



WOO



Q1 2024 Report

Understanding WOO

Themes, statistics, and analysis of the first quarter of 2024



Contents

1. Executive summary	3
2. WOO: More staking, more narratives	4
3. WOOFi: Emergence in the perps sector	5
4. WOO X: Staying innovative, enhancing performance	7
5. Appendix: Key macroeconomic and industry events in Q1 and projections for Q2	10



Executive summary from our CPO

The first quarter of 2024 was massive for the institutionalization of crypto assets, and here at WOO X, we paved the way for a huge increase in scalability by finalizing the transformation from a single market maker to an open, designated market maker model. This massive lift pushed us to improve many aspects of our tech stack, particularly latency, throughput, and stability. With this successful change, we are confident that now we can achieve growth through the upcoming release of more retail-focused products like RWA earn vaults, copy-trading, and the listing of popular early-stage projects.

In Q1, results were mixed but positives came in the form of spiking volumes and an influx of new listings, with broader efforts focused on compliance and license acquisition, institutional onboarding, and regionalized expansion strategies. With my recent appointment as Chief Product Officer, I undertook the task of ensuring that WOO X can competitively serve the needs of crypto traders while pushing on two fronts: transparency and innovation. The first one goes without saying - users come to WOO X because we are responsive and have demonstrated through past events both our integrity and honest approach. Our live Proof of Reserves dashboard is now over a year old and is still unmatched in the industry, and we continue to add to it with every new product like our Earn vaults most recently.

Innovation is a more difficult concept - most centralized exchanges have now reached a period of stagnation, where new features are pushed to optimize user onboarding or retention, rather than building something new and useful. We are trying to balance this by leveraging our assertive ecosystem and listing teams, who find new partners and integrations that give users more control over their trading experience. Two great examples we worked on in Q1 were the first-ever fractionalized NFT listings and our partnership with Wintermute and GMCI to launch index perps. Traders on WOO X can now trade every blue-chip NFT collection, while also longing or shorting baskets of correlated assets. We will be relentless in Q2, as we collaborate with more innovative projects to deliver an experience you can only find at WOO.

Furthermore, we always try to think a few steps ahead of the competition, particularly when it applies to embracing decentralization and the ethos of crypto. DeFi has long been a WOO strength, and in Q1, we have prioritized adding resources to accelerate our development in this area. We don't want to simply build an exchange that monetizes our users while extracting fees from projects - our vision is to build a platform that solves the needs of investors and traders, positively impacting the way people interact with financial products, and enhancing everyone's success as a result.

Lastly, I appreciate the responsibility the team and community have entrusted me with in my new role. Rest assured you won't find a harder-working, more talented team than the one we are assembling. This is our commitment and one we won't be deterred from.

Best,
Bryan Chu
WOO X Chief Product Officer

WOO: More staking, more narratives

The Q1 market rewarded community-centric ideas with a slew of new meme tokens across alternative L1 and L2 networks. Traders who focused on quick rotations were rewarded, while fundamental-driven projects, particularly in the Ethereum ecosystem, missed the spotlight. This concept was not lost on WOO, which will be taking massive strides in Q2 to improve WOO positioning and reinvigorate the brand while revisiting topics such as tokenomics improvements. Increasing the amount of staked WOO remains a company-wide KPI in Q2.

The quarter ended with 1.845b WOO tokens in circulation, representing 83% of the total supply. Ethereum holds 81.1% of all circulating WOO, with BSC holding 8.8%, and Arbitrum holding 6%. Arbitrum continues to grow, with the increase of activity on WOOFi Stake and Earn on that network. The amount of unique WOO-holding addresses ballooned from 90k at the end of Q3, 2023, to 150k. Significant increases were seen on Arbitrum, where nearly 48k unique addresses hold WOO, largely driven by the activation of partners within the Arbitrum ecosystem following the reception of a 1m ARB token grant (STIP).

Staking

There are roughly 281m WOO staked on WOO X, with another 212m staked on WOOFi. Cumulatively, this number is an 8.5% increase on the previous quarter and comprises 27% of the circulating supply. Protocol revenue from WOOFi Pro was a major contributor to real yield on WOOFi Stake, generating over \$270k in fees this quarter.

Upcoming narratives to watch for

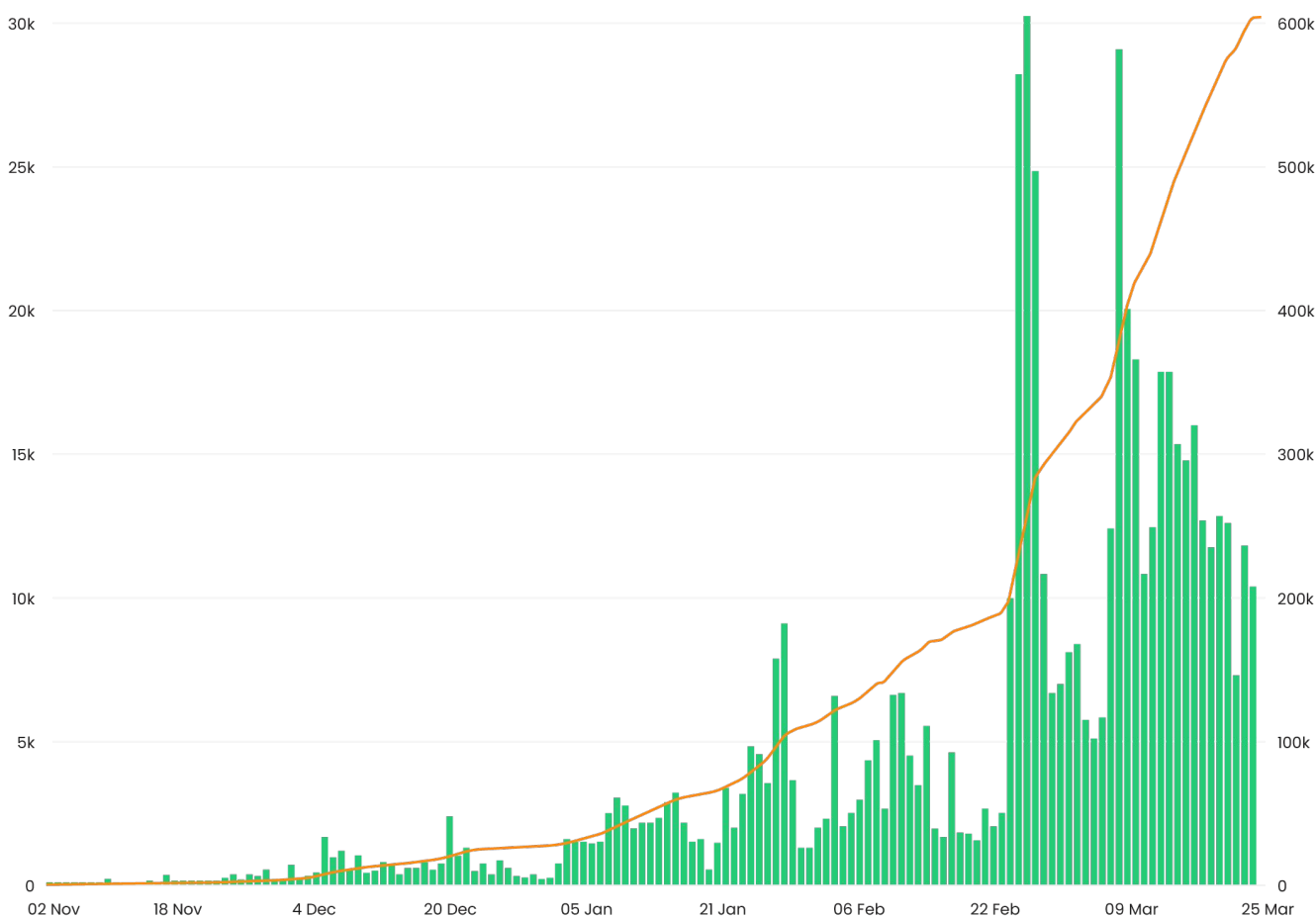
Moving into the middle half of 2024, several narratives should define the perception of the token. Some short-to-mid term goals:

- Further institutionalization of WOO X and working closely with major traditional financial organizations
- Increasing partnerships with affiliates and brokers for WOOFi Pro to grow trading volumes
- Re-launch of WOOFi with improved security controls and new audits completed, as well as launching v3 which enables multiple liquidity providers
- Further expansion into the RWA vertical by building upon our U.S. Treasury Earn vaults
- Onboarding of additional Designated Market Makers (DMMs) onto WOO X, as well as WOOFi v3 and WOOFi Pro
- Implementing an Innovation access and grant program that attract builders to create diverse DeFi projects, boosting the utility and value of the WOO token.

WOOFi: Emergence in the perps sector

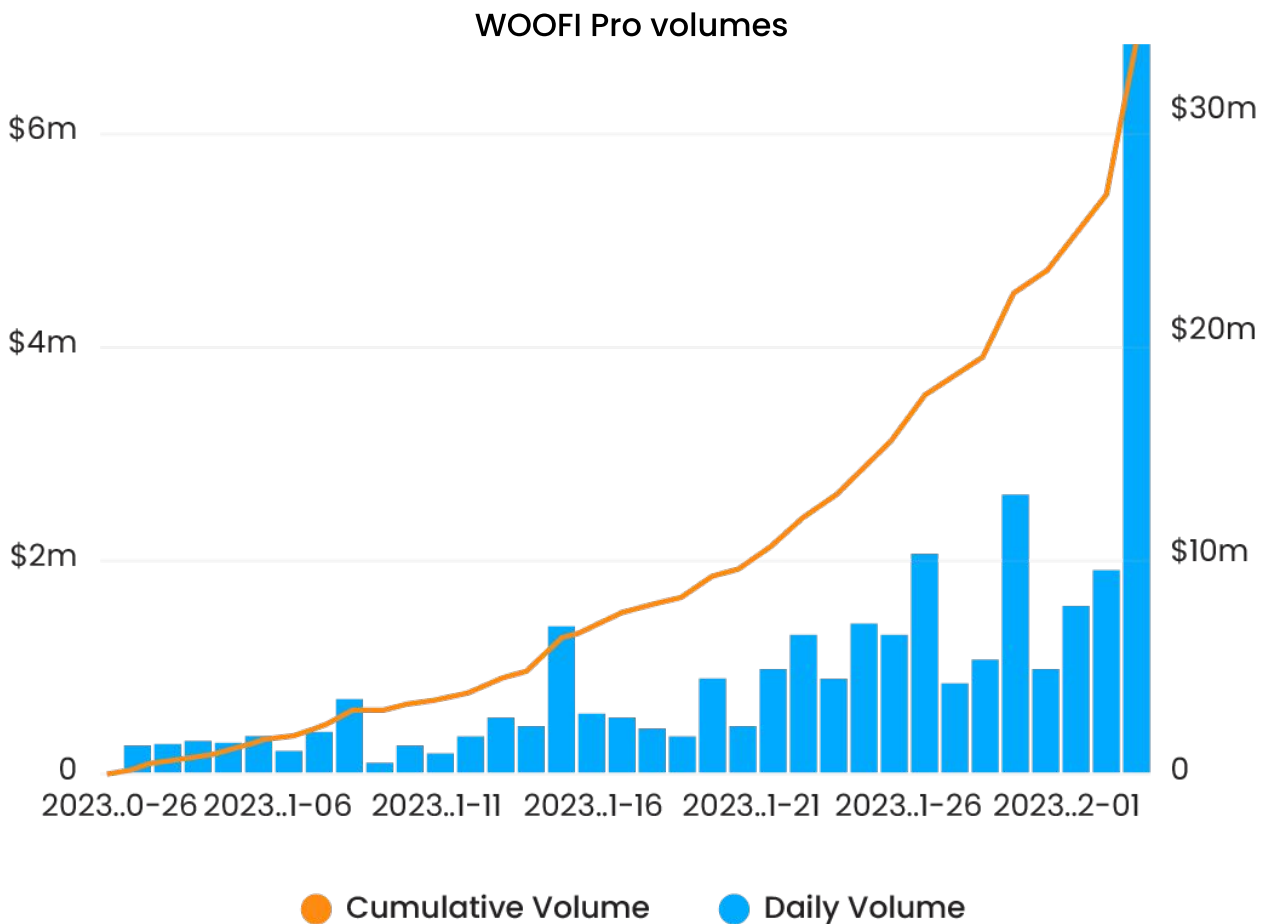
The first quarter gave a small glimpse into the giant potential of WOOFi's nascent perpetual futures platform, WOOFi Pro. Fuelled by rapid listings, ARB incentives, and a spree of terminal integrations with names such as Tealstreet and Alertatron, WOOFi Pro emerged as a serious top-5 contender in the DeFi perps scene. In just 3 months, cumulative volume rose from \$113m to \$6b, total gross fee revenue rose from \$27k to \$600k, and the total number of traders multiplied by a factor of 8 to 45,000.

WOOFi Pro gross income



Source: Dune Analytics

Another key area in which WOOFi Pro excelled this quarter was campaigns, with the Underwater Trader NFT collection taking the top spot. Driven largely by heightened speculation surrounding an Orderly Network airdrop, more than 39,000 NFTs were claimed, and \$1.28b in volume traded, making it the best-performing initiative launched in the entire 2-and-a-half-year history of WOOFi.



Source: Dune Analytics

WOOFi Swap was not without its fair share of successes either, proudly securing two grants of 38,233 OP and 50,000 MNT. The former recognized WOOFi as a leading DEX on Optimism in Retroactive public goods funding round 3, and Mantle's EcoFund awarded the latter for deploying on the fast-growing L2.

On the theme of cross-chain, WOOFi earned its place in the top 5 protocols built on LayerZero by number of transactions this quarter (out of 74 total). WOOFi's cross-chain staking flourished in tandem, with 3,300 new stakers and a handsome sum of \$1.245m distributed in USDC rewards. Indeed, WOOFi Stake enjoyed its best-ever performing quarter, recording an impressive all-time high of \$143,753 in 7-day staking rewards.

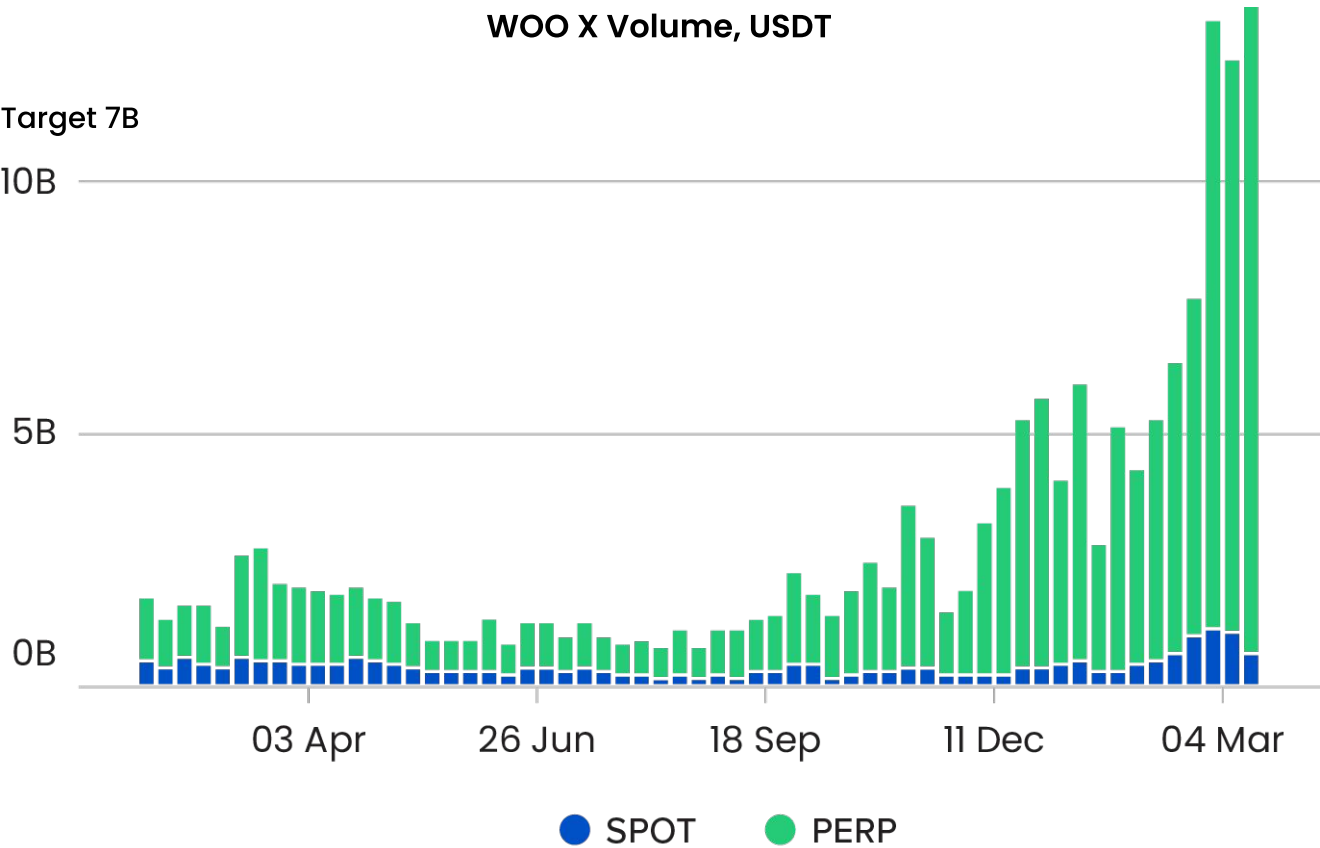
In early March, the current V2 WOOFi Swap suffered a pricing exploit as an attacker leveraged flashloans to manipulate the price of assets. WOOFi reacted quickly to pause the Swap protocol but used the remainder of Q1 to work with top security firms and auditors to make the protocol even more robust. With the relaunch efforts already underway, WOOFi is pushing to redeploy on all networks, and then turn attention to launching an even more improved V3 design, alongside other features that improve the user experience.

WOO X: Staying innovative, enhancing performance

In the first quarter of 2024, WOO X has remained steadfast in its commitment to compliance, strategic partnerships, and innovative solutions, positioning the centralized exchange to seize a significant market share amidst the ongoing bull market. WOO X has achieved back-to-back milestones, solidifying its reputation as a trusted platform for digital asset trading.

Compliance-first approach

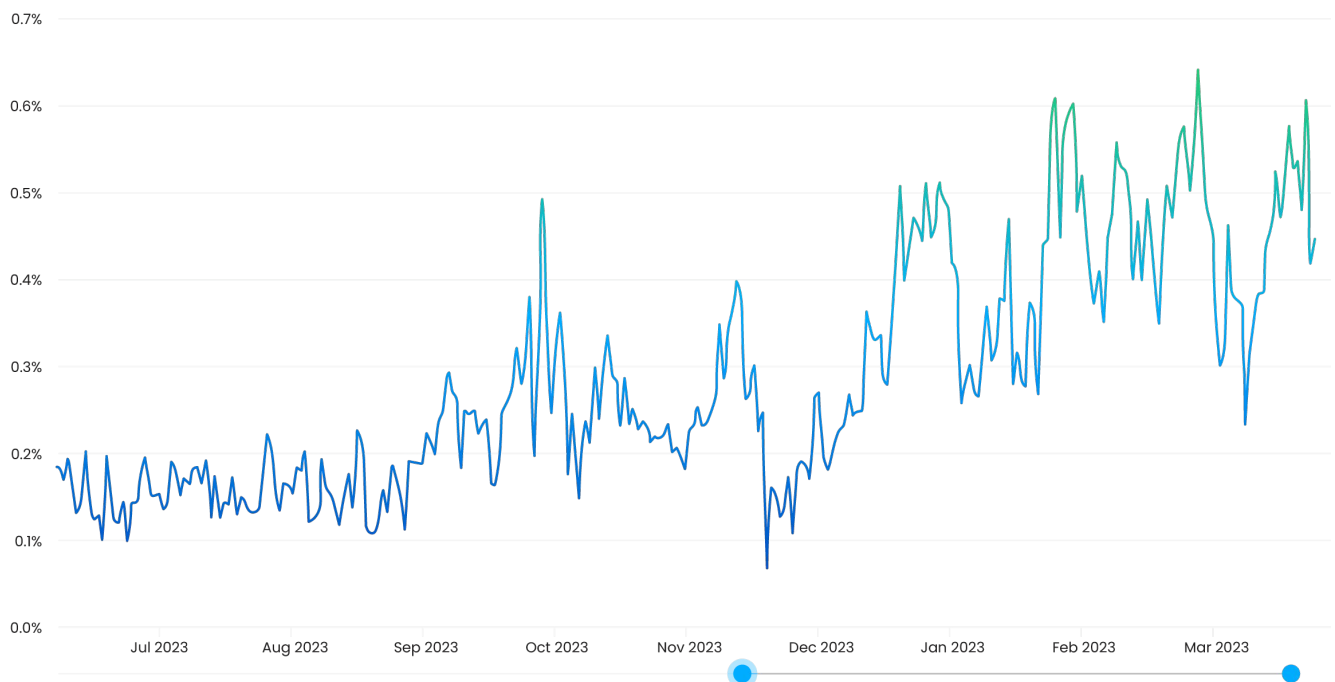
WOO X's compliance-first approach has been instrumental in establishing it as one of the few global exchanges capable of serving institutional clients amidst regulatory scrutiny affecting mainstream exchanges. The platform's partnerships and investments from top-tier firms like Wintermute, Pulsar, Presto Labs, and Selini Capital have significantly bolstered liquidity and institutional brand recognition. Notably, the focus on introducing new products has resulted in an impressive 73 new listings during Q1, while sustainable rebates fueled affiliate-driven growth through USDT from trading fees.



Source: WOO Ecosystem

As shown in the graphic above, week-on-week volumes continue to soar, with perps massively outpacing spot volumes. WOO X has become a home for a select group of sophisticated perp traders, an area that the team hopes to diversify by releasing products that cater to an even wider range of users.

WOO % future marketshare vs top exchanges



Source: WOO X

Market share has been steadily growing, even though WOO X lacks a large audience of dormant users from previous cycles that other legacy exchanges may be able to reactivate.

Further enhancing liquidity and security

WOO X secured an additional \$9 million investment from designated market makers (DMMs), signaling confidence in its growth trajectory and liquidity model. Furthermore, the expansion of the DMM program to include spot assets underscores WOO X's commitment to diversifying liquidity sources and enhancing platform security. The ultimate goal is to achieve a 100% custody ratio by the end of Q2 2024, ensuring robust security measures for users' assets. This would also lead to onboarding even more institutions and DMMs while strengthening relationships with existing clients.

Executive appointments

The appointment of Bryan Chu as Chief Product Officer (CPO) reflects WOO X's strategic focus on enhancing its product strategy. Leveraging Chu's expertise in both traditional finance and crypto trading, WOO X aims to refine its offerings to cater specifically to the needs of active traders. This appointment signals WOO X's dedication to bringing professional experience to the forefront of its operations.

Full diversification of liquidity is nearly complete, with Wintermute, Presto Labs, and Selini Capital ending the quarter as the top three DMMs by share of perp maker volume.

Innovations and partnerships

WOO X became the first centralized exchange to list fractionalized NFTs through strategic partnerships with Kronos Research, as well as Protecc Labs which specializes in algorithmic liquidity for NFTs. Notably, WOO X facilitates trading for fractionalized versions of popular NFT collections such as Pudgy Penguins and Bored Apes Yacht Club tokens, disrupting traditional exclusivity and rigid user experience in the NFT marketplace.

Our collaboration with AI platforms like AlphaNet and Walnut aims to revolutionize users' trading experiences with cutting-edge AI-driven insights and strategies. AlphaNet's AI-powered signals enhance market trend identification, while Walnut's wealth management platform provides diverse trading bots for automated profit maximization and enhanced portfolio management.

Market growth and diversification

WOO X's market share continues to grow steadily, propelled by the platform's diversification of liquidity, which is nearly complete. Designated market makers (DMMs) provide between 80-90% of all perpetual (perp) liquidity and approximately 30% of all spot flows. Looking ahead, we plan to onboard additional market makers in Q2 to further enhance liquidity and support faster spot listings, solidifying WOO X's position as a leading global crypto asset trading platform.

In Q2, WOO X will drive awareness for the WOO token, with promising collaborations and feature launches on the horizon. Notably, WOO X plans to actively support the BTC ecosystem by fostering partnerships, which could lead to an influx of users and awareness, particularly in Asia. WOO X is preparing to tighten its grip on the RWA narrative with the launch of its treasury bond vault integration, establishing a connection between traditional finance and the crypto sector. Furthermore, WOO X aims to streamline the listing process for meme tokens and innovative products, to improve accessibility and drive development within the crypto community, while releasing its social trading platform.

Appendix: Key macroeconomic and industry events in Q1

In Q1, Bitcoin experienced a notable surge from \$42,283 to a peak of \$73,777, representing a 74.4% increase. Key driving factors include the launch of BTC spot ETFs, Bitcoin halving, and expectations of Fed interest rate cuts. Looking ahead to Q2, we anticipate BTC to undergo corrections before and after the halving, with sustained inflows into BTC spot ETFs expected to push prices beyond previous highs.

Outlook for Q2: The BTC halving is expected to occur around April 20th. It is anticipated that BTC will exhibit volatile trends with false breakouts before and after the halving. A concerning possible scenario to watch out for is if, after the halving optimism fades, BTC drops below the \$66,000-\$67,000 range, which could potentially lead to a further decline toward the previous low range of \$60,770-\$62,260. Following the correction, BTC is poised to target \$80,000 in Q2.

Key BTC indicators:

Ahr999 index: At 1.58 as of April 2nd, indicating a non-investment BTC range. A reading below 0.45 suggests a potential bottoming out, while 0.45 to 1.2 indicates a good time for regular investments.

PI cycle top indicator: 111-day moving average (DMA) at \$51,856 and DMAx2 at \$73,848, suggesting no short-term bubble.

BTC rainbow chart: The current price of BTC falls within the "consider dollar-cost averaging range," with the potential for a rise to \$150,000.

Top escape index (2-year MA Multiplier): The price of the green line is \$30,078, and the price of the red line is \$150,391, positioning BTC in the middle.

Read WOO X Research's full quarter report and alpha outlook for Q2 at

<https://woo.org/blog/en/category/research>

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