



Yearn Finance Quarterly Report

Q1-2021

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Table of Contents

Introduction to Yearn Finance	<i>pg. 4</i>
Income Statement	<i>pg. 5</i>
Balance Sheet	<i>pg. 12</i>
Total Value Locked	<i>pg. 13</i>
Governance 2.0	<i>pg. 14</i>
Keep3r Network	<i>pg. 15</i>
Ahead of the Curve: Yearn's Synergistic relationship with Curve Finance	<i>pg. 16</i>
Competitive Advantages	<i>pg. 17</i>
Yearn Ecosystem	<i>pg. 18</i>
Interactive Financial Dashboard	<i>pg. 20</i>
Sources	<i>pg. 21</i>

An Introduction to Yearn Finance



Yearn Finance (“Yearn”) is the leading yield-aggregator protocol in decentralized finance (“DeFi”) operating on the Ethereum blockchain. The protocol launched in early 2020 with the iEarn product that algorithmically shifts stablecoins (USDC, USDT, DAI) between several lending protocols in DeFi to obtain the most optimal interest rates at all times. This product is known as the yPool on Curve Finance. Curve is a decentralized stablecoin exchange focusing on low-slippage swaps between various stablecoin assets. In July 2020, the YFI token was distributed over approximately 10 days to users that provided capital into liquidity pools involving the yPool – a process known as “farming” or “yield-farming”. The YFI token governs the Yearn protocol.

Shortly after the distribution of the YFI token the yVault product offering was introduced. yVaults enable users to deposit capital into smart contracts and Strategists – specialized yield-farming experts – automatically and efficiently earn yield on behalf of the depositors. Gas costs are socialized across the entire pool making it more economical for small users to participate in yield-farming. Users also do not need to have an advanced knowledge of DeFi, yield-farming, or liquidity providing, as the Strategist will perform the necessary actions on behalf of the user. Profits from yield-farming are periodically harvested by the Strategist and deposited back into the vault; depositors have claims over these profits. The yVault product represents Yearn’s core business, but starting in early 2021 Yearn Treasury began engaging in yield-farming with its own assets to generate additional cash flows.

Yearn engaged in a series of partnerships in the fall of 2020, forming the Yearn Ecosystem. These partnerships include SushiSwap (Automated Market Maker), C.R.E.A.M (lending), Keep3r Network (automated job platform), Akropolis, and Pickle Finance (yield-aggregator). While the protocol specified above in conjunction with Yearn Finance comprise the Yearn ecosystem, the YFI token does not govern the other protocols in the ecosystem.

Version 2 of the yVault product was launched in early 2021 and includes a revised fee schedule and the ability for vaults to incorporate multiple strategies per vault. Version 1 yVaults are only able to employ one strategy per yVault.

Adjusted EBITDA for Q1-21 was \$4.8m and \$3.1m was generated in Mar-21 alone. Mar-21 adjusted EBITDA was nearly as much as fiscal year 2020, which included five months.

Unaudited Income Statement

\$ in thousands	FY20	Jan-21	Feb-21	Mar-21	Q1-21
Revenue					
yVault	4,822	841	1,402	3,225	5,468
Yield farming	-	7	82	460	548
Other miscellaneous revenue	212	-	-	-	-
Total revenue	5,034	847	1,484	3,685	6,016
Cost of revenue	103	2	39	149	191
Gross profit	4,824	845	1,445	3,536	5,825
Operating expenses					
Token-based compensation	10,245	2,135	2,135	2,135	6,405
Administrative salaries	497	106	106	130	342
Security	225	44	43	169	256
Grants	162	21	82	47	150
Other operating expenses	27	147	11,102	24	11,273
Total operating expenses	11,156	2,452	13,468	2,505	18,425
Net operating profit	(6,332)	(1,607)	(12,024)	1,031	(12,600)
Other income/(expenses)					
Interest income/(expense)	-	-	(41)	(157)	(198)
Contribution revenue	6	438	(385)	-	53
Unrealized capital gain/(loss)	(15)	8	-	-	8
Realized capital gain/(loss)	(3)	126	31	97	254
Total other income/(expenses)	(13)	572	(395)	(60)	117
Net income	(6,344)	(1,035)	(12,418)	971	(12,483)
Add:					
Interest	-	-	41	157	198
Taxes	-	-	-	-	-
Depreciation & amortization	-	-	-	-	-
EBITDA	(6,344)	(1,035)	(12,377)	1,128	(12,285)
Add:					
Token-based compensation	10,245	2,135	2,135	2,135	6,405
Non-recurring items:	(218)	(438)	11,465	-	11,028
yvDAI incident	-	-	11,080	-	11,080
Airdrops	(212)	-	-	-	-
Contribution revenue	(6)	(438)	385	-	(53)
Capital gain/(loss)	19	(134)	(31)	(97)	(262)
Adjusted EBITDA	3,701	528	1,192	3,166	4,886

Note: The income statement has not undergone a comprehensive financial statement audit.

Basis of Presentation

The financial statements are presented on an accrual basis of accounting. The fiscal year for Yearn ends calendar year ending December 31st. Figures are displayed in United States dollars ("USD") and rounded to the nearest thousand. The financial statements are compiled with the use of estimates and non-USD assets are converted to USD by obtaining closing prices from Coingecko.com, or by obtaining prices directly by querying the Ethereum blockchain. The financial statements have not undergone a comprehensive financial audit by a professional third-party accounting firm. They are intended for informational purposes only and should not be used for financial, investment, or advice of any kind. There may contain immaterial arithmetic errors in the tables presented, this is due to rounding.

- The yVault product line remains central to Yearn's core business and top-line revenue generation. v2 yVaults launched in Jan-21, along with additional v1 yVaults increasing top-line revenue growth during Q1-21. *Detailed yVault data is presented in a later section of this report.*
- In late Feb-21, Yearn formed a yield-farming committee and began earning yield on idle assets held in Treasury. Capital was obtained by opening a collateralized debt position ("CDP") on both MakerDAO and Unit.xyz with YFI held as collateral. We expect yield-farming to contribute to an increasing amount of top-line revenue moving forward.
- Other miscellaneous revenue consists of one-time airdrops and do not represent a core part of our business. Airdrops were valued at the fair market value ("FMV") on the date received.
- Cost of revenue consists of gas costs used to deploy contracts, payments owed to affiliate partners, or other miscellaneous activities related our yVaults.
- In Feb-21, 6,666 YFI was minted, of which 2,222 was distributed to core contributors of the Yearn protocol under a vesting schedule. YFI is vesting monthly for 3 years after the contributor commences work with Yearn. Yearn is able to claw back unvested YFI in the event the contributor ceases to work for Yearn for any reason. Contributor vesting is expensed in accordance with the accrual basis of accounting, however, since it is a non-cash expense it is excluded, among other items, to arrive at adjusted EBITDA.

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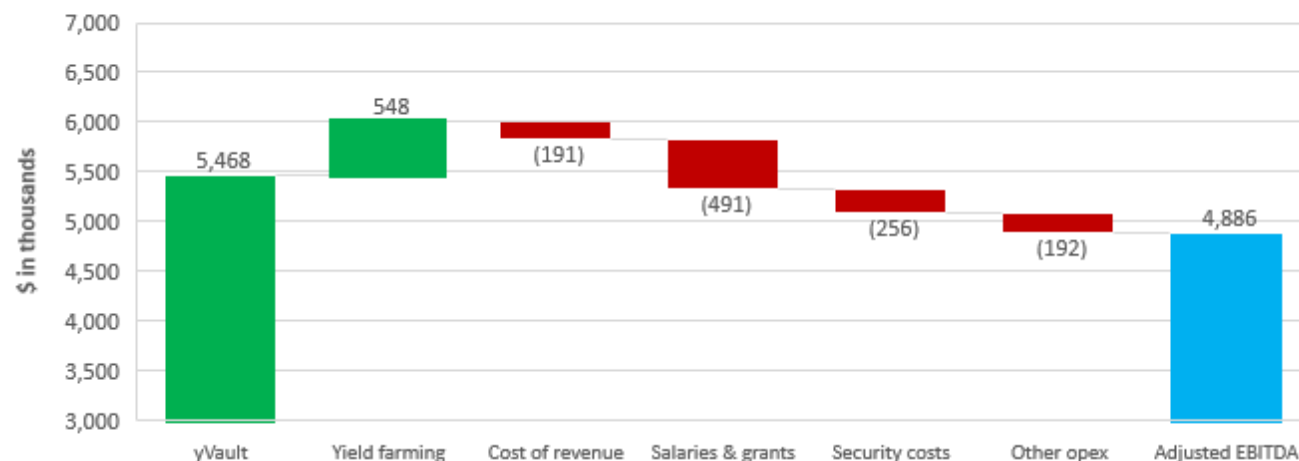
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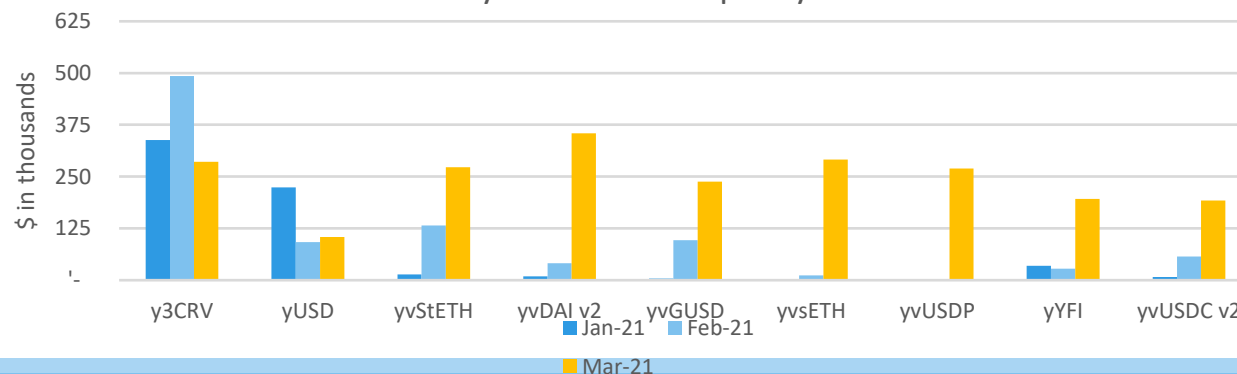
- Administrative salaries make up a meaningful portion of operating expenses after excluding token-based compensation, which is a non-cash expense. These salaries are necessary to maintain, develop, and oversee the protocol.
- Security expenses consist of bug bounties and smart contract audits. Security costs were elevated in March relative to January and February due to new smart contract audits related to yVaults and a \$42k bug bounty.
- Other operating expenses consist of UX/UI improvement costs, infrastructure costs, promotional event costs, and any other unforeseen expenses incurred by the protocol. In Jan-21, Yearn incurred a \$120k one-time expense related to overcharging depositors of the yvETH vault. In Feb-21, the yvDAI vault was exploited by a malicious actor resulting in an \$11.0m loss to depositors of this yVault. Yearn opened a CDP on MakerDAO using YFI as collateral and minted 11m DAI to reimburse depositors. As a result, we have expensed the loss and recorded a liability on the balance sheet. We consider this loss to be one-time in nature and have excluded it from earnings as part of adjusted EBITDA.
- Contribution revenue are one-time donations from members of the Yearn community. The majority of these donations were made in Jan-21 in the form of YFI, but were returned to benefactors in Feb-21. The difference in value between these two months is related to changes in the fair market value of YFI between the date received and the date returned.
- Each month short-term assets (not available-for-sale or held-to-maturity) are marked-to-market at fair market value and the corresponding unrealized gain or loss is reflected on the income statement. Additionally, realized gains or losses related to asset sales are also recorded.
- Adjusted EBITDA excludes interest, taxes, depreciation & amortization, and various non-cash expenses (such as token-based compensation) or non-recurring items.

yVault revenue was the key driver of adjusted EBITDA, however, we anticipate Treasury yield-farming to contribute an increasing amount of revenue in the future.

Q1-21 Key Financial Drivers



Monthly Revenue of Top 10 yVaults



Key Drivers of Financial Results

- Presented in the chart at left is the key financial drivers for Q1-21 for adjusted EBITDA. Items adjusted include, interest, taxes, depreciation & amortization, non-cash expenses (contributor vesting), non-recurring items (airdrops, donations, one-time unforeseen losses, and capital gains/(losses)).
- yVault revenue was the key primary driver of adjusted EBITDA for the quarter, but in late February 2021 Yearn commenced yield-farming with Treasury assets. Treasury yield-farming is generating significant amounts of revenue and expect cash flows from this activity to continue.
- Majority of the operating expenses – though relatively small as a percentage of revenue – are related to salaries and grants necessary to maintain and develop the protocol.

Monthly Revenue of Top 10 yVaults

- yVault revenue was dominated by established (y3CRV & yUSD) vaults for January and February; however, March revenue was driven by several v2 yVaults that launched in that month. We continue to anticipate v2 yVaults to drive meaningful revenue growth in the future.
- Our yYFI vault saw a large increase in revenue for March as we encouraged depositors to migrate to the v2 vault resulting in a higher TVL generating more revenue.

yVault revenue growth has exploded in Q1-2021, particularly in March 2021, and Q1-21 revenue data annualized indicates approximately \$21.9m in yVault revenue.

Revenue by Top 25 yVaults

\$ in thousands	Jan-21	Feb-21	Mar-21	Q1-21	Q1-21	
					FY20	Annualized
y3CRV	339	493	286	1,117	133	4,469
yUSD	224	92	104	419	3,004	1,677
yvStETH	14	132	273	418	-	1,672
yvDAI v2	9	41	355	405	0	1,619
yvGUSD	3	96	238	338	0	1,351
yvsETH	0	11	291	302	-	1,210
yvUSDP	-	-	269	269	-	1,077
yYFI	35	28	196	259	396	1,035
yvUSDC v2	8	57	192	257	0	1,028
yvDAI	20	125	112	257	7	1,029
SCURVE	-	7	154	161	-	645
yETH	47	80	31	157	609	629
yvbCRV	29	43	85	157	186	626
crvEURS	6	46	94	147	-	586
crvRenWSBTC	62	26	54	142	211	567
crvCOMP	8	31	83	122	4	490
crvLINK	-	-	90	90	-	358
yETH v2	0	-	84	84	0	336
a3CRV	-	6	60	66	-	265
yvUSDC	22	42	12	76	159	306
yvTUSD	13	13	16	42	7	167
ankrCRV	-	5	26	32	-	127
dusd3CRV	-	3	28	31	-	123
bBTC/sbtcCRV	-	15	15	30	-	120
saCRV	-	0	25	25	-	100
Miscellaneous vaults	3	11	51	65	105	260
Total yVault revenue	841	1,402	3,225	5,468	4,822	21,872

- Thirty-six new yVaults launched in Q1, including five new v2 yVaults. *Note: The table presented at left only includes the top 25 yVaults sorted by total revenue for Q1.*
- y3CRV was the most profitable vault for the quarter and generated \$1.1m in revenue. yUSD was previously the most profitable vault in 2020, but has since been overtaken by then y3CRV vault.
- The yvDAI v2 vault experienced tremendous growth in March 2021 primarily due to its role within the Alchemix protocol. Users of the Alchemix protocol deposit DAI into our yvDAI v2 vault earning yield. Alchemix enables these users to obtain a line of credit in the form of alUSD, a synthetic token native to the Alchemix protocol. The yvDAI v2 vault is also used by several of our other yVaults, and TVL and revenue from this vault may increase in the future from additional traffic driven from Alchemix or one of our other yVaults that is utilizing the vault.
- Our most profitable ETH vault was yvStETH, which earns CRV rewards from the StETH liquidity pool on Curve Finance. CRV rewards are periodically harvested by our Strategists and used to purchase more of the underlying tokens in the vault.
- The yYFI vault offers YFI holders an opportunity to earn yield on their tokens while still retaining the right to vote on Yearn governance proposals that shape the protocol.
- The majority of our yVaults are focused on Curve Finance strategies by earning CRV rewards and depositing into liquidity pools on Curve.

Yearn is yield-farming with Treasury assets and earning approximately \$500k per month in revenue.

Yield Farming

\$ in thousands	Jan-21	Feb-21	Mar-21	Q1-21	FY20	Annualized*
yvUSDN	-	82	341	423	-	4,096
yvUSDP	-	-	119	119	-	1,422
MITH Cash	7	-	-	7	-	-
Total Yield Farming revenue	7	82	460	548	-	5,518

*Annualized based on March data only.

Interest Expense

\$ in thousands	Jan-21	Feb-21	Mar-21	Q1-21	FY20	Annualized*
MakerDao	-	(41)	(138)	(179)	-	(1,655)
Unit.xyz	-	-	(19)	(19)	-	(229)
Total interest expense	-	(41)	(157)	(198)	-	(1,883)

*Annualized based on March data only.

- Yearn has among the most tenured, knowledgeable, and successful yield-farmers in all of DeFi. The internal yield-farming team began earning yield on Yearn Treasury assets in late Feb-21.
- 3,200 YFI was deposited into MakerDAO to mint 20m DAI accruing interest at 5.5%. Approximately 9.9m DAI was deposited into our yvUSDN vault in late February earning an estimated 52% APY. 500 YFI was deposited into unit.xyz to mint 4m USDP and deposited into our yvUSDP vault earning an estimated 36% APY. *Note: APY was estimated as of April 21st, 2021.*
- Overall, yield-farming is a highly volatile practice with yields and APY's fluctuating on a daily basis. It is extremely difficult to accurately forecast annual expected returns from these activities. The annualized estimates in the table presented at left were subjectively obtained. We multiplied the month of March for both the yvUSDN and yvUSDP vaults to obtain annualized forecasts. MITH Cash farming is not expected to continue, therefore we did not forecast additional revenue from this source.
- Based on the run-rate for the data as of March 31st, Yearn yield-farming is estimated to earn \$5.5m per year. *Note: This estimate is highly variable and subject to change in prices in DeFi, which often fluctuate wildly daily.*
- Interest is related to debt owed to MakerDAO and Unit.xyz, two protocols in DeFi that enable users to open collateralized debt positions. Interest is continuously accrued until the debt is paid back and the collateral is unlocked. MakerDAO and Unit.xyz both assess 5.5% annual interest on CDPs opened with YFI as collateral.

Yearn is a well-structured and organized protocol with a team of contributors, while still encouraging new contributors to join and add value to the protocol.

Salaries

\$ in thousands	Role	Jan-21	Feb-21	Mar-21	Q1-21	Q1-21	
						FY20	Annualized
Banteg	Developer	13	14	14	27	69	107
Doggie	Developer	13	14	14	27	63	107
Tracheopteryx	Operations	8	9	9	17	47	68
Klim	Operations	8	9	9	17	47	68
x48	Developer	8	9	9	17	42	68
Luciano	Developer	8	9	9	17	38	68
Doug	Developer	8	9	9	17	38	68
Daniel	Operations	8	9	9	17	29	68
Franklin	Operations/Communications	-	9	9	9	45	35
Facu	Operations	5	5	5	11	20	43
Dudesahn	Communications	5	5	5	11	17	43
Alejo	Developer	4	-	8	12	-	49
Gotzen	Developer	4	-	8	12	-	49
Turtle	Developer	4	-	8	12	-	49
Dark Ghosty	Communications	3	3	3	10	18	39
Lex Node	Legal	3	3	3	10	4	38
orxball	Developer	-	-	-	-	21	-
Total salaries		106	106	130	242	497	968

- Salaried contributors increased in Q1-21 as additional developers were onboarded.
- For fiscal year 2020, salaried contributors were paid in yUSD, an interest-bearing Yearn vault token. In January 2021, Yearn transitioned to paying salaried contributors and grant recipients in y3CRV, another Yearn vault token. This token was chosen as it is less gas intensive to send and more economical for the Yearn protocol to distribute.
- The table at left converted the value of the yUSD or y3CRV salary payments into USD.
- Yearn incurred additional smart contract audit expenses in March related to its yVault product.

Security

\$ in thousands	Jan-21	Feb-21	Mar-21	Q1-21	Q1-21	
					FY20	Annualized
Smart contract audits	43	43	127	212	104	849
Bug bounties	1	1	42	43	122	173
Total Security expense	44	43	169	256	225	1,022

There have been over fifty grant recipients since Yearn's launch in July 2020, and grants are continued to be evaluated on a month-to-month basis.

Community Grants

\$ in thousands	Description	Jan-21	Feb-21	Mar-21	Q1-21	Q1-21	
						FY20	Annualized
Coordinape	Decentralized grant payments	-	40	40	80	-	240
Wrong Nebula	Designer	5	5	-	10	21	31
nymmr	Front & back end developer	2	8	-	9	-	28
Miguel	APY API for website & docs	2	4	-	6	2	19
Eric	yGift and v2 front end	2	2	-	4	4	13
Jigsaw	Content writer	2	2	-	4	5	13
Bob The Builder	Financial assistance	-	4	-	4	5	11
Steffenix	Developer assistance	-	4	-	4	-	11
Chris.eth	Subgraph developer	2	2	-	4	-	11
Graham	Feel-the-yearn	3	-	-	3	3	9
Gabriel	Front end developer	-	3	-	3	-	8
Nomad	Content writer	1	1	1	3	9	10
Bigbadaboom	Video designer	-	2	2	4	4	12
Ryan	Wrote migration zap	-	-	3	3	-	10
Guillermo	Subgraph developer	-	2	-	2	-	6
Sam	On-boarding new Strategists	-	2	-	2	-	6
Carlos	On-boarding new Strategists	-	2	-	2	-	6
Mpod	Developer assistance	-	1	-	1	-	3
Danielj	Spam protection for Discord	-	1	-	1	3	2
Documentation team	Re-wrote doc.finance.yearn	-	-	-	-	12	-
Lex Node	Legal assistance	-	-	-	-	11	-
Blue Kirby	Marketing	-	-	-	-	8	-
ETHOnline Prizes	Competition sponsorship	-	-	-	-	5	-
Rari NFT Prizes	Competition sponsorship	-	-	-	-	5	-
Motion Factory	Video designer	-	-	-	-	5	-
Vany 365	Discord administrator	-	-	-	-	5	-
Gismar	Developer assistance	-	-	-	-	4	-
All other recipients		1	-	-	1	52	2
Total Community Grants expense		21	82	47	150	162	449

- Yearn is a decentralized organization with numerous unaffiliated contributors performing various tasks or value-add work for Yearn. These tasks range from assistance with design, branding, UI/UX improvements, community outreach, writing, consulting, etc.
- There have been over fifty grants recipients since Yearn's launch, and we expect more contributors to receive grants in the future as the community and Yearn's operations expands.
- Yearn launched Coordinape in early 2021 in an effort to decentralize the grant selection and disbursement process. Previously awarded grant recipients are allocated 100 GIVE tokens. These tokens can be allocated to contributors in the Yearn ecosystem. \$40k is allocated monthly to the Coordinape program. Salaried contributors are ineligible to receive grants from Coordinape, but can use their GIVE tokens to allocate to other contributors.
- Grants are continued to be evaluated on a month-to-month basis by Yearn operations team, core contributors, and any eligible member of the Coordinape platform.
- The table presented at left only displays the top 25 grant recipients, sorted as of Q1 2021.

Yearn owns approximately \$195m in assets, primarily YFI, held in Treasury, and owes \$25m in debt obtained from two decentralized finance protocols.

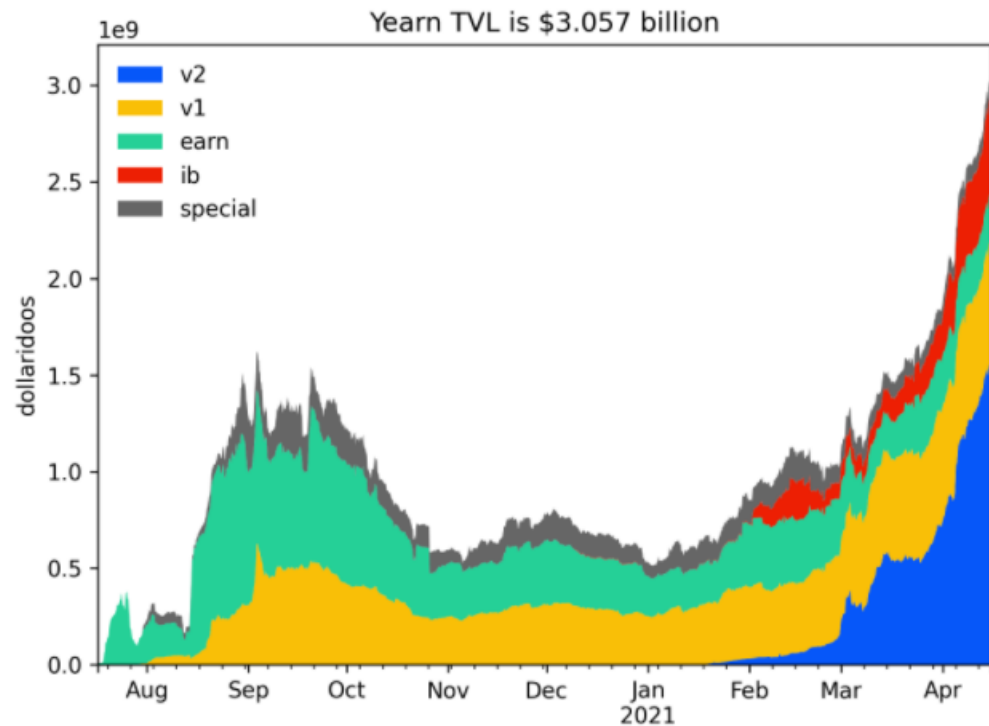
Unaudited Balance Sheet

\$ in thousands	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Assets								
Cash & cash equivalents	541	633	544	483	803	1,004	1,651	3,208
Accounts receivable	-	-	-	-	-	-	82	460
Inventory	-	-	-	-	-	-	9,890	13,890
Marketable assets	-	59	32	53	-	51	-	-
Prepaid expenses	-	-	-	-	16	124	54	48
Security deposits	-	-	-	-	-	-	60	60
Other short term assets	5	4	7	9	9	17	21	112
Total current assets	545	696	583	546	828	1,195	11,757	17,778
YFI	136	107	75	292	676	1,111	131,844	172,614
ETH	-	358	475	798	505	939	1,095	2,347
BTC	12	93	232	351	532	10	53	190
Other long term assets	-	-	-	-	-	647	521	1,714
Total long term assets	148	558	782	1,441	1,712	2,707	133,514	176,865
Total assets	694	1,254	1,364	1,987	2,541	3,902	145,271	194,643
Liabilities								
Accounts payable	95	2	-	-	3	15	15	115
Accrued expenses	-	12	-	138	-	-	40	40
Interest payable	-	-	-	-	-	-	41	157
Total current liabilities	95	13	-	138	3	15	96	312
yvDAI Debt	-	-	-	-	-	-	11,080	11,080
MakerDAO	-	-	-	-	-	-	9,890	9,890
Unit.xyz	-	-	-	-	-	-	4,000	4,000
Long term liabilities	-	-	-	-	-	-	24,970	24,970
Total liabilities	95	13	-	138	3	15	25,066	25,282
Total tokenholders' equity	598	1,240	1,364	1,849	2,538	3,887	120,204	169,361
Total liabilities and equity	694	1,254	1,364	1,987	2,541	3,902	145,271	194,643

- Cash & cash equivalents – Management fees and performance fees owed to the Yearn protocol are sent to Yearn Treasury in the form of the yVault liquidity provider (“LP”) token. Over time, Yearn’s Treasury naturally builds up a reserve of these tokens as more yVault revenue is generated to the protocol.
- Accounts receivable – Represents earned but unharvested revenue generated from Yearn Treasury’s yield-farming. As of March 31st, 2021 there were \$341k, and \$119k earned but unharvested revenue from our yvUSDN and yvUSDP vaults, respectively.
- Inventory – Yearn’s internal yield-farming committee began earning yield on assets held in Treasury. These items are the line of credit borrowed from MakerDAO or Unit.xyz in order to yield-farm.
- Marketable assets – Primarily consists of airdrops or other assets anticipated to be sold by Yearn in under one year.
- Other short term assets – Profits from various miscellaneous Yearn yVaults, such as the crvLINK or yvHEGIC vaults. The majority of the \$112k balance at Q1-21 was generated from the crvLINK (\$90k) vault.
- YFI – The large increase in Feb-21 was related to the additional 6,666 YFI minted in accordance with YIP-52. 2,222 YFI was distributed to current contributors in vesting packages. The remainder is reserved to be used at the discretion of the multi-sig to perform yield-farming, cross-protocol initiatives, potential liquidity mining programs, and future contributors.
- Other long term assets – Consists of the KP3R/ETH liquidity pool required to generate credits needed to pay keepers performing harvesting functions for Yearn yVaults. For January and February we valued the liquidity pool based on the FMV of the tokens deposited (KP3R & ETH) at month end. There may be some Impermanent Loss related to this position, which were unable to accurately estimate. For March, we obtained the value of the liquidity pool from apy.vision, which provides the market value of liquidity pools, including any Impermanent Losses.
- Accounts payable & accrued expenses – Accounts payable are due to service providers or affiliate partners. We are still quantifying the amount due to affiliate partners for March, but we conservatively estimated this to be \$100k and accrued it on the balance sheet. Accrued expenses are primarily owed but unpaid salaries or grants that eventually get distributed to appropriate parties.
- Interest payable – Accrued but unpaid interest related to debt related to Treasury yield-farming operations described above.
- Long term liabilities – Debt owed to MakerDAO and Unit.xyz related to the Treasury yield-farming.
- Equity – includes accumulated other comprehensive income related to valuing assets held on Yearn’s balance sheet to fair market value (FMV) at month-end.

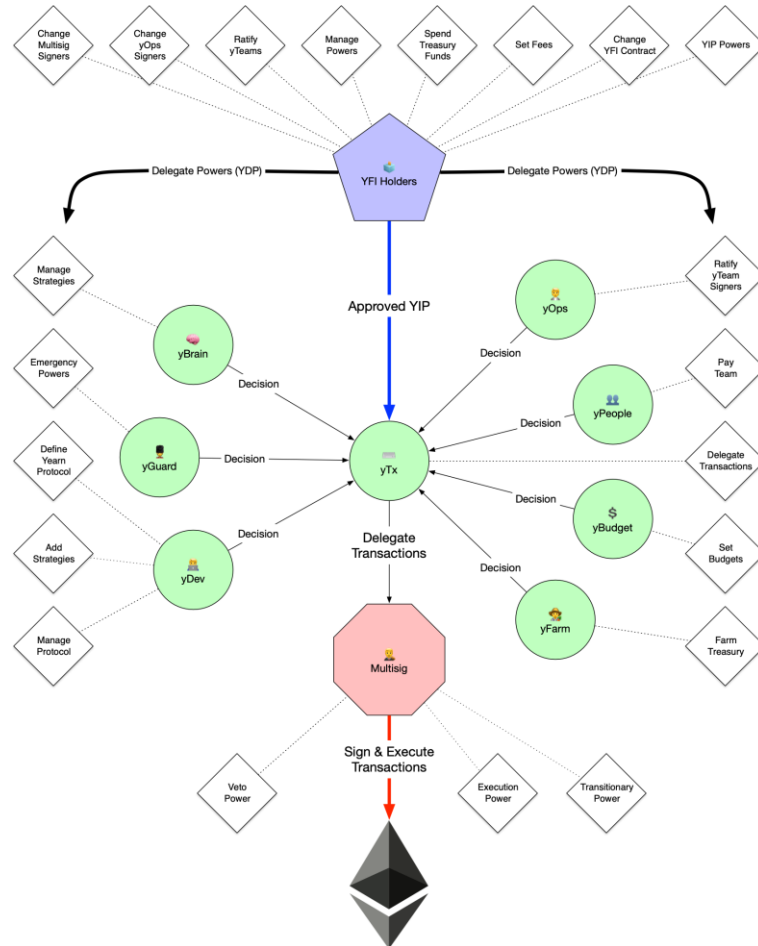
Note: The balance sheet above has not undergone a comprehensive financial statement audit.

Yearn exceeded \$2.0b in Total Value Locked in Q1 2021, and as of April 15th, 2021 surpassed \$3.0b in TVL.



- There has been phenomenal growth in Total Value Locked (TVL) across all Yearn products in Q1 2021, and TVL has exceeded \$2b. This surpasses the previous all time high (\$1.5b) set in September 2021.
- As of April 15th, 2021, Yearn TVL between yVaults, iEarn, Iron Bank, and experimental vaults is approximately \$3.0b. *Note: The chart presented at left is as of April 15th, 2021.*
- TVL growth is partially due to the launch of our v2 yVaults in Q1 2021 and several new v1 yVaults. Increased usage in the Iron Bank, Yearn's lending platform, has also contributed to additional TVL.
- It is worth noting that as of April 15th, 2021, Yearn has over \$3b in TVL without any token subsidies or other incentives typically offered by competing protocols in DeFi.
- Several third-party reporters in DeFi have been underreporting Yearn's TVL. We have created a dashboard to more accurately view our TVL – [Yearn.science](https://yearn.science).
- Github: [yearn/yearn-exporter](https://github.com/yearn/yearn-exporter)

Governance 2.0 advances the field of decentralized governance and improves Yearn's tactical edge through delegated decision-making with "yTeams".



- YIP-41: Temporarily Empower Multisig was approved by YFI holders in August 2020 as a temporary mechanism that enabled the Multisig to make certain administrative decisions to the Yearn protocol during its nascent growth phase. YIP-61: Governance 2.0 was passed in April 2021 to establish a long-term and clearly defined operational governance process, while maintaining the core ethos of decentralization and inclusivity.
- YIP-61 empowers various "yTeams" – organically formed autonomous contributor teams – to oversee and perform duties to specific areas of the Yearn protocol, such as yDev, yOps, yBudget, yPeople, yTx, etc. yTeams act independently in the best interest of Yearn within a constrained domain of action and with enumerated, discrete decision-making powers.
- Governance 2.0 encourages informal contributors to continue to provide value to Yearn or form new teams that aim to add value in the future, as these informal teams may be formally integrated into a yTeam. This encouragement enables Yearn to remain flexible and inclusive for new contributors that join the ecosystem, that is core to the ethos of decentralization and inclusiveness within Yearn.
- The decision-making powers previously held by the Multisig shifts to the newly formed yTeams, however, the Multisig still retains the execution powers of decisions determined by yTeams. The Multisig also retains veto power for any decisions made by yTeams before they are executed, if the Multisig determines that a decision warrants additional review.
- YFI holders retain the right to propose new YIPs, change members of the Multisig, change fees for Yearn products, alter powers delegated to yTeams, mint or burn YFI, and various other rights. *A more comprehensive list of these rights can be viewed in the governance proposal listed below.*
- YIP-61: Governance 2.0 can be read in it's entirety here. <https://gov.yearn.finance/t/yip-61-governance-2-0/10460>

Keep3r Network is an integral part of Yearn's operations and drastically lowers operating costs related to yVault harvesting.



This project is in beta. Use at your own risk.


Profile

Balance
0.00 KP3R

Bonds
0.00 KP3R

Bond **Unbond**

Work Completed
0

Find keep3r
 

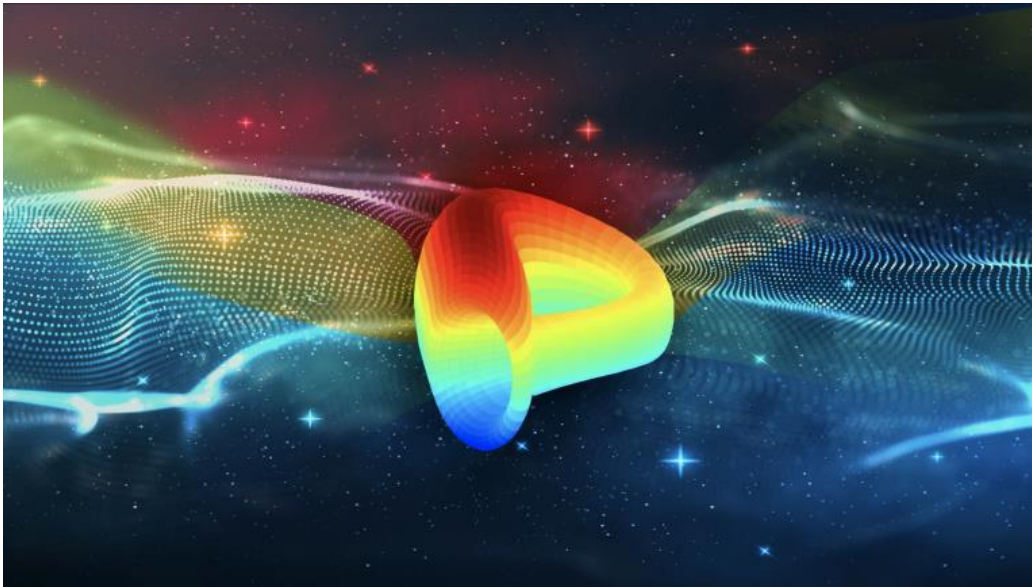
Jobs

add

There are no jobs

- Keep3r Network launched in Fall of 2020 and is a decentralized protocol that enables users or protocols to obtain automated devops functions for specific jobs. It is part of the Yearn ecosystem and is used by several protocols within DeFi.
- Yearn utilizes the Keep3r network to automatically harvest yield for its yVaults and perform other functions critical for efficient operations.
- Keepers refer to an external team or individual that performs jobs posted on the Keep3r Network on behalf of others. Keepers are compensated in KP3R, the native token of the Keep3r Network. Users can either buy KP3R on the market, or they can provide liquidity to the KP3R/ETH liquidity pool on SushiSwap and bond the liquidity provider tokens. Bonding the liquidity provider tokens give the requester credits that are equal to the amount of KP3R tokens in the liquidity pool.
- Yearn has provided approximately \$1.7m in liquidity in the KP3R/ETH liquidity pool in order to obtain credits necessary to pay keepers that are performing harvests for yVaults. As such, these assets are recorded on Yearn's balance sheet and considered part of its long-term asset holdings.
- Yearn is able to utilize significant cost savings by using the Keep3r Network as the cost to harvest yVaults is borne largely to keepers. Yearn obtains credits necessary to pay these keepers by providing liquidity.

Ahead of the Curve: Yearn's synergistic relationship with Curve Finance.



- The majority of the Yearn yVaults are focused on strategies earning yield on Curve Finance. Users contribute capital to liquidity pools on Curve Finance and receive liquidity pool tokens. These users then deposit these tokens into the respective Yearn yVault. The yVault stakes the Curve liquidity pool tokens into gauges on Curve Finance, which earn CRV rewards as incentives. CRV is the governance token of the Curve Finance platform.
- yVaults automatically harvest the CRV rewards and sell them for one of the underlying assets in the Curve pool, while simultaneously depositing the proceeds back into the Yearn vault. This process automates yield-farming while also makes it more economical for smaller users on the Ethereum blockchain, which has experienced higher usage costs in recent months.
- In short, Yearn contributes liquidity to Curve Finance contributing to its TVL and helping enable higher trades with low slippage, while also earning yield in the form of CRV rewards. Yearn retains 10% of all CRV rewards earned from yVault with Curve Finance strategies and locks it into Yearn's yveCRV vault (the "Backscratcher"), with the exception of its yvUSDN vault. For the yvUSDN vault Yearn retains and locks 50% of the CRV earned into the "Backscratcher" vault. CRV locked in the "Backscratcher" is permanent and cannot be withdrawn, therefore an ever increasing portion of the CRV supply that is locked forever and taken out of circulation.
- Yearn also is an active participant in the Curve Finance DAO periodically voting on the allocation of CRV rewards for specific Curve gauges that are voted on weekly.

Yearn's competitive advantages include it's "Backscratcher" vault, the innovative developer team, and its ardent community.



The "Backscratcher" Vault (yveCRV)

- Curve Finance offers additional CRV rewards for liquidity providers that lock CRV into their voting escrow module. CRV can be locked for up to 4 years and the longer it is locked the more amount of veCRV received per CRV. The amount of boosted CRV rewards received is determined by the depositors locked veCRV balance and the size of their deposit relative to the total liquidity pool. Yearn has over 11m veCRV locked making it one of the largest holders outside of the Curve team/and or founders. This locked veCRV balance boosts the rewards – and APY – of yVaults that engage in Curve Finance strategies. It is of no extra cost to depositors and represents one of Yearn's strongest competitive advantages. To get the same APY as a Yearn yVault that is boosted, the depositor would need to obtain CRV either through the open market, or by yield farming and locking the balance.

The "Backscratcher" Vault (yveCRV) cont.

- veCRV holders also receive a portion of the admin fees (5 bps per trade) from the Curve DAO. Depositors in Yearn's "Backscratcher" vault receive their share of these fees as well as Yearn's share of fees for the 11m+ veCRV balance. CRV deposited into the "Backscratcher" vault are locked in perpetuity, however, Yearn has created a yveCRV-ETH liquidity pool on SushiSwap to make it easy for depositors to obtain their initial capital back.
- In the near future, we will be launching our yvBOOST that will automatically claim the Curve DAO fees and use it to purchase more CRV that is locked into the "Backscratcher" vault.

Developer Team

- The Yearn founder contrived the yield-aggregator concept that is a cornerstone of yield-farming in DeFi. He continues, along with other members of the Yearn developer team, to research & develop new financial primitives. All new products are created and aimed with the intention of benefiting the Yearn ecosystem and users of the protocol.
- Yearn includes developers with over 15 years of experience in Q&A, devops, and an advanced and knowledge of Vyper and Solidity, the native programming language of the Ethereum blockchain.

Community

- A fully decentralized and ardent community has formed stemming from the fair-launch token generation event ("TGE") in July 2020. Further, Yearn has some of the most respected and successful venture capital funds in DeFi supporting the project, including Framework Ventures, ParaFi Capital, and Polychain Capital.

The Yearn ecosystem is a coalition of several protocols in DeFi that includes a decentralized exchange, lending, automated job fulfillment marketplace, yield-aggregation, and institutional yield.



SushiSwap Exchange

- An Automated Market Maker (“AMM”) that serves as the official AMM for all of Yearn’s decentralized exchange swap needs. Recently launched BentoBox, a gas-efficient dApp that enables users to borrow coins via the Kashi Lending product or earn yield on their idle assets as suppliers.
- Version 3 of SushiSwap is anticipated in the near future and will include DeriSwap a decentralized and permissionless marketplace to for futures, options, and other derivative protocols on the Ethereum blockchain.

C.R.E.A.M Finance

- A decentralized lending platform that enables users to earn yield on their assets as suppliers, or borrow other assets from the lending platform after providing collateral. C.R.E.A.M serves as the foundation for Yearn’s Iron Bank, which is it’s in-house lending platform and can be accessed at <https://v1.yearn.finance/lending>

Keep3r Network

- An automated job fulfillment marketplace enabling users to post various jobs, including devops, that will be fulfilled by other users known as Keepers. Yearn uses the Keep3r Network to harvest yields on it’s yVaults.

Yearn Ecosystem – continued.



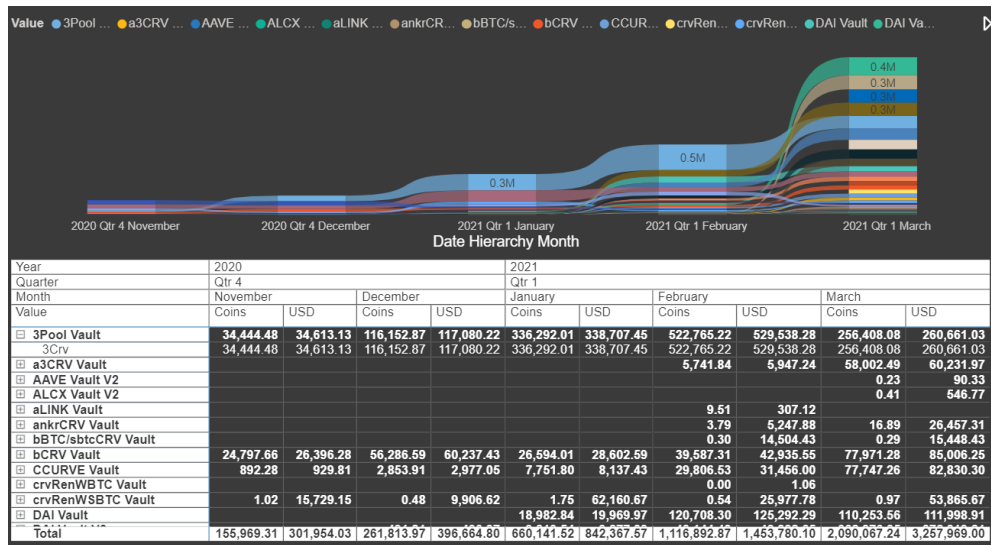
Pickle Finance

- A yield-aggregator that automatically harvests yield-farming rewards and uses the proceeds to purchase more of the underlying assets. Some pools are eligible for PICKLE rewards as additional incentives. Pickle has our yveCRV-ETH pool as one of their products automatically harvesting or earning SUSHI, PICKLE, and liquidity pool trading fees.

Akropolis

- Overseas AkropolisOS, a light and modular framework for creating for-profit DAOs, with customizable user incentives, automated liquidity provision enabled by the bonding curve mechanism, and programmatic liquidity and treasury management. Incorporates Yearn yVaults into its product.

We are happy to share an interactive financial dashboard displaying detailed financial transactions related to Yearn's operations.



- Our financial dashboard is being made public to give community members more granular information related to financial transactions affecting Yearn's operations. You can view transactions by month, token, category, and various other filters.
- Please note that this dashboard is displayed on a cash-basis of accounting, whereas the financial statements presented in this report are on an accrual basis of accounting. Specifically, the dashboard does not account for accounts receivable, accrued interest, unrealized capital gains and losses, or other accrual based items.
- You can access the dashboard at <https://www.yfistats.com/financials/financials.html>

Sources

- Revenue data was obtained from token transfers between several addresses controlled by the Yearn protocol. These Ethereum addresses are listed below.
 - Treasury vault: 0x93a62da5a14c80f265dabc077fcee437b1a0efde
 - Multi-sig: 0xfeb4acf3df3cdea7399794d0869ef76a6efaff52
 - Governance staking: 0xba37b002abafdd8e89a1995da52740bbc013d992
- Expenses were obtained from the yChad audit reports. These reports are available on Yearn's GitHub, and are published monthly.
 - <https://github.com/iearn-finance/ychad-audit/tree/master/reports/financial>
- Token prices were obtained from Coingecko, a historical price provider of all major cryptocurrencies, or by running an archive Ethereum node and querying prices directly from the blockchain.