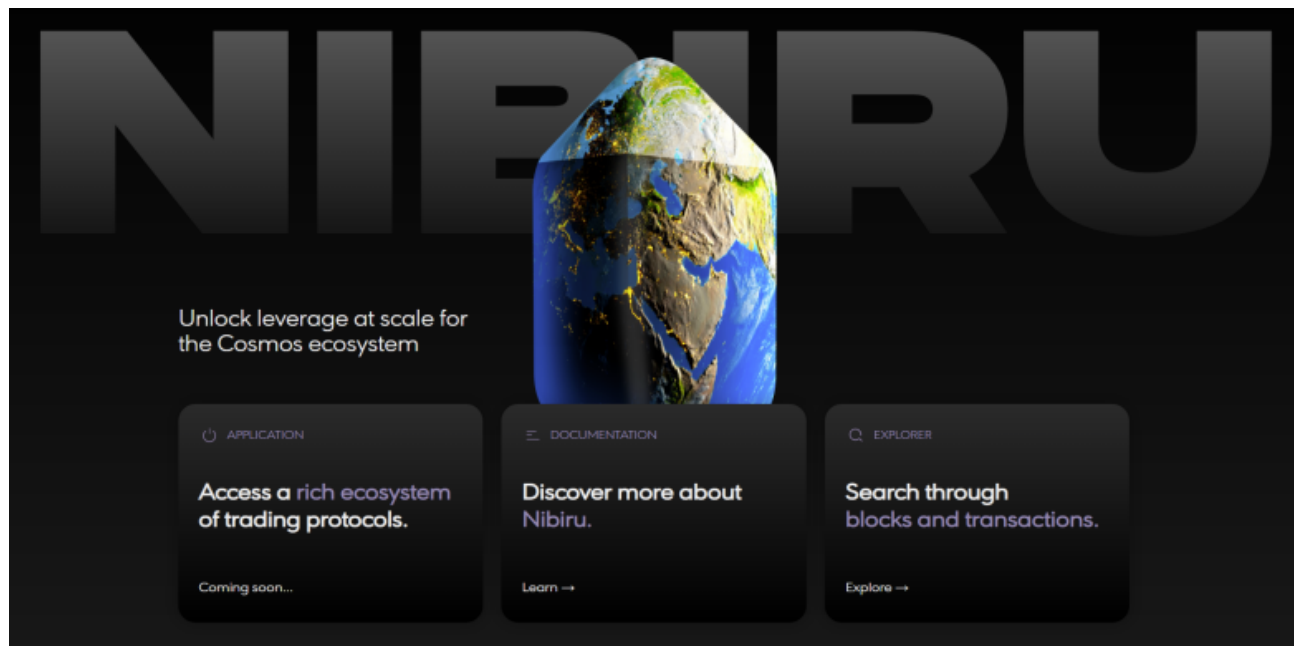


Nibiru Investment Memo

By Jacob Koch-Gallup



Overview



Nibiru is a sovereign proof-of-stake blockchain (L1) that unifies leveraged derivatives trading, spot trading, staking, and bonded liquidity provisions. Nibiru is built with the Cosmos-SDK and communicates with other chains using the IBC protocol (Nibiru is already IBC compliant). Nibiru plans to upgrade to allow for CosmWasm smart contract deployment, enabling the broader community to evolve and develop new tools & asset classes. Nibiru enables traders on over 40 blockchains to trade with leverage using a suite of composable, standalone protocols.

Standalone Protocols



A perpetual futures exchange where users can take leveraged exposure and trade on various assets – completely on-chain, non-custodially, and with minimal gas fees.



An automated market maker for multichain assets, giving users access to swaps, pools, and bonded liquidity gauges.



A two-token economic model, where NIBI is the staking and utility token for the protocol and NUSD is a capital-efficient, partially collateralized stablecoin for the protocol.

All-star Team

Co-Founder - Product - Arjun Sethi

- Founded Tribe Capital, a \$1.6B AUM venture fund
- Top angel investor in Snapchat, Lyft, OpenDoor, Gusto, and Rubrik
- Former Executive at Yahoo!

Co-Founder - Tech - Sankha Banerjee

- Started working in crypto in 2014 on scalability solutions on Algorand
- Built a market-making algorithm for BITMEX/BINANCE and was one of the top market makers with \$1B+ in weekly volume
- Key architect of THORChain AMM module
- PhD from MIT on applying machine learning to non-linear dynamical systems
- Published 10 peer reviewed journal articles (multiple references from NASA)

COO - Boris Revsin

- Co-founder & Head of Republic Capital, a \$1B AUM investment firm
- Co-founder of Hq0, a prop-tech business recently valued at \$450M

Blockchain Engineer - Jonathan Gimeno

- Director of Engineering for Tendermint

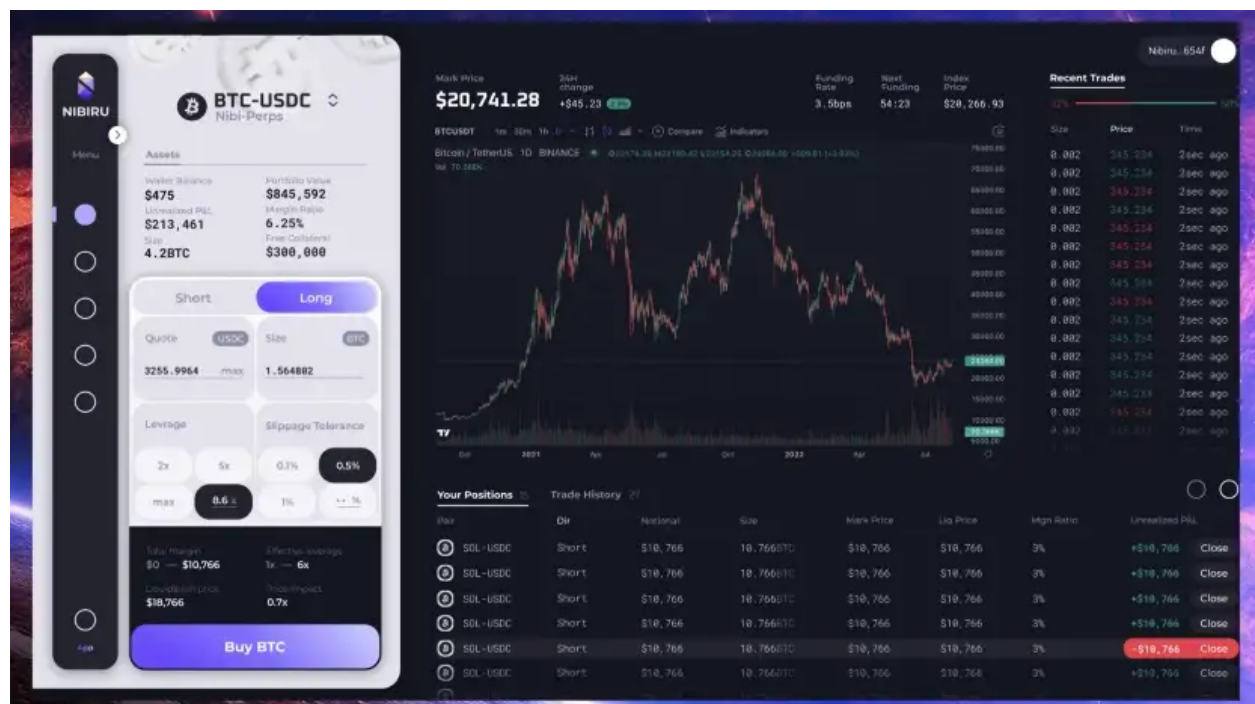
Blockchain Engineer - Kevin Yang

- Worked at Google for 3 years

Revenue Model

Nibiru's main two sources of revenue are taker fees and liquidations of derivatives trading volumes. The taker fees will initially start ~20bps, tapering down overtime to 5bps and the liquidation revenue is estimated to be 10bps of the derivatives trading volume.

Nibiru projects its total revenue to be \$11 million in 2023, \$59 million in 2024, \$230 million in 2025, \$514 million in 2026, and \$917 million in 2027.



Investment Thesis

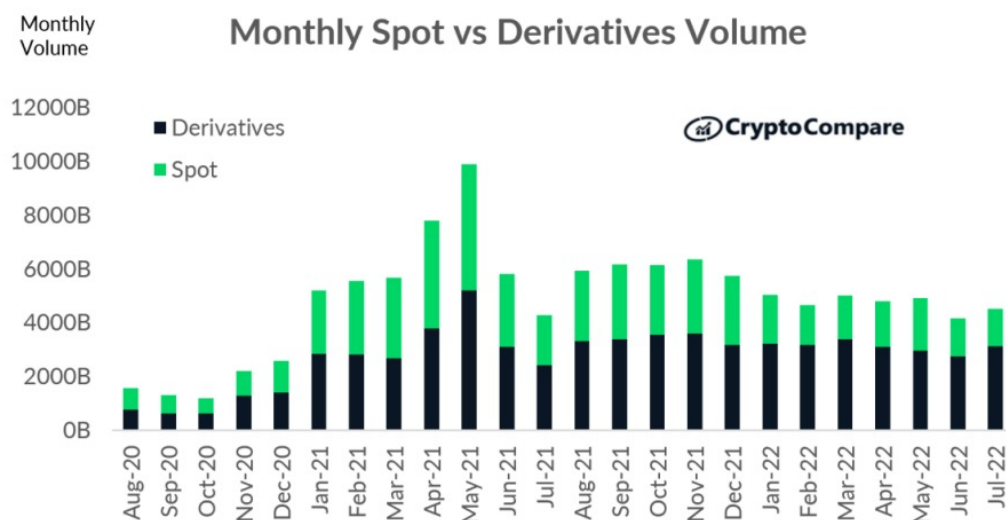
Currently, many centralized and decentralized ETH-based perps and options exist; however, Nibiru will be the first decentralized multichain solution. While Nibiru will get first mover advantage for being the first multichain decentralized derivative platform, dYdX has time to catch up.

Nibiru's testnet is live and is 60 days away from public testnet deployment. Nibiru claims that it will be live on mainnet at least 3-6 months before dYdX, but Nibiru's team stated that they hope dYdX succeeds on Cosmos. They said that users need to arbitrage through other exchanges, so dYdX's success is mutually-beneficial.

Nibiru is raising \$8.5M at a \$100M post-money FDV. The deal is structured as a token deal with 8.5% of the total supply for sale. We are bullish on Nibiru since it has first-mover advantage on building decentralized multichain derivatives, has an all-star team, and has the potential to do at least a 12.3x.

Market Size

dYdX is Nibiru's direct competitor and best comparison. At its peak, dYdX had a \$22.75B FDV. Suppose we assume similar growth from the last bull cycle to the next bull cycle. In that case, Nibiru has the potential to reach an addressable market cap of \$227.5B (this is under the assumption that the overall crypto market cap will do a 10x in line with the 10x return of last bull cycle – \$290B to \$2.9T).



Assumptions

Nibiru is assuming it will capture 16.1% of market share from dYdX by 2027 in its forecasted revenue model. In order for their platform to succeed, Nibiru is assuming users will actually trade derivatives on Cosmos. Lastly, Nibiru is assuming its utility token, NIBI, will properly accrue value.

Risks

Inflated Valuation

Nibiru is raising at a \$100M fully diluted valuation which is higher than its direct competitors Perpetual Protocol and Vega Protocol. Perpetual and Vega have been around since 2019 and 2018 respectively and have tens of partner dApps, thousands of users, and millions of dollars of daily trading volume. While Nibiru would argue that its only direct competitor is dYdX which has a \$1.2B FDV, dYdX has a majority of the market share and hundreds of millions of dollars of daily trading volume.

United States Regulations

Nibiru is not launching in the United States due to strict regulations and potential protocol-killing future regulations. This will cut off access to at least 50 million American crypto users/traders. However, dYdX is not accessible in the United States either and has a majority of users in Europe and Asia.

Potential

An investment in Nibiru will compound as the company continues to expand its user base and crypto derivatives become more mainstream. If the token is designed correctly to accrue value as Nibiru generates more revenue through transaction fees, the token price should compound proportionately to the revenue generated.

If Nibiru were to reach the same FDV as dYdX's current FDV, it would be 12.3x from its current \$100M valuation. If Nibiru were to reach dYdX's peak FDV, it would be 227.5x from its current valuation. Using 2027's forecasted revenue of \$917M and an exit multiple of 10.0x on revenue, Nibiru's DCF model calculates a current implied market cap of \$3.033B which would be a 30x from Nibiru's current \$100M valuation.