
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 06, 2024

Exodus Movement, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

15418 Weir St.
#333
Omaha, Nebraska
(Address of Principal Executive Offices)

000-56643
(Commission File Number)

81-3548560
(IRS Employer
Identification No.)

68137
(Zip Code)

Registrant's Telephone Number, Including Area Code: 833 992-2566

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.000001 per share	EXOD	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On May 6, 2024, Exodus Movement, Inc. (the “Company”) issued a press release announcing select preliminary financial results for the quarter ended March 31, 2024. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The Company also issued a letter to its shareholders announcing its preliminary financial results for the quarter ended March 31, 2024 (the “Shareholder Letter”). A copy of the Shareholder Letter is furnished as Exhibit 99.2 to this Current Report on Form 8-K. The Company hosted a webcast of its preliminary first quarter 2024 fiscal results on May 6, 2024. A copy of the transcript from this webcast is posted on the Company’s website www.exodus.com and is furnished with this report as Exhibit 99.3.

The information furnished pursuant to Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit numbers</u>	<u>Description</u>
99.1	Press release dated May 6, 2024
99.2	Shareholder letter dated May 6, 2024
99.3	Transcript of webcast on May 6, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EXODUS MOVEMENT, INC.

Date: May 6, 2024

By: /s/ James Gernetzke

James Gernetzke, Chief Financial Officer (Principal
Financial and Accounting Officer)



Exhibit 99.1

May 6, 2024

Exodus Reports Preliminary First Quarter 2024 Results

*Record revenue of \$29.1 million, up 118% year-over-year in Q1
Strong momentum in our Wallet-as-a-Service and fiat onboarding products
NYSE American uplisting scheduled for May 9th, 2024 under the ticker EXOD*

Exodus Movement, Inc. (OTCQX: EXOD), (the “Company” or “Exodus”) the leading self-custodial cryptocurrency software platform, today announced its preliminary results for the first quarter ended March 31, 2024. The preliminary results are unaudited, subject to completion of the Company’s financial reporting processes, based on information known by management as of the date of this press release and do not represent a comprehensive statement of our financial results for the quarter ended March 31, 2024.

Preliminary First Quarter 2024 Financial Highlights (Unaudited)

<i>In USD millions, except percentages</i>	Q1 2024	Q1 2023	% Change
Revenue	\$29.1	\$13.3	<i>118%</i>
Cost of Revenues	10.7	6.9	<i>56%</i>
Total Operating (Income) Expenses ⁽¹⁾	(48.8)	5.5	<i>983%</i>
Income from Operations	67.1	1.0	<i>6920%</i>
Operating Margin	<i>231%</i>	<i>7%</i>	<i>N/A</i>
Net Income	\$54.8	\$0.8	
Adjusted EBITDA⁽²⁾	\$13.2	\$3.5	

“We are proud to have delivered an exceptional Q1 with record revenue, strong profitability and growing momentum in our emerging product categories including our Wallet-as-a-Service capabilities and fiat onboarding” said JP Richardson, CEO and co-founder of Exodus.

(1) Includes digital assets marked to market under new GAAP guidelines, specifically ASU 2023-08. During the three months ended March 31, 2024, the Company’s increase in net income was primarily due to the adoption of ASU 2023-08 that resulted in the recognition of a net gain from the remeasurement of digital assets, which is included in net income and presented separately from changes in the carrying amount of other intangible assets. The company adopted ASU 2023-08 effective January 1, 2024 and did not retroactively adjust 2023.

(2) Non-GAAP metric. For a reconciliation of Net Income to Adjusted EBITDA, please refer to the reconciliation table at the end of this press release.

“We empower both crypto newcomers as well as veterans to control their wealth. The demand for cryptocurrency continues to grow at a rapid rate as indicated by the appreciation of Bitcoin in Q1 and the growing users on our platform. Our long history of innovating on a highly secure, best-in-class self-custodial digital wallet provides a gateway for people to enter a decentralized future by making it seamless for people to trade across a broad range of exchanges and digital assets.

We believe our technological innovation coupled, with our healthy financial profile, strongly positions us for a wealth of future opportunities ahead. As part of the opportunity to drive Exodus’ brand awareness, we are scheduled to be uplisted on the NYSE American on May 9th and are thrilled to be part of this new community.”

First Quarter Operational and Other Financial Highlights

- **Exchange provider processed volume** - \$1.35 billion in Q1 2024, up 102% from Q1 2023. Bitcoin, Ethereum, and Tether (ETH Network) were the top assets traded in Q1 2024, at 25%, 13%, and 13% of volume, respectively.
- **Monthly Funded Users**⁽³⁾ - 1,077,472 in Q1 2024, up 31% from 821,566 in Q1 2023.
- **Monthly Active Users**⁽⁴⁾ - 1,693,702 in Q1 2024, up 33% from 1,276,075 in Q1 2023.
- **Net income** - \$54.8 million in Q1 2024, compared to \$0.8 million in Q1 2023.
- **Adjusted EBITDA**⁽⁵⁾ - \$13.2 million in Q1 2024 representing a 277% increase from Q1 2023.
- **Digital assets and cash**⁽⁶⁾ - \$206.9 million, including \$136.9 million in bitcoin and ethereum and \$65.4 million in cash and cash equivalents, USDC, and treasury bills as of March 31, 2024.

“We achieved Q1 record revenue of \$29.1 million up 118% year-over-year and strong operating leverage,” said James Gernetzke, CFO of Exodus. “These results demonstrate the strength of our business model that sets us up for durability in bear markets and strong growth in bull markets.”

“We are also excited by the momentum in our Wallet-as-a-Service capabilities and the early traction we are seeing. One example is the Magic Eden wallet which enables people to trade NFTs across a broad range of digital assets. Our fiat onboarding services also continue to demonstrate healthy growth as we make it easier for people to onboard and offboard from decentralized applications.”

Q1 2024 Webcast

Exodus will host a webcast of its preliminary first quarter 2024 fiscal results beginning at 5:00PM (Eastern Time) on May 6, 2024. To access the webcast, please use this link. It will also be carried on the Company’s website www.exodus.com.

(3) As of March 31, 2024. The “Monthly Funded Users” metric tracks the number of users with funded wallets who had an app session during the month. In 2023, the reported “Monthly Active Users” metric was the equivalent of the current “Monthly Funded Users” metric.

(4) As of March 31, 2024. The “Monthly Active Users” metrics track the number of users who have had an app session during the month. In 2023, the reported “Monthly Active Users” metric was the equivalent of the current “Monthly Funded Users” metric.

(5) Non-GAAP metric. For a reconciliation of Net Income to Adjusted EBITDA, please refer to the reconciliation table at the end of this press release.

(6) Digital assets at Market Value as of March 31, 2024.

Contact Exodus Customer Support
support@exodus.com

Contact Exodus Investor Relations
investors@exodus.com

Information Regarding Preliminary Results

The preliminary estimated financial information contained in this press release reflects management's estimates based solely upon information available to it as of the date of this press release and is not a comprehensive statement of our financial results for the quarter ended March 31, 2024. The preliminary estimated financial results described above constitute forward-looking statements. The preliminary estimated financial information presented above is subject to change, and our actual financial results may differ from such preliminary estimates and such differences could be material. Accordingly, you should not place undue reliance upon these preliminary estimates.

About Exodus

Exodus is on a mission to help the world exit the traditional finance system. Founded in 2015, Exodus is a multi-asset software wallet that keeps design a priority to make cryptocurrency and digital assets easy for everyone. Available for desktop, mobile and browser, Exodus allows users to secure, manage and exchange cryptocurrencies like Bitcoin, Ethereum, and more across an industry-leading 10,000+ asset pairs from a beautiful, easy-to-use wallet. The self-custodial functionality is encrypted locally on users' own devices, ensuring privacy, security and complete control over their wealth. For more info visit exodus.com.

Disclosure Information

Exodus uses the following as means of disclosing material nonpublic information and for complying with disclosure obligations under Regulation FD: websites exodus.com/investors and exodus.com/blog; press releases; public videos, calls and webcasts; and social media: Twitter (@exodus_io and JP Richardson's feed @jprichardson), Facebook, LinkedIn, and YouTube.

Non-GAAP Financial Measures

Earnings before interest, taxes and depreciation and amortization (EBITDA) and Adjusted earnings before interest, taxes and depreciation and amortization (Adjusted EBITDA).

In addition to our results determined in accordance with U.S. generally accepted accounting principles (GAAP), we believe Adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Adjusted EBITDA may be helpful to investors because it provides consistency and comparability with past financial performance. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP measures, including Adjusted EBITDA, differently or may use other measures to evaluate their

performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison.

A reconciliation of net income, the most closely comparable GAAP measure, to Adjusted EBITDA to net income can be found below in the table captioned “Reconciliation of Net Income to Adjusted EBITDA.” Investors are encouraged to review the related GAAP financial measures and the reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, and not to rely on any single financial measure to evaluate our business. We calculate Adjusted EBITDA as net income, adjusted to exclude provision for or benefit from income taxes, depreciation and amortization, interest (income) expense, stock-based compensation expense, impairment, investment income, fair value gain or loss on derivatives, non-recurring legal reserves and related costs, and other loss, net.

The Company believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors. Management’s determination of the components of Adjusted EBITDA are evaluated periodically and based, in part, on a review of non-GAAP financial measures used by industry analysts. Net income attributable to Exodus stockholders is reconciled to EBITDA and Adjusted EBITDA as follows:

Preliminary Reconciliation of Net Income to EBITDA and Adjusted EBITDA (Unaudited)

<i>In USD millions</i>	1Q24	1Q23
Net income	\$ 54.8	\$ 0.8
Interest income	(1.0)	(0.4)
Income tax expense	13.2	0.7
Depreciation and amortization	1.2	1.0
EBITDA	\$ 68.2	\$ 2.1
Gain on impairment of digital assets, net	(56.9)	(0.4)
Staking rewards	(0.1)	-
Unrealized loss on investments	0.3	(0.1)
Stock-based compensation	1.7	1.9
Adjusted EBITDA	\$ 13.2	\$ 3.5

Forward-Looking Statements

This press release contains forward-looking statements that are based on our beliefs and assumptions and on information currently available to us as of the date hereof. In some cases, you can identify forward-looking statements by the following words: “will,” “expect,” “would,” “intend,” “believe,” or other comparable terminology. Forward-looking statements in this document include, but are not limited to, quotations from management regarding confidence in our products, services, business trajectory and plans, and certain business metrics. These statements involve risks, uncertainties, assumptions and other factors that are difficult to predict and may cause actual results or performance to be materially and adversely different.

Factors that might cause such a difference include, but are not limited to: expectations regarding future customer adoption of Exodus for dApps, DeFi and NFTs compared to its competitors; the ongoing conflict

in Ukraine, the impact of sanctions or other restrictive actions, by the United States and other countries, and the potential response by Russia thereto; difficulties predicting user behavior and changes in user spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages, inflation and consumer confidence; unexpected or rapid changes in the growth or decline of our domestic and/or international markets; increasing competition from existing and new competitors; rapidly evolving and groundbreaking advances that fundamentally alter the digital asset and cryptocurrency industry; continued compliance with regulatory requirements; volatility in the price of cryptocurrencies, such as Bitcoin, and other digital assets; the possibility that the development and release of new products or enhancements to existing products do not proceed in accordance with the anticipated timeline or may themselves contain bugs or errors requiring remediation and that the market for the sale of these new or enhanced products may not develop as expected; the risks relating to our ability to sustain or increase profitability or revenue growth in future periods (or minimize declines) while controlling expenses; the compromise of user data for any reason; foreign operational, political and other risks relating to our operations; unexpected delays encountered during the audit process; and the loss of key personnel, labor shortages or work stoppages.

More information on the factors, risks and uncertainties that could cause or contribute to such differences is included in our filings with the Securities and Exchange Commission, including in the "Risk Factors" and "Management's Discussion & Analysis of Financial Condition and Results of Operations" sections of Amendment No. 1 to our Registration Statement on Form 10 for the year ended December 31, 2023, as filed on May 1, 2024. We cannot assure you that the forward-looking statements will prove to be accurate. These forward-looking statements speak only as of the date hereof. We disclaim any obligation to update these forward-looking statements.

Exhibit 99.2

Dear Exodus Shareholder,

Exodus is not just a mission, it's a movement, and our movement has always needed to be self-custodial.

We had an extraordinary quarter with preliminary record revenue of \$29.1 million, up 118% year over year, strong profitability and are slated to be uplisted on the NYSE American exchange on May 9, which we are pleased to be part of as we continue to educate and grow awareness of Exodus and the benefits of decentralized finance.

The market conditions for crypto in Q1 were strong with the recent SEC approval of spot Bitcoin ETFs, and Bitcoin prices appreciating from approximately \$40,000 to \$70,000. The crypto market is becoming mainstream and will likely continue to mature.

Since our founding, we've helped people take control of their own wealth by making it simple for everyone to enter a new financial system built upon self custody and the decentralized future. We do this by offering a self-custodial wallet with the best user experience in the market. This is a simple concept that drives a large impact, and we believe our platform is key to enabling people globally to enter the world of blockchain, or web 3, and reap its benefits.

Today, we are making significant strides in our next phase of growth by building out our Wallet-as-a-Service capabilities to provide a frictionless experience when navigating the crypto landscape, providing access to a number decentralized applications in a seamless way.

This quarter we launched our Wallet-as-a-Service product with Magic Eden, one of the largest NFT exchanges in the world and we are already seeing tremendous adoption. We are also working on expanding our fiat onboarding product natively on our platform through XO pay that is scheduled to launch in limited jurisdictions in Q2.

We achieved a number of major milestones this year, which serve as a checkpoint in the future of Exodus and where we're headed. Looking even further ahead, we envision Exodus as the app to store all your digital assets – of course your Bitcoin and crypto, but also your tokenized stocks, bonds, and ETFs – in one place.

JP Richardson
CEO and Co-Founder

Information Regarding Preliminary Results

The preliminary results are unaudited, subject to completion of the Company's financial reporting processes, based on information known by management as of the date of this press release and do not represent a comprehensive statement of our financial results for the quarter ended March 31, 2024.

Preliminary Key Metrics for the First Quarter 2024 Ended March 31, 2024 (Unaudited)

Monthly Funded Users⁽¹⁾: 1,077,472 in Q1 2024, up 31% from 821,566 in Q1 2023.

Monthly Active Users⁽²⁾: 1,693,702 in Q1 2024, up 33% from 1,276,075 in Q1 2023..

Exchange Aggregation Business: The volume processed by the swap API Providers was approximately \$1.35 billion in Q1 2024, up 102% from \$0.65 billion in Q1 2023. Bitcoin, Ethereum, and Tether (ETH Network) were the top assets traded in Q1 2024, at 25%, 13%, and 13% of volume, respectively. Dollar amount per transaction was \$1,914, up 28% YoY from \$1,496 per transaction in Q1 2023.

Key metrics summary

	1Q24	1Q23
Exchange volume (\$ millions)	\$1,348	\$646
Exchange transactions	704,397	431,350
\$/transaction	\$1,914	\$1,497
Downloads	800,569	660,143

Preliminary Financial Results for the First Quarter 2024 Ended March 31, 2024 (Unaudited)

Revenue of \$29.1 million for the quarter increased 118% relative to the prior year quarter. Exchange aggregation revenue of \$26.8 million, the growth of fiat on/off-boarding revenue and the emergence of our Wallet-as-a-Service product accounted for the majority of total revenue in the first quarter.

Revenue by category

Revenue (\$ millions)	% of 2024		% of 2023		% Y/Y change
	Q1 2024	Operating Revenue	Q1 2023	Operating Revenue	
Exchange aggregation	\$26.8	92.1%	\$12.6	94.7%	111.8%
Staking	0.6	2.2%	0.2	1.2%	308.2%
Fiat on/off-boarding	1.0	3.5%	0.5	3.9%	91.8%
Other	0.7	2.2%	0.0	0.2%	2080.0
Operating Revenues	\$29.1	100.0%	\$13.3	100.0%	117.8%

⁽¹⁾ As of March 31, 2024. The "Monthly Funded Users" metric tracks the number of users with funded wallets who had an app session during the month. In 2023, the reported "Monthly Active Users" metric was the equivalent of the current "Monthly Funded Users" metric.

⁽²⁾ As of March 31, 2024. The "Monthly Active Users" metric tracks the number of users who have had an app session during the month. In 2023, the reported "Monthly Active Users" metric was the equivalent of the current "Monthly Funded Users" metric.

Cost of Revenues was \$10.7 million, an increase of 56% from the prior year. The increase is attributed to higher usage and activity, which have raised our cloud infrastructure services, along with an increase in employee compensation and benefit expense as a result of increased headcount.

Cost of revenues (\$s in millions)	1Q24	1Q23
Software development expense	\$4.4	\$2.2
Customer support expense	2.0	1.6
Security and wallet operations expense	3.1	2.1
Depreciation and amortization	1.2	1.0
Total cost of revenues	\$10.7	\$6.9
<i>as a % of revenue</i>	<i>36.8%</i>	<i>51.4%</i>

General and Administrative Expenses were \$8.0 million, an increase of 35% from the prior year. The increase is primarily due to higher audit expenses, legal expenditures, and an increase in headcount.

General and administrative expenses (\$s in millions)	1Q24	1Q23
General and administrative expense	\$7.6	\$5.5
Advertising & Marketing	0.4	0.4
Depreciation	-	0.1
Total general and administrative expense	\$8.0	\$6.0
<i>as a % of revenue</i>	<i>27.7%</i>	<i>44.8%</i>

Net income was \$54.8 million in Q1 2024, compared to \$0.8 million in Q1 2023. The increase was primarily due to the adoption of ASU 2023-08 and higher exchange aggregation volume.

Adjusted EBITDA⁽³⁾ was \$13.2 million in Q1 2024, a significant increase relative to Q1 2023, due to higher exchange aggregation volume and growth in non-exchange products.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (Unaudited)

In USD millions	1Q24	1Q23
Net income	\$ 54.8	\$ 0.8
Interest income	(1.0)	(0.4)
Income tax expense	13.2	0.7
Depreciation and amortization	1.2	1.0
EBITDA	\$ 68.2	\$ 2.1
Gain on impairment of digital assets, net	(56.9)	(0.4)
Staking rewards	(0.1)	-
Unrealized loss on investments	0.3	(0.1)
Stock-based compensation	1.7	1.9
Adjusted EBITDA	\$ 13.2	\$ 3.5

⁽³⁾ Non-GAAP metric. See footnotes at the end of this communication.

⁽⁴⁾ Includes digital assets marked to market under new GAAP guidelines, specifically ASU 2023-08. During the three months ended March 31, 2024, the Company's increase in net income was primarily due to the adoption of ASU 2023-08 that resulted in the recognition of a net gain from the remeasurement of digital assets, which is included in net income and presented separately from changes in the carrying amount of other intangible assets. As a result of adopting the amendments, the Company's cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the annual reporting period, or as of January 1, 2024, and did not retroactively adjust 2023.

Cash and digital asset holdings. We hold approximately \$207 million in cash and digital assets, including over 1,750 Bitcoin in corporate treasury. As of March 31, 2024 we held \$65.4 million in cash, cash equivalents, and U.S. Treasury Bills, as well as \$136.9 million in bitcoin and ethereum at market value. The table below reflects the value of certain assets both in terms of market value and book value as of March 31, 2024 and December 31, 2023.

(\$s in 000s)	March 31, 2024	December 31, 2023	
	Book/Market Value	Book Value	Market Value
BTC	\$127,646	\$32,262	\$75,050
ETH	9,284	2,022	5,739
Other	4,610	726	2,443
Cash and cash equivalents	21,034	11,376	11,376
USDC	560	517	517
Treasury bill	43,813	43,151	43,151
Total	\$206,947	\$90,054	\$138,276

Q1 Webcast

Exodus will host a webcast of its preliminary first quarter 2024 fiscal results beginning at 5:00PM (Eastern Time) on May 6, 2024. To access the webcast, please use this link. It will also be carried on the Company's website www.exodus.com.

Information Regarding Preliminary Results

The preliminary estimated financial information contained in this press release reflects management's estimates based solely upon information available to it as of the date of this press release and is not a comprehensive statement of our financial results for the quarter ended March 31, 2024. The preliminary estimated financial results described above constitute forward-looking statements. The preliminary estimated financial information presented above is subject to change, and our actual financial results may differ from such preliminary estimates and such differences could be material. Accordingly, you should not place undue reliance upon these preliminary estimates.

Forward-Looking Statements

This shareholder letter contains forward-looking statements that are based on our beliefs and assumptions and on information currently available to us as of the date hereof. In some cases, you can identify forward-looking statements by the following words: "will," "expect," "would," "intend," "believe," or other comparable terminology. Forward-looking statements in this document include, but are not limited to, quotations from management regarding confidence in our products, services, business trajectory and plans, and certain business metrics. These statements involve risks, uncertainties, assumptions and other factors that are difficult to predict and may cause actual results or performance to be materially and adversely different.

Factors that might cause such a difference include, but are not limited to: expectations regarding future customer adoption of Exodus for dApps, DeFi and NFTs compared to its competitors; the ongoing conflict in Ukraine, the impact of sanctions or other restrictive actions, by the United States and other countries, and the potential response by Russia thereto; difficulties predicting user behavior and changes in user spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages, inflation and consumer confidence; unexpected or rapid changes in the growth or decline of our domestic and/or international markets; increasing competition from existing and new competitors; rapidly evolving and groundbreaking advances that fundamentally alter the digital asset and cryptocurrency industry; continued compliance with regulatory requirements; volatility in the price of cryptocurrencies, such as Bitcoin, and other digital assets; the possibility that the development and release of new products or enhancements to existing products do not proceed in accordance with the anticipated timeline or may themselves contain bugs or errors requiring remediation and that the market for the sale of these new or enhanced products may not develop as expected; the risks relating to our ability to sustain or increase profitability or revenue growth in future periods (or minimize declines) while controlling expenses; the compromise of user data for any reason; foreign operational, political and other risks relating to our operations; unexpected delays encountered during the audit process; and the loss of key personnel, labor shortages or work stoppages.

More information on the factors, risks and uncertainties that could cause or contribute to such differences is included in our filings with the Securities and Exchange Commission, including in the "Risk Factors" and "Management's Discussion & Analysis of Financial Condition and Results of Operations" sections of our Form 10 Amendment No. 1 for the year ended December 31, 2023, as filed on May 1, 2024. We cannot assure you that the forward-looking statements will prove to be accurate. These forward-looking statements speak only as of the date hereof. We disclaim any obligation to update these forward-looking statements.

Non-GAAP Financial Measure

Earnings before interest, taxes and depreciation and amortization (EBITDA) and Adjusted earnings before interest, taxes and depreciation and amortization (Adjusted EBITDA).

In addition to our results determined in accordance with U.S. generally accepted accounting principles (GAAP), we believe Adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Adjusted EBITDA may be helpful to investors because it provides consistency and comparability with past financial performance. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP measures, including Adjusted EBITDA, differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison.

A reconciliation of net income, the most closely comparable GAAP measure, to Adjusted EBITDA to net income can be found above in the table captioned "Reconciliation of Net Income to Adjusted EBITDA." Investors are encouraged to review the related GAAP financial measures and the reconciliation of Adjusted

EBITDA to its most directly comparable GAAP financial measure, and not to rely on any single financial measure to evaluate our business. We calculate Adjusted EBITDA as net income, adjusted to exclude provision for or benefit from income taxes, depreciation and amortization, interest expense, crypto asset borrowing costs, stock-based compensation expense, impairment, unrealized gain or loss on foreign exchange, fair value gain or loss on derivatives, non-recurring legal reserves and related costs, and other loss.

The Company believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors. Management's determination of the components of Adjusted EBITDA are evaluated periodically and based, in part, on a review of non-GAAP financial measures used by industry analysts.



Q1 2024 Webcast Transcript – May 6th, 2024 at 5:00pm EST

PARTICIPANTS

Alice Lopatto – Host
JP Richardson – CEO and Co-Founder
James Gernetzke – CFO

ALICE LOPATTO Welcome everyone to Exodus's first quarter 2024 earnings conference call. I'm Alice Lopatto, vice president of investor relations. Joining us today are co-founder and CEO JP Richardson and CFO James Gernetzke. During today's call, we may make forward-looking statements. Actual results may vary materially from today's statements. Information concerning risks, uncertainties and other factors that would cause results to differ from these forward-looking statements is included in our SEC filings, available on the Investor Relations portion of our website. Please visit our social media apps or Reddit to submit your questions for the quarter. After our call, you can expect a response from our Investor Relations team within 24 hours. And with that, let's go to JP for the first quarter review.

JP RICHARDSON Thank you, Alice, and thank you, everyone for joining us on our call. I'm thrilled to be speaking with you today in this monumental time in our company's history. We had an extraordinary quarter with record revenue growth of \$29 million, up 118% year over year, and are slated to be listed on the NYSE American Exchange on May 9th, which we are pleased to be part of as we continue to educate and grow awareness of Exodus.

Since our founding, we've helped people take control of their own wealth by making it simple for everyone to enter a new financial system, one built on self-custody and a decentralized future. We do this by offering a self-custodial wallet with the best user experience in the market. This is a simple concept that drives a large impact, and we believe our platform is key to enabling people all over the world to enter the ecosystem of digital assets and Web3.

Before we jump into the details of the quarter, let me take a step back to break that all down and talk. What led to the founding of Exodus? Like many other crypto companies that have come to the market, Exodus was founded on the belief that the decentralization of our financial system on the blockchain, as well as the security and control of your individual wealth, would lead to a true democratization of monetary systems and a better world. For so long, the traditional financial system has been limited in its capacity. There are still many people in parts of the world with little access to a dependable financial system that runs efficiently, 24/7, and without intermediaries that cause friction and high costs. Imagine if the internet was closed on nights and weekends. Imagine if it was just limited to your country.

That's the current financial system of today. Younger generations, the Venmo and Robinhood generations. The "I want it now" generations won't accept this. They'll turn more and more to the world of decentralized finance. We believe there is a future in which cryptocurrency, Web3 and decentralized finance will rebuild the traditional financial system on the blockchain. This is because the blockchain is open, transparent and operates 24/7, empowering the individual person as opposed to the custodian. What we've been seeing in just a few short years, the growing demand for this new world. Bitcoin has moved from a fringe experiment to active disruption. Adoption of Bitcoin and blockchain technology has spread like wildfire across numerous industries and even to Wall Street. Millions of Americans own cryptocurrencies, and in countries such as Nigeria and Argentina, Bitcoin and stablecoins are used to preserve the value of wealth, when traditional currencies are unable to do so.

The market conditions for Bitcoin and crypto in Q1 were strong with the recent SEC approval of spot Bitcoin ETFs. The Bitcoin price is appreciating from approximately \$40,000 to \$70,000. It's clear that the market is entering into the mainstream and will likely only continue to mature. That said, while the world of Web3 and crypto markets have come a long way, we believe we are still in the very early days. A long runway for disruption. Like any early-stage market. There's plenty of room for improvement in regard to usability, implementation and adoption efficiency. In the beginning, cryptocurrencies were traded across highly complex and confusing interfaces. With very little integration, management tools and security and support, making them cumbersome to trade and drawing in mainly techies and fanatics to participate. People are also limited to downloading individual wallets for every asset. The wallet that supported multiple chains was nearly non-existent. Not to mention, these wallets were typically low quality and didn't prioritize user experience nor security. We believe that by making it extremely easy for people to enter the world of digital assets and Web3 through a platform like Exodus is vital to our industry.

We founded the company in 2015, with the initial purpose of enabling people to store multiple assets from different blockchains, all in one single beautiful interface. We believe that by creating one wallet for everyone to send, receive, and store multiple digital assets, that was extremely simple, elegant, intuitive to use, was critical in furthering mass adoption of decentralized finance.

There are a number of key differentiators for our platform when we started that continue to prevail today. First, our focus on security is of the highest grade. The number one priority underpinning everything we do as a company. Our beautiful user experience remains unrivaled today. The access wallet is self custodial, which means our customers have exclusive control of their private keys and wealth. Exodus does not have the ability to move customer funds by working with multiple API providers. Our customers have the most seamless experience to swap assets across chains. And this is actually very challenging to do under the hood. But given our years of experience and this being our focus from the start, it's one of the key technologies that sets us apart. And finally, we also offer unparalleled support services to make the experience even better. It's been nearly a decade since our founding which is an eternity in the crypto world. And our experience as one of early innovators. Blockchain technology has made us stronger than ever. Digital wallet has since become an absolute requirement as a gateway for anyone to utilize Web3.

Today, we are making significant strides in our next phase of growth by building out our Wallet-as-a-Service capabilities to provide frictionless experiences when navigating the crypto landscape. We see our Wallet-as-a-Service platform as the infrastructure or the plumbing that gives people access to decentralized applications and the benefit of having seamless onboarding experiences. These people no longer need to worry about which wallet to use, or how to buy cryptocurrency, or concerns about which blockchain their assets are on. Wallet-as-a-Service wraps all of this functionality in one beautiful software experience. As we announced earlier, our partnership with Magic Eden, now the largest NFT exchange in the world. This partnership launched in Q1 with tremendous traction out of the gate. This partnership expands our footprint to a larger audience by providing customers access to our fiat and swap infrastructure, acting as a launchpad for many people into Web3. Also, as we mentioned previously, we expect to continue expanding our use cases with the launch of our fiat onboarding functionality, XO Pay, so users can buy crypto with fiat currency natively on our platform, enabling our customers to onboard to the crypto landscape with unparalleled ease. We expect to launch this capability in limited jurisdictions in the second quarter.

Looking ahead, we're working to create a world in which people can seamlessly onboard and offboard across multiple chains without having to remember any daunting 12 word secret phrases that lack the feel of modern technology. We are excited to share that we will be launching a product this summer that will not only address these challenges, but dramatically change the game in how people enter the world of Web3, and also change how we are able to expand our market reach.

Now, as a result of all of the hard work since our founding we have achieved a number of major milestones as of Q1. As I mentioned, we achieved all time high revenue \$29 million, up 118% year over year, driven by swap volumes and strength in our new Wallet-as-a-Service capabilities. We have approximately 1.7 million monthly active users who trust our platform to deliver the best experience and who found us through word of mouth and social media. These accomplishments are no small feat. Our history of investing, responsibility and staying agile in a volatile market is core to our DNA. And we expect to focus on profitable growth while investing strategically to build the best Wallet-as-a-Service platform on the market.

Along with other Q1 announcements, we are happy to share that once again, we are going to be available in the app stores in the UK. As you may recall, in Q3 of last year, we disclosed that we were placed by the FCA on a warning list for unauthorized firms, along with a broad range of other crypto companies that were mainly asset custodians. We work closely with the FCA to ensure we're in compliance with their regulations, and have since been removed from the list. We take regulatory compliance very seriously, and we'll continue to work with the regulatory agencies to stay on top of the regulatory landscape.

Finally, we are delighted to share all these accomplishments that led to our impending uplisting on the NYSE American, and we will be one of the very small number of companies to provide the tools to serve the crypto market

and list on a major exchange. Once again, we are making waves, which aligns with our history of being the only company to ever go public through a Regulation A, crypto-only stock offering back in 2021, with our funds completely raised using the Exodus Wallet software. We believe in building credibility and trust in our market and being a public company on an exchange like the NYSE American will drive further awareness of our brand. And on that note, before I turn it over to James, I'd like to thank our customers, partners and employees for a great Q1. We believe we are only at the beginning of our journey to capture this aggressively growing market that will disrupt many industries over the long term. We appreciate all of your support and have a long runway for growth in the future. Over to you, James.

JAMES GERNETZKE Thank you JP. Thank you everybody for joining us today. As JP mentioned, it was an extraordinary quarter in many ways. We saw the strength in Bitcoin prices. We saw strength in the overall crypto market. We also saw growing momentum in our non-swap offerings. And that resulted in a record revenue number this quarter. We also achieved strong profitability and that demonstrates the inherent leverage in our business model. It sets us up for durability in bear markets and strong growth in bull markets. We continue to add to our already strong balance sheet, and I'll go into more detail on that in a little bit, but that gives us the flexibility to further invest in providing the best possible experience for our user base. Now, before I jump into the results, I want to reiterate the power of our business model. As JP mentioned, our platform leverages our strengths by enabling seamless access to a wide range of decentralized applications. And we recognize the large majority of our revenue from the fees that we charge third party API providers for access to our users. The primary application provided by third party API providers is crypto-to-crypto swaps, and we report the volumes that pass through these APIs, and this has been our core business model. We also have our non-swap revenue. And that consists of other capabilities such as staking, fiat onboarding, and Wallet-as-a-Service. For Wallet-as-a-Service, we provide that to decentralized applications such as Magic Eden. That's a prime example. So the broader our reach across our market, the more we can improve our user experience and the more we grow through this business model, we align our interests with the interests of our users, and that has resulted in extremely loyal users who love and trust our wallet.

In Q1, revenue increased to \$29.1 million. That's up 118% year over year and 57% from the prior quarter, an all time high for Exodus. Our swap volumes, which drove the majority of our revenue, came close to 2021 bull market levels and drove 92.1% of total revenue. We also credit our record revenue to the traction of our Wallet-as-a-Service capabilities driven by our B2B partnerships and we also saw higher fiat onboarding and staking revenue, which in the aggregate are becoming a growing part of the business at 7.9% of total revenue. So as you can see here, our swap volumes for the first quarter came in at \$1.3 billion, nearing those 2021 levels. We benefited from improved cryptocurrency market conditions, including the rise in Bitcoin's price and the enthusiasm around Bitcoin's having event, which contributed to the surge in our platform usage. Adjusted EBITDA came to a total of \$13.2 million, or 45% of total revenue. Continued discipline on the expense side, paired with record revenues attributed to these strong results. We have minimally used traditional marketing and advertising platforms and have grown our number of users through word-of-mouth and our high quality YouTube channel. That said, we'll continue to focus on investing

strategically in the expansion of our Wallet-as-a-Service capabilities, innovation of our native platform, and high ROI marketing campaigns, while maintaining a stringent level of operational discipline with an item for profitability.

Our monthly active users of 1.7 million and quarterly active users of 2.9 million were very strong in Q1, driven by strong market dynamics and the success we have seen in our Wallet-as-a-Service business. Our monthly funded users, which differs from monthly active and quarterly active users in that these monthly funded users actually have money in their wallet, hence the funded part. It's also at an all time high at 1.1 million. Now, we believe that the MAU metric better aligns with our technology industry peers and also better highlights our footprint. And therefore we will be retiring this MFU metric going forward.

We ended the quarter again with an extremely strong balance sheet, this time \$207 million consisting of both digital assets, and that's again mainly Bitcoin and Ethereum, as well as traditional fiat holdings. And those are primarily in U.S. treasuries. And we continue to have no debt. New accounting guidance adoption has led to a mark to market accounting charge this quarter. And coupled with the appreciation of Bitcoin, we did have a gain of over \$50 million. That's going to be reflected in our net income.

This mark to market adjusted adjustment is expected to be more normal and more normalized in terms of our overall size as a percentage of our balance sheet in the next quarter and following quarters. But given the large size of our digital asset holdings, we do expect crypto market related volatility to continue to impact our financials. Our healthy corporate treasury provides us with the flexibility to invest in technology and services, as well as those high ROI marketing initiatives.

Given the nature of our volatile market, the scale of our company, we have not been providing specific guidance. That said, we expect to continue to invest strategically in our people, marketing and products while maintaining positive adjusted EBITDA. So, so far in Q2, we have seen volumes ahead of the start of Q1. And while Bitcoin prices are well above the lows that they were at this time in the beginning of Q1, they have trended lower in recent weeks. And but that said, volatility in the crypto market is not new to us. Through our endurance, we've built a sustainable business that can weather all the ups and downs, regardless of what cycle we're in, and we believe the crypto market will continue to grow and we're excited by the opportunities that lay ahead of us. We expect to keep innovating in our technology and delivering a best-in-class user experience.

We're going to expand our business even as partnerships build out more Wallet-as-a-Service capabilities. We'll grow adoption and make it extremely easy for people to onboard our platform through our fiat onboarding services. You know, we're very excited to be part of the community at the NYSE American, and we expect to continue to showcase our brand and product innovation. With that, we'll take some questions.

ALICE LOPATTO Our next set of questions are related to our Magic Eden Partnership launch. The first one: How has the Magic Eden Wallet been performing? Does the wallet support Bitcoin NFTs? And have wallet downloads benefitted from Magic Eden's increasing market share?

JP RICHARDSON This is a fun one because yes, first of all, the Magic Eden browser extension supports Bitcoin NFTs and it's doing amazingly well. So let's take a step back and just kind of talk about the partnership in general. Many times people have asked - JP, why would you guys want to build competitors, building other wallets, building competitors? You guys have a wallet, and now Magic Eden's going to have a wallet, if you're going to build competitors. Got that question from time to time. So the reason for that is that we've been building wallets for almost a decade. Me personally, I've been building wallets for 12 years, and not many people can make that claim. So we have the expertise to build great wallets and great user experiences. And at the end of the day, when it really comes down to it, we monetize through our infrastructure, our swap aggregator and our fiat on ramps and off ramps. That's how we monetize.

So we're not building competitors. What we're doing is building distribution partners because that's effectively what's happening. All of these wallets that we're building become other distributions for our infrastructure that people around the world will be using these wallets. And effectively, these people become people that generate revenue for Exodus. So yeah, imagine, like I said, it's doing phenomenally well. And we're not ready to reveal numbers outside of what's publicly available. But you can see from the installation page of the Magic Eden browser extension, it has over 200,000 installations and is just a few months old. I think we haven't even released the Magic Eden mobile wallet yet, so we anticipate that's going to do insanely well.

ALICE LOPATTO Our next question. Does Exodus plan to offer support for Bitcoin ordinals? BRC-20 coins or Runes?

JP RICHARDSON This is an interesting one. So do you remember way back in the day? Back? I don't know, 2013, 2014. Bitcoin had two protocols, one Counterparty and the other one was Mastercoin, renamed Omni. And these protocols were all about creating assets on top of Bitcoin. And they never really took off. They were just kind of fads for a little while. But Ethereum came along and Ethereum ate everybody's lunch in terms of creating assets on top of an L1 blockchain. Now, BRC 20 runes or BRC 20s and runes are interesting developments, but it seems to me that they're going to be more in the realm of just like pure speculation, given that to transfer assets, transfer fungible assets on on either using either BRC, or ERC-20, and I understand runes are more efficient and kind of a modified, protocol from the same person that created BRC-20. These protocols, generally by using the Bitcoin L1, are going to cost consumers a lot of money. So what we're seeing right now is a lot of speculative behavior. And there's nothing wrong with speculative behavior, by the way, as you know, we understand that as a business that speculation happens with crypto assets. But we like to get behind protocols that we think are going to have some staying power. And so we're going to be watching BRC-20s and runes and even ordinals. And if they have staying power and they're still popular

within six months, nine months, and our customers are really coming at us and say, hey guys, you got to support this BRC 20, you got to support those runes. Then, then that's something we will absolutely do. But in the meantime, with our partnerships with our Wallet-as-a-Service and specifically with Magic Eden, we're helping to build that innovation directly into their platforms. And again, we will ultimately make money through the infrastructure so we can play an approach here where we still maintain a little bit of a cautiously optimistic approach with, with Exodus, but, work with our partners to support some of these more bleeding-edge capabilities and still ultimately benefit as a business.

ALICE LOPATTO Next, how does Exodus view recent regulatory actions against Bitcoin privacy wallets and MetaMask swap product?

JAMES GERNETZKE Thank you for that question. For such a small question, there's really a lot to unpack in it. I think I will start with, from an Exodus perspective and then give a higher overview. So from an Exodus perspective, Exodus takes regulatory compliance very seriously. And these mixing technologies and features that the regulators appear to be going after in some of these other products and wallets. Exodus has never had it, and we've never had any of those technologies or features in our wallet. And the securities side of the question. For many years now, Exodus actually has treated, clearly non-securities like Bitcoin, essentially the same as the "other" or "unknown" bucket of things. And that is largely due in large part for, operational reasons, not having to have, you know, bifurcated systems, you know, one for one path in the U.S for clearly non-securities, one path for unknowns. It's just overly duplicative. So it's just been easier to treat everything, as if it was a security for us. That also has the positive impact of allowing us to better navigate some of this regulatory uncertainty that we've seen now, for some time.

So that's it from, from an Exodus perspective, you know, from, an overview, and somewhat personal perspective. I personally believe that people have privacy rights, and I believe that financial privacy is a key component of overall privacy rights. But I also, you know, understand and, you know, respect that regulators have to go after bad actors and try to prevent them from doing bad things. But there's hope in my mind because I've seen a clear precedent of this in my lifetime. When I was younger, the emerging technology was pagers, and there were only two types of people over generalization, of course, but there were two types of people that I saw using them. Drug dealers and surgeons. The government did not end up shutting down Verizon and then killing the pager technology because some bad actors used it. They found other ways to go after those bad actors and still allow that technology to grow and thrive. So, from my perspective, there is still hope for financial privacy.

ALICE LOPATTO Our next question. Does Exodus have plans to integrate real world assets into its wallet offering?

JP RICHARDSON This one comes close to home. Recall that Exodus has been offering on-chain tokenization of off-chain assets since 2021. You may recall, we provided thousands of Regulation A investors the ability to tokenize their Exodus shares on the blockchain. This is a really exciting space and we're seeing tremendous investment and use cases emerging. Now, I'm not going to comment on any imminent plans to integrate RWA technology or offerings.

But no, our team is routinely evaluating all RWA opportunities. And so whether that's providing transparent, on chain access to sovereign private debt markets, real estate, or even our commodities.

And as we evaluate these opportunities, there are two things that come top of mind. Do these products resonate with the customers? Our customers? And number two. Can we offer this emerging asset class in a safe and compliant manner? So are our customers going to care about them? Can we offer them in a very safe and compliant manner? So that's how we think about it. So we'll be paying attention and we'll be watching closely. There's a lot of cool developments happening in this space and we will be paying attention. We'll be plugged in.

ALICE LOPATTO Thanks JP and James. Please visit our social channels to submit your questions for management for the first quarter. And as I mentioned before, you can expect a direct response from our Investor Relations team to each of your inquiries within 24 hours. Thanks for joining us today.