

Credora Factor Model: Shapeshift DAO

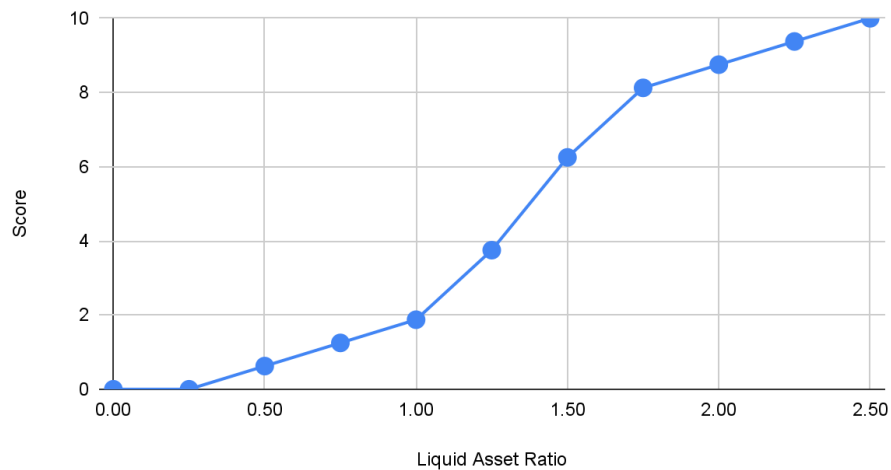
The following factor model is presented by Credora to provide creditworthiness factors for Shapeshift DAO. The factors were developed based on an analysis of financial statements, on-chain data, and an interview with the management team. The goal for the factor model is to provide transparency around parameters used to assess borrower creditworthiness.

The following categories are presented as separate scoring parameters:

- **Transparency** - Measures visibility of assets on Credora's platform.
- **Performance** - Measures ability to generate business profits.
- **Leverage** - Measures ability to repay current and future debt obligations.

Each of the factors are scored according to specific scoring parameters based on their relative importance to each underlying factor. These parameters are scored on curves as displayed below.

Score vs. Liquid Asset Ratio



In assessing creditworthiness for Shapeshift, the balance sheet was adjusted to account for the illiquidity and long term nature of native project assets (FOX). The adjustment discounts FOX by 95% discount, holding liabilities equal and calculating an updated equity amount. This adjustment negatively impacts the Leverage factors.



Model Summary

Factor	Parameter	Parameter Definition
Transparency	Visible Assets	Visible Assets / Total Assets
Transparency	Quality of Financials	Considers history, recency, preparation, detail
Performance	Cash Runway	Cash / Monthly Cash Burn Rate
Performance	Interest Coverage	EBIT / Interest Expense
Performance	ROA / ROE	Return on assets and equity
Performance	Max monthly cash burn	Cash flow as a percentage of equity
Leverage	Portfolio Leverage	Interest Bearing Debt / Shareholder's Equity
Leverage	Liquid Asset Ratio	Liquid Assets / Total Liabilities

Factor Model Output

Factor	Parameter	Score	Max Pts	% of Factor	Total Pts
Transparency	Visible Assets	10	10	50.0%	5.0
Transparency	Quality of Financials	6	10	50.0%	3.2
Transparency	Total				(8.2 / 10)
Performance	Cash Runway	2	10	25.0%	0.5
Performance	Interest Coverage	0	10	25.0%	0.0
Performance	ROA / ROE	0	10	25.0%	0.0
Performance	Max mo. cash burn	3	10	25.0%	0.6
Performance	Total				(1.1 / 10)
Leverage	Portfolio Leverage	9	10	50.0%	4.6
Leverage	Liquid Asset Ratio	10	10	50.0%	5.0
Leverage	Total				(9.6 / 10)



Visual Output

