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PARTICIPANTS

Kris Merkel – Host

JP Richardson – CEO and Co-Founder

James Gernetzke – CFO

Kris Merkel Welcome, everyone, to the Exodus First Quarter 2023 Earnings Conference Call. I'm Kris Merkel and I'm joined today by co-founder and CEO J.P. Richardson, along with James Gernetzke, our Chief Financial Officer. I'd like to remind you that 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, Twitter 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, I'll now turn it over to JP.

JP Richardson Thank you Kris, and thank you everyone for joining us today. I'm excited to share with you our Q1 results and what's to come here at Exodus.

As you know, Exodus is not just a mission, it's a movement. Our legal name is Exodus Movement Inc, and our movement has always needed to be self custodial. 2022 should teach the world that controlling your money through self custodial wallets like Exodus should be your top priority. Giving exchanges custody of your money means putting your money at risk, particularly from a regulatory perspective. Here in the US, giving banks over \$250,000 of your money also means you're putting your money at risk as it's not covered by FDIC insurance that protects you against bank failures. While this may not be a concern for many individuals today, this is a real concern for businesses.

These factors ruled the news cycle in Q1. Silicon Valley Bank and its \$210 billion in assets collapsed in two days after serving the tech sector for some 40 years. This was the largest bank collapse since 2008. Signature bank followed two days later, a leading

bank serving the crypto industry. And we saw other banks like First Republic fall within weeks.

Equity markets suffered from this news, but thankfully, just this once, Bitcoin didn't follow the stock markets. Instead, in Q1, Bitcoin posted its best quarterly price performance in two years, up a scorching 68%, moving from 16000 to 28000. Ethereum also rallied from 1200 to 1800. Both cryptocurrencies bucked the downtrend of traditional equity markets, which moved sharply downward on the same news. Rate hikes from central banks continue to stress the economy in order to fight inflation. Ironically, the loose monetary policies of central banks caused the inflation in the first place.

And we empower people to control their own wealth by using Exodus to harness the immense power of self-custody and the blockchain. Today, over 3.5 million people use Exodus. What we're most excited about is the future of Exodus and where we're headed this year. Looking even further ahead, we envision Exodus as the app to store all of your digital assets. Of course, your bitcoin crypto, your defi, your NFTs, but also your stocks, bonds, and ETFs, all in one place, all side-by-side. But before I get too far talking about the future, let's pass this over to James, who will review our first quarter financial results. Over to you, James.

James Gernetzke Thanks, JP. With that, let's get right into the numbers. So our metrics tend to reflect market conditions, with Q1 of last year, first quarter of last year being the tail end of that 2021 bull market. And Q4 or the last quarter of 2022 still being part of the bear market, and hopefully we've turned the corner on that bear market. However, it was definitely the height of the bear market in Q4 of 2022.

So look at the revenue. Our Q1 revenue was 13.3 million. That's up 17% from 11.3 million in the previous quarter and down slightly from Q1 of last year. Exchange volume was similar to revenue, up 15% from the prior quarter and down about 12% as compared to Q1 of 2021.

Our fiat on and off ramp offerings really continued to improve in Q1 and that contributed to the greater than exchange volume revenue improvement. So we saw 17% growth quarter over quarter in our revenue and only 15% growth in our exchange volume. And that difference, a large part of it is contributed to our fiat on and off ramp products and the growth therein. And we'd like to see that because of our mission, getting more people into crypto and out of the traditional finance system, and because of revenue diversification. So as we move to monthly active users, we ended the quarter with 822,000 and that's up 11% from the prior quarter and down about 6% year over year.

But if we look back further and beyond the quarter and look at this whole trend in front of us, you know, we see that we more than doubled our 2020 revenues. While our MAUs over 3x of 2020. And we're pleased to see that this very large cohort of users who joined us in 2021, you can see that big jump from 22, 2021. Look how they've stayed with us. Now they might not be as active as they were in 2021. That's really to be expected because of all of the events and turmoil of 2022 and the decline in the crypto asset prices that came with all of those events and turmoil. I mean, it's kind of obvious that our loyal users are going to be key to our future prospects and our ability to capture revenue as the market improves and we build new products. But again, I just really want to highlight how pleased we are with the stickiness of our users and their general loyalty in general.

Now we believe in delivering profitability and growth and you can see that for the full year last year. You know, we had \$1.5 million of adjusted EBITDA. We course-corrected Q2, as we've discussed in previous calls. And for Q1 [of this year], we had 3.5 million of positive adjusted EBITDA. And this was obviously due to two parts: one, general market improvement from that bear market of at the end of last year, as we mentioned, as well as our reduced expenses as a Company. We ran leaner in Q1 and have a leaner trend going forward due to last year's layoffs. And, you know, we also ended the last year with some bonus cuts as well. And I should mention that we expect to remain positive in terms of adjusted EBITDA for the remainder of the year. And as always, you know, we have maintained a very strong balance sheet. We have no debt. And we have, at the end of March, \$101 million of cash and digital assets. And we continue to believe in Bitcoin and crypto as a store of value. And our strong balance sheet ensures that we can continue to aggressively execute our product roadmap and keep delivering that world class customer support. And generally, as you know, Warren Buffett says we want to be, and we are in a position to be, greedy when others are fearful.

So with that, back to you, J.P.

JP Richardson Well, thanks, James. Our mission is to help the world exit the traditional financial system.

The 2008 financial crisis first showed the world why this is so important. Unfortunately, the institutions in crypto chose to build themselves exactly like traditional custodial financial institutions. As mentioned earlier, recent high profile failures have showed the whole world once again the dangers of custodial products. Before looking forward, let's take a step back.

In 2015, we wanted to make it easy to manage a crypto portfolio without using an exchange to hold your funds. We delivered on this vision, so now it's easy to swap multiple assets across multiple blockchains. Meanwhile, our customers maintain self-custody: your keys, your crypto.

2019 brought the Exodus Mobile app, another self-custodial and multichain wallet to complement our similar desktop product. Our current financial results reflect the success of Exodus Mobile. We tripled our revenue in 2020 and then rode the crypto bull market to \$95.8 million of revenue in 2021. Then the bear market of 2022 hit our industry. Practically every crypto company felt the pain, with many crypto businesses writing off bad debt, entering bankruptcy or ceasing operations entirely. For Exodus, adjusting financially meant steep spending cuts with an agonizing layoff around. While we survived, I wouldn't wish this experience on anyone.

Despite all the turbulence, Exodus still sees the opportunity to continue doing what brought us our first success. We headed back to work, building more beautifully designed products for our customers. We saw that tremendous long-term opportunity of Web3 to shift crypto's use case away from just financial speculation towards a world of financial utility. Like lending, borrowing and even insurance. Web3 is the gateway to direct participation in all projects and financial services being created on many blockchains. But just to explore Web3, Web3 users had to install multiple browser extension plugins to navigate all of the different blockchains. This reminded us of 2015 all over again with a different wallet software for each cryptocurrency.

So we built Exodus Web3 Wallet, a self-custodial and multichain wallet, navigating Web3 across many different blockchains without ever leaving your web browser or breaking a sweat. It is the only Web3 wallet you'll ever need.

And in Q1 we launched the Exodus dApp browser for Exodus Mobile. So today, Blockchain's greatest hits fit in the palm of your hand. This is another example of Exodus building in 2022 nonstop alongside our entire industry, as the current concept of Dapps did not even exist when we started Exodus in 2015. This story of constant progress for years holds true for all of our company's major features. Another example of this is our swap aggregator service, which drives most of our revenue today. If you'll indulge me, let's go back in time once more.

Today, the swap aggregator is robust and powered by numerous third party API providers competing for access as customers. But when we started offering swaps in 2016, it was a single exchange API provider. Despite having an industry-leading first API provider providing swaps for our users, we came to realize that offering multiple

swap API providers was a win for our customers. Not only did our customers get to access more pairs with less downtime, but they also benefited from competition between various providers. As each swap API provider brought strengths such as geographic coverage and unique liquidity sources; Fast or even zero confirmation swaps; and the ability to fill very large orders—and of course, competitive pricing.

All of this history is to show that Exodus has built some industry-leading components into our business. We believe these components make us uniquely positioned to help the wider crypto community by offering access to these components. As DeFi and Web3 projects grow, we are seeing them face the same technical and design challenges that Exodus faced many years ago.

For example, we are working with Sovryn to assist them in building a wallet unique to their ecosystem. To show our commitment to this ecosystem. We have even allocated a portion of our treasury to the Sovryn Dollar stablecoin. Now, Sovereign is a unique community project. They all got started from a thread in the Bitcoin Talk forum three years ago. Sovryn is creating all types of defi products with real world utility, all using Bitcoin as the central asset, whereas most of the major defi projects historically have been built on Ethereum. You can use Sovryn Zero to take out loans against your Bitcoin while paying 0% interest. You can trade your bitcoin, and you can even hold bitcoin-backed dollars and earn yield. Now the Sovryn team is fully remote and global. Everything they make is self-custody. They're all bitcoiners. They love shipping new products and they're dead serious about security. Yeah, I'd say we have a lot in common!

This is the very beginning of our outreach efforts, and we look forward to growing our relationships with numerous Web3 projects as we help the world embrace all the broader Web3 ecosystem that has to offer. Keep an eye out for our regular investor updates as these efforts progress.

And as always, will continue to be your trusted friend in the crypto space. Reach out to our Support team anytime. In fact, I'm personally spending time in our customer inbox weekly, so I can stay close to the voice of the customer. So I encourage you to reach out with any questions. You might just hear from me.

And thank you to all our loyal customers and investors for supporting our mission to help the world exit the traditional financial system. That's all I've got. Now I'll turn it over to Kris.

Kris Merkel Thanks, JP. Please visit our social channels to submit your questions for management for the first quarter. You can expect a direct response from our Investor Relations team to each of your inquiries within 24 hours. Thanks for joining us today.