



# Firm Overview

## About Us

Houlihan Capital is a leading, solutions driven, valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is a FINRA and SIPC member, committed to the highest levels of professional ethics and standards.

Houlihan Capital's origins date back to 1996 when Andrew Smith and Richard Houlihan founded a valuation and investment banking firm to serve small to middle-market companies. Over the years, the firm organically grew to accommodate the needs of an increasingly complex client base.

Today, Houlihan Capital continues that rich tradition through our Valuation & Financial Advisory, Investment Banking, and Litigation Support groups. We serve some of the largest corporations, hedge funds, private equity funds and sovereign wealth funds in the world. We pride ourselves on being solutions-driven and delivering superior client value. In short: *Value.Added.*

## Our Services

### Valuation & Financial Advisory

- Portfolio Valuation (ASC 820)
- Complex & Illiquid Securities (Level 3)
- Enterprise Valuations
- Fairness & Solvency Opinions
- Estate and Gift Valuations
- Purchase Price Allocation (ASC 805)
- Goodwill Impairment Testing (ASC 350)
- Stock-based Compensation (ASC 718, IRC 409A)

### Investment Banking

- Buy Side/Sell Side Advisory
- Equity Raises/Debt Raises
- Financial Modeling
- Investor Presentation Creation
- Structured Finance
- Special Situations

### Litigation Support

- Commercial and Shareholder Disputes
- Bankruptcy Litigation
- Derivatives and Structured Finance Litigation
- Fraudulent Conveyance

# Firm Overview

## SOC 1 Compliant

Houlihan Capital pledges to maintain the highest levels of professional ethics and standards. This is exemplified through our SOC 1 examination completion. Companies that complete an annual SOC 1 examination are able to demonstrate a substantially higher level of assurance and operational visibility than those companies that do not.



### Completion of the SOC 1 examination:

- Highlights Houlihan Capital's continued commitment to create and maintain the most stringent controls needed to ensure the highest quality and security of service provided to our customers.
- Illustrates that Houlihan Capital has the appropriate controls in place to mitigate risks related to material misstatements of user entities' financial statements.

The AICPA SOC 1 Report (formerly SAS 70 Report) is an internal control report on the services provided by a service organization.

## Why Houlihan Capital?

### Senior Level Attention

Our key principals are involved at every juncture of the process, lending years of experience and expertise to every assignment. We have the breadth and depth of decades of global service firm experience providing best in class Valuation & Financial Advisory and Investment Banking services.

### Quality

Our work product undergoes a stringent internal review process, and we continuously monitor and improve our policies and procedures to remain at the forefront of industry best practices.

### Competitively Priced

We structure our engagements efficiently to accurately assess the situation, identify the needs, define the scope of the engagement, and propose a fee arrangement that makes us highly competitive.

### Responsive

Houlihan Capital offers responsive, customized solutions to meet the demands of our clients.

### Independent

We understand the need for independence in these times of heightened scrutiny. Our practice is built on strong risk-management principles where we seek to reduce conflicts of interest and ensure our analyses are objective and unbiased.

### Knowledge

Houlihan Capital goes beyond theoretical models to bring real world M&A and private placement experience to bear on each of our assignments. In addition, Houlihan Capital provides robust, independent analyses that support can withstand audit scrutiny.

### Expertise

Based on our knowledge of valuation and investment banking, and our interaction and expertise with auditors, regulatory agencies, business owners and sources of capital, our professionals are on the leading edge of our industry.

### Long-Term Focus

Our commitment to our clients extends beyond any single transaction to include our active interest and support of strategic goals.

# Firm Overview

## Our Professionals

Our clients often require an objective perspective, which our professionals routinely present to senior executives, boards, and legal and regulatory authorities. Our team members have extensive experience and business knowledge. We utilize our practical experience while advising clients on how they should look at their important issues. Our clients count on our expertise and ability while finding great value in our opinions. Committed to providing superior client service, our professionals respond quickly and strive to exceed expectations.

## Our Clients

We serve a vast clientele from small market companies to large corporate organizations.

- Hedge Funds
- Private Equity Funds
- Fund of Funds
- Fund Administrators
- '40 Act Funds
- Law Firms
- Public & Private Corporations
- Business Owners
- Sovereign Wealth Funds

## Our Industries

- Aerospace, Defense & Government
- Asset Management
- Banking
- Blockchain
- Building Products
- Business Development
- Business Services
- Cannabis
- Consumer Products
- Containers, Packaging & Paper Products
- Cryptoassets
- Diversified Industrials
- Energy
- Financial Services
- Financial Technology
- Food & Beverage
- Healthcare & Pharmaceuticals
- Hotels, Restaurants & Leisure
- Insurance
- Internet Retail
- Media & Entertainment
- Oil & Gas
- Power & Utilities
- Real Estate
- Retail
- Steel
- Telecommunications
- Technology
- Transportation & Logistics

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# Services for Alternative Investment Funds

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## Valuation & Financial Advisory

Houlihan Capital has extensive experience providing companies with objective, independent, and defensible opinions of value that meet accounting, regulatory, and corporate governance requirements. Our analyses and reports are transparent, supportable, and clearly outline the assumptions and projections incorporated into our financial models.

## What does Houlihan Capital offer?

Houlihan Capital offers an integrated advisory approach that draws upon strategic and technical expertise, transactional and financing experience, and an expansive network of institutional and private investors to guide management teams and investors. Understanding the time sensitivity of many of our assignments, we work diligently to meet demands and minimize operational disruption.

### We can assist as follows:

- Develop, or assist in developing, valuation policies for Level 3 Assets
- Determine, or assist in determining, unobservable inputs
- Develop, or assist in developing, valuation pricing model
- Provide valuation opinion, and/or positive assurance, for each illiquid asset
- Should fund portfolio assets be suspended, assist in providing valuation opinion and/or positive assurance, for portfolio as a whole

## Special Situations and Litigation Support

We offer secondary market advisory and trading, transactional advisory, and liquidity solutions.

- Value Assets
- Create Liquidity Strategies
- Create Secondary Markets for LPs Looking to Liquidate Positions
- Provide Independent Advisory Services to Fund Administrators and Advisors
- Provide Fairness Opinions on Asset Transfers

## Areas of Expertise:

- |                               |                          |
|-------------------------------|--------------------------|
| • Illiquid Debt               | • Private Placements     |
| • Common and Preferred Equity | • Convertible Securities |
| • Warrants and Options        | • PIPE's                 |
| • Derivatives                 | • Structured Products    |

# Types of Services

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## ASC 820

Fair Value, in accordance with FASB Accounting Standards Classification Topic 820: Fair Value Measurements and Disclosures (“ASC Topic 820”), is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Further, ASC Topic 820 establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements.

### Independent Valuations

- Houlihan Capital has rendered thousands of valuation opinions for hedge funds, private equity firms, and other investment managers and financial institutions for financial reporting purposes.
- We have assisted of with various assets and asset types, ranging from single investments to multi-class portfolios.

### Review of Internally Prepared Valuations

- Investors are seeking additional security and insight into the performance, pricing, and risk of invested capital. Additionally, recent regulatory changes are increasing pressures on investment managers to provide clarity in their reporting to interested parties.
- Houlihan Capital provides a suite of services to fund managers and interested parties aimed at independently critiquing assumptions, valuation methods, and conclusions for today’s changing market environment.

### Valuation Policy Review

Given the difficulty of valuing illiquid assets and the potential for conflict of interest, hedge funds, private equity firms, and other investment managers and financial institutions are receiving greater attention from regulators, investors, auditors, and other industry participants, with the trend toward a well defined and consistently applied valuation policy that complies with the relevant reporting standards, greater transparency and independence.

Authored by a team of investment management experts, our process for policies and procedure review provides clear guidance in reviewing a compliance manual that meets regulatory best practices.

The policies and procedure review solution at Houlihan Capital combines practical and industry proven “know how” with the flexibility to integrate your existing materials into one centralized solution.

### Fairness Opinions

Houlihan Capital can render Fairness Opinions on fund to fund transfers of illiquid investments, in connection with capital raises and other similar transactions. A Fairness Opinion is often requested by Boards of Directors insignificant change of control or capital transactions and is an effective, often necessary, risk management tool that determines whether the terms of a transaction are fair to stakeholders from a financial point of view.

# Industry Experience - Digital Assets

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The digital asset industry is on the cusp of institutionalization after eight years of growth and development. Entrepreneurs and investors have taken notice and are looking for ways to capitalize on market opportunities. Houlihan Capital has the experience and ability to help many of these industry participants make timely business decisions and meet financial reporting requirements in a rapidly changing regulatory and technological landscape.

## Services Offerings

- Business Valuation
- Illiquid Tokens Valuations
- Fund Valuation Policies & Procedures
- Complex & Illiquid Security Valuations
- Consulting Services

## Client Areas of Experience:

- **Mining**
  - Bitcoin
  - Ethereum
- **Digital Wallets**
- **Payment Networks**
- **Cold Storage**
- **Digital Currency Exchanges**
- **Ancillary Blockchain Services**

## Other Service Offerings to Investment Funds & Companies in the Digital Asset Ecosystem:

- Convertible debt and embedded derivatives valuation under ASC 820 and for ASC 815
- Purchase Price Allocation under ASC 805, including valuation of contingent consideration
- Goodwill impairment testing under ASC 350
- Stock-based compensation (e.g., option grant) valuations for ASC 718 and 409A
- Valuation of General Partner Carried Interest for gifting purposes

# Representative Valuation Engagements

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## Digital Assets Industry

Houlihan Capital has been onboarding a variety of crypto/blockchain/fintech related investment funds as valuation clients over the past few years. Our firm was one of the first valuation firms to embrace this space when many of our larger competitors shied away. We have assisted various hedge funds/PE Funds/VC Funds in the space when it comes to writing their valuation policies and procedures. We also have significant experience providing valuations of crypto-assets, including thinly traded currencies, direct investments in blockchain related startups, large scale mining operations, verification of SAFT values and fund investments. We've also provided fairness opinions to managers in this space, for the rolling over of assets into a new fund.

- Houlihan Capital provides a monthly valuation of simple agreement for future tokens (“SAFTs”), liquid crypto-assets/tokens, restricted liquid crypto-asset/tokens, and illiquid crypto-assets/tokens.
- Houlihan Capital regularly provides valuation of contingent consideration (earnouts) for many of its clients using the Scenario-Based Methods and Black-Scholes Option Pricing Methods including Monte Carlo Simulation techniques for fair value reporting purposes in connection with ASC 805.
- Using the Monte Carlo Simulation framework under the Option Pricing Methods, we have provided valuation of performance-based and time-based vesting units to many of our clients for ASC 718 purposes.
- We have also provided valuation of Restricted Stock Units (“RSUs”) or Performance Stock Units (“PSUs”) under the Total Shareholder Return (“TSR”) framework to our public clients using specialized software and skillset for financial reporting and general business planning purposes.
- Since January 2018, prior to its public offering, Houlihan Capital has been the valuation agent for one of the largest companies in the world focused exclusively on the digital asset and blockchain sectors. We provide quarterly marks for all the fund's investments, including SAFTs, liquid and illiquid tokens, and more than 30 equity investments in blockchain infrastructure companies. Our work has been approved by auditors and Canadian securities regulators.
- Since October 2018, Houlihan Capital has been providing consultative valuation support, including positive assurance opinions, to a top-tier investment manager whose flagship partnership is seeking capital appreciation by investing primarily in digital assets, as well as related equities, warrants, and various other derivatives.
- Houlihan Capital has provided a quarterly valuation of an active cryptocurrency mining operation consisting of custom-engineered computer hardware located in a New Jersey data center under a two-year lease. The Company was focused exclusively on mining the value token of the Ethereum blockchain, ether, which is listed under the symbol “ETH”.
- Houlihan Capital has valued a carried interest in a cryptoasset investment firm based in Chicago.