

Yearn Finance Quarterly Report



For Q2-2021

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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 Q2-21 was \$16.4m and \$6.6m was generated in May-21 alone, representing Yearn's most profitable month. Quarterly EBITDA growth increased 235% from Q1 to Q2.

Unaudited Income Statement

\$ in thousands	FY20	Q1-21	Apr-21	May-21	Jun-21	Q2-21
Revenue						
yVault	4,822	5,483	5,229	7,225	5,962	18,416
v1 vaults	4,821	3,196	1,986	1,551	137	3,674
v2 vaults	-	401	3,243	5,674	5,825	14,742
Yield farming	-	548	426	395	48	868
Other miscellaneous revenue	212	-	-	-	-	-
Total revenue	5,034	6,031	5,655	7,620	6,010	19,285
Cost of revenue	103	147	412	515	343	1,270
Gross profit	4,824	5,884	5,243	7,105	5,667	18,015
Operating expenses						
Token-based compensation	10,743	6,704	2,270	2,322	2,322	6,915
Administrative salaries	497	347	249	264	293	806
Security	225	256	-	57	0	58
Grants	162	185	94	58	66	219
Other operating expenses	27	11,273	9	107	389	504
Total operating expenses	11,654	18,765	2,623	2,808	3,071	8,502
Net operating profit	(6,830)	(12,881)	2,620	4,297	2,596	9,513
Total other income/(expenses)	(13)	161	(115)	(187)	(60)	(362)
Net income	(6,842)	(12,720)	2,505	4,110	2,537	9,151
Add:						
Interest	-	154	115	187	60	362
Taxes	-	-	-	-	-	-
Depreciation & amortization	-	-	-	-	-	-
EBITDA	(6,842)	(12,566)	2,620	4,297	2,596	9,513
Add:						
Token-based compensation	10,743	6,704	2,270	2,322	2,322	6,915
Non-recurring items:	(218)	11,028	-	-	-	-
yvDAI incident	-	11,080	-	-	-	-
Airdrops	(212)	-	-	-	-	-
Contribution revenue	(6)	(53)	-	-	-	-
Capital gain/(loss)	19	(262)	-	-	-	-
Adjusted EBITDA	3,701	4,904	4,891	6,619	4,919	16,428

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 is Yearn's primary revenue generator and experienced phenomenal growth in Q2. yVault growth is attributable to increases in total-value-locked (TVL) in Yearn vaults along with increased yields in DeFi that affects Yearn's overall profitability. One of the primary yVault strategies involves generating yield by earning and selling the Curve governance token (CRV). The price of the CRV token increased in Q2 positively affecting Yearn's profitability.
- During Q2 Yearn began transitioning from v1 to v2 of its yVault product line. v2 yVaults are more advanced, resilient, and sophisticated providing more vault for Yearn's users. As displayed in the table at left, more revenues were generated by v2 vaults – most notably in Jun-21 – as a large portion of Yearn's TVL was migrated to v2 vaults. *Detailed yVault data is presented in a later section of this report.*
- In late Feb-21, Yearn began earning yield on idle assets held in Treasury. In late May, Yearn reduced its Treasury yield-farming activities due to volatility in the market to protect capital from potential liquidations. No Yearn capital was liquidated, but earnings from these yield farming activities decreased in May and June.
- Cost of revenue consists of gas costs used to deploy contracts, payments owed to affiliate partners, or other miscellaneous activities related our yVaults. Cost of revenue is a variable costs that increases or decreases directly with top-line revenue. Additional harvests of yVaults or elevated Ethereum gas prices affect this line item. Another material component of cost of revenue is the Yearn Partners program.

Income Statement – continued.

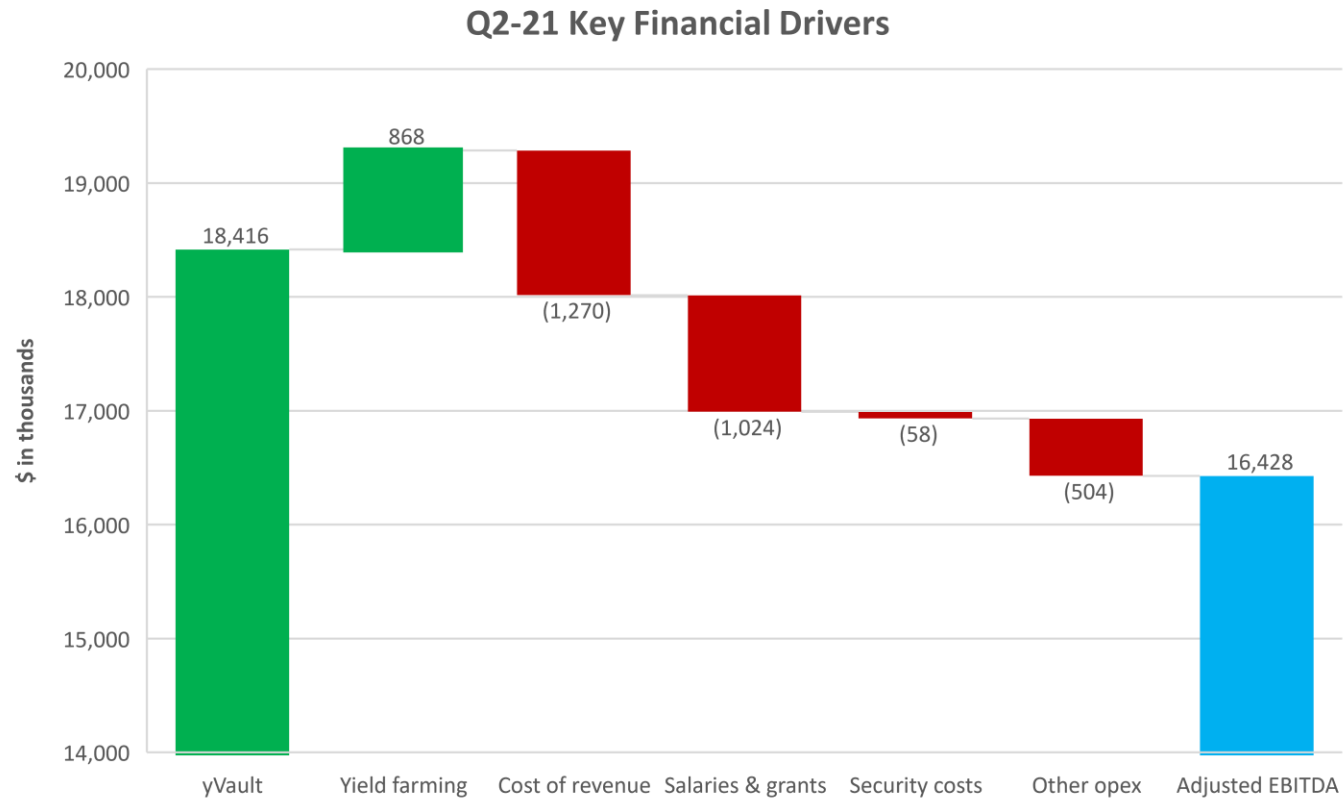
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- Yearn contributors are eligible to receive YFI as part of a vesting compensation plan. This vesting was approved by Yearn governance with YIP-57: Funding Yearn's Future. YFI is vesting monthly for 3 years after the contributor commences work with 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
- 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. The number of full-time contributors increased during Q2 as Yearn onboarded additional developers, engineers, and operations personnel. *A full list of administrative personnel is presented in a later section of this report.*
- Security expenses consist of bug bounties and smart contract audits. No material security expenses were incurred for Q2, but \$57k was spent on smart contract audits in May, along with an unrelated \$1k bug bounty awarded.
- Yearn launched the Coordinape program to decentralize and distribute community grants to part-time contributors within the Yearn community. Grants incurred each month are related to the Coordinape program..
- Other operating expenses consist of UX/UI improvement costs, infrastructure costs, promotional event costs, and any other unforeseen expenses incurred by the protocol. On a very limited and periodic basis users of Yearn vaults experience losses either through their error or other unforeseen events. Yearn reimburses these users and bears the costs. \$87k and \$338k was reimbursed to users in May and June, respectively. We anticipate periodic losses to occur in the future, but do not expect these costs to be large relative to top-line revenue.
- Other income/(expenses) is interest expense associated with Yearn's yield-farming activities with Treasury assets. Interest is charged on any debt borrowed from decentralized lending protocols in DeFi. We accrue this interest expense as it occurs in accordance with the accrual basis of accounting.
- Adjusted EBITDA excludes interest, taxes, depreciation & amortization, and various non-cash expenses (such as token-based compensation) or non-recurring items.

Yearn has very high operating margins (~ 50%) as overhead costs are quite low relative to top-line generated revenue primarily from yVaults. This is due to the efficient value accrual model derived from the yVault product line.



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 remains the key primary drive of adjusted EBITDA for the quarter. Treasury yield-farming revenue offset nearly 100% of the administrative salary and grants costs.
- 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.
- Other operating expenses is primarily unforeseen events affecting users that are reimbursed by Yearn.

yVault revenue has seen tremendous growth in Q2 and both May and June yVault revenue eclipsed the entire revenue generated for Q1-21.

Revenue by Top 25 yVaults

\$ in thousands	Q1-21	Apr-21	May-21	Jun-21	Q2-21
yvDAI	404	1,105	1,725	1,302	4,133
yvUSDC	257	386	741	1,007	2,134
yvStETH	273	500	922	466	1,888
yvIronBank	2	445	569	766	1,780
yvsETH	291	423	383	211	1,017
yvUSDP v1	270	373	339	-	712
yvWETH	84	271	267	100	638
yvWBTC	1	7	364	124	494
yvLUSD	-	4	220	183	407
yvEURS v1	147	97	284	-	382
yvLINK v1	90	168	208	-	376
yv3CRV v1	1,091	265	83	-	348
yvGUSD v1	337	240	82	-	322
yvsUSD v1	153	103	202	-	304
yvUSDT	0	0	59	180	239
yvHBTC	-	37	74	107	219
yvUSDP	-	-	31	174	205
yvalUSD	-	-	4	200	204
yvEURS	-	-	3	184	188
yvDAI v1	257	67	76	41	184
yvFRAX	-	-	49	122	170
yva3CRV v1	66	80	89	-	169
yvUSDC v1	102	59	37	69	165
yvBUSD	-	-	43	119	161
yvLINK	-	-	22	127	149
Miscellaneous vaults	1,658	600	347	481	1,428
Total yVault revenue	5,483	5,229	7,225	5,962	18,416

- The table presented at left only displays the top 25 yVaults sorted by total revenue for Q2. Yearn has launched over 125 yVaults included vaults phased out and no longer in production.
- The yvDAI vault remains our most profitable vault this in partially due to its role within the Alchemix protocol. Users of the Alchemix protocol deposit DAI into our yvDAI vault earning yield. Alchemix enables these users to obtain a line of credit in the form of aUSD, a synthetic token native to the Alchemix protocol. The yvDAI vault is also used by several of our other yVaults. We expect this vault to contribute meaningful revenue in the future.
- Several vaults transitioned from v1 to v2 yVaults in June 2021. Most notably the yvStETH, yvUSDP v1, yvEURS v1, yvLINK v1, yv3CRV v1, yvGUSD v1, yvsUSD v1, among others. Our v2 vaults are more sophisticated and secure and we encourage all depositors to transition to v2 vaults.
- Our most profitable ETH yvault was yvStETH which earns CRV rewards from the StETH liquidity pool on Curve Finance. CRV rewards are periodically harvested and used to purchase more of the underlying tokens in the vault. As of the date of this publication, ETH depositors can earn approximately 8.5% APY with minimal exposure to impermanent loss (IL). This vault represents among the best risk-adjusted way to obtain yield on Ethereum without significant IL risks.
- Our yvLINK vault enables Chainlink holders to obtain yield on their idle tokens without significant impermanent loss risks. This vault generated nearly \$149k in revenue for Yearn for the quarter.
- The majority of our yVaults are focused on Curve Finance strategies by earning CRV rewards and depositing into liquidity pools on Curve.

Yearn earned \$868k yield-farming with Treasury assets in Q2.

Yield Farming

\$ in thousands	Q1-21	Apr-21	May-21	Jun-21	Q2-21
yvUSDN	423	305	211	48	563
yvUSDP	119	121	184	-	305
MITH Cash	7	-	-	-	-
Total Yield Farming revenue	548	426	395	48	868

Interest Expense

\$ in thousands	Q1-21	Apr-21	May-21	Jun-21	Q2-21
MakerDao	(135)	(94)	(77)	(28)	(199)
Unit.xyz	(19)	(21)	(44)	(32)	(97)
Keep3r	-	-	(66)	-	(66)
Total interest expense	(154)	(115)	(187)	(60)	(362)

- Yearn earned a material amount of revenue yield-farming with idle assets owned by Treasury in Q2. The amount earned by these activities partially offset the entire salary and grants costs (\$987k) incurred by Yearn for the quarter.
- Beginning in late May, Yearn substantially reduced its yield-farming activities with Treasury assets due to higher than normal volatility in crypto markets. Yield-farming activities were reduced as Treasury assets are held as collateral in loans obtained from decentralized lending protocols in DeFi. To protect capital Yearn reduced its debt.
- As of June 2021, the entire debt owed to Unit protocol was paid down and Yearn withdrew its entire collateral balance.
- A small amount of debt, relative to Yearn's capitalization, is still owed to MakerDAO. However, Yearn's cash balances exceed the debt owed. Yearn is using the debt obtained from MakerDAO to continue yield-farming activities, though on a lower scale than earlier in the quarter.
- 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. We expense interest in accordance with the accrual basis of accounting.
- In May 2021, Yearn incurred a one-time \$66k interest expense to the Keep3r protocol. This is associated with a loan Keep3r gave to Yearn related to the KP3R/ETH liquidity pool that Yearn utilizes to pay Keepers that harvest Yearn yVaults. We do not expect this interest expense to occur in the future.

The full-time contributor team expanded in Q2 adding additional developers, marketing and operations personnel.

Administrative Salaries

\$ in thousands	Q1-21	Apr-21	May-21	Jun-21	Q2-21
Developers	197	138	142	146	427
Operations	140	102	110	121	333
Marketing	-	-	3	17	20
Design	-	6	5	5	16
Legal	10	3	3	3	10
Total administrative salaries	347	249	264	293	806

- The full-time contributor team has expanded and now consists of twenty-six individuals.
- There are now thirteen developers, ten operations personnel, and one personnel each for marketing, design, and legal.
- Administrative salaries for Q2-21 was less than 5% of gross profit generated for the quarter.

Coordinape distributes the majority of Yearn community grants and is a novel and innovative approach to decentralized payments.

Community Grants

\$ in thousands	Description	Q1-21	Apr-21	May-21	Jun-21	Q2-21
Coordinape	Decentralized grant payments	90	48	58	58	164
Shade Undertree	Operations oversight	-	25	-	-	25
Weaver	Marketing presentation	-	11	-	-	11
Wavey	Developer	-	10	-	-	10
Redphone	Communications	-	-	-	5	5
Philbert	Yearn documentation writeups	-	-	-	4	4
Wrong Nebula	Designer	10	-	-	-	-
NymmrX	Front & back end developer	18	-	-	-	-
Miguel	APY API for website & docs	6	-	-	-	-
Eric	yGift and v2 front end	4	-	-	-	-
Jigsaw	Content writer	4	-	-	-	-
Steffenix	Developer assistance	4	-	-	-	-
All other recipients		48	-	-	-	-
Total community grants expense		185	94	58	66	219

- The majority of Yearn community grants are distributed by the Coordinape program. Coordinape is a decentralized grant selection and disbursement model. Previously awarded grant recipients and full-time contributors are each allocated 100 GIVE tokens. These tokens can be allocated to contributors in the Yearn ecosystem. Salaried contributors are ineligible to receive grants. The Coordinape budget, approved by the yBudget team, increased in Q2 and as of June 2021 is approximately \$58k per month.
- Redphone assisted with communication writeups particularly on Yearn's twitter.
- There are consistently over 50 grant recipients each month from the Coordinape program. Due to the large number of recipients we have presented the total Coordinape grant figure instead each individual payment in the table at left.
- You can access Coordinape here: <https://coordinape.com/>

Yearn has purchased approximately 81 YFI since beginning it's buyback program in November 2020.

Date	YFI	Cost (\$ in thousands)	YFI/USD
11/17/2020	0.24	4,841	20,200
11/17/2020	0.25	5,140	20,200
12/1/2020	4.26	110,168	25,883
12/26/2020	2.17	49,793	22,919
12/31/2020	2.28	50,656	22,206
2/11/2021	3.00	134,142	44,714
3/23/2021	1.18	39,499	33,468
3/25/2021	6.18	190,454	30,815
4/7/2021	5.17	200,647	38,810
4/10/2021	0.73	32,896	45,014
4/14/2021	5.56	249,624	44,907
4/17/2021	2.43	128,630	52,952
4/18/2021	8.63	410,738	47,579
4/24/2021	2.43	99,079	40,761
4/26/2021	2.30	99,657	43,274
5/16/2021	3.42	208,831	61,007
5/18/2021	2.00	152,565	76,282
5/19/2021	0.93	44,974	48,542
5/19/2021	3.39	171,477	50,589
5/19/2021	11.56	651,466	56,365
5/19/2021	1.12	63,809	56,924
5/19/2021	3.12	172,602	55,278
5/19/2021	1.23	71,930	58,309
6/20/2021	5.13	187,556	36,532
6/23/2021	1.90	59,967	31,643
Total	80.62	3,591,139	44,542

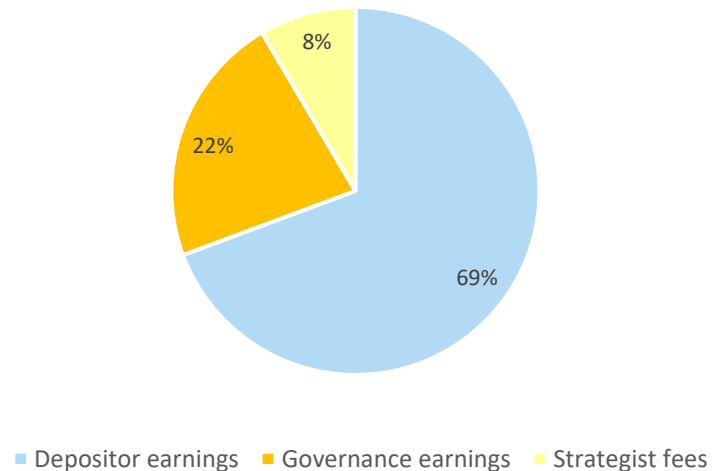
- YIP-55: Buyback and Build Yearn was approved in November 2020 and replaced the earning distribution model (staking) with a buyback model. Earnings after covering overhead costs are used to buyback YFI on the accrue to Yearn's Treasury.
- The yBudget team determines monthly budgets for YFI repurchases based on a monthly earnings analysis. YFI accrued to Treasury is used to incentivize future contributors (vesting), cross-protocol initiatives, or potential future liquidity mining programs and is determined by the yBudget and yPeople teams and ultimately executed by the Multisig.
- Yearn continues to repurchase YFI each month with protocol earnings unless a new YIP changes this policy.

For Jun-21 YTD depositors, governance, and strategists have earned approximately 69%, 22%, and 8% of revenue generated for yVaults.

Earnings by Category

\$ in thousands	FY20	Jan-21	Feb-21	Mar-21	Q1-21	Apr-21	May-21	Jun-21	Q2-21
Depositor earnings	13,692	2,279	4,583	11,865	18,728	17,149	25,067	13,723	55,940
Governance earnings	4,894	841	1,402	3,234	5,476	5,229	7,225	5,962	18,416
Strategist fees	52	38	286	1,471	1,796	2,309	2,862	2,172	7,343
Total	18,639	3,159	6,271	16,570	26,000	24,687	35,155	21,857	81,699

Percentage of earnings Jun-21 YTD



- Depositors receive the overwhelming majority of revenue earned from yVaults. Since inception they have earned \$88m of the total \$126m generated by yVaults.
- Treasury has earned \$28m and Strategists have earned \$9.1m of earnings generated since launch.
- Strategists earnings were lower in FY-20 and January and February 2021 as there was a new fee structure to incentivize strategists more than the prior fee structure. This was approved by a Yearn Improvement Proposal (YIP) voted on by YFI token holders.
- The current fee structure is a 2% Management fee earned by governance and a 20% performance fee on profits. Strategists split the 20% performance fee equally with governance.
- *Note: The strategist fees data presented on this slide is not currently reflected on the income statements displayed in earlier slides. We are in the process of restating the historical income statements to include strategist fees, however; net earnings will not be affected as gross revenue will increase by the same amount as the strategist fee (expense). The next quarterly report will include strategist fees in the income statement.*

Yearn owns approximately \$151m in assets held in Treasury, and as of June 2021 has no net debt (outstanding debt less cash).

Unaudited Balance Sheet

\$ in thousands	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Assets							
Cash & cash equivalents	803	1,004	1,651	3,208	4,523	7,973	8,084
Accounts receivable	-	-	82	541	967	211	-
Inventory	-	-	9,890	13,890	13,890	3,029	-
Prepaid expenses	16	124	54	48	42	36	30
Security deposits	-	-	60	60	60	60	60
Other short term assets	9	17	21	112	329	581	430
Total current assets	828	1,144	11,757	17,860	19,811	11,890	8,604
YFI	676	1,111	131,844	172,614	201,655	191,437	136,912
ETH	-	268	270	992	2,735	3,174	3,413
BTC	532	10	53	190	356	646	669
Other long term assets	-	647	521	1,714	2,239	1,512	1,191
Total long term assets	1,208	2,036	132,689	175,510	206,985	196,770	142,186
Total assets	2,036	3,180	144,446	193,370	226,796	208,660	150,790
Liabilities							
Accounts payable	3	15	17	71	248	558	247
Accrued expenses	-	106	146	186	298	322	359
Interest payable	-	-	41	154	269	370	334
Total current liabilities	3	121	204	410	814	1,250	940
MakeDAO	-	-	20,970	20,970	20,970	6,199	6,199
Unit.xyz	-	-	4,000	4,000	4,000	5,000	-
Long term liabilities	-	-	24,970	24,970	24,970	11,199	6,199
Total liabilities	3	121	25,174	25,381	25,785	12,450	7,139
Total liabilities and equity	2,036	3,180	144,446	193,370	226,796	208,660	150,790

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

- **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. In June 2021, Yearn realized all earned but unharvested profits related to these activities, which is why there is no accounts receivable.
- **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. All debt was repaid in June 2021, which is why there is no inventory.
- **Prepaid expenses & security deposits** – Prepaid infrastructure costs primarily to Alchemy. Security deposits are related to the Alchemy service agreement.
- **Other short term assets** – Profits from various miscellaneous Yearn yVaults, such the yvCurve-LINK or yvCurve-Tricrypto. The majority of the balance in June 2021 is attributable to the yvCurve-LINK vault.
- **YFI** – Treasury owned YFI obtained from both the addition YFI minted in Feb-21, in accordance with YIP-52, and on-going YFI purchases with protocol earnings. As of June 2021, Yearn Treasury owns approximately 4,047 YFI. This balance is escrowed for future contributors, cross-protocol initiatives, and any potential future liquidity mining programs.
- **Other long term assets** – Consists of the KP3R/ETH liquidity pool required to generated credits needed to pay keepers performing harvesting functions for Yearn yVaults. The market value, including any impermanent losses, of this liquidity pool was obtained from apy.vision at each month end.

Balance Sheet – continued.

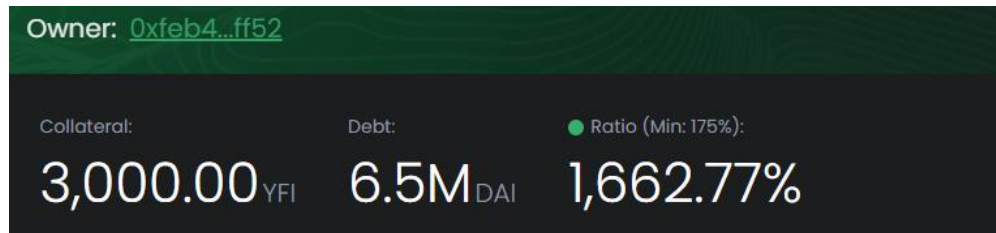
Unaudited Balance Sheet

\$ in thousands	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Assets							
Cash & cash equivalents	803	1,004	1,651	3,208	4,523	7,973	8,084
Accounts receivable	-	-	82	541	967	211	-
Inventory	-	-	9,890	13,890	13,890	3,029	-
Prepaid expenses	16	124	54	48	42	36	30
Security deposits	-	-	60	60	60	60	60
Other short term assets	9	17	21	112	329	581	430
Total current assets	828	1,144	11,757	17,860	19,811	11,890	8,604
YFI	676	1,111	131,844	172,614	201,655	191,437	136,912
ETH	-	268	270	992	2,735	3,174	3,413
BTC	532	10	53	190	356	646	669
Other long term assets	-	647	521	1,714	2,239	1,512	1,191
Total long term assets	1,208	2,036	132,689	175,510	206,985	196,770	142,186
Total assets	2,036	3,180	144,446	193,370	226,796	208,660	150,790
Liabilities							
Accounts payable	3	15	17	71	248	558	247
Accrued expenses	-	106	146	186	298	322	359
Interest payable	-	-	41	154	269	370	334
Total current liabilities	3	121	204	410	814	1,250	940
MakeDAO	-	-	20,970	20,970	20,970	6,199	6,199
Unit.xyz	-	-	4,000	4,000	4,000	5,000	-
Long term liabilities	-	-	24,970	24,970	24,970	11,199	6,199
Total liabilities	3	121	25,174	25,381	25,785	12,450	7,139
Total liabilities and equity	2,036	3,180	144,446	193,370	226,796	208,660	150,790

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

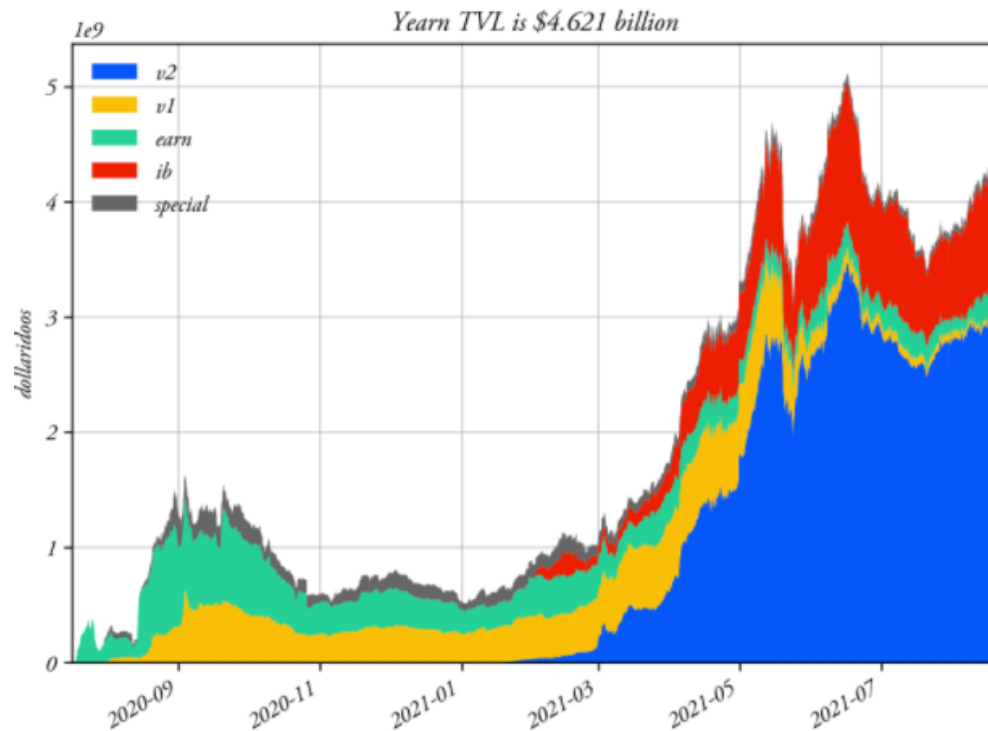
- **Accounts payable & accrued expenses** – Accounts payable are due to service providers or affiliate partners. Increases in this balance in April and May is largely due to accrued but unpaid affiliate partner payments. Large payments were made in June 2021, lowering the liability balance. Partners are typically paid 30 days in arrears. 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. Interest is accrued in accordance with the accrual basis of accounting.
- **Long term liabilities** – Debt owed to MakerDAO and Unit.xyz related to the Treasury yield-farming. Unit debt was completely paid off in June 2021.
- **Equity** – includes accumulated other comprehensive income related to valuing assets held on Yearn's balance sheet to fair market value (FMV) at month-end.

Yearn has sufficient cash to repay all existing debt obligations owed to decentralized lending protocols.



- Users of v1 vaults experienced an adverse event in early Q1 that resulted in an \$11m loss. Yearn covered this loss and reimbursed users by obtaining a loan from MakerDao. The entire loan related to this incident has been paid off from protocol earnings.
- Yearn still has some outstanding debt owed to MakerDao, but possesses enough cash to pay this debt at any time.
- The photo presented at left is as of the date of this publication and not reflected of end of month balance on June 2021 (Q2 closing).

Yearn Total Value Locked exceeded \$5.0b in June, and as of August 19th, 2021 is \$4.621b.



api: [latest](#), [daily](#) and [detailed](#) tvl snapshots
tokenlist: [yearn tokenlist](#)
github: [yearn/yearn-exporter](#)

- There has been phenomenal growth in Total Value Locked (TVL) across all Yearn products in Q1 2021 and continuing into Q2 2021. In June TVL peaked at \$5.0b, slightly retraced in July, but has since rebounded in August. ,
- The majority of our TVL is derived from our v2 yVault product line. In late May and throughout June we transitioned a significant portion of our v1 vaults to v2 vaults. We no longer support v1 vaults and encourage all depositors to migrate to v2 vaults.
- Iron Bank is Yearn's in-house lending platform that is in collaboration with C.R.E.A.M. Finance. We continued to see growth in Iron Bank TVL from Q1 to Q2.
- It is worth noting that as of August 19th, 2021, **Yearn has over \$4.6b in TVL without any token subsidies** or other incentives typically offered by competing protocols in DeFi.
- Note: The chart presented at left is as of August 19th, 2021.
- Source: Github: [yearn/yearn-exporter](#)

We continue to make improvements to our financial dashboard displaying transactions, an Income Statement, and a Balance Sheet.

Timestamp	From Address	To Address	Amount	Token	Amount USD	TxGroup	Transaction Hash
12/22/2020 10:15:00 PM	yYFI (v1)	Yearn Treasury	0.00	YFI	31.81	Protocol Income/Vaults V1:yYFI	0x0058cfdca7b6361ac4b1c4bc869a6fb14f518cd1f9b6da130b0c804965a9798c
9/3/2020 12:46:00 AM	yUSD (v1)	Yearn Treasury	121.88	yDAI+yUSDC+yUSDT+yTUSD	128.07	Protocol Income/Vaults V1:yUSD	0x005c3b3a6f26d9bac2b7cd90d28bdabba061ef76018c426dc0bd7a02c59139e3
10/26/2020 3:43:00 AM	yUSD (v1)	Yearn Treasury	70.54	yDAI+yUSDC+yUSDT+yTUSD	74.93	Protocol Income/Vaults V1:yUSD	0x005dfbbb34d3ba992c51aa14b54dda16eb98070abac548691e53a8b16075f012
6/7/2021 10:17:00 PM	yLINK (v1)	Yearn Treasury	0.00	linkCRV	0.00	Protocol Income/Vaults V1:yLINK	0x005f633c4db465c85f987ab4b5aa1da73134393564b6a2d72e36933549b9fd26
5/22/2021 9:48:00 AM	ySUSD (v1)	Yearn Treasury	853.82	SCURVE	887.20	Protocol Income/Vaults V1:ySUSD	0x0060e0d668e3884b95ae5433faf1bf8c11bbe7eb9ff1439f16e663d2820b65d6
4/22/2021 7:48:00 PM	ySAAVE (v1)	Yearn Treasury	0.00	saCRV	0.00	Protocol Income/Vaults V1:ySAAVE	0x0067ee0bca15b0ffa0a4d0d770b8b703c7c98966ef2100e6a7cc38840de44f
9/3/2020 6:18:00 AM	yUSD (v1)	Yearn Treasury	4.47	yDAI+yUSDC+yUSDT+yTUSD	4.69	Protocol Income/Vaults V1:yUSD	0x006975c64f728e5d3640b45bee6241280057877ac099e140f2cda066b1a0
Total			3,426,196,156,219.20		1,263,678,955.36		

7/15/20208/19/2021

Token

Select all

1INCH

3Crv

A1 WWW.SPACESWAP...

aINeVeR ViSiT www.16...

a3CRV

ABUSD

ADAI

AI CX

From Address

Select all

Zapper.Fi: yVault V1 Zap In/Out

yYFI (v1)

yWETH (v1)

yYFI (v2)

yWETH (v2)

yWBTCExperimental (v2)

yWBTC (v2)

yUST (v2)

yUSDT (v2)

yUSDP (v2)

yUSDC (v2)

yUNI (v2)

To Address

Select all

Zapper.Fi: yVault V1 Zap In/Out

yWETH (v1)

yYFI (v2)

yWBTC (v2)

yVUST (v2)

yVUSD (v2)

yVUSD (v2)

yVUSD (v2)

ySNX (v2)

ySETH (v2)

ySAAVE (v2)

yMUSD (v2)

Top Level Account

Categorization Pending

Collateral

Debt Repayment

TxGroup

Select all

Categorization Pending

Collateral:Maker CDP

Collateral:Unitxyz CDP

Debt Repayment:Return Borrowed Tokens

Ignore:a3crv Withdrawal Error & Rescue

Ignore:Accidental Send to Contract

Ignore:Already accounted for elsewhere

- Our financial dashboard is 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.
- The financial dashboard has not been audited by a professional third-party accounting firm and is intended for information purposes only. It is not to be used for financial, investment, or advice of any kind.
- 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.
- Please contact the team either via Telegram or discord for any specific questions.
 - t.me/yearnfinance
 - <https://discord.com/yearn>