

WonderFi, Coinsquare and CoinSmart to Combine to Create Canada's Largest Regulated Crypto Asset Trading Platform with 1.65 Million Registered Users

Toronto, Ontario--(Newsfile Corp. - April 3, 2023) - WonderFi Technologies Inc. (TSX: WNDR) (OTCQB: WONDF) (WKN: A3C166) ("**WonderFi**"), Coinsquare Ltd. ("**Coinsquare**") and CoinSmart Financial Inc. (NEO: SMRT) (FSE: IR) ("**CoinSmart**") today announced that they have entered into a business combination agreement (the "**Business Combination Agreement**") to combine their respective businesses (the "**Transaction**"). The combined company (the "**Combined Company**") will offer one of the largest regulated crypto asset trading platforms in the world and will provide Canadians with a wide range of diversified products and services including both retail and institutional crypto trading, staking products, B2B crypto payment processing and will also soon include sports betting and gaming. The Combined Company will have transacted over \$17 billion since 2017 and have over \$600 million in assets under custody, with a registered user base in excess of 1.65 million Canadians.

This news release constitutes a "designated news release" for the purposes of WonderFi's prospectus supplement dated December 23, 2022 to its short form base shelf prospectus dated September 7, 2022.

"At the heart of all great innovation is a consumer that is driven to adopt new technology to improve their personal or professional lives. WonderFi has always been dedicated to bringing the best and most relevant products for our users to market. What we will deliver with the combination of both Coinsquare and CoinSmart is a unique platform where users will trade, earn and pay with crypto, invest in equities, and soon, place wagers all in one compliant ecosystem," said WonderFi President and Interim CEO, Dean Skurka. "With this combination, we have the scale to be the market leader in Canada, a strong balance sheet that will allow for expansion, and a clear path to profitability."

In October 2022, Coinsquare became the first Canadian crypto trading platform to register as an investment dealer and achieve membership with the Investment Industry Regulatory Organization of Canada ("**IIROC**"), now the New Self-Regulatory Organization of Canada ("**New SRO**").

"We are extremely proud of all the effort and dedication that's gone into getting us to this point," said Martin Piszal, CEO of Coinsquare. "This combination will create a safe, secure, scalable and regulated trading platform that can compete with the unregulated global exchanges still operating in Canada. Canadian investors want to know that their platform has longevity, their funds are safe and secure, and they can access innovative crypto products. The combination of these 3 leading Canadian brands provides a path to building a profitable, first-of-its-kind multi-asset class platform in Canada."

"We view this combination as a significant and thrilling achievement for all three firms, bringing together Bitbuy's brand and technology, our global crypto payments solution SmartPay, international OTC capabilities, and Coinsquare's IIROC registered platform and product offerings," said CoinSmart CEO Justin Hartzman. "Our combined executive team will help transform not only how the three businesses operate, but how the industry itself evolves around its incredibly valuable users. Modern wealth generation will be our mantra; profitability will be our corporate calling."

"For years operating a registered cryptocurrency platform was a disadvantage as competitors that provided services without the burden of compliance costs were far more profitable," said WonderFi Strategic Investor, Kevin O'Leary. "Those days are over. Investors that see the tremendous potential of cryptocurrencies to make financial services more transparent, less costly, and more productive are seeking investment opportunities that operate in harmony with their regulators. This transaction will

create the largest and only fully regulated platform in the country and is a shining example for regulators and investors worldwide of what the future of the cryptocurrency industry looks like. WonderFi's commitment to new regulated verticals and iGaming will make the Combined Company the only publicly traded company on the planet that provides access to all of these product offerings that users have been asking for."

The Combined Company's revenue growth strategy for 2023 and beyond is expected to involve expanding its product offerings to diversify its revenue potential from the more than 1.65 million Canadian retail, institutional, and B2B clients in its ecosystem, including:

- Retail and institutional crypto trading;
- Global crypto payment processing;
- iGaming and sports betting;
- Staking and yield products; and
- Fractional stock trading.

This planned diversification of product offerings, within one Canadian owned and operated ecosystem, is intended to appeal to a wider range of customers and provide them with an all-in-one solution.

Key Transaction Benefits

- ***Canada's Largest Crypto Asset Trading Platform:*** The Combined Company will have transacted over \$17 billion in crypto transactions since 2017 and will have over \$600 million in combined assets under custody, together with a diversified and compliant offering across trading, payments, staking and yield products and related services.
- ***Strong Balance Sheet with Investments Across the Crypto Ecosystem:*** The Combined Company is expected to have total cash and investments of approximately \$50M+ on closing, with no debt.
- ***Cost Synergies & Operational Efficiencies:*** Best in class compliance, multi-channel marketing and a shared services model will allow the Combined Company to yield significant cost and operational synergies.
- ***High Beta Exposure to Market Leading Platforms:*** The Combined Company will wholly own multiple platforms including Bitbuy, Coinberry, Coinsquare, CoinSmart, SmartPay, CBIX, Bitcoin.ca, and soon to launch, BetLegend.
- ***Consolidated Investment Dealer:*** The registered crypto asset trading businesses of the three companies will be consolidated under Coinsquare's investment dealer registrant and New SRO member, Coinsquare Capital Markets Ltd.
- ***Predictable and Growing B2B Crypto Payments Vertical:*** Global Crypto Payment Processing division SmartPay provides a growing and profitable division with international clients.
- ***Track Record of Revenue Generation:*** Combined fiscal year 2022 revenues among WonderFi, Coinsquare and CoinSmart totalling approximately \$37 million.
- ***Investment in Tetra - Canada's only Qualified Custodian for Digital Assets:*** Backed by Coinbase Ventures and other well-known financial institutions, Tetra Trust is Canada's only qualified custodian for digital assets, and Coinsquare's ~43% ownership represents significant potential upside for the shareholders of the Combined Company.
- ***Entering Regulated iGaming and Sports Betting in Ontario:*** With forecasts of \$40B+ wagers placed in Ontario since regulation, BetLegend will be well positioned to capture significant market

share by leveraging our combined 1.65 million registered Canadian customers to dramatically bolster the Combined Company's long-term ARPU across all verticals.

- **Scale and Immediate Path to Profitability:** The Combined Company's scale, operational synergies and efficiencies is expected to achieve a clear path to profitability and to have cash & investments totaling over approximately \$50 million and no debt.
- **Global Expansion Opportunities:** CoinSmart's growing European OTC division provides an opportunity for the Combined Company to expand its presence outside of Canada.

Transaction Details

- Pursuant to the Transaction, WonderFi will issue approximately 269,727,080 common shares to Coinsquare's shareholders, and approximately 119,181,733 common shares to CoinSmart's shareholders. On completion of the Transaction, WonderFi shareholders will own approximately 38% of the Combined Company, Coinsquare shareholders will own approximately 43% of the Combined Company, and CoinSmart shareholders will own approximately 19%, on a partially diluted basis.
- CoinSmart shareholders will be entitled to share in an earn out of up to an additional \$15 million of total consideration, based on the revenues of CoinSmart's SmartPay business (over a period of three years following the closing of the Transaction).
- The Combined Company's board of directors is expected to be comprised of nine members with four nominees from Coinsquare, which includes one nominee from Mogo Inc. ("**Mogo**") (Coinsquare's largest shareholder), three nominees from WonderFi, and two nominees from CoinSmart.
- The directors, officers and principal shareholders of Coinsquare and the principal shareholders of CoinSmart will be subject to lockup-up arrangements, pursuant to which their shares of the Combined Company will become freely tradeable over an 18-month period.
- All other Coinsquare shareholders will be subject to lockup-up arrangements, pursuant to which their shares of the Combined Company will become freely tradeable over a 12-month period.
- A go-forward strategy and joint-integration steering committee has been formed, consisting of representation from WonderFi, Coinsquare, CoinSmart and Mogo, which will be led by Noel Biderman.

Proposed Board

Upon closing of the Transaction, the board of directors of the Combined Company will be set at 9 members. The proposed board members are: Dean Skurka, Jeffrey Orridge, Bobby Halpern, Jason Theofilos, Michael Wekerle, Wendy Rudd, Nick Thadeney, Justin Hartzman, and G. Scott Paterson.

Board of Directors' Recommendations

After consultation with their respective outside financial and legal advisors, the boards of directors of each of the parties unanimously approved the Business Combination Agreement and each recommend that their respective shareholders vote in favour of the Transaction.

Transaction Summary and Timing

Under the terms of the Business Combination Agreement, the Transaction will be effected by way of two court-approved plans of arrangement (each, an "**Arrangement**") involving Coinsquare under the *Canada Business Corporations Act* and CoinSmart under the *Business Corporations Act* (British

Columbia). The Arrangements will each require the approval of at least 66 2/3% of the votes cast by the shareholders of each of Coinsquare and CoinSmart voting at special meetings of those companies. A majority of the WonderFi shareholders will also be asked to approve the Transaction, in accordance with the rules of the Toronto Stock Exchange, at a special meeting of WonderFi.

Completion of the Transaction is subject to regulatory and court approvals and other customary closing conditions. Regulatory approvals expected to be required include receipt of approval under the *Competition Act* (Canada), New SRO, the Canadian Securities Administrators, the Neo Exchange Inc. and the Toronto Stock Exchange.

The Business Combination Agreement includes non-solicitation provisions for each of WonderFi, Coinsquare and CoinSmart, and contains fiduciary outs to allow each party to accept a superior proposal, subject to rights to match and other customary exceptions. Each party will be required to pay termination fees totaling \$3.0 million in certain circumstances.

It is anticipated that the shareholder meetings of each party will occur in the second quarter of 2023. Closing is expected to occur thereafter, subject to satisfaction of the closing conditions under the Business Combination Agreement, a copy of which is available on WonderFi's and CoinSmart's respective SEDAR profiles at www.sedar.com.

Following completion of the Transaction, the common shares of the Combined Company are expected to trade on the Toronto Stock Exchange, subject to approval or acceptance of each exchange in respect of the Transaction.

Financial Advisors and Counsel

Bobby Halpern of Halpern & Co. is acting as lead special advisor to WonderFi. In connection with the Transaction, WonderFi has engaged Haywood Securities Inc. to act as financial advisor and provide a fairness opinion, and Cassels Brock & Blackwell LLP as its legal advisor. Coinsquare has engaged Origin Merchant Partners as its financial advisor and Goodmans LLP as its legal advisor. CoinSmart has engaged Eight Capital as its financial advisor and Wildeboer Dellelce LLP as its legal advisor.

ABOUT COINSMART

CoinSmart is a leading Canadian-headquartered crypto asset trading platform dedicated to providing customers with an intuitive way for buying and selling digital assets, like Bitcoin and Ethereum. CoinSmart is one of the few crypto asset trading platforms in Canada to be registered as a securities dealer and marketplace with the Ontario Securities Commission. CoinSmart is also one of the first Canadian headquartered trading platforms to have an international presence, accepting customers across 40+ countries at a time when the digital asset industry continues to rapidly expand. CoinSmart further builds on its mission to make cryptocurrency accessible by providing educational resources tailored to every level of cryptocurrency knowledge and unparalleled 24/7 omni-channel customer support. Offering instant verification, industry leading cold wallet storage, advanced charting with order book functionality and over-the-counter premium services, CoinSmart ensures every client's needs are met with the highest level of quality and care. For more information, please visit www.coinsmart.com.

ABOUT COINSQUARE

Founded in 2014, Coinsquare, a private company incorporated under the laws of Canada provides customers with a proprietary platform engineered to deliver a robust, secure, and intelligent interface for trading Bitcoin, Ethereum, Litecoin, and other digital assets. Coinsquare has grown to become Canada's oldest operating digital asset firm, trading on behalf of over half a million Canadians. Coinsquare has successfully executed trades in excess of \$8 billion to date. For more information, please visit www.coinsquare.com.

ABOUT WONDERFI

WonderFi is a leading technology company with the mission of creating better, unified access to digital assets through its two Canadian owned and operated, fully registered crypto-trading platforms Bitbuy and Coinberry. Bitbuy is Canada's first registered digital asset marketplace, boasting over 400,000 registered users, and serving both beginner and advanced traders, institutions, and corporate clients. Coinberry, with a user base of over 200,000, is designed for crypto novices and retail traders. Going forward, WonderFi is dedicated to providing its users with access to new regulated verticals designed to generate *modern wealth*. To learn more about WonderFi, please visit www.wonder.fi

Additional Information

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Forward-Looking Information and Statements

This press release contains certain "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the beliefs of WonderFi Technologies Inc. ("WonderFi"), Coinsquare Ltd. ("Coinsquare") and CoinSmart Financial Inc. ("CoinSmart") (WonderFi, Coinsquare and CoinSmart together referred to as the "Companies") regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Companies' control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such "could", "intend", "expect", "believe", "will", "projected", "planned", "estimated", "soon", "potential", "anticipate" or variations of such words.

By identifying such information and statements in this manner, the Companies are alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Companies and/or the Combined Company to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, the Companies have made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: the inability of the Companies to integrate successfully (including the retention of key employees) such that the anticipated benefits of the Transaction are realized; the ability to realize synergies and cost savings at the times, and to the extent, anticipated; the potential impact of the announcement or consummation

of the Transaction on relationships, including with regulatory bodies, employees, suppliers, customers, competitors and other key stakeholders; the inability of the Companies to obtain the necessary regulatory, stock exchange, shareholder and other approvals which may be required for the Transaction; the inability of the Companies to close the Transaction on the terms and timing described herein, or at all; the inability of the Companies to meet their expected go-live timing for iGaming, sports betting, stock trading and yield products, each of which may be subject to additional regulatory or other approvals which may be required in connection therewith; the ability of the Companies to consolidate their registered crypto asset trading businesses under Coinsquare's New SRO investment dealer registrant, including obtaining requisite regulatory approvals in connection therewith; the ability of SmartPay to generate the revenues required to entitle CoinSmart shareholders to any earn out; the inability of the Companies to work effectively with strategic investors and partners, and any changes to key personnel; security and cybersecurity threats and hacks; internet and power disruptions; uncertainty about the acceptance or widespread use of digital assets; failure to anticipate technology innovations; the COVID-19 pandemic; climate change; currency risk; changes in or enforcement of national and local government legislation, taxation, controls or regulations and/or changes in the administration of laws, policies and practices and political or economic developments in Canada, the United States, Europe and other jurisdictions in which the Companies carry on business or in which the Companies and/or the Combined Company may carry on business in the future; and material adverse changes in general economic, business and political conditions, including changes in the financial markets and compliance with extensive government regulation. These risks are not intended to represent a complete list of the factors that could affect the Companies and/or the Combined Company; however, these factors should be considered carefully. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and the Combined Company's future decisions and actions will depend on management's assessment of all information at the relevant time. A more fulsome description of risk factors that may impact business, financial condition and results of operation with respect to WonderFi and CoinSmart is set out in their respective management's discussion and analysis and financial statements for the period ended December 31, 2022, as well as their respective annual information forms, available on their respective SEDAR profiles at www.sedar.com.

Although the Companies believe that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Companies do not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Companies or persons acting on their behalf is expressly qualified in its entirety by this notice.

All financial amounts referenced herein are in Canadian dollars unless otherwise expressly identified.

Neither the Toronto Stock Exchange nor the NEO Exchange Inc. has approved or disapproved of the information contained in this release.



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<https://www.newsfilecorp.com/release/161003>