Action Summary – 11 November 2025

Analyst Theodore R. O'Neill – Initiating coverage of FG Nexus with a Buy rating and $12 PT

- **A holding company and digital asset platform**. FG Nexus combines elements of a corporate holding company and a digital asset platform. The Company's strategy is disciplined and long-term: accumulate ETH, stake conservatively, and grow ETH per share. By leveraging capital markets, institutional custody, and deep domain expertise, FGNX provide shareholders with exposure not just to ETH's price, but to the network's expanding role as the world's most important monetary and settlement asset, enabling the global on-chain economy.
- **21st century solutions.** The company is building a digital-asset strategy that combines Treasury, yield through Staking, and using legacy segments for Tokenization. It plans to create one of the largest Ethereum (ETH) treasuries through both its now completed $200MM private placement and its $5B shelf to acquire ETH. It plans to use its existing merchant banking business to support the blockchain shift by tokenizing real-world assets (RWA) offering treasury, advisory and technology services to institutions and transitioning clients to ETH based products.
- **Institutional Catalysts**. The approval of U.S. spot ETH ETFs, accelerating tokenization by BlackRock and Franklin Templeton, and Ethereum's expanding role in stablecoin settlement have created an institutional unlock. FG Nexus is uniquely positioned to benefit from Ethereum's institutional expansion.
- **Ethereum's Microstrategy moment**. FG Nexus is building "Ethereum's MicroStrategy moment", a compliant, yield-enhanced equity vehicle designed to compound ETH per share through staking, restaking, and tokenization. As a U.S.-listed treasury company focused on Ethereum accumulation and on-chain yield, FGNX offers investors combined exposure to ETH's price performance, staking-based income and equity multiple leverage.
- **Protected moat.** While there are limited barriers to entry, management has been executing rapidly, and we believe it has a first or at least an early mover advantage over peers. The fact that the company has a long history of financial market expertise, we believe, is to its advantage.
- **Attractive valuation.** The shares currently trade below our discounted future earnings price target model and well below peer averages as we show in this report.

11/10 price: $3.21	**Market cap: $138MM**	**2026 Market Cap/Sales: 2.45x**	**2026 EV / Sales: 2.68x**
Shares outstanding: 42.2MM	**Insider ownership: 11%**	**3-mo. avg. trading volume: >75,000**	**Dividend/Yield: NA/NA**

GAAP estimates (EPS in $ – Revenue in $millions)

Period	EPS	Revenue	Op. Margin
FY23A	$(29.36)	$17.1	(95%)
FY24A	$(22.83)	$17.3	(143%)
FY25E	$(0.30)	$35.7	(7%)
FY26E	$0.18	$50.0	20%
FY27E	$0.31	$60.0	26%

Note: Numbers may not add due to rounding. See our full model at the back of this report.

Cash balance (in $millions)

2023A	$5.995
2024A	$7.794
2025E	$24.459
2026E	$40.583
2027E	$56.303

Short and long-term debt (in $millions)

2023A	$7.755
2024A	$2.369
2025E	$10.200
2026E	$10.00
2027E	$10.00

Risks/Valuation

- Risks include Continued growth and use of ETH and other cryptocurrencies; government regulations; development and open-source software protocol; largely unregulated trading platforms; the shares of FGNX may experience more or less volatility than the value of the ETH it holds; management execution.
- Our $12.00 target is derived using a discounted future earnings model.

Company description: FG Nexus Inc. (Nasdaq: FGNX, FGNXP) is on the Ethereum Standard and singularly focused on becoming the largest corporate holder of ETH in the world by order of magnitude. To enhance its ETH YIELD, the Company will stake and restake, serving as a strategic gateway into Ethereum-powered finance, including tokenized real-world assets (RWAs) and stablecoin yield.

Figure 1 – FG Nexus Inc. – One-Year Trading snapshot

Source: FactSet

Company Overview

Founded in 1932, Fundamental Global Inc. (Nasdaq: FGNX), rebranded as FG Nexus, is a digital asset company focused on building a large-scale Ethereum (ETH) treasury and yield-generation platform. The company's strategy centers on acquiring and staking Ethereum to generate recurring yield while maintaining long-term exposure to the asset's appreciation.

FG Nexus recently completed a USD$ 200.0MM private placement and filed a USD $5.0B shelf registration to fund further ETH accumulation and staking infrastructure. Its long-term objective is to establish a scalable digital asset treasury model that integrates traditional finance discipline with blockchain-based yield generation and tokenization opportunities.

Historically, the company operated across asset management, merchant banking, reinsurance, and managed services, providing a foundation of diversified financial expertise. Following a strategic reorientation in 2024 - 2025, FG Nexus began divesting non-core assets and repositioning itself around digital finance and decentralized infrastructure.

Headquartered in North Carolina, USA, FG Nexus combines its financial acumen with emerging blockchain capabilities to pursue sustainable, yield-driven growth.

Corporate Timeline

Period	Milestone
September 5, 2025	The company changed its name to FG Nexus Inc. from Fundamental Global Inc.
August 11, 2025	Changed NASDAQ ticker to FGNX / FGNXP and disclosed a 47,331 ETH purchase
August 8, 2025	Filed a USD$ 5.0B shelf registration statement (S-3) to support future capital raises
July 30, 2025	Announced USD$ 200.0MM private placement and launch of the Ethereum treasury strategy
February 29, 2024	Completion of merger (FGF / FG Group Holdings) and rename to Fundamental Global Inc.

Business Model

FG Nexus combines elements of a corporate holding company and a digital asset platform. The Company's strategy is disciplined and long-term: accumulate ETH, stake conservatively, and grow ETH per share. By leveraging capital markets, institutional custody, and deep domain expertise, FGNX provide shareholders with exposure not just to ETH's price, but to the network's expanding role as the world's most important monetary and settlement asset, thereby enabling the global on-chain economy.

1. Digital Asset Treasury

FG Nexus has transformed into a singular entity focused on the Ethereum ecosystem, creating an institutional-grade, publicly traded vehicle for ETH accumulation and on-chain yield generation.

- The company views ETH as both a store of value and a productive digital asset, generating income through staking
- ETH holdings are maintained under institutional-grade custody, and staking/re-staking operations produce recurring yield, while allowing the company to benefit from price appreciation
- The USD$ 200.0MM PIPE in 2025 seeded the ETH treasury, which rapidly grew to over 50,000 ETH, demonstrating disciplined and timely deployment of capital
- A multi-year partnership with Galaxy Digital provides institutional-grade treasury management, including staking, liquid staking, and re-staking strategies
- The ETH treasury is the foundation for a blockchain-integrated financial entity, with exploration of tokenized real-world assets (RWAs) and other digital-asset products

2. Merchant Banking and Investment Operations

FG Nexus's Merchant Banking segment focuses on capital markets, advisory, underwriting, and strategic investments in public and private companies.

- Services include capital raising, private placements, PIPEs, preferred equity offerings, SPV/SPAC administration, and advisory/placement mandates

- Returns are generated via capital gains, dividends, and fees, with the option for active ownership to drive value creation
- Investments are concentrated in sectors such as financial services, insurance, and technology, where the company can provide both capital and operational expertise
- Legacy Merchant Banking capabilities facilitated the ETH-focused transformation, while non-core assets were transferred to a Contingent Value Rights (CVRs) Trust, creating a clean balance sheet for the new strategy

Revenue Streams

The company generates revenue from:

- Investment Income: Gains from ETH appreciation, dividends, and exits from equity holdings
- Staking Rewards: Recurring income from participating in the Ethereum network validation
- Service Fees: Merchant Banking advisory/placement fees

This combination of market-based returns (ETH and equity appreciation) and recurring income (staking) provides a diversified earnings base.

Operating Structure

FG Nexus is singularly focused on becoming the largest corporate holder of ETH in the world by an order of magnitude. In order to enhance ETH YIELD, the Company will stake and intends to implement other yield strategies while serving as a strategic gateway into Ethereum-powered finance, including tokenized RWAs and stablecoin yield.

The parent company holds the ETH treasury and oversees capital allocation.

Operating divisions focus on merchant banking, asset management, and technology-enabled financial services.

The company's operations are designed to remain flexible, allowing it to scale both traditional and blockchain-based activities as regulatory frameworks evolve.

Strategy

Building a Digital-Asset Treasury

FG Nexus plans to create one of the largest corporate ETH treasuries by:

- Using proceeds from a USD$ 200.0MM private placement and its USD$ 5.0B shelf registration to acquire ETH
- Partnering with institutions like Galaxy Digital for custody and staking infrastructure
- The aim is to position ETH as a core reserve asset on its balance sheet

Generating Yield through Staking

The company will stake and restake ETH to earn 3 - 5% annualized returns, helping secure the Ethereum network while generating income.

Future plans may include liquid staking derivatives, tokenized yield products, and developing in-house validator capabilities.

Using Legacy Segments for Tokenization

Existing Merchant Banking divisions will support the blockchain shift by:

- Tokenizing real-world assets like loans and receivables
- Offering treasury, advisory, and technology services to institutions
- Transitioning clients to Ethereum-based products

Capital Markets and Growth

FG Nexus will fund its expansion through equity and debt issuance, while maintaining:

- A preferred dividend policy to support investor confidence
- Strategic acquisitions or partnerships in digital-asset and custodial technology

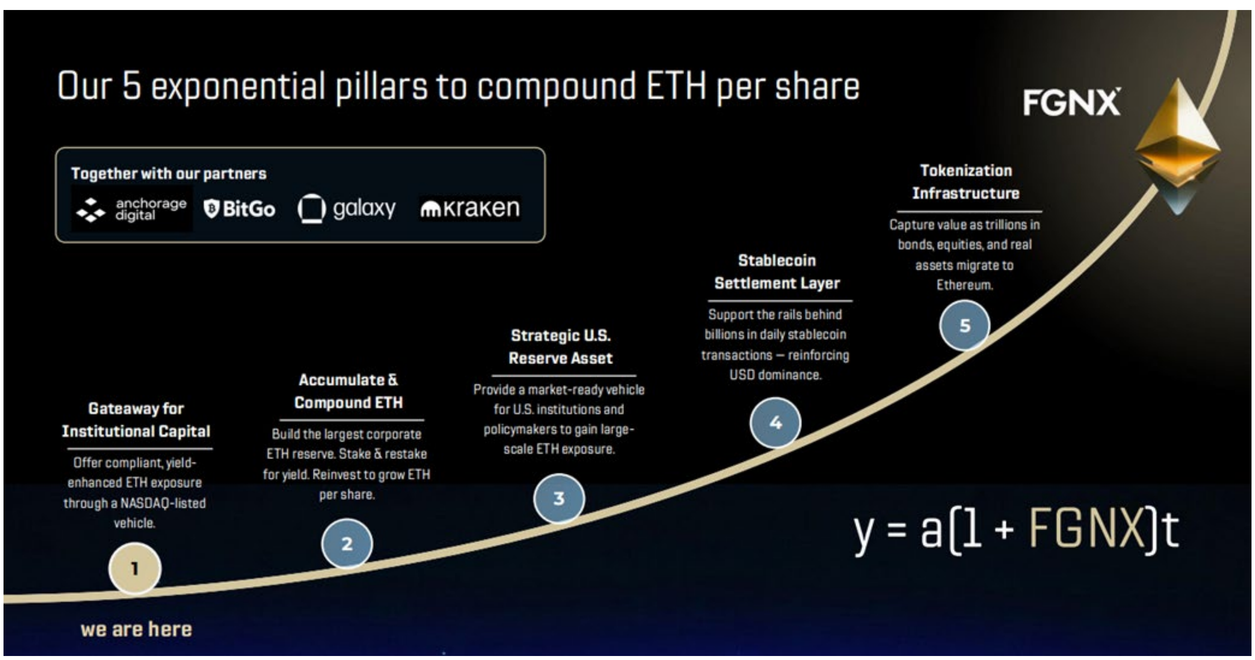
Rebranding and Governance

The company rebranded to FG Nexus (FGNX / FGNXP) to reflect its focus on bridging traditional and Ethereum-based finance.

Long-Term Vision

FG Nexus aims to become a hybrid corporate treasury and blockchain infrastructure platform, holding ETH as a core asset, operating validators, enabling tokenization, and driving institutional adoption of decentralized finance (see Figure 2)

Figure 2 – FG Nexus – Long-Term Vision



Source: Company presentation

Key Products/Services

The business is currently comprised of the following business units:

Strategic digital-asset initiative and new business focus

The company announced and began executing a major strategic pivot of establishing an Ethereum treasury and yield generation business as a core corporate initiative. This initiative is presented as a central strategic focus. While the digital-asset activity may not yet be reported as a separate operating segment, it is a material product/initiative that sits on top of the existing merchant banking and financing capabilities.

Products/services and capabilities within this segment include:

a. Ethereum treasury accumulation

Direct corporate acquisition of ETH as a treasury asset (company holds over 50,000 following private placement). The Merchant Banking team sources capital and executes OTC/prime trades to accumulate ETH.

b. Staking and yield generation

Staking of ETH and related yield-optimization to convert ETH holdings into recurring yield. The company presents yield generation as the operating income engine for its digital treasury strategy.

c. Custody, security and custody partnerships

Institutional custody arrangements, AML/KYC frameworks, key management and on-chain/off-chain reconciliation processes necessary to operate a corporate crypto treasury.

d. Treasury financing products

Use of shelf/ATM programs, preferred equity, and private placement structures to raise capital for ETH purchases (the USD$ 5B shelf filing and Series A preferred offering are tied to funding the strategy).

e. Tokenization and real-world asset (RWA) product exploration

The company lists RWA tokenization as a targeted product expansion (tokenizing real-world assets and structuring tokenized financial products to augment yield and diversify the treasury). This is presented as an aspirational/near-term product line tied to the digital-asset roadmap.

f. Execution and OTC services for large crypto trades

Execution services (OTC block trades, prime broker coordination, settlement) required to acquire and liquidate large ETH positions with minimal market impact. The company's USD$ 200MM purchase and statements regarding partners demonstrate this operational capability.

Merchant Banking

The Merchant Banking segment covers the company's capital markets, advisory, underwriting and investment activities. This business unit provides financing solutions, merchant-banking support, SPV / SPAC administration and related asset-management and capital-markets services.

Products and services within this segment include:

a. Capital markets execution and advisory

Provides deal structuring, capital raising (public and private placements), PIPEs, and placement / underwriting advisory to corporate clients and sponsors. The company historically provides merchant-banking services and continues to offer transaction advisory and placement services.

b. Private placement and PIPE offerings

The company itself uses private placements and PIPE-like structures (e.g., the USD$ 200MM private placement announced in 2025) both as a financing mechanism and as a repeatable product model for institutional placements. The 2025 private placement and related resale registration demonstrate this capability.

c. Preferred equity product (Series A preferred, 8.00% cumulative)

The company offers Series A preferred shares (Nasdaq: FGNXP) with an 8.0% cumulative dividend. This is an investor-facing capital product that also functions as a financing instrument.

d. Shelf / ATM financing program

The company filed a large shelf registration (announced as USD$ 5B) and related ATM / at-the-market program prospectus; this is both a corporate financing capability and a product the Merchant Banking team operates to monetize and fund strategic initiatives (notably ETH accumulation).

e. SPV / SPAC and sponsor support

Provides structuring and administrative services for SPVs, SPACs, and sponsored vehicles including diligence, regulatory support and back-office arrangement historically provided under the merchant banking umbrella.

f. Advisory and placement fees

Provides advisory mandates (M&A advisory, fundraising, structuring) and placement/arrangement fees earned from capital markets transactions. These remain core merchant-banking revenue streams.

g. Structured financing and derivatives intermediation

The company offers structured financing and capital-markets instruments (warrants, derivatives tied to financing). These capabilities were used in recent private placement structures.

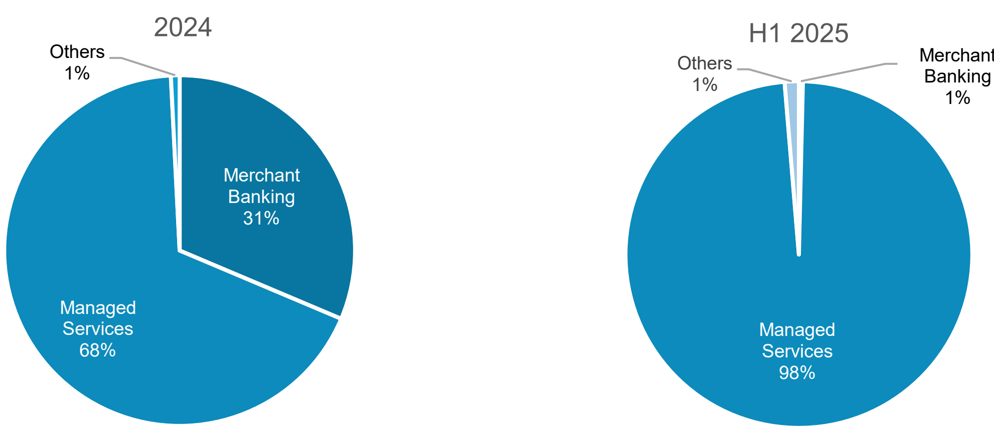
Key Financials

Figure 3 – FG Nexus - Key Financial Data (2023, 2024, and 6M 2025)

Key Financial Data (USD '000s)	2023	2024	6M 2025
Revenues	17,093	17,348	15,711
Operating Income (Loss)	(16,286)	(24,876)	(3,563)
Net Income (Loss)	(14,077)	(2,565)	(5,179)
Cash and Cash Equivalents	5,995	7,794	11,076
Accounts Receivables	3,529	3,384	4,521
Accounts Payable and accrued expenses	4,834	5,704	6,459
Total Equity	37,007	74,197	69,347
Net Cash from Operating Activities	156	(4,714)	(4,119)
Net Cash from Investing Activities	(695)	13,148	9,081
Net Cash from Financing Activities	3,383	(6,858)	(1,689)

Sources: Company's Registration Filing, Annual Report 2024, Quarterly Report June 2025

Figure 4 – FG Nexus - Revenue Breakdown by Segments



Sources: Company's Filings, Quarterly Report June 2025 and Annual Report 2024

Note: Revenue from the Merchant Banking segment was reduced due to a net loss on equity holdings and other holdings.

Selected Key Developments

- On September 16, 2025, it announced that a majority of its shareholders have approved by written consent, a landmark increase in authorized shares to 1 trillion shares, consisting of 900 billion common shares and 100 billion preferred shares. The increase in authorized shares provides FG Nexus with maximum flexibility to execute its strategic vision of becoming the largest corporate holder of ETH in the world by an order of magnitude.
- On September 9, 2025, it announced that its Board of Directors has approved a Share repurchase program to acquire up to $200 million of the Company's outstanding common stock.
- On September 5, 2025, the company changed its name to FG Nexus from Fundamental Global.
- On August 5, 2025, the company announced the successful closing of its previously announced $200 million private placement, marking a transformative milestone in the company's evolution to a premier Ethereum pure play company.
- On July 30, 2025, announces $200 Million Private Placement and Launches Ethereum Treasury Strategy on Ethereum's 10th Birthday
- On March 14, 2025, the company agreed to sell all issued shares of FGRE Corporate Member Limited and commute its Lloyd’s of London reinsurance treaties (UHA 25122, B1868HT2300259, and B1868HT2400259). The total expected consideration was USD$ 5.6MM, including USD$ 0.3MM for the corporate member and USD$ 5.3MM from funds held at Lloyd’s being replaced by the buyer.
- In Q4 2024, the Board approved a plan to evaluate the potential sale of the company’s reinsurance business.
- On October 31, 2024, the 1-for-25 reverse stock split of the company’s common stock became effective.
- On September 30, 2024, the merger between Fundamental Global and Strong Global Entertainment was completed. Shareholders of Strong Global Entertainment received 1.5 FGF shares for each SGE share. Strong Global Entertainment was delisted from the NYSE American, ceased to exist as a separate company, and its results were consolidated into Fundamental Global’s financials.
- On September 25, 2024, the transaction between Strong Global Entertainment and FG Acquisition Corp. closed. FG Acquisition Corp. was renamed Saltire Holdings Ltd., which acquired Strong/MDI Screen Systems, Inc., making it a wholly owned subsidiary of Saltire.
- On May 3, 2024, Strong Global Entertainment, Inc. signed an acquisition agreement with FG Acquisition Corp., a special purpose acquisition company (SPAC), and related parties.
- On February 29, 2024, FGF and FG Group Holdings, Inc. completed an all-stock merger. Each FGH shareholder received one FGF share for every FGH share held. The combined company was renamed Fundamental Global and continued trading on Nasdaq under the symbols FGF (common stock) and FGFPP (preferred stock).

Industry Overview

Digital-asset treasury and institutional Ethereum staking / tokenization

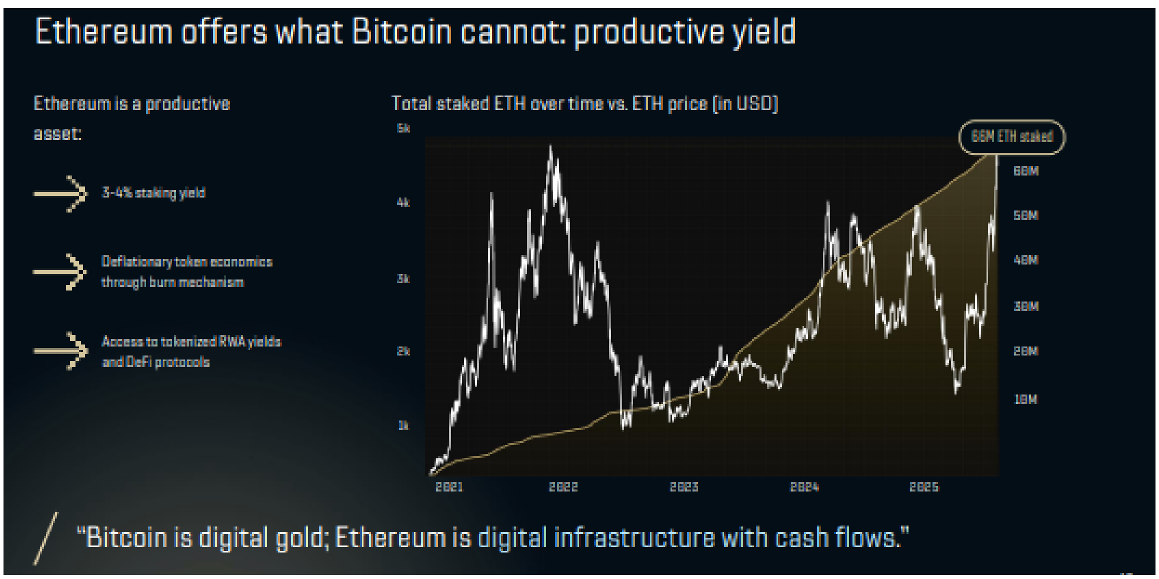
Digital Asset and Ethereum Ecosystem Overview

Ethereum is increasingly recognized as the core settlement layer for global digital finance, underpinning most on-chain economic activity. Ethereum now secures more than 84% of all stablecoin value and hosts over 90% of tokenized real-world assets (RWAs), making ETH the key monetary and settlement asset of the decentralized economy.

The tokenization of real-world assets including bonds, equities, and private credit is driving a multitrillion-dollar transition to blockchain infrastructure. The tokenized asset market could reach nearly USD$ 19T by 2033, as financial institutions seek greater efficiency, transparency, and liquidity. Ethereum's robust security, liquidity, and developer ecosystem have positioned it as the leading platform for this transformation.

Unlike Bitcoin, which serves primarily as a store of value, Ethereum functions as a productive, yield-generating asset (see Figure 5). Through its Proof-of-Stake consensus mechanism, holders can earn native on-chain yields of approximately 3 - 4% annually, while its deflationary fee-burn model continuously reduces supply, supporting long-term value appreciation.

Figure 5 – FG Nexus – Ethereum Productive Yield

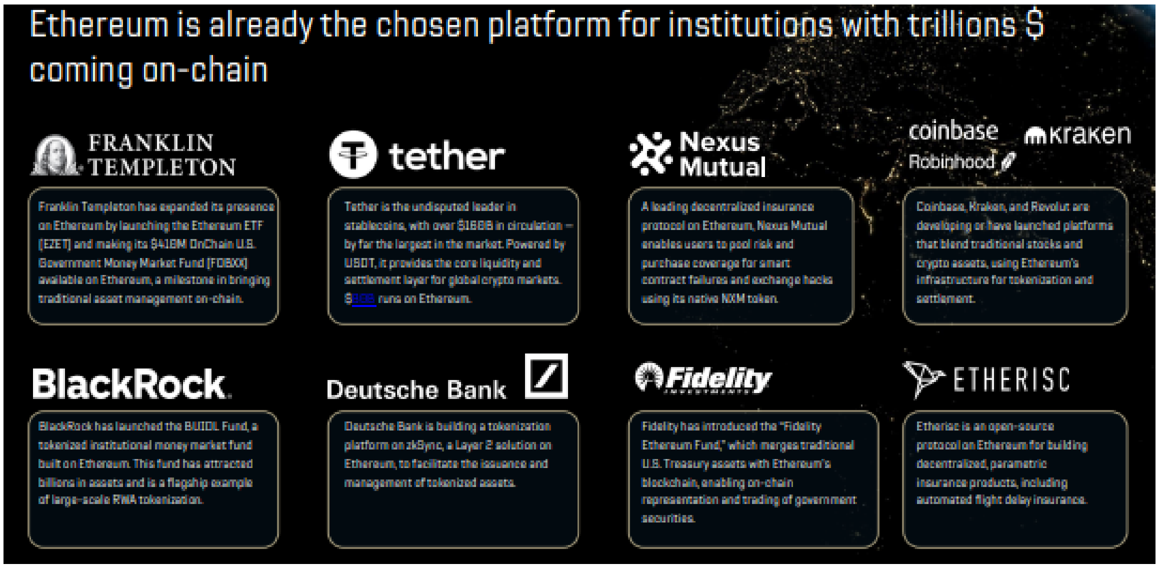


Source: Company presentation

This creates a self-reinforcing economic loop. As ETH's value rises, the staked capital securing the network increases, enhancing security and attracting more institutional applications. The resulting growth in network activity further boosts demand for ETH, forming a virtuous cycle of adoption, yield, and utility.

Institutional participation now validates Ethereum's role in mainstream finance. Leading global asset managers such as BlackRock and Franklin Templeton have launched tokenized money market funds and digital investment products directly on Ethereum, signaling growing confidence in its infrastructure as the foundation for the next generation of financial markets (see Figure 6).

Figure 6 – FG Nexus – Institutional Acceptance



Source: Company presentation

Market Overview

Ethereum staking has become a major component of the network's economy since the Shanghai upgrade in 2023, which allowed withdrawals of staked ETH. According to data from Staking Rewards and Beaconcha.in, the total amount of ETH staked grew rapidly through 2024 and 2025, rising from roughly 18 – 20MM ETH in early 2024 to over 30MM ETH by mid-2025. This represents about 25–30% of the total circulating ETH supply, highlighting strong institutional and retail participation in staking as a yield-generating activity.

Liquid staking, restaking, and tokenization markets are expanding rapidly as institutional products (stETH, liquid staking derivatives (LSDs), tokenized RWAs) create layers of financialization on top of staked ETH. CoinDesk and Cointelegraph document institutional interest and product innovation in 2024 - 2025.

Growth Drivers

Yield search and low-rate environment in traditional finance make staking returns (protocol rewards + MEV) attractive to institutions seeking yield plus asset price upside. Institutional demand is expected to grow despite price swings.

Protocol maturation (PoS economics), improved custody and institutional custody offerings, and clearer operational playbooks reduce barriers for corporate treasuries and funds to stake at scale. McKinsey's Technology Trends report from 2024 notes infrastructure and custody improvements as critical enablers for institutional adoption.

Product innovation such as LSDs and tokenized RWAs enable liquidity and composability of staked positions, increasing their utility and institutional attractiveness. Glassnode 2025 report and other industry commentary highlight growth and governance discussions around staking and LSDs.

Competitive Landscape

Service providers include liquid-staking protocols (e.g., Lido), institutional custodians (Coinbase Custody, BitGo, Fireblocks), staking-as-a-service firms, OTC liquidity providers, and DeFi protocols. Competition centers on security, fees, liquidity of LSDs, and regulatory compliance.

New entrants (corporates positioning their treasuries as yield engines) will compete for capital and custodian partnerships; established staking pools and custodians have a first-mover advantage in trust and scale.

Key Risks

- **Price and mark-to-market risk**: ETH price declines can produce large balance-sheet losses that staking yield may not offset. Industry commentaries repeatedly stress volatility as the dominant risk.
- **Regulatory risk**: Rules on staking income, securities characterization, custody requirements, and tokenized securities remain in flux across jurisdictions; regulatory action could constrain business models or increase compliance costs. McKinsey's 2025 article "The stable door opens" and other reports emphasize regulatory uncertainty as a key headwind.
- **Operational/custody/slashing risk**: Validator failures, key-management errors, or protocol slashing risk can cause losses; operational robustness and insured custody are critical mitigants. Reports from Glassnode and staking research discuss validator economics and governance considerations.
- **Liquidity and DeFi counterparty risk**: Using liquid staking derivatives or DeFi strategies to "restake" increases counterparty exposure and systemic complexity; concentrated use of a small set of LSD providers also creates centralization risk.

Merchant Banking / Capital Markets Services

According to Grand View Research, the global merchant banking services market was estimated at ~USD$ 41.4B in 2022 and is projected to reach ~USD$ 144.0B by 2030 (CAGR ~17.4% from 2023-2030).

Merchant banking activity sits inside a broader capital markets services market that is highly cyclical and sensitive to public markets issuance and M&A volumes.

Growth Drivers

According to Grand View Research, recovery / expansion in global capital markets and IPO/PIPE activity increases demand for merchant-banking advisory and placement services.

Demand for high yield and alternative structures (preferred, structured notes, PIPEs) increases bespoke financing work.

Convergence with digital assets / tokenization opens new product demand (tokenized securities, on-chain capital raises). Incumbents who can blend traditional merchant banking with on chain execution can capture new fee pools. A McKinsey article from 2025 on Digital analyses of tokenization and blockchain note growing interest from capital markets players.

Competitive Landscape

Traditional investment banks, boutique merchant banks, and specialty capital markets advisors dominate deal origination and execution. Boutique firms often compete on niche structuring and speed; larger banks on distribution and balance-sheet capacity. Grand View Research highlights a fragmented supplier base in merchant services.

For hybrid products (e.g., tokenized offerings, crypto-linked financings), new entrants (crypto-native investment firms, tokenization platforms) and fintech boutiques are emerging as direct competitors. A McKinsey article from 2025 on Digital analyses of tokenization and blockchain notes incumbents are partnering with fintech/blockchain players to adapt.

Key Risks

- Capital markets cyclicality: issuance / deal volume drops leading to revenue compression
- Client concentration and execution risk on bespoke financings (PIPEs, private placements) can create financing/timing mismatches
- Regulatory and securities law complexity for novel structures (tokenized securities, on-chain offerings) increases legal/compliance costs and timing risk. The McKinsey article from 2025 highlights regulatory friction as a constraint on tokenization scale-up

Managed Services

The global managed services market was estimated at ~USD$ 335.4B in 2024 and Grand View Research projects growth to ~USD$ 731.1B by 2030 (CAGR ~14.1% from 2025 - 2030).

The broader IT services market is larger (~USD$ 1.5T in 2024 per Grand View Research) and includes cloud, digital transformation, and outsourced operations.

Growth Drivers

Ongoing cloud adoption, cybersecurity needs, and digital-transformation initiatives push enterprises to outsource specialist IT and operational capabilities. McKinsey's 2024 Technology Trends report cites cloud, AI, and automation as persistent drivers of managed services demand.

Reports from Nasscom and Zinnov Consulting, state that cost optimization and global capability center strategies (e.g., using third-party providers or GCCs) drive demand for managed, scalable, SLA-based outsourcing.

Competitive Landscape

According to Grand View Research, large IT outsourcers and system integrators (e.g., Accenture, IBM, Cognizant, TCS) dominate enterprise managed services; mid-market and niche players compete on vertical specialization, speed, or local presence.

For field services and specialized managed operations (installation, on-site technicians), regional contractors and vertical specialists form the competitive set; scale and contract performance (SLAs) are differentiators.

Key Risks

- Margin pressures: price competition and pressure to continually invest in skills/tools (AI operations, automation)
- Talent and execution risk: service delivery depends on skilled staff and operational reliability; attrition or service failures can lead to contract penalties
- Customer concentration and contract renewal timing can create churn / revenue volatility in the short term

Valuation Methodology

We believe FGNX is undervalued, and we support that belief with an absolute and relative valuation. To determine our price target, we use a discounted future earnings model. The following valuation techniques are being used:

1) The discounted value of all future earnings was used for our price target (see Figure 7)
2) Valuation relative to peers (see Figure 8)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of $12.00 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at 10%, which we feel adequately addresses the risk. We assume the company exhibits orderly revenue growth annually, but there could be significant swings quarter-to-quarter. Our valuation model is shown in Figure 7 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is $11.83, which we round to $12.00.

Figure 7 – FG Nexus Inc. – Price Target Calculation

Discounted Future Value		**$11.83**
Year	EPS	Discounted EPS
2026	0.18	0.18
2027	0.31	0.28
2028	0.45	0.37
2029	0.55	0.41
2030	0.67	0.46
	Terminal Value:	10.13

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 8 is a summary of our FGNX peer comparison. If it were to trade at $12.00, its Market Cap/Sales multiple would be ~11.5X, which would be near the high end of the range, which we would argue is not unreasonable given its growth and positioning. This broadly confirms our view that, along with our discounted earnings model, the shares are undervalued.

Figure 8 – FG Nexus Inc. – Comp Tables

					2026 Metrics (except book)			
FactSet Ticker	Company Name	Closing Price	Market Cap $MM	EV $MM	Market Cap/Sales	Book Multiple	EV / Sales	EV / EBITDA
COIN-US	Coinbase Global, Inc. Class A	$295.22	67,358	80,307	9.75	5.59	9.87	23.07
MSTR-US	Strategy Inc Class A	$237.20	63,502	80,742	NMF		NMF	NMF
CRCL-US	Circle Internet Group, Inc. Class A	$100.01	21,186	26,075	7.25	13.05	6.88	37.17
BLSH-US	Bullish	$44.59	6,719	7,378	18.50	2.89	14.75	36.01
RIOT-US	Riot Platforms, Inc.	$17.34	6,447	7,027	8.29	1.09	9.61	36.17
MARA-US	MARA Holdings, Inc.	$15.96	6,036	9,001	5.01	1.09	8.62	28.96
BNKK-US	Bonk, Inc.	$0.19	33	24				
	Exchanges							
HOOD-US	Robinhood Markets, Inc. Class A	$127.08	98,355	112,860	20.68	10.67	24.08	40.60
GLXY-US	Galaxy Digital Inc. Class A	$30.38	5,794	6,527	0.21	4.77	0.10	32.26
GEMI-US	Gemini Space Station, Inc. Class A	$15.99	676	2,812	5.57	5.54	9.99	
	Average				**9.41**	**5.59**	**10.49**	**33.46**
FGNX-US	FG Nexus Inc.	$2.76	134	145	2.45	1.91	2.68	NA
	FGNX shares trading at a (discount)/premium to peers:				**-74%**	**-66%**	**-74%**	**NA**

Source: Litchfield Hills Research LLC and FactSet

Financial Estimates and Guidance

The company does not provide financial guidance. Our model assumes the company experiences solid growth on an annual basis but could see large swings in revenue and earnings quarter-to-quarter. Our balance sheet assumptions show the use of short-term debt, but the company has sufficient cash that it could reduce debt if desired.

Management

Kyle Cerminara - Co-Founder, Chairman & CEO

- Serves as the Co-Founder and CEO of Fundamental Global
- Previously served as a portfolio manager at T. Rowe Price and SAC specializing in fintech and financial services
- Has had numerous successful M&A transactions, SPACs, PIPEs and investment exits

Joe Moglia - Co-Founder & Executive Advisor

- Serves as the Co-Founder and Chairman of Fundamental Global
- Previously served as Chairman and CEO of TD Ameritrade and Executive at Merrill Lynch. Grew TD Ameritrade from USD$ 700MM market cap to USD$ 20B+ market cap and sold to Charles Schwab

Figure 9 – FG Nexus Inc. – Income Statement ($000)

December ending year	2023A Year	2024A Year	2025E Year	2026E Year	2027E Year
Total Revenue	$17,093	$17,348	$35,711	$50,000	$60,000
YoY growth		*1%*	*106%*	*40%*	*20%*
Operating expenses:					
Cost of products	12,583	15,530	15,375	17,000	20,000
Cost of services	8,893	9,963	10,606	11,100	12,000
Selling expense	797	1,277	1,316	1,400	1,600
G&A	11,111	13,979	10,873	10,500	10,800
(Gain)/Loss on one-time items	(5)	1,475	5	0	0
Total Operating Expenses	33,379	42,224	38,175	40,000	44,400
Operating income	(16,286)	(24,876)	(2,464)	10,000	15,600
Operating income %	-95%	-143%	-7%	20%	26%
Total other income/(expense)	2,981	1,878	(83)	(80)	0
	(13,305)	(22,998)	(2,547)	9,920	15,600
Earnings before taxes	(998)	(139)	195	496	780
Net income from continuing ops	($12,307)	($22,859)	($2,742)	$9,424	$14,820
Net income from disc. ops.	(2,334)	21,544	266	0	0
Net income/(loss)	(14,641)	(1,315)	(2,476)	9,424	14,820
Dividend	564	(1,250)	(1,788)	(1,792)	(1,800)
Income / Common shareholders	(14,077)	(2,565)	(4,264)	7,632	13,020
EPS Continuing	($29.36)	($22.83)	($0.30)	$0.18	$0.31
EPS Discontinued	($5.84)	$20.40	$0.02	$0.00	$0.00
Total	($35.19)	($2.43)	($0.29)	$0.18	$0.31
Diluted common shares	400	1,056	14,853	42,450	42,675

Source: Company reports and Litchfield Hills Research LLC

Figure 10 – FG Nexus Inc. – Balance Sheet ($000)

December ending year	FY2027E	FY2026E	FY2025E	FY2024A	FY2023A
Balance sheet					
Current Assets					
Cash and S.T.I.	$56,303	$40,583	$24,459	$7,794	$5,995
Accounts receivable	5,000	4,500	4,000	3,384	3,529
Inventories	2,100	2,000	2,400	1,432	1,482
Other assets	45,000	45,000	50,000	60,073	28,021
Total Current Assets	**108,403**	**92,083**	**80,859**	**72,683**	**39,027**
Net PP&E	2,900	2,800	2,800	2,781	11,115
Right-to-use asset	1,100	1,100	1,100	1,306	1,629
Other non-current	16,000	16,000	15,500	32,699	10,372
Total Assets	**$128,403**	**$111,983**	**$100,259**	**$109,469**	**$62,143**
Current Liabilities					
Accounts and accrued payable	$10,000	$9,000	$6,500	$5,704	$4,834
Defered revenue and deposits	2,000	1,500	1,100	857	867
Lease liabilities	1,500	1,400	1,300	1,372	1,704
Other current liabilities	10,000	10,000	10,000	2,068	2,294
Total current liabilities	**23,500**	**21,900**	**18,900**	**10,001**	**9,699**
Long-term debt	0	0	200	301	5,461
Other non-current liabilities	12,000	12,000	11,000	24,970	9,976
Total Liabilities	**35,500**	**33,900**	**30,100**	**35,272**	**25,136**
Stockholders' Equity					
Preferred stock	22,500	22,500	22,500	22,365	0
Common stock	30	30	30	29	225
Additional paid-in-capital	54,000	52,000	51,500	50,924	55,856
Retained earnings	15,273	2,453	(4,971)	(229)	2,336
Cum. trans. adj. and treasury stock	1,100	1,100	1,100	1,108	(21,410)
Total stockholders' equity	92,903	78,083	70,159	74,197	37,007
Total Liabilities and equity	**$128,403**	**$111,983**	**$100,259**	**$109,469**	**$62,143**

Source: Company reports and Litchfield Hills Research LLC

Figure 11 – FG Nexus Inc. – Cash Flow ($000)

	FY27E	FY26E	FY25E	FY24A
Net Income	$14,820	$9,424	($2,742)	($1,315)
Receivables	($500)	($500)	($616)	$145
Inventories	($100)	$400	($968)	$50
Other assets	$0	$5,000	$10,073	($32,052)
Net PP&E	($100)	$0	($19)	$8,334
Right-to-use asset	$0	$0	$206	$323
Other non-current	$0	($500)	$17,199	($22,327)
Accounts and accrued payable	$1,000	$2,500	$796	$870
Defered revenue and deposits	$500	$400	$243	($10)
Lease liabilities	$100	$100	($72)	($332)
Short-term debt	$0	$0	$7,932	($226)
Long-term debt	$0	($200)	($101)	($5,160)
Other non-current liabilities	$0	$1,000	($13,970)	$14,994
Preferred stock	$0	$0	$135	$22,365
Common stock	$0	$0	$1	($196)
Additional paid-in-capital	$2,000	$500	$576	($4,932)
Accum. Other and Treasury	$0	$0	($8)	$22,518
Dividends and transition adjustments	($2,000)	($2,000)	($2,000)	($1,250)
Total Cash Flow	$15,720	$16,124	$16,665	$1,799

Source: Litchfield Hills Research LLC

Disclosures:

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