlin-based Peaq in 2017 and management believes it is one of the most promising companies in the portfolio, having graduated from the Advanced Blockchain incubator in 2020. Peaq plans to launch a native token in 2022 via a private sale with the support of Advanced Blockchain.

As the Internet of Things develops, digital twins (a virtual model of a process, product or service allowing analysis of data and monitoring of problems) will grow exponentially. Gartner estimates that in the next five years 74% of organisations that have not yet created digital twins will do so. These twins will need to be in constant communication and will generate significant data. Peaq sees this as the basis for a new economy, the Economy of Things.

Peaq has developed proprietary DAGchain technology and tools, essentially infrastructure for companies to build, launch and scale decentralised solutions and platforms. Peaq's technology is used by enterprises to reduce costs, create new revenue streams and automate processes while making systems faster and more secure. The Peaq platform is used by a large car manufacturer for its electric vehicle authentication, verification and payment platform and NTT uses Peaq to secure its data centre and streamline its management access processes.

Peaq raised €2.5m in June 2021 to expand its enterprise offering. Lead investors in the round were the holding company and Edison client [Scherzer and Co](#), as well as Werner Geissler, former vice chairman of Proctor and Gamble, and Meteoric VC. Advanced Blockchain provided assistance in completing the round.

FINPRO: Digitising assets

FINPRO is developing a SaaS-based platform for tokenisation. The FINPRO software solution (approximately 90% complete according to the company) enables the management and issuance of digitised assets of any kind. Compared to direct trading of real assets, the underlying technology claims to lower regulatory costs and provides more transparency and faster settlement. Where applicable, the technology can allow for lower minimum investment thresholds as the digitised assets can be sub-divided. Advanced Blockchain intends to grow the FINPRO team to five full-time employees from the current two.

The Advanced Blockchain incubator

The incubator identifies promising projects with innovative concepts and strong teams in distributed ledger technology for Web 3.0. Advanced Blockchain assists in developing the concept, team and business model, then seeks to spin out the company for later independent development. Advanced Blockchain has a concentrated portfolio of six incubated companies. It believes this focused approach will increase the chances of success by providing all resources available to these companies.

Since Advanced Blockchain's inception in 2017 it has contributed over €6m in resources to incubated companies. The primary focus of the incubator is projects that promote cross-chain functionality between different blockchains and their ecosystems (ie Ethereum, Polkadot and Cosmos).

Nakomo.to, a 100% held subsidiary within the incubator that is primarily [a research unit](#) monitoring developments in the blockchain space and highlighting new investment opportunities to Advanced Blockchain primarily around Web 3.0 infrastructure.

The investment process

A team of 10 employees scouts for new projects. If a project meets Advanced Blockchain's criteria, key elements of the project and the technology are analysed further. If it passes initial

consideration, a deeper evaluation and initial meeting with management are conducted where Advanced Blockchain explains its value proposition. This includes providing technical resources, go-to-market support, audits, investor introductions and access to the group's research team. If the project meets with the company's strategic investment goals, a second meeting is arranged and the due diligence process begins.

Exhibit 5: Incubated companies

Incubation	Description
nakamo.to	Web 3.0 strategic investor and research unit monitoring the blockchain landscape
Stela Labs	Smart contract auditing functionality as well as development of smart contracts
Composable.Finance	Infrastructure for DeFi powered by Layer 2.0 Ethereum and Polkadot
Warp Finance	Acts as collateral in stablecoin loans

Source: Advanced Blockchain

Composable Finance accelerating

An example of an incubated company that is on track to move out of the incubator is Composable Finance. There is little capacity to move digital assets between chains. DeFi developers and users require cross-chain, cross-layer protocols, which are not provided by existing technology. Composable Finance addresses this issue by uniting and streamlining DeFi, allowing for movement between levels one and two of Ethereum almost instantaneously and Composable Finance's Polkadot parachain can run smart contracts simultaneously. Composable Finance incentivises users to secure a parachain with the composable token.

Composable Finance was incubated by Advanced Blockchain in partnership with Rarestone Capital; Advanced Blockchain has invested \$2m in Composable's LAYR tokens. Other well-known Venture Capital firms focused on the blockchain space have invested a total of \$7m in the composable token with Advanced Blockchain as lead investor.

In January 2022, Advanced Blockchain announced that Composable Finance has secured the eighth Polkadot parachain¹ slot by raising over \$160m into its crowdloan.² This implies a valuation of \$350m for its LAYR token. Advanced Blockchain (through its subsidiary Incredulous Labs) holds 5.7% of Composable Finance, which is valued at \$20m based on this raise. This is a major uplift versus the previous company valuation of \$35m in the summer of 2021, when Advanced Blockchain's stake was valued at \$2m, according to management.

Cryptocurrency and token investments

Advanced Blockchain has a portfolio of cryptocurrencies and digital tokens acquired (or granted in exchange for development work) since 2017. Incredulous Labs (100% owned) holds Advanced Blockchain's token portfolio; it invests in new token projects and maintains contracts with most of the approximately 150 freelancers and consultants working for the group. Advanced Blockchain has more than 20 projects and incubations and has invested more than €5m in new token projects since 2017.

One of the earliest investments was the DOT token, the native token of the Polkadot blockchain. The initial €43k DOT investment was made in 2017 at a price of €0.27 per token and the current DOT price is \$18.6 (Coinmarketcap.com), an increase of c 70x. In addition, over 28,000 DOT tokens were acquired as staking reward. While some DOT tokens have been sold, Advanced Blockchain still holds 68,574, worth c \$1.3m at current market rates. According to management, the staking yield on Advanced Blockchain's DOT tokens is approximately 15% and it returned more than \$250k on a monthly basis in H221.

¹ Parachains are interconnected Polkadot-based independent blockchains. Polkadot recently launched parachain slot auctions with the network targeting 100 slots initially.

² A crowdloan is a process specific to the Polkadot network whereby external investors can stake their dot tokens within a parachain slot to increase the chances of winning a slot auction.

Staking is the provision of tokens as collateral to validate the network and receive rewards in exchange. Entities staking their tokens are randomly selected to add the next block to the chain – the probability of being selected is proportionate to the amount staked.

There are several factors to note regarding the crypto and token portfolio – crypto prices are very volatile exacerbated by patchy liquidity especially relevant for newly issued tokens such as Warp Finance (held by Advanced Blockchain) that reached \$700 on 27 October 2021 and has since declined by more than 70% to \$196. Even more established cryptocurrencies, such as Polkadot, are extremely volatile (Polkadot has more than halved since peaking in November 2021 at \$53). In addition, some of the holdings are subject to a lock-up period.

Advanced Blockchain has made some successful exits such as sale of stakes in Energy Web Foundation (EWT) and Currency of the Internet (COTI) for returns of 671% and 150% respectively.

Management, organisation and corporate governance

Supervisory board and management board

Management team

Michael Geike is CEO and co-founder of Advanced Blockchain. Before that he was vice president of exotics and hybrids trading at JP Morgan. Michael has been involved in distributed ledger technology for more than nine years and has founded various companies in the field. He also worked at Zalando, where he established teams of data scientists and artificial intelligence specialists focused on optimising payment algorithms. He has an MSc in mathematics from Imperial College, London.

Simon Telian is CIO, overseeing the portfolio and investment activities. Simon has a finance background with Dresdner Bank and Commerzbank and tech investing with Rocket Internet and Aisa Venture Group. He has also founded and exited his own company in South Africa. Most recently, he was chief commercial officer for Swedish edge cloud company CloudBackend. Simon was previously a member of the Advanced Blockchain supervisory board. He has an MSc in corporate management and economics.

Sebastian Hildermann is head of investments and chairman of the due diligence committee.

Supervisory board

Martin Rubensdörffer is chairman of the supervisory board. He is also chairman of the board of directors of Bitcoin Group and a member of the supervisory board of Babylon Capital and is a lawyer by training. Note that Mr. Rubensdörffer is the father-in-law of Advanced Blockchain CEO Michael Geike.

Marek Kotewicz is deputy chairman of the supervisory board and has been involved in the blockchain industry since 2014 as a software engineer for the Ethereum Foundation and subsequently at Parity Technologies.

Michael Ganser is a software engineer and ex-Cisco executive. He has held numerous senior positions in Europe over more than 20 years.

Olav Sorenson PhD, UCLA, is a professor of strategy and an academic in the field of economics and entrepreneurship.

Mark Weerts has a background in fashion and marketing, responsible for the formulation of future-oriented strategies. Mark's core strength is to establish more efficient workflows, thereby improving operating efficiency.

Shareholders and free float

There are no substantial shareholders on the register. Management holds shares and options representing approximately 7% of the shares in issue.

Financials

Income statement

We note that Advanced Blockchain reports under German GAAP, rather than IFRS and does not provide EPS figures or a cash flow statement. The summary of historical financial statements provided by the company are below.

Exhibit 6: Summary P&L			
Year end December (€000)	2019	2020	H121
Revenue	594.4	1,137.1	2,114.9
Other income	8.2	31.7	1.5
Cost of materials	(206.9)	(795.4)	(93.5)
Personnel expenses	(309.7)	(59.0)	(47.5)
Depreciation	(40.8)	(51.5)	(45.5)
Other expenses	(378.3)	(319.1)	(414.8)
Pre-tax profit	(333.1)	(56.2)	1515.0
Taxes	0.0	0.0	0
Net profit (loss)	(333.3)	(56.1)	1515.0

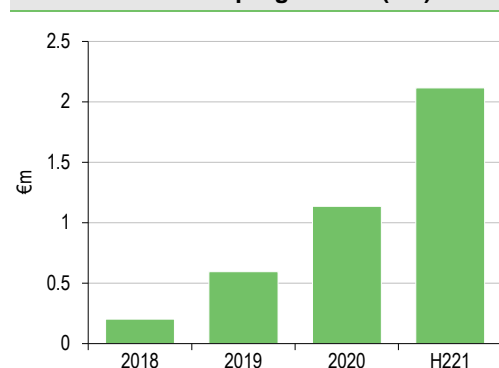
Source: Advanced Blockchain

In 2020 Advanced Blockchain recorded revenues of €1.1m, representing year-on-year growth of 91%. In H121 revenues of €2.1m were almost double those of FY21 and a pre-tax profit of €1.5m was reported in H121 versus a loss of €0.3m in H120. The turnaround was driven by a combination of asset sales (eg Lendflo, a peer-to-peer invoice financing company, which was sold with an return on income of 273%) and staking revenue, specifically DOT staking activities.

For FY21, Advanced Blockchain expects EBITDA to at least match the preliminary €1.5m reported in H121, noting in its June 2021 trading statement that the performance of digital assets 'has a significant influence on the possibilities for realising profits'. In November 2021 Advanced Blockchain disclosed that staking revenues exceed \$250k per month. Given the 50% fall in the price of the Polkadot token since then, we expect that staking revenues have also declined.

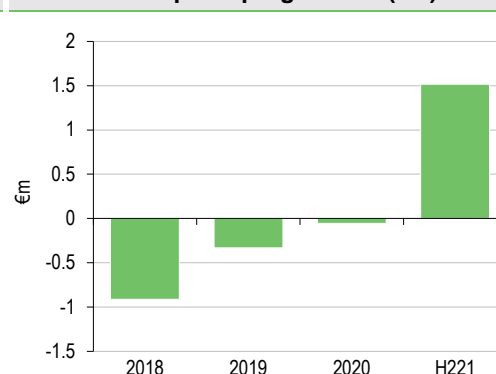
No dividends have been paid historically and dividend payments are not planned.

Exhibit 7: Revenue progression (€m)



Source: Advanced Blockchain

Exhibit 8: Net profit progression (€m)



Source: Advanced Blockchain

Balance sheet

All investments, equity and tokens are recorded in the balance sheet at cost. In March 2021 the company raised €3.9m via an equity issuance and in August 2021 it issued a €2.3m six-year

convertible bond was issued. The company has stated that the working capital is sufficient for present requirements in its Scale market inclusion document (February 2022).

Exhibit 9: Balance sheet summary				
Year end December (€000)	2018	2019	2020	H121
Assets				
Fixed assets	370.7	378.3	112.9	243.8
Current assets	894.6	1817.9	1977.7	7303.7
Other	2.8	0.0	0.0	0.4
Total assets	1268.3	2196.3	2090.6	7547.9
Liabilities				
Equity	1131.5	1932.2	2068.6	7511.4
Provisions and other	3.8	9.8	12.1	9.1
Liabilities	133.1	254.3	9.8	27.5
Equity and liabilities	1268.3	2196.3	2090.6	7547.9

Source: Advanced Blockchain

The jump in current assets in H121 reflects the €3.9m capital raise during the period to fully acquire FINPRO as well as sales of holdings in crypto assets (ie, EWT and COTI). The company does not have any debt facilities at this stage.

Valuation

Consensus forecasts are not yet available for Advanced Blockchain. There is limited financial disclosure; it was loss making until the first half of 2021 and due to the unique business model, there is a lack of comparable listed peers. For these reasons, a peer valuation of the company is problematic at this stage. It is beyond the scope of this report to provide a standalone valuation.

Based on the available information our calculations suggest Advanced Blockchain trades at 16x its market capitalisation to 2021 EBITDA. We use an FY21 EBITDA of €3m, calculated by annualising the reported H1 EBITDA of €1.5m, which is conservative given the company's guidance that H221 will be at least in-line with H1. We cannot calculate the more traditional enterprise value to EBITDA as net cash levels have not been provided by the company.

Sensitivities

Although Advanced Blockchain is not a pure play on cryptocurrencies and tokens, these form a significant part of the company's assets and, as such, the financials and share price will be subject to their volatility, which historically has been high.

There are a plethora of competing layer one and layer two projects, as well as DeFi applications and other Web 3.0 solutions, so it may be difficult to foresee which solutions prevail.

The blockchain industry is nascent and, while growth prospects appear good, like all emerging industries, the path to maturity may not be smooth.

Advanced Blockchain had been loss making since 2018 until it turned a profit in H121 and many of its portfolio companies are loss making. Therefore, the company is likely to require external capital to fund these operations in the near to medium term.

The company is subject to the evolving regulatory changes regarding digital assets, which could negatively affect its business model.

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