WONDERFI TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE & SIX MONTHS ENDED JUNE 30, 2025 AND 2024

Contents

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for WonderFi Technologies Inc. (together with its subsidiaries, the "Company" or "WonderFi"), dated August 13, 2025, should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and accompanying notes for the six months ended June 30, 2025 and 2024 ("Interim Financial Statements"), along with audited consolidated financial statements and its accompanying notes for the year ended December 31, 2024 ("Annual Financial Statements").

Some of the information in this MD&A contains forward-looking statements that are based on assumptions and involve risks and uncertainties. See the "Caution Regarding Forward-Looking Statements" section of this MD&A for a discussion of the uncertainties, risks and assumptions associated with those statements.

The Company's Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts in this MD&A, the Company's Interim and Annual Financial Statements are presented in Canadian dollars, except where otherwise noted.

The Company utilizes non-IFRS measures in assessing operating performance. Non-IFRS financial performance measures exclude the impact of certain items and are used internally when analyzing operating performance. Please refer to the "Caution Regarding Non-IFRS Measures" section of this MD&A for more information.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that may constitute "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities law. Forward-looking statements are provided for the purpose of furnishing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those referenced in the "Other Risk Factors" section of this MD&A, and, as a result they may never materialize, prove incorrect or materialize other than as currently contemplated, which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. When used in this MD&A, any words that express or involve discussion with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance, including "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions or variations thereof (including the negative of any of these terms or similar expressions), as they relate to the Company, are not statements of fact and are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements.

Certain material factors, estimates or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may vary and differ materially from those expressed or implied in such statements, which are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company’s actual financial results, performance or achievements to be materially different from those expressed or implied herein. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company’s ability to develop and grow its digital asset trading platforms; the sufficiency of the Company’s cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards. The Company has made certain assumptions about the Company's business, the economy and digital assets, decentralized finance and blockchain sectors in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

The Company cautions you that the foregoing list may not contain all the forward-looking statements made in this document. The Company’s actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward- looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company’s affairs since the date of this report that would warrant any modification of any forward-looking statements made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company’s website. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events, and whether such information is appropriate for any particular purpose, including in consultation with independent legal and financial advisors. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and WonderFi does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company’s disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company’s filings with Canadian securities regulatory agencies, risk factors set out therein and included in this document, which can be viewed on the Company’s profile available online at http://www.sedarplus.ca/.

CAUTION REGARDING NON-IFRS MEASURES

This MD&A refers to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures including “EBITDA,” “EBITDA margin,” “Adjusted EBITDA,” and “Adjusted EBITDA margin,” as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. The Company believes that these financial measures provide information that is useful to investors in understanding the Company’s performance and facilitate comparison of quarterly and full year results from period to period.

EBITDA and EBITDA margin are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Adjusted EBITDA and Adjusted EBITDA margin are measures used to assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets.

"EBITDA" is defined as net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization. "EBITDA margin" is defined as the percentage obtained when dividing EBITDA by revenues. "Adjusted EBITDA" is defined as EBITDA adjusted to exclude: (i) share-based compensation; (ii) other expenses; (iii) asset impairment charges; (iv) revaluation gains or losses on digital assets; (v) other non-cash expenses; (vi) certain one-time transaction expenses and include (vii) interest income. "Adjusted EBITDA margin" is defined as the percentage obtained when dividing Adjusted EBITDA by revenues.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Reconciliations from IFRS measures to non-IFRS measures are included throughout this MD&A.

COMPANY OVERVIEW

WonderFi Technologies Inc. ("WonderFi") through its operating subsidiaries provides access to digital assets in secure and regulated environments. The Company is headquartered in Canada and is a leading provider of end-to-end financial infrastructure for the digital asset industry through its Bitbuy and Coinsquare platforms. Effective June 22, 2022, the Company's common shares commenced trading on the Toronto Stock Exchange ("TSX") under the symbol "WNDR".

WonderFi seeks to simplify user interactions within the emerging digital asset industry with its diverse offerings. The Company, through its subsidiaries, offers the following services:

1) regulated trading accounts for digital assets (including the ability to earn staking rewards); and
2) state-of-the-art digital asset marketplaces for institutions and corporate enterprises, with significant liquidity for transacting in digital assets.

The Company is led by a first-class team of digital asset, security, product and regulatory professionals, as well as a board of directors with extensive industry experience and knowledge. WonderFi's team has decades of cumulative experience building digital asset products and applications and is focused on simplifying the complexities that prevent wider adoption of digital assets.

WonderFi's mission is:

"To empower secure and accessible digital experiences through our market-leading brands."

Since its inception, the Company has successfully completed numerous mergers and acquisitions within the digital asset industry, significantly expanding and solidifying its market leader position in Canada. The following highlights WonderFi's historical acquisitions:

Entity Acquired	Transaction Date	Principle Business	Regulated Status	Primary Consideration
Bitstamp (Canadian accounts)	April 26, 2024	Trading	N/A	Cash & contingent earnout
WonderFi Australia Pty. Ltd.	April 8, 2024	Trading	AUSTRAC	Cash
Bitvo Inc. (client accounts)	November 15, 2023	Trading	Restricted Dealer (OSC)	Cash & contingent earnout
Coinsquare Capital Markets Ltd.	July 7, 2023	Trading	Investment Dealer (CIRO)	Share Issuance
Simply Digital Technologies Inc.	July 7, 2023	Trading/ Payments	Restricted Dealer (OSC)	Share Issuance
Blockchain Foundry Inc.	November 7, 2022	DeFi Solutions	N/A	Share Issuance
Coinberry Limited	July 4, 2022	Trading	Restricted Dealer (OSC)	Share Issuance
Bitbuy Technologies Inc.	March 25, 2022	Trading	Restricted Dealer (OSC)	Share Issuance & cash

OPERATING SEGMENTS

The Company operates through three reportable segments: Trading, Payments and Corporate. Trading consists of operations from the Company's crypto exchange brands; Bitbuy and Coinsquare. The Payments segment consists of operations from SmartPay the company's global crypto payment processing division. The Company ceased operations of the Payment segment in July 2025. Other general operations including research and development, public company expenditures and those pertaining to M&A activities are reported under the Corporate segment.

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision-maker has been identified as the President and Chief Executive Officer. All material revenues and non-current assets are in Canada.

Trading (Retail & Institutional):

WonderFi owns and operates two of Canada's leading regulated digital asset trading platforms (Bitbuy and Coinsquare, together the "Platforms"), which provide services to retail clients, advanced traders, institutions and corporate clients. The Platforms enable their users to move funds from their financial institutions to execute self-directed purchases and/or sales of digital assets listed on the Platforms. In addition, the Platforms offer full-service over-the-counter digital asset trading solutions for advanced traders, institutions and corporate clients.

The Platforms maintain operations within Canada's regulated financial industry. Both platforms are operated through Coinsquare Capital Markets Ltd. ("CCML" or "Coinsquare", a wholly owned subsidiary of Coinsquare Ltd.). CCML is registered with the Ontario Securities Commission ("OSC") and with the Canadian Securities Administrators ("CSA") as an "investment dealer" and "marketplace," and is a Canadian Investment Regulatory Organization ("CIRO") Dealer Member and Marketplace Member. In May 2024, Bitbuy Technologies Inc. successfully transferred its client accounts to CCML, creating one of the largest Canadian digital asset trading businesses operating two brands (Bitbuy and Coinsquare). CCML provides its clients with all protections customarily provided by a CIRO Dealer Member.

Payments:

WonderFi's SmartPay digital asset payments platform enabled businesses to easily accept digital assets as payment for goods and services with a seamless and efficient solution for merchants globally. The SmartPay platform was discontinued in July 2025.

Corporate segment:

The corporate segment provides centralized services, including research & development, finance, treasury, M&A activities, legal, compliance and other head-office related functions to the two operating segments.

BRANDS & TRADEMARKS

Bitbuy

Bitbuy is one of Canada's leading regulated digital asset platforms catering to advanced traders, institutions and corporate clients. Bitbuy offers digital asset trading for retail clients, staking and corporate crypto services.

Coinsquare

Coinsquare is another of Canada's leading regulated digital asset platforms. Coinsquare provides customers with a proprietary platform engineered to deliver a robust, secure and intelligent interface for trading digital assets.

SmartPay

SmartPay was a digital asset payment processing platform that allowed merchants to easily make and receive payments in digital assets.

SECOND QUARTER 2025 MARKET OVERVIEW

The second quarter of 2025 continued to be challenging for the cryptocurrency market, with prices for digital assets for most of the quarter failing to return to the highs achieved in January 2025 (following the US presidential inauguration). However, late in Q2 2025, the crypto market staged a comeback with the total market capitalization for all digital assets surging by over 24% and recovering $663.6 billion in lost value to end the quarter just shy of the digital asset market's January highs.

However, spot trading volumes continued to decline during the second straight quarter, even as Bitcoin ("BTC") soared back above $100,000 and Circle Internet Financial Group, Inc's ("Circle") well received IPO reignited investor enthusiasm. Capital flowed into BTC, pushing its market dominance past 62%, while altcoins struggled to regain momentum. Ethereum led the altcoin pack with a strong quarterly gain but still lagged behind its yearly opening price. Second quarter 2025 industry-wide highlights included the following:

- Total Crypto Market Capitalization rebounded 24% to $3.5T in 2025 Q2, returning to near year-to-date highs.

- Bitcoin rebounded above $100k and made a new all-time high in Q2, increasing its dominance to 62.1% of total market capitalization for digital assets.
- The price of ETH jumped from $1,805 to $2,488 in 2025 Q2, though still below Its 2025 opening price of $3,337
- Despite the market rebound, spot trading volume on centralized exchanges fell -27.7% QoQ to $3.9T in Q2 2025.

The digital asset industry continues to mature while having the focus on it shift to its practical applications to address real-world problems as evidenced by the following:

- On the policy front, July marked monumental milestones for the digital asset industry. The GENIUS Act, the first U.S. federal legislation for digital assets, was signed into law, and the US House of Representatives passed the CLARITY Act, which sets a market structure framework for digital assets. These bills provide a clear regulatory foundation for stablecoins and digital assets in the US, potentially unlocking new opportunities and increasing involvement of institutional players in the crypto market. This trend manifested in strategic investments from institutional companies which accumulated substantial Bitcoin supply during the three months ending June 30, 2025.
- Major banks have introduced cryptocurrency services to allow transactions between certain clients. Many major bank representatives have said that the US banking industry is eager to integrate crypto into traditional banking if and when regulation allows for it.
- Alongside institutional interest, stablecoins saw significant growth in the quarter. The total market cap for stablecoins surged past US$250 billion amid the GENIUS Act boost, outpacing Bitcoin's price trajectory for the period – a requirement for wide-spread acceptance as a medium of exchange.

For the six months ending June 30, 2025, the Company has continued to build momentum on the strong foundational elements that were built over the past couple of years. The Company gained market share across its Canadian trading products and marketing campaigns drove new client signups across its two retail brands: Bitbuy & Coinsquare. The Company continued investment in WonderFi Labs, an R&D incubator to develop and invest in on-chain applications to drive client engagement through the Company's expanding range of channels.

On May 13, 2025, the Company announced that it entered into a definitive agreement (the "Arrangement Agreement") with Robinhood Markets, Inc. ("Robinhood"). Pursuant to the Arrangement Agreement, the Purchaser (as defined herein) will acquire all of the issued and outstanding common shares of the Company ("Common Shares") for C$0.36 per Common Share by way of a statutory plan of arrangement (the "Arrangement"). Subject to customary closing conditions, the transaction is expected to close in the second half of 2025.

BUSINESS HIGHLIGHTS FOR THE THREE & SIX MONTHS ENDED JUNE 30, 2025

For the three months ended March 31, 2025:

1) On January 16, 2025, the Company acquired intellectual property from Blade Labs Corp. ("Blade Labs") related to Solana ecosystem tooling and infrastructure. WonderFi believes that the future is on-chain and is a strong supporter of the Solana ecosystem, and the non-dilutive acquisition of Solana intellectual property will complement the Company's on-chain ambitions. Under the terms of the agreement, WonderFi has acquired Blade Labs' Solana

debugging tool, Bokken, and other Solana-based infrastructure. The acquired intellectual property is intended to provide enhanced open-source Solana-based tooling to WonderFi Labs and its on-chain offerings.

2) On February 13, 2025 the Company launched Bitcoin.ca, a new online hub dedicated to Bitcoin investor education and Bitcoin-related services for Canadians. Bitcoin.ca, wholly owned by WonderFi, will serve as a trusted resource for individuals and businesses in Canada seeking to learn about and invest in Bitcoin. The site provides critical information on Bitcoin's economic importance, historic performance, as well as the basics like how to buy Bitcoin and custody the asset. It also acts as a portal for Canadians to learn about and use Bitcoin-related services and products. Bitcoin.ca is strategically positioned to capture significant organic search traffic. By optimizing Bitcoin.ca with authoritative and unique content, WonderFi aims to rank at the top of search engine results for these high-intent keywords. With a premium domain like Bitcoin.ca and targeted content strategies, the website has the potential to capture a large share of this organic traffic, positioning it as the leading educational destination for Bitcoin in Canada.

3) On February 20, 2025, the Company launched a Layer-2 ("L2") blockchain in testnet, powered by ZKsync, and a digital wallet on ZKsync's Elastic Network through its innovation arm, WonderFi Labs. The Wonder Wallet is now available on Android and iOS in select markets, while the layer-2 blockchain is available in testnet. The new ZK Chain-powered L2 and wallet provide users with premier, innovative services and applications, connecting them to decentralized finance ("DeFi") through industrial-grade security and scalability at a competitive cost. The decision to launch on the Elastic Network strategically positions WonderFi as a first-mover using ZKsync technology to give retail users seamless access to decentralized finance. Importantly, this integration unlocks a new universe of financial applications and services for WonderFi users, including lending, borrowing, staking, and decentralized exchange trading, subject to geo-restrictions. Acting as a gateway to DeFi and leveraging access to an ever-expanding network of applications and services within ZKsync's Elastic Network, WonderFi's ZK Chain and wallet will also be an innovation hub for crypto developers, allowing them to build and ship next-generation decentralized applications. This network and wallet will be available globally, but access may be restricted and geo-blocked based on the jurisdiction of a user.

4) On March 5, 2025, WonderFi announced that it has entered into a non-binding Letter of Intent ("LOI") to form a new partnership with Eightcap and Embedded, its market-leading Trading-as-a-Service ("TaaS") solution. This collaboration aimed to give users on WonderFi's wholly owned crypto trading platforms, Bitbuy and Coinsquare, access to derivatives across a wide range of popular financial markets, including foreign exchange, major indices, oil, metals, and a curated selection of individual stocks.

For the three months ended June 30, 2025:

1) On April 14, 2025, the Company announced that following the successful launch of the Wonder Wallet, WonderFi Labs continues to refine its flagship product, with ongoing improvements that enhance functionality and user experience. The Company also announced that it had sold the majority of its ownership in Tetra Trust Company ("Tetra") for a total consideration of $8.75 million CAD.

2) On May 13, 2025, the Company announced that it entered into the Arrangement Agreement with Robinhood. Pursuant to the Arrangement Agreement, the Purchaser will acquire all of the issued and outstanding Common Shares for C$0.36 per Common Share by way of a statutory plan of arrangement. The all-cash purchase price represents a total equity value of approximately C$250 million on a fully diluted, in-the-money basis, a

premium of approximately 41% to the closing price of the Common Shares on the TSX on May 12, 2025, the last trading day prior to the announcement of the Arrangement, and a premium of approximately 71% to the 30-day volume-weighted average trading price ("VWAP") of the Common Shares as at that date. The holders of brokers warrants of the Company ("Brokers Warrants") will receive a cash amount per Brokers Warrant equal to the Black-Scholes value of each Brokers Warrant as of the business day prior to closing of the Arrangement. The Arrangement is conditional on the termination of the earnout rights (the "Earnout Rights") granted to shareholders of CoinSmart Financial Inc. in connection with the business combination agreement between the Company, Coinsquare Ltd. and CoinSmart Financial Inc. dated April 2, 2023. The holders of Earnout Rights have subsequently approved amendments to the earnout rights indenture dated July 7, 2023 (the "Indenture") to terminate the Earnout Rights.

FINANCIAL HIGHLIGHTS FOR THE THREE & SIX MONTHS ENDED JUNE 30, 2025

Financial Position

As shown in the following table, the Company's financial position continues to remain strong in light of a decline in crypto prices during the period and cash outflows related to one-time activities.

	June 30, 2025	December 31, 2024	Change ($)	Change (%)
Assets				
Current assets				
Cash and cash equivalents	31,907,293	34,346,337	(2,439,044)	(7%)
Digital assets inventory	7,394,940	14,370,289	(6,975,349)	(49%)
Client custodial cash	73,689,977	105,604,138	(31,914,161)	(30%)
Client digital assets	1,837,426,560	1,995,591,233	(158,164,673)	(8%)
Other current assets	2,949,703	3,636,234	(686,531)	(19%)
Total current assets	**1,953,368,473**	**2,153,548,231**	**(200,179,758)**	**(9%)**
Investments	1,834,018	9,433,501	(7,599,483)	(81%)
Intangible assets	36,462,017	40,288,843	(3,826,826)	(9%)
Goodwill	20,295,690	20,295,690	-	0%
Other non-current assets	2,038,053	145,525	1,892,528	1300%
Total assets	**2,013,998,251**	**2,223,711,790**	**(209,713,539)**	**(9%)**
Liabilities				
Current liabilities				
Current payables	14,973,145	16,472,880	(1,499,735)	(9%)
Client custodial cash liabilities	73,689,977	105,604,138	(31,914,161)	(30%)
Client digital assets liabilities	1,837,426,560	1,995,591,233	(158,164,673)	(8%)
Current portion of contingent consideration	1,524,897	1,893,773	(368,876)	(19%)
Other current liabilities	357,600	432,380	(74,780)	(17%)
Total current liabilities	**1,927,972,179**	**2,119,994,404**	**(192,022,225)**	**(9%)**
Contingent consideration	-	1,041,726	(1,041,726)	(100%)
Other long-term financial liabilities	1,742,862	225,723	1,517,139	672%
Total liabilities	**1,929,715,041**	**2,121,261,853**	**(191,546,812)**	**(9%)**
Shareholders' equity				
Share capital	290,848,120	284,021,894	6,826,226	2%
Contributed surplus	14,687,312	14,402,649	284,663	2%
Deficit	(221,252,222)	(195,974,606)	(25,277,616)	13%
Total shareholders' equity	**84,283,210**	**102,449,937**	**(18,166,727)**	**(18%)**
Total shareholders' equity and liabilities	**2,013,998,251**	**2,223,711,790**	**(209,713,539)**	**(9%)**

The Company's liquidity continues to remain strong.

	June 30, 2025	December 31, 2024	Change ($)	Change (%)
Cash	31,907,293	34,346,337	(2,439,044)	(7%)
Digital assets inventory	7,394,940	14,370,289	(6,975,349)	(49%)
Total Liquid Assets	**39,302,233**	**48,716,626**	**(9,414,393)**	**(19%)**
Current payables	(14,973,145)	(16,472,880)	1,499,735	(9%)
Available Liquidity	**24,329,088**	**32,243,746**	**(7,914,658)**	**(25%)**
Current Assets(i)	42,251,936	52,352,860	(10,100,924)	(19%)
Current liabilities(i)	16,855,642	18,799,033	(1,943,391)	(10%)
Current Ratio	**2.51**	**2.78**	**(0.27)**	**(10%)**

(i) Balances exclude client custodial amounts

- Cash and cash equivalents decreased $2.4 million to $31.9 million from $34.3 million at December 31, 2024. Net positive cash in-flow from investing activities of $10.2 million and financing activities of $3.2 million was reduced by cash out-flow from operations of -$15.8 million.
- Crypto inventory reserves decreased to $7.4 million ($14.4 million at December 31, 2024), due to a reduction in crypto inventory of $4.5 million and a decline in crypto prices resulting in a mark-to-market revaluation of negative $2.5 million.
- Cash and company digital assets total on hand of $39.3 million compared to $48.7 million at December 31, 2024, decreasing primarily due to the $7 million revaluation of inventory due to the decline in crypto inventory and prices, and a $1.5 million reduction of accounts payable.
- In addition, Available Liquidity decreased to $24.3 million (with current ratio of 2.5) from $32.2 million (current ratio of 2.8) at December 31, 2024.
- Assets Under Management (AUM) decreased to $1.9 billion from $2.1 billion at December 31, 2024, due to lower crypto prices during the period consistent with the decrease in industry-wide transaction activity post the US election.
- The Company had total assets of $2.01 billion (December 31, 2024 - $2.22 billion), total liabilities of $1.93 billion (December 31, 2024 – $2.12 billion) and working capital of $25.4 million (December 31, 2024 - $34 million).

Revenues

As shown below, total consolidated revenue for the three months ended June 30, 2025, was $10.0 million, representing a $2 million or 16.6% decrease over $12 million in Q2 2024 due to weaker Q2 2025 market fundamentals including decreased market-wide volumes i.e. spot trading volumes and lack of volatility of crypto prices. Transaction revenue decreased to $9.7 million for the three months ended June 30, 2025, down 13.8% when compared to Q2 2024 and Payments revenue was $0.3 million compared to $0.7 million in Q2 2024 due to compliance with changes to regulations of using stablecoins for payments resulting in the exit of certain SmartPay clients.

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Change Amount ($)	%
Transaction Revenue	9,722,131	11,279,698	(1,557,567)	(14%)
Payments Revenues	292,532	724,909	(432,377)	(60%)
Total Revenue	**10,014,663**	**12,004,607**	**(1,989,944)**	**(17%)**
Interest Income	789,128	1,175,454	(386,326)	(33%)
Total	**10,803,791**	**13,180,061**	**(2,376,270)**	**(18%)**

Spot trading volumes continued to decline in Q2 2025 for the second straight quarterly decline, even as Bitcoin soared back above $100,000 and Circle's well received IPO reignited investor enthusiasm. Capital flowed into BTC, pushing its market dominance past 62%, while altcoins struggled to regain momentum. Ethereum led the altcoin pack with a strong quarterly gain but still lagged behind its yearly opening price.

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	Change Amount ($)	%
Transaction Revenue	25,773,244	28,382,939	(2,609,695)	(9%)
Payments Revenues	605,408	2,166,675	(1,561,267)	(72%)
Total Revenue	**26,378,652**	**30,549,614**	**(4,170,962)**	**(14%)**
Interest Income	2,003,289	2,310,784	(307,495)	(13%)
Total	**28,381,941**	**32,860,398**	**(4,478,457)**	**(14%)**

As shown above, total consolidated revenue for the six months ended June 30, 2025, was $26.4 million, representing a $4.2 million or 14% decrease over $30.5 million in the prior year. The favorable U.S. election results for the crypto industry continued with strong volumes in January 2025 producing an all-time high for the price of BTC, which dissipated in the last half of the quarter as the price of BTC declined from records in December 2024 and January 2025. And the industry-wide lower transaction volumes continued for the majority of the second quarter.

Transaction revenue decreased to $25.8 million for the six months ended June 30, 2025, down 9% when compared to 2024 and Payments revenue was $0.6 million compared to $2.2 million in 2024 due to compliance with changes to regulations of using stablecoins for payments resulting in the exit of certain SmartPay clients.

BTC is the largest and most widely known cryptocurrency and continues to be a bellwether for the entire digital asset market. When BTC's price moves significantly, prices of other cryptocurrencies tend to follow, affecting trading volumes across multiple crypto assets. The graph below shows the CAD price of BTC for the 18 months ended June 30, 2025. The increased market activity during the first and fourth quarters of 2024 led to record retail transaction volumes, revenues and transacting users. In the second and third quarters of 2024, lack of industry-wide direction and sideways movement decreased transaction volumes and revenues. In the last three months of 2024, favourable market conditions including the U.S. election produced record cryptocurrency prices resulting in record transaction and volume increases which continued into January 2025. However, this momentum leveled off during the last half of the first quarter 2025 and the slower market conditions continued to the end of the second quarter of 2025.

The Company's revenue base consists of:

Transaction Revenue

- Retail trading fees which are generally driven by volume growth, fees related to client transaction activities, client investment activity and market conditions including the interest rate environment and franchising its client base with the addition of staking rewards. Retail trading fees are recorded in transaction revenue.
- Over-the-counter trading business, facilitating access to a state-of-the-art, liquid digital asset marketplace for institutions and corporate enterprises, benefitting from commercial digital asset volume growth and continued acceptance of digital assets as an investable asset class. Over-the-counter services are recorded in transaction revenue.

Payments Revenue

- SmartPay, a digital asset-based application and technology that enables businesses to securely accept and process digital assets as payment.

Interest Income

- Ancillary interest income earned on fiat balances held on the exchange platforms, the Company recorded interest income of $789k in the second quarter of 2025 compared to $1.2 million in the 2024 comparable period due to lower average client fiat AUM balances and lower effective interest rates.

Operating Results

Analysis of the Company's Operating Results for the Three Months Ended June 30, 2025 and 2024

The following tables summarize the Company's consolidated Operating Results for the three months ended June 30, 2025, and June 30, 2024, while displaying the relative operating expense categories as a percentage of the Company's revenue.

	Three Months Ended		Three Months Ended		Change	
	June 30, 2025	%	June 30, 2024	%	Amount ($)	%
Revenue	**10,014,663**	**100%**	**12,004,607**	**100%**	**(1,989,944)**	**(17%)**
Expenses						
Salaries and wages	4,049,696	40%	3,394,044	28%	655,652	19%
Bank and transaction fees	1,230,781	12%	1,904,220	16%	(673,439)	(35%)
Marketing	1,057,218	11%	631,417	5%	425,801	67%
Professional and consulting fees	2,134,493	21%	1,578,903	13%	555,590	35%
Software licenses	1,618,786	16%	1,418,645	12%	200,141	14%
Commission expenses	449,054	4%	655,699	5%	(206,645)	(32%)
General and administrative expenses	1,594,542	16%	813,405	7%	781,137	96%
Compliance fees	390,428	4%	390,941	3%	(513)	(0%)
Share-based payments	579,056	6%	699,613	6%	(120,557)	(17%)
Depreciation and amortization	2,107,532	21%	2,246,749	19%	(139,217)	(6%)
Operating loss	**(5,196,923)**	**(52%)**	**(1,729,029)**	**(14%)**	**(3,467,894)**	**201%**
Other expense	3,957,483		2,335,059		1,622,424	69%
Income tax expense	-		(1,165,216)		1,165,216	(100%)
Deferred tax recovery	-		(405,155)		405,155	(100%)
Net loss for the period	**(9,154,406)**		**(2,493,717)**		**(6,660,689)**	267%
Net loss per share:						
Basic	$ (0.01)		$ (0.00)		$ (0.01)	100%

The operating results for the second quarter were negatively impacted by several exogenous factors including an industry decline in retail activity due to slower market conditions. There were also increased expenses related to the closing of the Arrangement Agreement with Robinhood, in addition to continued investment in Australia & WonderFi Labs. Management continues to optimize and innovate the business to achieve operational efficiencies.

- Salaries and wages increased $656,000 to $4.0 million. The increased expense is primarily attributed to an expansion in the Company's workforce, which necessitated higher overall compensation expenses (both a 16% increase in full-time employees over prior year and higher average salaries). The increase includes the investment in Australia and WonderFi Labs representing $136,000 (2024 – Nil) of the increase.

- Commission expenses decreased $207,000 or 32% to $449,000 due to the exit of certain CoinSmart clients resulting in the elimination of significant third-party commissions and highlights a more efficient or scalable sales structure implemented by senior management in 2024 as part of the ongoing cost management initiative.

- Bank and transaction fees, which include both fixed and variable bank fees, trading fees, and transaction fees such as crypto gas fees, decreased by $673,000 or 35% to $1.2 million or 12% of revenues compared to $1.90 million or 16% or revenues. The decrease was a combination of the 17% decline in revenues and the realization of operating efficiencies and consolidation of approximately 50 bank accounts compared to the same period in 2024.

- Marketing and promotional expenses increased by $426,000 from the prior year, driven by the launch of new promotional programs designed to capture future growth opportunities. These investments were positioned to catalyze additional market share during periods of higher transaction volume, capitalizing on increased market activity.

- Professional and consulting fees increased $556,000 or 35% to $2.1 million due to higher costs associated with various on-going projects and investments in WonderFi Labs and Australia.

- Software and SaaS expenses increased by $200,000, or 14% from prior year to $1.6 million mainly due to an increase in costs spent relating to cybersecurity.

- Compliance fees were $390,000 in the second quarter of 2025 and consistent with prior year.

- General and administrative expenses increased $781,000 to $1.6 million due to an increase in insurance of $130,000 and security related expenses of $84,000. In the three months ending June 30, 2024, $594,000 was received relating to the FTX Trading Ltd. and Alameda Research LLC settlement (the "FTX Settlement"), which decreased the general and administration expenses of that period.

- Share-based compensation related to regular stock-based compensation decreased $121,000 to $579,000 compared to $700,000. Management is continuously evaluating compensation structures and is committed to a stable compensation strategy tied to the company's financial performance.

- Depreciation and amortization is slightly lower: $2.1 million (2024 - $2.2 million) due to fully amortized assets.

- Revaluation of digital assets resulted in a gain of $165,000 compared to a loss of $1 million in 2024. During the second quarter of 2025, the price of the two largest volume crypto tokens BTC and XRP increased 23% and 1.3% respectively compared to the second quarter of 2024 when crypto prices decreased.

- Included in other expenses is claim settlement expenses of $4.1 million. On April 17, 2025, the Company entered into agreements with the parties to certain of its existing investor rights agreements (which included certain related parties of the Company), pursuant to which the Company secured the right to cause certain amendments to the existing investor rights agreements to be made. Concurrently with the entering into of these agreements, the Company and Mogo Inc. entered into a mutual release with respect to certain claims that each party had made against the other. While the Company is of the view that the alleged claims against the Company were without merit, the board determined that, for a number of reasons, the entering into of the mutual release was in the best interests of the Company. In connection with these transactions, the Company incurred costs of $4,118,108, which include legal fees and payments received by Mogo Inc.

Analysis of the Company's Operating Results for the Six Months Ended June 30, 2025 and 2024

	Six Months Ended		Six Months Ended		Change	
	June 30, 2025	%	June 30, 2024	%	Amount ($)	%
Revenue	**26,378,652**	**100%**	**30,549,614**	**100%**	**(4,170,962)**	**(14%)**
Expenses						
Salaries and wages	8,481,938	32%	6,892,612	23%	1,589,326	23%
Bank and transaction fees	2,612,015	10%	3,861,444	13%	(1,249,429)	(32%)
Marketing	2,245,987	9%	1,522,571	5%	723,416	48%
Professional and consulting fees	4,026,930	15%	3,818,208	12%	208,722	5%
Software licenses	2,867,093	11%	2,779,467	9%	87,626	3%
Commission expenses	1,042,845	4%	1,898,089	6%	(855,244)	(45%)
General and administrative expenses	4,391,962	17%	1,978,810	6%	2,413,152	122%
Compliance fees	805,073	3%	877,137	3%	(72,064)	(8%)
Share-based payments	1,269,693	5%	1,369,804	4%	(100,111)	(7%)
Depreciation and amortization	4,189,132	16%	4,557,383	15%	(368,251)	(8%)
Operating income (loss)	**(5,554,016)**	**(21%)**	**994,089**	**3%**	**(6,548,105)**	**(659%)**
Other expense (income)	19,723,600		(657,334)		20,380,934	(3101%)
Deferred tax recovery	-		(405,155)		405,155	(100%)
Net income (loss) for the period	**(25,277,616)**		**2,056,578**		**(27,334,194)**	(1329%)
Net income (loss) per share:						
Basic	$ (0.04)		$ 0.00		$ (0.04)	100%

The operating results for the six months ended June 30, 2025 were mixed. Revenue was negatively impacted by several exogenous factors including an industry decline in retail activity due to slower market conditions. However there were a number of major cost categories that showed significant decreases compared to the previous year. The Company's successful integration of prior acquisitions and implementation of cost-savings programs continue to highlight management's ability to execute operational efficiencies. Conversely, the categories that experienced increases in costs were one-time and non-recurring, including costs and payments associated with an activist investor and the exit of three board members.

- Salaries and wages increased by $1.6 million to $8.5 million. The increased expense is primarily attributed to an expansion in the Company's workforce, which necessitated higher overall compensation expenses (both a 5% increase in full time employees over prior year and higher average salaries). The increase includes the investment in Australia and WonderFi Labs representing $294,000 (2024 – Nil) of the increase. The increase also includes an increase in employee benefits of $138,000 and severance of $187,000.

- Commission expenses decreased $855,000 or 45% to $1.0 million due to the exit of certain CoinSmart clients resulting in the elimination of significant third-party commissions and highlights a more efficient or scalable sales structure implemented by senior management in 2024 as part of the ongoing cost management initiative.

- Bank and transaction fees, which include both fixed and variable bank fees, trading fees, and transaction fees such as crypto gas fees, decreased by $1.2 million or 32% to $2.6 million or 10% of revenues compared to $3.9 million or 13% of revenues. The decrease was a combination of the 14% decline in revenues and the realization of operating efficiencies and consolidation of approximately 50 bank accounts compared to the same period in 2024.

- Marketing and promotional expenses increased by $723,000 from the prior year, driven by the launch of new promotional programs designed to capture future growth opportunities. These investments were positioned to catalyze additional market share during periods of higher transaction volume, capitalizing on increased market activity.

- Professional and consulting fees increased $209,000 or 5% to $4.0 million due to higher professional fees related to legal fees associated with the additional one-time events.

- Software and SaaS expenses increased by $88,000, or 3% from prior year to $2.9 million mainly due to an increase in costs spent relating to cybersecurity.

- Compliance fees were $805,000 in the six months ending June 30, 2025 and relatively consistent with prior year.

- General and administrative expenses increased $2.4 million to $4.4 million due to an increase in security related expenses of $467,000, and board of directors consulting and special committee fees of $1.2 million. In the three months ending June 30, 2024, $594,000 was received relating to the FTX Settlement, which decreased the general and administration expenses of that period.

- Share-based compensation related to regular stock-based compensation decreased by $100,000 to $1.3 million compared to $1.4 million. Management is continuously evaluating compensation structures and is committed to a stable compensation strategy tied to the company's financial performance.

- Depreciation and amortization is lower by $368,000 to $4.2 million (2024 - $4.6 million) due to fully amortized assets.

- Revaluation of digital assets resulted in a loss of $2.9 million compared to a gain of $128,000 in 2024. During the first six months of 2025, the price of the two largest volume crypto tokens BTC and XRP decreased 2% and 31% respectively compared to the first six months of 2024 when overall crypto prices increased.

- Included in other expenses is claim settlement expenses of $9.9 million relating to the following matter. On February 18, 2025, the company entered into a settlement agreement with an arm's length third party, pursuant to which it settled certain claims. Pursuant to the terms of the settlement agreement, the Company paid $6 million in cash to the third party and agreed to grant 2.0 million restricted share units to the third party. Concurrently with entering into the settlement agreement, directors Rob Godfrey, Igor Gimelshtein and Noel Biderman resigned from the board at a total cost of $1 million and an additional expense of $1.2 million related to vesting of RSU's attributable to the settlement agreement. An additional $1.7 million of expenses was incurred for professional and consulting fees relating to the resolution of the above matters.

- Additional claim settlement expenses of $4.1 million were incurred relating to the following matter. On April 17, 2025, the Company entered into agreements with the parties to certain of its existing investor rights agreements (which included certain related parties of the Company), pursuant to which the Company secured the right to cause certain amendments to the existing investor rights agreements to be made. Concurrently with the entering into of these agreements, the Company and Mogo Inc. entered into a mutual release with respect to certain claims that each party had made against the other. While the Company is of the view that the alleged claims against the Company were without merit, the board determined that, for a number of reasons, the entering into of the mutual release was in the best interests of the Company. In connection with these transactions, the Company incurred costs of $4,118,108, which include legal fees and payments received by Mogo Inc.

- Also included in other expenses is indirect tax expenses of $3.8 million. During the three months ended March 31, 2025, the Company received a notice from the Canada Revenue Agency (CRA) indicating that certain previously filed elections were disallowed. As a result, the Company has recognized $3.8 million related to input tax expenses.

- Also included in other expenses is provisions and allowances of $2.6 million. During the six months ended June 30, 2025, the Company incurred $2,616,888 in professional and consulting fees relating to closing costs of the anticipated Arrangement.

Cashflows

Cash and cash equivalents decreased $2.4 million to $31.9 million from $34.3 million at December 31, 2024, in addition to crypto inventory reserves of $7.4 million ($14.4 million at December 31, 2024), bringing the cash and company digital assets total on hand to $39.3 million compared to $48.7 million at December 31, 2024.

The decrease in cash on hand is due to cash out-flow from operations of $15.8 million (primarily due to non-operating provision payments), change in working capital out-flow $3.3 million due to the $841,000 reduction in accounts payable, less liquidation of crypto inventory of $3.6 million and receipt of $1.0 million tax refund.

Cash in-flow from investment activities of $10.2 million partially offset the above cash outflows and consisted of $8.4 million of proceeds from the sale of investments and $2.0 million from interest income generated.

Cash in-flow from financing activities of $3.1 million also partially offset the above cash outflows and consisted of $4.9 million of proceeds from the exercise of warrants and stock options during the quarter less $725,000 from the share buy-back program and $957,000 of contingent consideration earnout payments.

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash provided by (used in) operating activities	(15,819,170)	489,725
Investing activities		
Sale of investment	25,947	11,634,829
Sale of investment in associate	8,379,456	-
Interest earned on client custodial cash	2,003,289	2,307,459
Other investing activities	(193,341)	(276,860)
Cash provided by (used in) investing activities	**10,215,351**	**13,665,428**
Financing activities		

Shares repurchased	(725,424)	(1,290,531)
Contingent consideration payments	(956,526)	(867,318)
Proceeds from warrants exercised	4,771,710	15,000
Other financing activities	75,015	(211,404)
Cash provided by financing activities	**3,164,775**	**(2,354,253)**
Net change in cash	**(2,439,044)**	**11,800,900**
Cash and cash equivalents, beginning of period	34,346,337	26,087,974
Cash and cash equivalents, end of period	**31,907,293**	**37,888,874**

Sale of Investments: On April 10, 2025, the Company sold 15,917,504 common shares of Tetra for net proceeds of $8,379,456. The Company continues to hold 400,000 common shares of Tetra. A $1,780,454 gain on the sale of the common shares was recorded.

SELECT QUARTERLY INFORMATION

WonderFi Technologies' growth through acquisition has significantly transformed the Company's revenue and cost structure over the last 24 months. Quarterly operating results highlight this shift, with revenues exponentially increasing and strategic cost-saving programs enabling the company to achieve positive EBITDA in the fourth quarter of 2023 and for the year ended December 31, 2024. Strategic initiatives, including acquisitions, innovation through WonderFi Labs, and treasury diversification, have positioned WonderFi for sustained growth and profitability, solidifying its market presence.

In the interim condensed consolidated financial statements certain comparative figures have been restated to conform with the finalized purchase price allocation for July 7, 2023 acquisitions of Coinsquare Limited and CoinSmart Financial Inc. Refer to Note 5 and Note 6 in the audited financial statements for the year ended December 31, 2024 for the summary of restatements.

(CAD$ except where indicated)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue	10,014,663	16,363,989	20,032,255	7,160,929	12,004,607	18,545,007	12,928,082	9,901,276
Operating margin	(5,196,923)	(357,093)	1,858,686	(6,635,983)	(1,729,029)	2,723,118	1,343,361	(7,312,698)
EBITDA	(7,787,818)	(15,205,716)	1,347,738	(3,620,773)	(3,022,183)	6,993,223	6,728,634	(7,584,031)
Adjusted EBITDA	(1,721,207)	3,629,305	5,628,871	(2,849,834)	2,392,787	6,839,273	4,760,171	(1,920,074)
Net income (loss)	(9,154,406)	(16,123,210)	928,918	(4,226,761)	(2,493,717)	4,550,295	4,017,502	(10,391,700)
Basic & diluted net income (loss) per share	(0.01)	(0.02)	0.00	(0.01)	0.00	0.01	0.01	(0.02)

RECONCILIATION OF NON-IFRS MEASURES

The Company calculates EBITDA and Adjusted EBITDA as follows.

	Three Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount ($)	%
Total Comprehensive income (loss)	**(9,154,406)**	**(2,493,717)**	**(6,660,689)**	**267%**
Current and deferred tax provision	-	(1,570,371)	1,570,371	(100%)
Interest Income	(789,128)	(1,175,454)	386,326	(33%)
Interest Expense	48,184	(29,390)	77,574	(264%)
Depreciation and amortization	2,107,532	2,246,749	(139,217)	(6%)
EBITDA	**(7,787,818)**	**(3,022,183)**	**(4,765,635)**	**158%**
Share-based payments	579,056	699,613	(120,557)	(17%)
Acquisition costs	-	-	-	100%
Provisions and allowances	2,386,388	4,832,916	(2,446,528)	(51%)
Claim settlement expenses	4,118,108	-	4,118,108	100%
Indirect tax expenses	-	-	-	100%
Interest income	789,128	1,175,454	(386,326)	(33%)
Other expense (income)	(1,806,069)	(1,293,013)	(513,056)	40%
Adjusted EBITDA	**(1,721,207)**	**2,392,787**	**(4,113,994)**	**(172%)**

The Company's EBITDA loss for the three months ending June 30, 2025 was negative $7.8 million, representing a $4.8 million decrease compared to the three months ending June 30, 2024.

The decrease in EBITDA for the quarter was primarily driven by substantial one-time expenditures related to the settlement of claims against the Company, a decline in the Trading segment due to industry-wide lower transacting volume and increased operating expenditures. Although the Company considered the claims to be without merit, the board of directors determined that settling was in the best interests of the Company. The settlement provision totaled cash payments of $4,118,108.

Revenues for the three months ended June 30, 2025, were $2.0 million lower than the comparable period in 2024, mostly attributable to the decline in the Trading segment. Additionally, the Company has made significant investments in marketing initiatives and human capital since the prior quarter to capitalize on market share, resulting in higher operating expenses when compared to the same period in the last fiscal year and a reduced EBITDA margin.

Adjusting for the one-time expenditures of $4.1 million and $2.4 million as well as other non-operating expenses, adjusted EBITDA for same periods was negative $1.7 million and $2.4 million respectively, representing a $4.1 million decrease comparatively.

	Six Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount ($)	%
Total Comprehensive income (loss)	**(25,277,616)**	**2,056,578**	**(27,334,194)**	**(1329%)**
Current and deferred tax provision	-	(405,155)	405,155	(100%)
Interest Income	(2,003,289)	(2,310,784)	307,495	(13%)
Interest Expense	98,239	73,018	25,221	35%
Depreciation and amortization	4,189,132	4,557,383	(368,251)	(8%)
EBITDA	**(22,993,534)**	**3,971,040**	**(26,964,574)**	**(679%)**
Share-based payments	1,269,693	1,369,804	(100,111)	(7%)
Acquisition costs	-	237,544	(237,544)	(100%)
Provisions and allowances	2,386,388	5,036,916	(2,650,528)	(53%)
Claim settlement expenses	14,039,928	-	14,039,928	100%
Indirect tax expenses	3,851,685	-	3,851,685	100%
Interest income	2,003,289	2,310,784	(307,495)	(13%)
Other expense (income)	1,350,649	(3,694,028)	5,044,677	(137%)
Adjusted EBITDA	**1,908,098**	**9,232,060**	**(7,323,962)**	**(79%)**

The Company's EBITDA for the six months ending June 30, 2025, was negative $23.0 million, representing a $27.0 million decrease compared to the six months ending June 30, 2024, and Adjusted EBITDA for the six months ending June 30, 2025, was $1.9 million, representing a $7.3 million decrease compared to the six months ending June 30, 2024. The primary driver for the decrease in EBITDA and Adjusted EBITDA was the significant costs relating to investor relations and other costs relating to board members for their board fees, special committee fees, and other claim settlement expenses, without which the company would have displayed a positive EBITDA figure.

OPERATING SEGMENTS

The Company operates through three reportable segments: Trading, Payments and Corporate. Trading consists of operations from the Company's crypto exchange brands; Bitbuy and Coinsquare. The Payments segment consists of operations from SmartPay the company's global crypto payment processing division. Other general operations including research and development, public company expenditures and those pertaining to M&A activities are reported under the Corporate segment.

	Six Months Ended June 30, 2025			
	Trading	Payments	Corporate	Total
Revenue	25,773,244	605,408	-	26,378,652
Salaries and wages	6,869,355	84,164	1,528,419	8,481,938
Bank and transaction fees	2,161,791	153,969	296,255	2,612,015
Marketing	1,975,438	11,000	259,549	2,245,987
Professional and consulting fees	263,677	112,889	3,650,364	4,026,930
Software licenses	2,009,460	69,947	787,686	2,867,093
Commission expenses	929,447	113,398	-	1,042,845
General and administrative expenses	439,975	36,987	3,915,000	4,391,962
Compliance fees	744,764	17,513	42,796	805,073
Share-based payments	-	-	1,269,693	1,269,693
Depreciation and amortization	3,384,210	264,859	540,063	4,189,132
Other expense (income)	(461,196)	916,655	19,268,141	19,723,600
Segment net income (loss) before income taxes	**7,456,323**	**(1,175,973)**	**(31,557,966)**	**(25,277,616)**

	Six Months Ended June 30, 2024			
	Trading	Payments	Corporate	Total
Revenue	28,382,939	2,166,675	-	30,549,614
Salaries and wages	6,513,689	747,132	(368,209)	6,892,612
Bank and transaction fees	3,505,020	234,821	121,603	3,861,444
Marketing	1,183,000	2,490	337,081	1,522,571
Professional and consulting fees	2,394,663	446,615	976,930	3,818,208
Software licenses	2,601,004	173,258	5,205	2,779,467
Commission expenses	1,659,112	243,073	(4,096)	1,898,089
General and administrative expenses	32,648	314,432	1,631,730	1,978,810
Compliance fees	960,561	53,838	(137,262)	877,137
Share-based payments	-	-	1,369,804	1,369,804
Depreciation and amortization (restated – Note 5)	4,248,165	302,173	7,045	4,557,383
Other expense (income)	(3,831,866)	(590,805)	3,765,337	(657,334)
Segment net income (loss) before income taxes	**9,116,943**	**239,648**	**(7,705,168)**	**1,651,423**

	Three Months Ended June 30, 2025			
	Trading	Payments	Corporate	Total
Revenue	9,722,131	292,532	-	10,014,663
Salaries and wages	3,374,746	36,164	638,786	4,049,696
Bank and transaction fees	1,001,469	61,216	168,096	1,230,781
Marketing	995,764	2,002	59,452	1,057,218
Professional and consulting fees	127,510	6,785	2,000,198	2,134,493
Software licenses	1,014,903	15,263	588,620	1,618,786
Commission expenses	398,719	50,335	-	449,054
General and administrative expenses	242,001	5,819	1,346,722	1,594,542
Compliance fees	368,965	8,885	12,578	390,428
Share-based payments	-	-	579,056	579,056
Depreciation and amortization	1,692,106	132,430	282,996	2,107,532
Other expense (income)	(1,644,388)	174,884	5,426,987	3,957,483
Segment net income (loss) before income taxes	**2,150,336**	**(201,251)**	**(11,103,491)**	**(9,154,406)**

	Three Months Ended June 30, 2024			
	Trading	Payments	Corporate	Total
Revenue	11,279,698	724,909	-	12,004,607
Salaries and wages	3,958,600	510,628	(1,075,184)	3,394,044
Bank and transaction fees	1,674,389	117,080	112,751	1,904,220
Marketing	583,818	2,222	45,377	631,417
Professional and consulting fees	1,909,957	385,594	(716,648)	1,578,903
Software licenses	1,382,422	76,537	(40,314)	1,418,645
Commission expenses	580,705	79,090	(4,096)	655,699
General and administrative expenses	(264,377)	205,135	872,647	813,405
Compliance fees	516,265	11,938	(137,262)	390,941
Share-based payments	-	-	699,613	699,613
Depreciation and amortization	2,095,715	144,238	6,796	2,246,749
Other expense (income)	(348,584)	(700,768)	3,384,411	2,335,059
Segment net income (loss) before income taxes	**(809,212)**	**(106,785)**	**(3,148,091)**	**(4,064,088)**

PROCEDURES FOR THE PLATFORMS

Bitbuy and Coinsquare are required by securities regulation to collect know-your-client ("KYC") information to verify the identity of the client in connection with their user on-boarding processes and collect additional information necessary to conduct assessments for each client. This KYC obligation is satisfied by collecting robust identifiable information, including (amongst other information) the following items of personally identifiable information:

- full legal name
- address
- government issued I.D. (passport/driver's license)
- utility bill
- credit details
- financial information

Similar information is collected and reviewed with respect to any business or institutional users on the Platforms. If any of the information obtained during the KYC process indicates a potential user of a Platform may be domiciled in the United States, they are not permitted to access the Platforms and trade in digital assets. Further, if any information of a current user indicates they may have become domiciled in the United States, such as providing an updated phone number with a United States area code, Bitbuy and Coinsquare's operations and compliance teams will perform enhanced due diligence to verify the location of the user, including through additional KYC-related information requests. If it cannot be determined the user is a Canadian resident, such user is 'offboarded'. Offboarding means that the client's digital asset holdings are converted to Canadian dollars and then sent via e-transfer or bank wire to the client. The account is then banned from the Platforms.

To provide further assurance the Platforms are not accepting United States domiciled users, the Platforms only accept fiat currency from banks that are themselves not located in the United States. Also, the mobile applications for Bitbuy and Coinsquare are not available in any 'app store' (whether Google, Apple or otherwise) accessible to persons located in the United States.

Bitbuy and Coinsquare are in good standing with all applicable Canadian securities regulators. Neither Bitbuy nor Coinsquare are in default under their respective registrations. There are no actual, pending, known, or anticipated regulatory enforcement investigations, actions, or similar proceedings against or connected to Bitbuy or Coinsquare in Canada or elsewhere globally.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2025, the Company had cash & digital assets of $39.3 million (December 31, 2024 - $48.7 million) representing a decrease of $9.4 million from December 2024 and working capital of $25.4 million (December 31, 2024 - $33.5 million).

For the three months ended June 30, 2025, cash & cash equivalents increased $1.5 million to $31.9 million from $30.4 million at March 31, 2025. The increase included Cash provided from net investing activities of $9.2 million, partially offsetting the $7.3 million usage of cash from operations due to one-time expenditures.

The Company relies upon various sources of funds for its ongoing operating and investing activities. These sources include cash generated from operations, including fees from trading activities, working capital management, and capital-raising activities such as debt and/or equity financing. It is anticipated the Company's detailed cost-saving plan will continue to see improved operating results and future positive cash-flow generation.

In Management's opinion, the Company has sufficient working capital at this time to meet its current operating, development, and financing obligations.

SHARE CAPITAL

As at June 30, 2025, the Company had 664,103,675 (December 31, 2024 – 642,892,364) common shares outstanding, 20,702,911 stock options outstanding, 14,666,083 restricted stock units outstanding, and 6,933,928 broker warrants outstanding.

A total of 15,905,700 warrants were exercised for 15,905,700 common shares of the Company during the six months ending June 30, 2025. The remaining 6,614,300 share purchase warrants expired on January 30, 2025.

There are no preferred shares outstanding.

On April 8, 2024, the Company announced its intent to commence a Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company was permitted to purchase up to 25,126,596 of its common shares with daily purchases not exceeding 257,899 Common Shares on the TSX during any trading day. The NCIB was terminated by the Company on June 6, 2024.

On July 12, 2024, the Company renewed its NCIB permitting the Company to purchase up to an aggregate maximum of 19,726,712 common shares and up to 257,899 common shares on each trading day during the term of the agreement expiring no later than April 9, 2025.

During the six months ended June 30, 2025, the Company repurchased 2,380,000 common shares (June 30, 2024 – 5,399,834 common shares) for $725,424 (June 30, 2024 – $1.29 million), representing an average cost of $0.30 under the NCIB.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be if they are subject to common control or common significant influence.

The Company has determined that key management personnel consist of executive management team and members of the Board of Directors, corporate officers, and enterprises that are controlled by these individuals as well as persons performing similar functions.

During the three and six months ending June 30, 2025 and 2024, all related party transactions were incurred in the normal course of operations. The related party transactions were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Directors' fees (1)	371,335	1,319,117	912,835	1,710,867
Directors Share-based payments (2)	326,800	102,142	1,211,706	263,796
Key Management Salaries and benefits (3)	388,050	613,165	806,100	928,390
Key Management Share-based payments (3)	133,491	327,973	448,199	539,706
Director resignation payments (4)	-	-	700,000	-
Other director payment (5)	-	-	300,000	-
Earn-out payments (5)	-	99,238	-	231,568
Reimbursement (6)	500,000	-	500,000	-
	1,719,676	**2,461,635**	**4,878,840**	**3,674,327**

(1) Directors' fees represent fees, special committee fees and/or consulting payments paid to current or former directors during the three and six months ending June 30, 2025 and 2024.
(2) Salaries and benefits paid to 5 key management personnel during the years ended the three and six months ending June 30, 2025 and 2024.
(3) The Company issued options and RSUs to directors and key management personnel of the Company and recorded the share-based payments related to such issuances based on the vesting schedules.
(4) During the six-month ending June 30, 2025, the company made payments to certain former director members in relation to their resignation from the board of directors.
(5) During the six months ending June 30, 2024, certain board of director members, as former CoinSmart shareholders, received amounts relating to the SmartPay revenue payment.
(6) During the three months ending June 30, 2025, the Company reimbursed the CEO $500,000 equivalent to the unauthorized loss of personal cryptocurrency assets during the November 6, 2024, security incident.

OFF-BALANCE-SHEET ARRANGEMENTS

As of June 30, 2025, the Company does not have any off-balance sheet arrangements.

SUBSEQUENT EVENTS

i. On July 17, 2025 the Company announced that at its special meeting (the "Meeting") of shareholders (the "Shareholders") and holders of Brokers Warrants (collectively with the Shareholders, "Securityholders") , Securityholders approved the special resolution authorizing the proposed acquisition of WonderFi by Wrangler Holdings Inc. (the "Purchaser"), an indirect, wholly-owned subsidiary of Robinhood, pursuant to a statutory plan of arrangement under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia). The Arrangement is expected to close in the second half of 2025, provided all conditions precedent set forth in the Arrangement Agreement governing the Arrangement are satisfied or waived. The Arrangement Agreement is available under the Company's issuer profile on SEDAR+ at www.sederaplus.ca.

ii. On July 17, 2025 the Earnout Rights holders agreed to amend the Indenture to forgo future contingent consideration payments. The last interim earnout payment period will be the period from July 1, 2025 to and including the earlier of (A) the business day immediately prior to the effective date of the closing of the Arrangement and (B) November 14, 2025. (See Note 26(i)). Concurrently, due to the declining performance of the SmartPay business segment, the Company decided to orderly wind up the SmartPay business segment in the third quarter of 2025. It is anticipated that the Company will recognize non-cash charges of $3,100,000 and $3,859,000, representing the write-down of SmartPay intangible assets and goodwill, respectively.

iii. On July 21, 2025 the Company announced that the Supreme Court of British Columbia issued a final order approving the Arrangement. The Company also announced that Robinhood received a no-action letter from the Canadian Competition Bureau confirming that the Commissioner of Competition does not intend to make an application under section 92 of the *Competition Act* (Canada) in respect of the Arrangement.

iv. On July 28, 2025, the Company entered into an agreement to sell its indirect investment interests in Blockchange Ventures I, L.P. and Blockchange Ventures II, L.P. for $500,000 in the aggregate, resulting in a loss on sale of investments of $1,019,156 to be recognized in the third quarter of 2025. The Company is entitled to receive future contingent consideration in the aggregate amount of USD$2,200,000 in connection with subsequent resale of such investment interests.

FINANCIAL INSTRUMENTS & RISKS

The Company's financial assets include cash, receivables, digital assets, and other assets. The Company's financial liabilities include trade and other payables, income tax payable, contingent consideration, warrant liabilities and lease liabilities.

The Company's financial instruments expose it primarily to credit, liquidity, concentration, and digital assets risks. Please refer to the section below of this MD&A for a description of these risks and refer to the audited consolidated financial statements for the year ended December 31, 2024, notes 3 and 27 for how they are managed and for a description of how fair values are determined.

During the six months ended June 30, 2025, there were no material changes to the risks related to financial instruments and the methodology used to determine the fair value of financial instruments has not change.

Credit risk and custody of digital assets

The Company is exposed to risks that arise from its use of financial instruments and the Company's objectives, policies, and processes for managing those risks and the methods used to measure them are as follows:

Digital Assets and Digital Assets Inventories

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. In addition, the Company may not be able to liquidate its digital assets at its desired price if required as digital assets have a limited history and fair value historically has been volatile. A decline in the market prices for digital assets could negatively impact the Company's future operations.

The Company holds digital assets inventories with a total value of $7.39 million as at June 30, 2025, had the market price of the Company's holdings of digital assets changed by 10% with all other variables being constant, the corresponding digital asset value change would amount to $739,000 and reflected as either an unrealized (gain) or loss in the Company's earnings for the period.

Trading Platforms

Users of the Company's Platforms transact through a hosted digital wallet solution. A digital wallet is a collection of public digital asset addresses and their associated private key(s). It is designed such that only the owner of a digital asset can send its digital assets, only the intended recipient of the digital assets can unlock what the owner sent, and the transactional validation and digital assets ownership can be verified by any third-party participant in the relevant blockchain. The digital assets viewed through wallets are warehoused primarily by third-party digital asset custodians, each providing varied levels of insurance in connection with the value of the digital assets held at or via the custodian. The Company does not self-custody users' digital assets, and digital assets can be withdrawn to individual users' personal wallets. The aggregate value of the asset balances held by digital asset trading platforms, such as the Platform (via wallet addresses at the custodians) is commonly referred to as assets under custody ("AUC"). As of June 30, 2025, the Platforms have AUC of approximately $1.9 billion (December 31, 2024 - $2.1 billion).

The Platforms' third-party digital assets custodians are "Coinbase" and "BitGo". "Coinbase" is operating as Coinbase Custody Trust Company, LLC, a licensed digital asset exchange and a New York trust company regulated by the New York State Department of Financial Services. Coinbase is a "qualified custodian" and has completed a SOC2 Type 2 examination. "BitGo" is operating via BitGo Trust Company, Inc., a trust company chartered in South Dakota, BitGo New York Trust Company LLC, a limited purpose trust company in New York, and their affiliates, with Crypto Currency Security Standard ("CCSS"), SOC1 and SOC2 reporting and auditing designations, holding qualified custody certification under the Advisers Act and is a member of the Financial Services Information Sharing and Analysis Center ("FS-ISAC"), which is the only global cyber intelligence sharing community solely focused on financial services. The Exchanges utilize Coinbase as its primary custodian, with the remainder of clients' digital asset holdings being held with BitGo. The Exchanges is required by the Canadian Investment Regulatory Organization to maintain at least 60% of total client assets with Coinbase. For the six months ended June 30, 2025, 81% of client assets were custodied at Coinbase and 19% at BitGo. Neither BitGo nor Coinbase act as a payment processor in connection with their custodian service arrangements with the Exchanges. Neither custodian is a related party of the Company.

The Exchanges have conducted due diligence on BitGo and Coinbase and have not identified any material concerns. The Exchanges not aware of anything with regards to BitGo or Coinbase's operations that would adversely affect the Exchanges' ability to obtain an unqualified audit opinion on its audited financial statements. The Exchanges are not aware of any security breaches or other similar incidents involving BitGo or Coinbase as a result of which crypto assets have been lost or stolen. There are no restrictions on the Exchanges' ability to move crypto assets from the custodianship of BitGo or Coinbase, and these transfers can occur immediately, subject to the control processes, such as physical measure to authorize cold storage transfers. The Exchanges have assessed the risks and benefits of using BitGo and Coinbase and have determined that in comparison to a Canadian custodian it, is more beneficial to use BitGo and Coinbase, both United States-based custodians.

The Exchanges have performed due diligence on BitGo and Coinbase and continues to perform periodic due diligence. As part of the period reviews, the Exchanges require BitGo and Coinbase to:

- verify that the custodian maintains its requisite registrations or licences, including for BitGo its licenses issued by the Division of Banking in South Dakota and for Coinbase the New York State Department of Financial Services or any other government authority;

- confirm that the custodian maintains adequate insurance coverage;
- evidence that they have completed annual SOC audits with appropriate results that will not increase risk for the Exchanges;
- verify or attest that BitGo's and Coinbase's equity and other financial metrics are adequate and address counterparty risk.

Coinbase currently maintains $320 million in special coverage for digital assets, including the digital assets owned by clients of the Platforms held in Coinbase's cold storage system. Digital assets held by BitGo are insured by a syndicate of insurers in the Lloyd's of London and European Marketplace. Certificates of insurance evidencing coverage have been made available to the Company. BitGo's insurance policies for all cold storage include coverage of up to an aggregate of US$100 million of custodied assets across its users. The $100 million policy covers digital assets where the private keys are exclusively held by BitGo in the event of: (i) third-party hacks, copying or theft of private keys; (ii) insider theft or dishonest acts by BitGo employees or executives; and (iii) loss of keys. In addition to BitGo's insurance policies, the Company is mandated as an approved marketplace and restricted dealer to purchase additional insurance coverages over custodied digital assets. These polices include coverage over hot wallet balances, the requirement to maintain 10% of the value of hot wallet balances in fiat at a Canadian financial institution, in addition to a crime policy which provides additional coverage over cold storage assets.

The Company is unaware of any matter with regards to Coinbase's or BitGo's operations that would adversely affect their ability to obtain an unqualified audit opinion on its audited financial statements. Coinbase and BitGo are not related parties of the Platforms. Coinbase and BitGo have advised the Company that there have been no breaches or other similar incidents involving Coinbase and BitGo resulting in the loss or theft of digital assets. BitGo does not use sub-custodians. BitGo holds Digital Assets under custodial arrangements that are segregated and are not anticipated to form part of the assets of BitGo in the event of an insolvency event proceeding. Coinbase and BitGo provide copies of annual SOC audits that are completed by third party accounting firms.

To date, no definitive statements from bankruptcy courts or regulators in Canada have been released as to how digital assets will necessarily be treated in the event of a bankruptcy or insolvency of regulated digital asset trading platforms, including Bitbuy and Coinsquare. As such, custodially held digital assets could be subject to bankruptcy proceedings and customers could be treated as general unsecured creditors. Customers may find digital asset custodial services less attractive and reductions in the use of the Platforms as a result could adversely impact our business, operating results, and financial condition.

The Company limits its credit risk of digital assets and fiat by placing it with cryptocurrency exchanges or liquidity providers for which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges and liquidity providers are unregulated and not subject to regulatory oversight. Furthermore, cryptocurrency exchanges engage in the practice of commingling their clients' assets in exchange wallets. When digital assets are commingled, transactions that are not recorded on the applicable blockchain ledger are only recorded by the exchange. Therefore, there is a risk around the occurrence of transactions, or the existence of period end balances represented by exchanges and liquidity providers. The Company's due diligence procedures around exchanges and liquidity providers include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("AML") and know-your-client ("KYC") policies by the Company's Chief Compliance Officer, regular review of market information specifically regarding the exchanges security and solvency risk, setting balance limits for each account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move cash and digital assets held on an exchange in instances where risk exposure significantly changes. As of each reporting period, the Company assesses if there may be expected credit losses requiring recognition of a loss allowance. As of June 30, 2025, the Company is exposed to credit risk to the extent that the exchanges and liquidity providers are subject to same. While the Company intends to only transact with counterparties (exchanges and liquidity providers) that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Company will not sustain a material loss on a transaction as a result.

In addition, the Corporation limits its credit risk of digital assets and fiat by placing it with custodians for which the Corporation has performed internal due diligence procedures. On an annual basis, the Corporation obtains and reviews the Custodians to ensure they maintain good standing status as a domestic business corporation, maintain good standing status with the appropriate regulatory where they conduct business, their annual SOC reports and related bridge letters, their annual audited financial statements and in the case of Coinbase maintains a net worth in excess of $100 million dollars.

The Exchanges utilize Fireblocks Ltd.'s ("Fireblocks") multi-party computation technology wallets for its hot wallets. Fireblocks is incorporated under the laws of Tel Aviv, Israel. The Exchange license Fireblocks' hot wallet technologies to transfer assets to and from its cold storage custodians. To provide additional security for its key the Company licenses software from Digital Assets Services Limited ("Coincover"). This includes key pair creation, key pair storage, device access recovery and account access recovery. Coincover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority. The Exchanges hold less than 1% of their total client digital asset holdings with Fireblocks at any time. As the wallet is always connected to the internet and the keys are in a single location, this approach can be more vulnerable to theft if the security of the system is compromised. The Exchanges maintain a financial institution bond which includes coverage for the crypto assets held in Fireblocks hot wallets in the event of loss or theft. As well, Fireblocks has insurance coverage in the amount of USD$30 million in aggregate, in the event of theft of crypto assets from hot wallets secured by Fireblocks. Additionally, backup key material for the Exchange' hot wallets is secured by Coincover and is 100% insured against loss or theft.

The Company also utilizes third party exchanges, market makers, OTC desks ("Counterparties") or marketplaces, in the execution of customer trades. Trade execution and the settlement is typically completed just milli-seconds after the customer's submission of a trade order, however there is credit risk that Counterparties may not fulfill their obligations or be delayed in fulfilling their obligations. Management believes that the credit risk with respect to its use of these Counterparties is remote. In the remote case that a Counterparty does not fulfill its obligation, the Company expects to use its inventory to complete the trade.

Credit risk and custody of fiat balances

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and funds held in trust. To minimize the credit risk, the Company places its own corporate cash with major financial institutions.

Client's fiat balances are held with a number of Canadian financial institutions. As a registered marketplace and restricted dealer (as such terms are defined under applicable Canadian securities laws), the business is also required, pursuant to its registration, to purchase a Financial Institution Bond (FIB) policy, Vault Risk Policy (or equivalent), adding additional insurance coverage to user's Fiat deposits.

Some corporate fiat and digital assets are held on account with select third-party digital asset trading platforms. These deposits are held on account to help facilitate successful completion of customer purchases and sales of digital assets. These digital assets are transferred amongst digital custodian accounts and fiat funds are transferred between financial institutions on an ongoing basis. The Company is unaware of any matter with respect to matters stated in this section that would adversely affect its ability to obtain an unqualified audit option on its audited financial statements.

Fiat currency risk

The Company's expenses are primarily denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. As at June 30, 2025, the Company was exposed to currency risk through the cash held that is denominated in US dollars. As at June 30, 2025, the Company held $3,322,357 (US$2,435,210) of its cash in US Dollars. A 10% depreciation (or appreciation) of the US dollar against the Canadian dollar would result in a $322,236 loss (or gain) respectively in the Company's earnings for the period.

Counterparty risk

Counterparty risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations, including those associated with long-term deposits and equipment prepayments. The Company is exposed to counterparty risk primarily through its deposits held with Canadian financial institutions, and digital assets held with digital asset custodians.

Commitments and liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its financial obligations when they become due. The Company's policy is to monitor its cash balances and planned cash flows generated from operations and financing activities to ensure, to the extent possible, that it maintains sufficient liquidity to meet its projected financial obligations.

While the Company believes it has sufficient liquidity through its current cash balances and cash flow from operations to meet ongoing payment obligations, it may need to secure additional sources of financing in the future. If the Company were unable to obtain such financing, then the Company may have difficulty meeting its payment obligations. Under these circumstances, the Company's growth plans, and ongoing operations could be adversely impacted.

OTHER RISK FACTORS

The Company is subject to a number of other risks and uncertainties and is affected by several factors which could have a material adverse effect on the Company's business, financial condition, operating results, and/or future prospects. These risks should be considered when evaluating an investment in the Company and may, among other things, cause a decline in the price of the Company's securities.

Risks related to digital assets.

Unforeseeable risks

Digital assets have gained commercial acceptance only within recent years and, as a result, there is little data on their long-term investment potential. Additionally, due to the rapidly evolving nature of the digital asset market, including advancements in the underlying technology, changes to digital assets may expose users to additional risks which are impossible to predict as of the date of this MD&A, but may include the risk of substantial loss of investment.

Changes in the value of digital assets may affect trading

Investing in digital assets is speculative, prices are volatile and market movements are difficult to predict. Supply and demand for digital assets can change rapidly and is affected by a variety of factors, including regulation and general economic trends. The markets for digital assets have experienced much larger fluctuations than other markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of digital assets decline, the value of an investment in the Company will also likely decline. Several factors may affect the price and volatility of digital assets, including, but not limited to: (i) global demand for digital assets, depending on the acceptance of digital assets by retail merchants and commercial businesses; (ii) the perception that the use, holding and trading of digital assets is safe and secure, and the related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) conversely, heightened regulatory measures restricting the use of digital assets as a form of payment or the purchase of digital assets; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between digital assets and fiat currency; (vii) fiat currency withdrawal and deposit policies on digital asset trading platforms and liquidity on such digital asset trading platforms; (viii) interruption of services or failures of major digital asset trading platforms; (ix) general governmental monetary policies, including trade restrictions and currency revaluations; and (x) global or regional political, economic or financial events and situations, including increased threat or terrorist activities.

Access, loss or theft

There is a risk that some or all our users' holdings of digital assets could be lost, stolen, destroyed or rendered inaccessible, potentially by the loss or theft of the private keys held by custodians associated with the public addresses that hold our users' digital assets and/or the destruction of storage hardware. Multiple thefts of digital assets from other holders have occurred in the past. Because of the decentralized process for transferring digital assets, thefts can be difficult to trace, which may make digital assets a particularly attractive target for theft. The Platforms have adopted security procedures intended to protect users' assets, but there can be no assurance that those procedures will be successful in preventing such loss, theft or restriction on access. Access to users' digital assets could be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). Users' digital assets held in custody accounts will likely be an appealing target for hackers or malware distributors seeking to destroy, damage or steal digital assets or private keys.

Security breaches, cyber-attacks, malware and hacking attacks have been a prevalent concern for trading platforms on which digital assets trades (such as the Platforms). The Company obtains and processes sensitive customer data. Any real or perceived improper use of, disclosure of, or access to such data could harm the Company's reputation, as well as have an adverse effect on its business. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Company's reputation and adversely affect the Platforms' business, financial condition or results of operations.

Digital asset trading platforms may be at risk of cybersecurity breaches orchestrated or funded by state actors. Any problems relating to the performance and effectiveness of security procedures used by the Platforms and their custodians to protect users' digital assets, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs will have an adverse impact on the Company's reputation, business, financial condition and/or results of operations. Furthermore, if, and as users' digital assets holdings grow, the Platforms' custodians may become a more appealing target for cyber security threats such as hackers and malware. Furthermore, cybersecurity attacks orchestrated or funded by state actors may be particularly difficult to defend against because of the resources that state actors have at their disposal.

No storage system is impenetrable, and storage systems employed by Bitbuy and Coinsquare, and their custodians may not be free from defect or immune to force majeure events. Any loss due to a security breach, software defect or force majeure event will be borne by the Company.

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of either Platform, or their custodians, or otherwise, and, as a result, an unauthorized party may obtain access to the Platforms' or their custodians' storage systems or private keys, data or users' digital assets. Additionally, outside parties may attempt to fraudulently induce employees of a Platform and its custodians to disclose sensitive information in order to gain access to the Platform's infrastructure. The Platforms and their custodians or any technological consultant engaged by them may periodically examine and propose modifications to storage systems, protocols and internal controls to address the use of new devices and technologies to safeguard the applicable Platform's systems and users' digital assets. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, either Platform may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of a storage system occurs, a loss of confidence in digital asset networks may decrease the market price of such digital assets. An actual or perceived breach may also cause users to liquidate their digital assets and/or abandon Bitbuy or Coinsquare, which would adversely affect the Platform's business, financial condition or results of operations.

If users' digital asset holdings are lost, stolen or destroyed under circumstances rendering a party liable to the Platforms, the responsible party may not have the financial resources sufficient to satisfy the Platform's claim. For example, as to a particular event of loss, the only source of recovery for the Platform may be limited to the relevant custodian or, to the extent identifiable, other responsible third parties (for example, a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim for either Platform.

Digital asset investment risks

The further development and acceptance of digital assets is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital assets may adversely affect the business operations. The growth of the digital assets industry is subject to a high degree of uncertainty. The factors affecting the industry's further growth and development include, but are not limited to: (i) continued worldwide growth in the adoption and use of digital assets; (ii) government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of digital asset networks; (iii) changes in consumer demographics, demand and preferences; (iv) the maintenance and development of software protocols of digital asset networks; (v) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; (vi) the further development of additional applications and scaling solutions; and (vii) general economic conditions and the regulatory environment relating to digital assets, including negative consumer or public perception of digital assets generally.

Volatility

The value of digital assets has historically been highly volatile. For example, during the period between November 1, 2020, and March 15, 2021, the value of Bitcoin rose by more than 300%. More recently, during the period between April 1, 2022, and December 31, 2022, the value of Bitcoin fell by over 60%. The value of the digital assets held by users could decline rapidly in future periods, which could adversely affect the Company's business, financial condition or results of operations.

Settlement of transactions on digital asset networks

There is no central clearing house for Cash-to-Digital asset transactions. The current practice is generally for the purchaser of a digital asset to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of the digital asset to the purchaser's public wallet address upon receipt of the cash. The purchaser and seller monitor the transfer with a transaction identification number that is available immediately upon transfer and is expected to be included in the next block confirmation. When either Platform facilitates purchases of digital assets from a digital asset source, there is a risk that the digital asset source will not initiate the transfer on the digital asset network upon receipt of cash from the user, or that the bank where the digital asset source's account is located will not credit the incoming cash from the user for the account of the digital asset source. As a mitigant, either Platform will only allow its users to purchase digital assets once it can confirm that fiat currency has been successfully sent and is residing in a Platform bank account. The Platforms also maintain inventory of digital assets in the event that the source does not initiate the transfer on the digital asset network. Third-party custodians of the Platforms' digital assets are selected based on their stability, levels of insurance and reputation. However, there can be no assurance mitigants of this risk will be effective.

Momentum pricing

The market value of digital assets may be affected by momentum pricing. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. Momentum pricing may result in speculation regarding future appreciation in the value of digital assets, which inflates prices and may lead to increased volatility and potential loss of value.

Limited use

Digital assets have only recently become accepted as a means of payment for certain goods and services by certain major retail and commercial outlets and use of digital assets for such services remains limited and is generally restricted to only the most liquid of digital assets, such as Bitcoin and Ethereum. Price volatility undermines the utility of digital assets as a medium of exchange and the use of digital assets as a medium of exchange and payment method may always be low. A lack of continued growth as a medium of exchange and payment method, or a contraction of such use, may result in increased volatility or a reduction in the value of Bitcoin, either of which could adversely affect the Platforms' businesses, financial condition or results of operations. There can be no assurance that such acceptance will grow, or not decline, in the future.

Scaling obstacles

As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can increase significantly. Increased fees and decreased settlement speeds could preclude certain use cases for digital assets, reduce demand and price of digital assets and make trading on the Platform prohibitively expensive for some users, which could adversely affect the Platforms' businesses, financial conditions or results of operations. There can be no assurance scaling will occur, and associated fees may be significant.

Private keys

Digital asset private keys are primarily stored in two different forms: "hot wallet" storage, whereby the private keys are connected to the internet; and "cold" storage, where digital asset private keys are stored offline. The digital assets that the custodians will hold for users will primarily be stored offline in cold storage, with only 5-10% of users' holdings being stored in a form of hot storage at any given time. Private keys must be safeguarded and kept private in order to prevent a third-party from accessing the digital asset while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, users will be unable to access, and will effectively lose, the digital asset held in the related digital wallet. Any loss of private keys by the Platforms' custodians relating to users' digital wallets could result in reputational damage to the Platforms and could materially and adversely affect their businesses, financial conditions or results of operations. Private key loss may have material unintended consequences for users.

Irrevocable nature of blockchain-recorded transactions

Digital asset transactions, which are generally recorded on blockchains, are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the blockchain network's aggregate hash rate. A hash rate is the combined computational power of all computers in the network. A hash rate in blockchain and cryptocurrency operations is defined as the number of hash operations done in a given amount of time, or the speed of a miner's performance. The hash rate for all Bitcoin miners is publicly available. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a digital asset or a theft of such digital asset generally will not be reversible, and it may be impossible to seek compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, users' digital assets could be transferred from custody accounts in incorrect quantities or to unauthorized third parties. To the extent that the Platforms or their custodians are unable to seek a corrective transaction with such third-party or is incapable of identifying the third-party that has received a user's digital asset(s) through error or theft, the Platforms will be unable to revert or otherwise recover incorrectly transferred digital assets. To the extent that the Platforms are unable to seek redress for such error or theft, such loss could result in reputational damage to the Platforms and could materially and adversely affect the Platforms' businesses, financial conditions or results of operations, potentially resulting in material unintended consequences for users.

Internet disruptions

A significant disruption in Internet connectivity could disrupt the operation of digital asset networks until the disruption is resolved, and such disruption could have an adverse effect on the price of digital assets and the ability of the Platforms to operate. In the past, some digital assets have experienced a number of denial-of-service attacks, which have led to temporary delays in block creation and digital asset transfers. While in certain cases in response to an attack, an additional "hard fork" has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as digital assets increase in value, they may become bigger targets for hackers and subject to more frequent hacking and denial-of-service attacks. Internet disruptions and similar events could result in material loss for users.

Gateway protocol hijackings

Digital assets are susceptible to border gateway protocol hijacking, or BGP (Border Gateway Protocol) hijacking. Such an attack can be a very effective way for an attacker to intercept traffic on route to a legitimate destination. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on the networks of any of the digital assets the Platform facilitates trading in, participants may lose faith in the security of the Platforms, which could result in reputational damage to the Platforms and could adversely affect the Platforms' businesses, financial conditions or results of operations, and result in material loss for users. To our knowledge the Platforms have not suffered from any BGP hijacking attempts.

Control of processing power

Some digital asset networks, such as the Bitcoin network, are secured by a proof-of-work algorithm, whereby the collective strength of network participants' processing power protects the network. If a malicious actor or botnet (i.e., a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on such digital asset networks, it may be able to construct fraudulent blocks or prevent certain transactions from completing, either in a timely manner or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. While a malicious actor would not be able to generate new interests or transactions using such control, it could "double-spend" its own interests (i.e., spend the same digital asset interests in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the digital asset network, or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the digital asset network.

Some digital asset networks have been subject to malicious activity achieved through control over 50% of the processing power on the network. For example, on May 24, 2018, it was reported that attackers compromised the Bitcoin Gold network in this manner and were successfully able to double-spend interests of Bitcoin Gold in a series of transactions over the course of at least one week and in a total amount of at least $18 million. Other digital assets such as Verge, Monacoin and Electoneum have also suffered similar attacks. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of digital asset transactions, and this risk is heightened if over 50% of the processing power on a digital asset network falls within the jurisdiction of a single governmental authority. To the extent that digital asset ecosystems, including the core developers and the administrators of mining pools, do not act to ensure greater decentralization of mining processing power, the feasibility of a malicious actor obtaining control of the processing power on such digital asset networks will increase, which may adversely affect the Platforms' businesses, financial conditions or results of operations, and result in material loss for users.

Control of developers

A malicious actor may also obtain control over a digital asset network through its influence over influential developers. For example, this control could allow the malicious actor to block legitimate network development efforts or attempt to introduce malicious code to such network under the guise of a software improvement proposal by such a developer. Any actual or perceived harm to a digital asset network as a result of such an attack could result in a loss of confidence in the source code or cryptography underlying the digital asset network, which could negatively impact the demand for such digital asset and therefore adversely affect the Platforms' businesses, financial condition or results of operations, and result in material loss for users.

Faulty code

In the past, flaws in the source code for digital assets have been exposed and exploited, including those that exposed users' personal information and/or resulted in the theft of users' digital assets. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users' personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, the cryptography underlying certain digital assets could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to steal users' digital assets, which could result in reputational damage to the Platforms, and could adversely affect the Platforms' businesses, financial condition or results of operations, and result in material loss for users. Even if a user is not personally victimized by such activities, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively impact the demand for digital assets and therefore adversely affect the demand for the Platforms' services.

Network development and support

Many digital assets networks operate based on open-source protocol maintained by groups of core developers. As such, digital asset network protocols are not sold, and their use does not generate revenues for development teams. Core developers may not be directly compensated for maintaining and updating network protocols.

Consequently, developers may lack a financial incentive to maintain or develop networks, and the core developers may lack the resources to adequately address emerging issues with networks. There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in the network, the Platforms or their users. To the extent that material issues arise with network protocols and the core developers and open- source contributors are unable or unwilling to address the issues adequately or in a timely manner, the operation of the Platform and, by extension, the Platforms' business, financial condition or results of operations, could be adversely affected, and result in material loss for users.

Network forks

Digital asset software is generally open source, meaning that any user can download the software, modify it and then propose that the users and miners of such digital assets adopt the modification. When a modification is introduced and a substantial majority of users and miners' consent to the modification, the change is implemented, and the digital asset network remains uninterrupted. However, if less than a substantial majority of users and miners' consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the result is a so-called "fork" of the network. In other words, two incompatible networks would then exist: (1) one network running the pre-modified software and (2) another network running the modified software. The effect of such a fork would be the existence of two versions of a digital asset running in parallel yet lacking interchangeability.

Forks occur for a variety of reasons. First, forks may occur after a significant security breach. For example, in June of 2016, a smart contract using the Ethereum network was hacked, which resulted in most participants in the Ethereum ecosystem electing to adopt a proposed fork designed to effectively reverse the hack. However, a minority of users continued to develop the old blockchain, now referred to as "Ethereum Classic" with the digital asset on that blockchain now referred to as Classic Ether, or ETC.

Second, forks could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Such a fork could adversely affect the digital asset's viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ether and Classic Ether, as detailed above. If a permanent fork were to occur, then the Platform may be able to facilitate trading in such digital asset and its new alternative.

Third, forks may occur as a result of disagreement among network participants as to whether a proposed modification to the network should be accepted. For example, in July 2017, Bitcoin "forked" into Bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Since then, Bitcoin has been forked several times to launch new digital assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond.

Furthermore, certain forks can introduce new security risks. For example, when Ether and Classic Ether split in July 2016, "replay attacks" (i.e., attacks in which transactions from one network were rebroadcast to nefarious effect on the other network) plagued Ethereum trading platforms for a period of at least a few months.

Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the digital asset network, thereby making digital assets that rely on proof-of-work more susceptible to attack. See "Control of processing power" above.

If any of the digital assets offered by the Platforms were to fork into two digital assets, the Platforms would be expected to facilitate its users' holding of an equivalent amount of such digital asset and its new alternative following the hard fork. However, the Platforms may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, the Platforms or its custodians may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to the Platforms or their users, or that the costs of facilitating the holding and trading of the new digital asset exceed the benefits thereof.

The timing of any such occurrence is uncertain, and the Platforms have sole discretion whether to facilitate the holding and trading of a new asset created through a fork of a digital asset network, subject to certain restrictions that may be put in place by service providers to the Platforms.

Forks in digital asset networks could adversely affect the Platforms' business operations, and result in material losses for users, as far as the Platforms are unable or unwilling to accommodate the trading and holding of new alternatives to digital assets resulting from forks in digital asset networks. Additionally, laws, regulation or other factors may prevent the Platforms from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset. For example, it may be illegal for the Platforms to facilitate the holding of and trading in the new asset, or there may not be a suitable market for the new asset (either immediately after the fork or ever).

Air drops

Digital assets may become subject to an occurrence similar to a fork, which is known as an "air drop." In an air drop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free. For example, in March 2017 the promoters of Stellar Lumens announced that anyone that owned Bitcoin as of June 26, 2017, could claim, until August 27, 2017, a certain amount of Stellar Lumens. For the same reasons as described above with respect to hard forks, the Platforms may or may not choose, or be able, to allow their users to participate in an air drop or may or may not be able to realize the economic benefits of holding the new digital asset. The timing of any such occurrence is uncertain, and the Platforms have sole discretion whether to claim a new digital asset created through an air drop. Such action or inaction could adversely affect the Platforms' business operations, and result in material loss for users.

Competition faced by digital assets for which the Platforms facilitate trading

A competitor to any of the digital assets which the Platforms facilitate trading in which gains popularity and greater market share may precipitate a reduction in demand, use and price of such digital asset, which may adversely impact demand for the services provided by the Platforms. Similarly, demand for digital assets could be reduced by competition from incumbents in the credit card and payments industries, which may result in a similar adverse impact to the business, and result in material loss for users.

Effects of blockchain analytics

Digital assets generally utilize a public blockchain on which all transactions are publicly viewable and contain certain information about the transaction, such as the public wallet addresses, and amounts involved. Accordingly, individual digital assets can be traced through statistical analysis, big data and by imposing an accounting convention such as "last in, first out" or "first in, first out." These methods are commonly referred to as "blockchain analytics." The fact that blockchain analytics can be performed implies that digital assets are not perfectly fungible because prospective purchasers can theoretically discriminate against digital assets by making certain assumptions about its particular transaction history in light of any legal risks associated with holding "tainted" currency, as the legal framework protecting fungibility of government-issued currency does not clearly apply to digital assets. Potential risks include (i) a holder being exposed to conversion tort liability if digital assets were previously stolen or (ii) a digital asset trading platform refusing to exchange the digital asset for government-issued currency on AML or economic sanctions grounds. These concerns are exacerbated by the publication of Bitcoin address "blacklists," such as the one published by the U.S. Treasury's Office of Foreign Assets Control (OFAC).

Though the market currently does not apply discounts to digital assets in this manner, if the risks noted above, or similar risks, begin to materialize, then blockchain analytics could lead to disruptions in the market. For example, if another digital asset trading platform begins to discriminate based on transaction history, individual units of digital assets could begin to have disparate value, possibly based on "grades" that are calculated based on factors such as age, transaction history and/or relative distance from flagged transactions or blacklisted addresses. Such developments could become a substantial limiting factor on a digital asset's usefulness as a currency and could serve to reduce the value of the digital asset, which could adversely impact demand for the services provided by the Platforms, and result in material loss for users.

Risks Related to the Digital Assets Industry

Digital assets industry generally

The further development and acceptance of the digital assets industry is subject to a variety of factors that are difficult to anticipate and evaluate. The use of digital assets to buy and sell goods and services, among other things, is a new and rapidly evolving industry. Although it is widely predicted that digital assets will continue to be a leading means of digital payment, it cannot be assured that this will occur. Any slowing or stopping of the development in the acceptance of digital assets may adversely affect the Company's business, financial condition, or results of operations. For several reasons, including for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, digital asset activities may prove in the long run to be an unprofitable pursuit for businesses. Factors affecting the further development of the digital assets industry include those outlined above in "Digital asset investment risks".

Changes in law or regulation

As digital assets have grown in both popularity and market size, governments around the world have reacted differently to digital assets with certain governments deeming them illegal while others have allowed their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the

Company to continue to operate. The effect of any future regulatory change on the ability to buy and sell digital assets is impossible to predict, but such change could be substantial and have a material adverse effect on the Company. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, use or trade digital assets or to exchange digital assets for fiat currency.

Legal or regulatory changes or interpretations of the Company's existing and planned activities could require the licensing or qualification of the Company or impose costly and contradictory regulatory burdens on the Company, outside of management's current expectations. Such additional requirements could cause the Company to incur additional expenses, which could materially and adversely affect its business, financial condition and results of operations. The Company may not meet the requirements for such licenses or qualifications or may fail to secure discretionary approval of relevant regulatory bodies. A failure or delay in receiving approval for a license or qualification, or approval that is more limited in scope than initially requested, or subsequently limited or rescinded, could have a significant and negative effect on the Company, including the risk that a competitor gains a first-mover advantage.

The law and regulation surrounding the operation of the Company's businesses with respect to digital assets is unclear, uncertain, rapidly evolving and not assured to develop in a way that is favorable to the Company. The business activities and anticipated business activities of the Company may cause regulatory bodies to delay, or refuse to issue, licenses and qualifications to the Company that it would otherwise receive in the ordinary course, which may result in a similar adverse impact to the business, and result in material loss for users. In addition, even where activities have been approved and the Company has obtained necessary licenses, a change in the legal framework may render such activities illegal or no longer economically sustainable.

Substantial litigation and regulatory risks

The Platforms depend to a significant extent on their relationships with their users and reputations for integrity and high-caliber professional services. As a result, if a user is not satisfied with either of the Platforms' services or if there are allegations of improper conduct, including improper conduct by any of the Platforms' partners, by either private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to the Platforms, or if there is negative publicity and press speculation about either Platform, whether or not valid, it may harm the Platform's reputation and may be more damaging to either Platform than to businesses in other non-related industries.

The Company's businesses have become subject to significant regulation and oversight. The Company could be the subject of inquiries, investigations, sanctions, cease and desist orders, terminations of licenses or qualifications, lawsuits and proceedings by counterparties, users, other third parties and regulatory and other governmental agencies, which could lead to increased expenses or reputational damage. Responding to inquiries, investigations, audits, lawsuits and proceedings, regardless of the ultimate outcome of the matter, is time-consuming and expensive and can divert the attention of senior management. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last years. The Company's compliance program is designed to prevent and detect instances of money laundering, terrorist financing, and other illicit activity on its platforms. It is also designed to prohibit the use of the Company's services and platforms in sanctioned jurisdictions or by sanctioned persons or entities as determined by the applicable authorities. While the Company's compliance program includes policies, procedures, reporting protocols and internal controls that are designed to assist the Company in managing risks associated with money laundering, terrorist financing, and dealing with sanctioned

persons or entities, such processes cannot be foolproof. The Company is strengthening its compliance program to ensure it is positioned to mitigate the risks associated with users engaging in illicit activity,
The risks described above may be greater for companies in the digital asset industry as it is relatively new and users, counterparties and regulators are expected to need significant education to understand the mechanics of products and services that rely on blockchain technology.

Furthermore, while the Company maintains insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts refundable. Even if the Company believes a claim is covered by insurance, insurers may dispute the Company's entitlement for a variety of different reasons, which may affect the timing and, if the insurers prevail, the amount of the Company's recovery. Any claims or litigation, even if fully indemnified or insured, could damage the Company's reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future, which may result in a similar adverse impact to the business and result in material loss for users.

If the Company and its subsidiaries and/or any governmental agency believe that it has accepted capital contributions by, or is otherwise holdings assets of, any person or entity that is acting directly or indirectly in violation of any money laundering or corruption laws, rules, regulations, treaties, sanctions or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker or senior foreign political figure suspected of engaging in foreign corruption, the Company and its subsidiaries and/or such governmental agency may "freeze the assets" of such person or entity. The Company may also be required to report and remit or transfer those assets to a governmental agency. Any such action may harm the Company's reputation and materially and adversely affect its business, financial condition and results of operations.

Rapidly changing technology and user or regulatory requirements

The Company's success depends on its ability to develop new products and services for its business, while improving the performance and cost-effectiveness of its existing products and services, in each case in ways that address current and anticipated user and regulatory requirements. Such success is dependent upon several factors, including functionality, competitive pricing, licensing, regulatory approval and integration with existing and emerging technologies. The digital asset industry is characterized by rapid technological change, and new technologies could emerge that might enable the Company's competitors to offer products and services with better combinations of price and performance, or that better address user requirements, than the Company's products and services. Competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or user requirements.

Due to the significant lead time involved in bringing a new product or service to market, the Company is required to make a number of assumptions and estimates regarding the commercial feasibility of new products and services. As a result, it is possible that Company may introduce a new product or service that uses technologies that have been displaced by the time of launch, become subject to emerging regulatory oversight or "de-listing", addresses a market that no longer exists or is smaller than previously thought or otherwise is not competitive at the time of launch. The expenses or losses associated with an unsuccessful product or service development, launch or maintenance, or a lack of market acceptance of the Company's new products and services, could adversely affect the Company's business, financial condition or results of operations and result in material loss for users.

The Company's ability to attract new users and increase revenue from existing users also depends on its ability to deliver any enhanced or new products and services to its users in a format where they can be easily and consistently deployed by most or all users without significant user service. If the Company's users believe that deploying its products and services would be overly time-consuming, confusing or technically challenging, then the Company's ability to grow its business could be substantially harmed.

Cybersecurity incidents and other systems and technology problems

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The digital assets industry is a particular target for cybersecurity incidents, with digital asset trading platforms having become a significant target for fraud.

Cybersecurity incidents may occur through intentional or unintentional acts by individuals or groups having authorized or unauthorized access to the Company's systems or users' or counterparties' information, all of which may include confidential, personal information. These individuals or groups include employees, third-party service providers, users and hackers.

The information and technology systems used by the Company and its service providers are vulnerable to unauthorized access, damage or interruption from, among other things: hacking, ransomware, malware and other computer viruses; denial of service attacks; network failures; computer and telecommunication failures; phishing attacks; infiltration by unauthorized persons; fraud; security breaches; usage errors by their respective professionals; power outages; terrorism; and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. This is highlighted by a recent cybersecurity incident experienced by the Company, in which threat actors gained unauthorized access to the Company's private source-code repositories through a third-party vendor that is believed to have been compromised itself. Although the incident, which the Company is continuing to monitor, did not impact the Company's operations, client assets or client trading data, and there was no financial loss to the Company, the incident highlights the severity of the risk.

While the Company will deploy a range of defenses, including enhanced defenses as a result of the recent cybersecurity incident, it is possible the Company or the Platforms could suffer an impact or disruption that could materially and adversely affect the Company's businesses, financial condition or results of operations. The security of the information and technology systems used by the Company and its service providers may continue to be subjected to cybersecurity threats that could result in material failures or disruptions in the Company's business. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Company or a service provider may have to make a significant investment to fix or replace them. The Company has and will continue to have access to sensitive, confidential, personal information of users and counterparties, and access to such users and counterparties' assets, which makes the cybersecurity risks identified above more relevant than they may be to other non-financial services companies.

Failures of the Company's cybersecurity system could harm the Company's reputation, subject it to legal claims and otherwise materially and adversely affect the Company's business, financial condition, and results of operations and result in material loss for users. Furthermore, negative sentiment about the Company's practices regarding the collection use, disclosure, or safekeeping of confidential information, personal data, and assets, even if unfounded, could adversely affect its operating results.

Physical Security

The digital asset industry in Canada and internationally continues to face risks from organized crime including murders, kidnappings, blackmail, extortion, violence and threats of violence. While the Company takes security measures to protect both personnel and property, there is no guarantee that such measures will provide an adequate level of protection for the Company or its personnel. The occurrence of illegal activity against the Company or its personnel cannot be accurately predicted and could have an adverse effect on the Company’s operations.

Reliance on vendors and third-party service providers

The Company’s operations could be interrupted or disrupted if the Company’s vendors and third-party service providers, or even the vendors and third-party service providers of such vendors and third-party service providers, experience operational or other systems difficulties, terminate their service, fail to comply with regulations, raise their prices or dispute key intellectual property rights sold or licensed to, or developed for the Company. The Company may also suffer the consequences of such vendors and third-party providers’ mistakes. The Company outsources some of its operational activities and accordingly depends on relationships with many vendors and third-party service providers.

The failure or capacity restraints of vendors and third-party services, a cybersecurity breach involving any third-party service providers or the termination or change in terms or price of a vendors and third-party software license or service agreement on which the Company relies could interrupt the Company’s operations. Replacing vendors and third-party service providers or addressing other issues with the Company’s vendors and third-party service providers could entail significant delay, expense, and disruption of service. As a result, if these vendors and third-party service providers experience difficulties, are subject to cybersecurity breaches, terminate their services, dispute the terms of intellectual property agreements, or raise their prices, and the Company is unable to replace them with other vendors and service providers, particularly on a timely basis, the Company’s operations could be interrupted. If an interruption were to continue for a significant period, the Company’s business, financial condition, and results of operations could be adversely affected, and the Company could suffer reputational damage. Even if the Company can replace vendors and third-party service providers, it may be at a higher cost to the Company, which could also adversely affect the Company’s business, financial condition, and results of operations.

Finally, notwithstanding the Company’s efforts to implement and enforce strong policies and practices regarding third-party service providers, the Company may not successfully detect and prevent fraud, incompetence, or theft by its third-party service providers, which could adversely affect the Company’s business, financial condition and results of operations and result in material loss for users.

Competition from increase in investment products referencing digital assets

While the digital asset industry is at an early stage, there are examples in several countries of securitized products or collective investment schemes being created in order to provide exposure to digital assets. These products and schemes present competition to the Company. Such competition is likely to grow as new entrants emerge, including large financial institutions such as investment banks, which have greater resources, technology and distribution channels than the Company. Such increased competition could result in, among other things, the Company losing market share, the emergence of superior products and to compression of margins, any of which could have a material and adverse effect on the Company's business, financial condition and results of operations and result in material loss for users.

Competitors may attempt to imitate the Company's services, products and technology

As the Company's business continues to expand, its competitors will likely imitate its products, services and technology. Only a portion of the intellectual property used in the operation of the Company's business is patentable, and therefore it will rely significantly on trade secrets, trade and service marks and copyright. The Company also relies on trade secret protection and confidentiality agreements with its employees, consultants, suppliers, third-party service providers and others to protect its intellectual property and proprietary rights. Nevertheless, the steps the Company takes to protect its intellectual property and proprietary rights against infringement or other violation may be inadequate and it may experience difficulty in effectively limiting the unauthorized use of its patents, trade secrets, trade and service marks, copyright and other intellectual property and proprietary rights worldwide. The Company also cannot guarantee that others will not independently develop technology with the same or similar function to any proprietary technology it relies on to conduct its business and differentiate itself from competitors.

Software systems, products and related enhancements must remain compatible with the other software products and systems used by the Company and its users. Often, the Company must integrate software licensed or acquired from third parties with its proprietary software to create or improve its products. If the Company is unable to successfully integrate software to develop new software products and enhancements to existing products, to complete products currently under development, or if integrated or new products or enhancements do not achieve acceptance by the marketplace, its operating results may materially suffer. The operation of any element of a blockchain network or platform may be severely and adversely affected by the malfunction of its technology and the technology of third parties. The Company depends on major mobile operating systems and third-party platforms for the distribution of certain products. If app stores or other platforms prevent customers from accessing the Company's apps, its ability to grow may be adversely affected. The Company may or may come to depend upon third-party software products to develop its products. If in future such reliance existed and the software products were not available, the Company might experience delays or increased costs in the development of its products.
The Company could incur significant costs and management distraction in pursuing claims to enforce its intellectual property and proprietary rights through litigation. If the Company is unable to protect or preserve the value of its patents, trade secrets, trade and service marks, copyright or other intellectual property and proprietary rights for any reason, its reputation could be damaged and its business, financial condition and results of operations could be materially adversely affected.

Limited Operating History

The Company has recently started to carry on its business and is therefore subject to risks related to companies in earlier stages of development, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment, and the Company may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. Failure to do so could materially harm the Company's business and impair the value of its common shares, resulting in a loss to shareholders.

Regardless, the Company may not generate anticipated cash flows or profits. No assurance can be given that the Company can or will ever be successful in its operations and operate profitably. An investment in the Company's common shares is speculative and subject to a number of risks and uncertainties. Only persons who can bear the risk of substantial or total loss of their investment should participate. Investors should carefully consider the risks described above before investing in the Company's common shares.

Growth and Consolidation in the Broader Industry

Consolidating transactions could have adverse effects on the Company, resulting the Company losing strategic relationships if its partners are acquired by or enter into agreements with a competitor. Relationships between the Company and its strategic partners may deteriorate and cause an adverse effect on the business, and competitors or users of competing technology could consolidate with the Company's current or potential customers. The Company's competitors could become larger players in the market or new competitors could emerge, and industry consolidation could result in the Company diverting resources to meet competitive threats, potentially adversely impacting operating results. Such events may place the Company at a competitive disadvantage, or otherwise materially adversely affect operations and revenues.

The Company's growth and profitability may depend on the effectiveness and efficiency of advertising and promotional expenditures. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Company's services. The Company's success may depend on its ability to continue to sign up new customers and users to its apps and products and growing active customer and user bases. Unfavorable media coverage could negatively affect our business. No assurance can be given that the Company will be able to procure a sufficient number of customers and/or users.

Intellectual property rights claims

Third parties may assert intellectual property claims relating to the holding and transfer of digital assets and their source code or against any of the Company's patents or intellectual property rights associated with its platforms. Regardless of the merit of any intellectual property claim or other legal action, any threatened action that reduces confidence in a digital asset network's long-term viability or the ability of a user to hold and trade digital assets may adversely affect the Company's business, financial condition and results of operations and result in material loss for users. Additionally, a meritorious intellectual property claim could prevent users from accessing, holding, or trading digital assets, which could force the liquidation of users' holdings of digital assets (if such liquidation is possible).

Access to banking services for digital asset service businesses or businesses that accept digital assets

Several companies that provide services related to digital asset have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to digital asset companies or companies that accept digital assets for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide services related to digital asset have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of digital assets as a payment system and harming public perception of digital assets or could decrease its usefulness and harm its public perception in the future, which could have a material and adverse effect on the Company's business, financial condition and results of operations and result in material loss for users. Similarly, the usefulness of digital assets as a payment system and the public perception of digital assets could be damaged if banks were to close the accounts of many or of a few key businesses providing services related to digital assets.

Risks of Political or Economic Crises

Political or economic crises may motivate large-scale sales of digital assets, which could result in a reduction in the price of digital assets. As an alternative to fiat currencies that are backed by central governments, digital assets, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is impossible to predict how such supply and demand will be affected by future geopolitical events. Political or economic crises may motivate large-scale acquisitions or sales of digital assets either globally or locally. Large-scale sales of digital assets could reduce demand for the services the Company provides through its platforms and adversely affect the Company's business, financial condition and results of operations and result in material loss for users.

Risks Related to the Platforms and SmartPay

The unregulated nature surrounding the operations of other digital asset trading platforms

Many digital asset trading platforms and payment solutions are not currently treated by regulators as securities exchanges or commodity futures exchanges in Canada, the United States and certain other global jurisdictions. The platforms through which digital assets trade are new and, in many cases, largely unregulated. Furthermore, many such platforms do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, these platforms.

Over the past several years, a number of digital asset trading platforms have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such platforms were not compensated or made whole for the partial or complete losses of their account balances in such platforms.

Furthermore, many digital asset trading platforms lack certain safeguards put in place by traditional exchanges to enhance the stability of trading on the platform and prevent flash crashes, such as limit-down circuit breakers. As a result, the prices of digital assets on digital asset trading platforms may be subject to larger and/or more frequent sudden declines than assets traded on traditional exchanges.

A lack of stability in other digital asset trading platforms, manipulation of digital asset markets by customers of other digital asset trading platforms and/or the closure or temporary shutdown of such platforms due to fraud, business failure, internal collusion, hackers or malware may reduce confidence in digital asset trading platforms generally, which could adversely affect the Company's business, financial condition and results of operations. Any such events could adversely affect the Company's business, financial condition and results of operations and result in material loss for users.

The Platforms will face competition from existing and newly established digital asset trading platforms

It is possible that digital asset trading platforms exist or could be established that utilize the same or similar protocols as those provided by the Platforms or that facilitate services that are materially similar to the services provided by the Platforms. The Platforms may face competition from any such alternative networks, which could negatively impact the Company and have a material adverse effect on the Company's business, financial condition and results of operations.

There are already several digital asset trading platforms that the Platforms compete with. If the Platforms are unable to offer features that differentiate it from such competitors, or such competitors create pricing pressure that results in lower-than-anticipated revenues, the Platforms may not remain viable, which could have a material adverse effect on the Company's business, financial condition and results of operations and result in material loss for users.

Liquidity constraints

While the liquidity and traded volume of digital assets have generally seen continuous growth, digital assets are still maturing assets. The Platforms may not always be able to facilitate the trading of digital assets at prevailing market prices. It may become difficult for users to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace. The Platforms may face competition for liquidity with other digital asset trading platforms. Unexpected market illiquidity, and other conditions beyond the Platforms' control, may cause major losses to users.

While the Platforms have implemented procedures to ensure sufficient liquidity for its users, there is no guarantee that such procedures will be effective. Should liquidity constraints affect the Platforms' users, the Platforms may face significant reputational damage as a result, which could adversely affect the business, financial condition and operations results of the Company and result in material loss for users.

Risk of manipulation on digital asset trading platforms

Some digital asset trading platforms have been known to permit and/or report artificially high order volumes and/or trading volumes. Digital asset trading platforms are not required to adopt policies and procedures for the purpose detecting and preventing manipulative and deceptive trading activities and, if manipulative and deceptive trading activities are detected, digital asset trading platforms may not have procedures for, or jurisdiction to, sanction or otherwise deter such activities and/or to detect, investigate and prosecute fraud.

While management has implemented procedures to prevent manipulative and deceptive trading activities, there is no guarantee that such procedures will be effective. Should manipulative and deceptive trading practices occur through the facilities of the platforms, the Company may face significant reputational damage as a result, which could adversely affect the business, financial condition and operations results of the Company and result in material loss for users.

Risk of providing services to residents of foreign jurisdictions

The Company takes commercially reasonable measures to provide the Platforms and its other products in jurisdictions and to users that are permitted to trade in digital assets. As an example, the Platforms are only permitted to be used by Canadian residents. If any of the identifiable information obtained during the KYC procedures indicate that a potential user of our Platforms may be domiciled in the United States, such users are not permitted to access the Platforms and trade in digital assets. Although the Platforms require users to submit documentation and relies on other screening tools from time to time, the Company faces the risk that users may provide inaccurate, false, or misleading documents or information. The Company cannot fully confirm the accuracy, currency and completeness of such information beyond commercially reasonable efforts. Similarly, a user who is not a U.S. citizen or resident at the time of account registration may later obtain U.S. citizenship or residential status and fail to update the Company in a timely manner, so our customer database might not be entirely accurate at all times.

Despite the efforts to exclude persons who reside in jurisdictions where the Company has no license or permit, the provision of products and services to such users could nonetheless be in violation of the applicable laws and regulations in those jurisdictions, of which the Company may have no awareness of the violation until it is warned by the relevant supervising authorities.

Notwithstanding implemented safeguards, the Company could still be subject to certain legal or regulatory sanctions, fines or penalties, financial loss, or damage to reputation resulting from such violations. There is no assurance that the Company will be able to successfully identify and exclude all persons who reside in jurisdictions where the Company has no license or permit to operate, including the United States. If U.S. citizens and residents were to register on and begin using the Platforms, the Company may be subject to the scrutiny of U.S. regulatory agencies and required to comply with applicable laws and regulations in the United States, including the requirements to obtain relevant licenses and permits for providing the products to U.S. citizens and residents.

While some Company services may not be available in any app store accessible to persons in the United States and IP addresses that are in the United States may "geo-blocked", the Company may not be able to prevent users from using virtual private network or other high technology measures to circumvent the IP address to visit the Company's Platforms or other services.

Although the Company has training for employees in all its departments, the KYC procedures and onboarding processes cannot be foolproof. Any potential flaw in the KYC procedures or any misconduct in the KYC procedures or onboarding processes by any of the employees may lead to the failure of compliance with such relevant laws and regulations, may subject the Company to certain legal or regulatory sanctions, fines or penalties, financial loss, or damage to reputation.

General Business and Market Risks

Key Personnel

The senior officers of the Company will be critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. As the Company's business activity grows, it will require additional key financial, administrative and technical personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

Conflicts of Interest

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other public companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, it is the intention of the Company that a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will be expected to primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. In conflict-of-interest situations, directors and officers may need to balance competing interests that may be resolved in a manner that is unfavourable to the Company.

Additional Financing

The Company may require additional financing in order to make further investments or take advantage of future opportunities and to grow its business. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of common shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business. If the Company is unable to generate sufficient revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the securities of the Company would be diminished.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

Issuance of debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other organizations or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for companies of similar size. Depending on future plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to the Company. The Company's constating documents do not limit the amount of indebtedness that may be incurred, and it is not expected that the Company's constating documents will contain such restrictions. As a result, the level of the Company's indebtedness from time to time could impair its ability to operate or otherwise take advantage of business opportunities that may arise.

Dilution

The Company may make future acquisitions or enter financings or other transactions involving the issuance of securities of the Company which may be dilutive to the holdings of existing shareholders.

Price volatility of publicly traded securities

In recent years, the securities markets in the United States and Canada and certain other jurisdictions internationally have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the common shares will be affected by such volatility. A public trading market in the common shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of common shares at any given time, which, in turn is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in securities of the Company will be established and sustained. The market price for the Company's securities could be subject to wide fluctuations, which could have an adverse effect on the market price of the Company. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for the common shares does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

Markets for securities

The market price for the securities of the Company could be subject to wide fluctuations. Factors such as commodity prices, digital asset prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company.

General economic conditions may adversely affect the Company's growth

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries continue to be negatively impacted by these market conditions. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, tax rates may adversely affect the Company's growth and profitability.

Catastrophic event risk

The Company's operations are exposed to potential damage, including partial or full loss, resulting from disasters such as an earthquake, hurricane, fire, explosion, flood, severe storm, terrorist attack or other comparable events. A pandemic or an assault or an action of malicious destruction, sabotage or terrorism could also disrupt our ability to operate. The occurrence of a significant event that disrupts our ability to operate for an extended period could have a material adverse effect on our business, financial condition and results of operations.

SIGNIFICANT ACCOUNTING POLICIES

The Company's Interim Financial Statements for the six months ended June 30, 2025, and 2024 have been prepared in accordance with *International Financial Reporting Standards ("IFRS")*, as issued by the International Accounting Standards Board.

Please refer to Note 2, "Basis of Presentation and Statement of Compliance" and Note 3, "Summary of Significant Accounting Policies" of the Company's Financial Statements for the years ended December 31, 2024, and 2023 for more information about the significant accounting principles and significant accounting judgments and estimates used to prepare the Financial Statements. Relevant changes to the Company's significant accounting principles and significant accounting judgments which occurred are as follows:

Client digital assets and liabilities are measured at fair value using the quoted price on the CoinMarketCap service. The Company believes any price difference amongst the principal market and an aggregated price to be immaterial. Management considers this fair value to be a Level 2 input under IFRS 13, *Fair Value Measurement*, and the fair value hierarchy, as the price on this source represents an average of quoted prices on multiple digital currency exchanges.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS. In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Since December 31, 2021, the Company has commenced several measures to ensure the design and implementation of adequate internal controls over financial reporting including the hiring of qualified employees and the implementation of various financial systems and processes. Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2025.

Based on the foregoing evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that as of June 30, 2025, the Company's disclosure control controls and procedures and internal control over financial reporting were operating effectively for a public reporting issuer.