WonderFi Technologies Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023 & 2022

Contents

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for WonderFi Technologies Inc. (together with its subsidiaries, the "Company"), dated November 13, 2023, should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and its accompanying notes for the three and nine months ended September 30, 2023 and 2022 ("Interim Financial Statements"), along with the Company's audited consolidated financial statements and its accompanying notes for the fifteen months ended December 31, 2022 and nine months ended September 30, 2021 ("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 Financial Statements 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

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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

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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 makes reference 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) non-cash finance expenses; (iii) asset impairment charges; (iv) revaluation gains or losses on digital assets; (v) other non-cash expenses; and (vi) certain one-time transaction expenses. “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.

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COMPANY OVERVIEW

WonderFi Technologies Inc. ("WonderFi" or the "Company") commenced operations on January 30, 2021, and through its operating subsidiaries provides access to digital assets in secure and regulated environments. The Company operates primarily in Canada and is a leading provider of end-to-end financial infrastructure for the digital asset industry through Bitbuy, Coinsquare and SmartPay. 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 and decentralized finance industries through its suite of automated products. The Company offers the following services:

1) regulated trading accounts for digital assets (including the ability to earn staking rewards),
2) state-of-the-art digital asset marketplaces for institutions and corporate enterprises, with significant liquidity for transacting in digital assets,
3) digital asset-based applications, technology and services that enable businesses to securely accept and process digital assets for payments,
4) development of software products focused on integrating protocols, including simplifying user interaction with the emerging business sector of decentralized finance, and
5) digital asset custody via an investment in Tetra Trust Company, Canada's first licensed digital asset custodian delivering digital asset storage technology services to industry participants.

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 table highlights WonderFi's recent acquisitions:

Entity Acquired	Transaction Date	Principle Business	Regulated Status	Primary Consideration
Coinsquare Ltd.	Friday, July 7, 2023	Trading	Investment Dealer (CIRO/IIROC)	Share Issuance
CoinSmart Financial Inc.	Friday, July 7, 2023	Trading/ Payments	Restricted Dealer (OSC)	Share Issuance
Blockchain Foundry Inc.	Monday, November 7, 2022	DeFi Solutions	n/a	Share Issuance
Coinberry Limited	Monday, July 4, 2022	Trading	Restricted Dealer (OSC)	Share Issuance
Bitbuy Technologies Inc.	Friday, March 25, 2022	Trading	Restricted Dealer (OSC)	Share Issuance & cash

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OPERATING SEGMENTS

Over the past year, WonderFi has focused on expanding its digital asset trading segment, making the Company one of Canada's leading regulated digital asset companies servicing retail clients, advanced traders, institutions and corporate clients. Through its acquisition of CoinSmart, the Company has entered into the digital asset payments-processing segment, where customers can securely accept and process digital assets as payments.

The Company's operations consist of two principal segments: Trading (Retail & Over-the-Counter) and Payments.

Trading (Retail & Over-the-Counter):

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 existing financial institutions and execute self-directed purchase or sale transactions 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 registrations include the following:

- Coinsquare Capital Markets Ltd. ("CCML" or "Coinsquare", a wholly owned subsidiary of Coinsquare Ltd.) is registered with the Ontario Securities Commission ("OSC") and with the Canadian Securities Administrators ("CSA") as an "investment dealer" and "marketplace," and is a CIRO (formerly IIROC) Dealer Member and Marketplace Member.

- Bitbuy Technologies Inc. ("Bitbuy") is registered with the Ontario Securities Commission ("OSC") and with the Canadian Securities Administrators ("CSA") as a "restricted dealer" and "marketplace."

During the second quarter of 2023, Bitbuy submitted applications to acquire the client accounts of the Coinberry and CoinSmart digital asset trading platforms. As of October 31, 2023 all Coinberry and CoinSmart client accounts have been acquired by Bitbuy. It is the Company's intention to obtain the necessary regulatory approvals to migrate, during early fiscal 2024, Bitbuy's customer accounts into CCML. This will create one of the largest Canadian digital asset trading platforms and provide all customers with the protections associated with CIRO membership.

Payments:

WonderFi's SmartPay digital asset payments platform empowers businesses to easily accept digital assets as payment for goods and services with a seamless and efficient solution for merchants globally. SmartPay is

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committed to providing high-volume processing and instant settlements. SmartPay represents the easiest way for businesses across the globe to send and receive digital payments.

BRANDS & TRADEMARKS

Bitbuy

Bitbuy is one of Canada's leading regulated digital asset companies catering to advanced traders, institutions and corporate clients. Bitbuy offers digital asset trading for retail clients, staking and corporate crypto services. Bitbuy has over 1,100,000 registered users.

Coinsquare

Coinsquare is another of Canada's leading regulated digital asset companies. Coinsquare provides customers with a proprietary platform engineered to deliver a robust, secure and intelligent interface for trading digital assets and has over 582,000 registered users.

SmartPay

SmartPay is a digital asset payment processing platform that allows merchants to easily make and receive payments in digital assets. With SmartPay, merchants can enjoy faster, cheaper and more secure payments that can be made anytime, anywhere in the world. By leveraging the power of blockchain technology, SmartPay provides a highly secure and transparent payment system.

Q3 2023 MARKET OVERVIEW

Consistent with most sectors of the economy, the high-interest-rate environment has continued to impact the overall digital asset market in Q3 2023. The Canadian economy has yet to absorb the full impacts from rate hikes since the start of monetary policy tightening, resulting in lingering uncertainty. The total market capitalization of all digital assets declined by approximately 8.5% during Q3 2023.

In Q3 2023 and despite industry conditions, the Company was able to navigate the headwinds resulting in quarter-over-quarter volume and revenue gains in both segments: Trading (Retail & OTC) and Payments. While competitors were contracting, the Company continued to execute its strategy to expand and grow inorganically through acquisitions. The Company introduced a new business vertical in the quarter and continued to grow its client asset base with additional services such as the continued expansion of its digital asset staking offering.

Consistent with global trends of increased institutional adoption, the Company recorded in the third quarter quarter-over-quarter increases in volumes, transactions and revenues in the OTC and Payment verticals.

The Company continues to position itself as the Canadian market leader for digital asset trading and payments. WonderFi is well positioned to take advantage of changing market conditions.

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BUSINESS HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

Acquisition of Coinsquare Ltd. & CoinSmart Financial Inc.

On July 7, 2023, the Company announced the closing of the acquisitions of Coinsquare Ltd. & CoinSmart Financial Inc. (the "Transaction" or the "Acquisition"). The Transaction was transformative to the Company, positioning WonderFi and its operating subsidiaries as one of the leading digital asset trading ecosystems in Canada.

Key Transaction Benefits:

- With a collective user base of over 1.6 million registered Canadians and combined assets under custody of approximately $698 million, WonderFi boasts one of the largest communities of crypto investors within a single regulated ecosystem in Canada. Additional collective KPIs include:
  - $17 billion volume traded lifetime across all platforms.
  - $2.34 billion volume traded, and $42 million in total revenue across retail and institutional trading, staking and B2B digital asset payments for the combined businesses for the 12 months ended September 30th, 2023.
- Acquisition of SmartPay, WonderFi's digital asset payment solution for the burgeoning digital asset payment landscape. As the global adoption of digital assets continues to grow, the use cases for them, particularly in facilitating payments, are experiencing significant growth across various sectors, including e-commerce, gaming, content creation and emerging industries. SmartPay has successfully processed over $755 million worth of transactions as of September 30, 2023.
- WonderFi now holds a 43 percent ownership stake in Tetra Trust Company, Canada's first and only trust company licensed to custody digital assets.

In light of the recent acquisitions in the evolving digital asset industry, WonderFi is positioned as the owner of some of Canada's largest regulated digital asset trading platforms. The Company does not operate any line of business focused on holding digital assets on its balance sheet and earning yield therefrom.

Migration of Acquired Platforms

Bitbuy received non-objection letters from the Ontario Securities Commission during the third quarter to purchase all of the client accounts of Coinberry Limited and CoinSmart Financial Inc. ("CoinSmart") (collectively the "Migrations"). These migrations had the effect of moving all of the trading activity onto the Bitbuy platform.

The Migrations were carried out by way of asset-purchase agreements, where Bitbuy purchased and assumed from Coinberry and CoinSmart all of rights, titles and interests, as well as all obligations associated with the servicing of their client accounts. The migration for Coinberry was completed in August and the migration for CoinSmart was completed in October. By migrating the client accounts to Bitbuy, the Company was able to

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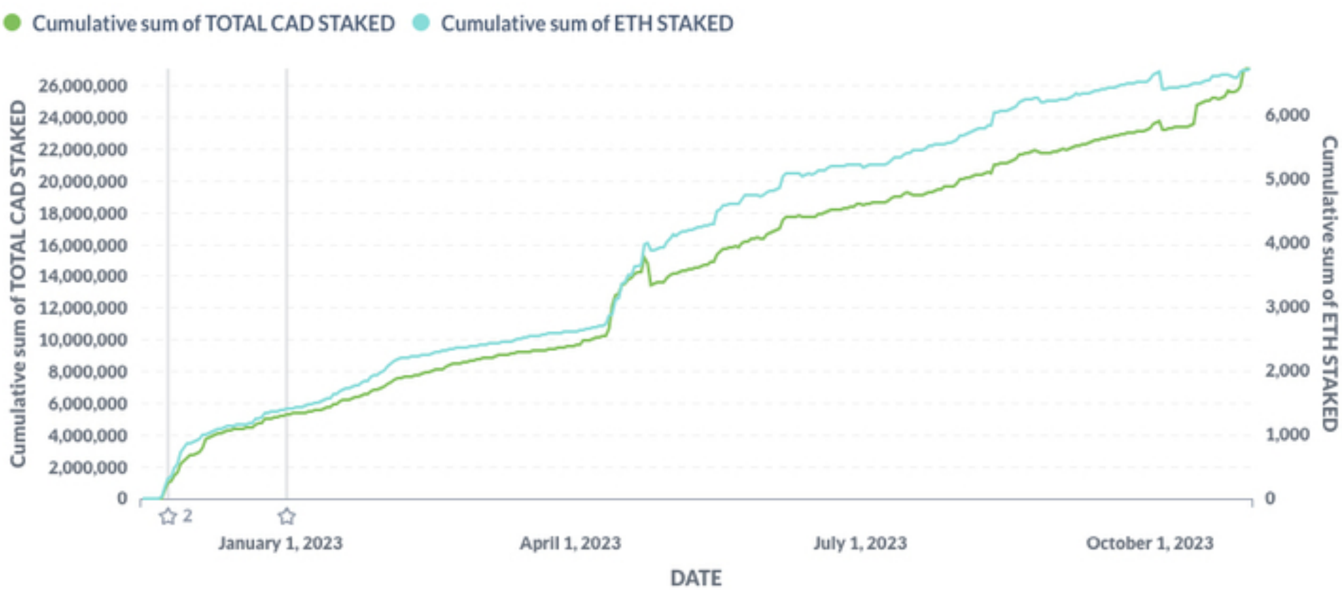
realize cost synergies and operational efficiencies. The Migrations are part of the Company's strategy to streamline its operations and realize significant cost savings.

Monetizing AUC - Expansion of Staking Rewards Program

Management is pursuing numerous opportunities to upsell and increase the Company's profitability from the approximately $698,000,000 of assets under custody on the Platforms. As an example, on May 24 2023, the Company announced its subsidiary Bitbuy's OTC Desk initiated support for staking, representing the first service of its kind in Canada to enable Bitbuy's individual, corporate and institutional OTC clients to stake their digital assets. In the third quarter, Bitbuy began offering on-chain staking for two additional digital assets, Cosmos (ATOM) and NEAR. The addition of these digital assets to Bitbuy's already impressive offering, which includes Ethereum (ETH), Solana (SOL), Polygon (MATIC), Polkadot (DOT), and Cardano (ADA), represents the largest selection of digital assets for staking on any registered digital asset-trading platform in Canada.



Staking is becoming a vital part of the everyday digital asset investor's portfolio. Bitbuy is the first registered digital asset-trading platform in Canada to introduce ATOM and NEAR staking. This further extends Bitbuy's leadership position as the largest regulated platform for Canadian investors looking to stake their digital assets and earn rewards.

Bitbuy is one of three restricted dealers in Canada providing regulated staking. In the 9 months since its release, Bitbuy's staking offering has garnered remarkable traction within the digital asset investment community, with a substantial 51% of the platform's monthly active users currently staking digital assets. The following table shows the percentage of staked assets as compared to the total assets under custody for those assets available for staking on the platform as of September 30th, 2023:

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Token	Bitbuy Client Assets Under Custody (Units)	Bitbuy Client Assets Staked (Units)	Percentage of Total Assets Under Custody
Ethereum (ETH)	35,361	6,598	*19%*
Solana (SOL)	122,164	48,289	*40%*
Polygon (MATIC)	3,310,560	1,789,443	*54%*
Polkadot (DOT)	274,040	147,043	*54%*
Near (NEAR)	43,086	35,694	*83%*
Cosmos (ATOM)	14,391	11,534	*80%*
Cardano (ADA)	11,032,959	2,510,217	*23%*

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FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 & 2022

Financial Position - A Stronger Balance Sheet

As shown in the following table, the Company's financial position has significantly benefited from the July 7, 2023 Acquisitions, with increases in cash, digital assets, investments, working capital, assets under management and shareholders' equity.

	September 30, 2023	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash collateral	25,582,111	6,500,528	11,469,697
Prepaid expenses	1,849,936	826,921	1,552,966
Digital assets	7,821,955	869,207	2,207,410
Client custodial cash	95,646,129	37,612,170	38,200,775
Client digital assets	602,573,703	270,664,321	161,015,890
Loans and other receivables	4,686,112	3,569,117	2,819,107
Total current assets	**738,159,946**	**320,042,264**	**217,265,845**
Investments	15,705,395	525,919	536,858
Fixed Assets	1,104,147	613,348	661,130
Intangible assets	34,459,445	37,786,355	41,992,736
Goodwill	29,642,917	-	-
Total assets	**819,071,850**	**358,967,886**	**260,456,569**
Liabilities			
Current liabilities			
Trade and other payables	11,032,034	8,287,064	10,018,806
Client custodial cash liabilities	95,646,129	37,612,170	38,200,775
Client digital assets liabilities	602,573,703	270,664,321	161,015,890
Current portion of contingent consideration	1,779,012	-	-
Other current financial liabilities	548,613	295,305	1,078,164
Total current liabilities	**711,579,491**	**316,858,860**	**210,313,635**
Contingent consideration	3,701,255	-	-
Other long-term financial liabilities	4,063,668	5,355,400	5,020,233
Total liabilities	**719,344,414**	**322,214,260**	**215,333,868**
Shareholders' equity			
Share capital	285,026,045	213,681,871	209,164,509
Contributed surplus	13,044,985	11,410,477	13,174,390
Deficit	(198,343,594)	(188,338,722)	(177,216,198)
Total shareholders' equity	**99,727,436**	**36,753,626**	**45,122,701**
Total shareholders' equity and liabilities	**819,071,850**	**358,967,886**	**260,456,569**

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As of September 30, 2023, the Company's financial position included the following:

- Total assets of $819.0 million (December 31, 2022 - $260.5 million), total liabilities of $719.3 million (December 31, 2022 - $215.3 million) and working capital of $26.6 million (December 31, 2022 - $6.8 million).
- Client assets under management increased by $499 million to $698 million from $199 million as at December 31, 2022 with increased assets under custody on Bitbuy, and the addition from Coinsquare & CoinSmart.
- The Company's available liquid assets consisting of cash and digital assets increased by $19.7 million to $33.4 million compared $13.7 million at December 31, 2022.

	September 30, 2023	June 30, 2023	December 31, 2022
Cash and cash equivalents	25,582,111	6,500,528	11,469,697
Digital assets	-	-	664,092
Digital asset inventory	7,821,955	869,207	1,543,318
Total Liquid Assets	**33,404,066**	**7,369,735**	**13,677,107**

Revenues

As shown in the following table, for the quarter ended September 30, 2023, the Company recorded net revenues and finance income of $10.5 million compared to $3.3 million in 2022, representing an increase of $7.2 million (214%). The increase was primarily due to the July 7, 2023 Acquisitions accounting for $6.7 million of the growth.

	Three Months Ended September 30,			
	2023	2022	Change	% Change
Revenue				
Trading Revenue	8,543,732	3,329,628	*5,214,104*	157%
Payments Revenue	1,357,544	-	*1,357,544*	100%
Total Revenues	**9,901,276**	**3,329,628**	**6,571,648**	**197%**
Finance Income	601,848	19,254	*582,594*	3026%
Total	**10,503,124**	**3,348,882**	**7,154,242**	**214%**

The Company's diverse revenue base consists of i) 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 our client base with the addition of staking rewards, ii) over-the-counter 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, iii) SmartPay digital asset-based applications and technology that enable businesses to securely accept and process digital assets as payment, with growth driven by robust client demand, on-boarding new customers and iv) ancillary income earned from interest income earned on fiat balances held on account at Bitbuy or Coinsquare.

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Financial Highlights

In Q1 2023 the Company implemented a cost-savings program, which was accelerated in Q3 2023 as a result of the combined operations of the July Acquisitions. The major levers of the cost-savings program consist of the following:

1) The Company will be reducing the number of technology backends in development from four to one. This is expected to be completed in the first half of 2024. Operating efficiencies will be realized with the reduction in duplicate vendors and efforts.
2) Supplier rationalization and renegotiating of pricing & terms. The Company's new scale provides it with the opportunity to re-negotiate better pricing and terms with its existing suppliers.
3) Eliminating non-essential suppliers and services. A detailed review of all vendors was undertaken in Q3 2023, which has identified non-essential suppliers to be addressed.
4) The Company has integrated the operations of Bitbuy, Coinsquare and CoinSmart. Since the date of acquisition, the Company has reduced overall full-time employee headcount from 148 to 93 people as part of its streamlining initiatives.

The following table summarizes the Company's Adjusted EBITDA (i.e. cash operating expenses and outflow) for the quarter ended September 30, 2023. Similarly to Revenues the cost structure has significantly improved with the Acquisitions.

	September 30, 2023	% of Revenue	September 30, 2022	% of Revenue
Revenue	**9,901,276**	***100%***	**3,329,628**	***100%***
Finance Income	601,848	***6%***	**19,254**	***1%***
Total	**10,503,124**	***106%***	**3,348,882**	***101%***
Operating Expenses (Adjusted for One Time Items)				
Salaries and wages	4,344,973	*44%*	3,432,948	*103%*
Bank and transaction fees	1,564,714	*16%*	584,958	*18%*
Marketing	368,385	*4%*	1,460,036	*44%*
Professional and consulting fees	1,738,138	*18%*	723,870	*22%*
Software licenses	1,444,679	*15%*	1,037,417	*31%*
Commission expenses	1,637,962	*17%*	-	*0%*
Subcontractors	226,518	*2%*	485,022	*15%*
General and administrative expenses	702,084	*7%*	478,610	*14%*
Compliance fees	395,745	*4%*	189,838	*6%*
Cash Operating Expenses	**12,423,198**	***125%***	**8,392,699**	***252%***
Adjusted EBITDA (Loss)	**(1,920,074)**	***-19%***	**(5,043,817)**	***-151%***

As shown above, each major cost category as a percentage of revenues significantly decreased relative to the comparative period, led by Salaries & benefits which decreased to 43.9 percent of revenue in 2023 from

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103.1 percent in 2022. The Company is realizing the benefits of management's cost savings and restructuring initiatives during the third quarter of 2023 and has continued with the integration of Coinsquare & CoinSmart. The Company will be realizing all of the benefits associated with a lower operating cost structure and be well positioned to realize positive operating results as market conditions improve and revenues increase.

The Adjusted EBITDA loss decrease of $3.1 million was led by higher fixed-cost throughput associated with higher volumes, revenues and cost efficiencies achieved in all cost categories with the exception of commissions, a new cost category resulting from the July 7, 2023 Acquisitions.

Measurable cost reductions were realized in Q3 2023:

- Bank and transaction fees, consisting of bank fees both fixed and variable, trading & transaction fees such as crypto gas fees, decreased to 15.8% of revenues from 17.6% last year.
- Software, SaaS expenses increased $407,262 or 39.3% due to the increase in transactions and revenue activity and decreased to 14.6% of sales from 31.2% last year.
- Professional fees decreased to 17.6% of revenues from 21.7% prior year due to the cost-savings program focus on reducing the use of external consultants.
- General & administrative expenses decreased to 7.1% of revenues from 14.4% last year because of higher volume throughput.

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

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Canadian resident, such user is 'off-boarded'. 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.

Both Bitbuy and Coinsquare are in good standing with all applicable Canadian securities regulators. Neither Bitbuy nor Coinsquare is 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.

RECONCILIATION OF NON-IFRS MEASURES

(CAD$ except where indicated)	**Three Months Ended**			**Nine Months Ended**		
For the periods ended as indicated	**2023**	**2022**	***Change***	**2023**	**2022**	***Change***
Net loss before tax	**(10,566,235)**	**(10,147,804)**	**(418,431)**	**(23,253,322)**	**(37,479,986)**	**14,226,664**
Interest income	(601,848)	(19,254)	(582,594)	(866,570)	(54,290)	(812,280)
Interest expense	82,288	10,302	71,986	94,962	16,259	78,703
Depreciation and amortization	3,501,764	1,886,927	1,614,837	7,956,185	3,639,770	4,316,415
EBITDA	**(7,584,031)**	**(8,269,829)**	**685,798**	**(16,068,745)**	**(33,878,247)**	**17,809,502**
Share-based payments	902,181	2,252,726	(1,350,545)	(417,391)	7,252,530	(7,669,921)
Acquisition costs	5,038,450	1,338,169	3,700,281	7,580,651	12,695,486	(5,114,835)
Finance income	601,848	19,254	582,594	866,570	54,290	812,280
Other non-cash financial expenses	(878,522)	(384,137)	(494,385)	(1,608,657)	1,368,925	(2,977,582)
Adjusted EBITDA	**(1,920,074)**	**(5,043,817)**	**3,123,743**	**(9,647,572)**	**(12,507,016)**	**2,859,444**

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OPERATING SEGMENTS

Trading

(CAD$ except where indicated)	Three Months Ended			Nine Months Ended		
For the periods ended as indicated	**2023**	**2022**	***Change***	**2023**	**2022**	***Change***
Net loss before tax	**(3,541,809)**	**(4,029,069)**	**487,260**	**(9,948,963)**	**(11,318,279)**	**1,369,316**
Interest income	(597,625)	(309)	(597,316)	(795,610)	(309)	(795,301)
Interest expense	80,725	6,995	73,730	90,863	12,922	77,941
Depreciation and amortization	3,498,356	1,883,056	1,615,300	7,933,221	3,629,627	4,303,594
EBITDA	**(560,353)**	**(2,139,327)**	**1,578,974**	**(2,720,489)**	**(7,676,039)**	**4,955,550**
Share-based payments	-	-	-	-	-	-
Acquisition costs	(44)	819,900	(819,944)	260,018	819,900	(559,882)
Finance income	597,625	309	597,316	795,610	309	795,301
Other non-cash financial expenses	82,346	(353,166)	435,512	(503,341)	2,198,303	(2,701,644)
Adjusted EBITDA	**119,574**	**(1,672,284)**	**1,791,858**	**(2,168,202)**	**(4,657,527)**	**2,489,325**

Payments

(CAD$ except where indicated)	Three Months Ended			Nine Months Ended		
For the periods ended as indicated	**2023**	**2022**	***Change***	**2023**	**2022**	***Change***
Net loss before tax	**673,336**	**-**	**673,336**	**673,336**	**-**	**673,336**
Interest income	(5,572)	-	(5,572)	(5,572)	-	(5,572)
Interest expense	1,381	-	1,381	1,381	-	1,381
Depreciation and amortization	2,629	-	2,629	2,629	-	2,629
EBITDA	**671,774**	**-**	**671,774**	**671,774**	**-**	**671,774**
Share-based payments	-	-	-	-	-	-
Acquisition costs	-	-	-	-	-	-
Finance income	5,572	-	5,572	5,572	-	5,572
Other non-cash financial expenses	(191,355)	-	(191,355)	(191,355)	-	(191,355)
Adjusted EBITDA	**485,991**	**-**	**485,991**	**485,991**	**-**	**485,991**

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Corporate And Public Company Costs

(CAD$ except where indicated)	Three Months Ended			Nine Months Ended		
For the periods ended as indicated	**2023**	**2022**	***Change***	**2023**	**2022**	***Change***
Net loss before tax	**(7,697,762)**	**(6,118,735)**	**(1,579,027)**	**(13,977,695)**	**(26,161,707)**	**12,184,012**
Interest income	1,350	(18,945)	20,295	(65,388)	(53,981)	(11,407)
Interest expense	182	3,307	(3,125)	2,718	3,337	(619)
Depreciation and amortization	779	3,871	(3,092)	20,335	10,143	10,192
EBITDA	**(7,695,451)**	**(6,130,502)**	**(1,564,949)**	**(14,020,030)**	**(26,202,208)**	**12,182,178**
Share-based payments	902,181	2,252,726	(1,350,545)	(417,391)	7,252,530	(7,669,921)
Acquisition costs	5,038,494	518,269	4,520,225	7,320,633	11,875,586	(4,554,953)
Finance income	(1,350)	18,945	(20,295)	65,388	53,981	11,407
Other non-cash financial expenses	(769,514)	(30,971)	(738,543)	(913,961)	(829,378)	(84,583)
Adjusted EBITDA	**(2,525,640)**	**(3,371,533)**	**845,893**	**(7,965,361)**	**(7,849,489)**	**(115,872)**

SELECTED QUARTERLY INFORMATION

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

(CAD$ except where indicated)	**September 2023**	**June 2023**	**March 2023**	**December 2022**	**September 2022**	**June 2022**	**March 2022**
Revenue	9,901,276	2,977,711	2,469,284	2,608,167	3,329,627	2,896,274	253,979
EBITDA	(7,584,031)	(2,068,634)	(6,416,080)	(138,300,517)	(8,269,829)	(14,761,436)	(10,846,997)
Adjusted EBITDA	(1,920,074)	(2,774,972)	(4,952,526)	(5,925,026)	(5,043,817)	(5,123,056)	(2,375,194)
Net loss	(10,004,871)	(3,493,053)	(7,629,472)	(136,572,535)	(8,522,449)	(16,496,951)	(10,949,705)
Basic and diluted net loss per share	(0.02)	(0.01)	(0.03)	(0.66)	(0.04)	(0.10)	(0.12)

The Company is subject to seasonality. Factors that may impact revenues and profitability include price and volatility for digital assets, as well as continued adoption as a store of value and investable asset class. Please also refer to the "Other Risk Factors" section below for a more comprehensive description of risks that may impact revenues and profitability.

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LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2023, the Company had cash & digital assets of $33.4 million (December 31, 2022 - $12.5 million) representing an increase of $20.9 million from December 2022, and working capital of $29 million (December 31, 2022 - $6.8 million)

For the nine months ended September 30, 2023, Cash & cash equivalents increased $14.8 million to $25.1 million from $10.3 million at December 31, 2022. Cash provided from investing activities ($28.6 million) and financial activities ($4.4 million) was offset from cash used in operating activities (-$18.3 million). In addition to cash and cash equivalents of $25.1 million the Company has inventory of digital assets of $7.8 million representing combined liquidity for operating activities of $33.4 million at quarter end.

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 of September 30, 2023, the Company has 650,886,215 common shares outstanding, 15,988,200 options outstanding, 5,868,711 restricted stock units outstanding, and 10,338,999 warrants, including broker warrants outstanding. There are no preferred shares outstanding.

Pursuant to the Transaction, during the quarter ended September 30, 2023, WonderFi issued 270,920,353 common shares to Coinsquare Ltd.'s shareholders, and 117,924,334 common shares to CoinSmart's shareholders.

Q3 2022 Acquisitions of Coinsquare Ltd. & CoinSmart Financial Inc.

On July 7, 2023 the Company announced the closure of the acquisitions of both Coinsquare Ltd. & CoinSmart Financial Inc. The Transaction was completed pursuant to two separate court-approved plans of arrangement involving Coinsquare and CoinSmart, respectively.

Pursuant to the Transaction, WonderFi issued 270,920,353 common shares to Coinsquare's shareholders (representing an exchange ratio of 6.946745 WonderFi shares for each Coinsquare share held, and 117,924,334 common shares to CoinSmart's shareholders (representing an exchange ratio of 1.801462

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WonderFi shares for each CoinSmart share held). Immediately after giving effect to the Transaction, existing WonderFi shareholders owned approximately 38% of WonderFi, former Coinsquare shareholders own approximately 43% of WonderFi, and former CoinSmart shareholders owned approximately 19% of WonderFi.

CoinSmart shareholders also received 65,460,350 earnout rights as part of the Transaction, entitling them to receive their proportionate interest of up to an additional $15 million of total consideration in an earn out, payable in cash or a combination of cash and common shares of WonderFi, based on the revenues of CoinSmart's SmartPay business (over a period of three years following the closing of the Transaction).

An aggregate of 15,863,554 common shares of WonderFi were also issued to certain advisors of the three companies in settlement of certain obligations in connection with the Transaction.

An aggregate of 11,294,356 new WonderFi stock options were issued pursuant to WonderFi’s existing incentive plan to former holders of stock options of Coinsquare and CoinSmart that were not “in the money” on the date of the Business Combination Agreement, exercisable until April 2, 2028. The exercise prices for these options range from $0.17 to $0.30, with the weighted average exercise price equaling $0.26 per share.

The exercise prices of existing WonderFi stock options were repriced to an exercise price of $0.30 per share, provided that such existing stock options had an exercise price greater than $0.30 per share prior to the completion of the Transaction.

The directors, officers and principal shareholders of Coinsquare and the principal shareholders of CoinSmart are subject to lock-up arrangements, pursuant to which their WonderFi shares will become freely tradeable in tranches over an 18-month period after the closing of the Transaction. All other Coinsquare shareholders are subject to lock-up arrangements, pursuant to which their WonderFi shares will become freely tradeable in tranches over a 12-month period after the closing of the Transaction.

OFF-BALANCE-SHEET ARRANGEMENTS

As of September 30, 2023, the Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS & RISKS

The Company's financial assets include cash, receivables, digital assets and other assets. The Company’s financial liabilities include trade payables, accrued 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 fifteen months ended December 31, 2022 Notes 3 and 25 for how they are managed and for a description of how fair values are determined.

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During the three and nine months ended September 30, 2023, there were no material changes to the risks related to financial instruments. Furthermore, the methodology used to determine the fair value of financial instruments has not changed during the three and nine months ended September 30, 2023.

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 $7.8 million as at September 30, 2023, 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 approximately $780,000.

Trading Exchange 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 September 30, 2023, the Platforms have AUC of approximately $698 million.

The Platforms' primary third-party digital assets custodians are "BitGo" and "Coinbase Custody". "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

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financial services. "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.

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. Coinbase currently maintains $320 million in specie coverage for digital assets, including the digital assets owned by clients of the Platforms held in Coinbase's cold storage system.

The Company is unaware of any matter with regards to BitGo's or Coinbase's operations that would adversely affect their ability to obtain an unqualified audit opinion on its audited financial statements. BitGo and Coinbase are not related parties of the Platforms. BitGo and Coinbase have advised the Company that there have been no breaches or other similar incidents involving BitGo or Coinbase 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. BitGo and Coinbase 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")

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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 September 30, 2023, 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.

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 of a counterparty does not fulfilling 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, 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 September 30, 2023, the Company was exposed to currency risk through the cash held that is denominated in US dollars. As at September 30, 2023 the Company held $16,297,605 (US$12,143,320) of its cash in US Dollars. A 10%

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depreciation of the US dollar against the Canadian dollar would result in $1,214,332 in the Company's loss for the period. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar would have the opposite effect.

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.

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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 of 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.

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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 generally 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.

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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, including to zero, 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

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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 hashrate. A hashrate is the combined computational power of all computers in the network. A hashrate in blockchain and

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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 hashrate 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

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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

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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.

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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).

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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

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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

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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 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

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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, which 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

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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. Recently, digital asset trading platforms have become a significant target for fraud.

While the Company will deploy a range of defenses, 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 important than they may be to other non-financial services companies.

Concerns 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. Furthermore, 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.

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

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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

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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.

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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.

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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.

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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.

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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 trainings for employees in all of 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

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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

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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 into 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.

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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.

RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2023, and September 30, 2022, the Company had the following transactions with related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Share-based payments (1)	428,838	542,292	671,484	4,332,116
Salaries and benefits (2)	642,909	382,766	1,724,733	1,284,136
Professional fees (3)	-	-	-	25,729
Acquisition payments (4)	3,394,421	-	3,394,421	-
	4,466,168	925,058	5,790,638	5,641,981

(1) 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.
(2) Salaries and benefits paid to key management personnel during the three and nine months ended September 30,2023 and 2022.
(3) Avisar Everyday Solutions ("Avisar") was related to the Company through a key management personnel until February 21, 2022. Expense incurred for professional fees for the three and nine months ended September 30,2023 were $Nil ($25,729 - September 30,2022). As of September 30,2023, all related party amounts owed to Avisar were paid in full.
(4) During the three and nine months ended September 30, 2023, pursuant to the business combination agreement for CoinSmart and Coinsquare, there were 15,363,357 shares issued to related parties with a fair value of $2,688,587, as well as cash payments made to certain board of directors members totalling $250,000. Additionally, restricted stock units were issued to key management personnel vesting immediately with a total fair value of $455,834.

The transactions listed above were incurred in the normal course of operations.

RECENT AND SUBSEQUENT EVENTS

- Bitbuy closes transaction to acquire CoinSmart client accounts, a continuation of the migration plan to operate one trading platform.
- Bitbuy begins offering Apple Pay for cryptocurrency purchases in Canada.
- Bitbuy enters into strategic partnership with Localcoin, Canada's largest bitcoin ATM provider.

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SIGNIFICANT ACCOUNTING POLICIES

The Company's Financial Statements for the three and nine months ended September 30, 2023 and 2022 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 fifteen months ended December 31, 2022 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 cash and client cash liabilities

Client cash relates to funds deposited and held for customers. The client funds are held in bank accounts with reputable financial institutions which the Company has control over and bears any associated risk. Client cash liabilities represents the obligation to return cash deposits held by customers in their fiat wallets and unsettled fiat deposits and withdrawals. The excess (deficit) of all assets backing client liabilities is for the benefit of the Company and not owed to customers. The Company restricts the use of the cash amounts underlying the customer cash liabilities to meet regulatory requirements and classifies the assets as current based on their purpose.

Client digital assets and client digital assets liabilities

Client digital assets and liabilities represent the Company's obligation to safeguard customers' digital assets in digital wallets on the Company's platform. The Company safeguards these assets for customers and is obligated to safeguard them from loss, theft, or other misuse. Digital assets in client assets and liabilities are classified as current assets, as they are regularly traded on exchange platforms globally between willing buyers and sellers, which provide a high degree of liquidity. In accordance with IAS 38, I*ntangible Assets*, Client digital assets and liabilities are initially recognized at cost and the revaluation method is used to measure the digital assets in client assets subsequently.

Client digital assets and liabilities are measured at fair value using the quoted price on Cryptocompare. 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.

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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 Interim Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023.

Based on the foregoing evaluation, our Chief Executive Officer and our Chief Financial Officer, concluded that as at September 30, 2023 the Company's disclosure control controls and procedures and internal control over financial reporting were operating effectively for a public reporting issuer.