

SUMMARY REPORT

Universal swap is the fourth largest cryptocurrency exchange overall by daily trading volume.

What is a cryptocurrency exchange?

- A cryptocurrency exchange, or a digital currency exchange (DCE), is a business that allows customers to trade cryptocurrencies or digital currencies for other assets, such as conventional fiat money or other digital currencies. Exchanges may accept credit card payments, wire transfers or other forms of payment in exchange for digital currencies or cryptocurrencies. A cryptocurrency exchange can be a market maker that typically takes the bid-ask spreads as a transaction commission for its service or, as a matching platform, simply charges fees.

Under this project we have to calculate, forecast, assume various types of cash flows on the basis of which we have to check the overall viability of the cryptocurrency exchange (UNIVERSAL SWAP). Universal swap is launching new coin Alternium on its platform for which it is intending to create a new liquidity pool.

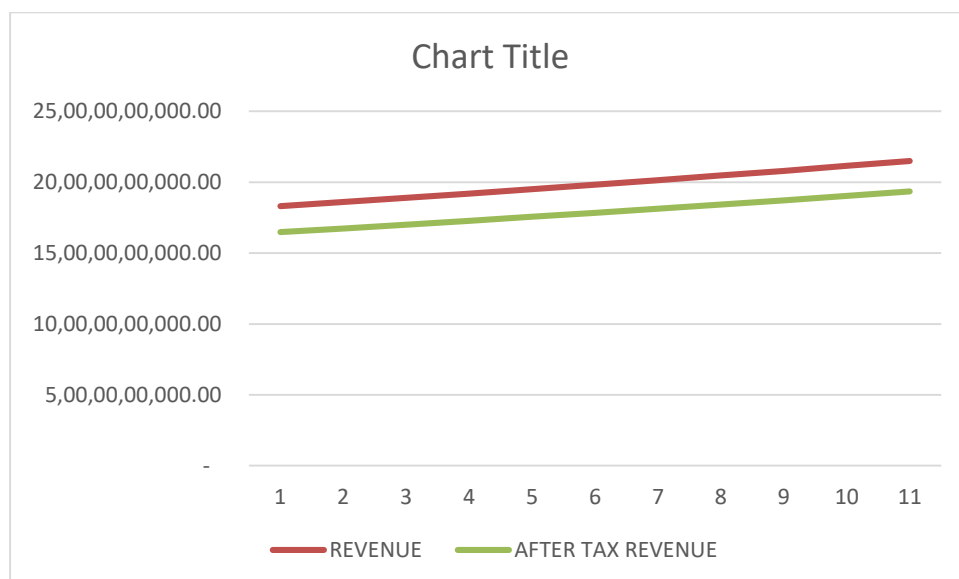
For calculations we are provided with various information such as –

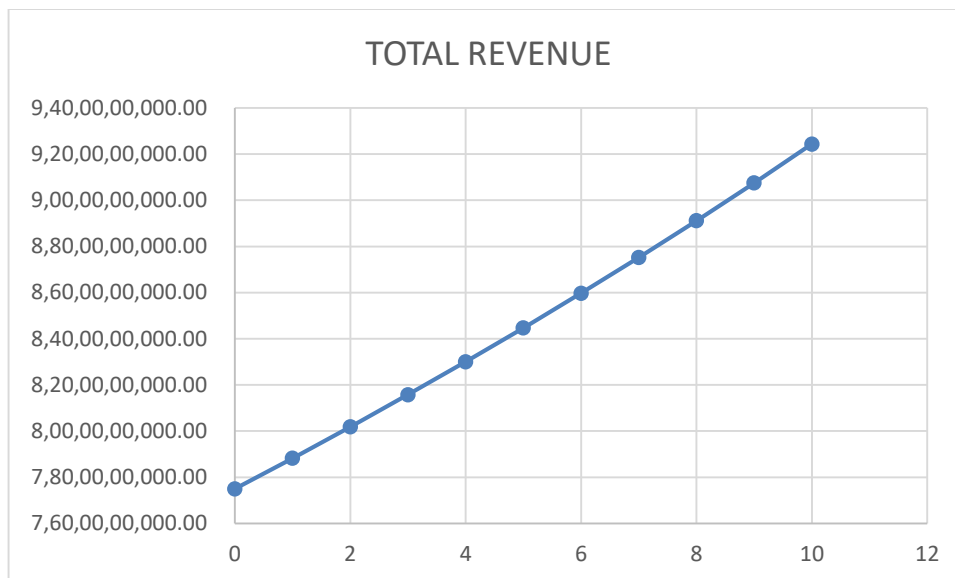
- R & D Expenses, Introductory Costs, Market Potential and Share, Pricing and Unit cost, New Participants, Server facilities and Costs, G & A Expenses, Working capital, Equity and Debt, Tax rates, Macro Data & Cost of capital.

Q1. AFTER-TAX INCREMENTAL CASHFLOWS

- Cash flow after taxes is a measure of financial performance that shows a company's ability to generate cash flow through its operations. It is calculated by adding back non-cash charges such as amortization, depreciation, restructuring costs, and impairment to net income.

AFTER-TAX INCREMENTAL CASHFLOWS





When we observe this line chart we can observe that the revenue of the company is increasing at a gradual pace.

Q.2 WHAT IS NPV (NET PRESENT VALUE)?

- Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyze the profitability of a projected investment or project. NPV is the result of calculations used to find today's value of a future stream of payments.

NPV OF THE PROJECT IS -25782.58 (in Million).

As we can see that the NPV of the project is too high which means that the investor will earn a good chunk of money

Q. WHAT IS IRR (INTERNAL RATE OF RETURN)?

- The Internal Rate of Return (IRR) is the discount rate that makes the net present value (NPV) of a project zero. In other words, it is the expected compound annual rate of return that will be earned on a project or investment.

IRR of the project is 137.85% we calculated it by putting NPV = 0, with the help of the Goal-Seek Function.

Q.3 Since the Pool will reach its full capacity by the end of the 10th Year, we can let the project run for another 10 years as the project has proven to be very profitable. We can continue the project under the same conditions for all the parameters.

ASSUMPTIONS-

- REST ALL PARAMETERS WILL REMAIN SAME.
- IRR = 137.85%

When duration of the project is increased by 10 years the NPV of the increases and so is the IRR which suggests that the duration of the project should be increased.