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PARTICIPANTS

Kris Merkel – Host

JP Richardson – CEO and Co-Founder

James Gernetzke – CFO

Kris Merkel: Welcome, everyone, to the Exodus Second Quarter 2023 Earnings Conference Call. 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. As Exodus wraps up our second quarter with today's call, we'll be looking back at Q2 while also looking ahead to our future as always.

Exodus continues to build on an impressive body of engineering and technical achievements. Specifically in this quarter, two major Ethereum layer two networks were added: Arbitrum and Optimism. That's direct support for those entire blockchain networks, not just their governance tokens. Matic staking is live on Exodus Mobile, it's been a popular request. And we launched Robinhood Connect in June. You can buy crypto and receive it in Exodus with your Robinhood account's cash or Buying Power.

More broadly, we put work into our Fiat and Swap services in the quarter. Now, Fiat and Swap are already proven revenue drivers for Exodus. We're investing in our infrastructure for other crypto businesses to license. Let me elaborate. We are now providing our leading technology and infrastructure to crypto businesses. Some people

will call this “Wallet-as-a-Service” or “Infrastructure-as a-Service”. They're right, and I also call it common sense.

Exodus has massive experience building wallets: 11 years for myself and eight years for the company. We go way beyond offering your business just an SDK or an API. Our experiences are crafted to delight the customer from the first encounter and we also follow through, going beyond the wallet creation to holistically support our customer through their journey.

Accordingly, our sector-leading customer support team added a premium experience in Q2. Support Plus connects team members with customers to offer expert assistance over video. And rounding things out, a Q2 Bitrefill app integration delivers a classic crypto use case: Gift cards, inside your Exodus wallet. I know you'll love it.

On a national level, the second quarter saw U.S. government action continue. Crypto markets remained steady throughout the quarters turmoil. Bitcoin and Ethereum both ended up holding on to a Q1 price advances with Bitcoin up 6% on the quarter, and Ethereum also up 2%.

The US Securities and Exchange Commission made headlines in Q2 with lawsuits against Coinbase and Binance, two of the largest crypto exchanges. To be clear: Unlike Exodus, both of these companies are custodial, meaning they hold control of their customers' funds. And so SEC enforcement seems to continue. While custodial companies in our crypto industry are fighting back against possible overreach, excess remains a self-custodial solution. Holding on to other people's money isn't our style.

Our economic landscape is also changing as the Fed raised rates throughout the year. While these changes caused bank failures in the first quarter, things may have settled down for now. The Fed measures its inflation is really under control.

And beyond everything the Fed controls, there's something crucial that you control: Taking custody of your Bitcoin and cryptocurrency using a self-custodial wallet like access. This recommendation for crypto investors has never changed. Since you control your assets within Exodus, you have the power to decide when your funds move, and where they go. This is the strongest possible position: keeping 100% control of your own wealth. In our experience, when you control your own wealth, control of your own future is likely to follow.

And now let's go over to our CFO, James, to review our second quarter from a financial perspective. Over to you, James.

James Gernetzke: Thanks, JP. It's good to be back. Let's take a look at Q2.

So the markets for the first half of the year were generally stable and that lack of market movements, good or bad, and the volatility that comes with those movements, it's reflected in our revenue. So for Q2 of this year, revenue was \$12.4 million, down from 8% from \$13.5 million in the previous quarter. Swap volume of \$592 million correlates with revenue, and that's down 8% from the prior quarter and 15% as compared to Q2 of 2022. And you can see this stabilization actually started in Q3 of last year, but it's trended upwards over the past 12 months. So while Q2 was slower than Q1, the longer term trends are positive for our core businesses. And let me give you two quick examples.

First, market conditions and volatility drive swap volumes for everyone. And generally a rising tide is welcomed by all. But our API providers, they've seen market share gains versus both custodial and DEFI competitors, and that's helping our boat rise a little better than the rest of the tide.

And the second and, you know, a little bit of a broken record here, but it's you know, we love to talk about it.:our Fiat on and off ramp revenue has continued to outperform. We're pleased with Fiat's first quarter performance, and the second quarter was even better, showing an approximate eight, I'm sorry, 6% increase. Now MAUs of 773,000 followed that same general trend, down 6% from the prior quarter and 6% year over year. And we've consistently seen stability. That word again, around 800,000 MAU mark. So we bounce up and down over that, you know, over the past 12 months. And we've also seen that generally upward trend for the past four quarters in MAUs as well. I will note that volatility has returned in Q3 of this year. And so far this quarter, we're seeing improvements, as you would expect, in all of these metrics, revenues, volumes and MAUs.

Moving on, as we've discussed many times the past couple of quarters, you know, we deliver, we believe in delivering, profitability and growth. From a profitability perspective, our adjusted EBITDA was \$4.1 million for the quarter. I'm going to talk about growth in more detail here in a little bit. So going to our balance sheet slide. As you can see, you know, our balance sheet remains very strong. As of the end of the quarter, we had no debt, \$107 million in cash and digital assets on hand. And, you know, as we consistently say, this balance sheet provides investors and management with peace of mind. And it also positions as well to take advantage of opportunities as they may present themselves.

So let me conclude by circling back to growth and profitability as we look at the remainder of 2023 and as we position ourselves for 2024. From a profitability perspective, we reiterate our expectation to remain adjusted EBITDA positive through the balance of 2023 and to expand on growth. You know, I mentioned that our core business revenues are trending positively, but we're also actively building our Wallet-as-a-Service and Infrastructure-as-a-Service pipeline and deals that closed and are implemented in 2023. They will, of course, have some positive revenue impact in 2023, but we are going to see the full impact of any deals that we get through our pipeline in 2023, in 2024. So there's more to look forward to with that. Back to you, J.P.

JP Richardson: Thanks, James. Our mission is to help the world exit the traditional financial system, and in order to accomplish this, Exodus is looking to partner up with other companies on similar journeys. Let's look at the core features of our wallet software from the partnership angle.

I'd say that security is the aspect of our wallet software that is most difficult for other companies to replicate. Well, you could say Exodus' distinct look and feel might be the hardest to copy, but our unique design features can be seen by everyone, while many security features tend to be invisible. Exodus has spent liberally on security and security research since our inception. For years now, our focus on security has granted us a safer path to walk while some of our oldest competitors have run into trouble. This accumulated value and wisdom has real impact and drives us to share this value by pursuing licensing agreements of our wallet technology to other crypto companies. Again, helping other companies accelerate their product roadmap by leveraging our expertise is one of our top priorities. We believe there is potential for significant growth.

Another strength that comes bundled with our software is self-custody. Especially when it comes to money, it's safer to cut out the middleman. For crypto in particular, which was always designed as a way for individuals to control their own assets. This means that self-custody is the native path and the safest way forward. That's true both for Exodus and for those companies working with Exodus and licensing our technology for their customers. The biggest crypto companies that failed in the last year's bear market, such as Celsius, Voyager and Blockfi were all custodians. They held their customers' money. And I'd say that they failed because they were custodians. That holding customer funds on their corporate balance sheets led to their downfall. Custodial models are avoidable and Exodus is proof.

Finally, stable finances are key to long-term partnerships. I'm sure James would agree. We personally have been in crypto since 2011. I've been through three full crypto market cycles already, so the next bull will be my fourth. During that time, many projects

have launched and a lot of them have departed. Many of the survivors have some things in common.

Survivors recognize crypto's core value as the decentralized and global peer to peer electronic payment system – the first system like this in the world. And they tend to lack debt, because liabilities can come due at the worst times. Survivors resist the temptation to be on short term price movements in the crypto markets. They embrace self-custody – we've already talked about self-custody.

So when you think about this balance sheet, \$107 million, approximately half cash, half crypto. The way that we run our company to be nearly always turning a profit, or as James would say, positive adjusted EBITDA. It's all designed to keep us up and running regardless of the expected and the unexpected. All of this might seem like an overkill, but after this much experience in the crypto industry, sound finances are something we insist on. Therefore, Exodus is positioned to serve our customers and share our knowledge with the industry for the long haul.

Now, switching gears to the traditional market side, Exodus continues on the strategy of pursuing an OTC Markets uplisting. We're putting the team together that will need to list. OTC. OTC Markets trading is attractive to us because it will make our stock available on most of the brokerages where stock and investors keep their capital. We also see it as a positive step towards a future NYSE or NASDAQ listing. As many of the OTC market's listing requirements are also the foundation for future listings of Exodus stock in America's most famous stock markets. And I'd like to mention that even as we work towards making excess stock available to all investors, we'll be keeping our blockchain based stock token, which, of course, can be stored in your Exodus wallet.

All of this work is building towards a future where Exodus stock trades seamlessly in traditional markets, while also developing Exodus into an app that can store all of your digital assets, not just cryptocurrencies in the blockchain, but stocks and bonds and traditional investments. All in one place as Exodus becomes the only wallet you'll ever need.

As always, we remain your trusted friend in crypto. Our support team is standing by to offer you assistance with anything you need. Please feel free to reach out to us because we are here for you with expert assistance around the clock. And once again, our thanks goes out to our loyal customers and investors. You support our mission to help the world exit the traditional financial system.

That's all I've got this time around. Let's go over to Kris to close things out.

Kris Merkel Thank you, JP. Please visit our social channels to submit your questions for management for the second quarter. Now, you can expect a direct response from our investor relations team to each of your inquiries within 24 hours. Thanks for joining us today.