

VOYAGER

VOYAGER DIGITAL LTD.

Interim Condensed Consolidated Financial Statements (Unaudited)

For the quarter ending December 31, 2021

Notice To Reader

These interim condensed consolidated financial statements of Voyager Digital Ltd. (the “Company”) have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, if a Company chooses to not have its interim financial statements reviewed by its auditor, the Company must disclose that its external auditors have not reviewed the interim financial statements. These interim condensed consolidated financial statements have not been reviewed by the Company’s auditor.

The Company engaged its auditor to perform a review of the interim condensed consolidated financial statements for the quarter ended December 31, 2021, but the auditor was unable to complete the review as of this date. The reason for the delay is that the auditor became aware of a financial news article dated February 11, 2022, referencing a settlement by the Securities and Exchange Commission (the “SEC”) and various states with BlockFi, a crypto industry service provider that offers interest-yielding. Accordingly, the auditor has requested more information from the Company and additional time to better understand what was reported as an industry wide regulatory inquiry and its impact, if any, on the interim condensed consolidated financial statements of the Company.

Voyager Digital Ltd.

Interim Condensed Consolidated Statements of Financial Position (Unaudited) (USD, in thousands)

	Note	December 31, 2021	June 30, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 143,445	\$ 193,933
Cash held for customers		80,496	162,852
Crypto assets held (\$966.3 million and \$0.0 million restricted, respectively)	5	2,995,759	2,286,399
Crypto assets loaned	6	2,702,749	393,561
Crypto assets collateral received	2	181,629	-
Investments	8	-	31,359
Other current assets	11	14,943	5,839
Total current assets		6,119,021	3,073,943
Goodwill and intangible assets	10	80,958	559
Other non-current assets	11	17,538	2,860
Total assets		\$ 6,217,517	\$ 3,077,362
Liabilities			
Current liabilities			
Crypto assets and fiat payable to customers	7	\$ 5,676,023	\$ 2,807,015
Crypto assets collateral payable	2	181,629	-
Crypto assets borrowed	8	-	36,832
Warrant liability	15	16,083	23,810
Other current liabilities	12	20,515	22,644
Total current liabilities		5,894,250	2,890,301
Other non-current liabilities	12	9,507	739
Total liabilities		5,903,757	2,891,040
Equity			
Share capital		407,720	261,908
Share-based payments reserve		25,592	15,125
Warrant reserve		1,144	3,457
Other comprehensive loss		(199)	-
Retained deficit		(120,497)	(94,168)
Total equity		313,760	186,322
Total liabilities and equity		\$ 6,217,517	\$ 3,077,362

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Voyager Digital Ltd.

Interim Condensed Consolidated Statements of Comprehensive Income/ (Loss) (Unaudited) (USD, in thousands except for shares data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Revenues				
Transaction revenue	\$ 86,502	\$ 2,056	\$ 130,016	\$ 3,682
Merchant services	15,844	-	29,801	-
Fees from crypto assets loaned	36,239	1,513	49,867	1,888
Staking revenue	20,722	-	28,429	-
Other revenue	5,541	-	8,242	-
Total revenues	164,848	3,569	246,355	5,570
Operating expenses				
Rewards paid to customers	73,034	1,540	122,693	1,540
Marketing and sales	35,057	1,021	51,715	1,353
Cost of merchant services	15,497	-	29,205	-
Share-based payments	3,962	354	9,120	1,379
Compensation and employee benefits	8,793	1,058	14,619	2,082
Total compensation and employee benefits	12,755	1,412	23,739	3,461
Trade expenses	7,358	160	11,161	343
Customer onboarding and service	3,065	-	5,654	-
Professional and consulting	7,522	725	14,338	1,092
General and administrative	7,345	1,619	12,960	3,373
Total operating expenses	161,633	6,477	271,465	11,162
Income/ (loss) before other income/ (loss)	3,215	(2,908)	(25,110)	(5,592)
Other income/ (loss)				
Change in fair value of crypto assets held	8,596	5,265	(7,044)	5,487
Change in fair value of investments	1,864	10,593	6,114	10,593
Change in fair value of crypto assets borrowed	(4,426)	(6,252)	(13,584)	(6,252)
Change in fair value of warrant liability	(3,627)	(15,589)	6,844	(17,102)
Fees on crypto assets borrowed	(1,390)	(106)	(2,532)	(106)
Total other income/ (loss)	1,017	(6,089)	(10,202)	(7,380)
Net income/ (loss) before provision/ (benefit) for income tax	4,232	(8,997)	(35,312)	(12,972)
Provision (benefit) for income tax	1,644	-	(8,983)	-
Net income/ (loss)	2,588	(8,997)	(26,329)	(12,972)
Other comprehensive income/ (loss)				
Foreign currency translation adjustment	(67)	-	(199)	-
Total comprehensive income/ (loss)	\$ 2,521	\$ (8,997)	\$ (26,528)	\$ (12,972)
Earnings per share				
Basic	\$ 0.02	\$ (0.07)	\$ (0.16)	\$ (0.11)
Diluted	\$ 0.01	\$ (0.07)	\$ (0.16)	\$ (0.11)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Voyager Digital Ltd.

Interim Condensed Consolidated Statements of Changes in Equity (Unaudited) (USD, in thousands except for shares data)

Six Months Ended December 31, 2021

	Shares	Share Capital	Share-based Payment Reserve	Warrant Reserve	Revaluation reserve	Retained Deficit	Total Equity
Balance, June 30, 2021	156,222,354	\$ 261,908	\$ 15,125	\$ 3,457	\$ -	\$ (94,168)	\$ 186,322
Issuance of shares for services	5,952	100	-	-	-	-	100
Exercise of options	325,507	340	(168)	-	-	-	172
Exercise of warrants	656,954	6,595	-	(2,313)	-	-	4,282
LGO acquisition	53,333	179	(179)	-	-	-	-
LGO Earn-out Shares	-	-	1,694	-	-	-	1,694
Acquisition of long-term investment	601,504	6,000	-	-	-	-	6,000
Acquisition of Coinify	5,100,000	64,175	-	-	-	-	64,175
Private placement issuance	7,723,996	75,000	-	-	-	-	75,000
Share-based payments	-	-	9,120	-	-	-	9,120
Shares purchased for cancellation under NCIB	(503,800)	(6,577)	-	-	-	-	(6,577)
Net loss	-	-	-	-	-	(26,329)	(26,329)
Foreign currency translation adjustment	-	-	-	-	(199)	-	(199)
Balance, December 31, 2021	170,185,800	\$ 407,720	\$ 25,592	\$ 1,144	\$ (199)	\$ (120,497)	\$ 313,760

Six Months Ended December 31, 2020

	Shares	Share Capital	Share-based Payment Reserve	Warrant Reserve	Revaluation reserve	Retained Deficit	Total Equity
Balance, June 30, 2020	104,201,605	\$ 37,708	\$ 2,913	\$ 2,610	\$ -	\$ (42,680)	\$ 551
Issuance of shares for services	280,000	189	-	-	-	-	189
Issuance of shares for debt settlement	230,807	139	-	-	-	-	139
Exercise of options	913,532	800	(378)	-	-	-	422
Exercise of warrants	8,095,361	5,872	-	(255)	-	-	5,617
LGO acquisition	-	-	337	-	-	-	337
Private placement offering, net of warrant liability*	563,667	239	-	-	-	-	239
Issuance of special warrants, net of issuance costs and warrant liability*	-	(1,033)	-	5,825	-	-	4,792
Exercise of special warrants*	4,918,000	2,071	-	(2,071)	-	-	-
Share-based payments	-	-	1,379	-	-	-	1,379
Net loss	-	-	-	-	-	(12,972)	(12,972)
Balance, December 31, 2020	119,202,972	\$ 45,985	\$ 4,251	\$ 6,109	\$ -	\$ (55,652)	\$ 693

* see Warrants note

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Voyager Digital Ltd.
Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
(USD, in thousands)

	Six Months Ended December 31,	
	2021	2020
Cash flows from operating activities		
Net loss	\$ (26,329)	\$ (12,972)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of intangible assets	2,756	147
Share-based payments	9,120	1,379
Issuance of shares for services	100	189
Deferred tax benefit	(8,983)	-
Rewards paid to customers	122,693	1,540
Fees from crypto assets loaned	(49,867)	(1,888)
Staking revenue	(28,429)	-
Change in fair value of crypto assets held	7,044	(5,487)
Change in fair value of investments	(6,114)	(10,593)
Change in fair value of crypto assets borrowed	13,584	6,252
Change in fair value of warrant liability	(6,844)	17,102
Fees on crypto assets borrowed	2,532	106
Changes in working capital items:		
Crypto assets held	(2,463,716)	(189,863)
Other assets	(8,190)	560
Other liabilities	553	108
Crypto assets and fiat payable to customers	2,257,879	187,443
Net cash used in operating activities	\$ (182,211)	\$ (5,977)
Cash flows from investing activities		
Payments for acquisitions, net of cash acquired	\$ (9,694)	\$ -
Proceeds from sale of investment	37,473	-
Investments	(2,474)	-
Net cash provided by investing activities	\$ 25,305	\$ -
Cash flows from financing activities		
Purchases of crypto assets to repay crypto assets borrowed	\$ (48,092)	\$ -
Proceeds from issuance of shares in private placement	75,000	-
Proceeds from issuance of shares and warrants in private placement	-	390
Proceeds from exercise of options	172	422
Proceeds from issuance of special warrants, net of issuance costs	-	9,561
Proceeds from exercise of warrants	3,399	1,778
Share repurchases under NCIB	(6,577)	-
Net cash provided by financing activities	\$ 23,902	\$ 12,151
Net increase/ (decrease) in cash and cash equivalents and cash held for customers	(133,004)	6,174
Net foreign exchange difference	160	-
Cash and cash equivalents and cash held for customers at beginning of period	356,785	5,210
Cash and cash equivalents and cash held for customers at end of period	\$ 223,941	\$ 11,384
		-
Cash and cash equivalents and cash held for customers consisted of the following:		
Cash and cash equivalents	\$ 143,445	\$ 2,987
Cash held for customers	80,496	8,397
Total cash and cash equivalents and cash held for customers	\$ 223,941	\$ 11,384
Supplemental non-cash information		
Issuance of equity instruments for acquisition of Coinify	\$ 64,175	\$ -
Issuance of shares for investments	6,000	-
Issuance of equity instruments for LGO Earn-out Shares	1,694	-
Issuance of shares for options exercised	168	378
Issuance of shares for debt settlement	-	139
Fair value of liability warrants exercised	883	3,840
Fair value of compensation warrants exercised	2,313	-
Fair value of compensation warrants issued	-	762
Crypto assets loaned	2,309,188	155,455
Crypto assets received as collateral	181,629	-
Crypto assets deposited	1,510,979	64,991
Crypto assets withheld	(1,022,543)	(65,255)
Repayment of crypto assets borrowed with crypto assets	(48,092)	-
Payment of fees on crypto assets borrowed	(4,856)	-
Purchase of investments with crypto assets	-	23,070
Crypto assets borrowed	-	22,700
Crypto assets recognized from the Growth Pool	8,242	-
Supplemental cash information		
Cash paid during the period for taxes	\$ (10,222)	\$ -

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Voyager Digital Ltd.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

1. Nature of operations

Voyager Digital Ltd. ("Voyager" or the "Company"), through its United States operating subsidiaries, operates as a crypto asset broker that provides eligible retail and institutional customers with access to its digital platform which enables users to buy and sell crypto assets in one account across multiple centralized marketplaces. The Company offers customers trade execution, market data, wallet, and custody services. Through its subsidiary Coinify ApS, the Company provides crypto payment solutions for both consumers and merchants around the globe. 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 applicable¹.

The Company is incorporated pursuant to the Business Corporations Act (British Columbia). The registered office of the Company is Suite 2900 – 595 Burrard Street, Vancouver, BC, V7X 1J5, Canada; and its head office is 33 Irving Place, New York, New York, 10003.

As of December 31, 2021, Voyager's subsidiaries are as follows:

Subsidiary	Ownership	Place of Incorporation
LGO SAS	100%	France
LGO Europe SAS	100%	France
Voyager Digital Brokerage Ltd.	100%	Canada
Voyager Digital Brokerage Canada Ltd.	100%	Canada
HTC Trading, Inc	100%	Cayman Islands
Voyager Digital Holdings, Inc.	100%	United States
Voyager IP, LLC	100%	United States
Voyager Digital, LLC	100%	United States
Voyager Digital NY, LLC	100%	United States
Voyager European Holdings ApS	100%	Denmark
Coinify ApS	100%	Denmark
Coinify Financial Services ApS	100%	Denmark
Coinify Technologies ApS	100%	Denmark
Coinify Ltd	100%	United Kingdom
Coinify Global Solutions, Inc.	100%	United States
Coinify Payments OU	100%	Estonia

2. Summary of significant accounting policies

This note describes the significant accounting policies applied in the preparation of the interim condensed consolidated financial statements of Voyager Digital Ltd and its subsidiaries. On February 14, 2022, the interim condensed consolidated financial statements were authorized for issue by the Board of Directors.

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2021. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2021, other than as discussed below.

The interim condensed consolidated financial statements are presented in US dollars ("USD") and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The Company has historically funded its operations through cash generated from operations and proceeds from our capital raising activities. The Company may incur operating losses as it expands its product offering and invests in growing its customer account base which could require additional funds to finance its operations, planned development and expenditures through additional equity offerings and through new revenue generated from ongoing operations. Failure to implement the Company's business plan could have a material adverse effect on the Company's financial condition and/or financial performance. There can be no assurance that the Company will be successful in acquiring additional funding that the Company's projections of its future working capital needs will prove accurate or that any additional funding would be sufficient to continue operations in future years.

The Company manages its capital with the following objectives: (1) to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and (2) to maximize shareholder return through enhancing the share value. As mentioned above, the Company relies mainly on issuance of shares and warrants to raise new capital. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The capital structure of the Company currently consists of its equity which as of December 31, 2021, and June 30, 2021, totaled to \$313.8 million and \$186.3 million, respectively. The Company prepares estimates of expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There were no changes to the Company's approach to capital management during the current reporting period.

¹ Trading is currently available to all U.S. residents, excluding New York state.

Voyager Digital Ltd.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

2. Summary of significant accounting policies (continued)

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation. These reclassifications have no impact on the Company's previously reported consolidated net income/ (loss).

Use of judgements and 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.

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 merchant'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 merchant's customer. The gross merchant services revenues collected from all merchant customers are recognized as revenue on a gross basis as the Company is the primary obligor to the merchant customers and is responsible for processing their crypto currency payments, has latitude in establishing pricing with respect to the merchant customers and other terms of service, and assumes the crypto currency conversion risk for the transactions processed.

Cost of merchant services consist of payments made to the merchants 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 crypto assets to staking platform providers or staking 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 rewards are transferred into a digital wallet that the Company controls. 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.

Crypto assets loaned/ borrowed

The Company enters into loan/ borrow agreements for certain crypto assets with institutional borrowers on an unsecured and secured basis. The term of these agreements can either be 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. These agreements bear a crypto fee receivable/ payable which is based on a percentage of the crypto asset borrowed/ lent and is denominated in the related crypto asset. Collateral received under the loan agreements, where the Company has the ability to control the collateral received, is recognized as part of the crypto assets collateral received in its interim condensed consolidated statements of financial position. The Company also recognizes a corresponding obligation to return the collateral received as part of crypto assets collateral payable in its interim condensed consolidated statements of financial position. As of December 31, 2021, and June 30, 2021, borrowers had posted crypto assets collateral of \$181.6 million and \$0.0 million, respectively.

Voyager Digital Ltd.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

3. Risk management

Custody

The Company utilizes the functional authority granted by customers in the user agreement to pledge, repledge, hypothecate, rehypothecate, sell, lend, stake, arrange for staking, or otherwise transfer or use any amount of crypto assets held in customer accounts. The Company prioritizes the use of secure self-custody and third-party custody solutions to safeguard crypto assets. However, the Company also seeks to maximize liquidity and efficient trading for customers by holding certain amounts of crypto assets with trading partners, including cryptocurrency exchanges. Finally, the Company also maintains some crypto assets in internal hot wallets to process customer requested withdrawals and transfers.

Self-custody solutions

The Company utilizes the Fireblocks platform (which operates from New York and Tel Aviv and is SOC 2 Type II compliant throughout the period September 1, 2020, to August 31, 2021), to securely store, transfer and stake a material portion of its crypto assets. The Fireblocks secure hot vault and secure transfer environments establish connections between the Company's wallets and its third-party trading partners. The Fireblocks secure hot vault environment employs multi-party computation technology where private keys are distributed across multiple locations to ensure security is not attributed to a single device at any point in time. The Fireblocks secure transfer environment utilizes enclave technology and encryption to prevent vulnerabilities associated with authenticating wallet addresses. All internal wallets owned by the Company and external wallets for addresses of the Company's third-party trading partners require multiple approvals through quorum in accordance with our whitelisting policy. As such, the Company transfers crypto assets using the Fireblocks platform without the risk of losing funds due to deposit address attacks or errors. The Fireblocks secure hot vault and secure transfer environments are integrated with the Fireblocks authorization workflow where user-level permissions as well as multi-approval workflows policies are set by the Company.

The Company employs other self-custody solutions to securely store, transfer, and stake its crypto assets. Private keys are generated, backed-up and maintained in secured locations. Access to private keys and back-ups are segregated amongst authorized personnel throughout the Company to ensure appropriate segregation of duties are maintained between departments. The Company's private key management protocols are considered highly sensitive information, and access is limited following least privilege principles to maintain their confidentiality and integrity and minimize security threats.

Third-party custodians

The Company uses institutional grade third party custodians, such as Anchorage Digital Bank N.A. ("Anchorage") and Coinbase Custody Trust Company, LLC ("Coinbase Custody") which are the Company's primary third-party custodians, to secure its crypto assets. The Company maintains internal controls to ensure that accounts held with each custodian are appropriately authorized and access restricted. As a part of regular operations, designated Company employees review and monitor custodied balances against internal records, verifying the accuracy of each crypto asset holding.

Anchorage is a federally chartered bank chartered regulated by the Office of the Comptroller of the Currency headquartered in San Francisco, California and is SOC 2 Type I certified as of October 31, 2021, and SOC 1 Type II compliant throughout the period May 1, 2021, to October 21, 2021. Anchorage generates digital asset private keys in air-gapped hardware security models and the key generation unfractured that is physically isolated from public network connectivity. Asset transfers require a quorum-based approvals from multiple authorized users in accordance with policies set by the Company.

Coinbase Custody, a New York state chartered trust that is a fiduciary regulated by New York Department of Financial Services operates as a standalone, independently capitalized business to Coinbase, Inc. Coinbase Custody is a fiduciary under NY State Banking Law. Coinbase Custody provides cold storage solutions that enables transfers of supported crypto assets. Private keys are encrypted and sharded so that the process of bringing a key online requires a consensus of individuals and network access with encrypted shards being stored in a restricted storage cabinet in a cold storage environment. Coinbase Custody is SOC 1 Type II compliant and SOC 2 Type II compliant.

Trading partners

The Company prioritizes using the self-custody and third-party custody solutions described above, but to maintain liquidity for customer trade execution, the Company also maintains crypto asset balances with several crypto trading partners, including cryptocurrency exchanges. These trading partners are domiciled across multiple geographies including the United States and Cayman Islands. The Company has a due diligence program for all trading partners and conducts security reviews. As part of its due diligence process, the Company assesses security, reputation, liquidity levels of the borrower in applicable assets, capitalization, management, internal control practices and operational risks in its determination of utilizing any trading partner. Once onboarded, each trading partner is monitored on an ongoing basis to ensure they maintain compliance with internally established credit and risk exposure thresholds. Certain trading partners accounts with material balances are integrated within the Fireblocks platform to allow authorized users to initiate transfers directly from Fireblocks to dedicated vault accounts within the platform. Trading partners' risk exposures are monitored across the Company's positions. As a part of regular operations, designated Company employees review and monitor trading partner balances against internal records, verifying the accuracy of each crypto asset holding.

Insurance policies held by the Company's custodians/ trading partners are between the applicable custodian/ trading partner and the insurer, and accordingly the Company is not a named payee on such policies. The Company is not always able to obtain and review copies of the insurance policies of its custodians/ trading partners. The Company cannot ensure that the limits of any such insurance policies will be available to the Company or, if available, sufficient to make the Company whole for any of its balances that are stolen or lost from such a custodian/ trading partner. The Company does not maintain any insurance coverage over its customer crypto assets.

The Company is not aware of any security breaches or other similar incidents involving self-custodied assets or crypto assets held with any third-party custodians, trading partners or institutional borrowers. None of the third-party custodians, trading partners, or institutional borrowers holding the Company'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. To the Company's knowledge, none of self-custody or third-party custodians have appointed sub-custodians to hold the Company's crypto assets, though the Company understands that certain trading partners may from time to time employ sub-custodians. In the event of bankruptcy or insolvency of trading partners, third-party custodians or institutional borrowers, the Company expects that it would be treated as an unsecured creditor.

Voyager Digital Ltd.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

3. Risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill 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 and other institutional counterparties. 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 (including staked crypto assets) by placing these with cryptocurrency exchanges on which the Company has performed internal due diligence. The Company deems these procedures necessary as cryptocurrency 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 of exchanges include, but is not limited to, internal control procedures around on-boarding new exchanges, which includes review of the exchanges' AML and KYC policies, monitoring of market information about the exchanges security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds 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 material 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 crypto assets lent by the Company are exposed to the credit risk of the institutional borrowers. The Company limits such credit risk by lending to borrowers that the Company believes, based on its due diligence, to be high quality financial institutions with sufficient capital to meet their obligations as they come due. The Company's due diligence procedures for its lending activities 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 regularly to assess and monitor the credit risk for each counterparty. As of December 31, 2021, the Company has not experienced a material loss on any of its crypto assets loaned.

4. Fair value

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 December 31, 2021, and June 30, 2021 (in thousands):

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Crypto assets held	\$ -	\$ 2,995,759	\$ -	\$ 2,995,759
Crypto assets loaned	-	2,702,749	-	2,702,749
Crypto assets collateral received	-	181,629	-	181,629
Investments	-	1,000	8,324	9,324
Total	\$ -	\$ 5,881,137	\$ 8,324	\$ 5,889,461
Liabilities:				
Crypto assets and fiat payable to customers	\$ -	\$ 5,676,023	\$ -	\$ 5,676,023
Crypto assets collateral payable	-	181,629	-	181,629
Warrant liability	-	-	16,083	16,083
Total	\$ -	\$ 5,857,652	\$ 16,083	\$ 5,873,735
June 30, 2021				
Assets:				
Crypto assets held	\$ -	\$ 2,286,399	\$ -	\$ 2,286,399
Crypto assets loaned	-	393,561	-	393,561
Investments	31,359	-	850	32,209
Total	\$ 31,359	\$ 2,679,960	\$ 850	\$ 2,712,169
Liabilities:				
Crypto assets and fiat payable to customers	\$ -	\$ 2,807,015	\$ -	\$ 2,807,015
Crypto assets borrowed	-	36,832	-	36,832
Warrant liability	-	-	23,810	23,810
Total	\$ -	\$ 2,843,847	\$ 23,810	\$ 2,867,657

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Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

4. Fair value (continued)

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the six months ended December 31, 2021.

Valuation of Assets/ Liabilities that use Level 1 inputs: Consists of the Company's investments which are valued using 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 collateral received, crypto assets and fiat payable to customers, crypto assets collateral payable 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 and investments. Warrant liability is valued using Black-Scholes model. Investments are initially marked at their transaction price and are revalued using net asset values or when the position is deemed to be impaired.

The following tables summarizes the valuation techniques and significant inputs used in the fair value measurement of the Company's assets and liabilities:

Category	Valuation Methods and Techniques	Key Inputs
Crypto assets held Crypto assets loaned Crypto assets collateral received Crypto assets and fiat payable to customers Crypto assets collateral payable Crypto assets borrowed	Volume-weighted average of trading prices	Current trading prices of subject crypto assets
Investments	Public closing price in active markets Where market prices are not available, initially marked at their transaction price and are revalued using net asset values or when the position is deemed to be impaired	Public closing prices of subject securities Net asset values
Warrant liability	Black-Scholes model	Public closing prices of subject securities Expected volatility of public closing prices of subject securities Expected term of the option Risk-free interest rate expected dividend yield

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.

5. Crypto assets held

As of December 31, 2021, and June 30, 2021, crypto assets held consisted of the following (in thousands, except for number of coins):

December 31, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	10,129	\$ 468,083	16%
VGX	154,011,609	457,491	15%
ADA	267,936,889	350,592	12%
SHIB	7,676,785,141,501	256,098	9%
ETH	67,055	246,493	8%
DOT	5,597,228	149,392	5%
AVAX	1,043,792	114,196	4%
VET	1,241,393,450	102,696	3%
SOL	560,689	95,264	3%
MATIC	37,427,219	94,456	3%
BTT	30,558,512,559	83,075	3%
LINK	3,002,071	58,587	2%
MANA	17,196,848	56,187	2%
HBAR	174,565,774	50,669	2%
STMX	1,540,795,095	32,408	1%
CKB	1,452,752,027	32,345	1%
DOGE	163,660,924	27,862	1%
Other		319,865	10%
Total		\$ 2,995,759	100%

Voyager Digital Ltd.

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5. Crypto assets held (continued)

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 December 31, 2021, and June 30, 2021, \$966.3 million (40% of VGX, 33% of ADA, 13% of DOT, 8% of SOL and 6% in other crypto assets held) and \$0.0 million 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.

6. Crypto assets loaned

As of December 31, 2021, and June 30, 2021, crypto assets loaned consisted of the following (in thousands, except for number of coins):

December 31, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	21,939	\$ 1,013,863	38%
ETH	186,617	686,001	25%
USDC	522,739,878	522,740	19%
LUNA	2,173,070	185,671	7%
DOGE	478,810,483	81,514	3%
Other		212,960	8%
Total		\$ 2,702,749	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	4%
Other		34,033	9%
Total		\$ 393,561	100%

As of December 31, 2021, and June 30, 2021, the crypto assets loaned disaggregated by significant borrowing counterparty was as follows:

	Borrowing Rates	December 31, 2021	June 30, 2021
Counterparty A	1.0% - 11%	\$ 1,651,160	\$ -
Counterparty B	1.0% - 10.5%	369,633	164,085
Counterparty C	1.0% - 15%	153,097	-
Counterparty D	3.1% - 8.9%	150,955	57,975
Counterparty E	3% - 10%	148,511	-
Counterparty F	5.5% - 15.0%	141,922	137,056
Other	1.0% - 10%	87,471	34,445
Total		\$ 2,702,749	\$ 393,561

As of December 31, 2021, and June 30, 2021, the Company's crypto assets loaned balances were concentrated with counterparties as follows:

	Geography	December 31, 2021	June 30, 2021
Counterparty A	British Virgin Islands	61%	-
Counterparty B	Canada	14%	42%
Counterparty C	UK	6%	-
Counterparty D	US	6%	14%
Counterparty E	US	5%	35%
Counterparty F	US	5%	-
Other	Various	3%	9%
Total		100%	100%

Voyager Digital Ltd.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

7. Crypto assets and fiat payable to customers

As of December 31, 2021, and June 2021, crypto assets and fiat payable to customers consisted of the following (in thousands, except for number of coins):

December 31, 2021	Number of Coins	Fair Value	Fair Value Share
BTC	31,381	\$ 1,450,216	26%
ETH	245,206	901,373	16%
USDC	579,737,506	579,738	10%
VGX	148,678,352	441,649	8%
ADA	263,731,919	345,090	6%
SHIB	9,673,237,830,824	322,699	6%
LUNA	2,412,871	206,160	4%
DOT	5,646,720	150,713	3%
AVAX	1,053,000	115,203	2%
DOGE	601,527,799	102,406	2%
VET	1,221,949,744	101,088	2%
USD	n/a	100,300	2%
SOL	551,625	93,724	2%
MATIC	36,901,756	93,130	2%
Other		672,534	9%
Total		\$ 5,676,023	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%

8. Investments and Crypto assets borrowed

In December 2020, the Company entered into an agreement to borrow select crypto assets at an annual rate of 10%. Loan proceeds were used to purchase shares of an investment vehicle which principally invests in bitcoin. The loan was collateralized by the investment in the bitcoin investment vehicle. In December 2021, the Company paid down this loan. The Company's investment in the bitcoin investment vehicle was accounted for as a financial asset which was initially recognized at fair value and subsequently measured at fair value through profit or loss. In December, the Company sold this investment.

As of December 31, 2021, and June 30, 2021, the fair value of crypto assets borrowed was \$0.0 million and \$36.8 million, respectively. For the three months ended December 31, 2021, and 2020, the Company recorded a loss for the crypto assets borrowed of \$4.4 million and \$6.3 million, respectively. For the six months ended December 31, 2021, and 2020, the Company recorded a loss for the crypto assets borrowed of \$13.6 million and \$6.3 million, respectively. Loss for the crypto assets borrowed is included in the change in fair value of crypto assets borrowed in the Company's interim condensed consolidated statements of comprehensive income/ (loss).

For the three months ended December 31, 2021, and 2020, the Company expensed \$1.4 million and \$0.1 million, respectively, in fees on crypto assets borrowed. For the six months ended December 31, 2021, and 2020, the Company expensed \$2.5 million and \$0.1 million, respectively, in fees on crypto assets borrowed.

As of December 31, 2021, and June 30, 2021, the fair value of the Company's investment is \$0.0 million and \$31.4 million, respectively. For the three months ended December 31, 2021, and 2020, the Company recorded a gain for investments of \$1.9 million and \$10.6 million, respectively. For the six months ended December 31, 2021, and 2020, the Company recorded a gain for investments of \$6.1 million and \$10.6 million, respectively. Gain for investments is included in the change in fair value of investments in the Company's interim condensed consolidated statements of comprehensive income/ (loss).

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Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

9. Acquisitions

Coinify

On August 1, 2021, Voyager completed the acquisition of all of the equity interest of Coinify ApS ("Coinify"), a cryptocurrency payment platform existing under the laws of Denmark. The Coinify acquisition was accounted for as a business combination. The Company has acquired Coinify to expand both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Coinify for the five-month period from the acquisition date.

For the six months ended December 31, 2021, Coinify contributed revenue of \$35.1 million and profit of \$0.0 million to the Company's consolidated results. If the acquisition had occurred on July 1, 2021, the Company consolidated revenue would have been 253.3 million and the consolidated net loss would have been \$26.2 million.

The following table summarizes the acquisition-date fair value of each major class of the purchase consideration (in thousands).

Cash	\$	16,319
Consideration shares (4,781,250 shares)		60,382
Holdback shares (318,750 shares)		3,793
	\$	<u>80,494</u>

The fair value of consideration and holdback shares was based on the listed share price of the Company on August 1, 2021, of \$13.52 per share. 55% of consideration shares and 100% of holdback shares are subject to issuance/ redemption restrictions up until the 12-month anniversary of the close date which resulted in a discount for lack of marketability as of the acquisition date.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition (in thousands).

Cash and cash equivalents	\$	6,625
Crypto assets held		1,233
Prepaid assets		1,614
Other current assets		1,599
Intangible assets		43,880
Other non-current assets		58
Crypto assets and fiat payable to customers		(2,156)
Accounts payable and accrued liabilities		(1,069)
Other non-current liabilities (Deferred tax liability)		(8,871)
	\$	<u>42,913</u>

The fair value of intangible assets (technology, brand and customer relationships) has been measured provisionally, pending completion of an independent valuation.

Goodwill arising from the acquisition has been recognized as follows (in thousands).

Total purchase consideration	\$	80,494
Fair value of identifiable net assets		42,913
	\$	<u>37,581</u>

The goodwill is attributable to the synergies expected to arise after the Company's acquisition of the new subsidiary. Goodwill is not expected to be deductible for tax purposes.

Acquisition related costs of \$2.5 million are included in professional and consulting as well as general and administrative expenses in condensed consolidated statement of comprehensive income/ (loss).

LGO

In December 2020, the Company acquired issued and outstanding share capital of LGO SAS ("LGO"), 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 shares, to be issued upon demand and subject to the terms of an escrow agreement (the "LGO Acquisition"). In addition, the sellers are entitled to 1,000,000 shares of the Company's shares after one-year, contingent upon the AMF's approval of the change of control (the "Earn-out Shares"). The LGO acquisition was accounted for as an acquisition of assets as the Company did not acquire a substantive process in the acquisition. The Company deferred capitalization of the AMF registration until contingency resolution was probable.

On September 28, 2021, the AMF approved 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. As such, the Company determined the contingency related to the issuance of the additional 1,000,000 shares of the Company's shares was resolved resulting in the recognition of a license with an indefinite useful life of \$1.7 million.

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Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

10. Goodwill and intangible assets

As of December 31, 2021, and June 30, 2021, goodwill and intangible assets consisted of the following (in thousands):

December 31, 2021	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Goodwill	\$ 37,581	\$ -	\$ 37,581
Licenses	1,694	-	1,694
Technology	41,222	(2,626)	38,596
Brand	2,080	(173)	1,907
Customer relationships	1,422	(242)	1,180
Total	\$ 83,999	\$ (3,041)	\$ 80,958

June 30, 2021	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Technology	\$ 222	\$ (130)	\$ 92
Customer relationships	622	(155)	467
Total	\$ 844	\$ (285)	\$ 559

For the three months ended December 31, 2021, and 2020, the Company recognized amortization expense of intangible assets of \$1.7 million and \$0.1 million, respectively. For the six months ended December 31, 2021, and 2020, the Company recognized amortization expense of intangible assets of \$2.8 million and \$0.1 million, respectively. Amortization expense of intangible assets is included in the general and administrative expenses in the Company's interim condensed consolidated statements of comprehensive income/ (loss).

Acquisition during the year

Technology, brand, and customer relationships include intangible assets acquired through Coinify acquisition. Intangible assets acquired are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Intangible Asset	Estimated Useful Life
Technology	7 years
Brand	5 years
Customer relationships	10 years

11. Other current and non-current assets

As of December 31, 2021, and June 30, 2021, other current assets consisted of the following (in thousands):

	December 31, 2021	June 30, 2021
Employee loans	\$ 2,505	\$ 2,470
Prepaid assets	8,359	2,839
Other	4,079	530
Total	\$ 14,943	\$ 5,839

On June 30, 2021, the Company entered into loan agreements with certain employees with 6-month term which were extended for 3-month term. As of December 31, 2021, and June 30, 2021, the aggregate balance of employee loans was \$2.5 million and \$2.5 million, respectively.

As of December 31, 2021, and June 30, 2021, other non-current assets consisted of the following (in thousands):

	December 31, 2021	June 30, 2021
Investments	\$ 9,324	\$ 850
Deferred tax assets	8,063	1,865
Other	151	145
Total	\$ 17,538	\$ 2,860

Voyager Digital Ltd.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

12. Other current and non-current liabilities

As of December 31, 2021, and June 30, 2021, other current liabilities consisted of the following (in thousands):

	December 31, 2021	June 30, 2021
Income tax payable	\$ -	\$ 13,007
Trade payables	12,940	3,495
Accrued liabilities	5,558	2,897
Other	2,017	3,245
Total	\$ 20,515	\$ 22,644

As of December 31, 2021, and June 30, 2021, other non-current liabilities consisted of the following (in thousands):

	December 31, 2021	June 30, 2021
Deferred tax liabilities	\$ 8,871	\$ -
Other	636	739
Total	\$ 9,507	\$ 739

13. Share capital and treasury share

On September 7, 2021, Voyager's common shares commenced trading on the Toronto Stock Exchange (the "TSX") under the trading symbol of "VOYG". Prior to trading on the TSX, the Company's common shares were listed on the Canadian Stock Exchange.

On December 14, 2021, the Company's shareholders approved a reorganization of the Company's share capital structure (the "Share Capital Reorganization"). The Share Capital Reorganization was affected on December 15, 2021, and resulted in, among other things, (i) creation of a new class of variable voting shares of the Company for shareholders that are U.S. Residents, and (ii) limiting share ownership of the common shares of the Company to shareholders that are Non-U.S. Residents (the common shares and variable voting shares, together, the "shares"). Aside from the differences in (a) the residency status of shareholders of the common shares and variable voting shares and (b) the voting rights attributable to each class of shares, the shares are otherwise treated the same by the Company in all material respects. In connection with the Share Capital Reorganization the Company received certain exemptive relief from the Canadian securities administrators to enable its common shares and variable voting shares to be treated collectively as if they were a single class for certain purposes, including for take-over bid and early warning reporting purposes and to permit the Company to refer to the variable voting shares as variable voting shares.

Effective, December 23, 2021, the common shares and variable voting shares began trading on the TSX under the single and current ticker "VOYG".

Authorized share capital

The authorized share capital consists of unlimited number of the shares. The shares do not have a par value. All issued shares are fully paid.

As at December 31, 2021, the Company had 68,082,019 common shares and 102,103,781 variable voting shares issued and outstanding. As of December 31, 2020, the Company had 119,202,972 common shares issued and outstanding.

Normal course issuer bid

On October 28, 2021, the TSX approved the Company's notice of intention to make a normal course issuer bid ("NCIB"). Pursuant to the NCIB, the Company, during the 12-month period from November 2, 2021, to November 1, 2022, is able to purchase up to 8.1 million shares, being approximately 5% of the Company's outstanding shares at the time. For the six months ended December 31, 2021, the Company purchased 503,800 common shares under the NCIB for total consideration of approximately \$6.5 million. All purchases were made in accordance with the NCIB at prevailing market prices plus brokerage fees, with consideration allocated to share capital.

14. Share-based payments

Through December 13, 2021, the Company granted options to directors, officers, and employees under the Company's Stock Option Plan (the "SOP"). On December 14, 2021, shareholders approved the Company's Long-Term Incentive Plan (the "LTIP") which replaced the SOP. The LTIP provides for broad-based equity awards to directors, officers, employees, and permits the granting of options, performance share units, restricted share units and/or deferred share units. Options granted under the SOP and the LTIP generally vest over three years, based on continued employment, and are settled upon vesting in shares of the Company's shares. The contractual term of the options is no more than 10 years.

The aggregate number of shares to be reserved for issue upon the exercise or redemption and settlement for all awards granted cannot exceed 10% of the Company's issued and outstanding shares. The LTIP is an "evergreen" plan. Accordingly, if the Company issues additional shares in the future the number of shares issuable under the LTIP will be increased accordingly. Any shares subject to an award which expires without having been exercised or is forfeited or terminated become available for future awards under the LTIP.

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Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

14. Share-based payments (continued)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, options for the six months ended December 31, 2021, and 2020:

	Number	WAEP - USD	WAEP - CDN
June 30, 2021	12,158,407	\$ 0.70	\$ 6.82
Granted	1,097,000	-	18.26
Exercised	(325,507)	0.30	0.71
Forfeited	(474,291)	0.30	17.45
December 31, 2021	12,455,609	\$ 0.67	\$ 7.80
<i>Of which: vested (exercisable) for accounting purpose</i>	7,307,596	\$ 0.52	\$ 3.97
June 30, 2020	7,891,000	\$ 0.32	\$ 0.48
Granted	4,095,000	-	0.92
Exercised	(913,532)	0.30	0.70
Forfeited	(583,468)	0.30	0.75
December 31, 2020	10,489,000	\$ 0.32	\$ 0.64
<i>Of which: vested (exercisable) for accounting purpose</i>	6,273,515	\$ 0.30	\$ 0.65

For the six months ended December 31, 2021, and 2020, the weighted-average share price at the date of exercise for options exercised was \$13.38 and \$1.32, respectively.

The following table reflects the number of options outstanding as of December 31, 2021:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	WAEP - USD	WAEP - CDN
CND 0.19 - CDN 0.99	5,068,012	6.4	\$ -	\$ 0.66
CND 1.00 - CND 9.99	1,512,504	8.9	-	3.64
CND 10.00 - CND 19.99	2,042,000	3.5	-	17.65
CND 20.00 - CND 24.99	954,250	4.1	-	21.29
CND 25.00 - CND 29.99	227,000	4.6	-	26.85
CND 30.00 - CND 34.50	214,988	3.6	-	31.82
USD 0.30	2,376,855	1.1	0.30	-
USD 15.40	60,000	1.2	15.40	-
	12,455,609	4.9	\$ 0.67	\$ 7.80

The fair value of options granted were determined using a Black-Scholes option pricing model. The following table lists the inputs to the model used for the six months ended December 31, 2021, and 2020:

	Six Months Ended December 31,	
	2021	2020
Weighted average fair value at measurement date	\$ 13.68	\$ 0.61
Option life in years	3.5	4.4
Expected volatility	122.4%	142.3%
Risk-free interest rate	0.8%	0.36%
Expected dividend yield	-	-
Weighted average share price	\$ 14.42	\$ 0.41

For the three months ended December 31, 2021, and 2020, the Company recorded \$4.0 million and \$0.3 million of the share-based payments expense, respectively. For the six months ended December 31, 2021, and 2020, the Company recognized \$9.1 million and \$1.4 million of the share-based payments expense, respectively.

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15. Warrants

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, warrants for the six months ended December 31, 2021, and 2020:

	Number	WAEP - \$USD	WAEP - \$CDN
Balance, June 30, 2021	5,884,567	\$ 5.50	\$ 0.99
Exercised	(656,954)	5.50	2.50
Balance, December 31, 2021	<u>5,227,613</u>	<u>\$ -</u>	<u>\$ 0.97</u>
Balance, June 30, 2020	15,733,775	\$ -	\$ 0.54
Issued in private placements (i)	281,834	-	1.30
Issued in special warrant offerings (ii)	5,868,638	-	1.78
Compensation warrants issued in special warrant offerings (iii)	861,066	-	1.59
Exercised	(8,095,361)	-	0.30
Balance, December 31, 2020	<u>14,649,952</u>	<u>\$ -</u>	<u>\$ 1.25</u>

- (i) In September 2020, the Company entered into a private placement offering for the issuance of 500,000 units. Each unit is comprised of one Company's share and one-half share purchase warrant, with each whole purchase warrant entitling the holder to subscribe to one additional share at a price of CDN\$1.15 per share for a period of 36 months from the date of issuance. In December 2020, the Company entered into a private placement offering for the issuance of 63,667 units. Each unit is comprised of one Company's share and one-half share purchase warrant, with each whole purchase warrant entitling the holder to subscribe to one additional share of common stock at a price of CDN\$2.50 per share for a period of two years from the date of issuance.
- (ii) In September 2020, the Company issued 6,266,600 special warrants at a price of CDN\$0.85 per special warrant, for aggregate gross proceeds of approximately \$4.0 million (the "September Special Warrants"). Each September Special Warrant is convertible into one unit without additional consideration upon certain conditions being met. Each unit is comprised of one Company's share and one-half share purchase warrant, with each whole share purchase warrant being exercisable to acquire one Company's share at an exercise price of CDN\$1.15 per share for a term of three years. In the event the conversion conditions were not met by December 9, 2020, the holders of the September Special Warrants were entitled to receive 1.1 units, resulting in each September Special Warrant being exercisable for 1.1 units (the "penalty provision"). In December 2020, 4,918,000 September Special Warrants were exercised. In December 2020, the Company issued 5,470,676 special warrants for units at a price of CDN\$1.50 per special warrant, for aggregate gross proceeds of approximately \$6.5 million, (the "December Special Warrants"). Each December Special Warrant is convertible into one unit without additional consideration upon certain conditions being met. Each unit will consist of one Company's share and one-half share purchase warrant, with each whole share purchase warrant being exercisable to acquire one Company's share at an exercise price of CDN\$2.50 per share for a term of two years. In the event the conversion conditions are not met by March 15, 2021, the holders of the Special Warrants are entitled to receive 1.1 units, resulting in each December Special Warrant being exercisable for 1.1 units.
- (iii) In connection with the September Special Warrant transaction, the Company incurred costs and finders' fees of approximately \$0.4 million and granted 473,662 compensation warrants, with a grant date fair value of approximately \$0.3 million. The compensation warrants have an exercise price of CDN\$0.85 per unit for a period of three years. The compensation warrants are considered compensation to non-employees under IFRS 2, and thus accounted for at fair value at issuance date and not subsequently revalued. The compensation warrants were recorded as contributed surplus. In connection with the December Special Warrant transaction, the Company incurred costs and finders' fees of approximately \$0.5 million and granted 387,404 compensation warrants, with a grant date fair value of approximately \$0.5 million. The compensation warrants have an exercise price of CDN\$2.50 per unit for a period of two years. The compensation warrants are considered compensation to non-employees under IFRS 2, and thus accounted for at fair value at issuance date and not subsequently revalued. The compensation warrants were recorded as contributed surplus.

The following table illustrates the expiry date, number and weighted average exercise prices ("WAEP") of warrants as of December 31, 2021:

Expiry date	Exercise Price - \$CDN	Number Outstanding
August 26, 2022	\$ 0.80	3,819,209
September 10, 2023	1.15	1,122,400
December 15, 2022	2.50	286,004
	<u>\$ 0.97</u>	<u>5,227,613</u>

Warrants issued with an exercise price denominated in a foreign currency are considered financial derivative instruments and the prescribed accounting treatment is to classify these warrants as a current liability measured at fair value upon initial recognition. At each subsequent reporting date, the warrants are re-measured at fair value and the change in fair value is recognized through profit or loss. Upon warrant exercise, the fair value previously recognized in warrant liability is transferred from warrant liability to share capital. As of December 31, 2021, and June 30, 2021, there were 1,408,404 and 1,479,904 warrants, respectively, classified as liabilities.

A summary of the assumptions used in the valuation model for re-measuring warrants as of December 31, 2021, and June 30, 2021, is set out below.

	December 31, 2021	June 30, 2021
Common share market price	CDN 15.79	CDN 21.17
Estimated weighted average life in years	1.4	1.8
Weighted average risk-free interest rate	0.94%	0.65%
Estimated common share weighted average price volatility	125.56%	144.3%
Expected dividend yield	-	-
Foreign exchange rate	\$ 0.79	\$ 0.81
Estimated weighted average fair value per warrant	\$ 11.42	\$ 16.09

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15. Warrants (continued)

The change in fair value of the warrant liability is as follows (in thousands):

	Fair Value
Balance, June 30, 2021	\$ 23,810
Change in fair value	(6,844)
Exercised	(883)
Balance, December 31, 2021	<u>\$ 16,083</u>
Balance, June 30, 2020	\$ 2,197
Issued	4,922
Change in fair value	17,103
Exercised	(3,840)
Balance, December 31, 2020	<u>\$ 20,382</u>

16. Earnings per share

The following table outlines the calculation of basic and diluted loss per share:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Basic and diluted earnings (in thousands)				
Net income/ (loss) for basic and diluted EPS	\$ 2,588	\$ (8,997)	\$ (26,329)	\$ (12,972)
Weighted average shares outstanding				
Weighted average shares outstanding for basic EPS ¹	166,982,292	121,183,516	163,421,789	116,082,672
Effect of dilutive potential shares resulting options and warrants outstanding	11,960,979	-	-	-
Weighted average shares outstanding for diluted EPS	178,943,271	121,183,516	163,421,789	116,082,672
Earnings per share				
Basic	\$ 0.02	\$ (0.07)	\$ (0.16)	\$ (0.11)
Diluted	\$ 0.01	\$ (0.07)	\$ (0.16)	\$ (0.11)
Potentially dilutive instruments²				
Employee share-based compensation awards	3,471,699	10,489,000	12,455,609	10,489,000
Warrants	1,408,404	14,649,952	5,227,613	14,649,952

¹ The weighted average shares outstanding for basic EPS are calculated by taking the number of shares at the beginning of the period, adjusted by the number of shares acquired or issued during the period, multiplied by a time-weighted factor for the period outstanding.

² Reflects potential shares that could dilute basic earnings per share in the future but were not dilutive for the periods presented.

17. Related party transactions

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Share-based payments*	\$ 7	\$ 59	\$ 113	\$ 957
Compensation and employee benefits	162	170	301	288
Total	<u>\$ 169</u>	<u>\$ 229</u>	<u>\$ 414</u>	<u>\$ 1,245</u>

*During the first quarter, the Company issued 5,952 shares valued at \$0.1 million to directors as a compensation for their service.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Legal Fasken Martineau DuMoulin, LLP ("Fasken") *	\$ 242	\$ 107	\$ 451	\$ 410

* Beginning in February 2021, a partner at Fasken began serving as a director of the Company. The Company expensed legal fees shown above for the services provided by Fasken.

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18. Income tax

The determination of income tax expense/ (benefit) in the accompanying interim condensed consolidated statements of comprehensive income/ (loss) is based upon the estimated effective tax rate for the year, adjusted for the impact of any discrete items which are accounted for in the period in which they occur. The effective tax rate for the three-months ended December 31, 2021, and 2020 was 15.76% and 0%, respectively. The Company recorded income tax benefit of approximately 26.18% and 0% of net loss before benefit for income tax for the six-month periods ended December 31, 2021 and 2020, respectively.

19. Commitments and contingencies

In the ordinary course of business, the Company enters into multi-year agreements to purchase sponsorships as part of its marketing efforts. Future payments under these agreements having a remaining term more than one year as of December 31, 2021, are as follows (in thousands):

Less than 12 months	\$	11,895
13 – 36 months		17,136
37 – 60 months		4,862
Total	\$	33,893

The Company is subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business. The Company is also subject to regulatory oversight by numerous regulatory and other governmental agencies and, along with other participants in the crypto-financial services industry, has been subject to non-public, fact-finding inquiries and investigations by both the U.S. Securities and Exchange Commission and certain state regulators in connection with certain offerings of the Company. The Company reviews its lawsuits, regulatory investigations, and other legal proceedings on an ongoing basis and provides disclosure and records provisions in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. In accordance with such guidance, provisions are recorded when it is more likely than not that the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. If any of those conditions are not met, such matters result in contingent liabilities.

In December 2021, a purported class action captioned Cassidy v. Voyager Digital Ltd. and Voyager Digital LLC, et al., Case No. 1:21-cv-24441, was filed in the U.S. District Court for the Southern District of Florida. The Complaint asserts claims for alleged violations of the New Jersey Consumer Fraud Act, Florida Deceptive and Unfair Trade Practices Act and unjust enrichment in connection with the plaintiff's use of the Voyager platform and marketing related thereto. The Company disputes the claims in this case and intends to vigorously defend the case. Based on the preliminary nature of the proceeding in this case, the outcome of this matter remains uncertain.

The Company believes the ultimate resolution of existing legal and regulatory investigation matters will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company. However, in light of the uncertainties inherent in these types of matters, it is possible that the ultimate resolution may have a material adverse effect on the Company's results of operations.

20. Segment information

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.

The following table illustrates total revenue for the three and six months ended December 31, 2021, and 2020 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer resides, or affiliated services are provided (in thousands).

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Americas	\$ 145,663	\$ 3,569	\$ 211,300	\$ 5,570
Europe	19,185	-	35,055	-
Total	\$ 164,848	\$ 3,569	\$ 246,355	\$ 5,570

The following table illustrates long-lived assets that consist of goodwill, intangibles assets, and other non-current asset at December 31, 2021 and June 30, 2021 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the asset is physically located (in thousands).

	December 31, 2021		June 30, 2021	
Americas	\$	601	\$	704
Europe		80,508		-
Total	\$	81,109	\$	704

Americas is primarily comprised of the United States and Canada, while Europe is primarily comprised of Denmark and France.

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Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

21. VGX token swap

In August 2021, the Company completed a token swap as part of the LGO SAS merger with the Company. The token swap and merger combined the original Voyager token, VGX, with the LGO token. To complete the token swap, the VGX and LGO tokens were converted to a single new token under the ticker VGX.

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")². 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.

During the three months ended December 31, 2021, the Company paid 1,811,702 in VGX tokens 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 \$5.5 million with the offset of \$5.0 million in transaction revenue and \$0.5 million in rewards paid to customers. During the six months ended December 31, 2021, the Company paid 2,830,869 in VGX tokens 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 \$8.2 million with the offset of \$6.3 million in transaction revenue, \$0.9 million in professional and consulting and \$1.0 million in rewards paid to customers.

² Post token swap, Voyager will mint a growth pool of tokens on an annual basis as described in the VGX white paper.