VOYAGER DIGITAL LTD.

Management's Discussion and Analysis

November 15, 2021

Introduction

The following Management's Discussion & Analysis ("MD&A") of the financial condition and results of the operations of Voyager Digital Ltd. (the "Company" or "Voyager") constitutes management's review of the factors that affected the Company's financial and operating performance for the fiscal first quarter ended September 30, 2021. All information in this MD&A is given as of September 30, 2021, unless otherwise indicated. All dollar figures are stated in U.S. dollars, unless otherwise indicated.

This MD&A has been prepared in compliance with the requirements of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended September 30, 2021, and the audited annual consolidated financial statements of the Company for the fiscal years ended June 30, 2021, and June 30, 2020, together with the notes thereto. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three months ended September 30, 2021, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of November 15, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Voyager's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The words "we", "our", "us", "Company" and "Voyager" refer to Voyager Digital Ltd. together with its subsidiaries and/or the management and/or employees of the Company (as the context may require).

These documents, along with additional information about Voyager, are available under Voyager's profile at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. These forward-looking statements may include, but are not limited to, statements relating to:

- Our expectations regarding our revenue, expenses, operations and future operational and financial performance;
- Our cash flows;
- Popularity of cryptocurrencies;
- Our plans for and timing of geographic expansion or new offerings;
- Our future growth plans;
- Our ability to stay in compliance with laws and regulations or the interpretation or application thereof that currently apply or may become applicable to our business both in the United States and internationally;
- Our expectations with respect to the application of laws and regulations and the interpretation or enforcement thereof and our ability to continue to carry on our business as presently conducted or proposed to be conducted;
- Trends in operating expenses, including technology and development expenses, sales and marketing expenses, and general and administrative expenses, and expectations regarding these expenses as a percentage of revenue;

- The reliability, stability, performance and scalability of our infrastructure and technology;
- Our ability to attract new customers and maintain or develop existing customers;
- Our ability to attract and retain personnel;
- Our expectations with respect to advancement in our technologies;
- Our competitive position and our expectations regarding competition;
- Regulatory developments and the regulatory environments in which we operate; and
- Expected impact of COVID-19 on the Company's future operations and performance.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate. Forward-looking statements are also subject to risks and uncertainties which include:

- Decline in the cryptocurrency market or general economic conditions;
- Regulatory uncertainty and risk, including changes in laws or the interpretation or application or enforcement thereof and the obtaining of regulatory approvals;
- We are subject to an extensive and highly-evolving and uncertain regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations, or regulatory interpretation of such laws and regulations, could adversely affect our brand, reputation, business, operating results, and financial condition;
- In connection with such laws and regulations or regulatory interpretation thereof, a particular crypto asset's or product offering's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a crypto asset or product offering, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, and our business, operating results, and financial condition may be adversely affected;
- Risks related to managing our growth;
- Our dependence on customer growth, including new customers and growth in the number and value of transactions and deposits;
- Our operating results have and will significantly fluctuate due to the highly volatile nature of crypto;
- The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results, and financial condition could be adversely affected;
- Loss of a critical banking or insurance relationship could adversely impact our business, operating results, and financial condition;
- Any significant disruption in our products and services, in our information technology systems, or in any of the blockchain networks we support, could result in a loss of customers or funds and adversely impact our brand and reputation and business, operating results, and financial condition;
- Regulatory risk, including changes in laws or the interpretation or application thereof and the obtaining of regulatory approvals;
- Counterparty risk and credit risk;
- Lending risks;
- Technology and infrastructure risks, including their ability to meet surges in demand;
- Cybersecurity risks;
- Fluctuations in quarterly operating results;
- Risks related to the security of customer information;
- Competition in our industry and markets;
- Our reliance on key personnel;
- Our reliance on third party service providers;
- Exchange rate fluctuations;
- Risks related to expanding our marketing and sales;
- Risks related to our ability to adapt to rapid technological change;
- Risks related to terrorism, geopolitical crisis, or widespread outbreak of an illness or other health issue;

- Risks associated with acquisitions and the integration of the acquired businesses; and
- Risks related to international expansion.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Voyager's ability to predict or control. Readers are cautioned that the above does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Voyager's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this document may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that past performance is not indicative of future performance and current trends in the business and demand for crypto assets may not continue and readers should not put undue reliance on past performance and current trends. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Voyager, through its United States operating subsidiaries, operates as a crypto asset broker that provides retail and institutional customers with access to its digital platform which enables customers to buy and sell crypto assets in one account across multiple centralized marketplaces. Voyager offers customers order execution, market data, wallet, and custody services through its institutional-grade open architecture platform (the "Voyager Platform"). Through its subsidiary Coinify ApS, Voyager provides crypto payment solutions for both consumers and merchants around the globe.

At Voyager, we believe that crypto assets are disrupting traditional finance and investing models. We envision billions of people all over the world utilizing crypto assets to empower their financial freedom. Bitcoin and crypto assets bring an intrinsic value layer to the internet and mobile technologies. We expect this value layer to disrupt and interject itself into all forms of digital interactions, from social media, to art, to mainstream finance and business. We are building our products with this strategic hypothesis and vision in mind.

We, being a digital asset agent broker, facilitate buying and selling of crypto assets by delivering deep pools of liquidity for the Voyager Platform users. We offer a single access point to market data, wallet, and custody services for crypto assets. Some of the services offered by the Voyager Platform to account holders include:

- users can quickly open an account. We utilize third party service providers for know-your-customer ("KYC") and anti-money-laundering ("AML") checks to ensure fast and secure account openings;
- users have trade "spot" between fiat and 60+ crypto assets from a single account (there is no leverage, margin or financing of such transactions);
- users have an opportunity to earn rewards on certain crypto assets held in their account (the "Rewards Program[1]");
- execution of trade orders across a wide spectrum of liquidity providers gives users access to a deep pool of liquidity and offers reliability of trade execution;

[1] The Rewards Program allows customers to earn in-kind payments of crypto asset for maintaining minimum crypto asset balances of the same type of crypto asset in their account. Rewards earned on crypto assets are variable and reward rates are determined by Voyager at its sole discretion. Customers may opt-out of the Rewards Program.

- lowering transaction costs by aggregating orders and routing the order flow through the optimal mix of crypto asset exchanges and market makers by utilizing Voyager's proprietary smart router technology;
- providing users with the advanced market data to enable users to manage and track their crypto asset holdings, including delivering news to keep users connected to the market, and providing portfolio tools to track performance, balances and transactions; and
- storing crypto assets through multiple storage solutions while putting together the right blend of security and availability, including Voyager's self-custody solution.

Voyager is registered as a money services business with FinCEN and is licensed to operate as a money transmitter or its equivalent in states where such requirements are applicable[2]. Voyager entered into an Account Services Agreement with Metropolitan Commercial Bank (the "Bank"), whereby the Bank provides deposit and payment systems for Voyager's customers using a custodial "for the benefit of" account. The Bank is (i) a New York registered bank, overseen by the New York State Department of Financial Services and (ii) listed on the New York Stock Exchange (symbol: MCB).

The registered office of the Company is Suite 2900 – 550 Burrard Street, Vancouver, BC, V7X 1J5, Canada; and its head office is 33 Irving Place, 3rd Floor, New York, New York 10003.

On September 7, 2021, Voyager's common shares commenced trading on the Toronto Stock Exchange (the "TSX") under the trading symbol of "VOYG". Voyager became a "non-venture" upon the effective date of its TSX listing for the purposes of certain Canadian securities laws. Prior to trading on the TSX, the Company's common shares were listed on the Canadian Stock Exchange where Voyager was considered a "venture issuer" for purposes of certain Canadian securities laws. The common shares are also listed for trading under the symbol "VYGVF" on the OTCQB market and "UCD2" on the Frankfurt Stock Exchange.

Hiring

As of September 30, 2021, we had 231 employees, an increase in overall headcount by 197. Coinify ApS acquisition resulted headcount growth by 56 employees.

Acquisitions

On August 2, 2021, the Company completed the acquisition of Coinify ApS ("Coinify"), a leading cryptocurrency payment platform existing under the laws of Denmark. The consideration to Coinify sellers consisted of 5,100,000 of newly issued shares of Voyager's common stock[3] and $16.3 million in cash. Under the Share Purchase Agreement, Voyager retained substantially all current Coinify employees, entering into employment agreements with key members of the management team.

LGO SAS

On December 10, 2020, the Company acquired the issued and outstanding share capital of LGO SAS, an Autorité des marchés financiers ("AMF") regulated entity based in France, and LGO Europe SAS, in exchange for 200,000 shares of the Company's common stock, to be issued in stages in accordance with the terms of the escrow agreement. In addition, the sellers are entitled to 1,000,000 shares of the Company's common stock after one-year, contingent upon the AMF's approval of the license application. On 28 September 2021, AMF has approved of the application for an extension of the registration of LGO Europe SAS as a digital asset service provider. Further, Voyager's leadership have been declared "Fit and Proper" to operate under the LGO registration.

[2] Trading is currently available to all U.S. residents, excluding New York state. We are actively working with New York regulators to obtain a BitLicense to operate in New York and with various regulators to operate internationally.
[3] A portion of newly issued shares of Voyager's common stock as part of Coinify acquisition consideration are subject to issuance/ redemption restrictions.

Joint Venture with Market Rebellion

On August 12, 2021, FINRA approved a 50% investment by Market Rebellion, a leading provider of trading education, content, and tools for independent investors, in VYGR Digital Securities, LLC to provide brokerage for equities, options, and futures trading through the Voyager platform. Voyager and Market Rebellion intend to jointly operate a broker-dealer focused on providing online brokerage services for equities, options, and futures. VYGR Digital Securities, LLC plans to execute equity trades on behalf of Voyager's crypto-asset brokerage customers, and Market Rebellion intends to introduce its large and active trading community to the capabilities of this new platform.

Token swap

In August 2021, we completed one of the largest token swaps and mergers in the history of cryptocurrencies[4]. The swap and merger combine the original Voyager token, VGX, with the LGO token that originated from the European digital asset exchange, LGO, SAS. To complete the token swap, the VGX and LGO tokens were converted to a single, new token under the ticker VGX.

VLP

On September 1, 2021, we launched the Voyager Loyalty Program (the "VLP"). The VLP gives Voyager token holders a full suite of incentives and rewards. To participate in the VLP, customers must hold a certain number of VGX tokens to unlock various tiers which offer token utility rewards including VGX staking rewards, earnings reward boost, crypto back rewards as well as refer-a friend cash back rewards.

Fundstrat investment

On October 14, 2021, the TSX conditionally approved the Company's proposed acquisition of 2,400,000 Units of Fundstrat Global Advisors ("Fundstrat") (representing approximately 4% of the outstanding shares of Fundstrat). The purchase consideration is satisfied by the issuance of up to 601,504 common shares of the Company.

NCIB

In October 28, 2021, the TSX approved the Company's notice of intention to make a normal course issuer bid ("NCIB"). The notice provides that the Company may, during the 12-month period commencing November 2, 2021, and ending November 1, 2022, purchase on the TSX up to 8,114,699 common shares in total, being approximately 5% of the outstanding common shares subject to certain customary conditions.

Dallas Mavericks

In October 2021, the Company has entered into a five-year exclusive, integrated partnership with the Dallas Mavericks, becoming the team's first cryptocurrency brokerage and international partner. Voyager and the Dallas Mavericks will work to make cryptocurrency more accessible through educational and community programs, global activations, and fan engagement promotions.

Alameda Research

In October 2021, the Company announced a $75 million investment from Alameda Research Ltd. The transaction is subject to the satisfaction of certain customary closing conditions, including the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX.

[4] International token holders were able to swap tokens through September 20th.

Overall Performance

Our mission is to provide every customer with a trusted and secure access point to crypto asset trading.

With respect to the three months ended September 30, 2021, as compared to the three months ended September 30, 2020:

- we generated total revenues of $81.5 million and $2.0 million
- we reported $28.9 million and $4.0 million net loss
- we reported $0.18 and $0.04 basic and diluted net loss per share
- our Adjusted EBITDA[5] was negative $43.8 million and $1.4 million
- our Funded Accounts[6] were 860 thousand and 31 thousand
- we had Crypto Assets Under Management[7] of $4,370.3 million and $69.1 million
- our Adjusted Working Capital[8] was $157.5 million and $6.9 million
- our equity was $228.5 million and $6.2 million

We saw crypto asset trading activity increase significantly year-over-year but decline sequentially from record highs in the fourth quarter of 2021 as compared to the first quarter of 2022.

We also saw significant increase in Crypto Assets Under Management as well as Funded Accounts year over year as well as steady increase in Crypto Assets Under Management as well as Funded Accounts in the first quarter of 2022 as compared to the fourth quarter of 2021.

We have grown rapidly and achieved significant scale driven by the crypto market environment, our customer acquisition and retention efforts, and the growing number if crypto assets we support.

Customer acquisition

Our business model encompasses efficient new customer growth and strong retention as well as expansion within existing customer base. Our new customers join our platform organically, through several referral programs and paid marketing efforts which range from market-leading partnerships with professional athletes or clicking through an online advertisement.

Non-IFRS financial measures

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance. In addition to total net revenue, net loss and other results under IFRS, we utilize non-IFRS calculations of Crypto Assets Under Management, Adjusted EBITDA, and Adjusted Working Capital. We believe these non-IFRS financial measures provide useful information to investors and others in understanding and evaluating our financial condition, as well as providing a useful measure for period-to-period comparisons of our business performance. Moreover, non-IFRS financial measurements are key measurements used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting. However, the non-IFRS measures are presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with IFRS and may be different from similarly titled non-IFRS measures used by other companies.

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[5] Adjusted EBITDA is defined as net income (loss), excluding (i) provision (benefit) for income taxes, (ii) change in fair value of warrant liability, (iii) amortization of intangible assets, (iv) share-based payments, and (vi) gains, net, on acquisition as well as (v) loss on issuance of warrants.
[6] A “Funded Account” is a Voyager’s account into which the account user makes an initial deposit or money transfer, of any amount, during the relevant period.
[7] Crypto Assets Under Management are defined as crypto assets held as well as crypto assets loaned.
[8] Adjusted Working Capital is defined as the difference between current assets and current liabilities excluding warrant liability.

Crypto Assets Under Management (AUM)

The following table presents a reconciliation of Crypto assets held and Crypto assets loaned, the most directly comparable IFRS measure, to Crypto Assets Under Management (in thousands):

	September 30, 2021		June 30, 2020		September 30, 2020	
Crypto assets held	$	3,061,987	$	2,286,399	$	28,884
Crypto assets loaned		1,308,337		393,561		40,187
Crypto Assets Under Management	$	4,370,324	$	2,679,960	$	69,071

Adjusted EBITDA

The following table presents a reconciliation of net loss, the most directly comparable IFRS measure, to Adjusted EBITDA (in thousands):

	Three Months Ended September 30,			
	2021		2020	
Net loss	$	(28,917)	$	(3,975)
Change in fair value of warrant liability		(10,471)		1,513
Share-based payments		5,158		1,025
Benefit for income taxes		(10,627)		-
Amortization of intangible assets		1,106		82
Adjusted EBITDA	$	(43,751)	$	(1,355)

Adjusted Working Capital

The following table presents a reconciliation of total current assets and total current liabilities, the most directly comparable IFRS measure, to Adjusted Working Capital (in thousands):

	September 30, 2021		June 30, 2020		September 30, 2020	
Total current assets	$	4,562,439	$	3,073,943	$	82,061
Total current liabilities		4,418,316		2,890,301		76,325
Working capital		144,123		183,642		5,736
Add: Warrant liability		13,339		23,810		1,137
Adjusted working capital	$	157,462	$	207,452	$	6,873

Financial Overview

Revenues

Transaction revenue

Majority of our revenue is derived from transaction revenues from providing a crypto asset order execution service when customers buy, sell, or convert crypto assets on the platform. Transaction revenue is based on the price and quantity of the crypto asset that is bought, sold, or withdrawn. Transaction revenue is recognized at the time the transaction is processed on our platform.

Merchant services

Merchant services revenue consists of fees a seller's customer pays us to process their crypto currency payment transactions and is recognized upon completion of a crypto payment transaction. Revenue is recognized net of refunds, which are reversals of transactions initiated by the seller's customer. The gross merchant services revenues collected from seller's customers are recognized as revenue on a gross basis as we are the primary obligor to the seller's customer and are responsible for processing the crypto currency payment, have latitude in establishing pricing with respect to the seller's customer and other terms of service, and assume the crypto currency conversion risk for the transaction processed.

Fees from crypto assets loaned

We earn fees from crypto assets lending activities. These lending agreements generally are either for a fixed term of less than one year or can be open-ended and repayable at the option of the Company or the borrower. Lending agreements bear a crypto fee receivable which is based on a percentage of the crypto assets lent and is denominated in the related crypto asset.

Staking revenue

We also generate revenues from crypto assets through various blockchain protocols by either delegating crypto assets to the financial institutions which in return stake our crypto assets or using staking service providers to stake our crypto assets. These blockchain protocols, or the participants that form the protocol networks, reward users for performing various activities on the blockchain, such as participating in proof-of-stake networks and other consensus algorithms. In exchange for participating in proof-of-stake networks and other consensus algorithms, the Company earns rewards in the form of the native token of the network. The satisfaction of the performance obligation for processing and validating blockchain transactions occurs at a point in time when confirmation is received from the network indicating that the validation is complete, and the awards are available for transfer. At that point, revenue is recognized. Revenue is measured based on the number of tokens received and the fair value of the token at the date of recognition.

Other revenue

As part of the token swap, the Company received 40 million in VGX tokens to power the Voyager Loyalty Program rewards as well as fund promotional campaigns for new and existing customers (the "Growth Pool")[9]. The acquisition of tokens in the Growth Pool does not qualify as an exchange that would be recognized as a transaction in the Company's financial statements ("exchange transaction"). Income from the Growth Pool is recognized when an exchange transaction occurs and is measured based on the fair value of tokens exchanged. The fair value is determined using the spot price of the token on the date of exchange.

[9] Post token swap, Voyager will mint a growth pool of tokens on an annual basis as described in the VGX white paper.

Expenses

Operating expenses consist of rewards paid to customers, marketing and sales, cost of merchant services, compensation and employee benefits, trade expenses, customer onboarding and service, professional, consulting, and general and administrative expenses. Operating expenses are expensed as incurred.

Rewards paid to customers

Rewards paid to customers include rewards paid to customers under the Rewards Program.

Marketing and sales

Marketing and sales expenses primarily include costs related to customer advertising and marketing programs as well as commissions for referral programs.

Cost of merchant sales

Cost of merchant services consist of payments made to the sellers or other financial institutions related to merchant services.

Compensation and employee benefits

Compensation and employee benefits include salaries, bonuses, benefits, taxes, and share-based payments. Our employees include customer support, technology, marketing, executives, and other administrative support personnel.

Trade expenses

Trade expenses mainly include exchange fees and custody expense.

Customer onboarding and service

Customer onboarding and service includes fees paid to third-party customer support vendors for customer verification, KYC and AML costs as well as payment processing charges.

Professional and consulting

Professional and consulting expenses include fees for legal, audit, tax, and other special projects.

General and administrative

General and administrative expenses mainly include technology, product development, recruitment, investor relationships, insurance, amortization of intangible assets, regulatory, compliance, and other business expenses.

Other income (loss)

Change in fair value of warrant liability

Change in fair value of warrant liability represents mark-to-market adjustments in warrant liability due to revaluation of warrant liability at the end of each reporting period.

Change in fair value of investments

Change in fair value of investments represents mark-to-market adjustments on investments which are carried at fair value.

Change in fair value of crypto assets held

Change in fair value of crypto assets held represents mark-to-market adjustments on crypto assets held which are carried at fair value.

Change in fair value of crypto assets borrowed

Change in fair value of crypto assets borrowed represents mark-to-market adjustments on crypto assets borrowed which are carried at fair value.

Fees on crypto assets borrowed

Fees on crypto assets borrowed represent crypto fee calculated as a percentage of the crypto asset borrowed and is denominated in the related crypto asset.

Loss on issuance of warrants

Loss on issuance of warrants represents the difference between the fair value of the warrant at initial recognition and transaction price.

Gain on acquisitions, net

Gain on acquisitions, net represents gains or losses we recognized on the asset or business acquisitions.

Benefit/ provision for income tax

We are subject to the income tax laws of Canada and those of the non-Canada jurisdictions in which the Company has business operations, which includes operating losses or profits in certain foreign jurisdictions for certain years depending on tax elections made, and foreign taxes on earnings of our wholly owned foreign subsidiaries. Our consolidated provision for income tax is affected by the mix of our taxable income (loss) in Canada, the United States, and foreign subsidiaries, permanent items and unrecognized tax benefits.

Results of Operations

Revenues (in thousands)

	Three Months Ended September 30, 2021		2020		$ Change	
Transaction revenue	$	43,514	$	1,626	$	41,888
Merchant services		13,957		-		13,957
Fees from crypto assets loaned		13,628		375		13,253
Staking revenue		7,707		-		7,707
Other revenue		2,701		-		2,701
Total revenues	$	81,507	$	2,001	$	79,506

Transaction revenues increased by $41.9 million to $43.5 million for the three months ended September 30, 2021, compared to same period in the prior year. Trading volume increased by $4.6 billion to $4.8 billion for the three months ended September 30, 2021, compared to same period in the prior year. We have seen significant growth in our user base, retention, engagement, and trading activity increase due to consumer interest in the crypto markets. Our Funded Accounts increased by 829 thousand since September 30, 2020. Increased interest in personal finance and investing, a positive market environment, especially in the U.S., encouraged an unprecedented number of first-time retail investors to become our customers and begin trading on our platform.

Increase in cost of merchant services were driven by Coinify acquisition on August 1, 2021.

Fees from crypto assets loaned increased by $13.3 million to $13.6 million for the three months ended September 30, 2021, compared to same period in the prior year, as we grew our crypto assets lending program and increased a number of crypto assets generating yield. Crypto assets loaned increased by $1,268.2 million to $1,308.3 million as of September 30, 2021, as compared to September 30, 2020.

During the three months ended September 30, 2021, the Company started participating in various staking protocols which resulted in $7.7 million earned in staking revenue. As of September 30, 2021, and June 30, 2021, $921.8 million and $nil of crypto assets held were restricted due to participation in proof-of-stake networks and other consensus algorithms.

During the three months ended September 30, 2021, the Company paid 1,019,167 in VGX from the Growth Pool to settle Voyager Loyalty Program rewards as well as fund promotional campaigns for new and existing customers which resulted in the exchange transaction and recognition of other revenue of $2.7 million with the offset of $1.3 million in transaction revenue, $0.9 million in professional and consulting and $0.5 million in rewards paid to customers.

Expenses (in thousands)

	Three Months Ended September 30, 2021		2020		$ Change	
Rewards paid to customers	$	49,659	$	-	$	49,659
Marketing and sales		16,658		332		16,326
Cost of merchant services		13,708		-		13,708
Share-based payments		*5,158*		*1,025*		*4,133*
Compensation and employee benefits		*5,826*		*1,024*		*4,802*
Total compensation and employee benefits		10,984		2,049		8,935
Trade expenses		3,803		183		3,620
Customer onboarding and service		2,589		-		2,589
Professional and consulting		6,816		367		6,449
General and administrative		5,615		1,754		3,861
Total expenses	$	109,832	$	4,685	$	105,147

Rewards paid to customers

The increase is rewards paid to customers for the three months ended September 30, 2021, compared to same period in the prior year, is due to our dramatic customer growth who participate in the Rewards Program and expansion of reward-bearing assets within the Reward Program.

Marketing and sales

Marketing and sales expenses increased by $16.3 million to $16.7 million for the three months ended September 30, 2021, compared to same period in the prior year. The increase was primarily due to increase in various sales and marketing campaigns including market-leading partnerships with professional athletes, online advertisement, and referral programs.

Cost of merchant services

Increase in cost of merchant services were driven by Coinify acquisition on August 1, 2021.

Total compensation and employee benefits

Total compensation and employee benefits increased by $8.9 million to $11.0 million for the three months ended September 30, 2021, compared to same period in the prior year. The increase was driven by head count increase by 197 employees to 231 as of September 30, 2021, compared to same period in the prior year. Coinify ApS acquisition resulted headcount growth by 56 employees.

Trade expenses

Trade expenses increased by $3.6 million to $3.8 million for the three months ended September 30, compared to same period in the prior year, due to increased trading volume.

Customer onboarding and service

Customer onboarding and service expense increased by $2.6 million for the three months ended September 30, 2021, compared to same period in the prior year, due to significant growth in a customer base.

Professional and consulting

Professional and consulting fees increased by $6.4 million to $6.8 million for the three months ended September 30, 2021, compared to same period in the prior year, which was primarily driven by $3.1 million increase in advisory and technology consulting expenses, $1.5 million in Coinify acquisitions cost, and general legal expenses due to growth of the business.

General and administrative

General and administrative expenses increased by $3.9 million to $5.6 million for the three months ended September 30, 2021, compared to same period in the prior year, which was primarily driven to growth of the business which attributed to increased expenditure in technology, product development, recruitment, investor relations, and insurance costs.

Other income (loss) (in thousands)

	Three Months Ended September 30, 2021	2020	$ Change
Change in fair value of crypto assets held	$ (15,640)	$ 222	$ (15,862)
Change in fair value of investments	4,250	-	4,250
Change in fair value of crypto assets borrowed	(9,158)	-	(9,158)
Change in fair value of warrant liability	10,471	(1,513)	11,984
Fees on crypto assets borrowed	(1,142)	-	(1,142)
Total other income (loss)	$ (11,219)	$ (1,291)	$ (9,928)

Other income (loss) decreased by $9.9 million which resulted in total other loss of $11.2 million for the three months ended September 30, 2021, compared to same period in the prior year. This was primarily driven by mark-to-market adjustments on crypto assets held and crypto assets borrowed offset by mark-to-market adjustment on our warrant liability and investments.

Benefit for income taxes (in thousands)

	Three Months Ended September 30, 2021	2020	$ Change
Benefit for income tax	$ 10,627	$ -	$ 10,627

As of June 30, 2021, the Company's U.S. entity generated significant taxable income and was able to realize the benefit related to deferred tax assets recorded for loss carryforwards. Accordingly, the benefit for income tax for the three months ended September 30, 2021, is a result of taxable losses generated in the U.S. that are expected to be realized. No income tax benefit was provided for losses during the same period in the prior year as it was not probable, due to the cumulative losses incurred, that tax benefits from loss carryforwards and other net taxable temporary differences would be realized.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and net proceeds from our capital raising activities. As of September 30, 2021, we had cash and cash equivalents of $104.0 million, exclusive of cash held for customers. As of September 30, 2021, we had cash held for customers of $43.2 million which consisted of cash held at the Bank for the benefit of customers.

The Company's liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the year. We are continuously monitoring our liquidity and capital resources due to the current pandemic.

Cash flows (in thousands)

	Three Months Ended September 30, 2021	2020
Net cash provided by (used in) operating activities	$ (199,671)	$ 1,772
Net cash used in investing activities	(10,194)	-
Net cash provided by financing activities	130	5,761
Net (decrease) increase in cash and cash equivalents and cash held for customers	$ (209,735)	$ 7,533

Operating Activities

Net cash used in operating activities was $199.7 million for the three months ended September 30, 2021. Our net cash used in operating activities reflected a net loss of $28.9 million, non-cash adjustments of $35.3 million and changes in operating assets and liabilities of $206.0 million. Non-cash adjustments primary included $49.7 million in rewards paid to customers, $15.6 million in change in fair value of crypto assets held, $9.2 million in change in fair value of crypto assets borrowed, $5.2 million in share-based payments, $1.1 million in amortization of intangible assets and $1.1 million accrual for fees on crypto assets borrowed, which were partially offset by $13.6 million in fees from crypto assets loaned, $7.7 million in staking revenues, $10.6 million in deferred tax benefits, $10.5 million in change in fair value of warrant liability and $4.3 million in change in fair value of investments.

Net cash provided by operating activities was $1.8 million for the three months ended September 30, 2020. Our net cash provided by operating activities reflected net loss of $4.0 million, non-cash adjustments of $2.6 million and changes in operating assets and liabilities of $3.2 million. Noncash adjustments primarily consisted of $1.0 million in share-based payments and $1.5 million in change in fair value of warrant liability.

Investing activities

Net cash used in investing activities of $10.2 million for the three months ended September 30, 2021, primarily related to Coinify acquisition.

Financing activities

Net cash provided by financing activities of $0.1 million for the three months ended September 30, 2021, was due to proceeds from option exercises.

Net cash provided by financing activities of $5.8 million for the three months ended September 30, 2020, was primarily due to proceeds from issuance and exercise of warrants.

Base Shelf Prospectus

The Company has filed and obtained a receipt for its final short form Base Shelf Prospectus dated August 17, 2021 (the "Base Shelf Prospectus') with the securities regulatory authorities in each of the provinces and territories of Canada. The Base Shelf Prospectus will allow the Company to make offerings of common shares, warrants, units, debt securities, and subscription receipts, or any combination thereof, for up to an aggregate total of $300 million during the 25-month period that the Base Shelf Prospectus is effective. For the three months ended September 30, 2021, the Company has not made any offerings related to Base Shelf Prospectus.

Alameda Research

In October 2021, the Company announced a $75 million investment from Alameda Research Ltd. The transaction is subject to the satisfaction of certain customary closing conditions, including the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX.

Future funding

Based on our current level of operations, we believe our available cash and cash provided by operations will be adequate to meet our current liquidity needs for the next 12 months. Our future capital requirements will depend on many factors, including market acceptance of crypto assets and blockchain technology, our growth, our ability to attract and retain customers on our platform, the continuing market acceptance of products and services, the introduction of new products and services on our platform, expansion of sales and marketing activities, and overall economic conditions. We also will continually evaluate opportunities for us to maximize our growth and further enhance our strategic position, including, among other things, acquisitions, strategic alliances, and joint ventures potentially involving all types and combinations of equity, and acquisition alternatives. As a result, we may need to raise additional funds to finance our future business activities.

Quarterly Highlights and Results

The following table sets forth our highlights of unaudited quarterly results of operations for the indicated periods (in thousands). Our historical results are not necessarily indicative of the results that may be expected in any other period in the future, and the results of a particular quarter or other interim period are not necessarily indicative of the results to be expected for the full year or any other period.

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total revenue	$ 81,507	$ 109,048	$ 60,438	$ 3,569	$ 2,001	$ 708	$ 282	$ 88
Total expenses	109,832	77,457	30,592	6,477	4,685	4,904	2,067	2,740
Total other income (loss)	(11,219)	9,598	(98,409)	(6,089)	(1,291)	(777)	86	1,672
Net income (loss) before income tax	(39,544)	41,189	(68,563)	(8,997)	(3,975)	(4,973)	(1,699)	(980)
Benefit (provision) for income taxes	10,627	(11,142)	-	-	-	-	-	-
Net income (loss)	$ (28,917)	$ 30,047	$ (68,563)	$ (8,997)	$ (3,975)	$ (4,973)	$ (1,699)	$ (980)

Quarterly Reconciliation of Non-IFRS Financial Measure

In addition to our results determined in accordance with IFRS, we believe Adjusted EBITDA[10], a non-IFRS measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Adjusted EBITDA may be helpful to investors because it provides consistency and comparability with past financial performance. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS.

The following table provides a quarterly reconciliation of net income (loss) to Adjusted EBITDA:

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Net income (loss)	$ (28,917)	$ 30,047	$ (68,563)	$ (8,997)	$ (3,975)	$(4,973)	$ (1,699)	$ (980)
Change in fair value of warrant liability	(10,471)	(26,265)	98,990	15,589	1,513	(1,204)	(376)	161
Share-based payments	5,158	6,214	5,271	354	1,025	283	269	536
Provision (benefit) for income taxes	(10,627)	11,142	-	-	-	-	-	-
Amortization of intangible assets	1,106	75	89	65	82	(50)	100	100
Loss on issuance of warrants	-	-	-	-	-	1,157	-	-
Gains on acquisitions, net	-	-	-	-	-	706	44	(2,007)
Adjusted EBITDA	$ (43,751)	$ 21,213	$ 35,787	$ 7,011	$ (1,355)	$(4,081)	$ (1,662)	$ (2,190)

[10] Adjusted EBITDA is defined as net income (loss), excluding (i) provision (benefit) for income taxes, (ii) change in fair value of warrant liability, (iii) amortization of intangible assets, (iv) share-based payments, and (vi) gains, net, on acquisition as well as (v) loss on issuance of warrants.

Critical Accounting Estimates

In preparing interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Changes in Accounting Policies

There were no changes to the accounting policies for the three months ended September 30, 2021, other than as discussed below:

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Merchant services/ Cost of merchant services

Merchant services revenue consists of fees a seller's customer pays the Company to process their crypto currency payment transactions and is recognized upon completion of a crypto payment transaction. Revenue is recognized net of refunds, which are reversals of transactions initiated by the seller's customer. The gross merchant services revenues collected from seller's customers are recognized as revenue on a gross basis as the Company is the primary obligor to the seller's customer and is responsible for processing the crypto currency payment, has latitude in establishing pricing with respect to the seller's customer and other terms of service, and assumes the crypto currency conversion risk for the transaction processed.

Cost of merchant services consist of payments made to the sellers or other financial institutions.

Staking revenue

The Company generates revenues from crypto assets through various blockchain protocols by either participating in the staking programs offered by the financial institutions, delegating our crypto assets to staking platform providers or staking our crypto assets directly with protocols/ smart contracts. These blockchain protocols, or the participants that form the protocol networks, reward users for performing various activities on the blockchain, such as participating in proof-of-stake networks and other consensus algorithms. In exchange for participating in proof-of-stake networks and other consensus algorithms, the Company earns rewards in the form of the native token of the network. The satisfaction of the performance obligation for processing and validating blockchain transactions occurs at a point in time when confirmation is received from the network indicating that the validation is complete, and the awards are available for transfer. At that point, revenue is recognized. Revenue is measured based on the number of tokens received and the fair value of the token at the date of recognition.

Financial Instruments and Crypto Assets

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels in accordance with IFRS. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which an instrument is classified in its entirety is based on the lowest level input that is significant to the position's fair value measurement:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – valuation techniques for which all significant inputs are, or are based on, observable market data; or
Level 3 – valuation techniques for which significant inputs are not based on observable market data.

The following table presents the fair value hierarchy for the Company's assets and liabilities measured at fair value by level as of September 30, 2021, and June 2021 (in thousands):

	Level	September 30, 2021		June 30, 2021	
Assets					
Crypto assets held	2	$	3,061,987	$	2,286,399
Crypto assets loaned	2		1,308,337		393,561
Investments	1		35,609		31,359
Total		$	4,405,933	$	2,711,319
Liabilities					
Crypto assets and fiat payable to customers	2	$	4,347,040	$	2,807,015
Crypto assets borrowed	2		47,132		36,832
Warrant liability	3		13,339		23,810
Total		$	4,407,511	$	2,867,657

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the years ended September 30, 2021, and June 30, 2021.

Valuation of Assets / Liabilities that use Level 1 inputs: Consists of the Company's investments which are valued public closing price in active markets.

Valuation of Assets / Liabilities that use Level 2 inputs: Consists of the Company's crypto assets held, crypto assets loaned, crypto assets and fiat payable to customers and crypto assets borrowed. For the crypto assets, the fair value is determined by the Voyager's Pricing Engine using a market approach whereby volume-weighted average prices are derived from quoted market prices and spread data published by the principal exchanges and liquidity providers/ market makers as of 12:00 am UTC for identical assets.

Valuation of Assets / Liabilities that use Level 3 inputs: Consists of the Company's warrant liability which is valued using Black-Scholes model.

The carrying values of the Company's cash and cash equivalents, cash held for customers, other current assets and other current liabilities approximate fair value due to their short maturities.

Level 3 disclosures

The following is reconciliation of warrant liability as of September 30, 2021, and 2020, respectively:

		Fair Value ($ in thousands)
Balance, June 30, 2020	$	2,197
Issuances		1,266
Change in fair value		1,513
Exercises		(3,840)
Balance, September 30, 2021	$	1,136

		Fair Value ($ in thousands)
Balance, June 30, 2021	$	23,810
Change in fair value		(10,471)
Balance, September 30, 2021	$	13,339

The following is quantitative information for warrant liability as of September 30, 2021, and 2020, respectively:

		September 30, 2021		September 30, 2020
Common share market price		CDN 12.75		CDN 0.75
Estimated weighted average life in years		1.6		3.0
Weighted average risk-free interest rate		0.67%		0.25%
Estimated common share weighted average price volatility		134.4%		108.5%
Expected dividend yield		-		-
Foreign exchange rate	$	0.81	$	0.75
Estimated weighted average fair value per warrant	$	9.01	$	0.34

Valuation techniques

The following tables summarize the valuation techniques and significant inputs used in the fair value measurement of the Company's assets and liabilities as of September 30, 2021, and June 30, 2021, respectively:

Category	Valuation Methods and Techniques	Key Inputs
Crypto assets held Crypto assets loaned Crypto assets payable to customers Crypto assets borrowed	Volume-weighted average of trading prices	Current trading prices of subject crypto assets
Investments	Public closing price in active markets	Public closing prices of subject securities
Warrant liability	Black-Scholes model	Public closing prices of subject securities Expected volatility of public closing prices of subject securities Expected term of the stock option Risk-free interest rate expected dividend yield

Crypto assets

Crypto assets held

As of September 30, 2021, and June 2021, crypto assets held consisted of the following (in thousands, except for number of coins):

As of September 31, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	14,817	$ 648,952	21%
ADA	261,484,991	552,197	18%
ETH	150,361	450,741	15%
VGX	149,619,709	369,789	12%
DOT	4,095,515	117,072	4%
VET	1,210,016,112	115,818	4%
BTT	35,028,524,392	111,391	4%
LUNA	2,323,335	90,133	3%
AVAX	1,009,925	67,186	2%
LINK	2,594,193	62,215	2%
HBAR	179,430,662	59,852	2%
SHIB	7,212,882,083,362	50,490	2%
SOL	282,482	39,925	1%
DOGE	194,936,781	39,779	1%
Other		286,447	9%
Total		$ 3,061,987	100%

As of June 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	15,396	$ 539,928	24%
ETH	168,731	383,833	17%
VGX	139,169,871	351,063	15%
ADA	218,181,643	277,152	12%
VET	1,172,941,784	106,659	5%
BTT	35,824,314,738	99,735	4%
USDC	63,125,815	63,126	3%
DOGE	221,963,050	56,377	2%
DOT	3,069,732	50,252	2%
LINK	1,820,365	35,545	2%
SHIB	3,857,895,871,062	34,721	2%
HBAR	156,280,743	30,533	1%
STMX	1,503,678,568	28,330	1%
LTC	161,556	23,299	1%
Other		205,846	9%
Total		$ 2,286,399	100%

As of September 30, 2021, and June 30, 2021, $921.8 million (90% of ADA, 72% of VGX and 84% of DOT) and $nil of crypto assets held were restricted due to participation in proof-of-stake networks and other consensus algorithms. The longest restriction for any restricted asset is 28 days.

Crypto assets loaned

As of September 30, 2021, and June 2021, crypto assets loaned consisted of the following (in thousands, except for number of coins):

September 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	10,124	$ 443,416	34%
USDC	426,269,701	426,270	33%
ETH	66,598	199,674	15%
DOGE	470,713,701	96,053	7%
MATIC	19,548,698	22,021	2%
Other		120,903	9%
Total		$ 1,308,337	100%

June 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	3,751	$ 131,556	33%
DOGE	462,105,000	117,371	30%
ADA	43,545,000	60,310	15%
ETH	16,251	36,968	9%
LINK	682,300	13,323	3%
Other		34,033	9%
Total		$ 393,561	100%

As of September 30, 2021, and June 2021, the crypto assets loaned disaggregated by significant borrowing counterparty was as follows:

	Borrowing Rates	September 30, 2021	June 30, 2021
Counterparty A	1.0%-10.0%	$ 216,028	$ 164,085
Counterparty B	3.5%-10.0%	125,865	34,445
Counterparty C	2.0%-8.9%	382,690	57,975
Counterparty D	2.0%-14.0%	69,565	137,056
Counterparty E	1.0% - 11%	514,189	-
Total		$ 1,308,337	$ 393,561

As of September 30, 2021, and June 2021, the Company's crypto assets loaned balances were concentrated with counterparties as follows:

	Geography	June 30, 2021	June 30, 2020
Counterparty A	Canada	17%	42%
Counterparty B	US	10%	9%
Counterparty C	US	29%	14%
Counterparty D	Various	5%	35%
Counterparty E	British Virgin Islands	39%	-
Total		100%	100%

Crypto assets and fiat payable to customers

As of September 30, 2021, and June 2021, crypto assets and fiat payable to customers consisted of the following (in thousands, except for number of coins):

September 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	25,023	$ 1,096,052	25%
ETH	217,333	651,650	15%
ADA	269,670,092	569,487	13%
USDC	384,716,509	384,717	9%
VGX	148,302,483	366,567	8%
DOGE	661,569,402	134,998	3%
DOT	4,292,619	122,720	3%
VET	1,233,946,950	118,108	3%
BTT	34,992,053,135	111,275	3%
LUNA	2,318,271	89,916	2%
LINK	3,280,035	78,663	2%
AVAX	1,009,459	67,155	2%
HBAR	187,051,696	62,394	1%
SHIB	7,861,385,086,918	55,032	1%
SOL	282,327	39,903	1%
Other		398,403	9%
Total		$ 4,347,040	100%

June 30, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	18,885	$ 662,284	24%
ETH	184,763	420,302	15%
VGX	133,922,886	337,827	12%
ADA	242,817,641	336,306	12%
USDC	212,795,099	212,795	8%
DOGE	683,333,678	173,561	6%
VET	1,167,966,843	106,207	4%
BTT	35,820,687,793	99,725	3%
DOT	3,118,349	51,048	2%
LINK	2,503,524	48,885	2%
SHIB	3,781,248,577,983	34,031	1%
HBAR	156,276,325	30,532	1%
Other		293,512	10%
Total		$ 2,807,015	100%

Risk Management

The Company's financial instruments as well as crypto assets are exposed to certain financial risks, which include crypto asset risk, credit risk, currency risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and risk objectives. The Board of Directors has the authority to review and agree policies for managing each of these risks, which are summarized below.

Crypto assets risks

Custody

The Company utilizes the functional authority granted by customers in the user agreement to move, transfer, store, control and rehypothecate crypto assets held in customer accounts. The Company prioritizes the use of secure self-custody solutions through the Fireblocks platform and cold storage custody with Anchorage as described below. However, the Company also seeks to maximize liquidity and efficient trading by holding certain amounts of crypto assets in warm solutions in the Company accounts on crypto trading platforms to settle with trading partners or facilitate trading activity on exchanges on behalf of customers. Additionally, the Company maintains some crypto assets in hot wallets to be able to process customer requested withdrawals and transfers. Finally, the Company uses its functional authority to enter into lending agreements with institutional borrowers and other similar revenue generating agreements with institutions. The Company's custody strategy is designed to maximize liquidity and efficient trading, by making those assets readily available to deploy in customer-requested trades. The Company constantly monitors its cash and the balances it maintains with crypto asset exchanges and institutional borrowers against deposits and withdrawals requested by customers and, where the Company believes it to be necessary, will monetize crypto assets into fiat currency.

The Company manages crypto assets held internally through the Fireblocks platform. Fireblocks, based in the United States and Israel, provides a multi-party computation ("MPC") solution to store, manage and transfer crypto assets between the Company's wallets, crypto trading platforms, market makers, institutional borrowers and other counterparties. Through MPC technology, private keys are distributed across multiple locations to ensure security is not concentrated to a single device at any point in time. The Company also utilizes the Fireblocks network as a settlement layer to transact and settle with pre-approved counterparties or entities. The Fireblocks network utilizes secure enclave technology and data-in-motion encryption to prevent traditional vulnerabilities associated with authenticating wallet addresses. As such, the Company settles with counterparties or entities without the risk of losing funds due to deposit address attacks or errors.

Fireblocks is SOC 2 Type II certified for 2021 and undergoes a SOC 2 review on an annual basis. The Company reviews the Fireblocks SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Additionally, the Company reviews its own complementary customer entity controls in conjunction with the Fireblocks controls to ensure that applicable trust services criteria can be met. Fireblocks has had no known security breaches or incidents.

The Company also custodies customer crypto assets with Anchorage Digital Bank N.A. ("Anchorage"), a federally chartered crypto asset bank regulated by the Office of the Comptroller of the Currency. Anchorage stores private keys in geographically distributed data centers throughout the United States, using hardware security modules. Anchorage has had no known security breaches or incidents.

The Company prioritizes using Anchorage or Fireblocks' secure self-custody, but to maintain liquidity for trade execution, the Company also connects to and maintains crypto asset balances with several crypto trading platforms. These trading partners are domiciled across multiple geographies including the United States, Cayman Islands, and Hong Kong.

The Company has a due diligence program for all trading partners and conducts security reviews. Additionally, the Company assesses security, reputation, liquidity levels in applicable crypto assets, capitalization, management, internal control practices and operational risks in its determination of utilizing any trading partner, including holding in person meetings. Once onboarded, each trading partner is monitored on an ongoing basis to ensure they maintain compliance with required legal and regulatory standings. The Company also operates certain IT security protocols to ensure privileged and secure access to application programming interface connections with all trading platforms. These procedures are in place to maintain approval processes for the movement of crypto assets held with trading partners.

The Company is not aware of any security breaches or other similar incidents involving self-custodied assets or customer assets held with any third-party custodians, crypto trading platforms or institutional borrowers. None of the third-party custodians, Crypto Trading Platforms, or institutional borrowers holding Voyager's crypto assets is a "Canadian financial institution" (as defined in NI 45-106) or, other than Anchorage, a foreign equivalent, a related party of the Company, and none provide services to the Company other than custody, trade execution, and borrowing transactions. Neither Fireblocks nor Anchorage have appointed sub-custodians to hold customer assets, though the Company understands that certain of the crypto trading platforms on which the Company maintains balances may from time to time employ sub-custodians. In the event of bankruptcy or insolvency of third-party Crypto Trading Platforms, custodians or institutional borrowers, the Company expects that it would be treated as an unsecured creditor.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and causes the other party to incur a financial loss. The Company's credit risk consists primarily of cash and cash equivalents, cash held for customers, crypto assets held, and crypto assets loaned. The credit risk is minimized by placing these instruments with major financial institutions. Management believes that the credit risk concentration with respect to its bank deposits is remote since all cash is held with financial institutions of reputable credit.

The Company limits its credit risk of crypto assets held by placing these with crypto asset exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and therefore not subject to regulatory oversight. Furthermore, cryptocurrency exchanges engage in the practice of commingling their customers' assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions, or the existence of period end balances represented by exchanges. The Company's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("AML") and know-your-customer ("KYC") policies by the Company's Chief Compliance Officer, constant review of market information specifically regarding the exchanges security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move cash and crypto currencies held with an exchange in instances where risk exposure significantly changes. The Company has no reason to believe it will incur any liability associated with such exposure because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually verifies the amount of crypto assets within crypto asset exchanges control, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss.

The Company's crypto assets loaned are exposed to credit risk. The Company limits its credit risk for crypto assets loaned by placing these crypto assets with high 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 due diligence procedures. The Company's due diligence procedures may include review of the financial position of the borrower, liquidity levels of the borrower in applicable assets, review of the borrower's management, review of certain internal control procedures of the borrower, review of market information, and monitoring the Company's risk exposure thresholds. The Company's Risk Management Committee meets on a regularly to assess and monitor the credit risk for each custodian. As of June 30, 2021, and subsequently, the Company does not expect a material loss on any of its crypto assets loaned.

Market risk

The Company has investments in crypto assets which may be subject to significant changes in value and therefore exposed to market risk with the fluctuation in market prices. The Company monitors this risk on a daily, weekly and monthly basis. While the Company intends to have limited direct investment in crypto assets, the business model is such that the Company earns fees in crypto assets and at times may accumulate positions that are subject to market risk.

Valuation

The Company is exposed to risk with respect to crypto asset prices and valuations which are largely based on the supply and demand of these crypto assets in the financial markets. The Company's valuation governance framework includes numerous controls and other procedural safeguards that are intended to maximize the quality of fair value measurements. New products and valuation techniques must be reviewed and approved by senior management. As the Company's valuation process for crypto assets is automated through Voyager's proprietary pricing engine (the "Voyager Pricing Engine"), fair value estimates are also validated by the finance control function independently. Independent price verification is performed by finance control through benchmarking the Voyager Pricing Engine fair value estimates with observable market prices or other independent sources. Controls and a governance framework are in place and are intended to ensure the quality of third-party pricing sources were used.

Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the US dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not currently hedge its exposure to foreign currency cash flows as management has determined that currency risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, as applicable. Management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to continue to manage its short-term liquidity needs through its available cash balance and cash inflows from its operating activities. However, as described in Future funding note within Liquidity and Capital Resources section, we continually evaluate opportunities for us to maximize our growth and further enhance our strategic position, including, among other things, acquisitions, strategic alliances, and joint ventures potentially involving all types and combinations of equity, and acquisition alternatives which may require additional funding.

Related Party Transactions

Remuneration of directors and key management personnel of the Company was as follows (in thousands):

	Three Months Ended September 30,	
	2021	2020
Share-based payments	$ 139	$ 898
Compensation and employee benefits	106	118
Total	$ 245	$ 1,016

Commitments

In the ordinary course of business, the Company enters into multi-year agreements to purchase sponsorships as part of its marketing efforts.

Segment reporting

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (the "CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information presented on a global consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. While the Company does have revenue from multiple products and geographies, no measures of profitability by product or geography are available, so discrete financial information is not available for each such component. As such, the Company has determined that it operates as one operating segment and one reportable segment.

Industry

Trading of Cryptocurrencies

The demand for cryptocurrencies has increased over the past year as cryptocurrencies have become more widely accepted. Customers expect to be able to utilize more efficient and better infrastructures to support the trading of cryptocurrencies. Voyager's platform solves many of the problems facing people or institutions that trade crypto assets, including that:

- the market is highly fragmented, with more than 300 exchanges facilitating trading of cryptocurrencies;
- there is no centralized place or service in which to trade, which means that users often have to open accounts with multiple exchanges to trade various crypto assets; and
- many of the top tier retail customer exchanges lack a cost-effective fiat on-ramp and off-ramp for customers to turn dollars into crypto assets via a secure banking provider.

The Voyager Platform provides customers with an easy-to-use mobile app that centralizes the fragmented cryptocurrency market and allows them to trade crypto assets without paying a commission.

Trends

In the industry, there exist multiple crypto asset exchanges offering online trading and wallets and multiple online/mobile players providing components of the crypto asset ecosystem. The largest US exchanges are Coinbase, Kraken, Gemini and Binance.US. Their models offer platforms that only send trades singularly to their wholly owned exchange with little or no information available on the platform. Additionally, exchanges focus on institutional volume and not the retail consumer and experience. Voyager's agency brokerage platform uses smart order routing to search multiple Exchanges, market makers and liquidity providers to strategically fill customer orders often at better prices than those offered by such Exchanges directly.

The competitive landscape also includes traditional payment and online brokers such as Robinhood, Sofi Invest, Square, and most recently Paypal, which announced a basic crypto asset offering. The Voyager Platform supports self-directed trading of 60+ crypto assets, with the ability for customers to transfer certain of their crypto assets to their own wallet or custody with Voyager.