

ALT5 Sigma Corporation (Nasdaq: ALTS)

Rating: Buy

Price Target: \$24.00

Share Price: \$9.89

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Company Data

Average Daily Volume (M)	0.178
52-Week Range	1.29-10.10
Shares Outstanding (M)	17.45
Market Cap (M)	155.00
Enterprise Value (M)	167.01
Total Cash (M), mrq	10.81
Total Debt (M)	14.27
Total Debt to Cap	32.8%

Estimates

FYE: Dec		2025E	2026E
EPS	Q1	(\$0.18)A	(\$0.03)
	Q2	(\$0.13)	(\$0.04)
	Q3	(\$0.18)	(\$0.04)
	Q4	(\$0.02)	(\$0.04)
	FY	(\$0.51)	(\$0.14)
P/E		N/A	N/A
Rev (M)	Q1	\$5.51A	\$14.16
	Q2	\$5.90	\$14.30
	Q3	\$9.26	\$14.59
	Q4	\$14.45	\$14.88
	FY	\$35.13	\$57.93
EV/Sales		4.8x	2.9x

One-Year Performance Chart



As of May 29, 2025. Source: E-Trade.

May 30, 2025

Bringing Crypto Payment Processing to the Mainstream

Initiating Coverage of ALT5 Sigma with Buy Rating and \$24 Price Target

Summary

We are initiating coverage of ALT5 Sigma Corp. (ALTS), a fintech company providing blockchain-powered technology infrastructure and solutions tailored to the rapidly evolving cryptocurrency economy, with a BUY Rating and a \$24 twelve-month price target. Our revenue and EPS estimates for 2025 and 2026 are \$35.1 million and (\$0.51), and \$57.9 million and (\$0.14), respectively.

We believe that ALT5, through its merchant platform (ALT5 Pay) and its companion platform for financial institutions (ALT5 Prime), has an early-mover advantage in integrated digital payment systems, effectively integrating cryptocurrency and other digital assets into traditional payment processing systems, both for merchants and for financial services organizations.

Underpinning these platforms is ALT5's focus on blockchain-powered technology for the tokenization, clearing & settlement, and custodianship of cryptocurrencies and digital assets, while offering merchants and processors a secure and fully compliant platform. Both ALT5 Pay and ALT5 Prime can easily integrate with existing payment systems among merchants as well as financial institutions.

Our \$24 price target is based on a sum-of-the-parts valuation of ALT5's Fintech business (\$15.50/share), plus the midpoint of the

valuation range of Alyea Therapeutics of ~\$8.50/share, assuming a fully diluted share count of 28 million shares (see the Valuation section below for a detailed discussion).

Key Points

- **Divestment of Legacy Biotechnology Business.** ALT5 is currently in the process of divesting its legacy biotechnology business, Alyea Therapeutics, as it completes its transition to a pure-play integrated crypto payment and management platform for both merchants and financial institutions. We are valuing the Alyea business in a range of \$131-\$347 million, or \$4.67-12.40/share, and believe that a divestiture will provide ALT5 with flexibility to pay down its \$14.3 million debt and/or pursue strategic acquisitions. ALT5 intends to remain a majority shareholder in Alyea.
- **Earning Model Reflecting Core Fintech Business Only.** Our earnings model for ALT5 Sigma reflects its core Fintech business, as we believe that its future growth will be focused on that business.
- **Large and Growing Customer Base Supported by Industry Tailwinds.** ALT5 has a global base of B2B customers in over 40 countries and is benefitting from a series of industry tailwinds: (1.) Mainstream adoption of cryptocurrency payments; (2.) Seamless integration of crypto-to-fiat transactions; (3.) Gradual easing of the cryptocurrency regulatory environment.

Company Overview

ALT5 Sigma Corporation is a fintech company providing blockchain-powered technology infrastructure and solutions tailored to the rapidly evolving cryptocurrency economy. Its flagship Crypto-as-a-Service (CaaS) platform enables financial institutions and global merchants to integrate and operate within cryptocurrency markets with enhanced security, efficiency, and regulatory compliance. The Company's slogan, "TRADE, PAY, SEND™" captures the scope of its offering. ALT5's technology platforms and application programming interfaces (APIs) facilitate the tokenization, trading, payment, settlement, and safekeeping of digital assets.

ALT5 Sigma Corporation also has a wholly owned subsidiary, Alyea Therapeutics Inc., a clinical-stage biotechnology company focused on the development of non-opioid pain relief drugs.

To understand the presence of these two distinct business segments under one corporate entity, it is important to consider the context in which this structure emerged. During the previous U.S. administration, regulatory barriers made it extremely difficult for crypto-related businesses to access public capital markets. Notably, widespread media coverage and industry commentary around "Chokepoint 2.0" suggest that then-SEC Chair Gary Gensler implemented policies aimed at stifling the expansion of the crypto industry and limiting its access to funding.

Against this backdrop, ALT5 Sigma Inc. -- a private company founded in 2018 -- faced limited opportunities to go public through traditional channels. As a result, JanOne Inc., a Las Vegas-based publicly traded company focused on biotech and founded in 1976, acquired 100% of ALT5 Sigma. JanOne subsequently rebranded itself as ALT5 Sigma Corporation. Today, the Company operates two distinct business segments:

- Fintech (ALT5 Sigma)
- Biotechnology (Alyea Therapeutics)

The biotechnology segment is currently in the process of being spun out and is actively seeking its own independent public listing.

Alyea Therapeutics is a biotechnology company dedicated to developing non-opioid pain relief solutions, with a focus on chronic pain conditions like Complex Regional Pain Syndrome (CRPS). Alyea's lead product, a proprietary oral formulation of Low Dose Naltrexone (LDN), holds FDA orphan drug designation for CRPS and is expected to enter late-stage clinical development in H2 2025. Post market launch of LDN in its lead indication, anticipated in late 2027, the Company envisions expanding LDN's applications beyond CRPS to a wide range of other chronic pain conditions.

Alyea's second product, Clear Patch, is a novel, topical drug delivery system that allows patients to apply medication directly to the affected area, where it administers a controlled dose of medication through the skin. The patch employs proprietary technology to optimize drug absorption and efficacy. Clear Patch could obtain FDA clearance as early as Q4 2025 and proceed to commercial launch in 2026.

Alyea's customers include patients suffering from complex and chronic pain conditions such as CRPS, autoimmune disorders, neuropathic pain, and other ailments where traditional pain management methods pose addiction risks.

Recent Trends and Milestones

ALT5 continues along its track record of growth and profitability. On October 2, 2024, ALT5 Sigma announced a strategic plan to separate into two distinct companies. The Company plans to execute the separation of its Fintech and Biotech businesses before the end of Q2 2025, with ALT5 continuing as a pure play fintech organization after the separation. Management expects that the biotech segment will emerge as Alyea Therapeutics Corporation, an independent company dedicated to developing non-addictive pain management therapies. Management believes that as standalone entities, both companies will benefit from increased focus and flexibility within their respective industries, while appealing to diverse investor bases.

ALT5 Sigma's Q4 and Year-end 2024 Results Reported 1,000+ Customers. Fintech Q4 revenues were \$5.42 million while fiscal year 2024 revenues, comprised of the period of May 15-December 31, 2024, were \$12.53 million. Fintech adjusted Q4 EBITDA was approximately \$1.03 million. ALT5's gross margin

was a strong 50.2% for the year and generated an 18.2% Adjusted EBITDA margin for the fintech business.

ALT5 Sigma's fintech customer number increased to over 1,000 onboarded customers across the ALT5 Pay and Prime platforms in Q4. Additionally, the Company announced a key collaboration to integrate ALT5 Pay with Odoo's suite of point-of-sale (POS), eCommerce, and enterprise resource planning (ERP) systems, enabling Odoo's 13 million users across 170 countries to enhance their payment solutions. In a key leadership development, Ron Pitters, a Director of the Company, was appointed to the role of Chief Operating Officer. Pitters brings extensive experience in technology, fintech, and global business leadership, and came from Axos Financial, Inc., where he held several senior roles in the areas of technology, capital markets, product development, and business innovation.

ALT5 Sigma's Q1 2025 Results Point to Continued Growth in the Fintech Business. The Company reported Q1 fintech revenue of \$5.51 million, raising its annualized run rate beyond \$22 million. Management indicated that the strength of Q1 has continued into the second quarter, increasing the likelihood of a strong second half of 2025 for revenue growth. Management also indicated that favorable regulatory tailwinds are likely to position ALT5 for additional market expansion with its ALT5 Pay and ALT5 Prime platforms.

Key Investment Considerations

Merchant acceptance expanding as cryptocurrency adoption goes mainstream. According to *The 2024 Cryptocurrency Adoption and Sentiment Report* published by Security.org, cryptocurrency awareness and adoption continue to rise among Americans. The report's key findings include:

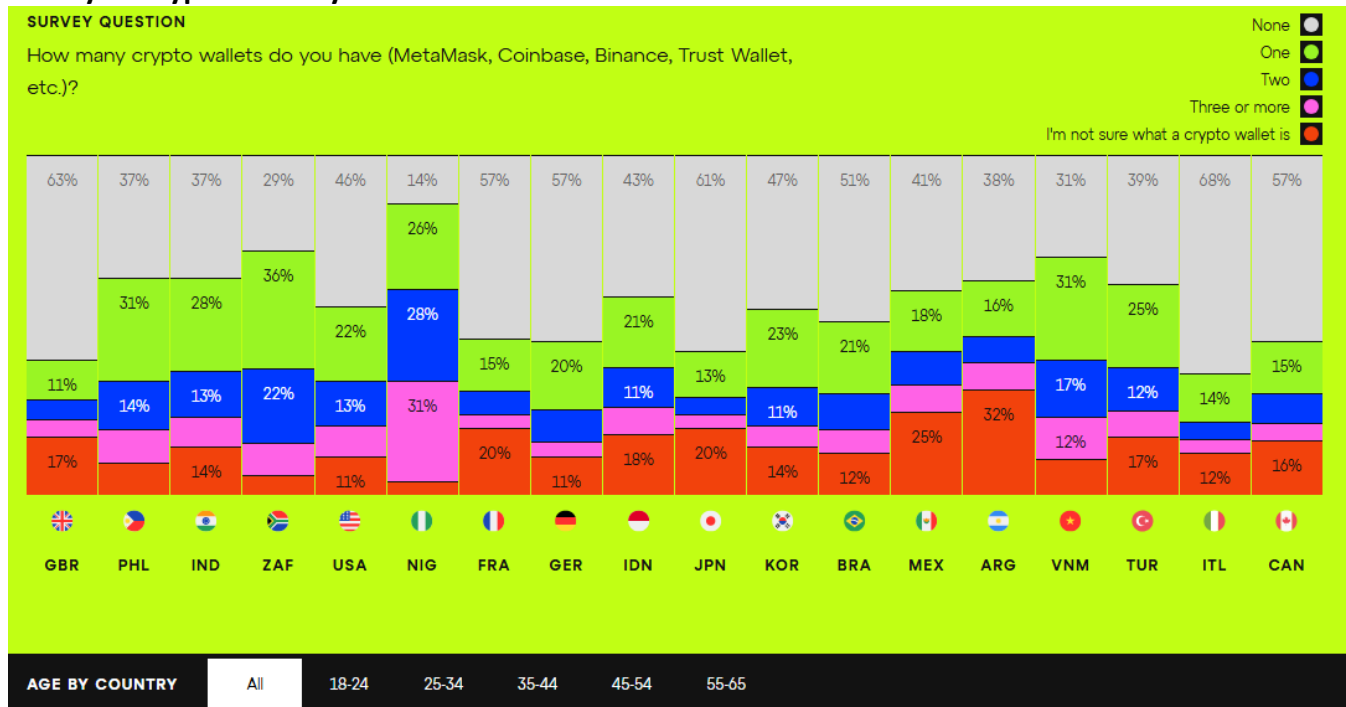
- Cryptocurrency ownership rates [2024] remained relatively steady year-over-year: approximately 27% of American adults now own crypto.
- Among current crypto owners, around 63% hope to obtain more cryptocurrency over the next year. Their most desired currencies were Bitcoin, Ethereum, Dogecoin, and Cardano.
- 21% of non-owners said the anticipated Bitcoin ETF makes them more likely to invest in cryptocurrency. This means as many as 29 million more Americans could join the market soon.
- 46% of Americans think Bitcoin ETF approvals in 2024 will positively impact the blockchain industry. Those who currently own cryptocurrencies are even more likely to be optimistic.

Cryptocurrency awareness worldwide. According to another study undertaken by Consensys¹, globally over half the population in Nigeria (84%), South Africa (66%), Vietnam (60%), the Philippines (54%) and India (50%) have owned a crypto wallet in 2024. Wallet ownership in the Americas is highest in the US at 43%, while Turkey leads European countries surveyed at 44%. According to the study, cryptocurrency ownership over two years (2022-2024) is up significantly in the Philippines (+7%), Mexico (+8%),

¹ <https://consensys.io/insight-report/web3-and-crypto-global-survey>

Germany (+5%), South Africa (+7%) and Japan (+4%), while intention to invest in cryptocurrencies is high in Africa (87%) and most Asian countries (51%). There is also a significant increase in plans to invest among those who have heard about cryptocurrencies in more crypto-skeptic countries like France (+6%) and Germany (+10%).

Survey of Cryptocurrency Awareness Worldwide



Source: Consensys Research, 2024

Over 50% of U.S. dollar currency in circulation is outside the United States. According to a Federal Reserve paper, approximately \$1.3 trillion U.S. dollars, or 50-60% of the total currency currently in circulation, is circulating outside the United States. U.S. currency in circulation has grown at an average rate of about 7% annually over the past few decades, at least two percentage points above U.S. nominal GDP growth. (Judson, 2024, p. 5, 26). This suggests that cross-border U.S. dollar currency circulation is both fragmented and active worldwide – hardly a surprise given the U.S. dollar’s continued status as the world’s reserve currency. In fact, we would argue that currency transaction intensity is greater outside the U.S. than domestically. This fact alone suggests incremental demand for currency payment and conversion platforms capable of handling multiple combinations of fiat and digital currency conversions, including cryptocurrencies.

The stablecoin as Eurodollar market disruptor. The approximately \$18 trillion in U.S. domestic stablecoin deposits is comparable to the size of the \$10-13 trillion Eurodollar market; an interesting statistic considering the disruption stablecoins could cause in this market as well.

In 2024, stablecoins experienced significant growth, with transaction volumes reaching \$35 trillion, surpassing Visa’s \$15.7 trillion in transfer value. This surge underscores stablecoins’ expanding role in

global finance, particularly in cross-border payments and decentralized finance (DeFi). The total stablecoin supply increased by 63%, from \$138 billion to \$225 billion, reflecting growing demand. Notably, monthly transaction volumes more than doubled, from \$1.9 trillion in February 2024 to \$4.1 trillion in February 2025. Active addresses rose from 19.6 million to 30 million, indicating heightened user engagement. Tether's USDT maintained a leading position, though its market share declined from 69% to 64%, while Circle's USDC doubled in value to \$56 billion. Emerging stablecoins like Ethena's USDe also saw substantial growth, increasing from \$620 million to \$6.2 billion.

The Trump administration has adopted a notably pro-crypto stance, influencing the stablecoin landscape. In April 2025, the Department of Justice disbanded its National Cryptocurrency Enforcement Team, signaling a shift toward fostering innovation over stringent regulation. Additionally, the administration has engaged in discussions with major crypto entities, including Binance, to explore partnerships and potentially ease regulatory constraints. These moves reflect a broader strategy to position the United States as a leader in the digital asset space.

Sources:

- Holder.io – Stablecoin transaction volume tops \$35 trillion: <https://holder.io/news/stablecoin-volume-35t-2024/>
- The Guardian – Trump shuts down DOJ crypto task force: <https://www.theguardian.com/us-news/2025/apr/08/trump-crypto-doj>

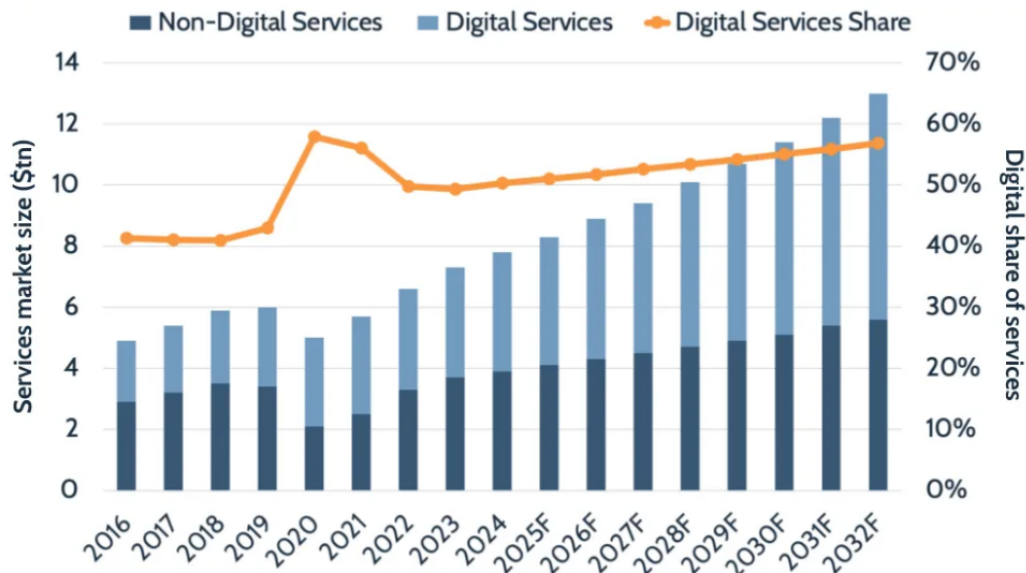
The stablecoin as a consumer adoption bridge. As Gen Xers and Millennials come to dominate the transaction economy, the adoption and use of cryptocurrencies in lieu of traditional fiat currencies will continue to increase significantly, we believe. Driving this transition is the proliferation of a few “stablecoin” currencies, *which we believe are acting as a critically important “adoption bridge” from traditional fiat currencies to full-scale crypto* (Bitcoin, Ethereum, Dogecoin, etc.). Stablecoins, considered a safer, fiat currency-pegged subset of the cryptocurrency market, are an effective means of moving money through a digital ecosystem. They have gained significant adoption in 2024 as mainstream companies including Visa PayPal and Stripe made substantial investments in stablecoin initiatives. With a collective market capitalization of over \$205 billion, stablecoins have become a profitable business model, utilizing high-yield investments in U.S. Treasuries to back their dollar-pegged tokens. Their adoption by traditional financial institutions points to their growing adoption in specific payment verticals including remittances and global payrolls.

Stablecoins are an ideal way to enable blockchain usage in financial transactions, since they are a reliable, liquid, and stable store of value. Stablecoins are specialized digital currencies intended to maintain a consistent value relative to another asset like fiat currencies, cryptocurrencies, or commodities. They can be fiat-backed, crypto-backed, algorithmic, and commodity-backed. Many consider fiat-backed stablecoins, which are backed by reserves of traditional fiat currency and usually subject to regulatory oversight, to be the most reliable and trusted stablecoins today. However, some unregulated stablecoins continue to maintain a strong presence, despite ongoing debates over their backing and transparency.

The B2B Payment Services market is especially open to digital payments. Research published by FXC Intelligence indicates that while the non-wholesale total addressable market (TAM) for B2B payment services was \$7.8 trillion in 2024 and is set to grow to about \$13.0 trillion by 2032, \$3.9 trillion of services' \$7.8 trillion TAM – or 50.3% – was digitally delivered. This represents a nine-percentage point increase on its 2016 share. FXC forecasts this share to grow to 56.8% by 2032.

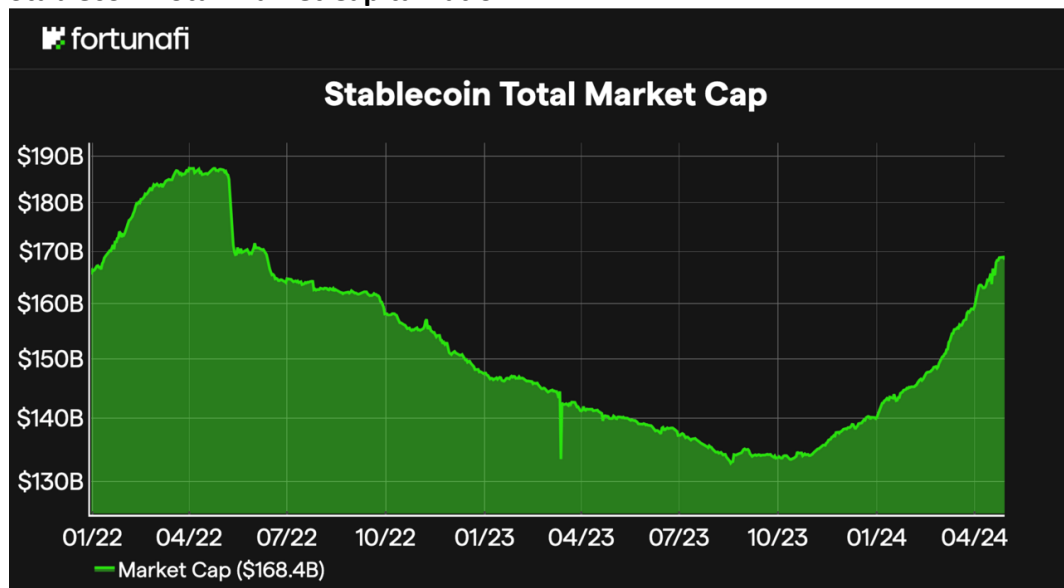
According to FXC intelligence, digitally delivered services are set to see a higher rate of growth than their non-digital counterparts, with a CAGR between 2024 and 2032 of 8.3%, compared to non-digital's 4.8%.

Cross-Border Payment B2B Services market; Share of Cross-Border B2B Services Delivered Digitally



Source: FXC Intelligence

Stablecoin Total Market Capitalization



Source: FortunaFi

Stablecoins lead to lower transaction costs. Given their stability and fungibility, stablecoins are a promising technology that can evolve traditional mediums of exchange. Cross-border payments, often plagued by high costs, slow transaction times, and a lack of transparency, are inefficient for both individuals and businesses. Traditional methods of exchange often involve multiple intermediaries, leading to increased complexity and higher fees. Additionally, the volatility of exchange rates and liquidity challenges can further complicate cross-border transactions. Stablecoins can address these issues by offering faster, lower-cost, and more transparent transactions, providing cost-effective value transfers.

Stablecoins have the potential to transform financial transactions by creating an accessible and stable exchange mechanism for businesses and individuals. Many economies across the globe deal with local currency volatility, making it difficult for businesses to transact due to the unpredictable business environment, increased costs, and complex financial frameworks. Access to USD, the dominant global currency for trade and settlement, can provide businesses in developing economies with a stable medium of exchange. This process is greatly simplified through the use of USD-based stablecoins.

Notwithstanding their strong growth and adoption, stablecoins continue to carry risks. The collapse of Terra USD in 2022 highlighted vulnerabilities, particularly for algorithmic stablecoins. Additionally, the U.S. stablecoin market, unlike Europe, still lacks full regulatory clarity and thus exposes users to incremental structural risk. Over time, the economics of financial transaction processing on a global scale will likely compel a more settled regulatory framework and allow stablecoin usage to accelerate.

ALT5 has refocused entirely on its core crypto-as-a-service market. Effective July 15, 2024, the Company changed its corporate name from “JanOne Inc.” to “ALT5 Sigma Corporation,” and also changed its Nasdaq common stock ticker symbol from JAN to ALTS, after acquiring ALT5 Sigma, Inc. In doing so, the Company refocused from biotechnology to fintech. In 2022, the Company acquired Soin Therapeutics LLC and its patented product, a novel formulation of low-dose naltrexone initially developed for the treatment of Complex Regional Pain Syndrome. The biotechnology assets operate as a subsidiary named Alyea Therapeutics. The Company plans to file an SEC Form S-1 and list Alyea Therapeutics on NASDAQ by the end of Q2 2025. In March 2023, the Company divested its ARCA Recycling business, which provided turnkey recycling services for electric utility energy efficiency programs in Canada.

ALT5’s transaction volume has grown at a CAGR of 133% since 2020. In 2020, the Company’s transaction volume was \$39 million, growing to \$443 million in 2021. After 2021, the heady growth continued, reaching \$745 million in transactional volume in 2022 and \$1.14 billion in 2023. In 2024, transaction volume exceeded \$2.2 billion and continues to see strong growth, as the Company’s ALT5 Pay merchant platform and the ALT5 Prime financial institutions platform expand their customer base.

The competitive landscape for crypto payment management remains unsettled, with no clear independent leader yet identified. ALT5’s direct competitors on the merchant payment processing side (ALT5 Pay) include BitPay, MoonPay and Stripe (post the Bridge acquisition earlier this year), along with larger mainstream processors like PayPal. Some of these platforms, mostly on the merchant side, are

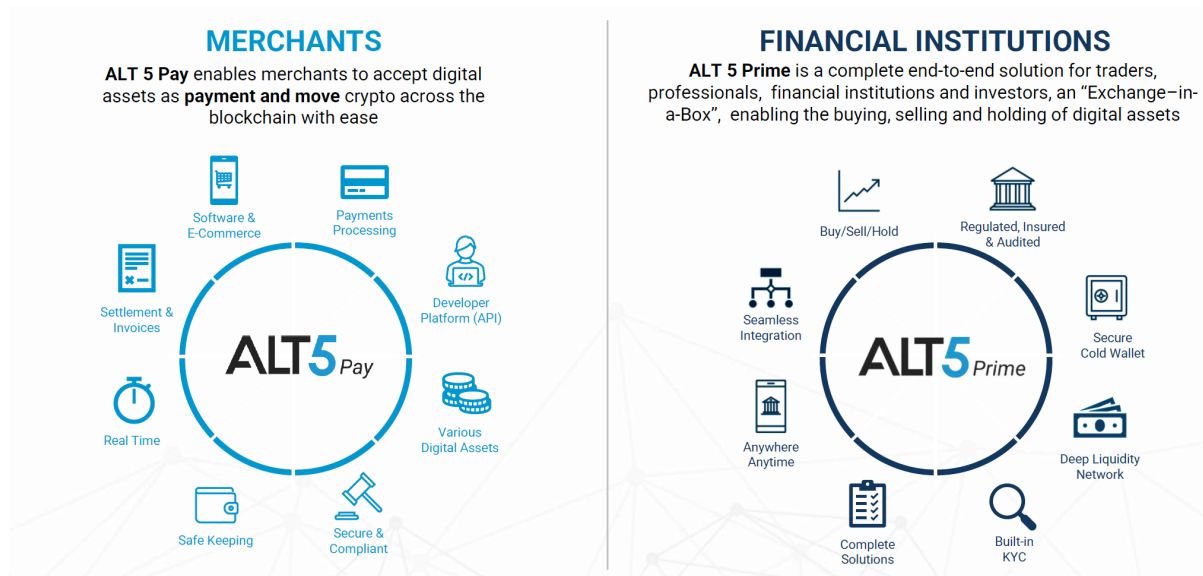
entrenched with existing payment processors or ecommerce sites and thus require the entire suite to be deployed.

Products and Services: The ALT5 Platforms

ALT5 Sigma, Inc. offers two main platforms to its customers: “ALT5 Pay” and “ALT5 Prime.” ALT5 Pay is a crypto-currency payment gateway that enables registered and approved global merchants to accept and make crypto-currency payments or to integrate the ALT5 Pay payment platform into their application or operations using ALT5 Pay’s checkout widgets, APIs as well as plugin to WooCommerce, WordPress, Shopify and Odoo. Merchants have the option to convert to fiat currency (US Dollars, Canadian Dollars, Euros, and British Pounds Sterling) automatically or to receive their payment in digital assets. ALT5 Prime is a comprehensive end-to-end solution for financial institutions, traders, and investors enabling the buying, selling and safe keeping of digital assets. ALT5 Prime is an electronic over-the-counter trading platform that enables registered and approved customers to buy, sell and hold digital assets. Users can purchase digital assets with fiat currency or sell digital assets and receive fiat. ALT5 Prime is available through a browser-based access portal, or a mobile phone application called “ALT5 Pro” that can be downloaded from the Apple App Store, from Google Play, through ALT5 Prime’s FIX API, as well as through Broadridge Financial Solutions’ NYFIX gateway for approved customers.

ALT5 Pay. The Pay platform enables merchants to accept digital assets as payment globally, and functions as a plug-in module into a merchant’s existing payment framework. ALT5 Pay enables merchants to accept multiple digital currencies as payment and move crypto across the blockchain. The platform is designed to easily integrate with an existing payment platform, thus minimizing adoption and integration costs and efforts. Competitively, ALT5 Pay offers merchants more payment choices while minimizing transaction complexity.

ALT5 Prime. ALT5 Prime is a comprehensive crypto-as-a-service platform for financial institutions, allowing them to integrate cryptocurrencies and other digital assets into their operations and product lines, facilitating seamless digital asset trading, banking and payments. ALT5 Prime provides financial institutions with blockchain-based technologies for the tokenization, trading, clearing, settlement, payment and custodianship of cryptocurrencies and multiple classes of digital assets. The ALT5 Prime platform offers a regulated, insured and audited environment for financial institutions to conduct business using cryptocurrencies, with built-in Know Your Customer (KYC), Know Your Business (KYB), and Know Your Transaction (KYT) capabilities.



Source: ALT5 Sigma.

One of ALT5 Pay's key differentiators is its plug-in architecture, allowing the Pay module to work with a merchant's existing payment platform and enabling the merchant to maintain their existing platform relationships and minimizing upgrade costs. ALT5 Pay accepts the leading multi-chain digital assets in a secure and compliant format and allows for the seamless conversion to and from fiat currencies including US dollars, Canadian dollars, British pounds, and Euros. ALT5 Pay technology is also offered in a white label model to acquirers, Payment Service Providers (PSP), and International Sales Organizations (ISO).

Meanwhile, the ALT5 Prime platform serves an entirely different ecosystem and customer base – one that's inherently more complex and more compliance-intensive. It is designed mainly for financial institutions to convert, handle, and store digital assets while adhering to stringent regulatory and compliance frameworks, including KYC, KYB, and KYT. ALT5 Prime counts among its customers banks, broker-dealers, asset management firms, and family offices. ALT5 Prime is a complete end-to-end solution for traders, professionals, financial institutions and investors -- an "Exchange-in a-Box", enabling the buying, selling and holding of digital assets. The platform offers seamless integration with broker-dealer trading platforms, including a "Secure Cold Wallet," Fireblocks, and built-in KYC, KYB, and KYT.

With the notable exception of Robinhood Securities, most FINRA-licensed broker-dealers still do not have seamless crypto-exchange and trading capabilities within their trading platforms. This, we believe, represents a major opportunity for ALT5 Prime, as most financial institutions will need to embrace crypto conversion and trading at some point in time, and will lack the ability to develop their own in-house platforms quickly enough. This, we believe, remains ALT5's key market opportunity.

Company Structure

ALT5 Sigma, Inc., is a financial services and fintech holding company, created to provide the digital asset economy with over-the-counter trading of securities. ALT5 Sigma, Inc., operates two distinct wholly owned subsidiaries, ALT5 Sigma Canada Inc., and ALT5 Securities Inc.

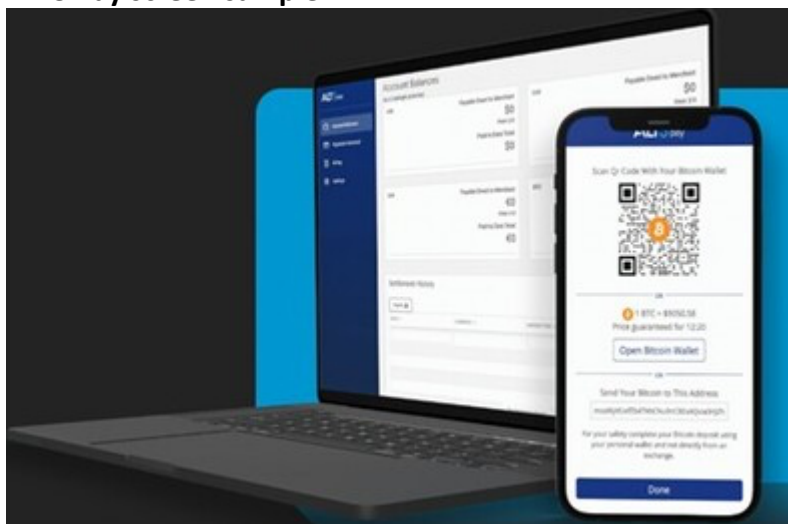
ALT5 Sigma Canada Inc., provides next generation blockchain-powered technologies for tokenization, trading, clearing, settlement, payment, and custodianship of digital assets through its wholly owned subsidiaries. ALT5 Sigma Canada has four wholly owned subsidiaries: ALT5 AI Inc., ALT5 Pro LLC, UAB ALT5 Sigma Prudentia, and ALT5 Prudentia S.R.O.

ALT5 Sigma Canada group of companies' products and services target business-to-business (B2B) only and not a retail clientele. The global target market for ALT5 Sigma Canada group of companies are banks, broker-dealers, funds, family offices, proprietary trading firms, liquidity providers, financial information providers, and merchants.

Business Model: The Company obtains its revenue from initial installation fees or setup fees, monthly maintenance fees, spreads, and transaction commissions fees. Its products and services are marketed to banks, broker-dealers, funds, family offices, proprietary trading firms, liquidity providers, financial information providers, payment processing partners, and merchants. ALT5 Sigma has over 1,000 corporate customers located in 50 countries.

High Operating Leverage. The investment in the development and build of the platform has been made over the previous eight years. Aside from traditional maintenance and future additional feature upgrades, which would drive incremental revenue, the bulk of the technology spend has already occurred. This allows for scaling the business without proportional R&D spend as the business grows.

ALT5 Pay screen sample:



Source: ALT5 Sigma

ALT5 Platform Features

- Ability to offer multiple digital assets
- Support 24/7
- Complete backend control through customizable administration dashboard
- Audit trades for clients
- Automated trade confirmation email and customized monthly statements
- Ability to place, edit, and cancel limit orders into order book via API
- Unlimited accounts per user
- Accepts fiat deposits (USD, CAD, EUR and GBP)
- Supported order types including market, limit, and stop
- Endpoints supporting connections to trading interfaces, API, and related user-directed systems
- Integrated system to document customer KYC for onboarding process
- Connect to FIX, Binary, WebSocket, REST and custom APIs
- Run reports, transactions, treasury
- Unlimited user profile

Platform Security Features:

- Global setting protections in force to prevent unauthorized account activity, including unusual withdrawal requests
- All platform data is replicated and backed up in real-time
- Built in protection against brute force denial of service (DoS) and distributed denial of service (DDoS) attacks and active whitelist/blacklist management control
- Internal Service interactions utilize separate authentication contexts and are not exposed to the Internet
- All website data is transmitted via encrypted transport layer security (TLS) connections (i.e. HTTPS)
- Cold storage wallet management
- Encrypted user information
- Two-factor authentication

Source: ALT5 Sigma

Compliance and Regulations

ALT5 Sigma is registered with FINTRAC and FinCEN and has all its appropriate MSB (Money Services Business) licenses to operate. Suspicious transactions are monitored and reported daily to the relevant authorities. ALT5 utilizes industry-leading tools to track and investigate digital transactions. All clients undergo a rigorous KYC/AML onboarding process. ALT5 Sigma focuses on servicing B2B clients only. This model is not a technology constraint, but a corporate decision based on a number of business reasons, not the least of which are to reduce risk associated with exposure to the retail marketplace and significant support costs in servicing a retail customer offering.

Competitive Landscape

The digital assets market for the ALT5 Prime and ALT5 Pay products and services is a relatively new and still-unsettled subsector. Only a small number of companies have thus far emerged as recognized brands providing exchange or trading platforms, such as Coinbase, Kraken, and Binance. These platforms target retail digital asset investors but currently account for the largest trading volume in dollar equivalent and number of coins traded.

Some of the leading financial institutions currently are licensing or buying the technology to provide these services and prevent the loss of assets under management; others are developing such resources in-house.

Focus on FINRA-Registered Broker-Dealers. Management has indicated to us that the core target market for ALT5's Prime platform is the thousands of FINRA-registered broker-dealers, many of them small organizations that lack the resources to develop their own crypto platforms in-house. There are currently over 3,700 broker-dealers registered with FINRA, representing almost 630,000 registered representatives.

ALT5 Sigma management believes that 3% of assets currently allocated to U.S. equities will transition to digital assets over the next 36 to 60 months. Based on a current U.S. equity market capitalization of \$63 trillion, a 3% shift represents \$1.89 trillion. Such a reallocation would increase the global digital assets market capitalization to approximately \$5.29 trillion. Management further believes that given that average daily trading volumes of digital assets have been around 19% of the total market capitalization, this would correspond to daily trading volumes of approximately \$1.0 trillion globally and \$380 billion in the U.S. Going forward, it is entirely plausible that retail and institutional investors will continue to seek advice, trade execution, and safekeeping of their assets, including digital assets including Bitcoin, through their FINRA-registered broker-dealers.

Sales and Marketing

ALT5 Sigma has outsourced a portion of its sales and business development to resellers. It is the Company's strategy to target its primary market through conferences, tradeshow, direct mailing, and other digital advertising. The Company intends to concentrate its marketing efforts in the United States and Canada.

Revenue Model

ALT5 Sigma generates revenue through three main line items:

- 1.) Installation or a onetime setup fee, which may vary depending on size and depth of the installation.
- 2.) Monthly maintenance, which may also vary depending on the size and depth of the installation.

- 3.) Transaction fees, which range from 0.25% to 5% on all transactions, buy and sell orders, or payment processing, depending on industry and volume.

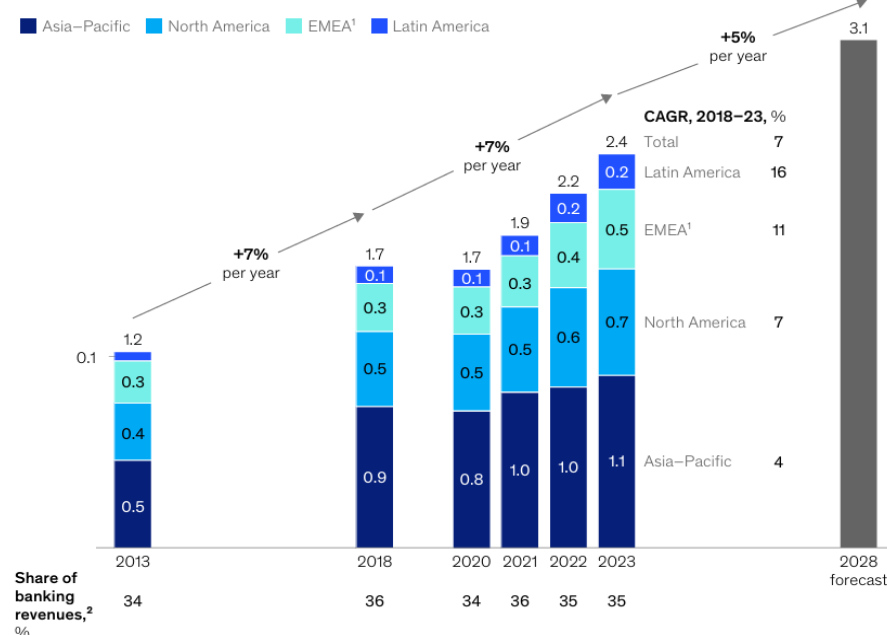
Historical Transaction Volume: ALT5 Sigma, Inc., transaction volume reached a cumulative of \$4.5 billion since inception. More specifically, it was \$39.0 million in 2020, \$442.0 million in 2021, \$743.0 million in 2022, \$1.1 billion in 2023, and \$2.2 billion in 2024. Corresponding consolidated revenue and net profit/loss was \$0.7 million in revenue and \$4.3 million in net loss for 2020; \$3.5 million in revenue and \$12.3 million in net loss for 2021; \$9.1 million and \$0.5 million in net profit for 2022; \$11.9 million in revenue and \$3.4 million in net profit for 2023; and \$12.5 million in revenue and \$5million in net profit for 2024 (annualized).

Market Size

According to McKinsey & Co.'s 2024 Global Payments Report, the global payments industry handled 3.4 trillion transactions in 2023, accounting for \$1.8 quadrillion in value and a revenue pool of \$2.4 trillion. Revenues grew 7% annually from 2018 to 2023, supported by continued consumer and commercial transaction digitization and higher interest rates. Our analysis suggests revenue growth will be slower in the next few years at 5 percent per year, in line with expected nominal GDP growth. This would result in an additional \$700 billion of revenue, for a total of \$3.1 trillion by the end of 2028. This represents 35% of the total banking revenue pool, a share that underlines the importance of payments to banks and the significance of investing in payment technologies to stay ahead of competition from specialist players.

Global payments revenue grew seven percent per year from 2018 to 2023.

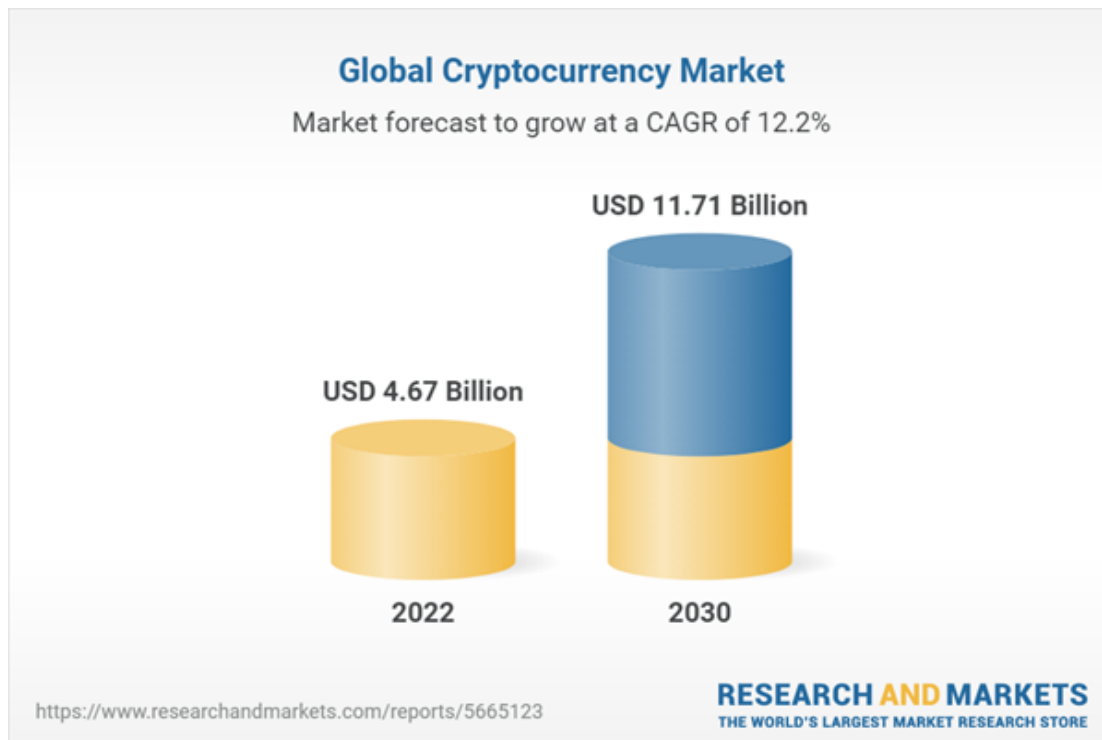
Global payments revenue, 2013–28F, \$ trillion



Source: McKinsey & Co., Global Payments Report, 2024.

Looking ahead, the Boston Consulting Group (BCG) projects that global payments revenues will continue to grow, albeit at a slightly more moderate pace. BCG's Global Payments Report 2023 forecasts an annual growth rate of 6.2%, with revenues expected to reach \$2.2 trillion by 2027 (*BCG Global*). This adjustment reflects a combination of market dynamics and macroeconomic factors influencing the industry.

The cryptocurrency payments market is also experiencing significant growth. According to forecast data provided by industry researcher Research and Markets, the global market for cryptocurrency is projected to grow at a CAGR of 12.2%, from \$4.67B in 2022 to \$11.71 billion in 2030.



Recent Developments

Partnership with Odoo. In February 2025, ALT5 partnered with Odoo S.A., gaining access to 13 million businesses globally to offer its crypto payment gateway (ALT5 Pay) and crypto treasury management platform (ALT5 Prime). This collaboration integrates ALT5 Pay into Odoo's suite of POS, eCommerce, and ERP systems, across 170 countries with integrated cryptocurrency payment solutions. Through this partnership, Odoo customers can integrate ALT5 Pay using API connections and widgets developed and supported by ALT5 Sigma. By leveraging the ALT5 Sigma platform, Odoo users will gain access to secure solutions for accepting a wide range of cryptocurrencies within their business applications. Backed by BlackRock, Sequoia Capital, General Atlantic, and Mubadala, since its founding in April 2002, Odoo S.A. has been developing and enhancing a comprehensive suite of management software applications for small and mid-sized businesses.

REG A settlement in Crypto for Old Glory Bank. In February 2025, ALT5 announced the expansion of crypto payment options for investors in Old Glory Bank's Regulation A+ (Reg A+) mini-IPO. Bitcoin, Ethereum, Bitcoin Cash, Dogecoin, Litecoin, the \$TRUMP Coin, and other cryptocurrencies can now be accepted as a payment method for subscribing to Old Glory Bank's mini-IPO. Through this collaboration, the ALT5 Pay platform facilitates secure, real-time cryptocurrency transactions, enabling investors to fund their Reg A+ share purchases with digital assets. By integrating cryptocurrency into its fundraising process, Old Glory Bank is expanding access to its Reg+ offering, demonstrating how digital assets can be seamlessly incorporated into regulated financial markets with digital assets.

SIGMA Best Payment Provider Award. ALT5 Pay won the SIGMA Best Payment Provider Award at the 2025 SiGMA Eurasia Awards, driving increased awareness of its platform in key business segments. The Dubai conference focused on key crypto-enabling technologies, including blockchain, AI, IoT, quantum computing, and Big Data.

Valuation: Some Recent Crypto Transactions

The following are some recent relevant M&A transactions in the crypto space that should give investors a sense of the value inherent in these businesses:

1.) The Stripe Acquisition of Bridge

On October 20, 2024, Stripe announced that it had acquired Bridge, an API-based stablecoin payment platform, for \$1.1 billion.

Target:  Bridge

Buyer:  stripe

Target: Bridge. Bridge offers the ability to easily integrate stablecoin-based payments via an Application Programming Interface (API). Essentially, Bridge's clients gain full stablecoin-based payment capabilities by integrating a small amount of computer code into their applications, without needing to run or manage the underlying services. Bridge's services support a range of fiat currencies and existing stablecoins (USDC, PYUSD, USDT) while also enabling the creation of new stablecoins.

Bridge, along with other companies, is building a new set of global payment rails that offer instant settlement and can be used for B2B, B2C, and P2P payments. According to Sequoia Capital, one of the Series A lead investors, Bridge's payment volume reached an annualized run rate of over \$5 billion in August 2024. This volume suggests a revenue run rate of between \$5 and \$12.5 million, depending upon the fees charged, likely somewhere between 10 and 25 basis points.

Bridge was founded in 2022 by Sean Yu and Zach Abrams, who previously sold Evenly—a Venmo competitor—to Block in 2013. Bridge has raised a total of \$58 million, with the most recent raise being

a \$40 million Series A round in March 2024, co-led by RIBBIT, Index Ventures, Sequoia, and Haun Ventures Management, with participation from Artisanal Ventures, 1Confirmation, Zeal Talent Ventures, Bedrock, The Department of XYZ, Oak HC/FT, and Jonathan Golden. This round valued the company at \$200 million post-money. Bridge has approximately 45 team members.

Buyer: Stripe. Stripe provides businesses with APIs to accept online payments and manage their finances. Its platform supports payments, billing, invoicing, and other financial tools for businesses of all sizes. Today, Stripe has expanded its offerings to include global payment acceptance and fraud prevention.

In 2023, the company had 100 businesses processing over \$1 billion annually, accounting for 10% of its total payment volume. Revenue reached a \$500 million annual run rate in 2024. Stripe has been cash flow positive since 2023. In March 2024, Stripe announced that it had surpassed \$1 trillion in total payment volume for 2023, a 25% increase compared to 2022.

Stripe's relationship with crypto has been mixed. The company stopped supporting Bitcoin payments in 2018 after deeming the asset too volatile and seeing low payment volumes. However, in 2022, Stripe launched a fiat-to-crypto on-ramp for consumers, which manages KYC requirements, payments, fraud, and compliance. In April 2024, Stripe announced that it was reintroducing crypto payments using stablecoins, stating that "Crypto is Back." This was followed by the official launch of its USDC and PYUSD payments platform in October 2024.

Founded in 2010 by brothers Patrick and John Collison, Stripe has over 7,000 employees. The company has raised over \$9.4 billion, with key investors including Sequoia Capital, Thrive Capital, Founders Fund, General Catalyst, and Tiger Global. A \$600 million Series H funding round in 2021 valued Stripe at \$95 billion, and in 2023, it raised \$6.5 billion at a valuation of \$50 billion. As of July 2024, the company's valuation was believed to be \$70 billion, based on Sequoia's offer to buy shares at \$27.51.

Transaction: Stripe acquired Bridge for \$1.1 billion, 5.5x their Series A valuation of \$200M completed in March 2024 and likely well over 100x run rate revenue. This single acquisition allows Stripe to immediately become a major contender in digital asset-based payments, arguably well positioned against traditional payment players such as PayPal and Block and the leading stablecoin providers Tether, Circle, and PayPal.

2. The MoonPay Acquisition of Helio

On January 13, 2025, MoonPay, a fiat-to-crypto onboarding facilitator, announced its acquisition of Helio, a platform that enables crypto payments, for a reported \$175M.

Target: 

Buyer: 

Target: Helio. Helio enables online merchants, applications, and creators to accept payments in over 100 forms of crypto assets. This capability is powered by Helio's Application Programming Interface (API), native plug-ins, or pay links. Helio can be thought of as the "Stripe for crypto" by following a similar business model to Stripe but for crypto payments.

Helio charges clients between 0.25% and 2.00%, depending on the specific capabilities utilized. The platform integrates seamlessly with WooCommerce, Shopify, and Discord, making it easy for businesses on these platforms to offer crypto payment options.

The company reports processing over \$1.5 billion in annualized transaction volume, serving more than 6,000 sellers, and providing payment options to over one million end users. Helio is used across a variety of applications, including Shopify-powered e-commerce sites, decentralized applications (DApps), ticketing, non-fungible tokens (NFTs), and creator communities. Notable clients include Magic Eden, Hivemapper, Solana Labs, Star Atlas, Layer Zero Labs, and Polygon Labs.

Founded in 2022 by Stijn Paumen and Jim Walker, Helio is based in London with a team of 20 employees. The company raised \$3.3 million in a seed round in April 2023 at a \$12 million post-money valuation. The round was led by Lightspeed Venture Partners and Peak, with participation from Droid Capital, Faction Ventures, and other investors.

Buyer: MoonPay. MoonPay is a fiat-to-crypto on-ramp provider that enables users to buy, sell, and swap cryptocurrencies and NFTs. The company offers on/off-ramp services as an API-integrated solution for businesses and directly to end users through its own non-custodial wallet.

MoonPay supports over 110 cryptocurrencies and 30+ fiat payment methods, including credit/debit cards, bank transfers, Apple Pay, Google Pay, and Samsung Pay, operating in more than 180 countries. To date, MoonPay has facilitated the creation of 20 million accounts and delivered over \$6 billion in cryptocurrency. In April 2024, MoonPay reported reaching \$150 million in annual revenue. The company has been profitable since launching its platform in 2019.

Founded in 2019 by Ivan Soto-Wright, Victor Faramond, and Maximilian Crown, MoonPay is headquartered in Miami, Florida, and employs over 300 team members across nine countries. The company was last valued at \$3.4 billion following a \$555 million Series A round led by Tiger Global and Coatue in April 2022.

3. ALT5 Sigma's Acquisition of Mswipe

On May 13, ALT5 Sigma announced definitive agreements to acquire Mswipe, a next-generation payment solutions provider offering multi-currency, fiat payment card services, along with crypto-enabled capabilities through its existing integration with the ALT5 platform. Mswipe's suite of physical and virtual cards, available on both the Visa and Mastercard networks, allows users to spend traditional and digital currencies worldwide. The platform is built with robust compliance frameworks, advanced security protocols, and real-time exchange capabilities. Delivered as a B2B solution, the combined Mswipe-ALT5 platform bridges the gap between the crypto economy and traditional financial, ensuring

regulatory compliance and interoperability with existing payment networks. The purchase price for this transaction consisted of (i) issuing one million restricted shares of ALT5 common stock to the three sellers, valued at of \$6.10 per share, (ii) granting five hundred thousand four-year common stock warrants to the three sellers, with a per-share exercise price of \$5.50 (the approximate market price at the time that the companies reached an agreement in principle for this transaction), (iii) issuing shares to two of the sellers in Alyea Therapeutics Corporation, the biotech business that management is in the process of separating from the core business, which shares were valued at \$4.8 million, and (iv) issuing two 14-month straight promissory notes in the aggregate initial principal balance of approximately one million dollars with an interest rate at the applicable federal rate (AFR) for quarterly compounded notes of 3.99% per annum and all principal and interest due at the maturity date.

First Quarter 2025 Results

ALT5 Sigma reported 1Q (March) 2025 results that underscore the continued growth of the Company's core fintech business, with revenue of \$5.51 million and an adjusted EBITDA of \$1.15 million. Gross margin for 1Q was 47%, consistent with the last three quarters in the high-40% to low-50% range.

We are modeling a steady quarter-over-quarter increase in core fintech revenue, with a year-end 2025 total of \$25.2 million, and a year-end 2025 gross margin of 52%. We expect the business to gather strength competitively, as the ALT5 Pay and ALT5 Prime platforms continue to gain market acceptance in the U.S. and other world geographies. We expect the Company to turn earnings positive in 2027.

Management

Peter Tassiopoulos has been ALT5 Sigma's Chief Executive Officer since August 2024. Mr. Tassiopoulos has over 30 years of leadership experience across healthcare, finance, and technology sectors. From April 2022 until his appointment as the CEO, Mr. Tassiopoulos served as an independent mergers and acquisitions consultant. Prior to that, from March 2013 through December 2014, Peter served as the Chief Executive Officer of Sphere 3D Corp. (Nasdaq: ANY), and then, from December 2014 until November 2018, as its President, and, from November 2018 to April 2022, as its CEO again. He also served as one of its directors from March 2014 through April 2022. Mr. Tassiopoulos has successfully completed over \$1 billion in M&A, divestitures, and financing transactions throughout his career. He has led teams in executing complex transactions with a focus on mergers and acquisitions, capital market strategies, and strategic relationships. His industry experience spans cryptocurrency, technology, IT, healthcare, and gaming.

Vay Tham was appointed Chief Revenue Officer in June 2024. Prior to joining ALT5, from 2018 to 2024, Mr. Tham was Managing Director and Head of Technology Investment Banking for PI Financial Corporation, where he was responsible for investment banking and merger and acquisition execution. Prior to joining PI Financial Corporation, Mr. Tham provided strategic leadership for companies including Forge First Asset Management, Cormark Securities, Waterfall Investments, and National Bank Financial. Mr. Tham has more than 20 years of experience in the areas of investment banking, raising capital, launching start-ups, and executing mergers and acquisitions.

Virland A. Johnson was appointed ALT5's Chief Financial Officer in August 2017. Mr. Johnson had previously served us as a consultant beginning in February 2017. Mr. Johnson served as Chief Financial Officer for Live Ventures (Nasdaq: LIVE) between January 2017 and September 2021. Prior to joining Live Ventures, Mr. Johnson was Senior Director of Revenue for JDA Software from February 2010 to April 2016, where he was responsible for revenue recognition determination, sales and contract support while acting as a subject matter expert. Mr. Johnson's more than 30 years of experience is primarily in the areas of process improvement, complex debt financings, SEC and financial reporting, turnarounds, corporate restructuring, global finance, mergers and acquisitions, and returning companies to profitability while enhancing stockholder value. Mr. Johnson holds a bachelor's degree in accountancy from Arizona State University, which he earned in 1982, and a CPA license in "Retired" status in the State of Arizona.

Valuation

Since ALT5 Sigma Corporation is comprised of two distinctly different and unrelated business (the core fintech business and Alyea Therapeutics, an early-stage life sciences business), we approached valuing the collective enterprise with a weighted sum-of-the-parts valuation methodology, valuing each of the two businesses using distinctly sector-specific peer group comparisons. Because ALT5 Sigma Corp. management has stated its intent to divest Alyea in the foreseeable future, we have limited our future revenue and earnings modeling to the core fintech business, while valuing Alyea Therapeutics via a discounted cash flow model. Divesting Alyea will allow ALT5 Sigma management to focus entirely on its core fintech business and direct corporate resources to expand its footprint in the merchant payment and brokerage handling of digital assets.

We believe that ALT5's current collective valuation is worth \$24 per share, assuming a fully diluted share count of 28 million shares outstanding. That valuation is derived using a sum-of-the-parts approach that values the Alyea business at \$4.67-\$12.40 per share (\$130.7-\$347.3 million), taking the mid-point of that valuation at ~\$8.50 per share, and the core fintech business at ~\$15.50 per share (\$433.9 million). The valuation methodologies used for the two businesses are sector-specific and independent.

The Fintech Business. We derive our \$433.9 million valuation for the fintech business by discounting our 2028 revenue assumptions of \$91.3 million to the present year using a Weighted Average Cost of Capital (WACC) of 13%, adjusting for its enterprise value using the most recent balance sheet data, and then applying an average peer group EV/2025 Sales multiple of 6.8x to the present value calculation (see Core Fintech earnings model).

The companies that we have included in the Fintech peer group to derive our valuation multiple, we believe, represent a viable and workable blend of both established digital payment processors worldwide as well as next generation blockchain technology enablers. These companies rely on generally similar underlying technologies, and often have similar business models, notwithstanding huge differences in market size and influence.

Crypto Asset & Payment Platforms															
(\$ in Millions, except per share)		Price			Revenue (M)		EPS (non-GAAP)		Forward P/E		Est. PEG*	EV / Revenue		Price / Book	ROE (TTM)
		5/29/2025	Mkt. Cap. (M)	EV (M)	2025E	2026E	2025E	2026E	2025E	2026E		2025E	2026E		
DeFi Technologies, Inc	DEFINE	\$ 4.77	\$1,560	\$1,535	\$227	\$272	\$0.39	\$0.48	12.2x	9.9x	0.5	6.8x	5.7x	79.5	-187.7%
ALT5 Sigma Corp.	ALTS	\$ 9.89	\$159	\$165	\$35	\$58	(\$0.51)	(\$0.14)	NM	NM	NA	4.7x	2.8x	49.5	-31.3%
Galaxy Digital Holdings Ltd.	GLXY.TO	\$ 27.05	\$3,527	\$3,526	\$1,110	\$1,580	(\$0.55)	\$0.27	NM	100.2x	2.4	3.2x	2.2x	3.4	8.7%
Coinbase Global, Inc.	COIN	\$ 248.84	\$52,607	\$49,147	\$7,400	\$8,020	\$5.59	\$7.50	44.5x	33.2x	3.9	6.6x	6.1x	6.1	15.8%
Adyen N.V.	ADYEN.AS	\$1,680.00	\$52,903	\$43,141	\$2,450	\$3,050	\$35.96	\$45.26	46.7x	37.1x	1.5	17.6x	14.1x	12.5	25.1%
PayPal Holdings, Inc.	PYPL	\$ 70.93	\$68,982	\$71,052	\$32,670	\$34,720	\$5.07	\$5.61	14.0x	12.6x	2.0	2.2x	2.0x	3.4	22.2%
Affirm Holdings, Inc.	AFRM	\$ 52.05	\$14,538	\$20,798	\$3,180	\$3,880	\$2.16	\$2.35	24.1x	22.1x	0.9	6.5x	5.4x	1.8	-7.3%
SoFi Technologies, Inc.	SOFI	\$ 13.17	\$14,619	\$15,809	\$3,260	\$3,890	\$0.28	\$0.47	47.0x	28.0x	1.5	4.8x	4.1x	2.2	7.5%
Sezzle Inc.	SEZL	\$ 109.15	\$3,634	\$3,665	\$438	\$530	\$3.23	\$4.21	33.8x	25.9x	1.2	8.4x	6.9x	29.5	142.9%
AVERAGE									31.8x	33.6x	1.76	6.8x	5.5x	20.9	-0.5%
Source: Factset, Capital IQ															
* Kingswood Capital Partners Estimates															

ALT5 Sigma Corporation															
Model excludes forward Alvea Theurapeutics growth assumptions.															
GAAP Basis, except where noted															
Fiscal Year Ends December 31															
(\$ in thousands, except per share data)															
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
	CY24A*	1Q25A	2Q25E	3Q25E	4Q25E	CY25E	1Q26E	2Q26E	3Q26E	4Q26E	CY26E	1Q27E	2Q27E	3Q27E	4Q27E
Total Revenue	\$ 12,532	\$ 5,514	\$ 5,900	\$ 9,263	\$ 14,450	\$ 35,127	\$ 14,161	\$ 14,303	\$ 14,589	\$ 14,881	\$ 57,934	\$ 15,327	\$ 16,400	\$ 18,696	\$ 20,940
Cost of Revenue	6,238	2,923	2,891	4,446	6,503	16,763	6,089	6,150	6,273	6,399	24,911	6,437	6,888	7,852	8,795
Gross Profit	6,294	2,591	3,009	4,817	7,948	18,364	8,072	8,153	8,316	8,482	33,022	8,890	9,512	10,844	12,145
Gross Margin	0.0%	47.0%	51.0%	52.0%	55.0%	52.3%	57.0%	57.0%	57.0%	57.0%	57.0%	58.0%	58.0%	58.0%	58.0%
Operating Expenses:															
SG&A	13,856	4,761	4,856	7,966	7,948	25,531	8,214	8,582	8,899	8,928	34,623	9,196	9,348	9,535	9,632
% of Total Revenue	0.0%	86.3%	82.3%	86.0%	55.0%	72.7%	58.0%	60.0%	61.0%	60.0%	59.8%	60.0%	57.0%	51.0%	46.0%
Depreciation & Amortization	3,402	1,210	859	859	859	3,787	956	956	956	956	3,825	966	966	966	966
% of Total Revenue	0.0%	21.9%	0.0%	9.3%	5.9%	10.8%	6.8%	6.7%	6.6%	6.4%	6.6%	6.3%	5.9%	5.2%	4.6%
Other Expenses	0	150	150	150	150	600	170	170	170	170	680	190	190	200	200
% of Total Revenue	0.0%	0.0%	0.0%	1.6%	1.0%	1.7%	1.2%	1.2%	1.2%	1.1%	1.2%	1.2%	1.2%	1.1%	1.0%
Other Non-Cash Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of Total Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
EBITDA	(4,160)	(960)	(988)	(2,290)	859	(3,380)	815	527	373	510	2,224	659	1,130	2,275	3,479
EBITDA Margin (%)	0.0%	0.0%	0.0%	-24.7%	5.9%	-9.6%	5.8%	3.7%	2.6%	3.4%	3.8%	4.3%	6.9%	12.2%	16.6%
Operating Income	(7,562)	(2,170)	(1,847)	(3,149)	0	(7,167)	(142)	(429)	(584)	(446)	(1,601)	(307)	164	1,309	2,513
Operating Margin	0.00%	0.00%	0.00%	-34.00%	0.00%	-20.40%	-1.00%	-3.00%	-4.00%	-3.00%	-2.76%	-2.00%	1.00%	7.00%	12.00%
Other Expense, Net:															
Interest Income/Expense, Net	(879)	(720)	(720)	(720)	(720)	(2,880)	(720)	(720)	(720)	(720)	(2,880)	(720)	(720)	(720)	(720)
Other Income/Expense, Net	(845)	314	314	314	314	1,256	314	314	314	314	1,256	314	314	314	314
Pretax Income	(9,286)	(2,576)	(2,253)	(3,555)	(406)	(8,791)	(548)	(835)	(990)	(852)	(3,225)	(713)	(242)	903	2,107
Provision for income taxes	(3,041)	285	0	0	0	285	0	0	0	0	0	0	0	0	0
Effective Tax Rate	32.7%	-11.1%	0.0%	0.0%	0.0%	-3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income (GAAP)	(6,245)	(2,861)	(2,253)	(3,555)	(406)	(9,076)	(548)	(835)	(990)	(852)	(3,225)	(713)	(242)	903	2,107
Shares outstanding - diluted (000)	11,148	15,551	18,000	20,000	21,000	18,638	21,700	22,400	23,100	23,800	22,750	24,700	25,600	26,500	27,400
EPS	(\$0.56)	(\$0.18)	(\$0.13)	(\$0.18)	(\$0.02)	(\$0.51)	(\$0.03)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.14)	(\$0.03)	(\$0.01)	\$0.03	\$0.08

Source: Kingswood Capital Partners estimates.
 *Represents revenue from May to Dec., 2024.

Estimated 2028 Total Revenue (000):	\$ 91,344
Discounted 2028 Estimated Revenue, 2025:	\$63,306
Estimated Discount Rate/WACC:	13.00%
Discount Time Periods (annual):	3
Target EV/Rev. multiple (peer group avg.)	6.8x
Target Mkt. Cap, 2025:	\$430,481
Target EV valuation, 2025**	\$433,941
Shares outstanding (000)	28,000
PRICE TARGET/SHARE:	\$ 15.50
(Core Fintech Business only).	

Source: Kingswood Capital Partners estimates.
 **Assumes current-year Net Cash adjustment.

The Alyea business:

We performed a discounted cash flow valuation for Alyea Therapeutics, looking out seven years, to 2031. We project revenues from Alyea's OTC topical pain relief product, Clear Patch, to commence in 2026 and ramp from \$1.6 million in 2026 to \$72.0 million in 2031. We project revenues from Alyea's oral low-dose naltrexone product to commence in late 2027 and ramp from \$0.2 million in 2027 to \$200.8 million in 2031.

We project gross margin of 75% in 2026, 82% in 2027, and 90% in 2028 and beyond as economies of scale in product production should take effect.

We expect proceeds of approximately \$15 million from Alyea's IPO in late 2025 will cover operational expenses into 2027 and anticipate a \$40 million capital raise in 2027 will support Alyea on its path to profitability, which we predict for the end of 2029.

Our model forecasts minimal depreciation and amortization expense and no capital expenditures, as Alyea is expected to outsource its capital-intensive functions.

We apply a discount rate of 30% to discount free cash flows and terminal value to the present. Our calculation of terminal value multiplies terminal year (2031) revenue of \$272.8 million with an average EV/revenue multiple derived from a public comparables group comprised of Assertio Holdings (Nasdaq:ASRT), Biohaven Ltd. (NYSE:BHVN), Pacira Biosciences, Inc. (Nasdaq:PCRX), iX Biopharma (Catalyst:42C), Scilex Holding Company (Nasdaq:SCLX), Takeda Pharmaceutical Company, Ltd. (TSE:4502), Tetra Biopharma (OTCPK:TBPM.Q), and Vertex Pharmaceuticals, Inc. (Nasdaq:VRTX).

For our base-case valuation scenario, we use the peer group average EV/TTM Revenue multiple of 3.03x, yielding an enterprise value of \$130.7 million. For our best-case valuation scenario, we applied an EV/Revenue multiple of 7.5x, closer to Vertex Pharmaceuticals' 9.4x, as we believe Vertex's JOURNAVX to be Alyea's closest competitor in the non-opioid pain space.

Base Case		Best Case	
Estimated 2031 Total Revenue (\$million)	272.8	Estimated 2031 Total Revenue (\$ million)	272.8
EV/Rev. multiple (peer group avg.)	3.03	EV/Rev. multiple (peer group avg.)	7.5
Terminal Value (\$ million)	827.2	Terminal Value (\$ million)	2,045.9
Discount Rate	30%	Discount Rate	30%
Discount Time Periods (annual)	6.583	Discount Time Periods (annual)	6.583
Disocunted Terminal Value (\$ million, 2025)	147.1	Disocunted Terminal Value (\$ million, 2025)	363.7
Discounted Free Cash Flows (\$ million, 2025-2031)	-16.4	Discounted Free Cash Flows (\$ million, 2025-2031)	-16.4
Enterprise Value	130.7	Enterprise Value	347.3
Price/Share	\$4.67	Price/Share	\$12.40

Taken together, the combined enterprise value of the two disparate businesses, discounted to the present using discrete discount rates and applying unique industry-specific valuation multiples to the businesses, yields a collective enterprise valuation of \$673 million, or ~\$24 per share, assuming the midpoint of the Alyea valuation range and a share count of 28 million.

Risks to Our Price Target

The Company may require additional capital to support business growth, and this capital might not always be available. ALT5 has funded its operations since inception primarily through equity financings, debt, and cash flows generated from operations. Management cannot be certain that the Company's operations will continue to fund ongoing operations or the growth of ALT5's business. ALT5 intends to continue to make investments in its business, which may require additional funds. Additional financing may not be available on terms favorable to the Company, if at all, due to general macroeconomic conditions, crypto market conditions and any disruptions in the crypto market, instability in the global banking system, increasing regulatory uncertainty and scrutiny, or other unforeseen factors. In the event of a downgrade of the Company's credit rating, its ability to raise additional financing may be adversely affected, and any future debt offerings or credit arrangements may be on less favorable terms or terms that may not be acceptable to the Company.

ALT5's operating results are likely to fluctuate significantly, for reasons including the highly volatile nature of cryptocurrencies. Due to the highly volatile nature of the crypto economy and the prices of crypto assets, the Company's operating results have, and will continue to fluctuate significantly from quarter to quarter in accordance with market sentiments and movements in the broader crypto economy. ALT5's operating results will continue to fluctuate significantly because of a variety of unpredictable factors, some of which are outside of management's control. These factors may include crypto asset trading activity, trading volume, and the current trading prices for crypto assets, which can be highly volatile. Additionally, the Company's ability to attract, maintain, grow, and engage its customer base, together with changes in the legislative or regulatory environment, actions by foreign governments or regulators, as well as regulatory changes or scrutiny will impact the Company's ability to offer its core products or services.

ALT5's new product development and competitive position are likely to remain at risk. The Company operates in a highly competitive environment, and management's development and introduction of existing new products and services may be put at risk both by the actions of its competitors, as well as management's own potential execution missteps. This includes the amount and timing of ALT5's operating expenses related to the maintenance and expansion of its business and operations, including investments made to develop its products and services.

The proposed divestiture of ALT5's life sciences business may be delayed or not be on terms suitable to management. Any worsening in the condition of public capital markets, or in the sectors in which ALT5's life sciences business operates could delay, possibly indefinitely, management's plans to spin off that business into a standalone publicly traded company. Additionally, any alternative divestiture scenario involving the acquisition of ALT5's life sciences business by another organization could be called into question or delayed indefinitely if market conditions change and make such an acquisition no longer feasible.

The Company's total fintech revenue is substantially dependent on the volume of transactions conducted on its platforms. ALT5 generates a large portion of its revenue from transaction fees from ALT5 Pay and ALT5 Prime. Transaction revenue is directly based on transaction fees, and such revenue has grown over time. Declines in the volume of crypto asset transactions, among other reasons, may result in lower total revenue. If volume declines, ALT5's business, operating results, and financial condition would be adversely affected, and the price of its common stock could decline.

If ALT5 fails to retain existing customers or add new customers, or if customers decrease their level of engagement with its products, services and platform, the Company's business, operating results, and financial condition may be significantly harmed. ALT5's success depends on its ability to retain existing customers and attract new ones, including developers, to increase engagement with its products, services, and platform. To do so, ALT5 must continue to offer leading technologies and ensure that the products and services are secure, reliable, and engaging. The Company must also expand its products and services and offer competitive prices in an increasingly crowded and price-sensitive market. There is no assurance that ALT5 will be able to retain its current customers or attract new customers, or keep existing customers engaged. Any number of factors can negatively affect customer retention, growth, and engagement, including customers increasingly engaging with competing products and services, ALT5 failing to introduce new and improved products and services, or ALT5's new products or services not being favorably received.

DISCLOSURES

Analyst Certification

The Research Analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst’s personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report.

I, Greg Mesniaeff, certify that (1) the views expressed in this report accurately reflect my own views about any and all of the subject companies and securities; and (2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by me in this report.

I, Karen Sterling, certify that (1) the views expressed in this report accurately reflect my own views about any and all of the subject companies and securities; and (2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by me in this report.

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Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

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Company-Specific Disclosures

Distribution of Ratings				
Kingswood Capital Partners, LLC				
Investment Banking Services/Past 12 Months				
Rating	Count	Percent	Count	Percent
BUY	6	75.00	2	33.33
HOLD	1	12.50	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	12.50	1	100.00

As of April 2025.

Kingswood Capital Partners has not received compensation from ALT5 Sigma during the past 12 months. Kingswood is currently engaged by ALT5 Sigma to provide investment banking or advisory services.

ALT5 Sigma Rating History



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