

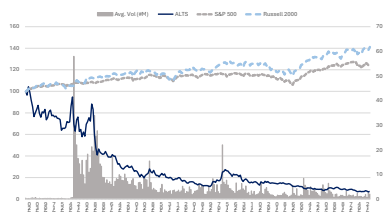
June 23, 2026

KEY STATISTICS

52W Range	\$0.62 - \$10.38
30D ADTV ('000)	1,538.10
O/s Dil. Shrs. (#M)	160.86
Market Cap (\$M)	93.49
Float (%)	97.95
Institutional (%)	39.83%
Last Close	\$ 0.63
Target Price	\$ 6.50

Rating **FUNDAMENTAL BUY**

PERFORMANCE (AIFC vs. S&P 500)



Source: FactSet, Data as of 06/22/2026

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AI FINANCIAL CORPORATION

(Nasdaq: AIFC)

REBRANDING STRATEGY INTO AN AI COMPUTE INFRASTRUCTURE PLATFORM STARTING TO TAKE SHAPE, AS RECENT ACQUISITIONS AID IN BUILDING A POWERFUL AGENTIC AI & DATA ECOSYSTEM – POSITIVE CONVICTION REMAINS GIVEN FOUNDATIONAL SOTP VALUATION

- **We believe AI Financial Corporation (AIFC) is undergoing a strategic pivot that could redefine its value proposition and capital trajectory.** The name change from ALT5 Sigma to AI Financial Corporation signals a deliberate shift away from being a mere payments processor toward owning and operating an AI-native compute and data-infrastructure backbone for an ecosystem of autonomous, agentic payments.
- **We believe the recent accretive moves: Block Street & Decentralized Technologies, are not random bolt-ons but foundational platforms that enable data ownership, tokenization, and secure/scalable AI-enabled commerce.** Block Street's tokenization and regulated USD1 stablecoin commerce provide a compliant on-ramp to programmable finance, while Decentralized Technologies (the data-vault/Twin Vault ecosystem) promises to unlock data sovereignty, privacy, and monetization models for enterprises and developers within an AI economy that management argues could be four to six times larger than today's real economy.
- AIFC's strategic plan is underscored by Nano Labs' MOU with AIFC to explore AI data-center deployment, agent-cloud capabilities, and AI-native payments. Management cites Ben Goertzel's open-source/genetic AI strengths as a strategic proxy for competitive advantage in processing transactions and providing the compute power needed in a Magenta-scale AI world.
- Taken together, **we believe the go-forward thesis rests on three pillars: (1) a rebrand-led reposition to AI compute/data infra with ownership of the AI agent economy; (2) two synergistic acquisitions that deliver data ownership, security, and tokenized financial rails; and (3) a broader AI-economy lens that management believes will drive meaningful scale, including a potential monetization path for a legacy biotech subsidiary and the embedded value of WLFI tokens.**
- On a valuation basis, **we believe the market undervalues the sum of AIFC's parts today:** the core AI-forward platform, the data-ownership vaults, a non-core biotech entity and the value/leverage of WLFI tokens—all set against a visible near-term plan for strategic partnerships and product roadmaps that public investors can monitor and measure.
- We expect management to provide a clearer forward plan in the coming months—articulating product milestones, partner commitments, and financial roadmaps—that could catalyze multiple expansion catalysts as the company de-risks its messaging and demonstrates execution across the platform. While execution and integration risk remains non-trivial, **we believe the potential for a material re-rating exists if AIFC successfully demonstrates a coherent, multi-product growth engine anchored by a rebranded, AI-native growth plan.**

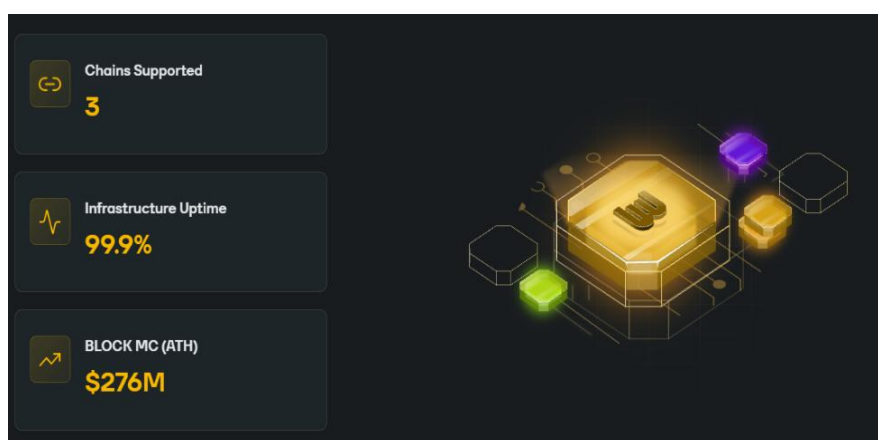
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COMPANY OVERVIEW, STRATEGIC REBRAND, AND LONG-TERM VISION

- AIFC's strategic rebrand is more than cosmetic. It reflects a deliberate repositioning into an AI-native compute and data-infrastructure company with an ecosystem that supports agent-based payments, secure data exchange, and programmable finance. **We believe the blueprint rests on owning and operating critical infrastructure that underpins autonomous digital agents—think AI agents performing tasks, transacting, and routing information in a trusted, secure environment.** This is a multi-layer platform thesis: secure data vaults and ownership, tokenized asset rails, scalable AI compute, and an open, composable payments layer designed for agent economics.
- **Two recent acquisitions form the core of this platform-building effort.**
 - Block Street is positioned as a tokenization platform with a compliant DeFi-off-ramp, anchored by a regulated USD1 stablecoin. This aligns with a broader macro trend toward regulated digital asset rails and on-chain asset tokenization that can be integrated into enterprise workflows.
 - Decentralized Technologies (Dectec)—represented in the notes by its Twin Vault and related IP—provides a decentralized data repository and a suite of AI-privacy and data-management tools that underpin data sovereignty, secure AI training data, and monetization models for digital assets and AI personas. Dectec's offerings, including Twin Vault, Twin ID, AIDA, Twin Studio, Twin TV, and XR Twin, collectively form a robust data-infrastructure backbone that enables secure data storage, governance, and monetization for AI-driven ecosystems.

FIGURE 1: BLOCK STREET'S ACHIEVEMENT IN NUMBERS



Source: Block Street Inc.

- **We believe management's explicit emphasis on AI-scale economics and the 4x–6x bigger AI economy underscores a growth narrative that is not limited to payments but hinges on compute, data, and AI-native financial services.** Ben Goertzel's noted strengths in open-source and genetic AI suggest a non-traditional moat: a potentially faster, more efficient path to AI model iteration and data usage, leveraging community-driven innovation to accelerate product development and deployment. The Nano Labs MOU, which contemplates AI data center infrastructure in North America, a cloud platform for AI agents, and AI-native payments, provides near-term validation that AIFC intends to operationalize this platform. As such, **we believe the MOU also signals a governance framework via a joint working group to supervise technical diligence and commercial exploration.**

INDUSTRY CONTEXT AND AI-ECONOMY NARRATIVE

- Global GDP is expected to grow just 2.5% to 3.1% in 2026, according to the World Bank and IMF, while worldwide AI spending is projected to surge ~44% YoY to approximately \$2.52 trillion, including around \$1.37 trillion in AI infrastructure alone, according to Gartner's January 2026 forecast. The contrast highlights that AI is already

reshaping capital allocation and financial markets well ahead of its full translation into broad productivity gains, with AI-related investments accounting for an estimated 39% of U.S. GDP growth during the first nine months of 2025 before normalizing as growth rates moderated.

- The AI economy narrative, as presented by management and reflected in the research, posits that AI-enabled systems will become core infrastructure for digital commerce, data exchange, and autonomous decision-making. **We believe the stated thesis of a four-to-six-fold expansion relative to the current real economy is provocative and implies substantial upside if execution aligns with higher-order demand for AI compute and data infrastructure.** The market commentary on AI's macro impact—ranging from modest productivity gains to transformative growth—highlights a wide dispersion of expectations. In this framework, **we believe AIFC's strategy to own the compute stack, data vaults, and payments rails could position it to capture value from both enterprise AI deployments and consumer-facing AI-enabled services.**

FIGURE 2: WORLDWIDE AI SPENDING BY MARKET (2025-2027) (IN \$ MILLIONS)

MARKET	2025	2026	2027
AI Services	439,438	588,645	761,042
AI Cybersecurity	25,920	51,347	85,997
AI Software	283,136	452,458	636,146
AI Models	14,416	26,380	43,449
AI Platforms for Data Science and Machine Learning	21,868	31,120	44,482
AI Application Development Platforms	6,587	8,416	10,922
AI Data	827	3,119	6,440
AI Infrastructure	964,960	1,366,360	1,748,212
Total AI Spending	1,757,152	2,527,845	3,336,690

Source: Gartner, Inc (January 2026)

- The role of partnerships and open-architecture approaches cannot be overstated.
 - **We believe the Nano Labs MOU reflects a push toward high-performance computing and AI-ready infrastructure, with the potential to accelerate North American data-center footprint and cloud-based agent platforms.**
 - The SuperQ Quantum Computing collaboration with AiFi for post-quantum security underscores the importance of resilience and security as digital finance and AI adopt more sophisticated cryptographic environments.

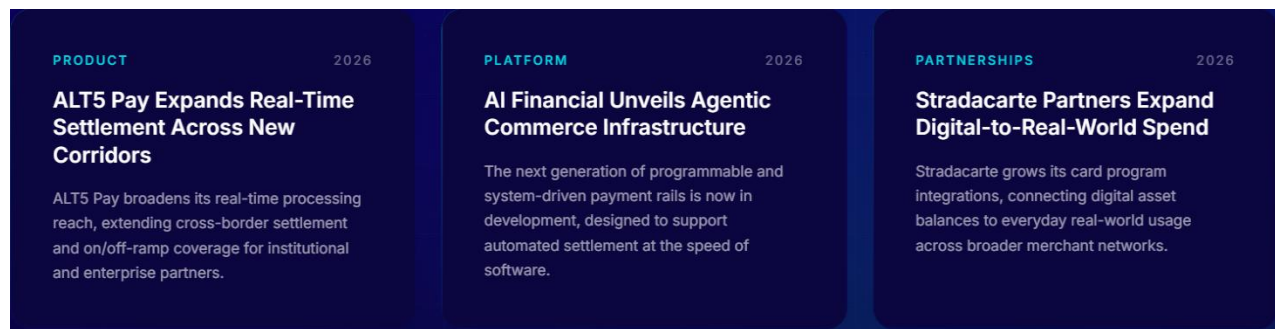
OPERATIONAL AND FINANCIAL PROFILE: THE SOTP LENS

- AIFC's latest reported quarter shows a mixed picture: the operating fintech business was relatively stable, with **Q1 2026 revenue of \$4.7m**, while gross profit improved to **\$3.6m** and gross margin expanded to **75.9%**. However, the quarter was dominated by a large non-cash markdown on WLFI tokens, with AIFC recording an **unrealized crypto-asset loss of \$348.3m**, which drove a net loss from continuing operations of about \$271.3m. Liquidity also remained a key investor concern, with cash of **\$10.5m**. The disclosed working capital deficit of about \$21.9m points to liquidity pressure that could be alleviated if a timely monetization or operational pivot occurs. Although, the company later said that approximately **\$380m** of WLFI holdings, including more than **\$180m** currently available for collateral, staking, or lending, materially improved its financial flexibility and substantially mitigated the earlier going-concern overhang.
- From a traditional financial perspective, **we believe AIFC's 2025 results suggest a bifurcated business with a fintech-like top-line and a biotechnology legacy with limited ongoing revenue.** The 2025 results highlight the urgency of strategic clarification and capital allocation. As such, **we believe AIFC's new platform thesis, if realized,**

could convert this liquidity risk into optionality by monetizing assets (including the biotech unit) or by generating recurring revenue from platform services (AI data centers, data vaults, and tokenization rails).

- The SOTP framework suggests meaningful upside from multiple components.
 - First, a potential monetization or spin-off of the biotechnology segment could unlock value for shareholders that is not currently captured in the stock price.
 - Second, the WLFI tokens, as a base-layer asset within the company’s ecosystem, imply optional upside that may provide a quasi-currency-like revenue stream or balance-sheet cushion. However, this depends on token performance and regulatory treatment.
 - Third, the Block Street and Dectec acquisitions create a durable platform for AI-native payments, data management, and tokenized finance, potentially generating recurring revenue through transactions, tokenization services, data vault subscriptions, and developer ecosystems.
- From a relative valuation standpoint, **we believe the market appears to discount the potential of a de-risked, capital-light platform that leverages AI compute, data sovereignty, and tokenized payments.** Looking forward, **we believe the path to realization hinges on management delivering a coherent growth plan, with milestones and KPIs that investors can track. A more explicit plan for capital allocation, product roadmaps, and partner commitments would help convert multi-year strategic intent into a more stable, investor-credible narrative.**

FIGURE 3: LATEST COMPANY UPDATES



Source: AI Financial

RISK AND EXECUTION CONSIDERATIONS

- The restructuring into an AI compute infra platform introduces execution risk on multiple fronts: integration of Block Street and Dectec into a single coherent platform, delivering the expected data sovereignty and AI-native payments functionalities, and achieving scale in AI compute and data services. Regulatory risk remains salient in the tokenization space, especially given the focus on a regulated USD1 stablecoin and DeFi rails. The company’s disclosed internal-control weaknesses and a material weakness in reporting are notable risk flags; management’s ability to strengthen governance and provide transparent, periodically updated business plans will be critical for investor confidence.
- The crypto-asset environment introduces additional volatility and regulatory uncertainty, which could influence WLFI token dynamics and the valuation of token-based assets within the balance sheet. Execution risk also includes the potential for integration delays between Decentralized Technologies data vault architecture and Block Street’s tokenization rails, as well as potential challenges in scaling AI-native payments to the enterprise customer base. Finally, while the biotech unit could provide optionality, any delay in monetization or unexpected regulatory headwinds could prolong the drag on earnings and capital efficiency.

CATALYSTS AND NEAR-TERM MILESTONES

- **In the near term, we believe investors should watch for management's updated go-forward plan that translates the strategic repositioning into concrete product roadmaps and financial targets.** The Nano Labs MOU provides a structured evaluation framework with a defined 90-day window; the outcomes of that diligence—technical feasibility, integration pathways, and commercial exploration—could catalyze additional partnerships, co-development agreements, or definitive collaborations that validate AIFC's platform ambitions. A clearer plan around the monetization path for the biotech segment—whether via spin-off, sale, or strategic partnership—could unlock a material portion of hidden value and reduce overhang risk.
- Further catalysts include progress on the SuperQ post-quantum security deployment, which would bolster confidence in the platform's resilience for secure AI-driven payments and asset trading, and tangible product milestones from Dectec's Twin Vault ecosystem. Block Street's regulatory-compliant rails and the growing demand for enterprise tokenization could produce early revenue traction, particularly if the company expands into North American markets in conjunction with the Nano Labs initiative.

CONCLUSION: AIFC'S PATH FORWARD AND INVESTMENT IMPLICATIONS

- **Overall, we believe AIFC's equity remains undervalued, distorted by the legacy biotech exposure and a nascent, albeit compelling, multi-product platform strategy that investors have yet to fully quantify.** The sum of the parts suggests a meaningful upside if management can deliver: monetization options from the biotech unit, a material uplift from WLFI token embedded value, and tangible revenue streams from the platform's data vaults, tokenization rails, and AI-native payments. Put simply, **we believe the near-term path requires clearer messaging and a credible growth plan that investors can monitor and update on a periodic basis.** If management can provide that clarity—along with milestones for product development, partnerships, and financial planning—AIFC could see a re-rating as investors gain confidence in the company's ability to execute on a multi-year AI infrastructure thesis. If delivered, **we believe the pathway to upside is clear: investors gain exposure to a scalable AI infrastructure platform, and a governance-ready framework to measure progress as AIFC navigates the early stages of a high-velocity, AI-enabled payments ecosystem.**

FIGURE 4: AIFC OPERATING ASSUMPTIONS

OPERATING ASSUMPTIONS		
Bear Case	Base Case	Best Case
Ability to Scale Transaction Volumes Across ALT5 Pay & ALT5 Prime		
Slower than expected growth in stablecoin payment adoption with limited onboarding of merchants and financial institutions, resulting in modest transaction volume expansion.	Moderate growth in stablecoin transaction volumes supported by gradual onboarding of merchants, fintech partners, and institutional users across ALT5 Pay and ALT5 Prime platforms.	Significant growth in transaction volumes driven by strong institutional adoption of stablecoin payments and increased merchant integration across global markets.
Expansion into Institutional & Enterprise Blockchain Payment Infrastructure		
Limited penetration into enterprise payment infrastructure with delays in forming partnerships with banks, PSPs, and fintech platforms.	Steady progress in enterprise partnerships enabling integration of ALT5 payment rails with financial institutions, payment processors, and digital asset platforms.	Accelerated enterprise adoption with multiple financial institutions and payment providers integrating ALT5 infrastructure into cross-border payment and settlement networks.
Strategic Partnerships & Platform Integrations		
Few meaningful partnerships leading to slower ecosystem development and limited distribution channels.	Gradual expansion of partnerships with fintechs, exchanges, payment gateways, and digital asset custodians supporting platform adoption.	Strong pipeline of strategic partnerships enabling rapid expansion of distribution channels and institutional network effects.
Revenue Growth & Monetization of Transaction Infrastructure		
Revenue growth remains subdued due to slower transaction scaling and limited monetization of payment flows.	Revenue grows steadily driven by transaction fees, institutional platform usage, and expanded payment processing activity.	Strong revenue acceleration driven by rapid scaling of transaction volumes and broader institutional usage of ALT5 digital asset infrastructure.
Digital Asset Market / Regulatory Environment		
Regulatory uncertainty around stablecoins and crypto payments slows adoption among institutional clients.	Regulatory frameworks gradually clarify across key markets enabling cautious institutional adoption of digital asset payment infrastructure.	Favorable regulatory developments accelerate adoption of compliant digital asset payment infrastructure among financial institutions and corporates.
Strategic Takeout / Industry Consolidation Potential		
Limited likelihood of acquisition interest from larger fintech or crypto infrastructure players.	Moderate likelihood of strategic interest from fintech platforms, payment processors, or crypto infrastructure providers.	High likelihood of strategic acquisition interest as digital asset payment infrastructure consolidates among large fintech and financial institutions.
Macro Environment (Crypto Market & Capital Markets)		
Weak crypto market sentiment and reduced institutional participation limit transaction activity.	Stable crypto market conditions support steady transaction activity and institutional engagement.	Strong digital asset market cycle drives higher transaction volumes and institutional participation in blockchain payment infrastructure.

Source: Partnercap Securities, LLC

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Research Clients	6	0	1	0
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	Research Clients		Research Clients with Investment Banking Services	
Ratings	Count	Percent	Count	Percent
Buy	6	85.7%	-	-
Neutral	-	-	-	-
Sell	-	-	-	-
Under Review	1	14.3%	1	100%
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(Rule 2241(c)(3))

Target price was initiated on **March 18, 2026**, at \$6.5

Target price was maintained on **June 22, 2026**, at \$6.5



The graph is current as of the end of the most recent calendar quarter.

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