



Investment Thesis

Solana SOL

Token type	Cryptocurrency
Price	\$36.68
Sector	Smart Contract Platform (Layer 1)
Market Cap	\$11.45B

Key Figures

52-Week Range	\$22.11 - \$258.93
Market Rank	#9
Market Capitalization	\$11.45 billion
Total Value Locked (TVL)	\$2.61 billion
Annualized Protocol Revenue	\$7.05 million
Circulating Supply	343,416,618
Volume (24h)	\$1,001,892,781
ATH	\$258.93
ATH Date	November 6, 2021
Staking Rate	5.6%

Overview

Solana is a **smart contract platform focused on scalability**. It was introduced by **Anatoly Yakovenko** in 2017 as a new blockchain architecture based on **Proof-of-History (PoH)** – a novel consensus mechanism for verifying order and passage of time between events. PoH uses a recursive verifiable delay function to hash incoming events and transactions. In other words, every transaction has a unique digital signature (hash), almost like a cryptographic timestamp. As a result, each node gets an **"internal clock"** that helps the network agree on time and ordering of events without having to sync with one another, **enabling hardware to operate at capacity**. Solana scales naturally with bandwidth, SSDs, and GPU cores. It is the only blockchain that adopts this scaling approach and is how Solana achieves a theoretical throughput of **65,000 transactions per second**. The blockchain's native token SOL is used to secure the network through staking and as a medium of exchange – users must pay a small fee denominated in SOL every time they perform a transaction. Regarding its ecosystem, with nearly **1,000 monthly active developers**, Solana is following a similar growth trajectory to Ethereum. As of July 2022, it has **\$2.5 billion** of total value locked (TVL) across decentralized finance (DeFi) applications, while weekly NFT volumes surpass **\$20 million**.

- In October 2017, Yakovenko teamed up with former Qualcomm colleagues Greg Fitzgerald and Stephen Akridge. Along with two others, they founded **Solana Labs**.
- In February 2018, the first internal testnet of Solana was released.
- In March 2020, Solana launched on Mainnet Beta shortly after raising **\$1.76 million** in a public token auction hosted on CoinList.
- In June 2022, Solana Labs announced **Solana Mobile Stack**, an open-source software toolkit for Android that enables native **Android Web 3 dApps on Solana**, expected to ship in Q1 2023.

Key takeaways

- Solana is a permissionless, **high-performance Layer 1 blockchain** based on Proof-of-History (PoH).
- With nearly **1,000 monthly active developers**, Solana is following a similar growth trajectory to Ethereum, a testament to its potential.
- Currently valued at **\$11.45 billion**.

Risk factors

- **Centralization risk.** Solana adopts a vertical scaling approach – that is, as hardware gets faster, so does the network. Potentially, this could result in a centralized architecture where a few machines are responsible for most of the network's processing.
- **Scaling risk.** Solana has repeatedly experienced downgraded performance in the past year. In this regard, the team is actively working on improvements to deal with congestion issues.

Figure 1:
Price Performance (1-year)



Figure 2:
Total Value Locked (TVL)



Disclaimer

This document is not an offer to sell or a solicitation of an offer to buy or subscribe for securities of 21Shares AG. Neither this document nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. This document and the information contained herein are not for distribution in or into (directly or indirectly) the United States, Canada, Australia or Japan or any other jurisdiction in which the distribution or release would be unlawful. This document does not constitute an offer of securities for sale in or into the United States, Canada, Australia or Japan. The securities of 21Shares AG to which these materials relate have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will not be a public offering of securities in the United States. This document is only being distributed to and is only directed at: (i) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"); or (iv) persons who fall within Article 43(2) of the Order, including existing members and creditors of the Company or (v) any other persons to whom this document can be lawfully distributed in circumstances where section 21(1) of the FSMA does not apply. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. In any EEA Member State (other than the Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden) that has implemented the Prospectus Regulation (EU) 2017/1129, together with any applicable implementing measures in any Member State, the "Prospectus Regulation" this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation. Exclusively for potential investors in Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden the 2021 Base Prospectus (EU) is made available on the Issuer's website under www.21Shares.com. The approval of the 2021 Base Prospectus (EU) should not be understood as an endorsement by the SFSA of the securities offered or admitted to trading on a regulated market. Eligible potential investors should read the 2021 Base Prospectus (EU) and the relevant Final Terms before making an investment decision in order to understand the potential risks associated with the decision to invest in the securities. You are about to purchase a product that is not simple and may be difficult to understand. This document constitutes advertisement within the meaning of the Swiss Financial Services Act (the "FinSA") and not a prospectus. In accordance with article 109 of the Swiss Financial Services Ordinance, the Base Prospectus dated 12 November 2021, as supplemented from time to time and the final terms for any product issued have been prepared in compliance with articles 652a and 1156 of the Swiss Code of Obligations, as such articles were in effect immediately prior to the entry into effect of the FinSA, and the Listing Rules of the SIX Swiss Exchange in their version in force as of January 1, 2020. Consequently, the Prospectus has not been and will not be reviewed or approved by a Swiss review body pursuant to article 51 of the FinSA, and does not comply with the disclosure requirements applicable to a prospectus approved by such a review body under the FinSA.