

Case Study: Fermi — A Quantifiable Breakdown in Price Formation

December 12, 2025

Event Summary

Today, 12/12/25, Fermi (FRMI)'s price fell 33%, falling from roughly \$15 to \$10 per share, eliminating an estimated \$5 billion in market capitalization in a single session. This decline followed a prolonged period of extreme valuation despite the absence of operating revenues or earnings.

Chart Overview

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Symbol	Name	Price	Change	Change %	Volume	Avg Vol (3M)	Market Cap	P/E Ratio (TTM)	52 Wk Change %
FRMI	Fermi Inc.	10.09	-5.16	-33.84%	62.579M	5.787M	6.196B	--	-53.12% 
MOD	Modine Manufacturing ...	139.88	-25.31	-15.32%	2.226M	1.009M	7.364B	46.88	+25.08% 
OKLO	Oklo Inc.	87.63	-15.37	-14.92%	14.297M	19.521M	13.692B	--	+455.86% 
SEI	Solaris Energy Infrastr...	46.07	-8.01	-14.81%	5.748M	3.766M	3.307B	60.33	+92.94% 
SNDK	Sandisk Corporation	206.18	-35.43	-14.66%	11.957M	11.035M	30.216B	--	+571.14% 
RCUS	Arcus Biosciences, Inc.	21.53	-3.61	-14.36%	7.077M	1.562M	2.664B	--	+56.34% 
ALAB	Astera Labs, Inc.	148.85	-24.85	-14.31%	9.297M	6.495M	25.141B	144.28	+31.45% 
FLNC	Fluence Energy, Inc.	22.19	-3.60	-13.96%	6.961M	8.014M	4.058B	--	+50.20% 
SMR	NuScale Power Corpor...	18.37	-2.85	-13.43%	25.143M	24.011M	5.196B	--	+0.43% 
ECG	Everus Construction Gr...	88.09	-13.12	-12.96%	1.578M	491,149	4.493B	27.20	+48.47% 

Chart 1 displays a list of the day's largest market decliners, including Fermi. The magnitude and speed of the decline place it among the most severe single-day value destructions in the market.

Performance and Risk Chart (Basic)

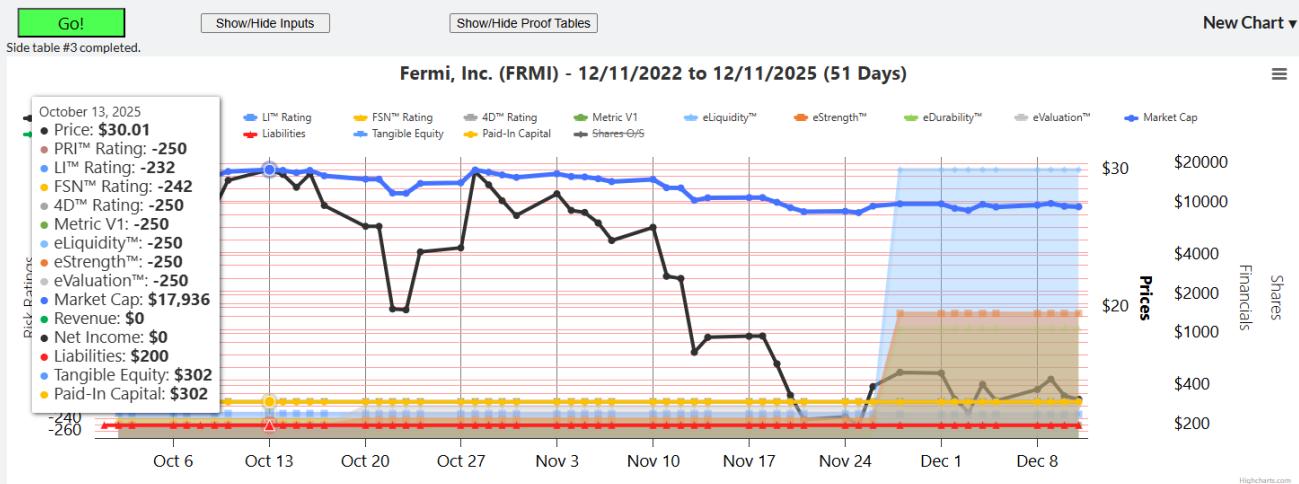


Chart 2 shows ERS's Performance & Risk Chart™ (PRC™) output for Fermi as of October 13, 2025, when the stock traded at \$30.01 per share. At that time, ERS's nine proprietary risk ratings—each independently scaled from +150 (best) to -250 (worst)—produced a combined score of -2,224, only 26 points from the worst possible aggregate rating.

Performance and Risk Chart (Basic)

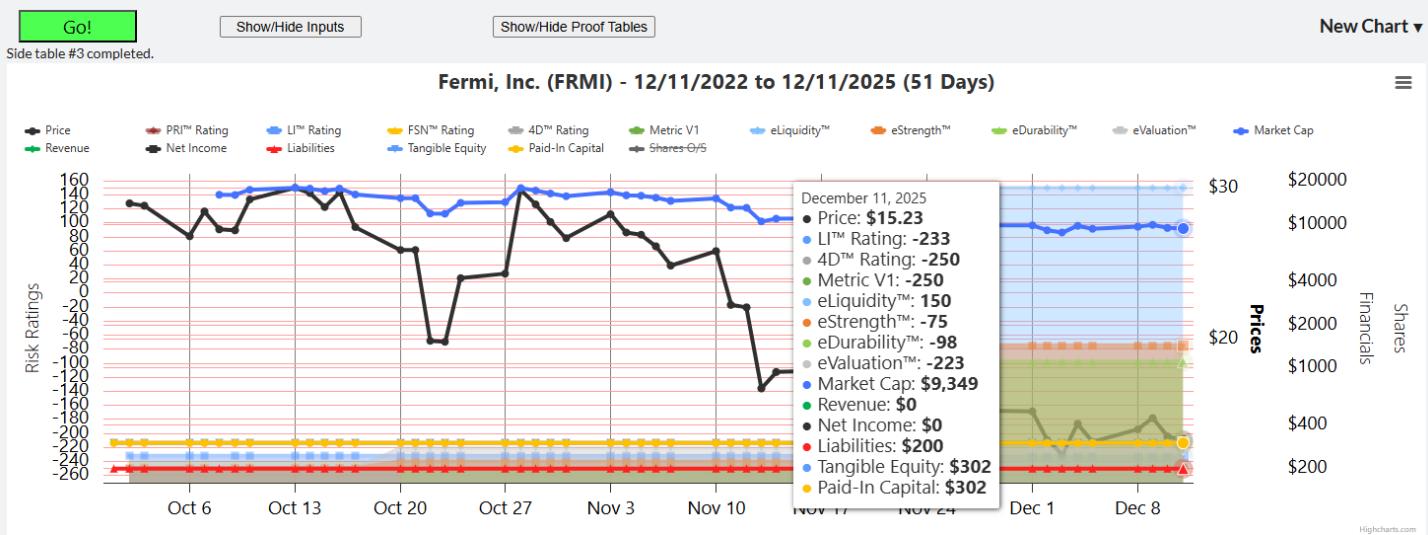


Chart 3 shows the most recent PRC™ output prior to the decline. Two ratings (PRI and eLiquidity) are not shown due to data-availability issues at the time of publication; this omission does not materially affect the conclusions.

Financial Facts at the Time of Peak Valuation

At approximately \$30 per share, Fermi's implied valuation was roughly \$18 billion.

Revenues: \$0

Net income: \$0

Cash & short-term investments: approximately \$300 million

Liabilities: approximately \$200 million

Source of cash: almost entirely from shareholder capital

Risk Definition Applied

Risk is defined as the probability and magnitude of loss. The combination of no revenues, no earnings, material liabilities, and a multi-billion-dollar market capitalization constituted an extraordinary level of downside exposure.

Fiduciary Suitability Considerations

A fiduciary is required to assess whether an investment is reasonable at the price paid. Absent revenues, earnings, or demonstrable cash-generation capacity, price becomes arbitrary and suitability difficult to substantiate.

What the ERS Ratings Demonstrated

ERS's ratings quantified the severity of downside risk well in advance. The PRC™ showed near-maximum negative readings across valuation, financial strength, durability, and price-risk dimensions.

Structural Implications

This case illustrates how securities can achieve large valuations without reference to operating fundamentals, exposing investors to sudden and severe losses.

Key Takeaways

- Large losses can occur when valuation is untethered from financial reality
- Downside risk is measurable
- Fiduciary duty requires price-based risk assessment
- Independent risk analytics improve decision quality

Closing Note

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