

DeFi Technologies  
OTC: DEFTF  
NEO: DEFI

August 21, 2024

Price (as of close Aug 20, 2024)  
**US\$1.74**

Rating  
**Buy-Venture**

12- Month Target Price  
**US\$2.75**

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**Record Quarter, FY:24 Guidance Raised; Increase Target Price to US\$2.75.** DeFi's underlying profitability reached record highs alongside record revenue in Q2:24. The arbitrage trading desk, DeFi Alpha, is turning out to be a powerful revenue driver. The Company raised its FY:24 revenue guidance. We increase our target price to US\$2.75 (earlier US\$1.75) and maintain a **Buy-Venture** rating on the stock.

52-Week Range	\$0.07 – \$3.33	Total Debt	\$17.8 million
Shares Outstanding	298.0 million	Debt/Equity	2.5%
Insider/Institutional	13.4% / 0.03%	ROE (LTM)	NM
Public Float	262.2 million	Book Value/Share	\$0.31
Market Capitalization	\$709 million	Daily Volume (90-day)	1.0M

FYE Dec EPS (\$) CAD	FY 2023A ACTUAL	FY 2024E		FY 2025E	
		CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$(0.04)A	\$(0.064)A	\$(0.064)A	\$0.10E	\$0.06E
Q2 Jun	\$0.00A	\$0.27A	\$0.04E	\$0.11E	\$0.06E
Q3 Sep	\$(0.03)A	\$0.05E	\$0.06E	\$0.12E	\$0.07E
Q4 Dec	\$(0.01)A	\$0.05E	\$0.08E	\$0.12E	\$0.07E
<b>Year*</b>	<b>\$(0.08)A</b>	<b>\$0.29E</b>	<b>\$0.13E</b>	<b>\$0.44E</b>	<b>\$0.26E</b>
P/E Ratio	NM	8.2x		5.3x	
Change	NM	NM		53.4%	

FYE Dec CAD Revenue (\$ mil.)	FY 2023A ACTUAL	FY 2024E		FY 2025E	
		CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$(3.6)A	\$(4.9)A	\$(4.9)A	\$58.9E	\$35.8E
Q2 Jun	\$8.0A	\$133.2A	\$23.0E	\$63.7E	\$37.6E
Q3 Sep	\$1.4A	\$29.7E	\$30.8E	\$68.8E	\$39.5E
Q4 Dec	\$4.5A	\$20.7E	\$35.1E	\$70.5E	\$41.5E
<b>Year*</b>	<b>\$10.4A</b>	<b>\$178.7E</b>	<b>\$84.1E</b>	<b>\$262.0E</b>	<b>\$154.7E</b>
Change	511%	1,626%		46.6%	

\* GAAP Figures in Canadian Dollars; Numbers may not add due to rounding and changes in diluted shares outstanding.

#### Company Description

DeFi Technologies Inc. is a crypto native technology company that pioneers the convergence of traditional capital markets with the world of decentralized finance (DeFi). The Company aims to provide widespread investor access to digital assets.

#### Q2:24 Results

- The second quarter of 2024 was the strongest ever quarter, with DeFi reporting revenue of C\$133.2 million and net income of \$90.4 million. The increase in revenue was primarily led by DeFi Alpha, an arbitrage trading desk, which generated nearly \$111.5 million in revenue in Q2:24.
- DeFi's AUM as of Q2:24 was C\$730.1 million, or +43.7% vs. YE:23. AUM has ramped alongside both AUM inflows and surging digital asset prices. SOL (Solana) now contributes to nearly 44% of DeFi's total AUM. Even with BTC ETFs launching in the U.S., we see more investors gravitating to DeFi's ETPs as they seek crypto exposure beyond BTC.
- DeFi Alpha adds a powerful revenue driver to the Company. It generated an additional C\$19.3 million through arbitrage trades in Q3:24, taking the total to C\$133.1 million YTD.
- DeFi increased its 2024 revenue guidance to \$179 million (or US\$131 million), previously \$119 million (or US\$87 million). We believe this feat is achievable given that DeFi Alpha alone has generated \$133.1 million in revenue during Jan-July 2024.
- We increase our target price to US\$2.75 and reiterate our Buy-Venture rating. We still believe DEFI makes for an excellent takeover candidate, particularly as investors seek to gain crypto exposure further out the risk curve than BTC.

#### Primary Risks

- Renewed tightening from central banks could drive further downside to crypto prices which indirectly impact DEFI's revenue.
- Governments can make it more difficult for mainstream investors to invest in digital assets such as applying capital controls or limiting issuance of crypto.

Please refer to the end of this report to obtain important disclosure information.

## **Investment Thesis**

DeFi is a highly scalable ETP issuer offering access to emerging digital asset sectors. As crypto gains mainstream adoption and equity investors look for stocks with digital asset exposure, we see DEFTF rerating to a US\$2.75 per share valuation. Looking ahead, there is substantial potential for growth in the crypto markets as they recover, and as the wider investor community once again becomes interested in digital assets.

We believe DeFi is well positioned for growth given its diversified asset base, new product launches, and strong demand for crypto ETPs. We see the Company's diversified revenue model focusing on various revenue streams such as staking, lending, research services, other than the traditional management fees, as a key differentiating factor.

## **Q2:24 Financial Performance**

DeFi reported a strong Q2:24, its best quarter ever, with revenues of C\$133.2 million, up 1,700% compared to C\$7.4 million in Q2:23. The increase in revenue was primarily led by DeFi Alpha, an arbitrage trading desk, which generated nearly C\$111.5 million in revenue in Q2:24 (accounting for 84% of total revenue). Additionally, the Company also registered a jump in revenue from an increase in staking and lending activities, higher management fees, and the recent acquisition of Reflexivity LLC.

Revenues from staking and lending totaled \$8.2 million, a jump of 982% compared to \$0.76 million in Q2:23 and an increase of 42% sequentially. AUM management fees touched \$2.1 million, versus \$0.24 million in Q2:23 driven by higher AUM. Total AUM surged by 43.7% YOY to \$730.1 million in Q2:24 but was down sequentially versus \$908 million in Q1:24. Since the end of Q2:24, AUM has further increased to C\$837 million (US\$610 million) as of July 31, 2024.

The first quarter of 2024 was the strongest ever quarter, with DeFi reporting adjusted revenue of \$13.4 million and adjusted net income of \$5.3 million which is a significant improvement from the adjusted revenues of \$(3.6) million and adjusted net income of \$(8.7) million for the same period in 2023. Adjusted revenue excludes the one-time effect of the adjustment in the value of the BTC collateral held by Genesis Global Capital which amounted to \$18.3 million in Q1:24.

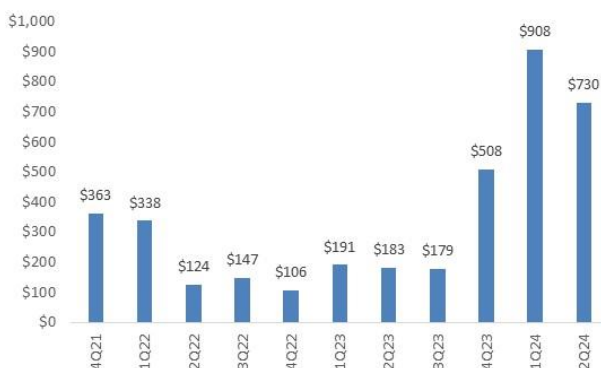
Total expenses also jumped by 446% YOY to \$42.8 million mirroring the outsized revenue growth. The increase in expenses was mainly driven by higher G&A costs which were due to accrued DeFi Alpha trading bonuses in Q2:24. Net income was \$90.4 million or \$0.27 per diluted share in Q2:24.

Valour paid down \$40.4 million of outstanding loans which will result in annual cost savings related to lower interest expenses. The repayment of loans, which were secured using BTC and ETH as collateral, resulted in the release of those coins back to Valour. At the end of Q2:24, DeFi held 204.34 BTC, 12,775 SOL, and 1,484,148 CORE tokens. This enables it to participate in price appreciation of digital assets while also supporting staking and yield-generating activities.

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### **Exhibit 1: DeFi ETP AUM (C\$M)**

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Source: SEDAR filings, Singular Research

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**New product launches.** Management remains focused on innovative ETPs that provide access to a wide range of digital assets. Recent launches encompass ETPs that track CORE, Hedera, and NEAR tokens. Furthermore, Valour has recently announced the signing of a Memorandum of Understanding (MOU) with the Nairobi Securities Exchange (NSE) and SovFi Inc. to introduce digital asset ETPs in Africa. This move complements management's ongoing focus on expanding the Company's geographic presence in the Middle East and Asia. New product development continues to be a strategic focus for the Company, with intentions to introduce approximately 15 new ETPs within the current year and an additional 30 ETPs in 2025.

**Outlook 2024.** The Company expects FY:24 revenues to touch \$179 million driven by AUM expansion, upcoming ETP introductions, and the integration of new acquisitions. Additionally, DeFi Alpha opportunities, if executed well, could further boost revenues and profitability.

## Forecasts

DeFi offered 2024 revenue guidance of C\$179M (or US\$131M). The emergence of DeFi Alpha as a new revenue driver increases our confidence in the ability of the Company to achieve its guidance. We project FY:24 revenue of \$178.7 million, in line with the Company guidance. For 2025, we model strong revenue growth and forecast revenue of ~C\$262.0M which factors in catalysts such as geographic expansion into Asia, and new product launches.

## Valuation

We value DEFTF using industry peer companies (a Price/Sales multiple) blended with our Discounted Cash Flow (DCF) valuation to derive a fair value target price for the Company.

We value DEFTF at 3.7x 2025 sales of \$262.0 million, a 20% discount to the peer group average on account of its small size. Our valuation factors in ~\$41 million worth of venture investments available on the balance sheet as of Q2:24. The multiple based target price is \$2.54 (or US\$1.85). We weigh this method at 50% for the overall price target.

We weight the other 50% of our target using our Discounted Cash Flow target. Our DCF model uses our forecasted free cash flow to the firm over the next two years, then grows after-tax EBIT at a rate of 15% over years three to nine, and at a 3% rate thereafter. We apply a weighted average cost of capital of ~17.3%. Our DCF produces a value of \$4.78 (or US\$3.49).

The combination of \$2.54 at 50% and \$4.78 at 50% results in a weighted average price target of \$3.66 (or US\$2.75).

### **Exhibit 2: DEFTF Peer Group Multiples and Price Targets**

Company Name	Ticker	Last Price	S/O (MM)	Market Cap (\$MM)	Price-to-Sales 2025E	EV-to-EBITDA 2025E	PE 2025E
Coinbase Global Inc.	COIN	\$197.25	248.5	49,013	8.3x	17.8x	57.3x
Robinhood Markets Inc.	HOOD	\$19.83	884.7	17,543	6.4x	11.2x	31.0x
PayPal Holdings Inc.	PYPL	\$71.89	1,022.3	73,495	2.1x	10.0x	14.9x
Block Inc.	SQ	\$64.88	615.7	39,943	1.5x	10.5x	14.1x
Bakkt Holdings, Inc.	BKKT	\$13.46	13.5	182	2.5x	NM	NM
Galaxy Digital Holdings	GLXT	C\$15.83	341.2	3,997	6.6x	NM	7.6x
CoinShares Int'l	CS.ST	SEK 64.00	64.7	389	3.1x	2.8x	3.4x
<b>Peer Average</b>					<b>4.3x</b>	<b>10.5x</b>	<b>21.4x</b>
<b>DeFi Technologies</b>	<b>DEFTF</b>	<b>\$1.74</b>	<b>298</b>	<b>519</b>	<b>3.2x</b>	<b>4.6x</b>	<b>5.0x</b>
Target Multiple						3.7	
<b>Sales - 2025 (C\$ mn)</b>					<b>\$ 262.08</b>		
<b>Target Price (C\$)</b>		<b>\$ 2.54</b>					
<b>Target Price (US\$)</b>		<b>\$ 1.85</b>					

Source: Refinitiv, Singular Research

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## **Rating Definitions**

**BUY**, 30% or greater increase in the next 12 months.

**BUY-Long-Term**, near-term EPS horizon is challenging, attractive long-term appreciation potential.

**BUY-Venture**, initial stages with little to no revenue and the potential for outsized returns with higher amounts of risk and volatility.

**HOLD**, perform in line with the market.

**SELL**, 30% or more declines in the next 12 months.

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## Technical Analysis



**DEFI Technologies Inc.**  
**Quarterly Results & Estimates**  
*CAD in Millions*

	2022 Actual	2023 Actual	2024 Estimated				2025 Estimated					
	Fiscal 2022A	Fiscal 2023A	1QA Mar-24	2QA Jun-24	3QE Sep-24	4QE Dec-24	Fiscal 2024E	1QE Mar-25	2QE Jun-25	3QE Sep-25	4QE Dec-25	Fiscal 2025E
<b>Revenues</b>	<b>\$ 1.70</b>	<b>\$ 10.36</b>	<b>\$ (4.92)</b>	<b>\$ 133.20</b>	<b>\$ 29.74</b>	<b>\$ 20.71</b>	<b>\$ 178.73</b>	<b>\$ 58.98</b>	<b>\$ 63.71</b>	<b>\$ 68.85</b>	<b>\$ 70.53</b>	<b>\$ 262.08</b>
<b>Revenue Growth(y-o-y)</b>	<b>-88.8%</b>	<b>510.5%</b>	<b>37.2%</b>	<b>1560.1%</b>	<b>1994.6%</b>	<b>360.2%</b>	<b>1625.9%</b>	<b>-1298.2%</b>	<b>-52.2%</b>	<b>131.5%</b>	<b>240.5%</b>	<b>46.6%</b>
Amortization	\$ 2.28	\$ 2.04	\$ 0.52	\$ 0.51	\$ 0.50	\$ 0.40	\$ 1.93	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.20
Gain on sale of royalties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management and consulting fees	\$ 7.22	\$ 5.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating, general and administration	\$ 0.00	\$ -	\$ 2.97	\$ 30.51	\$ 5.00	\$ 6.00	\$ 44.48	\$ 6.06	\$ 6.12	\$ 6.18	\$ 6.24	\$ 24.61
Travel and promotion	\$ 2.33	\$ 0.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office and rent	\$ 1.05	\$ 1.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounting and legal	\$ 4.10	\$ 2.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory and transfer agent	\$ 0.04	\$ 0.22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Share based payments	\$ 15.89	\$ 2.92	\$ 1.62	\$ 3.43	\$ 3.43	\$ 3.43	\$ 11.92	\$ 1.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 13.11
Depreciation - right of use assets	\$ 0.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation - property, plant and equip	\$ 0.02	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Foreign exchange loss	\$ (0.32)	\$ 10.34	\$ 0.82	\$ 6.32	\$ -	\$ -	\$ 7.14	\$ -	\$ -	\$ -	\$ -	\$ -
Transaction costs	\$ 1.11	\$ 1.03	\$ 0.49	\$ 1.09	\$ -	\$ -	\$ 1.58	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment of Intangibles Excl Goodwill	\$ 13.87	\$ -	\$ 4.96	\$ -	\$ -	\$ -	\$ 4.96	\$ -	\$ -	\$ -	\$ -	\$ -
Finance costs	\$ 4.01	\$ 4.16	\$ 1.74	\$ 0.93	\$ 0.93	\$ 0.93	\$ 4.53	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 3.72
<b>Total operating expenses</b>	<b>\$ 51.67</b>	<b>\$ 30.48</b>	<b>\$ 13.12</b>	<b>\$ 42.80</b>	<b>\$ 9.88</b>	<b>\$ 10.88</b>	<b>\$ 76.68</b>	<b>\$ 9.86</b>	<b>\$ 11.91</b>	<b>\$ 11.98</b>	<b>\$ 12.04</b>	<b>\$ 45.78</b>
<i>% of sales</i>	<i>3046.3%</i>	<i>294.3%</i>	<i>-266.5%</i>	<i>32.1%</i>	<i>33.2%</i>	<i>52.5%</i>	<i>42.9%</i>	<i>16.7%</i>	<i>18.7%</i>	<i>17.4%</i>	<i>17.1%</i>	<i>17.5%</i>
<b>Operating Profit</b>	<b>\$ (49.97)</b>	<b>\$ (20.12)</b>	<b>\$ (18.04)</b>	<b>\$ 90.40</b>	<b>\$ 19.86</b>	<b>\$ 9.83</b>	<b>\$ 102.05</b>	<b>\$ 49.13</b>	<b>\$ 51.80</b>	<b>\$ 56.88</b>	<b>\$ 58.49</b>	<b>\$ 216.30</b>
<b>Operating Margin</b>	<b>-2946.3%</b>	<b>-194.3%</b>	<b>366.5%</b>	<b>67.9%</b>	<b>66.8%</b>	<b>47.5%</b>	<b>57.1%</b>	<b>83.3%</b>	<b>81.3%</b>	<b>82.6%</b>	<b>82.9%</b>	<b>82.5%</b>
Excess purchase price over fair value of	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on settlement debt	\$ -	\$ (0.17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Foreign currency transaction gain (loss)	\$ -	\$ -	\$ (1.27)	\$ -	\$ -	\$ -	\$ (1.27)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Pretax Income</b>	<b>\$ (49.97)</b>	<b>\$ (20.29)</b>	<b>\$ (19.31)</b>	<b>\$ 90.40</b>	<b>\$ 19.86</b>	<b>\$ 9.83</b>	<b>\$ 100.79</b>	<b>\$ 49.13</b>	<b>\$ 51.80</b>	<b>\$ 56.88</b>	<b>\$ 58.49</b>	<b>\$ 216.30</b>
Total Income Taxes	\$ (0.95)	\$ (1.34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.32	\$ 10.88	\$ 11.94	\$ 12.28	\$ 45.42
<b>Net Income From Continuing Operations</b>	<b>\$ (49.03)</b>	<b>\$ (18.95)</b>	<b>\$ (19.31)</b>	<b>\$ 90.40</b>	<b>\$ 19.86</b>	<b>\$ 9.83</b>	<b>\$ 100.79</b>	<b>\$ 38.81</b>	<b>\$ 40.92</b>	<b>\$ 44.93</b>	<b>\$ 46.21</b>	<b>\$ 170.87</b>
Shares for Basic EPS	3.22	231.60	284.13	291.90	298.03	299.03	293.27	300.03	301.03	302.03	303.03	301.53
Shares for Diluted EPS	3.22	231.60	284.13	332.82	381.22	382.22	345.10	383.22	384.22	385.22	386.22	384.72
EPS Basic	\$ (0.24)	\$ (0.08)	\$ (0.06)	\$ 0.31	\$ 0.07	\$ 0.03	\$ 0.35	\$ 0.13	\$ 0.14	\$ 0.15	\$ 0.15	\$ 0.57
<b>EPS Diluted</b>	<b>\$ (0.24)</b>	<b>\$ (0.08)</b>	<b>\$ (0.06)</b>	<b>\$ 0.27</b>	<b>\$ 0.05</b>	<b>\$ 0.03</b>	<b>\$ 0.29</b>	<b>\$ 0.10</b>	<b>\$ 0.11</b>	<b>\$ 0.12</b>	<b>\$ 0.12</b>	<b>\$ 0.44</b>

**DEFI Technologies Inc.**  
**Balance Sheet**  
*CAD in Millions*

	2022 Actual	2023 Actual	2024 Estimated					2025 Estimated				
	Fiscal	Fiscal	1QA	2QA	3QE	4QE	Fiscal	1QE	2QE	3QE	4QE	Fiscal
	2022A	2023A	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E
Digital assets, at fair value through	\$ 106.58	\$ 188.34	\$ 377.24	\$ 345.73	\$ 345.73	\$ 345.73	\$ 345.73	\$ 345.73	\$ 345.73	\$ 345.73	\$ 345.73	\$ 345.73
Public investments, at fair value through	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash & cash equivalents	\$ 4.91	\$ 6.73	\$ 9.41	\$ 19.53	\$ 43.32	\$ 56.99	\$ 56.99	\$ 97.88	\$ 142.88	\$ 191.89	\$ 242.18	\$ 242.18
Investment trade settlement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Share subscription receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other receivable	\$ 0.07	\$ 0.05	\$ 2.33	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13
Prepaid Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid expenses	\$ 0.57	\$ 1.51	\$ 2.15	\$ 4.52	\$ 4.52	\$ 4.52	\$ 4.52	\$ 4.52	\$ 4.52	\$ 4.52	\$ 4.52	\$ 4.52
Digital assets loaned	\$ -	\$ 270.36	\$ 130.07	\$ 78.94	\$ 78.94	\$ 78.94	\$ 78.94	\$ 78.94	\$ 78.94	\$ 78.94	\$ 78.94	\$ 78.94
Digital assets staked	\$ -	\$ 30.52	\$ 366.27	\$ 344.80	\$ 344.80	\$ 344.80	\$ 344.80	\$ 344.80	\$ 344.80	\$ 344.80	\$ 344.80	\$ 344.80
Digital assets loaned and staked	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Current Assets</b>	<b>\$ 112.14</b>	<b>\$ 497.51</b>	<b>\$ 887.48</b>	<b>\$ 793.65</b>	<b>\$ 817.45</b>	<b>\$ 831.11</b>	<b>\$ 831.11</b>	<b>\$ 872.00</b>	<b>\$ 917.00</b>	<b>\$ 966.01</b>	<b>\$ 1,016.30</b>	<b>\$ 1,016.30</b>
Equipment	\$ 0.02	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Right of use assets	\$ 1.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Digital assets	\$ 0.05	\$ 0.64	\$ 1.83	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79
Convertible promissory note	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Inv Sec designated at Fair Value	\$ 43.51	\$ 43.54	\$ 41.79	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99	\$ 40.99
Investment in associate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Goodwill	\$ 46.71	\$ 46.71	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35	\$ 49.35
Intangible assets	\$ 5.58	\$ 3.54	\$ 3.48	\$ 2.96	\$ 2.46	\$ 2.06	\$ 2.06	\$ 1.76	\$ 1.46	\$ 1.16	\$ 0.86	\$ 0.86
<b>TOTAL ASSETS</b>	<b>\$ 209.93</b>	<b>\$ 591.96</b>	<b>\$ 983.94</b>	<b>\$ 887.74</b>	<b>\$ 911.04</b>	<b>\$ 924.31</b>	<b>\$ 924.31</b>	<b>\$ 964.90</b>	<b>\$ 1,009.59</b>	<b>\$ 1,058.30</b>	<b>\$ 1,108.29</b>	<b>\$ 1,108.29</b>
Related party payable	\$ 0.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ETP holders payable	\$ 105.74	\$ 508.13	\$ 907.93	\$ 730.07	\$ 730.07	\$ 730.07	\$ 730.07	\$ 730.07	\$ 730.07	\$ 730.07	\$ 730.07	\$ 730.07
Loans payable	\$ 52.82	\$ 56.21	\$ 57.59	\$ 17.79	\$ 17.79	\$ 17.79	\$ 17.79	\$ 17.79	\$ 17.79	\$ 17.79	\$ 17.79	\$ 17.79
Corporate payables	\$ 5.75	\$ 9.17	\$ 9.29	\$ 36.42	\$ 36.42	\$ 36.42	\$ 36.42	\$ 36.42	\$ 36.42	\$ 36.42	\$ 36.42	\$ 36.42
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	\$ -	\$ -	\$ 0.27	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
<b>Total Current Liabilities</b>	<b>\$ 164.39</b>	<b>\$ 573.52</b>	<b>\$ 975.07</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>
Lease liabilities	\$ 1.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 166.10</b>	<b>\$ 573.52</b>	<b>\$ 975.07</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>	<b>\$ 784.50</b>
Common Stock	\$ 166.15	\$ 170.69	\$ 179.24	\$ 181.69	\$ 181.69	\$ 181.69	\$ 181.69	\$ 181.69	\$ 181.69	\$ 181.69	\$ 181.69	\$ 181.69
Preferred shares	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32
Share-based payments reserves	\$ 27.91	\$ 28.63	\$ 29.81	\$ 30.39	\$ 33.82	\$ 37.26	\$ 37.26	\$ 39.04	\$ 42.82	\$ 46.59	\$ 50.37	\$ 50.37
Accumulated OCI	\$ (3.00)	\$ (1.65)	\$ (2.92)	\$ (2.81)	\$ (2.81)	\$ (2.81)	\$ (2.81)	\$ (2.81)	\$ (2.81)	\$ (2.81)	\$ (2.81)	\$ (2.81)
Non-controlling interest	\$ -	\$ (0.00)	\$ 0.04	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Accumulated Deficit	\$ (151.55)	\$ (183.54)	\$ (201.62)	\$ (110.34)	\$ (90.48)	\$ (80.65)	\$ (80.65)	\$ (41.84)	\$ (0.92)	\$ 44.01	\$ 90.22	\$ 90.22
<b>TOTAL EQUITY</b>	<b>\$ 43.83</b>	<b>\$ 18.44</b>	<b>\$ 8.87</b>	<b>\$ 103.25</b>	<b>\$ 126.54</b>	<b>\$ 139.81</b>	<b>\$ 139.81</b>	<b>\$ 180.40</b>	<b>\$ 225.09</b>	<b>\$ 273.81</b>	<b>\$ 323.79</b>	<b>\$ 323.79</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 209.93</b>	<b>\$ 591.96</b>	<b>\$ 983.94</b>	<b>\$ 887.74</b>	<b>\$ 911.04</b>	<b>\$ 924.31</b>	<b>\$ 924.31</b>	<b>\$ 964.90</b>	<b>\$ 1,009.59</b>	<b>\$ 1,058.30</b>	<b>\$ 1,108.29</b>	<b>\$ 1,108.29</b>

**DEFI Technologies Inc.**  
**Cash Flow Statement**  
*CAD in Millions*

	2022 Actual		2023 Actual		2024 Estimated				2025 Estimated				
	Fiscal	Fiscal	1QA	2QA	3QE	4QE	Fiscal	1QE	2QE	3QE	4QE	Fiscal	
	2022A	2023A	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E	
Net Income	\$ (49.97)	\$ (20.29)	\$ (18.04)	\$ 90.37	\$ 19.86	\$ 9.83	\$ 102.02	\$ 38.81	\$ 40.92	\$ 44.93	\$ 46.21	\$ 170.87	
Depreciation	\$ 0.02	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	
Amortization - Intangible asset	\$ 2.28	\$ 2.04	\$ 0.52	\$ 0.51	\$ 0.50	\$ 0.40	\$ 1.93	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.20	
Purchase of digital assets	\$ (231.39)	\$ (318.36)	\$ (200.40)	\$ (383.45)	\$ -	\$ -	\$ (583.85)	\$ -	\$ -	\$ -	\$ -	\$ -	
Disposal of digital assets	\$ 191.09	\$ 244.66	\$ 149.97	\$ 418.78	\$ -	\$ -	\$ 568.75	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation - right of use assets	\$ 0.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Debt for shares	\$ -	\$ 0.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest expense	\$ -	\$ 0.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transaction costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest income	\$ (0.06)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Share-based payments	\$ 15.89	\$ 2.92	\$ 1.62	\$ 3.43	\$ 3.43	\$ 3.43	\$ 11.92	\$ 1.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 13.11	
Purchase of investments	\$ (34.65)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Disposal of investments	\$ 0.03	\$ 0.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Realized and unrealized (loss) on deriva	\$ 0.43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Impairment loss (gain)	\$ 13.87	\$ -	\$ 4.96	\$ -	\$ -	\$ -	\$ 4.96	\$ -	\$ -	\$ -	\$ -	\$ -	
Loss on deemed disposal of an associate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Staking and lending income	\$ (4.52)	\$ (3.54)	\$ (5.81)	\$ (8.26)	\$ -	\$ -	\$ (14.07)	\$ -	\$ -	\$ -	\$ -	\$ -	
Node revenue	\$ (0.35)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ -	\$ -	\$ (0.00)	\$ -	\$ -	\$ -	\$ -	\$ -	
Realized loss on digital assets, net	\$ -	\$ -	\$ -	\$ (0.63)	\$ -	\$ -	\$ (0.63)	\$ -	\$ -	\$ -	\$ -	\$ -	
ETP trading	\$ -	\$ 1.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Revaluation gain on ETP	\$ (320.38)	\$ (323.96)	\$ 328.25	\$ (209.09)	\$ -	\$ -	\$ 119.16	\$ -	\$ -	\$ -	\$ -	\$ -	
Realized and net change in unrealized (gains) and loss	\$ 322.61	\$ 332.10	\$ (317.12)	\$ 86.65	\$ -	\$ -	\$ (230.47)	\$ -	\$ -	\$ -	\$ -	\$ -	
Management fees	\$ (1.44)	\$ (1.46)	\$ (1.73)	\$ (2.15)	\$ -	\$ -	\$ (3.88)	\$ -	\$ -	\$ -	\$ -	\$ -	
Unrealized loss (gain) on investments, net	\$ 1.99	\$ (13.48)	\$ 1.84	\$ 0.66	\$ -	\$ -	\$ 2.50	\$ -	\$ -	\$ -	\$ -	\$ -	
Realized loss on investments, net	\$ 0.01	\$ 0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unrealized loss (gain) on foreign exchan	\$ 4.17	\$ 0.44	\$ (0.75)	\$ (0.60)	\$ -	\$ -	\$ (1.35)	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in amounts receivable	\$ (0.03)	\$ 0.01	\$ (0.10)	\$ 0.10	\$ -	\$ -	\$ 0.01	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in prepaid expenses and deposits	\$ 0.69	\$ (0.95)	\$ (0.64)	\$ (2.37)	\$ -	\$ -	\$ (3.01)	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in accounts payable and accrued l	\$ -	\$ 5.20	\$ 0.38	\$ 27.08	\$ -	\$ -	\$ 27.46	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Operating Activities - Net Cash Flow</b>	<b>\$ (89.64)</b>	<b>\$ (92.52)</b>	<b>\$ (57.05)</b>	<b>\$ 21.03</b>	<b>\$ 23.80</b>	<b>\$ 13.67</b>	<b>\$ 1.44</b>	<b>\$ 40.89</b>	<b>\$ 45.00</b>	<b>\$ 49.01</b>	<b>\$ 50.29</b>	<b>\$ 185.19</b>	
Disposal (purchase) of digital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Acquisition of subsidiary	\$ -	\$ -	\$ 0.32	\$ -	\$ -	\$ -	\$ 0.32	\$ -	\$ -	\$ -	\$ -	\$ -	
Addition to right of use assets	\$ (1.41)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Lease payment	\$ (1.26)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Equipment purchased	\$ -	\$ -	\$ -	\$ -	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	
<b>Investing Activities - Net Cash Flow</b>	<b>\$ (2.67)</b>	<b>\$ -</b>	<b>\$ 0.32</b>	<b>\$ -</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ 0.32</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	
Shares repurchased pursuant to NCIB	\$ (13.15)	\$ -	\$ -	\$ (1.31)	\$ -	\$ -	\$ (1.31)	\$ -	\$ -	\$ -	\$ -	\$ -	
Proceeds from exercise of options	\$ 0.05	\$ 0.09	\$ -	\$ 0.46	\$ -	\$ -	\$ 0.46	\$ -	\$ -	\$ -	\$ -	\$ -	
Payments to ETP holders	\$ 242.38	\$ (223.23)	\$ (207.04)	\$ (111.71)	\$ -	\$ -	\$ (318.76)	\$ -	\$ -	\$ -	\$ -	\$ -	
Proceeds from ETP holders	\$ (196.52)	\$ 308.60	\$ 266.30	\$ 139.89	\$ -	\$ -	\$ 406.19	\$ -	\$ -	\$ -	\$ -	\$ -	
Share and warrant issuance costs	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Loan Payable	\$ 53.12	\$ 4.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Loan repaid	\$ -	\$ -	\$ -	\$ (40.38)	\$ -	\$ -	\$ (40.38)	\$ -	\$ -	\$ -	\$ -	\$ -	
Proceeds from investments	\$ -	\$ -	\$ -	\$ 0.75	\$ -	\$ -	\$ 0.75	\$ -	\$ -	\$ -	\$ -	\$ -	
Proceeds from exercise of warrants	\$ 0.65	\$ -	\$ (0.05)	\$ 1.43	\$ -	\$ -	\$ 1.38	\$ -	\$ -	\$ -	\$ -	\$ -	
Proceeds from issuance of units	\$ 1.55	\$ 4.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Financing Activities - Net Cash Flow</b>	<b>\$ 88.06</b>	<b>\$ 94.62</b>	<b>\$ 59.31</b>	<b>\$ (10.98)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48.33</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Exchange Rate Effect	\$ (0.00)	\$ (0.28)	\$ 0.10	\$ 0.07	\$ -	\$ -	\$ 0.17	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Cash and Equivalents - Change</b>	<b>\$ (4.26)</b>	<b>\$ 1.82</b>	<b>\$ 2.69</b>	<b>\$ 10.12</b>	<b>\$ 23.79</b>	<b>\$ 13.67</b>	<b>\$ 50.26</b>	<b>\$ 40.89</b>	<b>\$ 45.00</b>	<b>\$ 49.01</b>	<b>\$ 50.29</b>	<b>\$ 185.19</b>	
Cash Beginning	\$ 9.16	\$ 4.91	\$ 6.73	\$ 9.41	\$ 19.53	\$ 43.32	\$ 6.73	\$ 56.99	\$ 97.88	\$ 142.88	\$ 191.89	\$ 56.99	
Cash End	\$ 4.91	\$ 6.73	\$ 9.41	\$ 19.53	\$ 43.32	\$ 56.99	\$ 56.99	\$ 97.88	\$ 142.88	\$ 191.89	\$ 242.18	\$ 242.18	



## DEFI Technologies Inc.: Valuation

