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

FORM 1-U

CURRENT REPORT PURSUANT TO REGULATION A

June 8, 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 and Shareholder Letter

On June 8, 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 ended March 31, 2023. 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 three months ended March 31, 2023 and 2022, respectively, please see our Form 1-U filing on June 8, 2023.

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. 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 other volatility attributable to the conflict in Ukraine and ongoing regulatory developments. 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 of our offering statement on Form 1-A 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.

Exhibits

Exhibit Number

Description

[99.1](#)

Press release dated June 8, 2023

[99.2](#)

Shareholder letter dated June 8, 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: June 9, 2023



8 June 2023

Exodus Reports First Quarter 2023 Results

Exodus Movement, Inc. (tZERO: EXOD), (“the Company” or “Exodus”) the leading self-custodial cryptocurrency software platform, today announced its fiscal 2023 results for the first quarter ended March 31, 2023. The Company reported first quarter revenue of \$13.3 million, a decrease of 13% year-over-year from Q1 2022.

First Quarter 2023 Financial Highlights (Unaudited)

<i>In USD millions, except percentages</i>	Q1 2023		Q1 2022 (restated)		% Change
Revenue	\$	13.3	\$	15.4	(14%)
Cost of Revenues		6.9		7.6	(9%)
Total Operating Expenses		5.5		13.1	(58%)
Income (Loss) from Operations		1.0		(5.4)	N/A
Operating Margin		7%		(35%)	N/A
Net Income (Loss)		0.8	\$	(3.4)	
Adjusted EBITDA¹	\$	3.5	\$	0.6	

“We’re thrilled that our 800,000 loyal customers persevered through last year’s downturn to reach the brighter days ahead,” said JP Richardson, CEO and co-founder of Exodus. “In the first quarter we saw more transactions, more exchange volume, and significantly more downloads of Exodus. This positive turn of events led to yet another profitable quarter when combined with our disciplined corporate spending.”

“Our biggest product success in Q1 was the release of our Web3 dApp browser in Exodus Mobile. Exodus empowers customers to explore all that Web3 has to offer in the palm of their hands. In those hands, their phone is an on-chain powerhouse containing the most advanced lending, borrowing, staking, insurance, and other capabilities that decentralized finance has to offer.”

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.

First Quarter Operational and Other Financial Highlights

- **Exchange provider processed volume** - \$645.6 million in Q1 2023, down 12% from Q1 2022. Bitcoin, USDT, and Ethereum were the top assets traded in Q1 2023, at 27%, 15%, and 11% of volume, respectively.
- **Exodus monthly active users²** - 821,566 in Q1 2023, down 6% from the 875,275 MAUs in Q1 2022.
- **Adjusted EBITDA³** - \$3.5 million in Q1 2023, up from \$0.6 million in Q1 2022.
- **Downloads** - 660,143 downloads across Exodus Mobile, desktop, and the Web3 wallet, down 18% from 805,294 in Q1 2022.
- **Digital assets and cash⁴** - \$101 million, including \$41.3 million in bitcoin and \$54.0 million in cash, cash equivalents and Treasury bills as of March 31, 2023.
- **Full-time equivalent team members**- 195 full-time equivalents, a decrease of 75, or 28% from the prior year period.
- **Customer response time** - average response time of less than sixty minutes to human support.

Webcast Details

Exodus will host a webcast of its first quarter 2023 fiscal results beginning at 3:30PM (Eastern Time) on June 22, 2023. To access the webcast, [please use this link](#). It will also be carried on the Company's website www.exodus.com.

Questions for Exodus Management related to the first quarter can be submitted via e-mail at investors@exodus.com in advance of the live webcast.

Contact

Customer Support

support@exodus.com

Investor Relations

Allysa Howell

investors@exodus.com

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² Monthly active users as of March 31, 2023.

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

⁴ Digital assets at Market Value as of March 31, 2023..

About Exodus

Exodus is on a mission to help half 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, 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 Income (Loss) to EBITDA and Adjusted EBITDA (Unaudited)

<i>In USD millions</i>	1Q23	1Q22 (Restated)
Net income (loss)	\$ 0.8	\$ (3.4)
Interest (income)	(0.4)	(0.1)
Income tax expense (benefit)	0.7	(1.6)
Depreciation and amortization	1.0	0.4
EBITDA	\$ 2.1	\$ (4.7)
(Gain)/loss on impairment of digital assets, net	(0.4)	4.0
Unrealized (gain)/ loss on investments	(0.1)	(0.2)
Stock-based compensation	1.9	1.5
Adjusted EBITDA	\$ 3.5	\$ 0.6

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 reimplementation 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 2022 Form 1-K. 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.

Dear Exodus Shareholder,

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.

The past year of industry failures and defaults should teach the world: A top priority should be controlling your money through self-custody wallets like Exodus. Giving exchanges custody of your money means putting it at risk, particularly from a regulatory perspective in the US. Giving banks over \$250,000 of your money also means putting it at risk, as it's not covered by Federal deposit insurance that protects you against bank failures.

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 Republic fall within weeks.

Equity markets suffered from this news....and 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 the \$16,000 level to \$28,000....and ETH also rallied from \$1200 to over \$1800. Both cryptocurrencies bucked the downtrends of traditional equity markets that moved sharply downward on the very 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 this inflation in the first place).

Meanwhile, in Q1 the United States' most important custodial exchange locked horns with its most important securities regulator. We applaud Coinbase as they work to protect innovation in the crypto sector. However, this is territory you won't see Exodus playing in because we're self-custody. We're entirely focused on delivering a beautifully-designed product so that our customers can control their own wealth.

We empower people to control their own wealth by using Exodus to harness the immense power of blockchain. Today, over three million people use Exodus.

What I'm 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 your digital assets – of course your Bitcoin and crypto, but also your stocks, bonds, and ETFs – in one place.

I think you'll find Exodus useful on your journey.

JP Richardson
CEO and Co-Founder

Key Metrics for the First Quarter 2023 Ended March 31, 2023 (Unaudited)

Monthly Active Users: MAUs were 821,566 as of quarter end, up 11% from the 741,813 MAUs on December 31, 2022.

Exchange Aggregation Business: The volume processed by the exchange API Providers was approximately \$0.65 billion in Q1 2023, down 12% from \$0.73 billion in Q1 2022. Bitcoin, Tether, and Ethereum were the top assets traded at 27%, 15%, and 11% of volume, respectively. Dollar amount per transaction was \$1,497, down 54% YoY from \$3,249 per transaction in Q1 2022.

Key metrics summary

		1Q23		1Q22
Exchange volume (\$ thousands)	\$	645,582	\$	730,056
Exchange transactions		431,350		224,681
\$/transaction	\$	1,497	\$	3,249
Downloads		660,143		805,294

Financial Results for the First Quarter 2023 Ended March 31, 2023 (Unaudited)

Revenue of \$13.3 million for the quarter decreased 13% relative to the prior year quarter. Exchange aggregation revenue of \$12.6 million and the emergence of fiat on/off-boarding revenue accounted for the majority of total revenue in the first quarter.

Revenue by category

Revenue (\$s in 000s)	Q1 2023	% of 2023 Operating Revenue	Q1 2022	% of 2022 Operating Revenue	% Y/Y change
Exchange aggregation	\$ 12,630	94.7%	\$ 14,929	97.1%	(15.4%)
Staking	158	1.2%	285	1.9%	(44.6%)
Fiat on/off-boarding	527	3.9%	-	-	100%
Other	5	0.0%	123	0.8%	(95.9%)
Consulting	25	0.2%	25	0.2%	-
Gaming	-	-	22	-	(100%)
Operating Revenues	\$ 13,345	100.0%	\$ 15,384	100.0%	(13.3%)

Cost of Revenues was \$6.9 million, a decrease of 9% from the prior year. The decrease reflects lower cost of salaries with a reduction in headcount as compared to the prior year and reduced cloud infrastructure spending. The Exodus team stood at approximately 195 full time equivalents as of March 31, 2023, a decrease from 270 as of March 31, 2022.

Cost of revenues (\$s in millions)	1Q23		1Q22	
Software development expense	\$	2.2	\$	2.7
Customer support expense		1.6		2.1
Security and wallet operations expense		2.1		2.4
Depreciation and amortization		1.0		0.4
Total cost of revenues	\$	6.9	\$	7.6
<i>as a % of revenue</i>		48.1%		50.6%

General and Administrative Expenses were \$6.0 million, a decrease of 33% from the prior year. The decrease primarily reflects lower advertising and marketing expenditures due to the Company's return to a community-based marketing approach.

General and administrative expenses (\$s in millions)	1Q23		1Q22	
General and administrative expense	\$	5.5	\$	5.1
Advertising & Marketing		0.4		3.9
Depreciation		0.1		-
Total general and administrative expense	\$	6.0	\$	9.0
<i>as a % of revenue</i>		54.9%		41.2%

Adjusted EBITDA⁵ was \$3.5 million in Q1 2023, a significant increase relative to Q1 2022, reflecting reduced operating expenses as a result of the Company's disciplined spending.

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

In USD millions	1Q23		1Q22	
			(Restated)	
Net income (loss)	\$	0.8	\$	(3.4)
Interest (income)		(0.4)		(0.1)
Income tax expense (benefit)		0.7		(1.6)
Depreciation and amortization		1.0		0.4
EBITDA	\$	2.1	\$	(4.7)
(Gain)/loss on impairment of digital assets, net		(0.4)		4.0
Unrealized (gain)/ loss on investments		(0.1)		(0.2)
Stock-based compensation		1.9		1.5
Adjusted EBITDA	\$	3.5	\$	0.6

⁵ Non-GAAP metric. See footnotes at the end of this communication.

Cash and digital asset holdings. We hold approximately \$101 million in cash and digital assets and are one of few public companies that hold over 1,000 Bitcoin in corporate treasury. As of March 31, 2023 we held \$54.0 million in cash, cash equivalents, and U.S. Treasury Bills, as well as \$41.3 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 March 31, 2023 and December 31, 2022.

(\$s in 000s)	03/31/2023		12/31/2022	
	Book Value	Market Value	Book Value	Market Value
BTC	\$ 20,859	\$ 41,283	\$ 17,549	22,974
ETH	2,022	4,525	2,022	3,031
Algorand	699	947	686	715
Other Digital Assets	60	129	45	53
Cash and cash equivalents	17,854	17,854	20,494	20,494
USDC	27	27	-	-
Treasury Bills	36,128	36,128	31,981	31,981
Total	\$ 77,649	\$ 100,893	\$ 72,777	\$ 79,248

Q1 Webcast

Exodus will host a webcast of its first quarter 2023 fiscal results beginning at 3:30PM (Eastern Time) on June 22, 2023. To access the webcast, [please use this link](#). It will also be carried on the Company's website www.exodus.com.

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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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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.
