



**ETHER CAPITAL CORPORATION**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2021 and 2020**

**Ether Capital Corporation**  
**Condensed Consolidated Statements of Financial Position**  
(expressed in Canadian Dollars)

<b>Assets</b>	<b>As at March 31, 2021</b>	<b>As at December 31, 2020</b>
<b>Current Assets</b>		
Cash	\$ 2,936,310	\$ 413,742
Accounts receivable & prepaid expenses	380,971	145,381
	<b>3,317,281</b>	559,123
Investments (note 9)	1,890,000	1,905,000
Digital Intangible Assets (note 4)	108,366,013	31,554,097
<b>Total Assets</b>	<b>\$ 113,573,294</b>	<b>\$ 34,018,220</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable & accrued liabilities (note 6)	\$ 146,155	\$ 92,538
<b>Total Liabilities</b>	<b>146,155</b>	<b>92,538</b>
<b>Shareholders' Equity</b>		
Share capital (note 5)	72,387,466	46,547,115
Warrants (note 5)	1,355,735	107,975
Accumulated deficit	(14,277,661)	(14,270,047)
Accumulated other comprehensive gain	53,961,599	1,540,639
<b>Total Shareholders' Equity</b>	<b>113,427,139</b>	<b>33,925,682</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 113,573,294</b>	<b>\$ 34,018,220</b>

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

**Approved by the Directors:**

*"Som Seif"*  
**Director**

*"Stefan Coolican"*  
**Director**

**Ether Capital Corporation**  
**Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)**  
(expressed in Canadian Dollars)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
<b>Revenue</b>		
Consulting income (note 6)	\$ 86,814	\$ -
Interest income on cash	-	620
<b>Total Revenue</b>	<b>86,814</b>	<b>620</b>
<b>Expenses</b>		
Net change in unrealized (gain) on fair value remeasurement of Digital Intangible Assets (note 4)	(22,718)	(1,358,747)
Impairment of MKR Digital Intangible Assets (note 4)	-	333,203
Realized (gain) loss on sale of Digital Intangible Assets (note 4)	(168,081)	499,496
Salaries, benefits and professional fees (notes 6 and 7)	227,278	140,109
Insurance	27,000	27,000
Filing, listing & transfer agent fees	18,170	17,077
Other general & administrative (note 6)	12,779	35,675
<b>Total operating expenses</b>	<b>94,428</b>	<b>(306,187)</b>
<b>Net Income (Loss)</b>	<b>\$ (7,614)</b>	<b>\$ 306,807</b>
Other Comprehensive income (loss)		
Unrealized gain on fair value remeasurement of Digital Intangible Assets (note 4)	52,435,960	-
Unrealized gain (loss) on investment FV OCI (note 9)	(15,000)	-
<b>Other Comprehensive Income</b>	<b>52,420,960</b>	<b>-</b>
<b>Net Income &amp; Comprehensive Income</b>	<b>\$ 52,413,346</b>	<b>\$ 306,807</b>
<b>Earnings (Loss) per Common Share, Basic</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>
<b>Earnings (Loss) per Common Share, Diluted</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>
<b>Basic Weighted Average Number of Shares Outstanding</b>	<b>24,511,301</b>	<b>22,985,126</b>
<b>Diluted Weighted Average Number of Shares Outstanding</b>	<b>25,583,006</b>	<b>22,985,126</b>

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

**Ether Capital Corporation**  
**Condensed Consolidated Statements of Changes in Equity**  
(expressed in Canadian Dollars)

	Share Capital	Warrants	Accumulated Deficit	Accumulated Other Comprehensive Gain on Fair Value through Digital Intangible Assets	Accumulated Other Comprehensive Gain (Loss) on Fair Value through OCI Securities	Total Equity
<b>Balance January 1, 2021</b>	<b>\$ 46,547,115</b>	<b>\$ 107,975</b>	<b>\$ (14,270,047)</b>	<b>\$ 1,640,539</b>	<b>\$ (99,900)</b>	<b>\$ 33,925,682</b>
Stock Option Expense (note 5)	28,362	-	-	-	-	28,362
Warrants Exercised (note 5)	500,250	(107,910)	-	-	-	392,340
Warrants Expired (note 5)	65	(65)	-	-	-	-
Units Issued (note 5)	27,395,471	-	-	-	-	27,395,471
Issuance Costs (note 5)	(2,083,797)	-	-	-	-	(2,083,797)
Warrants Issued - Deal (note 5)	-	1,287,368	-	-	-	1,287,368
Warrants Issued - Broker (note 5)	-	68,367	-	-	-	68,367
Other Comprehensive Income (Loss)	-	-	-	52,435,960	(15,000)	52,420,960
Net loss	-	-	(7,614)	-	-	(7,614)
<b>Balance, March 31, 2021</b>	<b>\$ 72,387,466</b>	<b>\$ 1,355,735</b>	<b>\$ (14,277,661)</b>	<b>\$ 54,076,499</b>	<b>\$ (114,900)</b>	<b>\$ 113,427,139</b>
<b>Balance, January 1, 2020</b>	<b>\$ 45,466,839</b>	<b>\$ 297,943</b>	<b>\$ (36,702,156)</b>	<b>\$ -</b>	<b>\$ (56,700)</b>	<b>\$ 9,005,926</b>
Stock Option Expense (note 5)	69,416	-	-	-	-	69,416
February 6, 2020 - Warrant Expiry (note 5)	297,943	(297,943)	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-
Net Income	-	-	306,807	-	-	306,807
<b>Balance, March 31, 2020</b>	<b>\$ 45,834,198</b>	<b>\$ -</b>	<b>\$ (36,395,349)</b>	<b>\$ -</b>	<b>\$ (56,700)</b>	<b>\$ 9,382,149</b>

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

**Ether Capital Corporation**  
**Condensed Consolidated Statements of Cash Flows**  
(expressed in Canadian Dollars)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
<b>Cash Provided by (Used In) Operating Activities</b>		
Net income (loss) for the year	\$ (7,614)	\$ 306,807
Items not affecting cash:		
Stock option expense	28,362	69,416
Foreign exchange (gain) on sale of Digital Intangible Assets	(474)	(19)
Realized (gain) loss on sale of Digital Intangible assets	(168,081)	499,496
Impairment of MKR Digital Intangible Assets	-	333,203
Change in unrealized (gain) on fair value remeasurement of Digital Intangible Assets (note 4)	(22,718)	(1,358,747)
	(170,525)	(149,844)
Changes in Non-Cash Working Capital		
(Increase) decrease in current assets:		
Accounts receivable & prepaid expenses	(235,590)	(92,812)
Increase (decrease) in current liabilities:		
Accounts payable & accrued liabilities	53,617	(117,907)
<b>Net Cash Used in Operating Activities</b>	(352,498)	(360,563)
<b>Cash Provided by (Used in) Investing Activities</b>		
Proceeds from sale of Digital Intangible Assets (note 4)	309,953	212,075
Payments for purchase of Digital Intangible Assets (note 4)	(24,494,636)	-
<b>Net Cash Provided by Investing Activities</b>	(24,184,683)	212,075
<b>Cash Provided by Financing Activities</b>		
Issuance of share capital	27,395,471	-
Issuance cost	(2,083,797)	-
Issuance of warrants	1,355,735	-
Exercise of warrants	392,340	-
<b>Net Cash Provided by Financing Activities</b>	27,059,749	-
<b>Increase in Cash</b>	\$ 2,522,568	\$ (148,488)
<b>Cash, beginning of period</b>	413,742	271,394
<b>Cash, end of period</b>	\$ 2,936,310	\$ 122,906
<b>Interest received</b>	\$ -	\$ 620

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

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS**

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Ether Capital Corporation (the "Company") is incorporated under the laws of the Province of Ontario, Canada (incorporated on December 11, 2009). The Company's shares are listed on the NEO Exchange Inc. under the symbol "ETHC." The Company is the resulting entity following a reverse takeover transaction between Movit Media Corp. ("Movit"), Ethereum Capital Inc. and 2617564 Ontario Inc. ("Movit SubCo") completed on April 18, 2018. Ethereum Capital Inc. was incorporated on January 11, 2018 and Movit SubCo was incorporated on January 29, 2018.

The Company's wholly-owned subsidiary, Ethereum Capital Inc. ("Ethereum Capital"), is a Toronto based technology company whose objective is to provide public market investors access and exposure to Ethereum and decentralized ("Web 3") technologies and infrastructure. The Company's business strategy is to become the central business and investment hub of the Ethereum and Web 3 ecosystem. The registered offices are located at 130 Adelaide Street West, Suite 3100, Toronto, Ontario M5H 3P5.

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**2. BASIS OF PREPARATION**

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(a) Statement of compliance:

The condensed consolidated interim financial statements of the Company and its subsidiary have been prepared in accordance with International Financial Reporting Standards 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

The condensed consolidated financial statements were approved by the Board of Directors of the Company on May 13, 2021.

(b) COVID-19

The ongoing global pandemic involving the novel coronavirus, COVID-19, has caused companies and various governments to take measures and impose restrictions to combat the pandemic, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and such measures and restrictions have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of Ether and other digital assets. Although the market price of Ether has risen since the pandemic began, the extent to which any worsening or continuation of the pandemic may negatively impact the market price of Ether and, in turn, the market price of our Digital Intangible Assets, is uncertain and cannot be predicted. The realizable values of assets, liquidity and financial condition may be materially affected as a result, and the Company will continue to monitor the impact of the pandemic on its business. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19 and re-open the economy, and any successive waves of coronavirus outbreaks.

(c) Basis of measurement

These condensed consolidated financial statements have been prepared under the historical cost basis except for the following items: (i) Ether, MKR and UNI, as defined below, which are accounted for using the revaluation method and accordingly are measured at fair value; (ii) Investments, which are measured at fair value. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Ethereum Capital Inc.

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**2. BASIS OF PREPARATION** *(continued from previous page)*

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(d) Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Company's functional currency as the Company's equity instruments are issued in CAD. CAD represents the currency in which funds from equity financing activities were generated.

(e) Translation of foreign currency

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Condensed Consolidated Statement of Financial Position dates are translated into Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through the Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. When revaluing non-monetary assets denominated in foreign currencies, the gain or loss on foreign exchange is recognized consistent with the gain or loss on the underlying non-monetary asset.

(f) Use of estimates and judgments

The preparation of the condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**2. BASIS OF PREPARATION** *(continued from previous page)*

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*Accounting of Digital Intangible Assets*

There is no specific IFRS guidance on the accounting for Ether, Staked Ether, MakerDAO tokens ("MKR"), Uniswap tokens ("UNI") and other cryptocurrencies. As a result, the Company had to make a judgement that the most applicable standard would be IAS 38 Intangible Assets ("IAS 38"), based on the Company's understanding of the characteristics of the assets. Ether, Staked Ether, MKR and UNI are Digital Intangible Assets. After recognition, Ether, MKR and UNI are measured using the revaluation method as per IAS 38 based on the Company's understanding of the characteristics of the market of Ether, MKR and UNI. Staked Ether is measured at cost less any accumulated impairment losses, based on the Company's understanding of the characteristics of the market of Staked Ether. Management is required to use significant judgement, estimates and assumptions when calculating an impairment and reversal of an impairment of Digital Intangible Assets that are not readily apparent from other sources. Any impairment of the Company's Digital Intangible Assets is recorded in net income in the period in which the impairment is identified. Impairment losses on Digital Intangible Assets may be subsequently reversed in net income.

The Company classifies Staked Ether as a Digital Intangible Asset, but one that is currently distinct from Ether since staking requires Ether to migrate to Ethereum's "beacon chain" where transfers are not currently enabled. As a result, the characteristics of the market for Ether and Staked Ether are currently dissimilar. Ether is measured using the revaluation method and the Staked Ether is currently measured at cost less any accumulated impairment losses.

*Accounting for Level 3 Investments*

In determining the fair value of level 3 investments valuation techniques with significant unobservable market inputs will be used. The estimated fair values for these securities may be significantly different from the values that would have been used had a ready market for the investment existed.

*Accounting for Equity Settled Share Option Plan*

All options are to be settled by physical delivery of shares. The fair value of the services received in return for share options granted is based on the fair value of the share options granted, measured using the Black-Scholes model.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

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The significant accounting policies used in the preparation of these condensed consolidated financial statements as set out below have been applied consistently to all periods presented in these condensed consolidated financial statements:

*Cash*

Cash is comprised of cash on deposit with a Canadian financial institution and is stated at fair value.



**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

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*Financial Instruments*

Investments will be carried at fair value in accordance with IFRS 9. Investments are initially recognized at cost, which is an appropriate measure of fair value, and subsequently classified as fair value through other comprehensive income ("FVOCI"). Subsequent revaluations of fair value will be recorded in other comprehensive income (loss) on the Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss).

All other Investments, which include receivables and payables which are short term in nature and approximate fair value, are carried at amortized cost. For financial assets, no expected credit loss is recorded since the carrying amount of these assets approximates their fair value and the Company does not expect any default events to occur within the short term of these financial assets.

*Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company uses valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Company maximizes the use of observable data when developing estimates and assumptions but this is not always available. In that case management uses the best information available.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3: Valuation techniques with significant unobservable market inputs. Various valuation techniques are utilized, depending on each individual security. As a base, investments are recorded at cost for recent acquisitions for which the cost is appropriate. Valuation methods and procedures may be applied to update fair values and include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining relevant information from issuers and/or other analytical data relating to the investment, and recent arm's length transactions. Key inputs and assumptions used are usually security specific and may include estimated discount rates, credit risk, volatility, correlations, and future cash flows. Changes in key inputs and assumptions could affect the reported fair value of these financial instruments held by the Company. The estimated fair values for these securities may be significantly different from the values that would have been used had a ready market for the investment existed.

For assets and liabilities that are recognized in the condensed consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization at the end of each reporting period.

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

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*Digital Intangible Assets*

The Company accounts for digital assets consisting of Ether, MKR and UNI as intangible assets in accordance with IAS 38. Upon acquisition, the Ether, MKR or UNI is recorded at cost. On an ongoing basis the revaluation method is used to measure the value of the Ether, MKR and UNI. The revaluation method has been applied as an active market exists for each of Ether, MKR and UNI. Under the revaluation model, revaluation decreases will be recognized in the Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss), and revaluation increases are recognized in other comprehensive income (loss) and accumulated in the revaluation surplus within equity except to the extent that they reverse a revaluation decrease previously recognized in the Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss).

For Staked Ether, an active market does not currently exist and, accordingly, the revaluation method cannot be applied. Staked Ether is therefore carried at cost less any accumulated impairment losses. Staked Ether is tested for impairment at each reporting period. Impairment charges may be reversed in subsequent periods up to the original cost if appropriate evidence exists to support an increase in its carrying value.

As of January 1, 2021 the Company adopted the revaluation method as a basis of measurement for MKR. In prior periods, the Company accounted for MKR as a judgement was made that an active market did not exist. Therefore, MKR was carried at cost less any accumulated impairment losses and MKR was tested for impairment at each reporting period. For the quarter ended March 31, 2021 the Company determined that an active market exists for MKR and, accordingly, it has applied the revaluation method for this period and subsequent periods.

The Company has adopted the revaluation method as a basis of measurement for UNI, since the Company has determined that an active market exists for UNI.

*Revenue Recognition*

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Consulting fees based on services provided are recognized on an accrual basis. In addition to these general principles, the Company applies the following specific revenue recognition policies:

Under IFRS 15, revenue is recognized at an expected amount of consideration in exchange for transferring promised goods or services to a customer. Interest income is recognized as earned. Interest income is earned on cash deposits held at the bank. Consulting revenue is recognized as services are performed and are recognized on an accrual basis.

*Income Taxes*

Current income tax liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the Condensed Consolidated Statement of Financial Position date.

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

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The liability method of tax allocation is used in accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the carrying amount and tax basis of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising in investments in subsidiaries and joint ventures except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on temporary differences that arise from the initial recognition of goodwill which is not deductible for tax purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

As at March 31, 2021 and December 31, 2020 the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards including share issuance costs charged directly to equity as the Company has determined that it is more likely than not as at March 31, 2021 that taxable income will be available against which deductible timing differences can be utilized.

*Equity*

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued.

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments. When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, with the residual value being allocated to shares.

*Net Income (Loss) per share*

The Company presents basic and diluted net income (loss) per share data for its common shares. Basic net income (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year/period. Diluted net income (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding if all the warrants and options outstanding were exercised during the year/period.

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

**4. DIGITAL INTANGIBLE ASSETS**

Digital Intangible Assets consist of Ether, Staked Ether, MKR and UNI tokens. Below is a continuity schedule of Digital Intangible Assets:

	<u>Units (Ether)</u>		
Balance at December 31, 2020	32,408	\$	30,236,271
Revaluation [i]			47,319,508
Sale of Ether [ii]	(160)		(309,953)
Realized Gain on Sale of Ether [i]			168,555
Purchase of Ether [iii]	11,264		24,494,636
<b>Balance at March 31, 2021 [v]</b>	<b>43,512</b>	<b>\$</b>	<b>101,909,017</b>
	<u>Units (Staked Ether)</u>		
Balance at December 31, 2020	32	\$	24,363
<b>Balance at March 31, 2021 [v]</b>	<b>32</b>	<b>\$</b>	<b>24,363</b>
	<u>Units (MKR)</u>		
Balance at December 31, 2020	2,300	\$	1,293,463
Revaluation [iii]			4,949,293
<b>Balance at March 31, 2021 [v]</b>	<b>2,300</b>	<b>\$</b>	<b>6,242,756</b>
	<u>Units (UNI)</u>		
Balance at December 31, 2020	-	\$	-
Airdrop of UNI [iv]	5,200		22,718
Revaluation [iv]			167,159
<b>Balance at March 31, 2021 [v]</b>	<b>5,200</b>	<b>\$</b>	<b>189,877</b>
<b>Total Digital Intangible Assets at March 31, 2021</b>		<b>\$</b>	<b>108,366,013</b>
<b>Total Digital Intangible Assets at December 31, 2020</b>		<b>\$</b>	<b>31,554,097</b>

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**4. DIGITAL INTANGIBLE ASSETS** *(continued from previous page)*

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[i] As there is an active market that exists for Ether, the revaluation method has been used. In applying the revaluation method, the fair value of the Ether has been determined by the price quoted by the primary exchange that has been determined by the Company. As at March 31, 2021, the Company held 43,512 Ether (December 31, 2020 – 32,408 Ether) classified as Digital Intangible Assets. Ether has been valued at \$1,858.78 USD (December 31, 2020 - \$732.78 USD) per Ether, which is the 4PM EST price quote reported by Gemini Trust Company on March 30, 2021. During the quarter ended March 31, 2021, \$168,081 of realized gains on Ether, which includes a realized loss of \$474 on foreign currency translations, were recorded as a result of selling 160 Ether (December 31, 2020 -1,801) as explained in footnote [ii]. In addition, during the quarter ended March 31, 2021, a net change in other comprehensive gains on fair value of Digital Intangible Assets of \$47,319,508 reflects the fair value gain on the revaluation of Ether greater than cost, which is now recorded as other comprehensive income (“OCI”).

[ii] During the quarter ended March 31, 2021, the Company sold 160 Ether, for proceeds of \$309,953. The sales were in connection with the filing of the Company’s short form base shelf prospectus and pursuant to the testing of internal controls around the ownership and control of Ether. During the period ended March 31, 2021, the Company purchased an additional 11,264 Ether at a cost of \$2,174.52 per Ether following the closing of its overnight marketed financing.

[iii] As of January 1, 2021, the Company has determined that an active market exists for MKR and as such the revaluation method has been applied. In applying the revaluation method, the fair value of MKR has been determined by the price quoted by Gemini Trust Company on March 31, 2021. As at March 31, 2021, the Company held 2,300 MKR (December 31, 2020 – 2,300 MKR) which has a fair value of \$6,242,756 (December 31, 2020 - \$1,293,463). Previously, a judgement was made that an active market for MKR did not exist and MKR was therefore measured at cost less any accumulated impairment losses.

[iv] During the quarter ended March 31, 2021, 5,200 UNI tokens that had been previously airdropped for no consideration into wallets that the Company had created for demonstration and educational purposes were transferred to the Company’s multisignature wallet. The fair value of the UNI tokens as of the date of the airdrop were \$22,718. As at March 31, 2021, based on the price quoted by Gemini Trust Company, the fair value of the UNI tokens was \$189,877.

[v] Ether, MKR, UNI and Staked Ether are subject to market price risks, liquidity risks, regulatory risks, competition risks and security risks, many of which also apply to the Company generally.

**Ether Capital Corporation**  
**Notes to the condensed consolidated financial statements**  
(expressed in Canadian Dollars)

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**4. DIGITAL INTANGIBLE ASSETS** *(continued from previous page)*

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Digital Intangible Assets consist of the following as at March 31, 2021 and December 31, 2020:

<b>March 31, 2021</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Ether	\$101,909,017	\$101,909,017	-	-
MKR	6,242,756	6,242,756	-	-
UNI	189,877	189,877	-	-
<b>Total</b>	<b>\$108,341,650</b>	<b>\$108,341,650</b>	-	-

  

<b>December 31, 2020</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Ether	30,236,271	30,236,271	-	-

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**5. SHARE CAPITAL**

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Authorized

The authorized share capital of the Company is an unlimited number of common shares. All issued shares, consisting only of common shares are fully paid.

Share Capital

	<b>Common Shares</b>	<b>\$ Amount</b>
<b>Balance, as at December 31, 2020</b>	<b>24,376,126</b>	<b>46,547,115</b>
Issuance of equity settled stock options	-	28,362
Warrants exercised	817,375	500,250
Warrants expired	-	65
Common shares issued	8,582,450	27,395,471
Issuance costs		(2,083,797)
<b>Balance, as at March 31, 2021</b>	<b>33,775,951</b>	<b>72,387,466</b>
 <b>Balance, as at December 31, 2019</b>	 <b>22,985,126</b>	 <b>45,764,782</b>
Issuance of equity settled stock options	-	69,416
<b>Balance, as at March 31, 2020</b>	<b>22,985,126</b>	<b>45,834,198</b>

**Ether Capital Corporation**  
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**5. SHARE CAPITAL** *(continued from previous page)*

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On March 15, 2021, the Company closed its overnight marketed offering (the “2021 Offering”) of 8,283,950 units of the Company (“2021 Units”), including the underwriters’ partial exercise of their over-allotment option to acquire an additional 820,950 2021 Units, at a price of \$3.35 per 2021 Unit. The Company also completed an additional concurrent unbrokered private placement of 298,500 2021 Units at a price of \$3.35 per 2021 Unit (the “Private Placement”). The combined gross proceeds of the 2021 Offering and the Private Placement were approximately \$28.75 million, which has been allocated at \$27.40 million in common shares and \$1.35 million in warrants, before deducting commissions and expenses of \$2.08 million, of the 2021 Offering. Each 2021 Unit issued consists of one common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a “2021 Warrant”). Each 2021 Warrant entitles the holder thereof to acquire, subject to adjustment in certain circumstances, one common share at an exercise price of \$4.00 per 2021 Warrant prior to March 15, 2023. In the event that the closing price of the common shares listed on the NEO Exchange is greater than \$8.00 per Common Share for a period of 15 consecutive trading days at any time after the closing of the 2021 Offering, the Company may accelerate the expiry date of the 2021 Warrants by giving written notice to the holders thereof and in such case the 2021 Warrants will expire 30 days after the date on which such notice is given by the Company.

In connection with the 2021 Offering the Company also issued 325,566 warrants (“Broker Warrants”) as commission to the underwriting syndicate. Each Broker Warrant entitles the holder thereof to acquire one common share at an exercise price of \$3.35 per Broker Warrant prior to March 15, 2022.

On February 7, 2019, the Company closed a non-brokered private placement of 2,208,875 units (“Units”) of the Company for gross proceeds of approximately \$1.1 million (\$768,644 in common shares, \$297,943 in warrants). Commissions of \$30,904 were paid as issuance costs. Each Unit is comprised of one common share and one common share purchase warrant (“2019 Warrant”) of the Company. Each 2019 Warrant entitled the holder thereof to purchase one common share at an exercise price of \$0.48 prior to 5.00 p.m. (Eastern time) on February 8, 2021. During the quarter ended March 31, 2021, 817,375 common shares were issued pursuant to the exercise of 2019 Warrants and 500 2019 Warrants expired.

**Share Option Plan**

On April 17, 2018, the Company established an equity settled share option plan for directors, senior officers, employees, management company employees and consultants of the Company and its subsidiary. The purpose of the plan is to advance the interest of the Company through the motivation, attraction and retention of participants to the plan.

As at March 31, 2021, the Company has granted: (i) 1,038,814 options on August 15, 2018, (ii) 51,940 options on April 1, 2019, and (iii) 400,000 options to directors on December 16, 2019, all of which were granted under the Company’s share option plan. No options have been granted during the fiscal year 2020 and the quarter ended March 31, 2021.

The contractual life of the options is 10 years and one-third of the shares under such options will be vested annually. The fair value of the option grants were estimated using the Black-Scholes option-pricing model. In determining the fair value there were no market or non-market performance conditions taken into account in measuring fair value. The following inputs were used in the measurement of the fair values at grant date of the share option plan:

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Grant Date	August 15, 2018	April 1, 2019	December 16, 2019
Fair value at grant date	\$0.89	\$0.25	\$0.22
Share price at grant date	\$1.04	\$0.26	\$0.24
Exercise price	\$1.20	\$1.30	\$0.35
Expected volatility (*)	91%	140%	118%
Expected life (weighted-average)	6 Years	6 Years	6 Years
Expected dividends	0%	0%	0%
Risk-free rate	2.89%	2.17%	2.07%

\*Based on historical volatility of the Company's share price.

The number of warrants outstanding at March 31, 2021 is summarized below:

	Warrants	Weighted Average Exercise Price (\$)
Outstanding, January 1, 2021	817,875	0.48
2019 Warrants, exercised	(817,375)	0.48
2019 Warrants, expired	(500)	0.48
2021 Warrants, issued	4,291,225	4.00
Broker Warrants, issued	325,566	3.35
Outstanding, March 31, 2021	4,616,791	3.95

The fair values of the outstanding warrants were estimated using the Black-Scholes options model with the following assumptions:

	2019 Warrants	2021 Warrants	Broker Warrants
Fair value at grant date	\$0.13	\$0.30	\$0.21
Share price at grant date	\$0.35	\$2.95	\$2.95
Exercise price	\$0.48	\$4.00	\$3.35
Expected volatility (*)	100%	36%	36%
Expected life (weighted-average)	2 Years	2 Years	1 Year
Expected dividends	0%	0%	0%
Risk-free rate	2.154%	0.67%	0.56%

\*For the 2019 Warrants, this was based on the historical volatility of the Company's share price.



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**Notes to the condensed consolidated financial statements**  
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**6. RELATED PARTY TRANSACTIONS**

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As Som Seif is the CEO of Purpose LP and Purpose Investments Inc. as well as the Chairman & Co-CIO of Ether Capital, Purpose LP and Purpose Investments Inc. are considered related parties to the Company. The Company has entered into a services agreement with Purpose LP in order for the Company to receive accounting, tax, financial reporting, administrative, human resources, information technology, legal, management and product services from Purpose LP. During the quarter, \$10,500 were paid or incurred under the services agreement with Purpose LP. As at March 31, 2021, the Company had a balance outstanding of \$20,095 (2020 - \$9,595) included in accounts payable & accrued liabilities, under the services agreement with Purpose LP and as direct cost reimbursements. The services agreement was amended and restated as of February 23, 2021 to reflect the fact that the scope of accounting, tax, financial reporting, administrative, human resource, information technology, legal, management and product services from Purpose LP, or any qualified third parties who may be engaged by Purpose LP has been reduced considerably as the CEO and CFO of Ether Capital have primary responsibility for managing the Company.

On February 16, 2021, the Company announced that it had entered into a consulting arrangement with Purpose Investments Inc. ("Purpose Investments") relating to digital asset investment products managed by Purpose Investments. The first such product, Purpose Bitcoin ETF, launched on February 18, 2021. The Company will receive ongoing consulting fees from Purpose Investments relating to the Purpose Bitcoin ETF. During the quarter, \$86,814 of consulting fees were accrued under the arrangement with Purpose Investments.

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**7. KEY MANAGEMENT PERSONNEL COMPENSATION**

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The remuneration of key management personnel was as follows:

Key Management Personnel Compensation		
	For the period ended March 31, 2021	For the period ended March 31, 2020
Salaries	\$75,000	\$75,000
Share-based payments	\$22,902	\$55,331
Total	\$97,902	\$130,331

In addition, the Company offers a bonus pool of cash and share-based compensation for all employees, executives and directors based on Company and personal performance. Decisions for cash and share-based bonuses are to be made by the compensation committee. For the three months ended March 31, 2021 and 2020, no bonuses were awarded or paid. In 2020, the Company's board of director's waived any fees payable or incurred during 2020.

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**Notes to the condensed consolidated financial statements**  
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**8. CAPITAL MANAGEMENT**

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The Company's objectives in managing capital are to maintain a capital structure that allows the Company to meet its growth strategies and build long term shareholder value, while satisfying its financial obligations and meeting its long-term strategic goals. The Company's capital is comprised solely of shareholders' equity, with no long-term debt or credit facilities outstanding.

The Company's capital consists of the following:

Capital	As at March 31, 2021	As at December 31, 2020
Shareholder's equity	\$113,427,139	\$33,925,682
Total Capital	\$113,427,139	\$33,925,682

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**9. INVESTMENTS**

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Financial Instruments consist of the following as at March 31, 2021 and December 31, 2020:

<b>March 31, 2021</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Series B Preferred Stock	1,890,000	-	-	1,890,000

  

<b>December 31, 2020</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Series B Preferred Stock	1,905,000	-	-	1,905,000

Investments consists of a Series B preferred stock in the private U.S. company Wyre, Inc. ("Wyre"). The investment was made for US\$1,500,000. There is no active market for the investment. The investment was initially carried at cost, which was an appropriate approximation of fair value. The investment is subsequently carried at fair value, and in accordance with IFRS 9, measured at FVOCI specifically. Revaluations are carried through other comprehensive income on the Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss). Management of the Company, assessing the risk of the asset, determines when revaluations are necessary. In particular, considerations will be made based on new valuations of the equity for future equity financings of Wyre, and any third party appraisals as disclosed to the Company. Accordingly, the investment could increase or decrease in value based on subsequent valuations.

As at March 31, 2021 and December 31, 2020, management has assessed that the carrying value of the investment in Wyre approximates fair value. The fair value assessment of Wyre considered operating metrics and operating results, which included but were not limited to processing volumes, revenue, gross margin and net income figures as compared to prior periods and forecasts, for the period ended March 31, 2021 and December 31, 2020 in the absence of new valuations of equity or third-party appraisals. Subsequent revaluations of fair value will be carried through other comprehensive income (loss) on the Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss), in accordance with the Company's policy on FVOCI.

During the quarter there were no transfers of assets between Level 1, Level 2 and Level 3.

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**Notes to the condensed consolidated financial statements**  
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**10. RISK MANAGEMENT ON FINANCIAL INSTRUMENTS AND DIGITAL INTANGIBLE ASSETS**

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Risk management is an integrated process with oversight on several levels. Management and corporate governance evaluates several key areas of risk on a regular basis using a quantitative and qualitative approach and analysis. Current and future risk factors are assessed and decisions are made to mitigate the various events that could impact Ether Capital's financial position and business prospects.

Ether Capital's business and financial instruments bear the following financial risks:

**Market Risk**

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and cryptocurrency prices. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates. The Company is not significantly exposed to this risk as it currently has no interest-bearing debt or any credit facility in place.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates. The company's investment in Wyre and holdings of Ether, MKR and UNI are subject to the volatility of the USD to CAD exchange rate. If the exchange rate changes by 5%, the impact on the condensed consolidated financial statements of the Company will be \$5,511,583 (December 31, 2020 - \$1,672,954).
- Cryptocurrency risk is the risk of gain or loss due to the changes in prices and volatility of the cryptocurrencies held by the Company. If the price of Ether changes by 5%, the impact on the condensed consolidated financial statements of the Company will be \$5,417,082 (December 31, 2020 - \$1,513,031) recorded as a net change in unrealized (gain) loss on fair value in the Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss). The following is price information about Ether and MKR for the quarter ended March 31, 2021:

<b>Quarter Ended March 31, 2021</b>	<b>ETHER</b>	<b>MKR</b>
Average price during the period	\$1,541.28 USD	\$1,895.07 USD
Highest price during the period	\$1,960.16 USD	\$2,743.64 USD
Lowest price during the period	\$730.37 USD	\$582.22 USD
Market price at the end of the period	\$1,918.36 USD	\$2,154.16 USD

The Company reviews the exposure to interest rate risk, foreign exchange risk and price risk by identifying, monitoring and reporting potential market risks to the Chief Financial Officer.

**Liquidity Risk**

Liquidity risk arises from the possibility that Ether Capital will encounter difficulties in meeting its financial obligations as they fall due. Ether Capital manages its liquidity risk through cash and Ether, a liquid digital asset. At March 31, 2021 the Company has a working capital surplus of \$3,171,126 (December 31, 2020 – \$466,585), net income (loss) for the period of \$(7,614) (December 31, 2020 – \$22.4 million), and an accumulated deficit of \$14.3 million (December 31, 2020 – \$14.3 million). Liquidity is monitored through a monthly cash management process to ensure Ether Capital meets its funding obligations.

If the price of Ether were to significantly decline, the Company may not be able to meet its long-term business and investment objectives. While the Company holds some illiquid investments, it still holds a significant amount of Ether which it considers to be sufficiently liquid to convert to cash for operating purposes. The Company has adopted a sales program pursuant to which a limited amount of Ether is transferred to the Company's account on a regulated digital asset exchange each quarter and sold on a monthly basis for the purpose of generating cash to fund operations. The Company suspended its monthly sales program in September 2020 and has been funding operations since that time with its cash balance. The Company does not expect to resume the monthly Ether sales program in the next 12 months. Rather, the Company will use its available cash to fund operations.

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**10. RISK MANAGEMENT ON FINANCIAL INSTRUMENTS AND DIGITAL INTANGIBLE ASSETS** *(continued from previous page)*

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However, the Company may continue to need to sell Ether from time to time, particularly if a material portion of its revenues are denominated in Ether.

**Credit Risk**

The Company assumes no exposure to credit risk on cash or other financial instruments. Additionally, the Company has no loans or credit facilities in place.

**Regulatory Risk**

The Company is subject to regulatory risks of being a reporting issuer under the jurisdiction of the Ontario Securities Commission. Additionally, the Company's operations are subject to regulations that may apply to businesses in the blockchain or cryptocurrency industry.

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**11. INCOME TAXES**

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As at March 31, 2021, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of approximately \$18,509,584 (2019 - \$15,896,453) of which \$5,737,520 expires in 2037, \$2,925,057 expires in 2038, \$7,233,759 expires in 2039 and \$2,613,131 expires in 2040. The net deferred tax assets which originated during the year have also not been recognized in the condensed consolidated financial statements.

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**12. SUBSEQUENT EVENTS**

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On April 20, 2021, the Company announced the launch of the second product under the consulting arrangement with Purpose Investments relating to digital asset investment products managed by Purpose Investments. The second product, Purpose Ether ETF, is the world's first physically settled Ethereum exchange traded fund. The Company will receive ongoing consulting fees from Purpose Investments relating to the Purpose Ether ETF.