

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 1-U

CURRENT REPORT PURSUANT TO REGULATION A

May 4, 2023 (May 1, 2023)
(Date of Report (Date of earliest event reported))

Exodus Movement, Inc.

(Exact name of issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

81-3548560
(I.R.S. Employer Identification No.)

15418 Weir St. #333
Omaha, NE 68137
(Full mailing address of principal executive offices)

(833) 992-2566
(Issuer's telephone number, including area code)

Class A Common Stock
(Title of each class of securities issued pursuant to Regulation A)

Item 9. Other Events*Press Release & Shareholder Letter*

On May 1, 2023, Exodus Movement, Inc. (the “Company”) issued a press release and shareholder letter to provide an update on the results of operations for the quarter and year ended December 31, 2022. Copies of the press release and shareholder letter are attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated herein by reference.

For further details on our financial results for the year ended December 31, 2022 and 2021, respectively, please see our Form 1-K/A filed on May 2, 2023.

Item 7. Departure of Certain Officers

Effective May 1, 2023, Daniel Castagnoli resigned from his role as President of the Company. Mr. Castagnoli’s resignation from his position was not related to any disagreement with the Company on any matter relating to its operations, policies, or practices. Mr. Castagnoli will remain a member of the Exodus Movement, Inc. Board of Directors. Mr. Castagnoli will be transitioning to the role of President of 3Zero LLC, the Company’s newly formed subsidiary focused on design services.

Safe Harbor and Forward-Looking Statements

The information furnished in Form 1-U is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section, and is not deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

This communication contains forward-looking statements that are based on our beliefs and assumptions and on information currently available to us. 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, statements about our future financial performance, our business plan, our market opportunities and beliefs and objectives for future operations, and our newly formed subsidiary. These statements involve risks, uncertainties, assumptions, and other factors that may cause actual results or performance to be materially different, including inflation, volatility in the United States and global financial and crypto markets and changes in the Company’s strategy. 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” section and the “Management’s Discussion and Analysis of Financial Condition and Result of Operations” section of our most recent annual, semi-annual or quarterly report. 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.

Monthly Active Users

The exhibits contain information on our Monthly Active Users (“MAUs”), which the Company calculates using internal company data that has not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring MAUs. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy, and we may have technical bugs or errors in our measurement processes. Our measure of MAUs may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology. If our partners or investors do not perceive our metrics to be accurate, or if we discover material inaccuracies in our metrics, our reputation may be harmed and our partners, may be less willing to engage with the Exodus Platform, which could negatively affect our business and operating results. Further, as our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer accurate or appropriate measures of our performance. If investors, analysts or customers do not believe our reported measures, such as MAUs, are sufficient or accurately reflect our business, we may receive negative publicity and our operating results may be adversely impacted.

Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated May 1, 2023
99.2	Shareholder letter dated May 1, 2023

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXODUS MOVEMENT, INC.

By: /s/ James Gernetzke
Chief Financial Officer (Principal Financial & Accounting Officer)

Date: May 4, 2023



28 April 2023

Exodus Reports Fourth Quarter and Full Year 2022 Results
Full Year Revenue of \$50.6 million

Exodus Movement, Inc. (tZERO: EXOD), (“the Company” or “Exodus”) the leading self-custodial cryptocurrency software platform, today announced its fiscal 2022 results for the fourth quarter and full year ended December 31, 2022. The Company reported full year revenue of \$50.6 million, a decrease of 47% as compared to 2021.

Full Year 2022 Financial Highlights

In USD millions, except percentages

	2022	2021 (restated)	% Change
Revenue	\$ 50.6	\$ 95.8	(47%)
Total Cost of Revenues	28.7	22.7	26%
Operating Expenses	46.9	28.6	64%
Income from Operations	(25.0)	44.5	
Operating Margin	(49%)	46%	
Net (Loss)	\$ (23.1)	\$ (21.9)	
Adjusted EBITDA¹	\$ 1.5	53.5	(97%)

“We went to work in 2022, delivering beautifully-designed and easy-to-use products for our customers,” said JP Richardson, CEO and co-founder of Exodus. “The browser-based Exodus Web3 wallet offers the first multi- and cross-chain experience for our customers to navigate Web3. Customers can now buy or sell crypto in-app and swap almost 300 supported assets. We introduced custom tokens and a new mobile experience that made our product even easier to use. These additions bring Exodus closer to achieving our vision: to help the world exit traditional finance.

Happy users are vital to the success of Exodus, and we are committed to providing world-class service. This year we expect to expand the Exodus product offering and create a platform where customers can self-custody all their digital assets in one app.”

Fourth Quarter and Full Year Operational and Other Financial Highlights

- **Exchange provider processed volume** - \$569.8 million in Q4 2022, down 59% from Q4 2021. Bitcoin and USDT were the top assets traded in Q4 2022, at 27% and 15% of volume, respectively. Full year 2022 exchange volume of \$2.55 billion, down 54% from the previous year.

¹ 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.

- **Exodus monthly active users**² - 741,813 in Q4 2022, down 19% from 914,912 in Q4 2021.
- **Adjusted EBITDA**³ - \$1.5 million, down from \$53.5 million in the prior year period.
- **Digital assets and cash**⁴ - \$79.2 million, including \$26.0 million in bitcoin and ethereum and \$52.5 million in USD and Treasury bills as of December 31, 2022.
- **Full-time equivalent team members** - approximately 210 at 2022 year-end, a decrease of approximately 10 from the prior year.
- **Customer response time** - average response time of less than ten minutes.

“Our beautifully-designed product is supported by a strong balance sheet and devoted customer base,” said James Gernetzke, CFO of Exodus. “We ended the year with nearly \$80 million in cash and liquid assets, nearly one-third of which is held in cryptocurrencies. Throughout 2022 we were hyper-focused on building and delivering on our product roadmap. This year, we expect to grow our customer base and position Exodus as the app to self-custody all your digital assets.”

Additional Details

Questions for Exodus Management related to the fourth quarter and full year 2022 can be submitted via e-mail at investors@exodus.com. Supporting documents, including the Shareholder Letter and other filings are available at www.exodus.com/investors.

Contact

Customer Support
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Investor Relations
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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 removes the geek requirement and 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,

² Monthly active users as of December 31, 2022.

³ Non-GAAP metric. *See* footnotes at the end of this release.

⁴ Digital assets at Market Value as of December 31, 2022.

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](https://twitter.com/exodus_io) and JP Richardson's feed @[jprichardson](https://twitter.com/jprichardson)), Facebook, LinkedIn, and YouTube.

Non-GAAP Financial Measure

Earnings before interest, taxes and depreciation and amortization and Adjusted earnings before interest, taxes and depreciation and amortization.

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 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:

Reconciliation of Net (Loss) Income to Adjusted EBITDA

<i>In USD millions</i>		2022	2021 (restated) ⁵
Net (loss)	\$	(23.1)	\$ (21.9)
Interest (income)		(0.6)	(0.7)
Income tax expense (benefit)		(0.9)	6.0
Depreciation and amortization		3.5	1.8
EBITDA	\$	(21.1)	\$ (14.8)
Loss on extinguishment of SAFEs		-	61.0
Impairment of digital assets, net		18.3	6.6
Impairment of assets		0.5	-
Unrealized gain (loss) on investments		(0.3)	0.2
Stock-based compensation		4.1	0.5
Adjusted EBITDA	\$	1.5	\$ 53.5

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 impact of the COVID-19 pandemic on the health and safety of our employees, users, as well as the physical and economic impacts of the various recommendations, orders, and protocols issued by local and national governmental agencies in light of continual evolution of the pandemic, including any periodic reimplementations of preventative measures in various global locations; 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, particularly in light of the pandemic and as pandemic-related restrictions are eased regionally and globally; 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" sections of our offering statement on Form 1-A. 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.

⁵ Includes prior period adjustments.

Dear Exodus Shareholder,

Exodus sees opportunities where others see only challenges. In 2022 we put our heads down amidst a crypto winter and went to work, continuing to build beautifully-designed products.

We committed to offering functionality for our customers to explore all that Web3 has to offer, and we delivered on this commitment. Exodus launched the first multi- and cross-chain browser extension to explore Web3.

Our browser-based [Exodus Web3 Wallet](#) is the only wallet you'll ever need. You can connect to your favorite dapps or games on multiple networks all within one wallet, swap tokens on the network at competitive fees and even swap cross-chain between BTC and SOL and other popular cryptocurrencies. The Exodus Web3 Wallet offers all of this functionality right at your fingertips.

In addition, we made it easy for our customers to use their local legal tender to buy cryptocurrency in-wallet, and we improved the overall Exodus experience with a re-mapped homepage and seamless onboarding process.

We went to work in 2022, ensuring that Exodus can continue to thrive and execute on our mission: to help the world exit the traditional financial system.

Exodus was not immune to the downturn in cryptocurrency markets; our fourth quarter and full year results reflect a challenging year. Full year total revenue of \$50.6 million decreased by nearly half over the prior year. As of Q4 end, MAUs decreased to 741,813, down 19% from 914,912 in Q4 last year and flat as compared to Q3.

We believe in delivering profitability and growth for our shareholders. We closed the year with Adjusted EBITDA of \$1.5M, the bulk of which is attributable to zero payout on bonuses to employees and generally increasing profitability in the second half of the year. We expect to remain Adjusted EBITDA positive through the balance of 2023.

We closed 2022 with approximately \$79 million in cash and liquid assets, over one-third of which is held in cryptocurrencies.

Looking ahead, we expect continued loyalty from an expansion of our customer base through 2023 as we continue to build and deliver beautifully-designed, easy-to-use products. We envision making cryptocurrency so frictionless that any person could easily download Exodus and not have to worry about the complicated tech that exists today, including: blockchains, secret phrases, or complicated crypto-addresses.

With this in mind, Exodus will be the app to self-custody and store all your digital assets.

In every action we do, we have a relentless focus on the customer. We often ask: "how would a customer feel when experiencing this?" Therefore, JP Richardson, our co-founder and CEO, is maintaining a customer support commitment of one hour per week to stay connected to all of you - our investors and customers. And as our biggest supporters, we want to reward each of you for sharing your Exodus experience, so check out our [referral program](#).

Our customer support team is standing by to offer you human support 24/7. Reach out anytime to support@exodus.com. For questions related to the Company and its results, you can contact investors@exodus.com.

Thank you for joining us on our journey to help the world exit traditional finance.

Onwards,
Exodus Investor Relations Team

Key Metrics for the Fourth Quarter and Full Year Ended December 31, 2022

Monthly Active Users: MAUs were 741,813 as of quarter end, down 19% from the 914,912 MAUs on December 31, 2021.

Exchange Aggregation Business: The volume processed by the exchange API Providers was approximately \$0.57 billion in Q4 2022, down 59% from \$1.40 billion in Q4 2021. Bitcoin, Tether, and Ethereum were the top assets traded at 27%, 15%, and 11% of volume, respectively. Dollar amount per transaction was \$1,459 in Q4 2022, down 16% YoY from \$1,726 per transaction in Q4 2021.

Key metrics summary

	4Q22		4Q21		2022		2021
Exchange volume (\$ in thousands)	\$	569,859	\$	1,396,093	\$	2,549,587	\$ 5,497,777
Exchange transactions		390,410		809,029		1,666,217	4,345,784
\$/transaction	\$	1,460	\$	1,726	\$	1,530	\$ 1,265
Downloads		575,285		1,040,700		2,599,363	5,022,934

Financial Results for the Fourth Quarter 2022 Ended December 31, 2022

Total Revenue of \$50.6 million for the full year was down 47% from the previous year. Total revenue of \$11.2 million for the fourth quarter was flat sequentially and down 57% relative to the prior year quarter. Exchange aggregation revenue of \$49.2 million accounted for the majority of total revenue in the year.

Revenue by category

Revenue (\$s in 000s)	2022	% of 2022 Operating Revenue	2021	% of 2021 Operating Revenue	% Y/Y change
Exchange aggregation	\$ 49,180	97.2%	\$ 93,476	97.6%	(47.4%)
Staking	697	1.4%	1,056	1.1%	(34.0%)
Fiat on-boarding	584	1.2%	610	0.6%	(4.3%)
Other	98	0.2%	418	0.4%	(76.6%)
Consulting	25	0.0%	285	0.3%	(91.2%)
Gaming	22	0.0%	4	0.0%	450.0%
Operating Revenues	\$ 50,606	100.0%	\$ 95,849	100.0%	

Operating Expenses for the full year were \$46.9 million, an increase of 64% from the prior year, due in large part to increased net impairment of digital assets. The increase also reflects higher general and administrative expenses due to increased hiring through the first half of the year and increased spend on advertising and marketing. The Exodus team stood at approximately 210 full time equivalents as of December 31, 2022, a decrease from 220 at the end of 2021.

Expenses by category

		2021
Expense category (\$s in millions)	2022	(restated)
General & Administrative	28.1	22.0
as a % of revenue	55.5%	23.5%
Impairment of Digital Assets	18.3	6.6
as a % of revenue	36.1%	6.9%
Impairment of assets	0.5	-
as a % of revenue	1.0%	-
<hr/>		
Total operating expenses	\$ 46.9	\$ 28.6
Total operating expenses as a % of revenue	92.7%	56.6%

Adjusted EBITDA⁶ was \$1.5 million in 2022, a significant decrease from \$53.5 million in 2021, largely reflecting the downturn in cryptocurrency market conditions.

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

In USD millions	2022	2021
		(restated)⁷
Net (loss) income	\$ (23.1)	\$ (21.9)
Interest expense (income)	(0.6)	(0.7)
Income tax expense (benefit)	(0.9)	6.0
Depreciation and amortization	3.5	1.8
EBITDA	\$ (21.1)	\$ (14.8)
Loss on extinguishment of SAFEs	-	61.0
Impairment of digital assets, net	18.3	6.6
Impairment of assets	0.5	-
Unrealized gain (loss) on investments	(0.3)	0.2
Stock-based compensation	4.1	0.5
Adjusted EBITDA	\$ 1.5	\$ 53.5

Cash and digital asset holdings. We hold approximately \$79 million in cash and digital assets on the balance sheet and are one of few public companies that hold over 1,000 Bitcoin in corporate treasury. As of December 31, 2022 we held \$52.5 million in cash, cash equivalents, and U.S. Treasury Bills, as well as \$23.0 million in bitcoin at market value. The table below reflects the value of certain assets both in terms of market value and book value as of December 31, 2022 and December 31, 2021.

⁶ Non-GAAP metric. See footnotes at the end of this communication.

⁷ Includes prior period adjustments.

(\$s in 000s)	12/31/2022		12/31/2021 (restated)	
	Book Value	Market Value	Book Value	Market Value
BTC	\$ 17,549	\$ 22,974	\$ 30,651	\$ 61,218
ETH	2,022	3,031	3,583	9,342
Algorand	686	715	3,523	6,407
Other Digital Assets	45	53	-	-
Cash and cash equivalents	20,494	20,494	5,375	5,375
USDC	-	-	45,291	45,291
Treasury Bills	31,981	31,981	-	-
Tether	-	-	77	77
Total	\$ 72,777	\$ 79,246	\$ 88,500	\$ 127,710

Additional Details

Questions for Exodus Management related to the fourth quarter and full year 2022 can be submitted via e-mail at investors@exodus.com. Supporting documents, including the press releases and other filings are available at www.exodus.com/investors.

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 impact of the COVID-19 pandemic on the health and safety of our employees, users, as well as the physical and economic impacts of the various recommendations, orders, and protocols issued by local and national governmental agencies in light of continual evolution of the pandemic, including any periodic reimplementations of preventative measures in various global locations; 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, particularly in light of the pandemic and as pandemic-related restrictions are eased regionally and globally; 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.

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Non-GAAP Financial Measure

Earnings before interest, taxes and depreciation and amortization and Adjusted earnings before interest, taxes and depreciation and amortization

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A reconciliation of 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.
