



Annual Report 2020

Advanced Blockchain AG

Table of Contents

| | |
|---|-----------|
| Report of the Supervisory Board | 2 |
| Foreword by the CEO | 6 |
| Advanced Blockchain AG: Overview | 8 |
| Mission | 8 |
| The Market | 9 |
| Blockchain explained | 9 |
| Market size | 10 |
| Strategy | 14 |
| Venture Building Approach | 14 |
| Our portfolio companies | 15 |
| Ventures from nakamo.to | 15 |
| Ventures from Stela Labs | 17 |
| peaq Technology GmbH | 18 |
| Ventures from Advanced Blockchain AG | 19 |
| Total portfolio | 19 |
| The 2020 financial year | 26 |
| Share price | 26 |
| Net assets | 26 |
| Sales and earnings | 27 |
| Balance sheet as of December 31, 2020 | 27 |
| Income statement for the fiscal year from Jan. 1 to Dec. 31, 2020 | 28 |
| Information on accounting and valuation methods | 29 |
| 1. Fixed assets | 29 |
| 2. Financial assets | 29 |
| 3. Receivables | 30 |
| 4. Provisions | 30 |
| 5. Liabilities | 30 |
| Auditor's Report | 31 |
| The Advanced Blockchain AG Team | 34 |
| Senior Executives | 34 |
| Board of Directors | 35 |

Report of the Supervisory Board

A special 10th anniversary in the cryptocurrency universe fell in the past fiscal year 2020. A certain Laszlo Hanyecz bought two large Papa John's pizzas in 2010 for the purpose of immediate consumption and paid for them with his 10,000 Bitcoins based on the calculation: 1 BTC = 0.0041 USD. If he had reached for his wallet instead of his cell phone, his stock of 10,000 BTC, which is opulent from today's perspective, would have been worth an impressive 293,580,000 USD at the end of 2020, and based on the sound barrier of 50,000 USD per 1 BTC, which has now been surpassed, even an almost inconceivable 500,000,000 USD. With this, he could have given all inhabitants of the largest ten cities in the USA a Papa John's each at approx. 20 USD per piece...

But fiscal 2020 was marked to a much greater extent by the pandemic spread of the COVID 19 virus, which - now with mutations that seem even more dangerous - has kept us on tenterhooks in 2021, pushed our urgently needed social contacts to virtual low flame and caused incalculable damage.

So far, ADVANCED BLOCKCHAIN AG has come through this exceptional situation well and successfully, despite all the restrictions. Communication by mail, phone and video talk has replaced personal meetings - not least, regrettably, at the company's annual general meeting. It is to be hoped that opening scenarios in all areas of the company will soon bring life back to normal.

The past fiscal year 2020 recorded a further expansion of ADVANCED BLOCKCHAIN AG's position in the market, which is developing at a pace "à la Tesla". The company has accepted and embraced the challenges of this development by positioning itself promisingly with innovative projects such as peaq GmbH and the investment in FinPro AG.

In doing so, the Supervisory Board of the Company dutifully performed the duties incumbent upon it under the law, the Articles of Association and the Company's Rules of Procedure. The Supervisory Board advised the Executive Board and monitored its activities, and was directly involved at an early stage in all decisions of fundamental importance to the Company through regular reports by the Executive Board in accordance with Section 90 of the German Stock Corporation Act (AktG). The Supervisory Board participated in the decisions to be taken and satisfied itself of the proper conduct of business by the Executive Board.

In the reporting year, the Supervisory Board initially comprised the following four members:

Paul Kohlhaas, Basel, Vice Chairman of the Supervisory Board;

Armin Sachs, Berlin;

Simon Telian, Stockholm;

Martin Rubensdörffer, Remscheid, Chairman of the Supervisory Board.

On October 29, 2020, the Annual General Meeting 2020 elected Mr. Michael Ganser, (Management Consultant, Uster/Switzerland, as the fifth already court-appointed) member of the Supervisory Board.

No Supervisory Board committees were formed in 2020.

The Supervisory Board held a total of five meetings in the reporting year, on April 21, April 30, June 23, September 29, and December 17, 2020; further resolutions were adopted by circular resolution.

At its meeting on April 21, the Supervisory Board discussed the 2019 annual financial statements presented to it and the Company's strategic orientation for the current financial year with the Management Board. In particular, the comprehensive plan to make the subsidiary peaq GmbH operationally independent was a major topic of discussion.

The very detailed discussion was held at the meeting of the Supervisory Board of April 30 and - supported by its circular resolutions of May 26 and June 01 - continued at the meeting of June 23:

Approval of an MBO of peaq GmbH, increase in liquidity through further capital increase from conditional capital, extension of the Management Board contract until March 31, 2021. In addition, the Supervisory Board conclusively discussed and deliberated on the 2019 annual financial statements and the auditor's report.

The subsequent resolution passed on July 13 included further decisions, among others, on the restructuring of peaq GmbH.

At its meeting on September 29, the Supervisory Board discussed in detail the financial statements presented for the first half of 2020, made the necessary preparations for the 2020 Annual General Meeting, gave its approval to personnel appointments to the planned Supervisory Board of peaq GmbH and heard the consultant and co-founder of the company, Mr. Robert A. Kufner, on the forward-looking ABAG Vision & Strategy 2020 project.

At its last meeting in 2020 on December 17, following a preceding video conference with the management of FinPro AG, its own in-depth deliberations and discussions with the Executive Board, the Supervisory Board passed a resolution to approve an acquisition of 45% of FinPro AG by the Company.

At the meeting to approve the financial statements on March 3, 2021, the Supervisory Board approved the financial statements submitted to it in good time after extensive consultation and internal discussion; the 2020 financial statements of ADVANCED BLOCKCHAIN AG are thus adopted in accordance with section 172 of the German Stock Corporation Act (AktG).

All resolutions of the Supervisory Board were adopted by the required majorities, although not all were unanimous.

There were no risks in the reporting period that could have jeopardized the continued existence of the company.

At the same time, on behalf of my colleagues on the Supervisory Board of ADVANCED BLOCKCHAIN AG, I would like to thank the Management Board for its successful work and include all employees of the young team in this thanks for their active commitment in the past fiscal year. It was characterized by the special problems of the lockdown in response to the ongoing COVID 19 pandemic and imposed special measures of care and mutual consideration on all involved.

Remscheid, im März 2021



Martin Rubensdörffer

**Vorsitzender des Aufsichtsrats
der Advanced Blockchain AG**

Foreword by the CEO

Dear Shareholders,

2020 was inarguably a remarkable year. An unprecedented global pandemic, COVID-19, impacted every facet of our lives and livelihoods. Fortunately, our business - and the blockchain industry as a whole - has remained largely resilient to these difficulties. However, our compassion goes out to all those affected by the many tragedies and challenges the pandemic has imposed.

Despite the overarching negative economic impact of the pandemic, the blockchain industry has experienced significant and sustained growth. Over the past year, the total volume of the blockchain market has grown by approximately 50%, from \$2 billion in 2019 to \$3 billion in 2020. This growth is due to an increasing number of applications being realized for blockchain, moving beyond its original use for cryptocurrencies. Many industries have realized the benefits of this technology in broadly applicable data transfer and storage mechanisms that offer improved security, scalability, and more cost-effective accuracy. The use of blockchain systems by businesses and individuals is expected to become increasingly mainstream in the coming years. By 2025, today's \$3 billion market size could increase thirteenfold to \$39.7 billion, representing a compound annual growth rate (CAGR) of 67.3%.

At Advanced Blockchain AG, we are grateful that our company has been able to continue to grow and expand along with the industry as a whole. Over the past year, we have made many new and exciting investments in innovative blockchain-based projects that have allowed us to expand our portfolio and support the entire blockchain industry.

Overall, we strive to realize our vision of a digital world built on distributed ledger technology, where every industry that uses digital technology benefits from its use. Thus, this idealized future we are working towards is more time and cost efficient, secure, transparent and equitable for all stakeholders.

We look back on our progress toward these goals in 2020 and wish you health and success in 2021.

Michael Geike,

Management Board of Advanced Blockchain AG

Advanced Blockchain AG: Overview

Mission

Advanced Blockchain AG is a publicly traded Blockchain-Venture-Studio, focused on promoting, building and investing in disruptive technologies. The company's overarching mission is to promote the most innovative and promising projects in the blockchain (or DLT) space.

With this goal in mind, Advanced Blockchain AG's vision is to leverage the maximum potential of the Web 3.0 era. Therefore, Advanced Blockchain AG focuses on promoting decentralization, far from the Web 2.0 mentality of centralized data centers with full control over users' digital content and experiences. This new era of networks puts the power back in the hands of users while providing greater efficiency, data security and transparency.

The applications of new decentralized technology in this space are limitless - including industries such as finance, government, manufacturing industries, as well as healthcare and many more.

In addition to industrial applications of blockchain technology, the Advanced Blockchain AG is particularly interested in the merging of blockchain technology and the financial sector, which is referred to as decentralized finance (DeFi), a sector which offers unimagined new opportunities.

As more and more impactful utilities for blockchain are discovered, the industry continues to grow exponentially, and we are proud to be a participant in this cutting-edge field.

The Market

Blockchain was originally created in 2008 to serve as an ultra-transparent ledger system allowing Bitcoin to operate. However, in the decade plus since then, it has become clear that the technology has innumerable other promising applications, thanks to its many benefits such as transparency, speed, and security.

Financial technology, or “FinTech”, poses one of the biggest opportunities for blockchain use. That is because blockchain perfectly suits FinTech’s need for speedy, efficient, cost-effective, and secure transactions.

Overall, the use of blockchain is growing as the technology brings its many benefits to a wide range of industries.

Blockchain explained

Blockchain is a distributed ledger, meaning it distributes data across multiple data centers and records it in a transparent and immutable manner. The purpose of a blockchain is to allow multiple parties to distribute data in a secure, efficient, and tamper-proof manner. This is achieved through three basic technological features of a blockchain: blocks, miners, and nodes.

Blocks string together into the blockchain. These blocks consist of data, a nonce (a 32-bit integer that is randomly generated), and the hash (a 256-bit number that is bound to the nonce). When the first block is created, the nonce generates the hash, which is concatenated with the block's data to validate it. Miners use software to link a block and its nonce and hash to the previous block and its nonce and hash. When a block is mined and accepted by all nodes, the miner is rewarded. Because this entire process is so complicated, it is incredibly difficult to manipulate the data. Nodes are electronic devices that manage copies of the blockchain. Each Node must validate newly mined blocks before they are added. This process is transparent, with unique node identification numbers so that anyone can verify it.

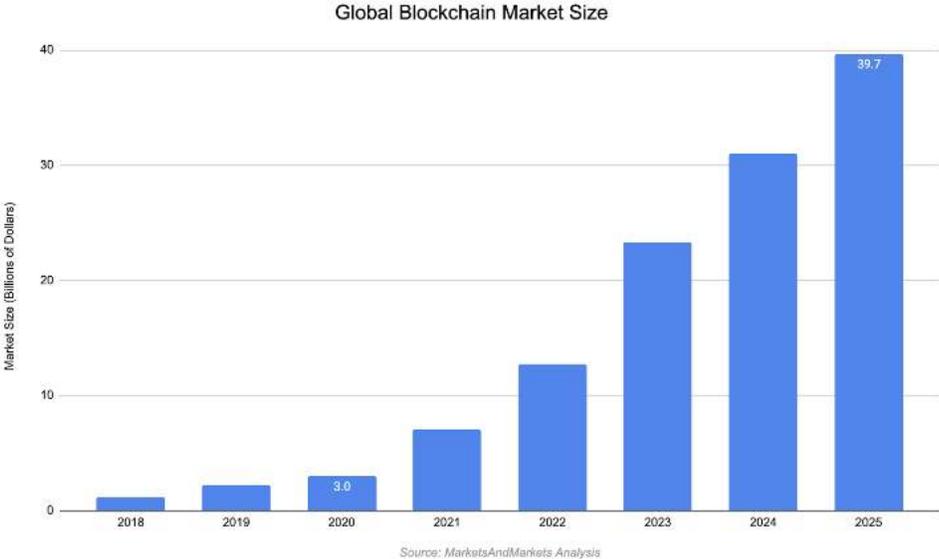
The benefits of blockchain are manifold: increased transparency and immutability, near-instant and cheaper transactions, highest security and improved operational efficiency through automation. Therefore, it can optimize any industry that has any touch point with the digital world.

Market size

The blockchain industry has developed significantly in terms of market volume and has experienced constant annual growth since its emergence. It is forecast to grow even more significantly in the future: The compound annual growth rate for the global blockchain industry from 2020 to 2025 is an impressive 67.3%.^[1]

^[1] Blockchain Market by Component (Platform and Services), Provider (Application, Middleware, and Infrastructure), Type (Private, Public, and Hybrid), Organization Size, Application Area (BFSI, Government, IT & Telecom, and Region (MarketsandMarkets, Global Forecast to 2025.))

This growth is largely due to the realization that Blockchain can be applied to far more use cases than just cryptocurrencies, and can truly be used to optimize any industry by improving data management and transactions. Currently, the global blockchain market is estimated to be worth around \$3 billion, and is expected to grow by more than 13-fold within the next 5 years to 2025:



Moreover, the token/cryptocurrency market itself is much larger than the market size of the blockchain industry. The global token market capitalization (i.e., that of all cryptocurrencies in circulation) has shown continuous and exponential growth. For example, as of mid-March 2021, global token market capitalization is approximately \$1.8 trillion, more than double the \$760 billion value at year-end 2020. This value grew by approximately 280% in 2020, with even greater growth projected for 2021. Overall, blockchain represents an incredibly innovative and cutting-edge industry that offers a wide range of operational and financial benefits.

Current trends

Blockchain, and in particular the decentralized financial sector (or "DeFi," the application of blockchain to financial instruments), is an incredibly fast-changing industry.

One major trend occurring as 2020 transitions to 2021 is that the bitcoin boom has sparked fears of inflation in the industry. According to Coinbase, the price of Bitcoin began to rise rapidly from around mid-October 2020 after a steady period of growth. In the 5 months afterwards, from a little over \$10,000 to a high of more than \$60,000 per bitcoin. While this trend is incredibly promising as it indicates universal adoption of the cryptocurrency, it has also raised concerns of excessive inflation. It remains to be seen if these fears will come to fruition but the blockchain field has become so diverse that a variety of other crypto alternatives are also available for use and investment differentiation.

Another key trend in 2020 was the exponential growth of DeFi. This area enables blockchain to improve existing financial structures and methods and generate new use cases. The total value invested in projects in this area started to increase sharply at the end of 2020, reaching about \$16 billion. A few months later, it leveled off at around \$40 billion. DeFi enables its users to generate financial value for themselves in new ways, in a much more accessible way than traditional financial methods, which in turn underlines the fundamental characteristics of blockchain technology.

DeFi is still not in the mainstream's sights, but it is already very valuable and starting to push in that direction. Accordingly, DeFi offers easier access to getting involved in the blockchain space.

A ramification of the rapid growth of DeFi in particular is the congestion of the Ethereum blockchain, which forms the basis of most DeFi protocols. The main chain (or, layer 1) of Ethereum has become overloaded with transactions, leading to slowdowns and high gas costs for transactions. A positive outcome, however, has resulted from this situation: the rise of layer 2 and interoperable technology. Layer 2 blockchain protocols take the majority of the calculations off of the main chain, allowing for faster speeds and decreased costs, and therefore imparting greater scalability.

Blockchain-interoperability is another new innovation brought about and enabled by the Polkadot blockchain. Here, previously incompatible blockchains are bridged and functions and assets are connected. Polkadot allows projects to be built on chains other than Ethereum, but still be compatible with the entire DeFi-ecosystem. This has unlocked a lot of new potential in DeFi and on other blockchains, as it enables a significant amount of new functionality as well as a greatly simplified user experience.

Strategy

Venture Building Approach

In order to foster growth and development within the blockchain industry, Advanced Blockchain AG's primary mission is to act as a venture builder for projects in this field.

We invest in start-ups or established companies through Advanced Blockchain AG as well as through our portfolio companies. Our team selects new ventures after a careful vetting process, using its diverse and extensive industry knowledge to identify the most innovative ideas and look at problems in finance and technology from a completely new perspective. In particular, our team looks for energetic and innovative founders who are fully committed to their ideas. Diverse and experienced teams must address pervasive and persistent problems with their user-friendly solutions and deliver clear, well-researched and actionable plans for deploying capital and building their businesses.

Once a company is selected, we provide it with a variety of resources to help it grow and succeed. We help develop a vision driven by market research and identification of suitable niches. Further, Advanced Blockchain AG and its associated portfolio companies assist with all other processes that need support in business development, such as team and product development. Whatever the focus of the project in question, we provide hands-on help in achieving the maximum benefit for the end users while consolidating the overarching business model. In this way, we are able to help companies develop products that are both profitable and impactful, driving the entire blockchain industry towards mainstream use.

To achieve this, we are specifically interested in investing in companies that use decentralized technologies such as blockchain, as our experience in this area has shown that this technology has immense potential for innovation across a range of industries.

Our portfolio companies

At Advanced Blockchain AG, we believe that the future looks promising for us and our affiliated companies. Advanced Blockchain's key portfolio companies are listed below, each with just a few examples of the many venture-building activities in which the companies are involved.

Ventures from nakamo.to

The nakamo.to GmbH is a 100% subsidiary of Advanced Blockchain AG, which is dedicated to investments and strategic consulting of various ventures in the blockchain industry. In addition, nakamo.to GmbH initiates its own new projects. The focus of the investment and project strategy is, among others, on crypto-lending as well as projects in the Polkadot ecosystem.

The Polkadot blockchain is cutting-edge and allows blockchain-based projects to scale to unprecedented size. This blockchain also allows a high level of customization and usability, making it an ideal candidate for many new projects, including those in the financial technology (FinTech) space. nakamo.to has made several investments related to Polkadot, including most recently in the Manta Network, a decentralized exchange (DEX) that protects user privacy to an increased extent.

Another focus of nakamo.to is working with projects related to crypto lending and yield farming. Crypto Lending describes lending cryptocurrencies, while Yield Farming specifically refers to lending cryptocurrencies to various startup applications in exchange for being compensated with additional "rewards" (or a return on investment). This process has revolutionized the decentralized finance (DeFi) industry by incentivizing investment and providing liquidity to new blockchain-based financial protocols. nakamo.to performs yield farming with a portion of its portfolio, generating returns while supporting blockchain projects.

One project that nakamo.to is working with in this area is Warp Finance. A platform that allows its users to collateralize stablecoin loans with liquidity provisioning (LP) tokens. These LP tokens are generated through the process of liquidity mining, which extends yield farming, providing users with an additional type of token. Thus, above-average returns are generated, which go beyond those of normal crypto lending. This type of token extension is called a Liquidity Provisioning (LP) token, and offers very little use other than those to be redeemed for a return. Consequently, Warp Finance was founded on this idea, and today allows its users to engage in yield farming and liquidity mining in a leveraged manner, as they can use LP tokens for stablecoin loans, which they can in turn poke into the yield farming and liquidity mining process for increased rewards.

nakamo.to GmbH supported the warp.finance project in the security of the protocol and its software components and received a considerable share of the Warp governance tokens in circulation for this.

In addition, Advanced Blockchain AG also aims to contribute to a better understanding of the often misunderstood blockchain industry through nakamo.to. It does this through its own research series, which offers summaries of acute topics in this area (see: <https://www.nakamo.to/#research>), as well as through its podcast on current events and important topics, under the name *Satoshi's Mind*.

Ventures from Stela Labs

Advanced Blockchain AG's portfolio company, Stela Labs, focuses on building Web 3.0-related projects and software engineering, as well as improving the security of blockchain protocols in this area.

Stela Labs provides security auditing and technical services to promote the utmost privacy and security of Web 3.0 infrastructures. The team's security auditors have worked to secure multiple blockchain protocols that have achieved significant Total Value Locked (TVL). The engineering team is also incredibly experienced and takes a hands-on approach to helping shape all aspects of a blockchain project from start to finish.

Similar to nakamo.to, Stela Labs is very interested in working with the Polkadot blockchain as well as the Ethereum blockchain and is working to improve and build projects that work along these ecosystems. Like Polkadot, Ethereum is an incredibly promising blockchain that enables the development of a variety of new financial technologies. Within Polkadot, Stela Labs is particularly intrigued by Substrate-based

projects, which are becoming increasingly popular and have a great need for security services.

peaq Technology GmbH

peaq, one of Advanced Blockchain's portfolio companies, offers its hybrid base-layer blockchain technology, DAGchain®, and other customized blockchain products and services to customers in various industries such as automotive, telecommunications, and engineering. Recently, peaq signed a MoU with a major German automotive manufacturer. This contract includes the large-scale production of a full-fledged e-mobility platform based on DAGchain® and designed for use in the automotive industry. This neutral innovation and transaction platform will focus on making electric vehicles (EVs) fully ready for distributed ledger technology (DLT) from the moment they leave the factory, while reducing range anxiety for users of these vehicles.

NTT Global Data Centers has also brought together EMEA FATH Mechatronics and peaq to jointly develop and integrate an innovative access control solution for data centers. The security solution combines FATH's IoT hardware with peaq's blockchain-based access control software, an authorization and access control system that uses blockchain to improve cybersecurity and streamline access management processes.

Ventures from Advanced Blockchain AG

Advanced Blockchain AG itself is also dedicated to venture building and investing in innovative blockchain-based projects. Here, we focus more on the enterprise side of this venture and work with existing companies to develop new products. For example, Advanced Blockchain AG has taken a stake in FinPro AG and is working together to build it. This company focuses on digital assets, for example, through blockchain-powered crowdfunding.

Total portfolio

Relevant companies and investments in the Advanced Blockchain investment portfolio are listed below:



The blockchain platform for the Internet of Things

Under the Advanced Blockchain AG umbrella, peaq has become the preferred blockchain technology partner for some of the world's largest companies. Peaq is developing its own fundamental blockchain technology system based on the DAGchain® framework.



Web 3.0 Investor

Nakamo.to strategically invests and consults in projects that match our vision of taking Web 3.0 to the next level.



Accessible plant for everyone

FinPro AG is our competence center for digital assets. FinPro's goal is, among other things, to build a digital asset investment platform. FinPro makes a variety of assets, including loans, real estate investments, intangibles available for fractionation, tokenization and sale, creating a robust investment market. This includes the rapidly growing area of NFTs.



Smart Contract Auditing Firm

Our subsidiary Stela Labs provides two services - testing and development of smart contracts, especially in the context of the Web 3.0 vision and the economy of decentralized finance (DeFi). The Stela Labs team implements 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.



Blockchain and machine learning-based platform to reduce production line waste

Tracebloc helps its customers by taking them on a data activation journey that ultimately saves production costs and generates additional revenue. In doing so, Tracebloc provides a platform that enables the data obtained to be analyzed using artificial intelligence (AI). The goal is to provide practical instructions for optimizing the production line and estimating the potential of this data-driven production line optimization.

Polkadot.

Decentralized Web 3.0 Blockchain Interoperability Platform

Polkadot is a blockchain network being built 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.



The new digital DNA of the grid

The Energy Web Foundation promotes value creation in the energy sector by building and promoting an open, decentralized software infrastructure built on blockchain technology.



Save data permanently

Arweave enables the permanent storage of images, websites 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, making it impervious to damage or loss.



Manta Network

The first privacy protocol designed for interoperability, scalability, and data protection

Limited scalability, speed, and security are common issues currently facing many of the most popular blockchain networks and projects like DEXes that use them. Therefore, the Manta network provides a DEX that alleviates these issues via zk-SNARKS and other advanced data security solutions, reducing vulnerability to theft, fraud, and other malicious behavior. This investment was made through nakamo.to.



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.

Fei Protocol

An under-collateralized, fully decentralized stablecoin with a direct incentive structure

Stablecoins are a popular and versatile concept in DeFi, although existing models are far from perfect. The RDI protocol solves existing problems in this area by offering a fully decentralized model with a price based on token demand and direct incentives. This investment was made through nakamo.to.



Starks Network

Providing Zero Knowledge Proof technology for the Polkadot ecosystem.

Starks Network is used to provide Zero-Knowledge-Proofs (ZKPs) as a service to parachains in the Polkadot blockchain ecosystem. The main benefits are the significant improvement in privacy and scalability issues for public blockchains facilitated by these ZKPs. This investment was made through nakamo.to.



Use of LP tokens to collateralize stablecoin loans.

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

The 2020 financial year

Share price

While the German share index (DAX 30) rose by 3.5% over the course of the year, the price of our share increased from EUR 4.52 to EUR 9.30 over the fiscal year. The development of the stock market was thus significantly outperformed.

Net assets

Advanced Blockchain AG or its subsidiaries acquire and invest in various assets, in particular equity investments and digital assets.

For example, an extensive portfolio of cryptocurrencies and digital tokens has been acquired. For example, one such token is the DOT token, the native token of the Polkadot blockchain, an ecosystem that facilitates interoperability between previously disparate blockchains. We staked this DOT token through a P2P partnership that leverages its unique staking strategy to enable enhanced staking rewards with compound interest.

As a result of accounting in accordance with the German Commercial Code (HGB), the Company's assets are recognized only at cost. Interim unrealized increases in value (hidden reserves) (including those at subsidiaries) are therefore not visible in the Company's balance sheet.

In the 2020 financial year, total assets remained virtually unchanged compared with the previous year and amounted to €2,090,589 at the end of the year (previous year: €2,196,304).

Sales and earnings

Advanced Blockchain AG generated revenues as well as other operating income of €1,168,791 in fiscal year 2020 (previous year: €602,633).

Balance sheet as of December 31, 2020

| <i>Assets (in euros)</i> | 31.12.2020 | 31.12.2019 |
|---|---------------------|---------------------|
| <u>A. Fixed assets</u> | 112.870,52 | 378.344,51 |
| <u>B. Current assets</u> | 1.977.719,23 | 1.817.941,87 |
| <u>C. Prepaid expenses</u> | 0,00 | 18,00 |
| Total assets | 2.090.589,75 | 2.196.304,38 |
| <hr/> | | |
| <i>Liabilities (in euros)</i> | 31.12.2020 | 31.12.2019 |
| <u>A. Equity</u> | 2.068.631,61 | 1.932.201,19 |
| <u>B. Provisions</u> | 12.139,31 | 9.800,00 |
| <u>C. Liabilities</u> | 9.818,83 | 254.303,19 |
| Total liabilities and shareholders' equity | 2.090.589,75 | 2.196.304,38 |

Income statement for the fiscal year from Jan. 1 to Dec. 31,
2020

| <i>In Euro</i> | 31.12.2020 | 31.12.2019 |
|---------------------------------|-------------------|--------------------|
| 1. sales revenue | 1.137.051,62 | 594.436,89 |
| 2. other income | 31.739,44 | 8.196,70 |
| 3. cost of materials | -795.368,90 | -206.924,23 |
| 4. personnel expenses | -58.957,95 | -309.711,38 |
| 5. depreciation | -51.450,75 | -40.826,87 |
| 6. other expenses | -319.083,04 | -378.303,84 |
| 7. taxes | 0,00 | -151,00 |
| 8. net loss for the year | -56.069,58 | -333.283,73 |

Information on accounting and valuation methods

The accounting and valuation methods were retained unchanged from the previous year, unless new findings required a different valuation.

As of the balance sheet date, the Company is classified as a micro-corporation within the meaning of Section 267 (2) HGB. Use has been made of the size-dependent exemptions. The annual financial statements as of December 31, 2020 have been prepared in accordance with the German Stock Corporation Act (AktG) and the supplementary provisions of the Articles of Association

1. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The expected useful lives correspond to the expected economic useful lives.

2. Financial assets

Financial assets are carried at cost. Pursuant to Section 253 (3) HGB, financial assets are written down to the lower fair value if the impairment is expected to be permanent. The value to be attributed is derived from the fair value determined in the course of the company valuation using recognized valuation methods. If the reasons for the impairment cease to apply in subsequent years, the asset is written down in accordance with the requirement to reinstate original values pursuant to Section 253 (5) HGB.

3. Receivables

Receivables and other assets are measured taking into account all identifiable risks.

4. Provisions

Provisions for uncertain liabilities and taxes are recognized at the settlement amount required according to a reasonable economic assessment.

5. Liabilities

Liabilities were recognized at their repayment amount.

Auditor's Report

Bestätigungsvermerk des Abschlussprüfers

Wir haben den Jahresabschluss – bestehend aus Bilanz und Gewinn- und Verlustrechnung – unter Einbeziehung der Buchführung von Firma Advanced Blockchain AG für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2020 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss nach den deutschen handelsrechtlichen Vorschriften und den ergänzenden Bestimmungen des Gesellschaftsvertrags liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der gesetzlichen Vertreter sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und den ergänzenden Bestimmungen des Gesellschaftsvertrags und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft.“

Den vorstehenden Prüfungsbericht erstatten wir in Übereinstimmung mit den gesetzlichen Vorschriften und den Grundsätzen ordnungsmäßiger Berichterstattung bei Abschlussprüfungen (IDW PS 450).

Eine Verwendung des oben wiedergegebenen Bestätigungsvermerks außerhalb dieses Prüfungsberichts bedarf unserer vorherigen Zustimmung. Bei Veröffentlichungen oder Weitergabe des Jahresabschlusses in einer von der bestätigten Fassung abweichenden Form bedarf (einschließlich der Übersetzung in andere Sprachen) es zuvor unserer erneuten Stellungnahme, sofern hierbei unser Bestätigungsvermerk zitiert oder auf unsere Prüfung hingewiesen wird; auf § 328 HGB wird verwiesen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus

- identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Jahresabschluss, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.
- gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystems, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieses Systems der Gesellschaft abzugeben.
- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.
- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass die Gesellschaft ihre Unternehmenstätigkeit nicht mehr fortführen kann.
- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse so darstellt, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung sowie der Inanspruchnahme der

Erleichterung für Kleinstkapitalgesellschaften gemäß § 264 Abs. 1 Satz 5 HGB ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, einschließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung feststellen.

München, den 24. Februar 2021
M&B Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

A handwritten signature in blue ink, consisting of a large, stylized 'M' followed by a horizontal line extending to the right.

(Merthan)
Wirtschaftsprüfer

The Advanced Blockchain AG Team

Board of Directors



Michael Geike

CEO

CEO and co-founder of the company. Michael is a mathematician with over six years of experience as Vice President of Exotics & Hybrids Trading at JP Morgan. He also worked at Zalando, where he led teams of data scientists and AI specialists focused on optimizing payment algorithms before joining OBI Holding Group. He has been working intensively on Distributed Ledger Technology for over seven years. He founded various companies in this field, including one of the first companies in Europe, which in 2013 focused exclusively on cryptocurrencies and mining.

Supervisory Board



Martin Rubensdörffer

Chairman of the Supervisory Board

Martin has provided legal advice to a large number of companies. He is currently Chairman of the Board of Directors of Bitcoin Group SE, Chairman of the Supervisory Board of Bavaria Venture Capital & Trade AG and a member of the Supervisory Board of Babylon Capital AG.



Paul Kohlhaas

Deputy Chairman of the Supervisory Board

Paul is a blockchain engineer with great expertise in finance. He is the founder of Linum Labs, a blockchain development center in South Africa and a well-known organizer of Ethereum events. In his current role, he is responsible for the business development of ConsenSys, a decentralized venture development center.



Michael Ganser

Supervisory Board Member

Michael Ganser worked for Cisco in various prominent positions for over twenty years, including Senior Vice President of Cisco Central Europe, Senior Vice President of Cisco DACH, CEO & Senior Vice President of Cisco Germany and CEO & General Manager of Cisco Switzerland.



Simon Telian

Supervisory Board Member

Simon is an entrepreneur and advisor with relevant experience in the development of global companies. After Dresdner Bank was taken over by Commerzbank, he worked at Rocket Internet and successfully founded his first venture in South Africa. Today he is Chief Commercial Officer at the Swedish edge cloud computing company CloudBackend AB.



Advanced Blockchain AG
Scharnhorststraße 24
10115 Berlin, Germany

Tel: +49-(0)30 403669510
Email: ir@advancedblockchain.com
ISIN: DE000A0M93V6
WKN: A0M93V

Geschäftsjahr: Kalenderjahr
Börsenkürzel: BWQ
Aktie: 3.381.000 Inhaberaktien o.N
(Stand 18.03.2021)