

**Metallicus**

**Quarterly  
Update**

**Q1 2024**

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# Marshall Hayner

CEO



Dear Investors, Friends and Partners,

It has been an exhilarating start to 2024, and we have made significant progress in our mission to build the world's most customer centric digital asset banking network.

As we witness the world accelerating towards the acceptance of the transformational potential of blockchain technology, Metallicus is once again leading the way by developing and shipping working products that seamlessly integrate with the existing financial system we are looking to support.

In Q4 of last year, we launched the Metal Blockchain Banking Innovation Program, a program dedicated to providing financial institutions in the United States with an opportunity to explore bespoke blockchain use cases to improve and refresh their existing legacy systems. We are pleased to announce that we have successfully started to onboard US-based financial institutions into the program, including Vibrant, Fairwinds, and Meritrust Credit Unions, and we are in the process of finalizing agreements with more partners in the coming weeks.

The Banking Innovation Program catalyzed the launch of the Metal Blockchain Advisory Council, with Pete Nohelty, Chief Technology Officer at Vibrant, being announced as an inaugural member. Pete brings a wealth of experience and is facilitating conversations within the credit union sector about how Metallicus can support small to mid-sized banks and credit unions in the US with blockchain-based solutions. Our development teams are working closely with these institutions to identify and address the most significant use cases.

As we continue to build solutions for the traditional finance industry, we are also at the forefront of developing cutting-edge products within the digital asset and Web3 ecosystems. Our Digital On-Chain Identity protocol now includes Ethereum Virtual Machine (EVM) support, allowing users to verify their on-chain identities with institutional-grade security and data protection using Ethereum wallets on the Metal Blockchain. The migration of the XPR Network (A-Chain) is in full-time development, and we are advancing the development of the Bitcoin Virtual Machine on Metal Blockchain.

We are exceptionally excited to announce the launch of our Layer 2 solution, Metal L2, as part of the growing Optimism Superchain ecosystem. Metal L2 introduces a unique offering to the Ethereum scaling landscape by establishing direct connections with bank and payment partners, as well as identity management systems. By integrating our fiat on-ramp, Metal L2 offers the most affordable and compliant pathway for onboarding into Web3, enabling apps to accept direct credit and debit payments. We are currently in discussions with some of the biggest L2 applications in the space and look forward to moving them to Metal.

It has been another phenomenal quarter of media coverage for Metallicus, earning recognition from some of the most prestigious publications in the industry, most impressively with a dedicated feature on the Banking Innovation Program in American Banker. I was honored to speak on Nasdaq Trade Talks with Jill Malandrino. Additionally, our entire executive team has conducted interviews with multiple leading titles and we are excited to share this upcoming coverage with you soon.

Our digital marketing efforts are making significant progress, with our team successfully reducing the Customer Acquisition Cost (CAC) across various platforms in preparation for launching accelerated growth campaigns. We are also nearing a major expansion of Metal Pay into the APAC region, starting with Australia and New Zealand later this summer.

Under one compliant roof, Metallicus is building a fully integrated suite of solutions designed to plug seamlessly into the existing financial infrastructure. This unified approach ensures that transitioning into the blockchain space is as smooth and straightforward as possible for traditional financial institutions, enabling them to leverage the full potential of digital assets and Web3 technologies without the usual complexities of integration.

We look forward to updating you next quarter, and as always don't forget to tell everyone to #MoveToMetal.

Marshall Hayner





# Company Metrics

This quarter, we are reporting a solid 30% increase in revenue compared to the last quarter, with a 20% uptick in fiat deposits across our platforms. This growth reflects our focused efforts on enhancing and streamlining our onboarding processes, as well as the impact of both organic and paid campaigns. As we look ahead, we are accelerating development across our product suite to introduce new revenue generation opportunities. Concurrently, we are committed to refining our cost acquisition strategies to ensure efficient and sustainable growth.

**30%** 

TOTAL REVENUE

**20%** 

TOTAL FIAT DEPOSITS

# Blockchain & Banking

## The Banking Innovation Program

Since its launch, the Metal Blockchain Banking Innovation Program has attracted significant interest from Financial Institutions. We are currently onboarding our Initial Cohort of Credit Unions to explore viable use cases that can be brought to market while complying with existing regulatory frameworks. If you are interested in learning more about the program or the process for joining, please contact Frank Mazza, Director of Blockchain for Banks & Fintechs at Metallicus, at [frank.mazza@metallicus.com](mailto:frank.mazza@metallicus.com).

## Vibrant Credit Union

Originally founded as the Deere Harvester Credit Union in 1935, Vibrant Credit Union is an active participant in the Metal Blockchain Banking Innovation Program. The credit union continues its longstanding tradition of service and innovation within this initiative. Pete Nohelty, the Chief Technology Officer at Vibrant, serves as the inaugural member of the Metal Blockchain Advisory Council, contributing his significant industry experience to the initiative.

## FAIRWINDS Credit Union

Fairwinds Credit Union, located in Florida, is another esteemed member of the Banking Innovation Program. Established in 1949, it was originally created by employees of the Cape Canaveral Air Force Station and was formerly known as the Navy Orlando Credit Union. Today, it operates as Fairwinds.

## Meritrust Credit Union

Meritrust Credit Union, based in Kansas, is a key participant in the Banking Innovation Program. Founded in 1935, it was originally established by employees of the Boeing Company and was known as the Wichita Boeing Employees' Credit Union. Today, it operates as Meritrust.





# Product Update

## **Advancements in Metal Identity Integration**

Metallicus is proud to announce the launch of Metal Identity across all Ethereum wallets, expanding our reach and inclusivity within the blockchain space. This new feature allows users of any Ethereum-based wallet to seamlessly verify their identities, ensuring secure and broad access to our innovative products.

## **Metal Pay Connect: Testing and Security Enhancements**

Metal Pay Connect has reached a pivotal phase with its deployment in a live test environment. To uphold our commitment to security and reliability, the platform is currently undergoing rigorous penetration testing by an independent contractor. This step is crucial as we prepare to unveil Metal Pay Connect to our consumers and partners, ensuring any vulnerabilities are identified and rectified.

## **Transaction Management Improvements**

We have successfully implemented a new transaction system designed to enhance how we handle card declines. This system is now live in production, offering more robust support and smoother transaction experiences for our users.

## **Introduction of Session Replay Monitoring**

In our continuous effort to refine user experience, session replay monitoring has been activated. This tool is instrumental in identifying and addressing points of customer frustration, thereby streamlining user interactions and enhancing overall satisfaction.

## **Enhanced Usability with New Address Book Feature**

Metal Pay has integrated an address book feature, allowing users to easily save and label their withdrawal addresses. This addition not only enhances user convenience and underlines our commitment to the security of our customer's funds.

## **New 'Buy' Screen and Preparations for Limit Orders**

A new 'buy' screen has been launched, setting the stage for the introduction of limit orders. This development is part of our ongoing strategy to provide users with comprehensive control over their trading strategies and to enhance the functionality of our trading platforms.

## **Performance Enhancements and SDK Updates**

Continual improvements have been made to the Metal Pay platform, including several performance enhancements and updates to the Software Development Kit (SDK). These updates ensure that Metal Pay remains at the forefront of technological advancement, providing a seamless and efficient user experience.

# Engineering / XPR Network + WebAuth

## **WebAuth Enhancements and Expansion**

Metallicus is delighted to announce significant enhancements to WebAuth, including the successful release of WalletConnect in app stores. This feature now supports Ethereum and other EVM chains, substantially broadening our toolkit for decentralized applications. The ongoing refinements and the new WebAuth homepage have strengthened the platform's usability and functionality, demonstrating our commitment to seamless integration and user-friendly solutions.

## **Progress on Metal X Futures**

Significant progress has been made in developing the Metal X Futures platform. While not yet ready for launch, the admin and user functions, matching engine, and funding rate calculation mechanisms have been largely completed. Our focus continues on refining the risk management features, including advanced strategies for liquidations and insurance fund management, to ensure robust platform integrity and user protection once launched.

## **Innovative Strides in Metal Dollar and Metal L2**

Our Metal Dollar initiative has seen strategic adjustments with increased limits for major stablecoins and the removal of USDT to better align with market demands and regulatory standards. In parallel, Metal L2 has made substantial progress, with the selection of Ethereum as the data availability layer facilitating integration into the Optimism Superchain, marking a critical step towards broad-scale deployment.

## **AI and DEX API Developments**

Metallicus continues to push the boundaries of innovation with Metal AI, now featuring capabilities like image generation powered by DALL·E 3. Concurrently, enhancements to our DEX API have rectified previous issues and introduced new functionalities such as a comprehensive trade history feature, improving transparency and user experience.

## **Focused on Future-Proofing and Infrastructure**

As we continue to innovate, efforts are also directed towards optimizing our existing infrastructure. The introduction of regression testing across various platforms and the ongoing updates to our SDK underscore our proactive approach to maintaining robust, cutting-edge solutions tailored to our users' evolving needs.



# Engineering / Metal Blockchain

## Integration of Metal Identity on Metal Blockchain

Metallicus is excited to announce that Metal Identity is now fully operational on the Metal Blockchain. This advancement allows our partners to seamlessly incorporate Know Your Customer (KYC) procedures with robust on-chain identity verification, enhancing the security and compliance of blockchain solutions.

## Completion and Testing of Metal Blockchain Bridge

The development of the Metal Blockchain bridge has reached completion and is now available on the Tahoe testnet. This bridge is crucial for facilitating secure and efficient transfers between different blockchains, enhancing interoperability within our ecosystem.

## Advancement in A-Chain Development

Our team has successfully reached the next milestone in the development of the A-Chain and has shifted to full-time development. This progress is pivotal as we continue to enhance the capabilities and efficiency of the Metal Blockchain.

## Development of a New Virtual Machine for Metal Blockchain

Recognizing the diverse needs of our partners, we have initiated the development of a new virtual machine for the Metal Blockchain. This new addition will provide our partners with three distinct virtual machine options, empowering them to choose the most suitable environment for their specific applications and further solidifying Metal Blockchain's position as a versatile and adaptable blockchain solution.

## Durango Upgrade

The Metal Blockchain has been enhanced with the Durango Network upgrade, designed to improve transaction efficiency and scalability. This update strengthens the blockchain's capability to handle a higher volume of transactions, ensuring robust and reliable network performance. For more details on the Durango upgrade, visit [here](#).



# Metal L2

## L2 DAO Vote

This quarter saw the launch of the Metal L2 after the Metal DAO community voted in favor of deploying a new Layer 2 on the Optimism stack. With this comes some token changes to MTL. The proposal adds a one time grant of 6m MTL for core development and 6m MTL for Metal DAO treasury and grants to help build a strong community of developers around Metal L2. You can read more about the proposal in the Metal DAO community on [gov.xprnetwork.org](https://gov.xprnetwork.org)

## Mainnet Deployed

Thanks to the efforts from VP of Engineering Syed Jafri, Metal L2 mainnet has already been deployed and is available on the [superbridge](#) allowing MTL holders to move ETH seamlessly from Ethereum Mainnet to Metal L2. Developers can already start building and deploying code.

## Wallet Support

Metal L2 is already available in traditional Ethereum wallets such as MetaMask, Metallicus is also working on an update that will bring Ethereum and Metal L2 support for WebAuth Wallet. This update will open the [WebAuth.com Wallet](#) up to a significantly larger audience and target userbase.

## Business Development

Our motivated Business Development team have already made significant strides in talking with teams from the top decentralized exchanges, lending protocols and dApps about launching their platforms on [Metal L2](#) and the advantages that come with that.

## Contribution to the Optimism Superchain

Our greatest strength is our ability to provide fast, efficient and compliant fiat on-ramps by way of our upcoming Metal Pay Connect product. This will allow us to provide white label and iframe based solutions for businesses looking to provide these compliant services to their customers. We are excited about potential revenue sharing opportunities and co-marketing efforts this may bring Metallicus in the near future.

Marshall Hayner [talked in depth](#) about the visions for the Metal L2 recently on OP Radio.





# Marketing Update

## Public Relations

Our public relations strategy is sharpening focus, targeting super tier-one publications such as American Banker and expanding to include niche Web3 and new-age media titles with substantial digital reach. This dual approach allows us to maintain visibility in highly credible financial news outlets while engaging deeply with the blockchain community through specialized channels.

## Digital Marketing Optimization

We are advancing our digital marketing strategies to lower Customer Acquisition Cost (CAC) by integrating sophisticated AI-powered tools that utilize on-chain data to precisely target active Web3 participants. Simultaneously, we are incorporating insights derived from our collaboration with Harvard University Behavioral Strategy Group to tailor campaigns specifically for onboarding new users. This strategic blend of cutting-edge technology and empirical behavioral data from Harvard ensures our outreach efforts are both effective and efficient. Working closely with the Engineering Team at X, these initiatives are positioning us to maximize media spend efficiency. The synergy of these approaches will be pivotal as we prepare to scale our operations. We are also increasing the volume of organic direct marketing to drive an increase in DAU's.

## Ongoing Branding Initiatives

As we continue to evolve our branding strategy, Metal L2 marks the latest development in this ongoing effort to create a cohesive family of products. This initiative focuses on aligning the aesthetics and functionality across our entire suite to more clearly represent our comprehensive digital banking stack. By updating and refining the visual identity and user experience of each product, we aim to emphasize that they are all integral parts of a unified system that bridges Web 2.0 and Web 3.0, while adhering to existing regulatory frameworks. On [metallicus.com](https://metallicus.com), we are dedicated to illustrating how each component of our product suite complements and supports the others, showcasing a unified and seamless digital banking experience.

## UI and UX Continuous Improvement

We are committed to continuous improvements in UI and UX, ensuring that updates across products are implemented seamlessly. This ongoing work keeps the user experience smooth and intuitive, aligning with our broader goal of making blockchain technology accessible and easy to use.

## Community Building

Strengthening our developer community remains a priority, with ongoing efforts to provide collaborative spaces and support for innovation. This strategic community engagement helps foster a supportive ecosystem conducive to development and growth.

# Media Coverage

## American Banker

Metallicus was pleased to be included in a feature story with [American Banker](#). The article introduced the recently launched Banking Innovation Program and highlighted the initial stages of our work with our Credit Union partners. Two of the preceding feature stories on American Banker opened discussions around US bank closures, and how their legacy technology systems were letting them down. We would like to thank Bryan Hubbard from our Advisory Board for supporting with this coverage.

## Forbes Feature

Following the release of the American Banker feature, the piece received considerable pick up including a detailed contribution from Jason Brett a Senior Contributor at Forbes. Jason's piece, ["How BankSocial And Metallicus Are Banking On Blockchain In 2024"](#) also introduced the Banking Innovation Program, and the progress that has been made with recently announce partnerships.

## Marshall on Nasdaq Trade Talks

Our relationship with Nasdaq continues to strengthen with the invitation to participate on [Nasdaq Trade Talks](#), Nasdaq's live segment broadcasted on X and also their website. Marshall was invited to discuss the "The Future of Banking and How Tradfi and Fintechs Should Co-Exist" alongside Andrew Carey, Co-Founder & CEO of GoldATM, and Austin Strong, CEO of TAB Bank, hosted by Jill Malandrino.

## Future Coverage

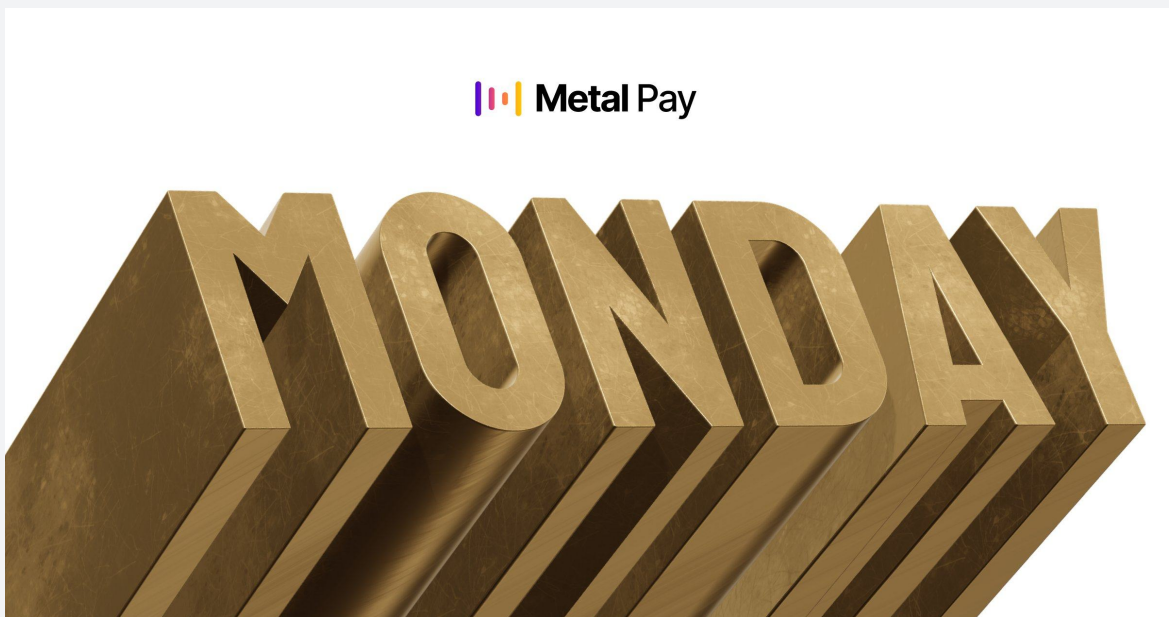
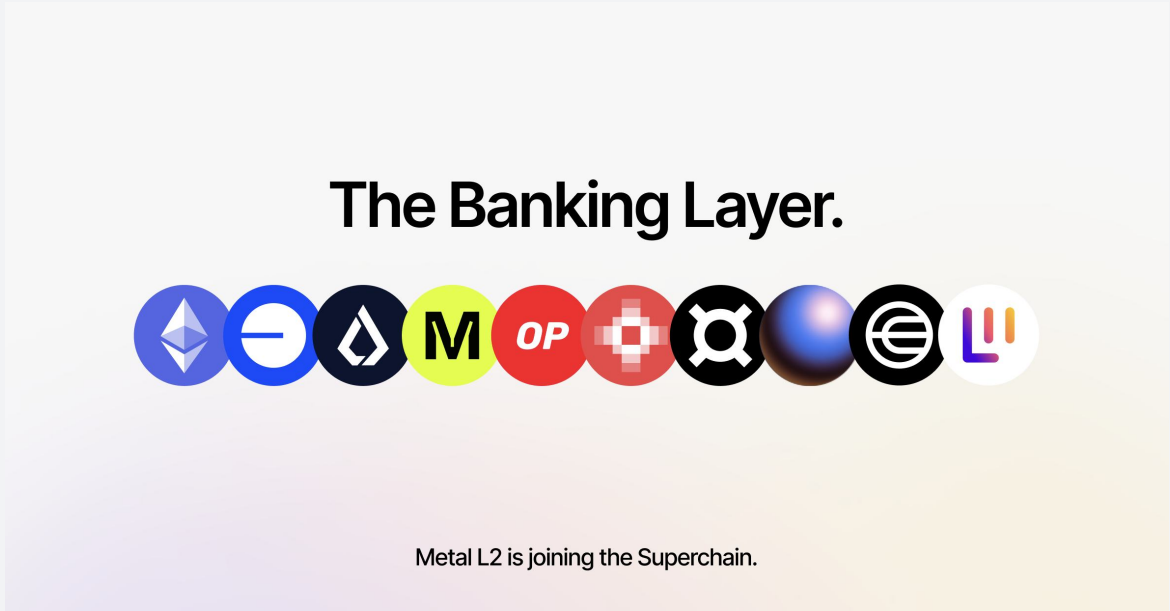
Our executive team has completed a number of interviews with other industry leading titles, and we are looking forward to their release. We are interested in all forms of media coverage, specifically new age formats such as Podcast, Twitter Spaces, and Live Streams, so if you have an recommendations or introductions please reach out to our Director of Marketing, Will at [will@metallicus.com](mailto:will@metallicus.com).

## Paywall Integration Use Case

We are exploring an innovative use case to bring traditional web2 media paywalls onto the blockchain, aiming to make them seamless and instantaneous. This initiative will be powered by our WebAuth Wallet and the XPR Network, enhancing the user experience with efficient access and transactions. If you are aware of any media outlets interested in transforming their paywall systems through this technology, please connect them with us.



# The Metal Gallery, Enjoy.





**Metallicus**

**Thank You**