VALOUR INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(expressed in United States dollars)

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Independent Auditors' Report

To the Shareholders of Valour Inc.

Opinion

We have audited the consolidated financial statements of Valour Inc. and its subsidiaries (the "Group" or the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restatement of Consolidated Financial Statements

We draw attention to Note 20 to the consolidated financial statements which describes i) that the consolidated financial statements that originally reported on April 11, 2023 have been amended, and ii) the matter that gives rise to the amendment of the consolidated financial statements. Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The consolidated financial statements of Valour Inc. for the year ended December 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified audit opinion on those statements on April 11, 2023

As part of our audit of the consolidated financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented as at December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied. Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the consolidated financial statements as at and for the year ended December 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern,* we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

1. Digital Assets held at a Counterparty

<u>Description of the key audit matter</u>

One of the Counterparties is a custodian/exchange that had custody of digital assets amounting to $318,832,535 (2022 – $43,989,526). Through testing of relevant internal controls performed by the auditor's expert at this Counterparty, significant deficiencies were identified.

<u>Why the matter is a key audit matter</u>

Since sufficient appropriate audit evidence could not be obtained with respect to the operating effectiveness of relevant internal controls, we were unable to place reliance on systems that produce statements and other information relating to the Company's digital assets held at this counterparty that support the existence and rights & ownership assertion.

<u>How our audit addressed the key audit matter</u>

We performed additional audit procedures in order to assess the existence and rights & ownership to the digital assets held by this Counterparty as at December 31, 2022 and December 31, 2023, and digital asset transactions for the years then ended. Specifically, our work included, but was not limited to, the following procedures:

- Performing walkthroughs and testing the Company's key controls related to reconciliation of and hedging position analysis of Exchange Traded Products (ETP's) and Digital Assets;
- Obtaining detail of all transaction history from an Application Programming Interface ("API"), re-performing a roll-forward of digital asset balances held with this Counterparty from January 1, 2022 to December 31, 2023 and agreeing to the Company's roll-forward;
- Testing the completeness and accuracy of reports produced from the API;
- Agreeing balances as of December 31, 2022 and December 31, 2023 from the roll-forward to the Counterparty confirmation and financial statements of the Company.
- Observing the withdrawal of all digital assets by the Company from the Counterparty subsequent to year-end, excluding digital assets held as collateral and minimum requirement for active trading; and
- Re-performing the roll-back of digital asset balances held with this Counterparty from the withdrawal date to December 31, 2023 and agreeing it to the Company's roll-back.

2. Digital Assets – Recoverability of Coins held at Genesis Global Capital LLC ("Genesis")

Description of the key audit matter

One of the Company's loans payable is held with Genesis Global Capital LLC ("Genesis"). On January 20, 2023, Genesis declared bankruptcy and held 475 Bitcoin as collateral for the loans with a fair value as of December 31, 2023 of $20,062,770 (2022 - $7,833,670). The loans payable as at December 31, 2023 amounted to $6,570,862 (2022- $6,036,945).

Why the matter is a key audit matter

The assessment of the recoverability of the digital assets held as collateral requires management to apply judgement and estimates in assessing whether any of the digital assets will be recovered as a result of the claim from the bankruptcy proceedings.

How our audit addressed the key audit matter

To address the recoverability of digital assets held as collateral with Genesis, we performed the following procedures:

- Reviewing supporting documents for the loan as well as the collateral held with Genesis;
- Obtaining an understanding of the Company's claim through review of legal documents as part of the bankruptcy proceedings;
- Sending legal confirmations to determine the current status of the bankruptcy proceedings;
- Assessing the client's write-down of the digital assets to the recoverable amount for completeness and accuracy; and
- Reviewing the adequacy of the disclosures in the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Harpreet Dhawan, CPA, CA.

Signed: *"Harpreet Dhawan"*
HDCPA Professional Corporation
Chartered Professional Accountants,
Authorized to practice public accounting by CPA Ontario

Mississauga, ON
April 30, 2024

Valour Inc.

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Valour Inc
Consolidated Statements of Financial Position
(Expressed in United States dollars)

	Note	December 31, 2023 $	December 31, 2022 $ (Restated - See Note 20)
Assets			
Current			
Cash and cash equivalents	3,16	5,041,896	3,428,952
Amounts receivable	16	35,656	46,476
Investments, at fair value through profit and loss	4,16	2,838,826	1,225,200
Prepaid expenses	5	1,082,945	314,360
Due from related party	7,16	41,101,399	39,197,266
Digital assets	6,16	142,387,266	76,868,871
Digital assets loaned	6,16	204,417,574	-
Digital assets staked	6,16	23,073,407	-
Total current assets		419,978,969	121,081,125
Equipment		2,072	4,040
Right of use assets		-	1,415,515
Goodwill	8	10,255	10,255
Total assets		419,991,297	122,510,935
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9,16,19	4,664,458	807,308
Loans payable	10,16	42,500,000	39,000,000
ETP holders payable	11,16	384,190,602	78,071,934
Total current liabilities		431,355,060	117,879,242
Non-current liabilities			
Lease liabilities		-	1,262,486
Total liabilities		431,355,060	119,141,728
Shareholders' equity			
Common shares	15	6,707	6,707
Share premium		2,770,990	2,770,990
Non-controlling interest		(3,575)	-
Deficit		(14,137,885)	591,510
Total equity		(11,363,763)	3,369,207
Total liabilities and equity		419,991,297	122,510,935
Nature of operations and going concern	1	-	-

Approved on behalf of the Board of Directors:

"Olivier Roussy Newton"	*"Johan Wattenstrom"*
Director	Director

See accompanying notes to these consolidated financial statements

Valour Inc
Consolidated Statements of Operations and Comprehensive (Loss)
(Expressed in United States dollars)

	Note	Years ended December 31 2023 $	2022 $ (Restated - see Note 20)
Revenues			
Realized and net change in unrealized gains and (losses) on digital assets	12	236,984,461	(247,214,268)
Realized and net change in unrealized gains and (losses) on ETP payables	13	(243,761,645)	246,113,457
Staking and lending income		2,597,760	3,467,344
Management fees		1,072,808	1,103,466
Realized (loss) on investments	4	(3,046)	-
Unrealized gain (loss) on investments	4	1,626,346	(11,396,762)
Interest income		2,914,789	3,111,990
Total revenues		1,431,473	(4,814,773)
Expenses			
Operating, general and administration	14,19	4,745,078	4,164,556
Depreciation - property, plant and equipment		1,968	1,968
Depreciation - right of use assets		-	53,252
Finance costs		3,047,818	3,083,533
Transaction costs		755,609	747,488
Foreign exchange loss (gains)		7,613,969	123,093
Total expenses		16,164,442	8,173,890
Net (loss) and comprehensive (loss) for the year		(14,732,969)	(12,988,663)
Net (loss) and comprehensive (loss) attributed to:			
Owners of the parent		(14,729,394)	(12,988,663)
Non-controlling interests		(3,575)	-
		(14,732,969)	(12,988,663)

See accompanying notes to these consolidated financial statements

Valour Inc.
Consolidated Statements of Cash Flows
(Expressed in United States dollars)

	Note	2023	2022
		Years ended December 31,	
		$	$
			(Restated - See Note 20)
Cash (used in) provided by operations:			
Net (loss) for the year		$ (14,732,969)	$ (12,988,663)
Adjustments to reconcile net (loss) income to cash (used in) operating activities:			
Interest income		(2,914,328)	(3,111,990)
Interest expense		-	3,083,533
Interest recevied		665,216	-
Depreciation - Property, plant & equipment		1,968	1,968
Depreciation - right of use assets		-	53,252
Realized loss on investments, net		3,046	-
Unrealized (gain) loss on investments, net		(1,626,346)	11,396,762
Realized and net change in unrealized (gains) and loss on digital assets	12	(236,984,461)	247,214,268
Realized and net change in unrealized (gains) and loss on ETP	13	243,761,645	(246,113,457)
Staking and lending income		(2,597,760)	(3,467,344)
Management fees		(1,072,808)	(1,103,466)
Unrealized loss on foreign exchange		-	28,458
		(15,496,797)	(5,006,679)
Adjustment for:			
Purchase of digital assets		(233,672,201)	(198,370,001)
Disposal of digital assets		179,577,616	167,746,404
Purchase of investments		-	(120,765)
Disposal of investments		9,674	-
Change in amounts receivable		10,820	(22,718)
Change in prepaid expenses		(768,585)	6,532
Change in digital assets		195,213	344,646
Change in accounts payable and accrued liabilities		4,010,178	(1,828,365)
Change in ETP payables		773,779	-
Net cash (used in) operating activities		(65,360,303)	(37,250,946)
Investing activities			
Lease payment		-	(53,252)
Net cash (used in) investing activities		-	(53,252)
Financing activities			
Proceeds from ETP holders		226,508,732	211,457,699
Payments to ETP holders		(163,852,680)	(172,879,177)
Loan Payable		3,500,000	39,000,000
Due from related patry		817,195	(43,856,776)
Net cash provided by financing activities		66,973,247	33,721,746
Change in cash and cash equivalents		1,612,944	(3,582,452)
Cash, beginning of year		3,428,952	7,011,404
Cash and cash equivalents, end of year		$ 5,041,896	$ 3,428,952
			-

See accompanying notes to these consolidated financial statements

Valour Inc.

Consolidated Statements of Changes in Equity

(Expressed in United States dollars)

	Number of Common Shares	Common Shares	Share Premium	Non-controlling interest	Deficit	Total
Balance, December 31, 2022	**67,065,959**	**$ 6,707**	**$ 2,770,990**	**-**	**591,510**	**$ 3,369,207**
Net (loss) and comprehensive (loss) for the period	-	-	-	(3,575)	(14,729,394)	(14,732,969)
Balance, December 31, 2023	**67,065,959**	**$ 6,707**	**$ 2,770,990**	**$ (3,575)**	**$ (14,137,885)**	**$ (11,363,763)**
		-	-	-		
Balance, December 31, 2021	**67,065,959**	**$ 6,707**	**2,770,990**	**$ -**	**$ 13,580,173**	**$ 16,357,870**
Net (loss) and comprehensive (loss) for the period	-	-	-	-	(12,988,663)	(12,988,663)
Balance, December 31, 2022	**67,065,959**	**$ 6,707**	**$ 2,770,990**	**$ -**	**$ 591,510**	**$ 3,369,207**

See accompanying notes to these consolidated financial statements

1. Nature of operations and going concern

Valour Inc. (the "Company") was incorporated on June 18, 2019 under the Companies Act of the Cayman Islands as an exempted company with limited liability. The Company's intended operations consists of being an issuer of exchange-traded certificates ("ETP") linked to various digital currencies and the hedging thereof. On March 31, 2021 the Company became a wholly owned subsidiary of DeFi Technologies Inc., a publicly listed company incorporated in Canada with shares listed on the NEO Exchange, through acquisition of 100% of the Company's share capital.

The Company's registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands

These consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. As at December 31, 2023, 2023, the Company has working capital (deficiency) of $(11,376,091) (December 31, 2022 - $3,201,883), including cash of $5,041,896 (December 31, 2022 - $3,428,952) and for the year ended December 31, 2023 had a net loss and comprehensive loss of $14,732,969 (for the year ended December 31, 2022 – $(12,988,663). The Company's current source of operating cash flow is dependent on the success of its business model and operations and there can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the selling of investments, digital assets and issuance of equity or debt. Management believes its working capital will be sufficient to support activities for the next twelve months and expects to raise additional funds when required and available. There can be no assurance that funds will be available to the Company with acceptable terms or at all. These matters constitute material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action and the escalation of war between Israel and Hamas in Gaza, any of which may have a destabilizing effect on commodity prices, supply chains, and global economies more broadly. Volatility in digital asset prices and supply chain disruptions may adversely affect the Corporation's business, financial condition, financing options, and results of operations. The extent and duration of the current Russia-Ukraine conflict or the Israel and Hamas conflict in Gaza and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks, including those relating to digital asset price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on shareholders of the Corporation, and third parties with which the Corporation relies on or transacts, may materialize and may have an adverse effect on the Corporation's business, results of operation, and financial condition.

2. Material accounting policy information

(a) Statement of compliance

These consolidated financial statements of the Company were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") The policies as set out below were consistently applied to all the periods presented unless otherwise noted. These consolidated financial statements of the Company were approved for issue by the Board of Directors on April 30, 2024.

2. Material accounting policy information (continued)

(b) Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

These consolidated financial statements of fiscal 2023 comprise the financial statements of the Company and its wholly owned subsidiaries, Valour Europe AG, Crypto 21 AB, Valour Management Limited and Valour Digital Securities Limited. All material intercompany transactions and balances between the Company and its subsidiary have been eliminated on consolidation.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(c) Basis of preparation and functional currency

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and investments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities in foreign currencies other than the functional currency are translated using the year end foreign exchange rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions and balances are included in the profit and loss. The functional currency for Valour Europe AG, Crypto 21 AB, Valour Management Limited and Valour Digital Securities Limited is US Dollars.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

- income and expenses for each statement of loss and comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognized in other comprehensive loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognized in other comprehensive loss. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Material accounting policy information (continued)

(d) Change in accounting policy

During the year ended December 31, 2023, the Company changed its accounting policy regarding the treatment for when the Company sells a portion of its digital asset holdings or when there's redemptions of its ETP payables. The Company has adopted first in, first out ("FIFO") to identify the units sold and determine the cost basis to use. As a result, for the year ended December 31, 2023 and 2022, realized gains (loss) on digital assets increase (decreased) by $40,034,743 and $(6,261,564), respectively and unrealized gains (loss) (decreased) increased by $(40,034,743) and $6,261,564, respectively. As a result, for the year ended December 31, 2023 and 2022, realized gains (loss) on ETP payables (decreased) increase by $(32,378,585) and $50,724,381, respectively and unrealized gains (loss) (decreased) increased by $32,378,585 and $(50,724,381), respectively.

There were no changes to the consolidated statements of financial position, consolidated statements of operations and comprehensive (loss) or consolidated statements of cash flow.

(e) Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

(i) Accounting for digital assets

Among its digital asset holdings, only USDC was classified by the Company as a financial asset. The rest of its digital assets were classified following the IFRS Interpretations Committee (the "Committee") published its agenda decision on Holdings of Cryptocurrencies in June 2019. The Committee concluded that IAS 2 – Inventories applies to cryptocurrencies when they are held for sale in the ordinary course of business, otherwise an entity should apply IAS 38 - Intangible Assets to holdings of cryptocurrencies. The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2 - Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value less costs to sell are recognized in profit or loss. Digital currencies consist of cryptocurrency denominated assets (see Note 6) and are included in current and long-term assets. Digital currencies are carried at their fair value determined by the spot rate less costs to sell. The cost to sell digital assets is nominal. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. Fair value is determined by taking the mid-point price at 17:30 CET digital asset exchanges consistent with the final terms for each exchange traded product ("ETP"). The primary digital asset exchanges used to value digital assets are Kraken, Bitfinex, Binance, Coinbase and Bitstamp. Where digital assets held do not have pricing on these exchanges, other exchanges would be used. On all material coins, Kraken, Bitfinex, Counbase and Bitstamp were used. The Company revalues its digital assets quarterly.

2. Material accounting policy information (continued)

(e) Significant accounting judgements, estimates and assumptions (continued)

(ii) Accounting for ETP holder payables

Financial liabilities at fair value through profit or loss held includes ETP holders payable. Liabilities arising in connection with ETPs issued by the Company referencing the performance of digital assets are measured at fair value through profit or loss. Their fair value is a function of the unadjusted quoted price of the digital asset underlying the ETP, less any accumulated management fees. The fair value basis is consistent with the measurement of the underlying digital assets which are measured at fair value. The Company elected not to designate this as a hedging instrument. The ETPS are actively traded on the Nordic Growth Market ("NGM") and Germany Borse Frankfurt Zertifikate AG.

(iii) Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 4 and 16 for further details.

(iv) Business combinations and goodwill

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets and liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Goodwill is assessed for impairment annually.

(v) Impairment of non-financial assets

The Company's non-financial assets include prepaid expenses, digital assets excluding USDC, equipment and right of use assets, intangibles and goodwill. Impairment of these non-financial assets exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. See Note 8 for the discussion regarding impairment of the Company's non-financial assets.

(vi) Functional currency

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and the currencies in which expenses are settled, by each entity, as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

2. Material accounting policy information (continued)

(e) Significant accounting judgements, estimates and assumptions (continued)

(vii) Control

Significant judgment is involved in the determination whether the Company controls under IFRS 10. The Company is deemed to control an investee when it demonstrates: power over the investee, exposure, or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns. There is judgement required to determine whether these criterions are met. The Company determined it controlled Valour Digital Securities Limited through its role as arranger.

(viii) Accounting for digital assets held as collateral

The Company has provided digital assets as collateral for loans provided by digital asset liquidity provider. These digital assets held as collateral are included with digital assets and valued at fair value consistent with the Company's accounting policy for its digital assets. See note 2(e)(i) and note 2(s).

(f) Financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company's financial instruments consist of cash, amounts receivable, public investments, private investments, derivative asset, accounts payable and accrued liabilities and ETP holders payable.

(i) Investments

Purchases and sales of investments where the Company cannot exert control or significant influence are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss). At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in the statements of loss. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 16, "Financial instruments"). The three levels are defined as follows:

Level 1 – investment with quoted market price;
Level 2 – investment which valuation technique is based on observable market inputs; and
Level 3 – investment which valuation technique is based on non-observable market inputs.

Publicly traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date. The Company utilizes the quoted closing prices. These are included in Level 1 as disclosed in Note 16.

2. Material accounting policy information (continued)

(f) Financial instruments (continued)

(i) Investments (continued)

2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted due the short term of the hold period. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in Note 16.

3. Warrants or options of publicly traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. These are included in Level 2 as disclosed in Note 16.

4. Securities which are traded on a recognized securities exchange but which do not have an active market are recorded at the most recent transaction price. These are included in Level 3 in Note 16.

The amounts at which the Company's publicly traded investments could be disposed of may differ from carrying values based on market quotes, due to market price changes and the fair value was determined at a specific time, the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately held investments:

1. Securities in privately held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in Note 16. Options and warrants of private companies are carried at fair value using valuation technique.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, or to an extent that, it was not previously allowed, or reduce or eliminate the need for approvals;
- receipt by the investee company of approvals, which allow the investee company to proceed with its project(s);
- release by the investee company of positive operational results, which either proves or expands their investee's prospects; and

2. Material accounting policy information (continued)

(f) Financial instruments (continued)

(i) Investments (continued)

Privately held investments (continued):

- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates which increases the tax burden on companies;
- denial of the investee company's application for approvals which prohibit the investee company from proceeding with its projects;
- the investee company releases negative operating results;
- changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

(ii) Financial assets other than investments at fair value and liabilities

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

2. Material accounting policy information (continued)

(f) Financial instruments (continued)

(ii) Financial assets other than investments at fair value and liabilities (continued)

Financial assets (continued)

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of earnings (loss). The Company's investments are classified as financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of earnings (loss) when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

(iii) Financial assets other than investments at fair value and liabilities

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. ETP holders payable are designated as financial liability at fair value through profit or loss on initial recognition. Their fair value is a function of the unadjusted quoted price of the digital asset underlying the ETP, less any accumulated management fees. The fair value basis is consistent with the measurement of the underlying digital assets which are measured at fair value. The Company's financial liabilities also include accounts payable and liabilities and loans payable, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of earnings (loss).

2. Material accounting policy information (continued)

(g) Cash

Cash is comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition. Deposits are held in chartered banks or in a financial institution controlled by a chartered bank.

(h) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

Management fees

The Company recognizes revenue from management fees earned on various ETP products. The management fee percentage is outlined in each ETP prospectus. The management fee is calculated daily based on the daily ETP net asset value and is recognized daily when the management fee is calculated. The management fee is deducted from the net asset value of the ETPs. The management fees are valued in the underlying ETPs base currency and converted into USD daily.

Other revenues

The Company earns revenue from aggregating small individual trades during the day to facilitate hedging and optimize liquidity and hedging them periodically. These are computed as net fiat receivables and are measured based on the average daily USD rates at the end of each day.

Public and private investments

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of loss on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred.

(h) Lending and staking revenue

Lending and Staking

The Company earns a yield based on digital assets that are lent or staked with various reputable digital asset exchanges. The Company transfers digital asset to either staking account within the exchange platform and into staking custody accounts. The Company transfers the digital assets to those staking accounts and the counterparty delivers staking and lending rewards in return. The digital assets rewards are based on the rewards offered at the time the Company enters into staking or lending arrangements. The transaction price is an interest rate offered for the digital asset deposit. Over the period that the digital assets are staked or lent, the digital assets rewards are deposited into the Company's custody accounts. The rewards are based on the amount of digital assets staked or lent and the rate offered by the custodian at that time.

Staking and lending rewards are recognized as revenue as they are earned over the period the digital assets are staked or loaned. Staking allows the Company to earn income through a process that is used to verify cryptocurrency transactions. It involves committing holdings to support a blockchain network and confirming transactions. Cryptocurrencies that allow staking use a "consensus mechanism" called Proof of Stake, which is the way they ensure that all transactions are verified and secured without a bank or payment processor in the middle.

2. Material accounting policy information (continued)

(i) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company, as a lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in net income if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities in the Consolidated Statement of Financial Position. The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and Chief Operating Officer.

The Company's has one operating segment are located in Cayman Islands.

(m) Income (loss) per share

Basic income (loss) per share is calculated by dividing the net income (loss) by the weighted-average number of the Company's common shares outstanding during the period. Diluted income (loss) per share is calculated by dividing the applicable net income (loss) by the sum of the weighted-average number of common shares outstanding if dilutive common shares had been issued during the period. The calculation of diluted income (loss) per share assumes that outstanding stock options and warrants with an average exercise price below market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price for the period.

2. Material accounting policy information (continued)

(n) Income taxes

Under current laws of the Cayman Islands, there are no income or other taxes payable by the Company. The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(s) Digital Assets

The IFRS Interpretations Committee (the "Committee") published its agenda decision on Holdings of Cryptocurrencies in June 2019. The Committee concluded that IAS 2 – Inventories applies to cryptocurrencies when they are held for sale in the ordinary course of business, otherwise an entity should apply IAS 38 - Intangible Assets to holdings of cryptocurrencies. The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2 - Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value less costs to sell are recognized in profit or loss.

Digital assets consist of cryptocurrency denominated assets (see Note 6) and are included in current assets. Digital assets are measured using unadjusted quoted prices taken from active markets, where available. Fair value measurement for digital assets with available active market prices has been classified as Level 1 in the fair value hierarchy. Fair value is determined by taking the mid-point price at 17:30 CET from Kraken, Bitfinex, Binance, Coinbase and other exchanges consistent with the final terms for each ETP. The Company revalues its digital assets quarterly.

2. Material accounting policy information (continued)

(s) Digital Assets (continued)

Disclosure

The Company applies the disclosure requirements in the IFRS Standard applicable to its holding of cryptocurrencies. Accordingly, the Company applies the disclosure requirements in IAS 2 – Inventories for holdings of cryptocurrencies. If an entity measures its holding in cryptocurrencies at fair value, IFRS 13 Fair Value Measurement specifies applicable disclosure requirements. In applying IAS 1 Presentation of Financial Statements, the Company discloses judgements that its management has made regarding its accounting for holdings of cryptocurrencies if those are part of the judgements that had a significant effect on the amounts recognized in the consolidated financial statements.

The Company has evaluated the impact of the Agenda Paper and has determined that cryptocurrencies with an active market should be classified as digital assets and measured at fair value through other profit or loss.

Increases and decreases in the fair value of digital assets are recognized through profit or loss. Digital assets are derecognized when the Company has transferred substantially all the risks and rewards of ownership on disposal.

(t) Digital Asset Loaned

Initial recognition and measurement

The Company enters into loan agreements with various digital asset exchanges to earn yield based on the digital assets that are lent. At the time the Company enters into the loan agreement, the digital asset is derecognized from digital assets as the borrower obtains the rights to direct the use of the digital asset and the Company recognizes this as digital assets loaned, measured at the fair value of the loaned digital asset.

Subsequent measurement

During the term of the digital asset loan, the digital asset loaned is measured at the fair value based on the fair market value of loaned digital assets with any gains / (losses) resulting from remeasuring the digital asset loaned to the realized and net change in unrealized gains and losses on digital assets.

Derecognition

At the end of the digital asset loan, the digital asset loaned is derecognized and re-recorded as digital assets at the carrying amount of the digital asset loaned.

(u) Goodwill

Goodwill arising on a business acquisition is recognized as an asset at the date that control is acquired (the “acquisition date”). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest (if any) in the entity over the fair value of the identifiable net assets.

Goodwill is not amortized but is reviewed for impairment at least annually or sooner if indicators of impairment exist. Goodwill is tested for impairment at the group level representing the lowest level at which management monitors it, the operating segment level. Any impairment loss is recognized immediately in profit or loss and is not subsequently reversed.

No impairment losses have been recognized in the consolidated statements of loss related to goodwill.

For the year ended December 31, 2023 and 2022, the Company did not experience any triggering events or additional information that the goodwill’s recoverable amount was significantly different than its carrying amount.

(Expressed in United States dollars unless otherwise noted)

2. Material accounting policy information (continued)

(v) Share capital

Financial instruments issued by the Company are classified as share capital only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(w) Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

As at December 31, 2023, the Company recorded provision of $nil (December 31, 2022 - $nil).

(x) New and future accounting change

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following amendments were adopted by the Company on January 1, 2023. The adoption of these amendments had no significant impact on the Company's financial statements.

IAS 16, Property, Plant and Equipment - The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use.

IFRS 9 – Financial Instruments - The IASB has issued an amendment to IFRS 9 Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included.

3. Cash and cash equivalents

		31-Dec-23		31-Dec-22
Cash at banks	$	187,397	$	795,683
Cash at brokers		4,852,355		2,529,411
Cash at digital currency exchanges		2,144		103,858
	$	5,041,896	$	3,428,952

4. Investments, at fair value through profit and loss

At December 31, 2023, the Company's investment portfolio consisted of one publicly traded investment and one private investments for a total estimated fair value of $2,838,826 (December 31, 2022 – two publicly traded investment and one private investments at a total estimated fair value of $1,225,200).

During the year ended December 31, 2023, the Company had a realized (loss) of $(3,046) and an unrealized gain of $1,626,346 (December 31, 2022 – realized (loss) of $Nil and an unrealized loss of ($11,396,762)) on private and public investments.

(Expressed in United States dollars unless otherwise noted)

4. Investments, at fair value through profit and loss (continued)

	31-Dec-23	31-Dec-22
DeFi Technologies Inc.	$ 1,918,752	$ 292,406
3iQ Corp.	920,074	920,074
Smart Valor SDR	-	12,720
	$ 2,838,826	$ 1,225,200

5. Prepaid expenses

	31-Dec-23	31-Dec-22
Prepaid expenses	$ 1,082,945	$ 314,360
	$ 1,082,945	$ 314,360

6. Digital Assets

As at December 31, 2023, the Company's digital assets consisted of the below digital currencies, with a fair value of $369,878,247 (December 31, 2022 - $76,868,871). Digital currencies are recorded at their fair value on the date they are acquired and are revalued to their current market value at each reporting date. Fair value is determined by taking the mid-point price at 17:30 CET from Kraken, Bitfinex, Binance, Coinbase and other exchanges consistent with the final terms for each ETP. The Company's holdings of digital assets consist of the following:

	December 31, 2023		**December 31, 2022**	
	Quantity	$	Quantity	$
Binance Coin	236.4452	73,877	11.1000	2,716
Bitcoin	2,271.3329	82,443,984	2,126.5130	33,273,244
Ethereum	21,537.4066	49,868,683	21,141.7368	25,349,749
EthereumPoW	0.2000	1	-	-
Cardano	54,210,783.1700	32,743,313	36,438,339.0800	8,863,210
Polkadot	1,666,147.7880	13,890,341	931,646.4544	3,992,350
Solana	1,682,112.49	178,234,621	428,280.68	4,088,551
Uniswap	296,352.0602	2,217,365	148,734.0602	754,240
USDC		509		1,171
USDT		84,573		10,437
Litcoin	17.3931	1,300	-	-
Doge	220,474.3947	20,151	10,000.0000	675
Cosmos	11,700.0000	129,666	201.0000	1,869
Avalanche	248,151.6644	9,941,105	48,995.3900	526,244
Matic	0.0003	-	890.0000	669
Shiba Inu	-	-	90,000,000.0000	720
Ripple	76,029.7317	47,435	2,000.0000	678
Enjin	432,342.3671	168,786	10,009.9900	2,348
Tron	118,490.5094	12,536	-	-
Terra Luna	202,302.5360		199,195.3600	-
Total Digital Assets		**369,878,247**		**76,868,871**

(Expressed in United States dollars unless otherwise noted)

6. Digital Assets (continued)

The continuity of digital assets for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Opening balance	$ 76,868,871	$ 290,336,844
Digital assets acquired	233,672,201	198,370,001
Digital assets disposed	(179,577,616)	(167,746,404)
Realized (loss) on digital assets	(517,332)	(42,823,654)
Digital assets earned from staking, lending and fees	2,597,760	3,467,344
Net change in unrealized gains and losses on digital assets	237,501,793	(204,390,614)
Foregin exchange (loss) gain / fees / other	(665,430)	(344,646)
	$ 369,880,247	**$ 76,868,871**

In the normal course of business, the Company enters into open-ended lending arrangements with certain financial institutions, whereby the Company loans certain fiat and digital assets in exchange for interest income. The Company can demand the repayment of the loans and accrued interest at any time. The digital assets on loan are included in digital assets balances above.

Digital assets held by counterparty for the years ended December 31, 2023 and 2022 is the following:

	December 31, 2023	December 31, 2022
Counterparty A	$ 318,832,535	$ 43,989,526
Counterparty B	23,130,914	8,805,508
Counterparty C	2,098,357	257,266
Counterparty D	8,910,812	17,138,575
Counterparty E	6,572,863	6,036,946
Counterparty F	633,561	-
Counterparty G	6,684,552	-
Other	187,732	14,404
Self custody	2,828,921	626,647
Total	**$ 369,880,247**	**$ 76,868,871**

As of December 31, 2023, digital assets held as collateral consisted of the following:

	Number of coins on loan	Fair Value
Bitcoin	1,158.2614	35,323,584
Ethereum	9,263.7800	21,450,000
Total	**10,422.0414**	**$ 56,773,584**

As at December 31, 2023, the 475 Bitcon held by Genesis Global Capital LLC (“Genesis”) as collateral against a loan has been written down to US$6,570,862, the fair value of the loan and interest held with Genesis.

As of December 31, 2022, digital assets held as collateral consisted of the following:

	Number of coins on loan	Fair Value
Bitcoin	1,763.8300	21,255,000
Ethereum	18,051.9700	21,645,000
Total	**19,815.8000**	**$ 42,900,000**

(Expressed in United States dollars unless otherwise noted)

6. Digital Assets (continued)

As at December 31, 2022, the 475 Bitcon held by Genesis Global Capital LLC ("Genesis") as collateral against a loan has been written down to US$6,036,945, the fair value of the loan and interest held with Genesis.

Digital Assets loaned

As of December 31, 2023, the Company has on loan select digital assets to borrowers at annual rates ranging from approximately 2.4% to 9.7% and accrue interest on a monthly basis. The digital assets on loan are measured at fair value through profit and loss.

As of December 31, 2022, the Company had no digital assets loaned with certain financial institutions.

As of December 31, 2023, digital assets on loan consisted of the following:

	Number of coins on loan		Fair Value
Digital on loan:			
Ethereum	7,000.0000		16,208,290
Cardano	8,500,000.0000		5,134,000
Polkdot	1,373,835.0000		11,453,388
Solana	1,572,441.0000		166,613,961
Avalanche	125,009.0000		5,007,936
Total	**11,578,285.0000**	**$**	**204,417,574**

As of December 31, 2023, the digital assets on loan by significant borrowing counterparty is as follow:

	Interest rates	Number of coins on loan		Fair Value
Digital on loan:				
Counterparty A	2.4% to 9.7%	11,578,285.0000		204,417,574
Total		**11,578,285.0000**	**$**	**204,417,574**

	Geography	December 31, 2023
Digital on loan:		
Counterparty A	Cayman Islands	100%
Total		**100%**

The Company's digital assets on loan are exposed to credit risk. The Company limits its credit risk by placing its digital assets on loan with high credit quality financial institutions that have sufficient capital to meet their obligations as they come due and on which the Company has performed internal due diligence procedures. The Company's due diligence procedures may include, but are not limited to, review of the financial position of the borrower, review of the internal control practices and procedures of the borrower, review of market information, and monitoring the Company's risk exposure thresholds. As of December 31, 2023 and December 31, 2022, the Company does not expect a material loss on any of its digital assets on loan. While the Company intends to only transact with counterparties 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.

Digital Assets Staked

As of December 31, 2023, the Company has skated select digital assets to borrowers at annual rates ranging from approximately 3.15% and accrue rewards as they are earned. The digital assets staked are measured at fair value through profit and loss.

As of December 31, 2022, the Company had no digital assets skated with certain financial institutions.

(Expressed in United States dollars unless otherwise noted)

6. Digital Assets (continued)

As of December 31, 2023, digital assets staked consisted of the following:

	Number of coins staked		Fair Value
Digital on staked:			
Cardano	38,201,004.7950		23,073,407
Total	**38,201,004.7950**	**$**	**23,073,407**

As of December 31, 2023, the digital assets staked by significant borrowing counterparty is as follow:

	Interest rates	Number of coins staked		Fair Value
Digital on staked:				
Counterparty B	3.15%	38,201,004.7950		23,073,407
Total		**38,201,004.7950**	**$**	**23,073,407**

As of December 31, 2023, digital assets staked were concentrated with counterparties as follows:

	Geography	December 31, 2023
Digital on staked:		
Counterparty B	Switzerland	100%
Total		**100%**

The Company's digital assets staked are exposed to market risk, liquidity risk, lockup duration risk, loss or theft of assets and return duration risk. The Company limits these risks by placing its digital assets staked with open term durations without lockups as a standard for all staking arrangements. The Company also places allocation limits by counterparty and only deals with high credit quality financial institutions that are believed to have sufficient capital to meet their obligations as they come due and on which the Company has performed internal due diligence procedures. The Company's due diligence procedures may include, but are not limited to, review of the financial position of the counterparty, review of the internal control practices and procedures of the counterparty, review of market information, and monitoring the Company's risk exposure thresholds. As of December 31, 2023 and December 31, 2022, the Company does not expect a material loss on any of its digital assets staked. While the Company intends to only transact with counterparties that it believes to meets the Company staking policy criteria, there can be no assurance that a counterparty will not default nd that the Company will not sustain a material loss on a transaction as a result.

(Expressed in United States dollars unless otherwise noted)

7. Due to Related Party

As at December 31, 2023, DeFi Technologies Inc., the Company's sole shareholder and ultimate parent company, had a balance $41,101,399 (December 31, 2022 - $39,197,266) owed to the Company under a credit line agreement. The credit line agreement carries an interest rate of 0.85% over the interest incurred by the Company on any loans and is reviewed by both parties on a quarterly basis.

8. Goodwill

Impairment test of goodwill

Goodwill acquired through business combination of $10,255 (2022 - $10,255) has been allocated to the Crypto 21 AB CGU.

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The review led to the recognition of an impairment loss of $Nil (December 31, 2022 - $Nil). The recoverable amount of the Company's CGU has been assessed by reference to the value in use ("VIU").

9. Accounts payable and accrued liabilities

		31-Dec-23		31-Dec-22
Accounts payable and acruals	$	1,335,744	$	807,308
Digital asset liquidity provider		3,328,714		-
	$	4,664,458	$	807,308

10. Loans payable

On January 14, 2022 and January 17, 2022, the Company entered into various loans with a digital asset liquidity provider totaling US$37,000,000. On April 4, 2022, the Company entered into a loan with a second digital asset provider for US$5,500,000. In April 2022, the Company partially repaid of one of the loans of US$3,500,000, while the remainder of these loans have since been renewed and continue to be outstanding. The Company has spread the loans among two different digital asset liquidity providers to reduce single entity concentration and be able to obtain more competitive rates. As Of December 31, 2023, the loan principal of US$39,500,000 (December 31, 2022 - US$39,000,000) was outstanding. The loans terms are open term and have interest rates ranging from 10.2% and 14.05% The extended loans are secured with 1,000 BTC and 9,264 ETH.

One of Company's digital asset liquidity provider loans payable is held with Genesis Global Capital LLC ("Genesis"). On January 20, 2023, Genesis declared bankruptcy and currently is not allowing withdrawals and not extending new loans. On March 15, 2023, the Court ruled that the Genesis debtors may not sell, buy, trade in crypto assets without prior consent by the creditors. The Court also allowed for the payment of some service providers required for upholding the operations but nothing beyond that. The Company's loan with Genesis is an open term loan. The Genesis loan and interest payable is US$6,570,863 and secured with 475 BTC. See Note 7.

On March 23, 2023, the Company entered into a loan agreement with an institutional investment firm that specializes in long-term asset backed financing for secured loan of US$3,000,001. The loan is secured by 158.2614 BTC. The Company paid a 1% origination fee to the lender. The Principal is due eighteen months from the closing date. Interest payments of US$24,375 are due quarterly with the first payment due on June 23, 2023. As of December 31, 2023, the loan principal of US$3,000,001 was outstanding.

(Expressed in United States dollars unless otherwise noted)

11. ETP holders payable

The fair market value of the Company's ETPs as at December 30, 2023 and December 31, 2022 were as follows:

	December 31, 2023	December 31, 2022
	$	$
BTC Zero EUR	10,074,872	2,261,682
BTC Zero SEK	85,987,477	32,766,946
ETH Zero EUR	1,078,311	88,836
ETH Zero SEK	48,936,365	24,986,308
Polkadot EUR	164,084	41
Polkadot SEK	13,651,995	3,922,493
Cardano EUR	79,547	966
Cardano SEK	32,610,860	8,737,250
UNI EUR	100,529	64,024
UNI SEK	2,102,663	658,195
BNB ETP - EUR	1,179	-
Solana EUR	3,187,402	8,867
Solana SEK	175,722,575	4,057,120
Cosmos EUR	120,650	137
Valour Digital Asset Basket 10 EUR	227,905	583
Valour Digital Asset Basket 10 SEK	32,338	-
Valour BTC Carbon Neutral EUR	3,998	817
Avalanche EUR	103,922	514,954
Avalanche SEK	9,854,935	644
Enjin EUR	148,995	2,070
	384,190,602	**78,071,934**

The Company's ETP certificates are unsecured and trade on the Nordic Growth Market "(NGM") and / or Germany Borse Frankfurt Zertifikate AG. ETPs issued by the Company referencing the performance of digital assets are measured at fair value through profit or loss. Their fair value is a function of the unadjusted quoted price of the digital asset underlying the ETP, less any accumulated management fees. The fair value basis is consistent with the measurement of the underlying digital assets which are measured at fair value. The Company's policy is always to hedge 100% of the market risk by holding the underlying digital asset. Hedging is done continuously and in direct correspondence to the issuance of certificates to investors.

12. Realized and net change in unrealized gains and (losses) on digital assets

		31-Dec-23		31-Dec-22
Realized gains / (loss) on digital assets	$	(517,332)	$	(42,823,654)
Unrealized gains / (loss) on digital assets		237,501,793		(204,390,614)
	$	236,984,460	$	(247,214,268)

13. Realized and net change in unrealized gains and (losses) on ETP payables

		31-Dec-23		31-Dec-22
Realized gains / (loss) on ETPs	$	11,435,834	$	180,731,804
Unrealized gains / (loss) on ETPs		(255,197,479)		65,381,653
	$	(243,761,645)	$	246,113,457

(Expressed in United States dollars unless otherwise noted)

14. Expenses by nature

	Years ended December 31 2023	2022
Management and consulting fees	$ 2,853,793	$ 2,896,769
Travel and promotion	270,926	-
Office and rent	879,516	833,348
Accounting and legal	740,843	434,439
	$ 4,745,078	$ 4,164,556

15. Share Capital

As at December 31, 2023 and December 31, 2022, the Company is authorized to issue 500,000,000 common shares with a par value of $0.0001 each.

As at December 31, 2022 and December 31, 2022, the Company has issued 67,065,959 common shares with a par value of $0.0001 each.

16. Financial instruments

Financial assets and financial liabilities as at December 31, 2023 and December 31, 2022 are as follows:

	Asset / (liabilities) at amortized cost	Assets /(liabilities) at fair value through profit/(loss)	Total
December 31, 2022			
Cash	$ 3,428,952	$ -	$ 3,428,952
Amounts receivable	46,476	-	46,476
Investments at fair valur through profir or loss	-	1,225,200	1,225,200
USDC	-	1,171	1,171
Due from related party	39,167,266	-	39,167,266
Accounts payable and accrued liabilities	(807,308)	-	(807,308)
Loan payable	(39,000,000)	-	(39,000,000)
ETP holders payable	-	(78,071,934)	(78,071,934)
December 31, 2023			
Cash	$ 5,041,896	$ -	$ 5,041,896
Amounts receivable	-	35,656	-
Investments at fair valur through profir or loss	-	2,838,826	2,838,826
USDC	-	509	509
Due from related party	41,101,399	-	-
Accounts payable and accrued liabilities	(4,664,458)	-	(4,664,458)
Loan payable	(42,500,000)	-	(42,500,000)
ETP holders payable	-	(384,190,602)	(384,190,602)

The Company's financial instruments are exposed to several risks, including market, liquidity, credit and currency risks. There have been no significant changes in the risks, objectives, policies and procedures from the previous year. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparty related to its cash carries an investment grade rating as assessed by external rating agencies. The Company maintains all or substantially all of its cash with a major financial institution domiciled in Canada. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

16. Financial instruments (continued)

Regulatory Risks

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies 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 DeFi ecosystem or any cryptocurrency, project or protocol that the Company may hold is impossible to predict, but such change could be substantial and adverse to the space as a whole, as well as potentially to the Company. Governments may, in the future, restrict or prohibit the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency mining companies to additional regulation.

Custodian Risks

The Company uses multiple custodians (or third-party “wallet providers”) to hold digital assets for its underlying its ETPs. Such custodians may or may not be subject to regulation by U.S. state or federal or non-U.S. governmental agencies or other regulatory or self-regulatory organizations. The Company could have a high concentration of its digital assets in one location or with one custodian, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware or cyberattacks. Custodians may not indemnify us against any losses of digital assets. Digital assets held by certain custodians may be transferred into “cold storage” or “deep storage,” in which case there could be a delay in retrieving such digital assets. The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect our trading execution, the value of our and the value of any investment in our common shares. Furthermore, there is, and is likely to continue to be, uncertainty as to how U.S. and non-U.S. laws will be applied with respect to custody of cryptocurrencies and other digital assets held on behalf of clients. For example, U.S.- regulated investment advisers may be required to keep client “funds and securities” with a “qualified custodian”; there remain numerous questions about how to interpret and apply this rule, and how to identify a “qualified custodian” of, digital assets, which are obviously kept in a different way from the traditional securities with respect to which such rules were written. The uncertainty and potential difficulties associated with this question and related questions could materially and adversely affect our ability to continuously develop and launch our business lines. The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect the execution of hedging ETPs, the value of the Company’s assets and the value of any investment in the Common Shares.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if the Company’s access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company’s investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from proceeds from the disposition of its investments and digital assets. There can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. All of the Company’s assets, liabilities and obligations are due within one to three years.

The Company manages liquidity risk by maintaining adequate cash balances and liquid investments and digital assets. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial and non-financial assets and liabilities. As at December 31, 2023, the Company had current assets of $419,978,969 (December 31, 2022 - $121,081,125) to settle current liabilities of $431,355,060 (December 31, 2022 - $117,879,242).

(Expressed in United States dollars unless otherwise noted)

16. Financial instruments (continued)

Liquidity risk (continued)

The following table shows the Company's source of liquidity by assets / (liabilities) as at December 31, 2023 and December 31, 2022:

December 31, 2022

	Total	Less than 1 year	1-3 years
Cash	$ 3,428,952	$ 3,428,952	$ -
Amounts receivable	46,476	46,476	-
Investments at fair value through profir or loss	1,225,200	1,225,200	-
Prepaid expenses	314,360	314,360	-
Digital assets	76,868,871	76,868,871	-
Due to related party	39,167,266	39,197,266	-
Accounts payable and accrued liabilities	(807,308)	(807,308)	-
Loan payable	(39,000,000)	(39,000,000)	-
ETP holders payable	(78,071,934)	(78,071,934)	-
Lease liabilities	(1,262,486)	-	(1,262,486)
Total assets / (liabilities) - December 31, 2022	$ 1,909,397	$ 3,201,883	$ (1,262,486)

December 31, 2023

	Total	Less than 1 year	1-3 years
Cash	5,041,896	$ 5,041,896	$ -
Amounts receivable	35,656	35,656	-
Investments at fair value through profir or loss	2,838,826	2,838,826	-
Prepaid expenses	1,082,945	1,082,945	-
Digital assets	369,878,247	369,878,247	-
Due to related party	41,101,399	41,101,399	
Accounts payable and accrued liabilities	(4,664,458)	(4,664,458)	-
Loans payable	(42,500,000)	(42,500,000)	-
ETP holders payable	(384,190,602)	(384,190,602)	-
Total assets / (liabilities) - December 31, 2023	$ (11,376,091)	$ (11,376,091)	$ -

Digital assets included in the table above are non-financial assets except USDC. For the purposes of liquidity risk analysis, these non-financial assets were included as they are mainly utilized to pay off any redemptions related to ETP holders payable, a financial liability. The lent and staked digital assets fall under the "less than 1 year" bucket.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices.

(a) Price and concentration risk

The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. In addition, most of the Company's investments are in the technology and resource sector.

16. Financial instruments (continued)

Market risk (continued)

(b) Interest rate risk

The Company’s cash is subject to interest rate cash flow risk as it carries variable rates of interest. The Company’s interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash balances on hand at December 31, 2023, a 1% change in interest rates could result in $50,419 change in net loss.

(c) Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will fluctuate because of changes in foreign exchange rates. The Company’s operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its results of operations from time to time. The Company’s foreign currency risk arises primarily with respect to Canadian dollar, Euro, Swiss Franc, Swedish Kronos and British Pound. Fluctuations in the exchange rates between this currency and the Canadian dollar could have a material effect on the Company’s business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk. The Company reduces its currency risk by maintaining minimal cash balances held in foreign currency.

As at December 31, 2023 and December 31, 2022, the Company had the following financial and non-financial assets and liabilities, (amounts posted in United States dollars) denominated in foreign currencies:

December 31, 2023	Canadian	British	Swiss	Euro	Swedish Kronos
Cash	$ 2,803	$ 7,955	$ 173,719	$ 790,120	$ 2,556,475
Receivables			34,227		
Investment at fair value througjh profit and loss	2,838,826				
Prepaid investment			57,720		
Accounts payable and accrued liabilities			(236,066)		
Net assets (liabilities)	$ 2,841,629	$ 7,955	$ 29,600	$ 790,120	$ 2,556,475

Decmber 31 2022	Canadian	British	Swiss	Euro	Swedish Kronos
Cash	$ 534	$ 59,732	$ 93,013	$ 186,271	$ 1,176,316
Receivables	24,180	20	17,499	2,279	1,429
Investment at fair value througjh profit and loss	1,225,200				
Prepaid expenses			35,668		
Right to use asset			1,415,515		
Accounts payable and accrued liabilities		(8,264)	(332,069)	(13,814)	(11,897)
Lease liabilites			(1,262,486)		
Net assets (liabilities)	$ 1,249,914	$ 51,488	$ (32,860)	$ 174,735	$ 1,165,848

A 10% increase (decrease) in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of December 31, 2023 would result in an estimated increase (decrease) in net income of approximately $622,580 (December 31, 2022 - $260,910).

(Expressed in United States dollars unless otherwise noted)

16. Financial instruments (continued)

(d) Digital currency risk factors: Perception, Evolution, Validation and Valuation

A digital currency does not represent an intrinsic value or a form of credit. Its value is a function of the perspective of the participants within the marketplace for that digital currency. The price of the digital currency fluctuates as a result of supply and demand pressures that accumulate in the market for it.

Having a finite supply (in the case of many but not all digital currencies), the more people who want to own that digital currency, the more the market price increases and vice-versa.

The most common means of determining the value of a digital currency is through one or more cryptocurrency exchanges where that digital currency is traded. Such exchanges publicly disclose the “times and sales” of the various listed pairs. As the marketplace for digital currencies evolves, the process for assessing value will become increasingly sophisticated.

(e) Fair value of financial instruments

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.
ii. Public and private investments are carried at amounts in accordance with the Company’s accounting policies as set out in Note 2 in the Company’s December 31, 2023 financial statements.
iii. Digital assets classified as financial assets relate to USDC which is measured at fair value.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2023 and December 31, 2022.

Investments, fair value	**Level 1** *(Quoted Market price)*	**Level 2** *(Valuation technique -observable market Inputs)*	**Level 3** *(Valuation technique - non-observable market inputs)*	Total
Publicly traded investments	$ 1,918,752	$ -	$ -	$ 1,918,752
Privately traded invesments	-	-	920,074	920,074
Digital assets	-	509	-	509
December 31, 2023	$ 1,918,752	$ 509	$ 920,074	$ 2,839,335
Publicly traded investments	$ 305,126	$ -	$ -	$ 305,126
Privately traded invesments	-	-	920,974	920,974
Digital assets	-	1,171	-	1,171
December 31, 2022	$ 305,126	$ 1,171	$ 920,974	$ 1,227,271

(Expressed in United States dollars unless otherwise noted)

16. Financial instruments (continued)

(e) Fair value of financial instruments (continued)

Level 2 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 2 during the periods ended December 31, 2023 and December 31, 2022. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statements of loss

Investments, fair value for the period ended		December 31, 2023		December 31, 2022
Balance, beginning of period	$	1,171	$	4,063
Disposal		(662)		(2,892)
Balance, end of period	$	509	$	1,171

Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 during the periods ended December 31, 2023 and December 31, 2022. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statements of loss.

Investments, fair value for the period ended		December 31, 2023		December 31, 2022
Balance, beginning of period	$	920,074	$	2,955,488
Unrealized (loss)		-		(2,035,414)
Balance, end of period	$	920,074	$	920,074

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at December 31, 2023 and December 31, 2022.

(Expressed in United States dollars unless otherwise noted)

16. Financial instruments (continued)

(e) Fair value of financial instruments (continued)

Description		*Fair vaue*	*Valuation technique*	*Significant unobservable input(s)*	*Range of significant unobservable input(s)*
3iQ Corp.	$	920,074	Recent financing	Marketability of shares	0% discount
December 31, 2023	$	920,074			
3iQ Corp.	$	920,074	Recent financing	Marketability of shares	0% discount
December 31, 2022	$	920,074			

3iQ Corp. ("3iQ")
On March 31, 2020, the Company acquired 187,007 common shares of 3iQ as part of the Company's acquisition of Valour. As at December 31, 2023, the valuation of 3iQ was based on the recent transaction which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2023. As at December 31, 2023, a +/- 10% change in the fair value of 3iQ will result in a corresponding +/- $92,074 (December 31, 2022 - $92,047) change in the carrying amount.

17. Digital asset risk

(a) Digital currency risk factors: Risks due to the technical design of cryptocurrencies

The source code of many digital currencies, such as Bitcoin, is public and may be downloaded and viewed by anyone. As with all code, there may be a bug in the respective code which is yet to be found and repaired and can ultimately jeopardize the integrity and security of one or more of these networks.

Should miners for reasons yet unknown cease to register completed transactions within blocks which have been detached from the block chain, the confidence in the protocol and network will be reduced, which will reduce the value of the digital currency associated with that protocol, and the ETP payable balances that are valued with reference to the respective digital asset.

Protocols for most digital assets or cryptocurrencies are public open source software, they could be particularly vulnerable to hacker attacks, which could be damaging for the digital currency market and may be the cause for investors to choose other currencies or assets to invest in.

(b) Digital currency risk factors: Ownership, Wallets

Rather than the actual cryptocurrency (which are "stored" on the blockchain), a cryptocurrency wallet stores the information necessary to transact the cryptocurrency. Those digital credentials are needed so one can access and spend the underlying digital assets. Some use public-key cryptography in which two cryptographic keys, one public and one private, are generated and stored in a wallet. There are several types of wallets:

- Hardware wallets are USB-like hardware devices with a small screen built specifically for handling private keys and public keys/addresses.
- Paper wallets are simply paper printouts of private and public addresses.
- Desktop wallets are installable software programs/apps downloaded from the internet that hold your private and public keys/addresses.
- Mobile wallets are wallets installed on a mobile device and are thus always available and connected to the internet.
- Web wallets are hot wallets that are always connected to the internet that can be stored in a browser or can be "hosted" by third party providers such as an exchange.

17. Digital asset risk (continued)

(c) Digital currency risk factors: Political, regulatory risk and technology in the market of digital currencies

The legal status of digital currencies, inter alia Bitcoin varies between different countries. The lack of consensus concerning the regulation of digital currencies and how such currencies shall be handled tax wise causes insecurity regarding their legal status. As all digital currencies remain largely unregulated assets, there is a risk that politics and future regulations may negatively impact the market of digital currencies and companies operating in such market. It is impossible to estimate how politics and future regulations may affect the market. However, future regulations and changes in the legal status of the digital currencies is a political risk which may affect the price development of the tracked digital currencies.

The perception (and the extent to which it is held) that there is significant usage of the digital assets in connection with criminal or other illicit purposes, could materially influence the development and regulation of digital assets (potentially by curtailing the same).

As technological change occurs, the security threats to the Company's cryptocurrencies, DeFi protocol tokens and other digital assets will likely adapt and previously unknown threats may emerge. The Company's ability to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of the Company's cryptocurrencies, DeFi protocol tokens and other digital assets. To the extent that the Company is unable to identify and mitigate or stop new security threats, the Company's cryptocurrencies, DeFi protocol tokens and other digital assets may be subject to theft, loss, destruction or other attack.

18. Capital management

The Company considers its capital to consist of share capital and deficit. The Company's objectives when managing capital are:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks.

The Company's management reviews its capital structure on an on-going basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company's current capital is composed of its shareholders' equity and, to-date, has adjusted or maintained its level of capital by:

a) raising capital through equity financings; and
b) realizing proceeds from the disposition of its investments

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. There were no changes to the Company's capital management during the year ended December 31, 2023.

19. Related party disclosures

a) The consolidated financial statements include the financial statements of the Company and its subsidiaries and its respective ownership listed below:

	Country of incorporation	% equity interest
Valour Europe AG	Switzerland	100
Crypto 21 AB	Sweden	100
Valour Management Limited	UK	100
Valour Digital Securities Limited	Jersey	0

(Expressed in United States dollars unless otherwise noted)

19. Related party disclosures (continued)

b) Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The remuneration of directors and other members of key management personnel during the years ended December 31, 2023 and 2022 were as follows:

	For years ended December 31,	
	2023	2022
Short-term benefits	$ 1,361,295	$ 1,343,567

As of April 31, 2022, digital asset loans were repaid to the Group from Hehmeyer Trading AG ("Hehmeyer"), a related party to the Group. Interest earned on digital asset loans receivable from Hehmeyer during the period ended December 31, 2022 was USD 326,327 (2021 USD 376,358). The loan balances were denominated in Bitcoin and Ethereum and earned interest at 4% - 5.125%. The loans renewed monthly and could be terminated with 5 days' notice.

On August 10, 2023, the Company entered into a share purchase agreement to sell its subsidiary Crypto 21 AB for 50,000 SEK. The purchasers are directors of the Company.

The Company holds 4,000,000 common shares of DeFi Technologies Inc. A director of the Company is also the CEO and director of DeFi Technologies Inc.

See note 7.

20. Restatement of financial results

The Company has restated its December 31, 2022 consolidated statement of financial position, consolidated statement of operations and comprehensive loss and consolidated statement of cash flow to correct material errors and omissions in its prior filing. The following tables present the impact of the restatement adjustments on the Company's previously issued consolidated financial statements for the year ended December 31, 2022:

a. To impair the digital assets held at Genesis to its recoverable amount of $6,036,945.
b. To revalue the fair value 3iQ investments to $920,074.

Consolidated Statements of Financial Position
(Expressed in United States dollars)

	December 31, 2022 $ As previously reported	Restatement	December 31, 2022 $ As Restated
Assets			
Current			
Cash and cash equivalents	3,428,952		3,428,952
Amounts receivable	46,476		46,476
Investments, at fair value through profit and loss	3,066,845	(1,841,645)	1,225,200
Prepaid expenses	314,360		314,360
Due from related party	39,197,266		39,197,266
Digital assets	78,665,495	(1,796,624)	76,868,870
Digital assets loaned	-		-
Digital assets staked	-		-
Total current assets	124,719,394	- 3,638,269	121,081,124
Equipment	4,040		4,040
Right of use assets	1,415,515		1,415,515
Goodwill	10,255		10,255
Total assets	126,149,204	- 3,638,269	122,510,934
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	807,308		807,308
Loans payable	39,000,000		39,000,000
ETP holders payable	78,071,934		78,071,934
Total current liabilities	117,879,242	-	117,879,242
Non-current liabilities			
Lease liabilities	1,262,486		1,262,486
Total liabilities	119,141,728	-	119,141,728
Shareholders' equity			
Common shares	6,707		6,707
Share premium	2,770,990		
Non-controlling interest	-		-
Deficit	4,229,779	(3,638,269)	591,510
Total equity	7,007,476	- 3,638,269	598,217
Total liabilities and equity	126,149,204	- 3,638,269	119,739,945

20. Restatement of financial results (continued)

Consolidated Statements of Operations and Comprehensive (Loss)
(Expressed in Canadian dollars)

	Years ended December 31		
	2022 $ reported	Restatement	2022 $ As Restated
Revenues			
Realized and net change in unrealized gains and (losses) on digital assets	(245,417,644)	(1,796,624)	(247,214,268)
Realized and net change in unrealized gains and (losses) on ETP payables	246,113,457		246,113,457
Staking and lending income	3,467,344		3,467,344
Management fees	1,103,466		1,103,466
Realized (loss) on investments, net	-		-
Unrealized (loss) on investments, net	(9,555,117)	(1,841,645)	(11,396,762)
Interest income	3,111,990		3,111,990
Total revenues	(1,176,504)	(3,638,269)	(4,814,773)
Expenses			
Operating, general and administration	4,164,556		4,164,556
Depreciation - property, plant and equipment	1,968		1,968
Depreciation - right of use assets	53,252		53,252
Finance costs	3,083,533		3,083,533
Transaction costs	747,488		747,488
Foreign exchange gains (loss)	123,093		123,093
Total expenses	8,173,890	-	8,173,890
Net (loss) and comprehensive income (loss) for the period	(9,350,394)	(3,638,269)	(12,988,663)
Net (loss) and comprehensive (loss) attributed to:			
Owners of the parent	(9,350,394)	(3,638,269)	(12,988,663)
Non-controlling interests	-		-
	(9,350,394)		(12,988,663)
Net (loss) and comprehensive (loss) attributed to:			
Owners of the parent	(9,350,394)		(12,988,663)
Non-controlling interests	-		-
	(9,350,394)		(12,988,663)

20. Restatement of financial results (continued)

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended December 31, 2022 $ As previously reported	Restatement	2022 $ As Restated
Cash (used in) provided by operations:			
Net (loss) for the year	$ (9,350,394)	$ (3,638,269)	$ (12,988,663)
Adjustments to reconcile net (loss) income to cash (used in) operating activities:			
Interest income	(3,111,990)		(3,111,990)
Interest expense	3,083,533		3,083,533
Interest paid	-		-
Depreciation - Property, plant & equipment	1,968		1,968
Depreciation - right of use assets	53,252		53,252
Realized loss on investments, net	-		-
Unrealized (gain) loss on investments, net	9,555,117	1,841,645	11,396,762
Realized and net change in unrealized (gains) and loss on digital assets	245,417,644	1,796,624	247,214,268
Realized and net change in unrealized (gains) and loss on ETP	(246,113,457)		(246,113,457)
Staking and lending income	(3,467,344)		(3,467,344)
Management fees	(1,103,466)		(1,103,466)
Unrealized loss on foreign exchange	28,458		28,458
	(5,006,679)	-	(5,006,679)
Adjustment for:			
Purchase of digital assets	(198,370,001)		(198,370,001)
Disposal of digital assets	167,746,404		167,746,404
Purchase of investments	(120,765)		(120,765)
Disposal of investments	-		-
Change in amounts receivable	(22,718)		(22,718)
Change in prepaid expenses and deposits	6,532		6,532
Change in digital assets	344,646		344,646
Change in accounts payable and accrued liabilities	(1,828,365)		(1,828,365)
Net cash (used in) operating activities	(37,250,946)	-	(37,250,946)
Investing activities			
Lease payment	(53,252)		(53,252)
Net cash (used in) investing activities	(53,252)	-	(53,252)
Financing activities			
Proceeds from ETP holders	211,457,699		211,457,699
Payments to ETP holders	(172,879,177)		(172,879,177)
Loan Payable	39,000,000		39,000,000
Due from related patry	(43,856,776)		(43,856,776)
Net cash provided by financing activities	33,721,746	-	33,721,746
Change in cash and cash equivalents	(3,582,452)	-	(3,582,452)
Cash, beginning of year	7,011,404	-	7,011,404
Cash and cash equivalents, end of year	$ 3,428,952	$ -	$ 3,428,952