

Plausibility Report for Aktionariat

FinanceFarm AG

("FinanceFarm" or "the company")

Hofackerstrasse 40B, 4132 Muttenz, Switzerland

<https://www.financefarm.eu/>

This report has been created on the 20.08.2024

Company Overview

Company Name	FinanceFarm AG
Address	Hofackerstrasse 40B, 4132 Muttenz, Switzerland
Founding Year	2022
Founder	Andrin Blauenstein (CEO)
Industry	Decentralized Finance ("DeFi")

Investment Information

Funding Stage	Seed-Extension
Funding Ask	CHF 1.5m
Pre-Money Valuation	CHF 4.0m

Preamble

As part of the onboarding process on the Aktionariat platform, BV4 performed a plausibility check on FinanceFarm.

As part of such plausibility check, BV4 reviewed the company information and checked publicly available data.

The following documents and information were checked by the analysts of BV4:

- Annual report (fiscal period from November 2022 to December 2023)
- Cap table
- Cash position based on bank statement
- Wallet screenshots from Binance, Kraken and BitMEX (as per 01.07.2024)
- Business case (numerical assumptions that went into the pitch deck)
- Pitch deck
- Valuation calculation based on an online self-assessment via Equidam
- Overview of monthly fixed costs (Jan 2024 to Dec 2024)

In addition, BV4 performed a background check on the key team members based on publicly available information and conducted an interview with Andrin Blauenstein (CEO) and Nils O'Daniel (COO) on the 11.07.2024.

1. General Company Information

The company was founded in 2022 and is headquartered in Muttenz, Switzerland.

As per the date of this report, the company has 11 shareholders. The founder and CEO, Andrin Blauenstein owns 78.1% of the company, with 3 other team members owning 5.7% each. The remaining shareholders own between 0.1% and 1.5% each.

The company offers a non-custodial wallet with integrated DeFi investment functionalities. The company intends to build the wallet to receive and send crypto as well as to buy and sell crypto. The company plans to make curated and simple investment strategies available through the wallet. The company considers enabling streamlined access to the Aave DeFi lending protocol, allowing investors to lend their digital assets and thereby earn a yield.

The team consists of 5 managers with many years of relevant experience in management, finance, legal and tech. They are currently not compensated but perceive shares for the work performed. Andrin Blauenstein (CEO) in particular has a strong entrepreneurial and managerial track record as Managing Director of Birr Machines Ltd.

The company derives its revenue from on-/off-ramping fees on money paid into the wallet and withdrawn (0.25% on total on-/off-ramped money), from a management fee for the investment strategies (0.5% - 2.0% on the investment amount) and a performance fee (10% - 20% on investment profits). All revenues are derived B2C. As per date of this report, the company also offers consulting services.

The listed information on the company's pitch deck is plausible. The information was checked for plausibility as far as possible based on the additional documents and information received. Forward-looking information is subject to market conditions as well as execution.

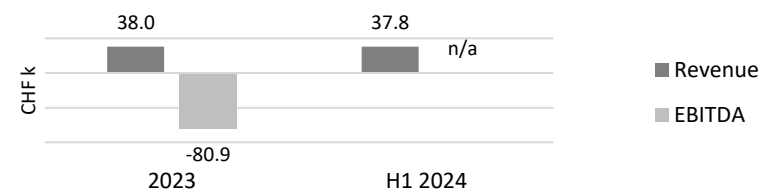
2. Historic Financials

Since the incorporation of FinanceFarm in November 2022, the company generated revenues of CHF 38.0k until 31.12.2023. All revenues stem from consulting services provided.

Financing expenses represented the highest cost position since incorporation. Operational costs were close to CHF 120.0k with personnel cost of CHF 33.6k and CHF 79.1k for SG&A. This led to a loss of CHF -167.1k.

According to the CEO, the company has generated CHF 37.8k of revenue through unrealized capital gains in the first half of 2024.

As of the time of this report, the application has been approved by the Google Play Store and is currently under review by the Apple App Store. Therefore, the launch of the application is pending but imminent.



3. Financial Forecast

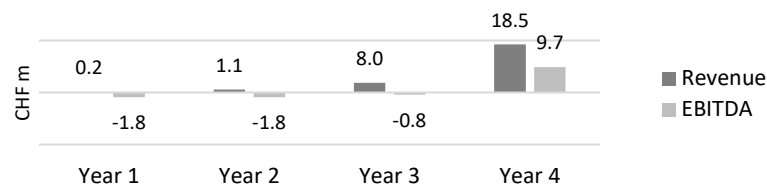
The financial forecast of the company is based on acquiring 1'000 users in 2024 with a phased expansion to the DACH region reaching 8'000 users in 2025. Thereafter the company plans to expand globally.

With the aforementioned revenue streams, the company plans to achieve a revenue of USD 0.17m in year 1 (calendar year 2024), which is projected to rise to USD 18.5m by year 4. The associated operational costs are expected to increase from USD 1.9m to nearly USD 7.0m in year 4.

The projected growth corresponds to a compound annual growth rate (CAGR) of 377.4%, which is considered to be very ambitious. In particular, the fivefold increase in revenue between year 3 and year 4 is deemed unrealistic and is associated with significant uncertainty.

The company expects to be profitable in year 4, with an EBITDA margin of 52%.

Overall, the financial model is deemed to be aggressive, especially since the company has, at the time of this report, generated revenue solely from services, and its core product has not yet been launched, whereas future revenues are expected to be generated through the platform.



4. Liquidity

As of 05.08.2024, FinanceFarm’s cash position stands at CHF 114.3k.

The company has an open invoice of CHF 60.0k which will be paid in August. The company expects to have CHF 40k cash by the end of August.

The CEO stated that there will be no additional costs incurred for the development of the software and that the only employee that currently receives a salary will be transferred to another company.

As a result, the operational costs are around CHF 3.0k monthly, which gives the company a runway of about 13 months based on its current cash position.

5. Valuation

The company has previously raised CHF 0.5m at a post-money valuation of CHF 10.0m. The capital was raised through family and friends.

For this round, FinanceFarm plans to raise CHF 1.5m in equity at a pre-money valuation of CHF 4.0m. The round will be split into two steps with an initial target of CHF 400.0k in the first step and the remaining CHF 1.1m in a second step. The additional capital will be used to finance the launch of the app and additional product-related services such as the setup of support structures and testing as well as marketing to penetrate the Swiss market.

The proposed pre-money valuation of CHF 4.0m is on the upper bound of similar transactions in the past two years. Such comparable transactions indicate a reasonable pre-money valuation between CHF 3.0m and CHF 4.0m.

FinFarm has provided a valuation report based on an online self-assessment that contains several valuation methods such as a scorecard method, checklist method, VC method, DCF methods and comparable transactions. While the provided valuation calculation of CHF 66.0 m is based on widely accepted valuation methods, there are several inaccuracies such as an inapplicable low discount rate in the DCF valuation, which led BV4 to discard this valuation.

6. Funding History

The company has raised a total of CHF 0.5m in the past through family and friends at a post-money valuation of CHF 10.0m. There was no professional or institutional investor amongst the investors of the previous round.

7. Team

Based on publicly available information, the management team of the company does not appear to currently be involved in any past or ongoing legal claims that could threaten the company.

Disclaimer

This Plausibility Report serves exclusively to validate plausibility for Aktionariat and may only be used for the purpose of the specified share tokenization.

This plausibility report is neither a prospectus within the meaning of the Financial Services Act of June 15, 2018 (FIDLEG) and the Financial Services Ordinance of November 6th, 2019 (FIDLEV) nor a listing prospectus according to the Listing Rules of SIX Exchange Regulation AG of November 8th, 2019, in force since January 1st, 2020 (LR). Nothing in this plausibility report constitutes an advice, recommendation, offer or solicitation to sell or buy any security.

The activity has been limited to the plausibility check of the information and its completeness. BV4 has neither performed a substantive audit of the information nor a due diligence, a review (PS 910), a statutory audit (ordinary or limited) or any other audit in accordance with legal requirements (as per auditing standards).

This plausibility report does not contain forward-looking statements that express intentions, estimations, expectations and projections regarding future financial, operational and other developments and results. Such possible statements by the company and the underlying assumptions are subject to numerous risks, uncertainties and other factors that may cause actual developments to differ significantly. Further, it should be noted that market data and valuations, as well as past trends and valuations, as mentioned in this plausibility report are no guarantees for the company's future performance or value. BV4 does not make any statements about the probability of occurrence of possible forward-looking statements including the valuation of the company.

This plausibility report is not guaranteed or warranted to be complete or accurate as of any subsequent date. Changes may occur after the date of publication with respect to the information contained herein without the requirement to inform you of any subsequent changes in the information.