

Pre-TGE Token & Financial Metrics Audit

Overview of Services and Value Proposition

Launching a token in the Web3 space is challenging, especially for startups with limited information, resources, and expertise. Founders often struggle to design a tokenomics model that aligns with project goals and meets market expectations. Without proper benchmarks or understanding best practices, these projects risk creating token models that lead to inflation, weak user incentives, and loss of investor confidence.

Our Token and Financial Metrics Audit bridges these gaps by providing a comprehensive review before the Token Generation Event (TGE). We leverage industry benchmarks and data-driven insights to refine tokenomics. Our audit focuses on identifying potential issues early in the process, optimizing token pricing across fundraising stages, refining fully diluted valuation (FDV) and return on investment (ROI), or even structuring vesting schedules to control inflation and enhance user engagement and growth.

This approach mitigates risks, enhances market positioning, and strengthens investor confidence, ensuring that even with limited budgets, projects can build a solid foundation for growth and long-term success.

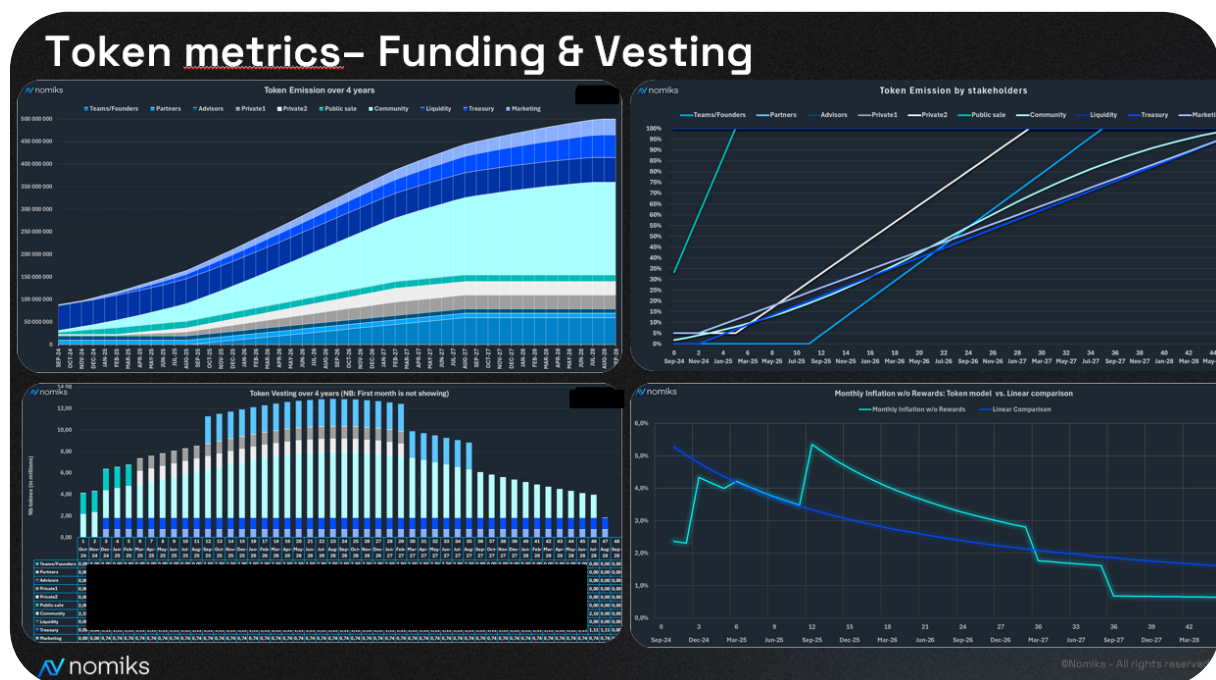
Why Choose Nomiks Audit?

- **Speed and Efficiency:** Our rapid 72-hour audit ensures timely identification of potential issues, safeguarding against missed investment opportunities and optimizing pre-TGE preparations.
- **Data-Driven Approach:** Utilizing Nomiks' internal databases and advanced data mining techniques, we provide benchmarks and insights tailored to specific market sectors, enhancing the accuracy and reliability of our recommendations.
- **Algorithm Optimization:** Our proprietary algorithms leverage internal database insights to fine-tune critical parameters, such as token price, fully diluted valuation (FDV), and return on investment (ROI) across fundraising rounds. They also optimize vesting schedules to minimize inflation over time and align reward emissions with user adoption strategies.
- **Strategic Insights:** Our audit goes beyond compliance, providing strategic guidance on token supply, allocation, and issuance that supports long-term project success.

Phases

- **Phase 0: Data Analysis and Initial Research:** Before initiating the audit, we conduct a comprehensive analysis of both internal and public data related to the audited company, supplemented by Nomiks' proprietary data and relevant industry benchmarks:
 - **Comprehensive Data Analysis:** Including market size, growth potential, and competitive landscape, to evaluate the project's market position and potential market share. This analysis is supported by Nomiks' proprietary data and industry benchmarks.
 - **Benchmarking Against Industry Standards:** The project's data is compared with established industry standards to assess agent dynamics and the economic model against benchmarks.
 - **Examples of Sectors and Categories:** Our analysis includes sectors such as:
 - Open Digital Economy (e.g., content creation, game metaverse)
 - Payment
 - Two-sided Markets (e.g., collectibles/NFTs, identity, reputation)
 - Infrastructure (e.g., blockchain, DEPIN, RWA, oracle)
 - Financial Services (e.g., DeFi, centralized exchanges)

- **Phase 1: Token Metrics & Financial Audit:** Our audit evaluates critical elements of the tokenomics model, ensuring alignment with the project's economic goals and long-term sustainability. The audit includes:
 - **Supply Distribution:** Reviewing the total token issuance size, lock-up ratios, and distribution strategy to meet communication and investor expectations.
 - **Economic Constants:** Defining targets for token circulation, velocity, and hold ratio to optimize the economic framework.
 - **Allocation and Funding:** Assessing token fair value, funding strategies, and allocation among various stakeholders to ensure a balanced and sustainable economic model.
 - **Rewards Emission and Optimization:** Designing token allocation strategies that balance initial attraction with long-term sustainability, fostering a committed community.
 - **Vesting Schedules and Strategy:** Developing vesting schedules that align with the supply issuance and economic goals to minimize inflation risk and maintain stability.
- **Phase 2: Deliverables**
 - **Comprehensive Audit Report:** A detailed PDF report documenting the findings from the data analysis, financial and token metrics, and recommendations.
 - **Final Recommendations:** Actionable insights and strategic recommendations for improving token metrics and economic resilience.

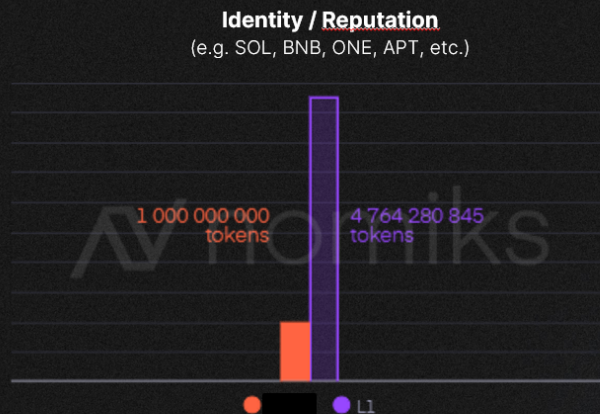


Detailed Steps of the Audit

1. Supply Management:

- **Evaluating Maximum Token Supply:** Aligns with the project's use case and investor expectations.
- **Key Factors Considered:** Includes decimals, velocity, and friction to ensure practical transaction sizes and prevent hyperinflation.
- **Addressing Investor Concerns:** High token supply doesn't inherently impact value; the effectiveness of the economic model is what truly matters.

Token metrics– Max. Supply Allocation (vs. analogs)



1 - Fixed supply vs Inflationary supply?

2 - Max. Supply: Influences UX / Image, BUT Not Token Real Value

• **Factors Influencing Token Supply:**

- User interface
- Use case
- Investor expectations

• **Key Considerations:**

- Balance supply with objectives
- Supply ≠ token rarity or value in Web3

$$Max\ Supply = \frac{1}{2} \times \left[\left(\frac{MarketCap \times Velocity}{1 - LockRatio} \right) \right] + [InitialSupply \times (1 + GrowthRate)^{Maturity}]$$

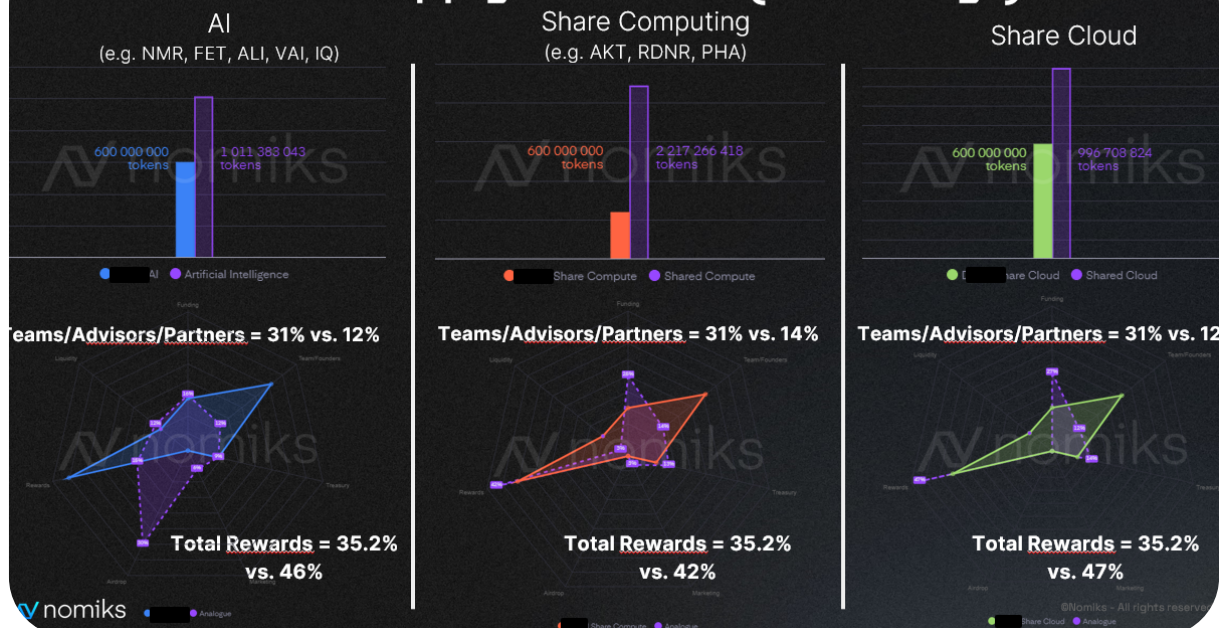
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2. Token Allocation:

- **Ensuring Fair Distribution:** Includes key stakeholders like Teams/Founders, Partners, Advisors, KOLs, early investors, multiple private rounds, airdrop campaigns, public sales, community rewards, and treasury.
- **Liquidity and Dilution Management:** Focuses on sufficient liquidity for market launch and managing dilution risks.
- **Balancing Interests:** Aligns private and public investor interests to support long-term stability and active participation.

Token metrics– Supply Allocation (vs. analogs)

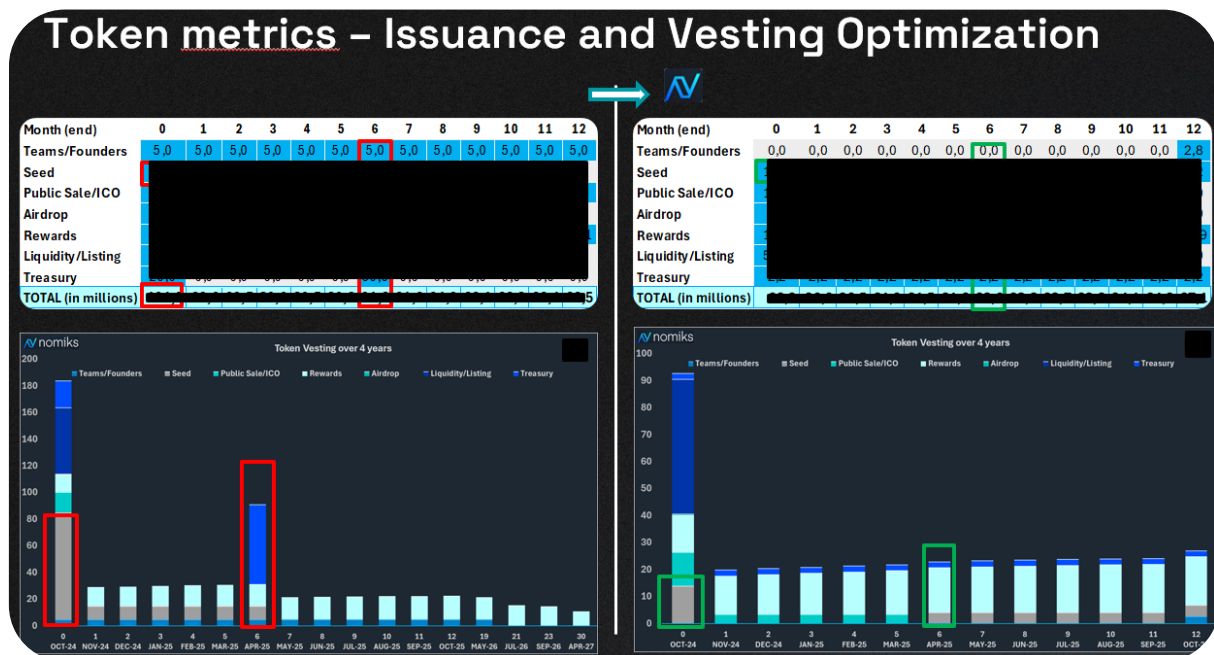


3. Funding Structure:

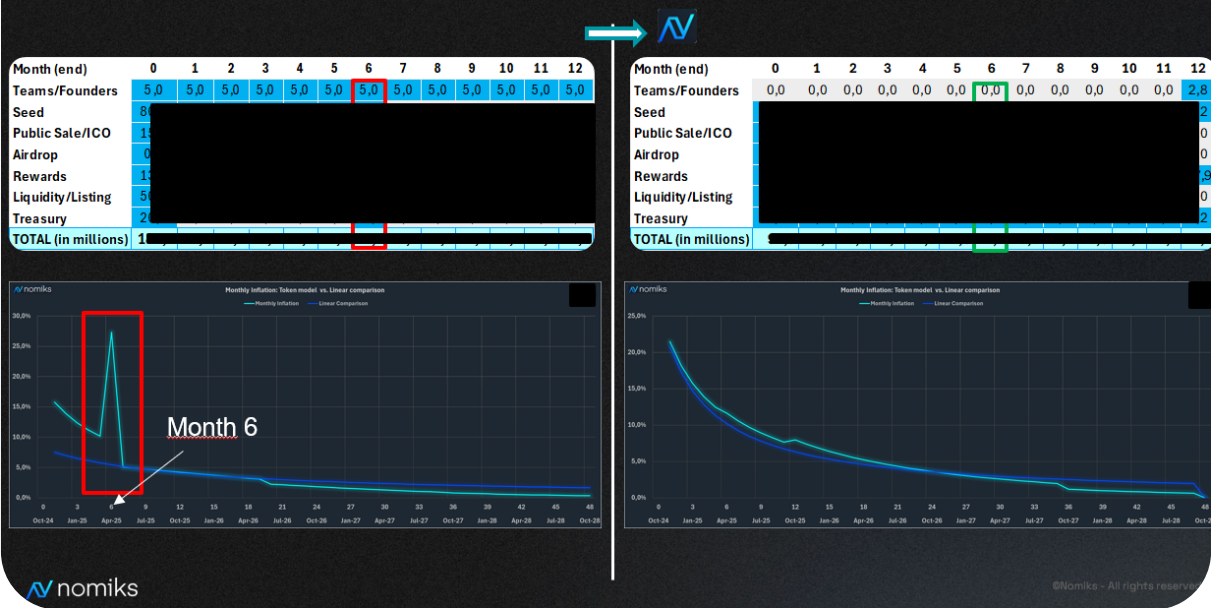
- **Reviewing Fundraising Strategy:** Sets total funding targets, defines the number of rounds, and balances private and public token allocations for strategic alignment and market stability.
- **Managing Price Differentials:** Controls price differences between private and public sales, incorporating community rewards to encourage participation.
- **Public Sale Design:** Ensures public sale pricing (e.g., ICO) reflects fair market value to avoid speculative anomalies and inflated market caps.
- **Strategic Pricing:** Maintains long-term stability by preventing an elevated listing price that could inflate the fully diluted market cap (FDMC/FDV) beyond actual project value.

4. Issuance and Vesting Optimization:

- **Tailored Strategies:** Develops issuance schedules, lock-up periods, and exit strategies to align with financial goals and ensure stakeholder commitment.
- **Vesting Horizons:** Uses short, medium, and long-term vesting to manage selling pressure and prevent inflation spikes.
- **Mitigation Recommendations:** Suggests market-making and liquidity provision (to stabilize prices and ensure liquidity), OTC sales (to control supply through private deals), buyback programs (using revenues to support prices), and marketing campaigns (to boost demand).
- **Additional Support:** Recommends incentives like staking rewards and governance voting to enhance engagement (beyond the audit's scope).



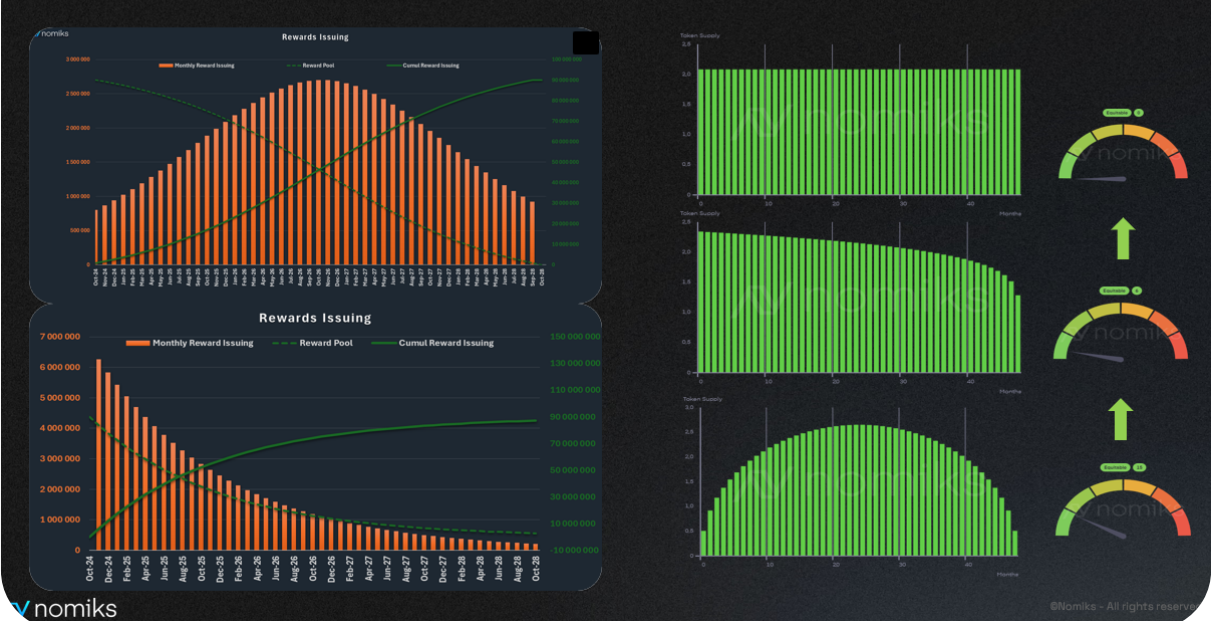
Token metrics – Issuance and Vesting Optimization



5. Reward Models:

- **Tailored Reward Models:** We design reward emission models, such as Sigmoid/S-shape (increasing rewards during growth), Exponential Negative Emission (high initial rewards decreasing over time), or Constant Emission (steady rewards), to drive desired behaviors and foster long-term engagement.
- **Fairness Optimization:** Parameters are adjusted for a low Gini coefficient to balance rewards for early adopters with accessibility for all users.
- **Strategic Reward Issuance:** Rewards are aligned with strategic inflection points, transitioning from TGE-based to protocol revenue-based rewards (e.g., transaction fees), and adjusting strategies to align with anticipated Web3 market surges for both immediate and long-term impact.

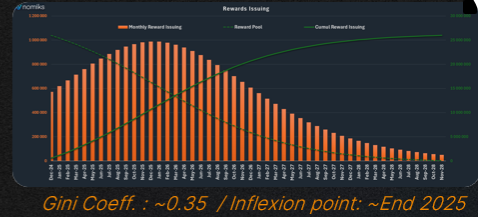
Token metrics– Rewards



Rewards - Token Metrics

Rewards:

- **Total allocation:** 100 Mio tokens (100% of total supply)
- **Vesting:** No lock-up period, vested over 48 months
- **Monthly Issuing Function:** Sigmoid (S-shape): $R(t) = \frac{1}{1+5 \cdot e^{-\frac{t}{8}}}$



Stakeholders	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Teams/Founders (10%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advisors (1,75%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PreSeed Warrant (3,53%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Private 1 (7%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Private 2 (7%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
KOL (2,22%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Sale / ICO (8%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airdrop (3%)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Rewards (26%)	0,57	0,62	0,67	0,71	0,76	0,81	0,85	0,89	0,92	0,95	0,97	0,98	0,99	0,99	0,99	0,98	0,96	0,94	0,91	0,88	0,84	0,79	0,75	0,70
Liquidity / Listing (8%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Treasury (16%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing (7,5%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL (in million tokens)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% Reward / Monthly Issuance	3,5%	25,6%	27,0%	18,2%	19,2%	20,1%	26,5%	27,4%	28,1%	42,6%	43,1%	43,5%	36,9%	36,8%	36,6%	45,8%	45,2%	44,4%	43,5%	42,4%	41,1%	39,7%	38,2%	36,8%

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*Nb TGE Tokens (Month 0) = % Upfront + Month 0 Issuance

~20-40% of monthly issuance

6. Inflation Management (for inflationary tokens only, e.g. Layer 1):

- **Dynamic Decreasing Inflation:** Utilizes a gradual reduction in token issuance (e.g., negative exponential function) to maintain economic stability and align supply with network growth.
- **Incentivizing Participation:** Initially rewards early participants and shifts to long-term engagement through network use and transaction fees.
- **Market Competitiveness:** Aligns with successful strategies from leading blockchains to meet industry standards, ensuring token value and economic stability.

Conclusion

Our pre-TGE token metrics and financial metrics audit provides a robust foundation for launching a successful and sustainable tokenomics model. Focusing on data analysis, strategic alignment, and economic optimization helps projects enhance market position, attract investors, and build loyalty.