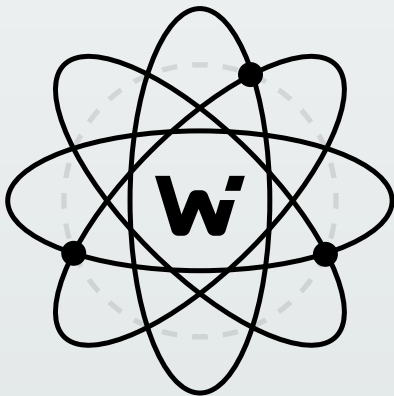
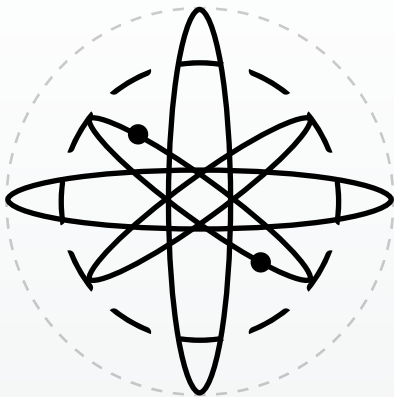
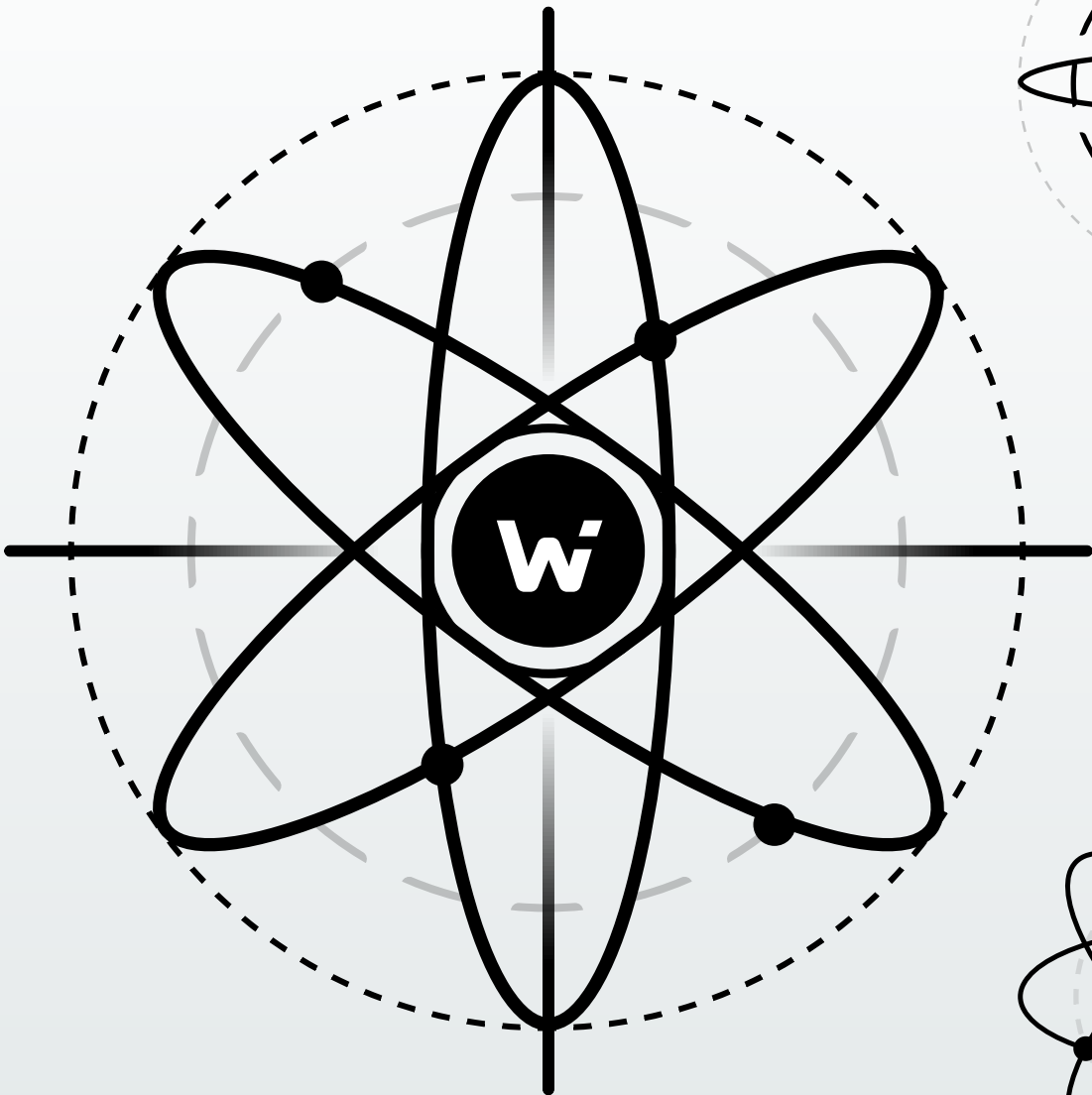




Projections, insights, and highlights  
from the WOO ecosystem



20  
24

QUARTERLY  
REPORT, Q2

## Contents

1. Executive summary	3
2. Improving tokenomics for WOO	4
3. Emerging as an industry-leading DEX	6
4. Growing WOO X into a tier-one CEX	7
5. Building a world-class team	9



## Executive summary

Q2 was marked by a lull between the Bitcoin and Ethereum ETFs, and many analysts and investors took that opportunity to begin digging deeper into the fundamentals of projects and tokens. We observed several themes that have emerged as industry consensus:

- Many VC-backed projects have launched tokens with initial fully diluted valuations exceeding \$5B, which has left little room for upside for retail investors and liquid token funds;
- The industry has significantly over-invested in infrastructure, resulting in an excess of blockspace and relatively few applications with mass user appeal. Looking beyond newer projects, the Ethereum network has consistently had some of its lowest gas fees in the past four years;
- Investors and traders have become more aware of vesting schedules, token inflation rates and large unlocks for team and private investors. Many projects considered as “low-float, high FDV” have struggled to outperform large caps like BTC and SOL, as well as “fair-launch” memecoins like WIF and PEPE.
- As the market’s momentum and exuberance have subsided, so remaining participants are paying more attention to projects with strong fundamentals, token utility, and perhaps most importantly value accrual from the protocol for the token

As the central component of our ecosystem, we continually look to improve the fundamentals of the WOO token. Over the past year, we have driven further utility for WOO on WOO X through product upgrades like yield farming vaults and we plan to extend this utility further by launching copy trading in Q3 and revamping the staking program afterward. WOOFi and WOOFi Pro have both improved the fundamentals of WOO significantly through the real yield in USDC distributed to WOOFi stakers. For the remainder of 2024, we plan to continue expanding our DeFi market share by launching new products and deploying our applications into new ecosystems to further boost the yields for stakers.

In this report, we’ll take a look at some of the steps to be taken over the second half of 2024 to further cement WOO as one of the category leaders among tokens with strong fundamentals and highlight some of the notable achievements of the flagship products bearing the WOO brand.

# Improving tokenomics for WOO



Over the past four years, the WOO token has been a central component of our ecosystem by aligning the interests of early investors and team members, to building a community and forming partnerships with leading projects in the space. As our project matures, the role the WOO token plays in our ecosystem continues to evolve in parallel. Upon establishing a proper entity structure of a holding company and foundation in Q3, we will transfer WOO tokens into the entities to achieve our longer-term goals of growing WOO X into a Tier One centralized exchange and building WOOFi into one of the leading suites of DeFi applications globally.

Additionally, we plan to improve the Designated Market Maker (DMM) programs on WOO X by transitioning to a hybrid incentive program of both WOO tokens and stablecoins. Since many of our DMMs participated in the strategic raise in early 2024 and have earned WOO incentives from the DMM programs since last August, we believe that reducing inflation through incorporating stablecoin incentives is prudent. By taking this approach, we will reduce WOO's annual inflation rate by more than one percentage point, while still enabling DMMs to have an alignment with the WOO ecosystem.

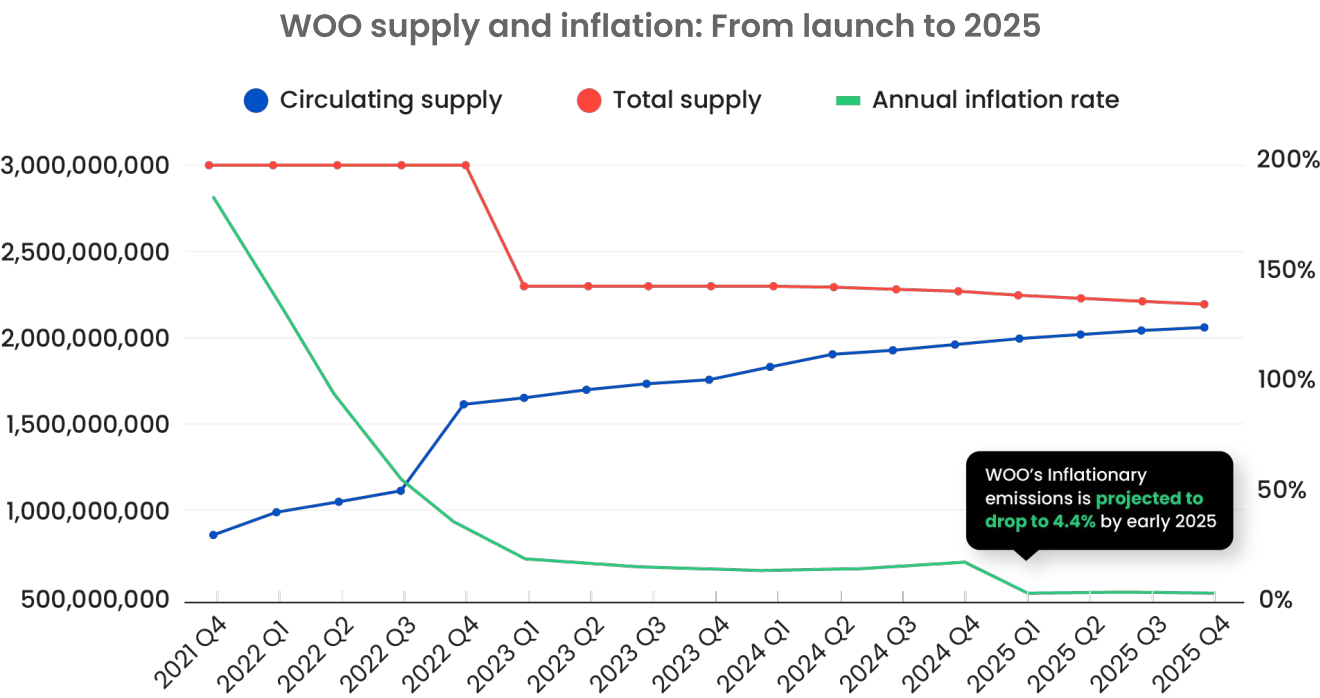
One of the core drivers of strong fundamentals for the WOO token has been the value accrual from the growing success of WOOFi and WOOFi Pro trading products for WOOFi stakers in the form of yield in USDC or auto-compounding in WOO. Throughout Q2, WOOFi Pro has experienced exponential growth, which we highlight extensively below. We plan to continue to build upon this momentum and strengthen these fundamentals by releasing several innovative product improvements for WOOFi in Q3. Altogether, these product improvements will drive further growth and market share capture for WOOFi applications, which translates to higher yields for WOOFi stakers.

To further incentivize stakers to turn on auto-compounding on WOOFi, we are introducing a *Match and Burn campaign* where the Ecosystem Rewards will match the same amount of monthly WOOFi buybacks and burn these tokens from its treasury. This initiative will help encourage more WOOFi stakers to activate the auto-compounding feature, which increases ongoing demand for the WOO token and also gradually reduces the total supply of WOO while increasing the market cap to FDV ratio.

At the end of Q2, there were roughly 291m WOO tokens staked on WOO X and another 275m staked on WOOFi. Cumulatively, this number is a 14% increase from the previous quarter and comprises 32% of the circulating supply. Through continued product innovation, new sources of utility, and growing market share capture, the momentum of staking growth is anticipated to continue through Q3 and beyond.

As the WOO token continues to mature, the vesting contracts for early teams and investors are set to expire in Q4. With the establishment of the holding company, we will supplement the majority of future team incentives with an Equity Stock Option Plan (ESOP) rather than primarily using tokens, which will help reduce future token inflation. These developments, combined with the improved DMM program, will contribute to a significantly reduced inflation rate for WOO in 2025. Our projections currently result in nearly a 65% reduction in overall emissions, which translates to an annualized inflation rate of roughly 4.4% throughout all of 2025. This annualized inflation rate is among the lowest in the industry and is almost on par with BTC, ETH, and Solana.

### Tackling inflation, visualized



With inflationary emissions projected to drop to 4.4% by early 2025, the match and burn mechanism decreasing the total supply, auto-compounding buybacks from WOOFi's protocol, and additional value capture mechanisms introduced through WOO X, WOO is poised to have strongly-defined tokenomics fundamentals heading into Q3.

## Emerging as an industry-leading DEX



From start to finish, WOOFi Pro stole the spotlight in Q2, maintaining an average ~5% market share of total on-chain perps volumes. In total, WOOFi Pro recorded \$23.83b in trading volume (3.74x more than Q1) and \$2.48m in gross fees (3.95x more than Q1). Cumulative volume now sits at a lofty \$34b, with ~2.3k traders using the platform daily on average.

**WOOFi's success can be attributed to four game-changing factors:**

✓ **High demand for Orderly Merits**

✓ **Integrations with trading terminals:**

Partnered with platforms like Mizar and CCXT to enhance trading efficiency.

✓ **Aggressive expansion of the affiliate program:**

The program represented approximately 72% of Q2 volume, a significant increase from nearly 0% in Q1.

✓ **Growing user base in East Asia:**

Japan emerged as WOOFi's top country by 90-day users, driving substantial growth in the region.

With perps volumes exploding, WOOFi Stake naturally grew in parallel, paying out \$1.47M from fees to stakers (1.36x more than Q1). It should be noted this figure doesn't include the additional 7.5m FLC tokens or 97,982 ZRO that were also airdropped this quarter. At the time of writing, nearly 275m WOO are now staked on WOOFi (up 65.9m from Q1), with 40% stored on Arbitrum, 31% on Ethereum, and Avalanche trailing in third with 14%.

Swap volumes lagged behind perps at the quarter's start, but have begun to close the gap now that WOOFi Swap's upgraded V2 contract is operational again and re-integrated with aggregators. WOOFi just recently reclaimed its place in the top 15 DEXes by 7-day swap volume. Zooming out, the total swap volume for Q2 was \$1.066b with the majority coming from Arbitrum (32.2%), Optimism (19.6%), Polygon (15%), and Base (14.8%).



*"The next step for WOOFi will involve targeting further growth through the release of deployments into networks and product features that drastically expand the scope of the original sPMM swap. Additional networks, including our first non-EVM network, provide unique opportunities to connect to new communities of users while strengthening the fundamentals of the WOO token through access to additional fee revenues," said ECO VP Ben Yorke.*

WOOFi's security was further fortified this quarter with 2 comprehensive audits by Zellic and Sherlock, alongside integration with Hypernative's risk detection system. WOOFi also qualified for another 395k ARB incentives which began issuance on the 16th of June.



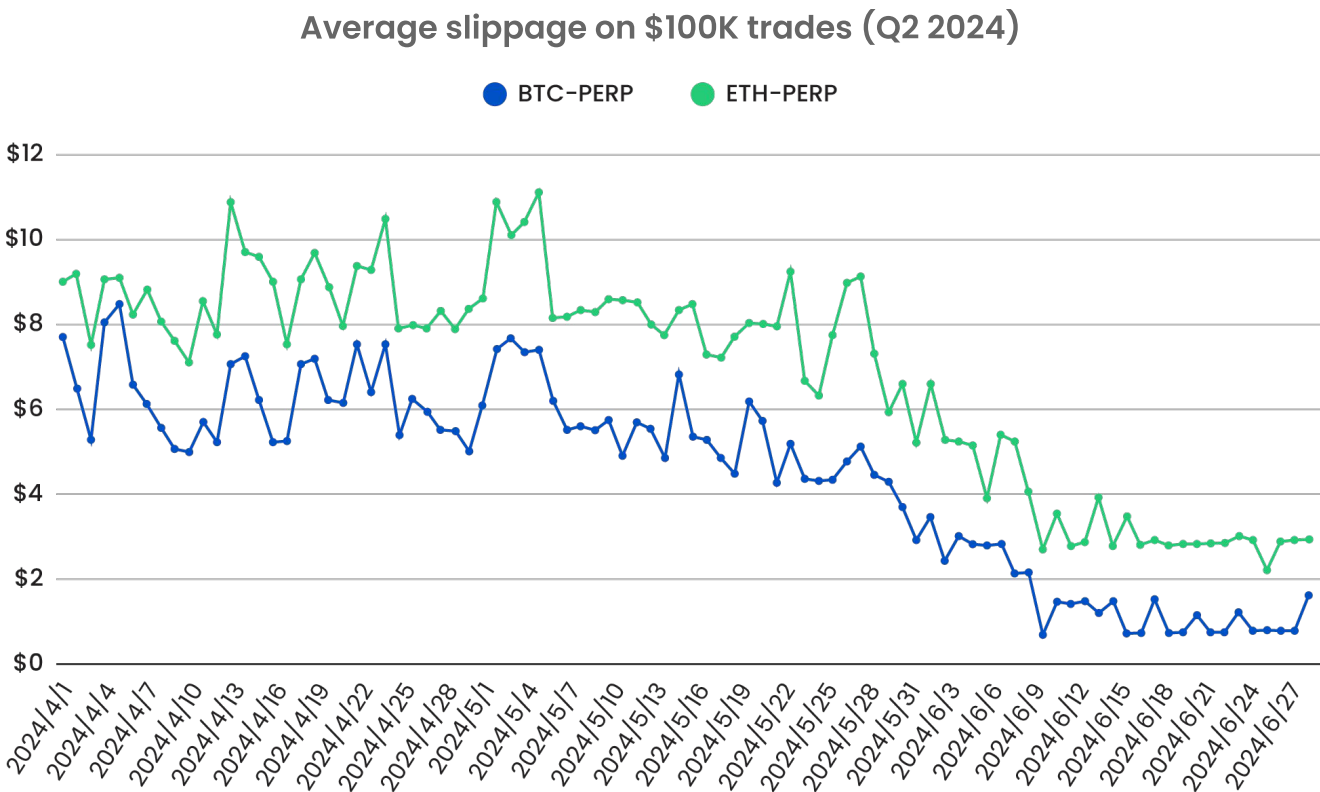
# Growing WOO X into a tier-one CEX



The notable achievements of WOO X can be summarized in three categories: product launches, infrastructure improvements, and liquidity enhancements.

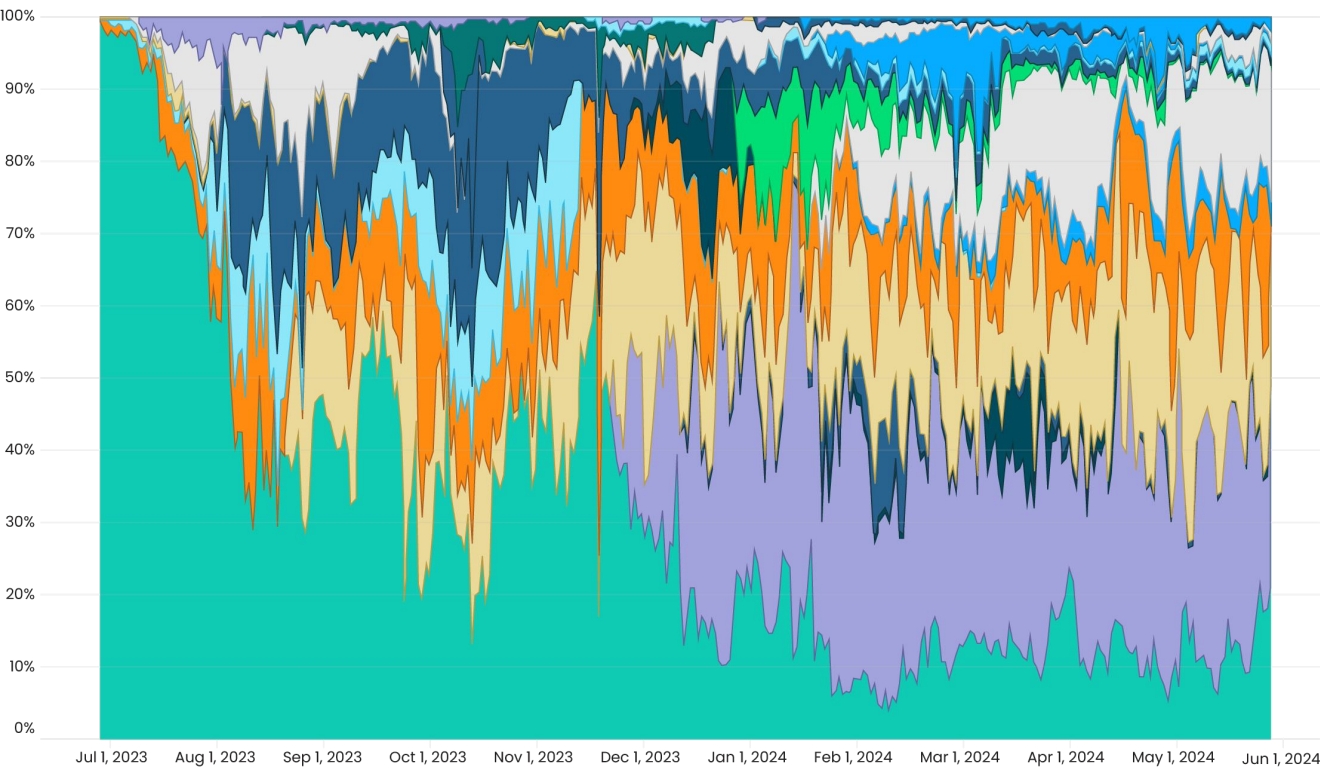
WOO X's product team had a busy Q2, starting with the launch of several innovative index perps. These products were launched in partnership with GMCI as the index provider and Wintermute as the primary liquidity provider. On top of adoption from many users, this launch gained broad interest from the cryptoasset media, including Coindesk and The Block. Traders are using these products in unique ways, such as pair trading by longing the memecoin index against shorting BTC, a basket of large-cap assets, or other coins of their choosing. Focusing on yield, WOO X had two exciting products go live in Q2. For more risk-averse and long-term-oriented users, WOO X was the first global centralized exchange to offer direct access to real-world assets in the form of U.S. Treasuries in partnership with OpenTrade. For degens, WOO X launched several yield farming vaults that featured 3-digit yields on their WOO tokens and were highly popular among retail traders - expect to see more of these vaults throughout the rest of 2024!

The diversity of liquidity providers continued with the expansion of the DMM program to include stablecoin incentives for top-of-book depth, leading to improved liquidity on BTC and ETH perp pairs. This improvement has made WOO X better than many tier-one exchanges for perp liquidity and another source of user growth throughout Q2. The success of this initiative is visualized in the following chart, which shows the estimated slippage in dollar amounts on \$100k sized trades for BTC-PERP and ETH-PERP throughout Q2. Altogether, these improvements equate to roughly a 75% reduction in slippage.



Presently, the DMM program continues to drive a diversity of participants with 80-85% of perp maker volumes covered by DMMs. Notably, Wintermute has grown into the largest DMM by taking the top spot consistently across all perp markets. After launching the spot DMM program in late Q1, DMMs now account for around 40% of maker volumes and are anticipated to continue to grow in the second half of 2024. Many new Token Market Makers (TMMs) have now connected, making it easier for WOO X to deploy quick new listings where the TMM is the dedicated service provider for a specific token issuer.

WOO X perp maker volume share breakdown by DMM



Each color represents a different market maker providing liquidity for perps on WOO X

“In Q2, we began exploring more tools for traders, for better execution management and trade discovery, which should be a focus in the following quarter. We will bring on strong lead traders (LT) to ensure our copy trading product, our biggest product launch since perpetual futures, is a success. Both of these initiatives should contribute to the development of a more vibrant trading community, and lead to new user growth and retention,” said CPO Bryan Chu.

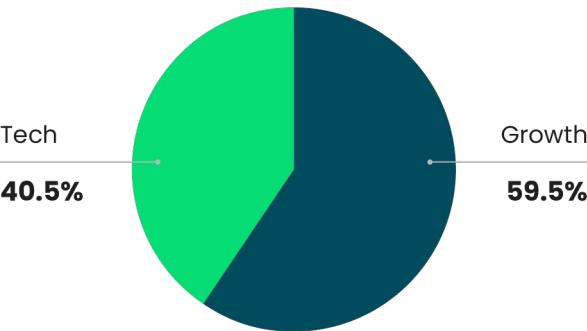
Additionally, websocket API latency was reduced by nearly 90% on average, further supporting the adoption of WOO X by high-frequency traders and institutional liquidity providers, which drove more trading volumes throughout Q2. On the GUI, the workspace was streamlined with a series of improvements, including a refined markets page, a revised navigation bar, and refinements to account and deposit pages.



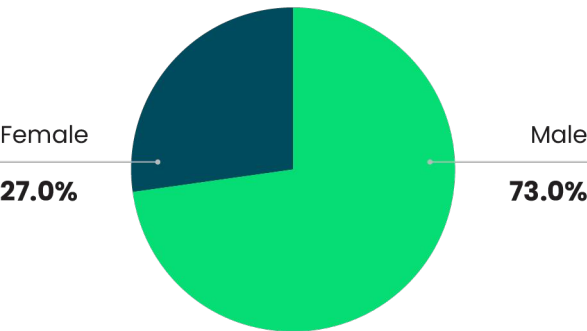
# Building a world-class team

In light of strong improvements in user experience, liquidity, and performance, WOO has scaled its team up significantly by aggressively hiring top talent with years of industry experience. Here are some data insights on the current hiring by WOO:

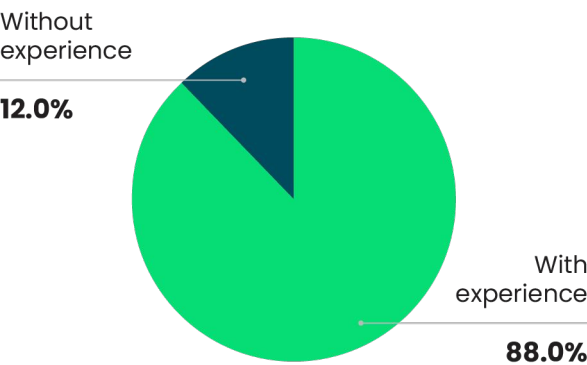
New hires by type



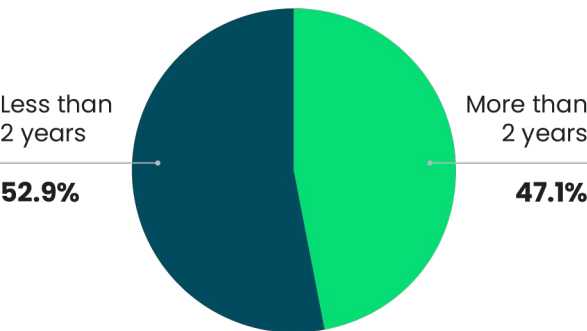
Gender ratio of employees at WOO




Percentage of new hires with previous experience at a crypto exchange



Percentage of employees onboarded more than 2 years ago



Altogether, WOO has made 42 new hires throughout Q2, bringing a breadth of experience and new skills to the team. According to CoinGecko's 2024 Q1 Crypto Industry Report, the average job tenure in the cryptocurrency sector, particularly at exchanges, tends to be around 1-2 years. Nearly 50% of our staff have been with the company for more than two years and almost 30% over three years, which highlights our ability to retain and develop talent within the company. If you are excited about building the leading CeFi and DeFi platforms alongside an ambitious and committed team, then we encourage you to reach out and join our mission!



*“This sustained commitment to talent development ensures that WOO is well-positioned to maintain its growth trajectory and drive continued innovation in the cryptocurrency sector. A key priority for Q3 will be adding more than 50 new team members with experience in DeFi applications and crypto exchange growth, particularly in key regions such as Singapore and Western Europe,” said COO Willy Chuang.*

## **Disclaimer and important information**

*This report provides an overview of WOO's key achievements, developments, and performance over the past year. It is intended solely for informational and educational purposes and should not be interpreted as an investment recommendation, offer, or solicitation for any products or services. Investment decisions should be made with caution. The content herein does not cater to individual investment needs or circumstances. We strongly advise consulting with a professional financial advisor before making any investment decisions. The views and opinions expressed in this report are those of WOO and do not reflect any official policy or position.*

*While efforts have been made to ensure the accuracy and reliability of the information provided, WOO does not guarantee its completeness or precision. The content of this report has been translated into various languages and disseminated across multiple platforms. Despite our efforts to ensure accurate translations, discrepancies or inconsistencies may occur. In such cases, the English version available on our official website shall prevail.*

*Any forward-looking statements in this report are based on current expectations and projections about future events. They are subject to risks, uncertainties, and other factors that may cause actual results to differ materially from those anticipated. WOO does not undertake any obligation to update these statements in light of new information or future events.*

*This report is not intended for distribution in any jurisdiction where such distribution would be contrary to local law or regulation.*

*For any queries or clarifications regarding the content of this report, please feel free to contact us.*