

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **OSL Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

OSL

OSL Group Limited

OSL集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

**(1) MAJOR TRANSACTION
PROPOSED ACQUISITION OF BANXA
(2) NOTICE OF EGM**

Financial Adviser to the Company



SOMERLEY CAPITAL LIMITED

A letter from the Board is set out from pages 6 to 22 of this circular.

A notice convening the EGM of **OSL Group Limited** (the “**Company**”) to be held at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong at 10:30 a.m. on Wednesday, 22 October 2025 is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours (i.e. 10:30 a.m. on Monday, 20 October 2025) before the time appointed for the holding of the EGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment or postponement thereof (as the case may be) should you so desire and, in such event, the form of proxy shall be deemed to be revoked.

30 September 2025

CONTENTS

	<i>Page</i>
RESPONSIBILITY STATEMENT	ii
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE TARGET GROUP	II-1
APPENDIX III — MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP	III-1
APPENDIX IV — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	IV-1
APPENDIX V — GENERAL INFORMATION	V-1
NOTICE OF EGM	EGM-1

RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Affected Banxa Securityholders”	means Banxa’s Shareholders, and the holders of Banxa Options and Banxa Warrants
“Announcement”	the announcement of the Company dated 27 June 2025 in relation to, among other things, the Proposed Acquisition
“Arrangement”	an arrangement under Division 5 of Part 9 of the BCBCA, on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement, or made at the direction of the Court in the Final Order, with the prior written consent of the Company, the Purchaser and Banxa, each acting reasonably
“Arrangement Agreement”	the arrangement agreement dated 27 June 2025 entered into by and among the Company, the Purchaser and Banxa in relation to the Proposed Acquisition
“Arrangement Resolution”	the special resolution approving the Plan of Arrangement considered at the special meeting of Banxa by Banxa’s securityholders, as described in the Arrangement Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“AUD”	Australian Dollar, the lawful currency of Australia
“Banxa” or “Target Company”	Banxa Holdings Inc.
“Banxa Convertible Notes”	the 10% convertible notes of Banxa due 2026
“Banxa Options”	the outstanding options to purchase Banxa Shares issued pursuant to the Banxa Stock Option Plan
“Banxa Shares”	the common shares in the capital of Banxa
“Banxa Stock Option Plan”	the current 10% “rolling” stock option plan of Banxa, last approved by Banxa’s Shareholders at Banxa’s annual general meeting of its shareholders held on 30 November 2023
“Banxa Warrants”	the outstanding warrants to purchase Banxa Shares
“Banxa’s Shareholders”	the shareholders of Banxa
“BCBCA”	the <i>Business Corporations Act</i> (British Columbia)

DEFINITIONS

“Board”	the board of Directors
“Business Day”	any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in the City of New York, New York, the City of Toronto, Ontario, the City of Vancouver, British Columbia or Hong Kong
“CAD” or “C\$”	Canadian Dollar, the lawful currency of Canada
“Company”	OSL Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 863)
“Company Voting Support Agreement”	the voting support agreement dated 27 June 2025 entered into between Banxa and Crown Research Investments Limited, a substantial Shareholder
“Conditions”	the conditions precedent to completion of the Proposed Acquisition, details of which are set out in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the maximum consideration of CAD85,181,734.9 (i) in cash to be received by Banxa’s Shareholders (including holders of Banxa Shares issued on conversion of Banxa Convertible Notes outstanding as of immediately prior to the Effective Time); and (ii) to enable Banxa to satisfy the aggregate Option Consideration, Warrant Consideration, and in each case contemplated in this subparagraph (ii), in the form of a non-interest bearing demand loan from the Purchaser to Banxa
“Court”	the Supreme Court of British Columbia in the City of Vancouver, British Columbia
“Director(s)”	director(s) of the Company
“Effective Date”	the date upon which the Arrangement becomes effective, in the absence of such agreement, seven (7) Business Days following the satisfaction or waiver of the last of the Conditions (excluding Conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, waiver by the applicable party or parties in whose favour the Condition is stipulated, of those conditions as of the Effective Date)

DEFINITIONS

“Effective Time”	12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the parties agree to in writing before the Effective Date
“EGM”	the extraordinary general meeting of the Company to be convened and held at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong on Wednesday, 22 October 2025 at 10:30 a.m. or any adjournment thereof (as the case may be), to consider and, if thought fit, approve the Proposed Acquisition and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Target Group upon completion of the Proposed Acquisition
“Final Order”	the final order of the Court under Section 291 of the BCBCA in a form acceptable to the parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of each of the parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that, any such amendment is acceptable to the parties, each acting reasonably) on appeal
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“Independent Third-Party(ies)”	a party independent of the Company and its connected person (as defined under the Listing Rules)
“Interim Order”	the interim order of the Court under Section 291 of the BCBCA, in a form acceptable to the parties, each acting reasonably, providing for, among other things, the calling and holding of the special meeting of Banxa’s Shareholders, as such order may be amended by the Court with the consent of the parties, each acting reasonably
“Latest Practicable Date”	24 September 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Option Consideration”	in respect of Banxa’s in-the-money options, a cash payment (without interest), by or on behalf of Banxa, equal to the positive amount (if any) by which the Consideration exceeds the exercise price of such option, multiplied by the number of Banxa Shares such option entitles the holder thereof to purchase
“Plan of Arrangement”	the plan of arrangement substantially in the form set out in Schedule A to the Arrangement Agreement, subject to any amendments or variations to such plan made in accordance with its terms, the terms of the Arrangement Agreement, the terms of the Interim Order (once issued) or made at the direction of the Court in the Final Order with the prior written consent of the parties, each acting reasonably
“Proposed Acquisition”	the proposed acquisition of all of the Banxa Shares (including Banxa Shares to be issued on conversion of Banxa Convertible Notes outstanding as of immediately prior to the Effective Time) in accordance with the Arrangement Agreement, the Consideration of which is inclusive of consideration payable to holders of Banxa Options and Banxa Warrants as of the Effective Time
“Purchaser”	OSL BNXA Acquisition Inc., an indirect wholly-owned subsidiary of the Company
“Required Regulatory Approvals”	the declaration of no objection from the Dutch Central Bank (De Nederlandsche Bank) (DNB) in accordance with Regulation (EU) 2023/1114 on markets in crypto-assets; the approval from the U.K. Financial Conduct Authority; and the receipt of the regulatory approvals relating to each U.S. Money Transmitter License of Banxa or its subsidiaries to be obtained in connection with the consummation of the transactions contemplated by the Arrangement Agreement and documents referred to therein
“SEK”	Swedish Krona, the lawful currency of Sweden
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“Share Consideration”	CAD1.55 in cash per Banxa Share, or CAD81,692,106.8 in aggregate, based on the 45,587,056 Banxa Shares issued and outstanding as at the date of the Arrangement Agreement and the 7,117,529 Banxa Shares expected to be issued in connection with the conversion of the Banxa Convertible Notes outstanding immediately prior to the Effective Time, to be received by the Banxa’s Shareholders as of the Effective Time pursuant to the Plan of Arrangement, without interest
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Supporting Banxa Shareholders”	the directors and officers of Banxa, as well as Carosa Corporation B.V., Dominet Digital Investments Pty. Ltd., Thorney Omega Pty Ltd., and Thorney Technologies Ltd.
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Group”	Banxa and its subsidiaries
“US\$”	United States dollars, the lawful currency of United States of America
“Voting Support Agreement(s)”	the voting support agreement(s) entered into concurrent with the execution of the Arrangement Agreement between the Company, the Purchaser and the directors and officers of Banxa
“Warrant Consideration”	in respect of Banxa’s in-the-money warrant, a cash payment (without interest), by or on behalf of Banxa, equal to the positive amount (if any) by which the Consideration exceeds the exercise price of such warrant, multiplied by the number of Banxa Shares such warrant entitles the holder thereof to purchase
“%”	per cent.

For the purpose of illustration only, (i) the amounts denominated in AUD have been translated into HK\$ at the exchange rate of AUD1.00 to HK\$5.1242; and (ii) the amounts denominated in CAD have been translated into HK\$ at the exchange rate of CAD1.00 to HK\$5.714. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

OSL

OSL Group Limited

OSL集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

Non-executive Director:

Mr. Lee Kam Hung Lawrence (*Chairman*)

Executive Directors:

Mr. Cui Song (*Chief Executive Officer*)

Mr. Tiu Ka Chun, Gary

Ms. Xu Kang

Mr. Yang Chao

Independent Non-Executive Directors:

Mr. Chau Shing Yim, David

Mr. Yang Huan

Mr. Jia Hang

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal Place of Business
in Hong Kong:*

39/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

30 September 2025

To the Shareholders

Dear Sir/Madam,

(1) MAJOR TRANSACTION
PROPOSED ACQUISITION OF BANXA
(2) NOTICE OF EGM

1. INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Acquisition; and (ii) a notice convening the EGM.

2. PROPOSED ACQUISITION OF BANXA

Reference is made to the Announcement. On 27 June 2025 (after trading hours) (Hong Kong time), the Company, the Purchaser and Banxa entered into the Arrangement Agreement for the Proposed Acquisition by the Company (through its indirect wholly-owned subsidiary, the Purchaser) of all of the Banxa Shares (including Banxa Shares to be issued on conversion of Banxa Convertible Notes outstanding immediately prior to the Effective Time) through a Plan of Arrangement under the BCBCA. The maximum Consideration for the Proposed Acquisition is approximately CAD85.2 million (approximately HK\$486.7 million), inclusive of consideration payable to holders of Banxa Options and Banxa Warrants as of the Effective Time.

LETTER FROM THE BOARD

Banxa is listed on the TSX Venture Exchange. Upon completion of the Proposed Acquisition, the Group will hold 100% of the Banxa Shares, and Banxa will be delisted and become a wholly-owned subsidiary of the Purchaser and an indirect wholly-owned subsidiary of the Company.

3. THE ARRANGEMENT AGREEMENT

The principal terms of the Arrangement Agreement are summarised as follows:

Date

27 June 2025 (after trading hours) (Hong Kong time)

Parties

- (i) the Company
- (ii) the Purchaser
- (iii) Banxa

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Banxa and its ultimate beneficial owners is an Independent Third Party.

The Proposed Acquisition

Pursuant to the Arrangement Agreement, the Company will (through its indirect wholly-owned subsidiary, the Purchaser) acquire all of the Banxa Shares (including Banxa Shares to be issued on conversion of Banxa Convertible Notes outstanding immediately prior to the Effective Time) through a Plan of Arrangement under the BCBCA. The maximum Consideration for the Proposed Acquisition is inclusive of consideration payable to holders of Banxa Options and Banxa Warrants as of the Effective Time.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the Proposed Acquisition.

Consideration

The maximum Consideration for the Proposed Acquisition is approximately CAD85.2 million (approximately HK\$486.7 million), and is payable in cash. The maximum Consideration comprises (i) Share Consideration of approximately CAD81.7 million (approximately HK\$466.8 million), or CAD1.55 per Banxa Share (including Banxa Shares to be issued upon conversion of the Banxa Convertible Notes outstanding immediately prior to the Effective Time), (ii) Option Consideration of approximately CAD1.9 million (approximately HK\$10.9 million), and (iii) Warrant Consideration of approximately CAD1.6 million (approximately HK\$9.1 million).

LETTER FROM THE BOARD

The Purchaser has agreed to, following receipt by Banxa of the Final Order and immediately prior to the Effective Time: (i) deposit or cause to be deposited in escrow with the depositary, for the benefit of Banxa's Shareholders, cash in the amount equal to the aggregate Share Consideration to be paid to Banxa's Shareholders pursuant to the Plan of Arrangement (including holders of Banxa Shares issued on conversion of Banxa Convertible Notes outstanding immediately prior to the Effective Time), other than payments to be made to Banxa's Shareholders exercising rights of dissent in respect of the Arrangement and who have not withdrawn their notice of objection; and (ii) if requested by Banxa, provide sufficient funds to enable Banxa to satisfy the aggregate Option Consideration and Warrant Consideration, in each case, in the form of a non-interest bearing demand loan from the Purchaser to Banxa.

The Company intends to finance the Proposed Acquisition through a combination of internal resources and external financing.

Basis of the Consideration

The Consideration for the Proposed Acquisition was determined after arm's length negotiations between the Company and Banxa and with reference to: (i) the latest business and financial performance and financial position of Banxa, in particular based on the financial statements of Banxa for the three years ended 30 June 2024 and nine months ended 31 March 2025; (ii) historical price performance of the Banxa Shares, in particular for the period from 1 January 2025 to 25 June 2025 (being the last trading day before the Announcement), with an average closing price of CAD0.87 per Banxa Share and closing price of CAD1.06 per Banxa Share on 25 June 2025; (iii) market multiples of comparable companies as more particularly set out in the section headed "Assessment of the Consideration" in this circular; (iv) prospects of the industry; and (v) other factors as set out in the section headed "Reasons for and benefits of the Proposed Acquisition" in this circular.

The Consideration and other terms of the Proposed Acquisition were the result of a competitive and multi-phased process, during which Banxa engaged with several interested parties. Notably, as disclosed by Banxa on 8 April 2025, Banxa received a non-binding, unsolicited proposal for the acquisition of all of the issued and outstanding shares of Banxa from an arm's length investor group led by a crypto investor based in United Arab Emirates, offering between CAD1.00 and CAD2.00 per Banxa Share. However, substantive negotiations ultimately progressed with the Company following its initial outreach in early March 2025 and the execution of a mutual non-disclosure agreement on 13 March 2025. Following in-person meetings and due diligence, in particular relating to Banxa's regulatory and licensing regime, the parties agreed to the Consideration, which included the Share Consideration of CAD1.55 per Banxa Share. This level of Consideration formed the basis for (i) the board of Banxa unanimously supporting the Arrangement Agreement and unanimously recommending that Affected Banxa Securityholders vote in favour of the Arrangement Resolution, and (ii) the execution of the Voting Support Agreements by the Supporting Banxa Shareholders, as detailed in the section headed "Conditions" in this circular.

LETTER FROM THE BOARD

The Company has also considered the business and financial performance and financial position of Banxa, which showed impressive growth in operating scale, in particular the facilitation of buying and selling of digital assets. The acquisition of Banxa, which holds a number of licenses and registrations globally, aligns with the Group's business strategy of expanding globally in the digital asset industry. While Banxa incurred net losses in the past few years and is in a net liability position, and notwithstanding that Banxa's auditors have issued emphasis of matters relating to going concern in recent independent auditor's reports, the Company believes that Banxa's net losses in the latest financial year ended 30 June 2024 (of approximately AUD4.3 million, or approximately HK\$22.0 million) and net liabilities as at 31 March 2025 (of approximately AUD9.2 million, or approximately HK\$47.1 million) to be at acceptable levels given the Group's strong balance sheet position, with total equity of approximately HK\$1,141.1 million as at 30 June 2025. The Group's cash position and equity base were further strengthened following partial completion of the equity fundraising exercise with net proceeds of approximately HK\$1,628.1 million raised (as disclosed in the announcement of the Company dated 7 August 2025), such that it will be in a position to provide financial support to Banxa after completion of the Proposed Acquisition.

The Share Consideration of CAD1.55 per Banxa Share represents a premium over the historical market prices of Banxa Shares, and in particular a premium of approximately 46.2% over the closing price of Banxa Shares of CAD1.06 on 25 June 2025, being the last trading day before the Announcement. As the Proposed Acquisition will lead to a takeover of the statutory control and privatisation of Banxa, the Company considers such premium over market to be necessary to gather sufficient support from Affected Banxa Securityholders, bearing in mind one of the Conditions is that the Arrangement Resolution shall have been approved and adopted by the requisite votes of Affected Banxa Securityholders at the special meeting in accordance with the Interim Order, as disclosed in the section headed "Conditions" below in this circular.

Assessment of the Consideration

In assessing the reasonableness of the Consideration, the Company has considered the market prices and trading multiples of certain listed companies with business comparable to that of the Target Company. Such approach compares the trading multiple as represented by the Consideration against those of the industry peers for which latest pricing data and financial information are available, such that an objective assessment can be carried out. While the Company has also explored the use of income approach and asset approach, the income approach involves subjective financial projections and assumptions for the Target Company which is in a fast-growing industry undergoing dynamic development and are thus subject to significant uncertainties, and the asset approach does not consider the Target Company's past or future financial performance but only looks into the latest assets and liabilities of the Target Company, which is not reflective of the business potential of the Target Company. Having considered the above, the Company considers an assessment based on trading multiples of comparable listed companies to be most appropriate.

LETTER FROM THE BOARD

In arriving at an appropriate transaction multiple for the purpose of arriving at the Consideration, the Company made references to the trading multiples of a certain number of comparable listed companies in the market with active transaction data, and these trading and financial data being public information with a high level of transparency, and a premium for statutory control. The Company has selected actively traded listed companies engaging in the business that is similar to the Target Company (i.e. the facilitation of buying and selling of digital assets) (the “**Comparable Company(ies)**”) and the enterprise value (“**EV**”)-to-sales ratio has been adopted as the trading multiple used in the computation process. The trading price of the Comparable Companies and their financial data are extracted from public sources.

In assessing the value of the Target Company, the Company made reference to the following Comparable Companies:

Name of Comparable Company	Location of listing	Latest-twelve-month revenue <i>In million</i> (A)	% of revenue from trading of digital assets	Latest-twelve-month net profit <i>In million</i>	Latest published net asset value <i>In million</i>	Market capitalisation as at 31 May 2025 <i>In million</i>	EV (Note 2) <i>In million</i> (B)	EV-to-sales ratio (B)/(A)
<i>AUD (Note 1)</i>								
Goobit Group Ab (Stock code: BTCX SS)	Sweden	53.7	100.0%	(1.6)	1.9	4.7	4.7	0.09
Safello Group Ab (Stock code: SFL SS)	Sweden	124.4	100.0%	(0.2)	6.1	20.4	20.4	0.16
Bitcoin Well Inc (Stock code: BTCW CN)	Canada	118.3	70.4%	(7.1)	(15.8)	37.2	55.1	0.47
Valuno Group Ab (Stock code: VALUNO SS)	Sweden	673.5	100.0%	(1.7)	4.2	51.9	51.9	0.08
K33 Ab (Stock code: K33 SS)	Sweden	204.1	100.0%	(2.2)	4.7	105.8	105.8	0.52
							High	0.52
							Low	0.08
							Mean	0.26
							Median	0.16
The Target Company (Stock code: BNXA CN)	Canada	398.7 (Note 3)	99.5%	(5.5)	(9.2)	91.1 (Note 4)	101.1	0.25 (Note 3)

Notes:

- Information of the Comparable Companies based on latest financial information publicly available up to 31 May 2025 and closing market prices as at 31 May 2025, both sourced from Bloomberg. For the purpose of illustration only, the amounts denominated in SEK have been translated into AUD at the exchange rate of AUD1.00 to SEK6.1725; and the amounts denominated in CAD have been translated into AUD at the exchange rate of CAD1.00 to AUD1.1151.

LETTER FROM THE BOARD

2. EVs of the Comparable Companies represent sum of their respective net debt (i.e. total borrowings and lease liabilities less cash, with a minimum value of zero) and market capitalisation. EV of the Target Company represents the sum of the maximum Consideration of approximately CAD85.2 million (or approximately AUD95.0 million) and net debt of the Target Company of approximately AUD6.1 million (excluding convertible note) as at 31 March 2025.
3. Revenue of the Target Company for the latest-twelve-month period ended 31 March 2025 of approximately AUD398.7 million was derived from the sum of revenue for the nine months ended 31 March 2025 of approximately AUD310.4 million and revenue for the year ended 30 June 2024 of approximately AUD321.2 million (both of which were extracted from Appendix II), less revenue for the nine months ended 31 March 2024 of approximately AUD232.9 million. The previously disclosed EV-to-sales ratio of the Target Company of approximately 0.28 times in the Announcement was based on the revenue for the nine months ended 31 March 2024 of approximately AUD266.7 million as stated in the consolidated financial statements for the nine months ended 31 March 2024 and 2023, previously published on the website of the Target Company and the Target Company's profile on the System for Electronic Document Analysis and Retrieval + (the "SEDAR+") (<http://www.sedarplus.ca>) by the Target Company on 21 May 2024, which was subsequently reclassified to conform with the presentation adopted for the year ended 30 June 2024.
4. Representing the Share Consideration of approximately CAD81.7 million (or approximately AUD91.1 million)

The aforesaid Comparable Companies were selected mainly based on the following selection criteria:

- (1) Shares of the Comparable Companies are listed on regulated stock exchanges;
- (2) The Comparable Companies are classified into the "other financial services sector" or "investment companies" according to the Bloomberg Industry Classification Standard;
- (3) Over 50% of the total revenue of the Comparable Companies (which recognise revenue on a gross basis, with cost of sales and gross profit presented) in the latest twelve months is generated from the facilitation of buying and selling of digital assets;
- (4) The Comparable Companies have market capitalisation equal to or lower than US\$100 million, which was determined with reference to the Consideration so that comparable companies with similar business scale and size could be captured while the range is sufficiently wide to allow for adequate number of comparable companies; and
- (5) The Comparable Companies mainly engage in the exchange between fiat currencies and cryptocurrencies.

The Board considered it suitable to adopt the EV-to-sales ratio as the pricing multiple in arriving at the Consideration since the Target Company has not recorded net profit or positive earnings before interest, tax, depreciation and amortisation ("EBITDA") for the latest-twelve-month period ended 31 March 2025 nor positive net book value in the latest published financial statements as at 31 March 2025 and hence the earnings related ratios, including EV-to-EBITDA ratio, and book value related ratios are not applicable. As it is noted that the Comparable Companies and the Target Company

LETTER FROM THE BOARD

have different capital structures, the EV-to-sales ratio is preferred to the price-to-sales ratio for better comparability among the Comparable Companies and the Target Company. The Board also considers the list of Comparable Companies to be exhaustive based on the above selection criteria.

The maximum Consideration, indicating an enterprise value of approximately AUD101.1 million, represents an implied EV-to-sales ratio of approximately 0.25 times, after taking into account the revenue for the latest-twelve-month period ended 31 March 2025 and capital structure of the Target Group as at 31 March 2025, as shown in its latest published consolidated financial statements. Having considered that the EV-to-sales ratios of the Comparable Companies as shown in the table above (which represent valuations of minority interests), the implied EV-to-sales ratio of the Consideration which includes a premium for obtaining statutory control, and the other factors as set out in the sections headed “Basis of the Consideration” and “Reasons for and benefits of the Proposed Acquisition” in this circular, the Company is of the view that the Consideration is fair and reasonable.

Guarantee

The Company has unconditionally and irrevocably provided a guarantee in favour of Banxa for the Purchaser’s due and punctual performance of its obligations under the Arrangement Agreement. The Company has agreed that Banxa shall not have to proceed first against the Purchaser in respect of any such matter before exercising its rights under this guarantee against the Company and agrees to be liable for all guaranteed obligations as if it were the principal obligor of such obligations.

Conditions

Mutual Conditions

Completion of the Arrangement shall be subject to the satisfaction or waiver (by mutual consent of the Company and Banxa) of the following conditions on or prior to the Effective Time:

- (a) the Arrangement Resolution shall have been approved and adopted by the requisite votes of Banxa’s securityholders at the special meeting in accordance with the Interim Order;
- (b) the Shareholder’s approval shall have been obtained at the EGM in accordance with the Listing Rules and applicable laws;
- (c) the necessary conditional approvals or equivalent approvals, as the case may be, of the TSX Venture Exchange and the Hong Kong Stock Exchange shall have been obtained, subject only to the satisfaction of customary conditions of the TSX Venture Exchange and the Hong Kong Stock Exchange;
- (d) the Interim Order and the Final Order shall have each been obtained on terms consistent with the Arrangement Agreement; and

LETTER FROM THE BOARD

- (e) no law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Banxa, the Company or the Purchaser from consummating the Arrangement.

Additional Conditions to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following Conditions is satisfied, or waived by the Purchaser, on or before the Effective Time:

- (a) the representations and warranties of Banxa set forth in the Arrangement Agreement being true and correct as of the date of the Arrangement Agreement and at the Effective Time based on their applicable bring-down standards, subject to certain qualifications contained therein;
- (b) Banxa shall have fulfilled or complied in all material respects with each of its covenants contained in the Arrangement Agreement to be fulfilled or complied with by Banxa on or prior to the Effective Time, and shall have delivered a certificate confirming the same to the Purchaser executed by two senior officers of Banxa and addressed to the Purchaser and the Company and dated the Effective Date;
- (c) (i) EU Internet Ventures B.V. shall have obtained a license as crypto asset service provider under Regulation (EU) 2023/1114 on markets in crypto-assets (“MiCAR”) with the proper authorizations for all crypto asset services required for the conduct of all its business activities from the Netherlands Authority for Financial Markets (Autoriteit Financiële Markten); and (ii) any person holding a qualifying holding as defined in Article 3(1)(36) MiCAR in EU Internet Ventures B.V. (or that will acquire a qualifying holding as contemplated by the transactions contemplated by the Arrangement Agreement) shall have obtained a declaration of no objection or comparable approvals from the Dutch Central Bank (De Nederlandsche Bank) (DNB) pursuant to Article 83 MiCAR;
- (d) rights of dissent shall not have been exercised with respect to more than 5% of the issued and outstanding Banxa Shares;
- (e) there shall not have occurred any change, event, occurrence, development, effect, state of facts or circumstance that, individually or in the aggregate with any other such changes, events, occurrences, developments, effects, states of facts or circumstances: (i) has had or could reasonably be expected to have a material adverse effect on the business, operations, affairs, results of operations, assets, properties, liabilities (contingent or otherwise) or financial condition of Banxa and its subsidiaries, taken as a whole; or (ii) that prevents, materially impairs or materially delays the ability of Banxa to consummate the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement prior to the Outside Date, subject, in each case, to certain customary exclusions;

LETTER FROM THE BOARD

- (f) no action or proceeding pending or threatened by a person in any jurisdiction that is reasonably likely to cause the effects as set out in the Arrangement Agreement;
- (g) all required consents (as agreed between by the parties) shall have been obtained by Banxa;
- (h) either (i) the Required Regulatory Approvals shall have been obtained from each applicable governmental entity and shall be in full force and effect; or (ii) (A) Banxa or its applicable subsidiary shall have, in compliance with the Arrangement Agreement, surrendered in accordance with the applicable laws any authorization in respect of which a Required Regulatory Approval has not been obtained and two (2) Business Days shall have elapsed since the date of such surrender, and (B) no action or proceeding in connection with any such surrender by Banxa or any of its subsidiaries of such authorization commenced by a governmental entity shall be pending, or is threatened in writing by a governmental entity, which would, in each case, have the effect of imposing any other condition, penalty, limitation or restriction that would have a material adverse effect on the Company and the Purchaser and their subsidiaries, on a consolidated basis (including, following the Effective Time, Banxa and its subsidiaries), taken as a whole; provided, that, neither Banxa nor any of its subsidiaries shall enter into any agreement with any governmental entity or give any undertaking in each case in connection with any such surrender without the prior written consent of the Company and the Purchaser; and
- (i) there shall not have been any breach of the Voting Support Agreements by any party to such agreement other than any of the Purchaser and the Company.

In order to enhance deal certainty, the Supporting Banxa Shareholders, collectively holding 14,991,950 Banxa Shares, representing approximately 33%, of the issued and outstanding Banxa Shares as of the date of the Announcement, have each entered into the Voting Support Agreement with the Company and the Purchaser, pursuant to which they have agreed to, among other things, vote in favour of the special resolution approving the Plan of Arrangement to be considered at the annual general and special meeting of the Affected Banxa Securityholders. For the avoidance of doubt, none of the Supporting Banxa Shareholders has a relationship with the Company, other than both being parties to the Voting Support Agreements. None of the Banxa Supporting Shareholders is a party to the Arrangement Agreement, none of them are a close associate of the Company. The Proposed Acquisition does not confer upon any Banxa Supporting Shareholder or any of their respective close associates any benefit (whether economic or otherwise) not available to the other Banxa Shareholders.

LETTER FROM THE BOARD

Additional Conditions to the Obligations of Banxa

Banxa is not required to complete the Arrangement unless each of the following Conditions is satisfied, or waived by Banxa, on or before the Effective Time:

- (a) the representations and warranties of the Company and the Purchaser set forth in the Arrangement Agreement being true and correct as of the date of Arrangement Agreement and the Effective Time, based on their applicable bring-down standards, subject to certain qualifications contained therein;
- (b) the Company and the Purchaser shall have fulfilled or complied in all material respects with each of its covenants contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and shall have delivered a certificate confirming the same to Banxa executed by a senior officer of each of the Purchaser and the Company and addressed to Banxa and dated the Effective Date;
- (c) the Purchaser and the Company shall deposit the required cash with the depository to pay the Consideration, once the Final Order is granted and other Conditions are met; and
- (d) there shall not have been any breach of the Company Voting Support Agreement by the relevant Shareholder.

In order to enhance deal certainty, and at the request of Banxa, Crown Research Investments Limited (“**Crown Research**”), directly holding 187,600,000 Shares, representing approximately 25.11% of the total number of Shares in issue as at the Latest Practicable Date, has entered into the Company Voting Support Agreement with Banxa, pursuant to which it has agreed to, among other things, vote in favour of the resolution(s) to be proposed at the EGM relating to the approval of the Proposed Acquisition. For the avoidance of doubt, Crown Research, indirectly wholly owned by Mr. Liu Shuai, our substantial Shareholder, has no relationship with Banxa other than both being parties to the Company Voting Support Agreement. Crown Research is not a party to the Arrangement Agreement, and is not a close associate of Banxa. The Proposed Acquisition does not confer upon Crown Research or its close associate any benefit (whether economic or otherwise) not available to the other Shareholders.

As of the Latest Practicable Date, condition (a) under Mutual Conditions and condition (d) under Additional Conditions to the Obligations of the Purchaser had been satisfied.

Effecting the Plan of Arrangement

The Proposed Acquisition will be effected by way of a Plan of Arrangement. The Plan of Arrangement involves a Court-supervised process and will be effected through the proceedings under the BCBCA.

The Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Banxa’s Shareholders, and the requisite level of votes cast by Affected Banxa Securityholders. The Plan of Arrangement must be subsequently approved by the Court.

LETTER FROM THE BOARD

Termination

Either the Company (acting jointly on behalf of itself and the Purchaser) or Banxa may terminate the Arrangement Agreement if, among other things, the Arrangement does not occur by 29 December 2025 (the “**Outside Date**”), subject to any party’s right to extend such date for successive periods of not less than thirty (30) days (but not in excess of 180 days from 29 December 2025) if certain regulatory approvals are not received, provided that the failure to obtain any of such regulatory approvals is not primarily the result of such party’s wilful breach of its covenants under the Arrangement Agreement.

Upon the occurrence of a termination fee event as stated in the Arrangement Agreement, including: (i) a change in recommendation of the board of directors of Banxa with respect to the Proposed Acquisition; (ii) a breach of non-solicit obligations by Banxa under the Arrangement Agreement; (iii) the entering into of an agreement with respect to a superior acquisition proposal by Banxa; or (iv) the execution by Banxa of an agreement with respect to an acquisition proposal which was made prior to termination of the Arrangement Agreement, within 12 months following termination of the Arrangement Agreement in certain circumstances, Banxa shall pay a termination fee of CAD4.25 million to the Company.

Upon the occurrence of a termination fee event as stated in the Arrangement Agreement, including (i) the wilful breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or the Company under the Arrangement Agreement; or (ii) a failure to close the Proposed Acquisition due to the Purchaser not providing the funds required to be provided to the depositary as stated under the section headed “Consideration” under this circular, the Purchaser shall pay a termination fee of CAD4.25 million to Banxa.

4. INFORMATION OF THE COMPANY AND THE PURCHASER

The principal activity of the Company is investment holding. The Group is principally engaged in the digital assets and blockchain platform business in the Asia-Pacific region and Europe.

The Purchaser is a corporation formed under the laws of the Province of British Columbia, and an indirect wholly-owned subsidiary of the Company. The principal business activity of the Purchaser is investment holding.

5. INFORMATION OF BANXA

Banxa is a corporation incorporated under the laws of the Province of British Columbia and listed on the TSX Venture Exchange in Canada under the symbol BNXA. Based on information provided by Banxa, Banxa is the leading infrastructure provider empowering businesses to embed digital assets seamlessly into their existing platforms and unlocking new opportunities in the rapidly evolving digital assets economy, facilitating buying and selling of digital assets. Through an extensive and growing network of global and local payment solutions and regulatory licenses, Banxa helps businesses provide seamless integration of digital assets and fiat for global audiences.

LETTER FROM THE BOARD

The following financial information has been extracted from the annual reports of Banxa for the two financial years ended 30 June 2023 and 2024:

	For the financial year ended 30 June	
	2024	2023
	<i>AUD million</i>	<i>AUD million</i>
Revenue ⁽¹⁾	321.2	80.4
Net loss before taxation	3.6	9.7
Net loss after taxation	4.3	9.4

Note:

- (1) Based on the audited consolidated financial statements of the Target Company for the two financial years ended 30 June 2023 and 2024 publicly filed with the Canadian Securities Administrators, the revenue of the Target Company was recognised pursuant to IFRS 15 in which gross revenue is recognised, while the Group has made an accounting policy decision to account for the contracts purely within IFRS 9 and views the delivery of digital assets to customers as settlement of financial instrument, and consequently does not present “revenue from contracts with customers” or related cost of revenue. Accordingly, the Group presents trading income from digital assets trading business that primarily represent trading margin arising from trading various digital assets and net gain or loss from remeasurement of digital assets to the extent it is not offset by remeasurement of digital asset liabilities due to customers arising from the relevant service agreements. Subject to the result of its annual audit, the Group will apply its existing accounting policy regarding IFRS 9 to the Target Company in preparing the financial information of the Enlarged Group upon completion of the Proposed Acquisition.

According to the annual reports of Banxa for the two financial years ended 30 June 2023 and 2024, the total assets of Banxa were approximately AUD16.5 million and AUD14.4 million as at 30 June 2023 and 2024, respectively and the net liabilities were approximately AUD2.2 million and AUD5.8 million as at 30 June 2023 and 2024, respectively.

6. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is committed to investing resources to scale overseas operations after laying the solid foundation through both organic and inorganic growth in 2024. Banxa’s focus on facilitating buying and selling of digital assets would complement the Group’s digital assets trading business and facilitate the Group’s horizontal integration and geographical expansion. The Proposed Acquisition aligns with the Group’s business strategy in expanding globally in the digital asset industry. In particular, as Banxa holds a number of licenses and registrations, including the Crypto Service Provider Registration in the Netherlands, the Money Services Business License in Canada, the Digital Currency Exchange Provider Registration in Australia, the Crypto Asset Service Provider license in the United Kingdom and the U.S. Money Transmitter Licenses or their equivalents in certain states in the United States, the Proposed Acquisition would be a part of the Group’s business strategies related to its existing business expansion from scale and geographical perspectives.

LETTER FROM THE BOARD

Taking into account the benefits of the Proposed Acquisition, the Board (including the independent non-executive Directors) is of the view that the terms of the Proposed Acquisition and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are on normal commercial terms, are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION ON THE GROUP

Upon completion of the Proposed Acquisition, the Target Company shall become a subsidiary of the Company and the financial results, and the assets and liabilities of the Target Group shall be combined into the financial statements of the Enlarged Group.

Assets and liabilities

The unaudited consolidated total assets and total liabilities of the Group as at 30 June 2025, as extracted from the interim report of the Company for the six months ended 30 June 2025 published on 25 September 2025, were approximately HK\$2,118.8 million and HK\$977.6 million respectively. As set out in Appendix IV to this circular, assuming the Completion had taken place on 30 June 2025, the pro forma total assets and total liabilities of the Enlarged Group would have increased to approximately HK\$2,276.1 million and HK\$1,185.0 million respectively.

Earnings

Based on the audited financial information of the Target Group for the nine months ended 31 March 2025 shown in Appendix II to this circular, the Target Company recorded loss before tax of approximately AUD4.0 million (equivalent to approximately HK\$20.5 million). Notwithstanding such loss-making position, with the combination of the Target Company's existing business and resources and the Group's experience and robust business strategy, the Enlarged Group's revenue-generating capabilities and the Enlarged Group's earnings are expected to increase in the longer-term.

8. IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Proposed Acquisition exceed 25% but are less than 100%, the Proposed Acquisition constitutes a major transaction of the Company for the purposes of, and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

9. WAIVER FROM STRICT COMPLIANCE WITH RULE 14.67(6)(a)(i) OF THE LISTING RULES

The Company has applied to, and has been granted waiver by, the Hong Kong Stock Exchange from strict compliance with Rule 14.67(6)(a)(i) of the Listing Rules as detailed below.

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, the Company is required to include in this circular the accountants' report on the Target Company for the three years ended 30 June 2022, 2023 and 2024 and for the nine months ended 31 March 2025 which is prepared in accordance with Chapter 4 of the Listing Rules.

Reasons for the Waiver Application

The Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 14.67(6)(a)(i) of the Listing Rules on the following grounds:

- (a) The Target Company's financial statements are already or will be audited to a standard commensurate with the requirements under the Listing Rules and published on the required platforms. The Target Company is listed on the TSX Venture Exchange in Canada and its financial disclosures are subject to supervision by the British Columbia Securities Commission. Its annual financial statements for the three years ended 30 June 2022, 2023 and 2024 and financial statements for the nine months ended 31 March 2025 were audited in accordance with Canadian generally accepted auditing standards, which have been voluntarily published on the website of the Target Company (<https://investor.banxa.com/financials/>) and the Target Company's profile on the SEDAR+.

The Target Company's auditors for the two financial years ended 30 June 2023 and 2024 and the nine months ended 31 March 2025 were PKF Antares Professional Corporation and for the year ended 30 June 2022 were RSM Canada LLP. PKF Antares Professional Corporation and RSM Canada LLP are Chartered Professional Accountants and Licensed Public Accountants in Canada and are registered with the Public Company Accounting Oversight Board in the United States of America.

- (b) It is unduly burdensome and practically difficult for the Company to prepare an accountants' report under Rule 14.67(6)(a)(i) of the Listing Rules. As the Company currently has no shareholding in, and does not exercise any degree of control over, the Target Company, the Company is not able to gain access to confidential non-public information, including the accounting records books or other supporting information of the Target Company to facilitate its auditors in the preparation of the financial statements of the Target Company. Moreover, these processes are inherently resource-intensive and will lead to significant delays and increased costs rendering the undertaking unduly burdensome for the Company. The completion time of the auditing process will be outside the control of the Company and the Company expects that it would incur

LETTER FROM THE BOARD

substantial costs and resources to prepare the Target Company's accountants' report, which will not be in the interests of the Company and the Shareholders as a whole.

- (c) If a full audit of the Target Company is to be performed pursuant to the Listing Rules, management of the Target Company will face additional time pressure to cope with audit requests from both the auditors of the Target Company (for its own full-year audit for the year ended 30 June 2025 in accordance with the Canadian securities laws) and the auditors of the Company (for the preparation of the accountants' report for the three years ended 30 June 2022, 2023, and 2024 and the nine months ended 31 March 2025 pursuant to the Listing Rules), further straining its resources and risking the Target Company's own financial reporting deadline.
- (d) The financial statements of the Target Company and the Company are prepared in accordance with the same accounting standards, namely IFRS Accounting Standards, and Deloitte Touche Tohmatsu confirmed that there are no material differences between the accounting policies adopted by the Group and the Target Company, except for the revenue recognition, with the Company having made an accounting policy decision adopting net revenue approach under IFRS 9 "Financial Instruments" instead of gross revenue approach under IFRS 15 "Revenue from Contracts" for the Company's trading of digital assets business, while the Target Company adopting IFRS 15.

Alternative Disclosure

The Company has included the following in place of an accountants' report on the Target Company in Appendix II to this circular:

- (a) the audited financial information of the Target Company for the three years ended 30 June 2022, 2023 and 2024 and the nine months ended 31 March 2025 which have been properly prepared in accordance with IFRS Accounting Standards as published on the relevant platforms;
- (b) additional financial information which would be required to be disclosed in an accountants' report under Chapter 4 of the Listing Rules but not disclosed in the published financial statements of the Target Company as mentioned above. Such additional financial information includes, but without limitation to, the maturities on the loans and borrowings, aging analysis of trade receivables and trade payables, concentration of customers and suppliers, director's remuneration, five highest paid individuals and auditor's remuneration; and
- (c) a line-by-line reconciliation of the Target Company's financial information for the differences between its accounting policies and the Company's accounting policies, with an explanation of the differences and a report in accordance with the Hong Kong Standard of Assurance Engagement 3000 (Revised) issued by the Hong Kong Institute of Certified Public Accountants.

LETTER FROM THE BOARD

The Company considers that the alternative disclosures above should contain sufficient and appropriate financial information of the Target Group to the Shareholders.

10. CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 17 October 2025 to Wednesday, 22 October 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 16 October 2025. The record date of the attending and voting at the EGM is Wednesday, 22 October 2025.

11. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 10:30 a.m. on Wednesday, 22 October 2025, at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular for the Shareholders to consider and, if thought fit, to approve the Proposed Acquisition and the transactions contemplated thereunder by way of ordinary resolution. The resolution approving the Proposed Acquisition and the transactions contemplated thereunder will be conducted by way of a poll at the EGM.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) (as defined in the Listing Rules) has a material interest in the Proposed Acquisition. Thus, no Shareholder is required to abstain from voting at the EGM to approve the Proposed Acquisition and the transactions contemplated thereunder.

A form of proxy for use by Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 10:30 a.m. on 20 October 2025) before the time appointed for the holding of the EGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjournment or postponement thereof (as the case may be) should you so desire and, in such event, the form of proxy shall be deemed to be revoked.

12. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 79(A) of the articles of association of the Company, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be

LETTER FROM THE BOARD

voted on by a show of hands. Accordingly, the resolution put to vote at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

13. RECOMMENDATION

The Directors consider that the Proposed Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolution to be proposed at the EGM and as set out in the notice of EGM.

Shareholders and potential investors should note that the Proposed Acquisition is subject to various Conditions which may or may not be fulfilled or waived (as applicable). There is therefore no assurance that the Proposed Acquisition will proceed upon the terms proposed, or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

Yours faithfully,
By Order of the Board
OSL Group Limited
Cui Song

Executive Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the six months ended 30 June 2025 and each of the three financial years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://group.osl.com/>):

- (a) Interim report of the Company for the six months ended 30 June 2025 published on 25 September 2025
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0925/2025092500584.pdf>)
- (b) Annual report of the Company for the year ended 31 December 2024 published on 28 April 2025
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042800841.pdf>)
- (c) Annual report of the Company for the year ended 31 December 2023 published on 29 April 2024
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900881.pdf>)
- (d) Annual report of the Company for the year ended 31 December 2022 published on 27 April 2023
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704482.pdf>)

Each of the said consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2025, being the latest practicable date for ascertaining certain information relating to the indebtedness statement prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

Borrowings

	31 July 2025 <i>HK\$'000</i>
Digital assets borrowings	
— Unsecured and unguaranteed	187,148
— Secured and unguaranteed	8,000
Bank and other borrowings	
— Unsecured and unguaranteed	32,228
— Secured and unguaranteed	23,550
— Unsecured and guaranteed	<u>7,850</u>
Total	<u><u>258,776</u></u>

As at 31 July 2025, digital assets borrowings of approximately HK\$8,000,000 was secured by digital assets held by the Group, bank and other borrowings of approximately HK\$23,550,000 is secured by the shares of subsidiaries of the Target Company, and bank and other borrowings of approximately HK\$7,850,000 is guaranteed by the Target Company.

Lease liabilities

As at 31 July 2025, the Enlarged Group had lease liabilities of approximately HK\$13,905,000 which was secured by rental deposit and unguaranteed.

Contingent liabilities

The Enlarged Group had no material contingent liabilities as of 31 July 2025.

Save as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Enlarged Group or by third parties) and unsecured; or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured and unsecured; or mortgages and charges; or other contingent liabilities or guarantees as at 31 July 2025.

3. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, in the absence of unforeseen circumstances and taking into account the effects of the Proposed Acquisition and the Enlarged Group's internal resources, the Enlarged Group will have sufficient working capital to satisfy its present requirements for at least twelve months from the date of the circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

With the rising importance of digital assets as a strategic asset class for institutions, the enactment of Hong Kong's Stablecoins Bill and similar frameworks in various jurisdictions, and the growing acceptance of digital assets as viable payment instruments, the trend of traditional investors participating in digital asset trading is expected to persist and further escalate. The Group is strategically positioned to capture these developments to foster widespread adoption of digital assets. One of the Group's strategic blueprint for 2025 is to pursue accretive global merger and acquisition ("M&A") opportunities.

The Group is actively pursuing accretive global M&A opportunities to accelerate its international expansion plan. The Group's focus is on acquiring fully compliant and high-quality assets. Banxa's focus on facilitating buying and selling of digital assets and a number of licenses and registrations Banxa holds would complement the Group's digital assets trading

business and facilitate the Group's horizontal integration and geographical expansion. The combination of the Group and Banxa would bring a network of synergies, which will translate into long term benefits for the Group as mentioned in the section headed "Reasons for and benefits of the Proposed Acquisition" in this circular.

As a result, the Proposed Acquisition will supplement and bring synergies to the Group, further solidifying its position in the market and driving significant long-term success. The Enlarged Group will continue to develop its existing business and look for opportunities for further expansion in order to achieve the ultimate goal of becoming a market leader in the digital asset industry.

As disclosed in the announcement of the Company dated 7 August 2025, upon completion of the placing, the top-up subscription, the general mandate subscriptions and the specific mandate subscription (collectively, the "**Fundraising**"), the aggregate gross proceeds from the Fundraising are expected to be approximately HK\$2,355.03 million, while the net proceeds from the Fundraising, after deducting all relevant fees, costs and expenses (including but not limited to legal expenses and disbursements) incidental to the Fundraising, are estimated to be approximately HK\$2,336.10 million, with the proposed use of proceeds as follows:

1. Strategic acquisitions initiatives

Approximately 50% (or approximately HK\$1,168.05 million) of the net proceeds from the Fundraising will be used for supporting the Group's strategic acquisition initiatives, and are expected to be fully utilized by 31 December 2026.

The Group has embarked on global expansion strategy since 2024 through targeted acquisitions, as previously demonstrated by the acquisitions of OSL Japan Limited (formerly known as Coinbest K.K.), customer agreements of MultiExchange UAB and EvergreenCrest Holdings Ltd., as well as the Proposed Acquisition in this circular (collectively, the "**Previous Acquisitions**").

Consistent with the Group's established acquisition strategy, the Fundraising will support the execution of several strategic acquisitions that are critical to the Group's global expansion plans, including the Proposed Acquisition and other potential acquisitions. The Group is actively exploring additional acquisition targets, including digital asset trading platforms, licensed stablecoin issuers, and/or the payment solution providers across multiple jurisdictions, sourced through investment banks and direct outreach. The global digital asset industry is undergoing rapid transformation, driven by evolving regulations, product innovation, and shifting client demands. In Hong Kong alone, 2025 has seen major regulatory milestones, including the approval of staking services, the introduction of the ASPIRe framework to support digital asset innovation, and the enactment of the Stablecoins Bill effective 1 August 2025. These developments are further reinforced by the government's policy statement 2.0 on the development of digital assets in Hong Kong (the 'LEAP' framework), which positions Hong Kong as a global digital asset hub. As the only Hong Kong-listed company with a digital asset trading platform license, the Group is uniquely positioned to lead this transformation. In response to this dynamic environment, the Group has launched a globalisation strategy

since 2024 to build a global digital asset platform for retail, corporate, and institutional clients. The Enlarged Group's M&A strategy will continue to identify targets that can accelerate the execution of its core business strategy.

2. Development of global business and new business initiatives

Approximately 30% (or approximately HK\$700.83 million) of the net proceeds from the Fundraising will be used for the developments of global business and new business initiatives, including payment and stablecoin initiatives, and are expected to be fully utilized by 31 December 2026.

The Fundraising will be crucial in accelerating the Group's expansion into new markets and business lines, reinforcing its global digital asset platform strategy, including the following initiatives:

Developments of global business

Approximately HK\$276.13 million, representing approximately 39.40% of this portion of the proceeds or approximately 11.82% of the net proceeds from the Fundraising, will be used for the development of global business.

The Group aims to evolve into a global digital assets platform and initiated its globalisation strategy in 2024. In addition to the Previous Acquisitions, which have expanded the Group's geographical business operations, the Group is actively applying for digital asset and payment related licenses in multiple jurisdictions, including Southeast Asia, Europe, the Middle East, and other key markets such as Latin America, to support the development of its core business and globalisation strategy.

New business — stablecoin issuance initiatives

Approximately HK\$273.80 million, representing approximately 39.07% of this portion of proceeds or approximately 11.72% of the net proceeds from the Fundraising, will be used for the development of stablecoin issuance initiatives.

Stablecoins already play a central role in the Group's business, accounting for a significant trading volume of the Group. To strengthen its ecosystem, the Group plans to issue its own stablecoins, subject to obtaining the necessary licenses in key jurisdictions, allowing it to generate interest income and offer trading fee discounts to clients. This initiative aligns with global regulatory momentum, including Hong Kong's Stablecoin Bill and similar frameworks in Singapore, South Korea, Europe, and the United States. Industry peers are pursuing similar strategies, underscoring the strategic importance of stablecoin issuance business. As the only Hong Kong-listed company with a digital asset trading platform license, the Group believes it is well-positioned to lead stablecoin development both regionally and globally.

New business — payment initiatives

Approximately HK\$150.90 million, representing approximately 21.53% of this portion of proceeds or approximately 6.46% of the net proceeds from the Fundraising, will be used for the development of payment initiatives.

Digital assets (particularly stablecoins) are increasingly recognised as viable payment instruments, especially for cross-border payment transactions. Major global players in the industry are actively integrating stablecoin-based solutions into their payment infrastructures. In response to this trend, the Group has launched a series of payment initiatives, including on/off-ramp services, stablecoin-based cross-border payments (targeted for launch in the third or fourth quarter of 2025), and merchant acceptance of digital assets (i.e. enabling businesses to accept digital assets as a form of payment). These initiatives are fully aligned with the Group's core strengths in the digital assets space.

3. General corporate purposes

Approximately 20% (or approximately HK\$467.22 million) of the net proceeds from the Fundraising will be used for general corporate purposes, and are expected to be fully utilized by 31 December 2026.

This part of the proceeds will support global operational growth, including but not limited to hiring across key functions, legal and professional fees, enhancement of core systems and cybersecurity, and integration of acquired businesses to ensure scalability and resilience.

The Group has strong balance sheet position, with total equity of approximately HK\$1,141.1 million as at 30 June 2025. The Group's cash position and equity base were further strengthened following partial completion of the Fundraising with net proceeds of approximately HK\$1,628.1 million raised (as disclosed in the announcement of the Company dated 7 August 2025), such that it will be in a position to provide financial support to Banxa after completion of the Proposed Acquisition and to support future M&A opportunities when they arise.

In conclusion, the Enlarged Group is poised to capitalise on M&A opportunities in the global landscape with its strategic positioning. The Enlarged Group will persist in enhancing its market presence to drive sustainable development.

This appendix contains the audited consolidated financial statements for the years ended 30 June 2024, 2023 and 2022 and for the nine months ended 31 March 2025, which was prepared in accordance with IFRS Accounting Standards.

Banxa is a company listed on the TSX Venture Exchange. Accordingly, it is obliged to comply with Canadian securities laws and the TSX Venture Exchange Corporate Finance Policies in respect of the continuous disclosure regime as it relates to disclosure of its financial information. These financial statements are publicly available on the website of Banxa (<https://investor.banxa.com/financials/>) and/or Banxa's profile on the System for Electronic Document Analysis and Retrieval + (<http://www.sedarplus.ca>).

Please note that these financial statements were originally prepared and issued by Banxa in English only. The Chinese translation contained in the Chinese version of this circular is provided by the Company for information purposes only. In case of inconsistencies between the two versions, the English version shall prevail.

The Directors also wish to emphasise that the extracts reproduced in this Appendix II are not prepared for incorporation into this circular and the Group has not participated in their preparation. The Directors, therefore, do not express any view as to their truth, accuracy or completeness. Banxa was not involved in the preparation of the extracts used in this Appendix II. Shareholders and potential investors of the Company should exercise caution when considering the information contained in this appendix.

I. PUBLISHED FINANCIAL INFORMATION OF THE TARGET GROUP FOR EACH OF THE THREE YEARS ENDED 30 JUNE 2022, 2023 AND 2024 AND FOR THE NINE MONTHS ENDED 31 MARCH 2025

- (1) The following is an extract of the audited financial statements of the Target Group for the year ended 30 June 2022, which were prepared in accordance with IFRS Accounting Standards and audited by RSM Canada LLP. These financial statements were presented in AUD except for otherwise stated.

To the Shareholders of Banxa Holdings Inc.

Opinion

We have audited the consolidated financial statements of Banxa Holdings Inc. (the “**Company**”), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$17,270,783 and reported negative cash flows from operating activities of \$8,033,362 during the year ended June 30, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 30 to the consolidated financial statements, which explains that certain comparative information presented for the year ended June 30, 2021 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis (MD&A).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Curtis Dorfman.

RSM Canada LLP

Chartered Professional Accountants

Licensed Public Accountants

April 13, 2023

Toronto, Ontario

Consolidated Statements of Financial Position*As at 30 June 2022 and 2021*

		30 June 2022	30 June 2021
			(Restated)
	<i>Note</i>	(\$)	(\$)
Assets			
<i>Current assets</i>			
Cash and cash equivalents		9,364,013	18,615,803
Trade and other receivables	5	2,766,934	5,502,432
Inventories	6	883,885	45,311
Prepays	7	<u>464,332</u>	<u>292,902</u>
Total current assets		<u>13,479,164</u>	<u>24,456,448</u>
<i>Non-current assets</i>			
Property, plant & equipment	9	495,077	35,244
Right-of-use assets	10	763,399	—
Goodwill	8	151,643	151,643
Other deposits — bank guarantee	11	<u>505,516</u>	<u>252,758</u>
Total non-current assets		<u>1,915,635</u>	<u>439,645</u>
Total assets		<u>15,394,799</u>	<u>24,896,093</u>

		30 June 2022	30 June 2021 (Restated)
	Note	(\$)	(\$)
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	12	5,720,071	3,815,872
Borrowings	13	—	444,869
Current tax liabilities		355,310	255,431
Provisions	15	632,309	289,855
Derivative liability	14	—	1,127,457
Lease liability — current	16	<u>354,348</u>	<u>—</u>
Total current liabilities		<u>7,062,038</u>	<u>5,933,484</u>
<i>Non-current liabilities</i>			
Provisions and other liabilities	15	63,710	28,889
Lease liability	16	<u>821,975</u>	<u>—</u>
Total non-current liabilities		<u>885,685</u>	<u>28,889</u>
Total liabilities		<u>7,947,723</u>	<u>5,962,373</u>
Net assets		<u>7,447,076</u>	<u>18,933,720</u>
Equity			
Issued capital	17	23,128,075	20,913,753
Contributed surplus	18	11,619,713	8,695,175
Foreign currency translation reserve	18	1,156,524	511,245
Accumulated losses	19	<u>(28,457,236)</u>	<u>(11,186,453)</u>
Total equity		<u>7,447,076</u>	<u>18,933,720</u>

Nature of operations (Note 1)

Subsequent events (Note 33)

The above statements of financial position should be read in conjunction with the accompanying notes.

Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 13 April 2023.

D. Carosa
Chairman

J. Landau
Non-executive director

Consolidated Statements of Profit or Loss and Other Comprehensive income
For the years ended 30 June 2022 and 2021

	<i>Note</i>	30 June 2022 (\$)	30 June 2021 (\$)
Revenue	22	71,596,457	45,970,658
Cost of sales		<u>(50,758,136)</u>	<u>(29,119,825)</u>
Gross profit		<u>20,838,321</u>	<u>16,850,833</u>
Employment expenses		(18,047,647)	(7,266,313)
Depreciation	9 & 10	(454,970)	(39,075)
General, administration and other	23	(13,304,500)	(5,814,207)
Share based compensation		<u>(2,924,538)</u>	<u>(2,081,011)</u>
Total operating expenses		<u>(34,731,655)</u>	<u>(15,200,606)</u>
Operating Income (loss) before other items and income tax		(13,893,334)	1,650,227
Other items			
Realised gain on fair value of deposits (treasury coins)		1,233,920	—
Unrealised loss on fair value of deposits (treasury coins)		—	(975,829)
Realised loss on fair value of derivative liability		(136,866)	—
Unrealised loss on fair value of derivative liability		—	(1,050,793)
Net foreign exchange losses	23	(4,202,131)	(2,715,843)
Other Income		243,668	627,860
Finance costs	23	(287,154)	(532,771)
Listing expenses	4	<u>—</u>	<u>(2,690,513)</u>
Total other items		<u>(3,148,563)</u>	<u>(7,337,889)</u>

		30 June 2022	30 June 2021
	<i>Note</i>	<i>(\$)</i>	<i>(\$)</i>
Loss before tax		(17,041,897)	(5,687,662)
Income tax (expense)	24	<u>(228,886)</u>	<u>(140,454)</u>
Net loss for the year		<u>(17,270,783)</u>	<u>(5,828,116)</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Exchange differences on translation of foreign operations		<u>645,279</u>	<u>456,860</u>
Total comprehensive loss for the year		<u><u>(16,625,504)</u></u>	<u><u>(5,371,256)</u></u>
Loss per share attributable to ordinary shareholders of the Company			
Basic loss per share	25	(0.38)	(0.15)
Diluted loss per share	25	<u>(0.38)</u>	<u>(0.15)</u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity*For the years ended 30 June 2022 and 2021*

	Number of common shares	Issued capital (\$)	Contributed surplus (\$)	Foreign currency translation reserve (\$)	Accumulated losses (\$)	Total (\$)
2021						
As at 1 July 2020	19,066	6,523,314	6,848	54,386	(5,358,337)	1,226,211
Loss for the year	—	—	—	—	(5,828,116)	(5,828,116)
Other comprehensive income	—	—	—	456,859	—	456,859
Total comprehensive income	—	—	—	456,859	(5,828,116)	(5,371,257)
<i>Transactions with owners:</i>						
Private placement July 2020	334	517,700	—	—	—	517,700
Acquisition consideration	55	100,375	—	—	—	100,375
Subscription receipts	2,316	4,226,700	—	—	—	4,226,700
Conversion of prepaid shares	274	—	—	—	—	—
Total BTC shares originally issued	(22,045)	—	—	—	—	—
Issuance of resulting issuer shares	38,314,204	—	—	—	—	—
RTO issuance	1,200,000	1,220,160	—	—	—	1,220,160
Stock options issued pursuant to RTO	—	—	108,860	—	—	108,860
Shares issued to RTO advisors	1,196,500	1,216,601	—	—	—	1,216,601
Warrants issued to RTO advisors (<i>Note 21</i>)	—	(50,728)	50,728	—	—	—
Other share issuance costs	—	(797,930)	—	—	—	(797,930)
<i>Other:</i>						
Share-based compensation	—	—	2,081,011	—	—	2,081,011
Share issuance costs — placement	—	(1,498,180)	—	—	—	(1,498,180)
Share-based finance charge (issue of warrants)	—	—	172,952	—	—	172,952
Exercise of ESOP options	132,500	105,766	—	—	—	105,766
Exercise of warrants	29,412	31,094	—	—	—	31,094
Private placement	3,749,552	10,208,621	5,385,036	—	—	15,593,657
Warrants issued to placement advisors (<i>Note 21</i>)	—	(889,740)	889,740	—	—	—
Shares issued to advisors at \$C7.60	121,866	962,951	—	—	—	962,951
Share issuance costs — advisors shares	—	(962,951)	—	—	—	(962,951)
As at 30 June 2021	44,744,034	20,913,753	8,695,175	511,245	(11,186,453)	18,933,720

APPENDIX II
FINANCIAL INFORMATION OF THE TARGET GROUP

	Number of common shares	Issued capital (\$)	Contributed surplus (\$)	Foreign currency translation reserve (\$)	Accumulated losses (\$)	Total (\$)
2022						
As at 1 July 2021	44,744,034	20,913,753	8,695,175	511,245	(11,186,453)	18,933,720
Loss for the year	—	—	—	—	(17,270,783)	(17,270,783)
Other comprehensive income	—	—	—	645,279	—	645,279
Total comprehensive income	—	—	—	645,279	(17,270,783)	(16,625,504)
<i>Transactions with owners:</i>						
Share based compensation	—	—	2,924,538	—	—	2,924,538
Shares issued on conversion of note (Notes 14 and 17)	492,941	1,634,258	—	—	—	1,634,258
Shares issued for service (Note 17)	70,000	223,017	—	—	—	223,017
Exercise of ESOP options (Notes 17 and 20)	91,375	40,528	—	—	—	40,528
Exercise of warrants (Notes 17 and 21)	164,706	316,519	—	—	—	316,519
As at 30 June 2022	<u>45,563,056</u>	<u>23,128,075</u>	<u>11,619,713</u>	<u>1,156,524</u>	<u>(28,457,236)</u>	<u>7,447,076</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows*For the years ended 30 June 2022 and 2021*

		30 June 2022	30 June 2021
			(Restated)
	<i>Note</i>	(\$)	(\$)
Net loss for the year		(17,270,783)	(5,828,116)
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for non-cash flows in the statement of comprehensive income:</i>			
Depreciation	9, 10	454,970	39,075
Unrealised fair value adjustment to deposit		—	975,829
Unrealised fair value adjustment to derivative liability		—	1,050,793
Share-based compensation		2,924,538	2,081,011
Share-based finance charges		—	172,952
Gain on bargain purchase		—	(326)
Unrealised foreign exchange loss/(gain)		1,463,912	(406,707)
Listing expenses	4	—	2,690,513
Finance cost ⁽¹⁾	23	287,154	532,771
<i>Changes in assets and liabilities:</i>			
(Increase)/decrease in trade & other receivables ⁽²⁾	5	2,735,498	(4,769,131)
(Increase)/decrease in inventories	6	(838,574)	(12,252)
(Increase)/decrease in prepaids	7	(171,430)	(289,271)
(Increase)/decrease in deposits		—	54,058
Increase/(decrease) in trade & other payables	12	1,904,199	2,322,559
Increase/(decrease) in employee benefits		377,275	232,552
Increase/(decrease) in income taxes payable		99,879	45,619
Cash outflow from operating activities		<u>(8,033,362)</u>	<u>(1,108,071)</u>

		30 June 2022	30 June 2021 (Restated)
	Note	(\$)	(\$)
Cash flows from investing activities			
Net cash acquired from acquisitions		—	111,045
Purchase of property, plant & equipment	9	(198,314)	(68,607)
Net advances to acquired entities pre-acquisition		—	(82,254)
Net cash used by investing activities		<u>(198,314)</u>	<u>(39,816)</u>
Cash flows from financing activities			
Payments for principal element of lease liabilities	16	(320,211)	—
Payments for interest element of lease liabilities	16	(82,389)	—
Interest paid ⁽¹⁾	23	(204,765)	(532,771)
Proceeds received from borrowing	26	13,500,000	—
Repayment of borrowings		(13,574,934)	(15,941)
Issued capital		357,047	18,033,915
(Increase)/Decrease in Bank Guarantee	11	(252,758)	(252,758)
Payment of deferred consideration		—	(399,625)
Net cash used by financing activities		<u>(578,010)</u>	<u>16,832,820</u>
Net increase/(decrease) in cash and cash equivalents held		(8,809,686)	15,684,933
Net foreign exchange difference		(442,104)	863,566
Cash and cash equivalents at the beginning of year		<u>18,615,803</u>	<u>2,067,304</u>
Cash and cash equivalents at end of the financial year		<u><u>9,364,013</u></u>	<u><u>18,615,803</u></u>

⁽¹⁾ Finance cost was presented as a separate line item on the Cash Flow as per IAS 7.31 for FY 2022 and the comparative was adjusted accordingly.

⁽²⁾ The Provision for chargeback expenses of \$1,641,003 for FY 2021 was offset with the movement of the Trade and other receivables when presenting the comparative for FY 2022.

The above statements of changes in cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Nature of operations

Banxa Holdings Inc. (the “**Company**” or “**ALBS**”), incorporated as A-Labs Capital I Corp, a Canada Business Corporation, was formed on 6 March 2018. The Company’s shares are traded on the TSX Venture Exchange as a Tier 2 Technology company under the trading symbol “BNXA”.

BTC Corporation Holdings Pty Ltd (“**BTC**”) was incorporated on 27 March 2014 in Australia under the Corporations Act 2001. On 23 December 2020 BTC’s shareholders acquired control of ALBS through a reverse acquisition transaction. ALBS issued additional shares which were exchanged with 100% of the shares of BTC. Following this transaction, BTC and its subsidiaries (the “**Consolidated Entity**”) are deemed to be a continuation of BTC’s operations. Concurrent with the closing of the acquisition on 23 December 2020, the Company changed its name to Banxa Holdings Inc. and effected a change in directors, management, and business.

The Consolidated Entity’s principal business activity is being a payment service provider to global cryptocurrency exchanges.

The head office is in Melbourne, Australia at level 2, 2–6 Gwynne Street, Cremorne, Victoria, 3121. The registered office of the Company is located at 595 Howe St 10th floor, Vancouver, British Columbia, Canada V6C 2T5.

On November 4, 2022 the Company has received a cease trade order (CTO) from the British Columbia Securities Commission (BCSC) for failing to file its audited financial statements for the year ended June 30, 2022. As of the date of this report the CTO has not been removed.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Consolidated Entity incurred a loss of \$17,270,783 and had net cash outflows from operating activities of \$8,033,362 for the year ended 30 June 2022. The Consolidated Entity has historically incurred losses, as well as reported net cash outflows from operating activities.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Consolidated Entity’s ability to continue as a going concern and otherwise execute on its business strategies. These audited consolidated financial statements do not give effect to adjustments or disclosures that would be necessary should the Consolidated Entity be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these audited consolidated financial statements.

The Directors have considered the net current asset position of the Consolidated Entity as at 30 June 2022 which amounts to \$6,417,126 (including cash of \$9,364,013 and receivables from exchanges including fiat held at exchanges or with custodians of \$706,412 which are at call), and reviewed the cashflow forecasts for a period in excess of 12 months from the signing date of this financial report, and believe the Consolidated Entity has the ability to meet its debts as and when they fall due. The cashflow forecast assumes that the level of volume of cryptocurrency transactions traded by the Consolidated Entity’s global partners will continue to increase, driven by continued increases in the global partner network and continued usage of the Banxa payment infrastructure by the global partner network, irrespective of day-to-day movements in specific crypto currencies.

Accordingly, the Directors believe the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretation Committee. The policies have been consistently applied to all the years presented, unless otherwise stated.

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of 30 June 2022.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for:

- Inventory which is recognized and subsequently measured at fair value less costs to sell, as explained in note 6. Changes in fair value less cost to sell of inventory are recognized in profit or loss;
- Digital currency denominated assets are recognized and subsequently measured at fair value less costs to sell, as explained in note 5.2. Changes in fair value of these assets are recognized in profit or loss; and
- The derivative liability is recognized and subsequently measured at fair value through profit or loss, as explained in note 14. Changes in fair value of derivative liability are recognized in profit or loss.

These consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

Standards issued but not yet effective

The following amendments to existing standards have been issued and are applicable to the Consolidated Entity for its annual period beginning on 1 July 2022 and thereafter, with an earlier application permitted:

- Amendments to IFRS 3 *Business Combinations* are designed to: i) update its reference to the 2018 *Conceptual Framework* instead of the 1989 Framework; ii) add a requirement that, for obligations within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, (“IAS 37”) an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC Interpretation 21, *Levies*, (“IFRIC 21”) the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date; and iii) add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.
- Amendments to IAS 16 *Property, Plant and Equipment* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to IAS 37 specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract” in assessing whether a contract is onerous. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* extend the relief, which allows subsidiaries that become a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent’s consolidated financial statements, to the cumulative translation differences for all foreign operations.
- Amendments to IFRS 9 *Financial Instruments* (“**IFRS 9**”) clarify which fees an entity includes when it applies the “10 per cent” test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
- Amendments to IFRS 16 *Leases* (“**IFRS 16**”), remove the illustration of the reimbursement of leasehold improvements included in the Illustrative Example 13 of IFRS 16 since it does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

The following amendments to existing standards have been issued and are applicable to the Consolidated Entity for its annual period beginning on 1 July 2023 and thereafter, with an earlier application permitted:

- Amendments to IAS 1 *Presentation of Financial Statements* (“**IAS 1**”), clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.
- Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Amendments to IAS 12 *Income Taxes* specify how entities should account for deferred income taxes on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred income taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations and those entities are required to recognize deferred income taxes on such transactions.

The Consolidated Entity is currently evaluating the impacts of adopting these amendments on its consolidated financial statements.

Significant accounting judgments and estimates

In the application of the Consolidated Entity's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification 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. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Consolidated Entity is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Consolidated Entity's profit or loss and financial position as currently presented.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets could fall into a variety of different standards. The Consolidated Entity has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 *Inventories* ("IAS 2") in characterizing its holding of digital assets. The Consolidated Entity holds cryptocurrencies for sale in the ordinary course of business. The Consolidated Entity actively trades the cryptocurrencies and purchase them with a view to their resale in the near future. Although 'commodity' is not defined in IAS 2, the Consolidated Entity has concluded that its holding of cryptocurrencies is a commodity or similar to a commodity and measured its holding of cryptocurrencies at fair value less costs to sell.
- Digital currency denominated assets and inventories (note 5.2 and note 6, respectively) are included in current assets. Assets of this type held by trade exchanges or liquidity providers are further classified as trade receivables as Banxa is an unsecured creditor while the assets are held by the trade exchange or liquidity provider as the title to these assets is held by the trade exchange or liquidity provider (refer to note 31). The trade exchange or liquidity provider owes Banxa an account receivable for the fluctuating value of the fiat and digital assets held on their platform at any point in time.

Digital currencies are carried at their fair value determined by the spot rate based on Trade exchanges (e.g., Binance) prices as at 2 pm UTC. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the consolidated entity's results and financial position.

- The Consolidated Entity has assessed the functional currency for each entity within the Consolidated Entity by taking into account the currency which influences sale prices for goods and services, the currency of the country whose competitive forces and regulations determine sale prices, and the currency that mainly influences labour, material and other costs of providing goods or services.

- Assumptions are made and judgment is used in calculating the fair value of stock options and warrants using the Black-Scholes option pricing model. These assumptions and judgments include estimating the fair value of the Consolidated Entity's stock, future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- Significant judgment is required in determining the provision for income taxes. Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Consolidated Entity reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognizes liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.
- Recovery of deferred tax assets: Deferred tax assets are recognized for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.
- In addition, the Consolidated Entity recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. Unrecognized deferred tax assets are re-assessed at each reporting date and will be recognized when it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.
- The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties.
- Management's consideration of principal or agent in a revenue transaction is disclosed in the revenue recognition policy below.
- Provision for legal claims: A provision has been made for the present value of anticipated costs for legal settlements. The calculation of this provision requires assumptions such as the number of unresolved payment disputes during each reporting period that will advance to legal refund demands or be referred to police investigation. The provision recognized for each operating subsidiary is periodically reviewed and updated based on the facts and circumstances available at the time.

- Coronavirus (“**COVID-19**”) pandemic: Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavorably as at the reporting date or subsequently as a result of the COVID-19 pandemic.
- Goodwill and other indefinite life intangible assets: The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.
- Impairment of non-financial assets other than goodwill and other indefinite life intangible assets: The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.
- Employee benefits provision: The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognized and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company, BTC, and all subsidiaries of BTC, the accounting parent entity, as at 30 June 2022 and 2021 and the results of all subsidiaries for the years then ended (or from the date when acquired during the year).

Subsidiaries are all those entities over which BTC has control. BTC controls an entity when BTC is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to BTC. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Where BTC loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. BTC recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Subsidiaries

The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company ultimately owns:

Name	Principal activities	Incorporation	Equity interest	
			2022 %	2021 %
BTC Corporation Holdings Pty Ltd	Holding company	Australia	100	100
BC Cloud Mining Pty Ltd	Payment service provider	Australia	100	100
Global Internet Ventures Pty Ltd	Payment service provider	Australia	100	100
Global Internet Ventures Limited (UK)	Payment service provider	United Kingdom	100	100
Richmond Internet Ventures Corporation	Payment service provider	Canada	100	100
Internet SG Ventures Pte Ltd	Dormant company	Singapore	100	100
Banxa.com Pty Ltd	Payment service provider	Australia	100	100
Rhino Loft Pty Ltd	Payment service provider	Australia	100	100
EU Internet Ventures B.V.	Payment service provider	The Netherlands	100	100
BTC Sing SPV Pte Ltd	Dormant company	Singapore	100	100
LT Internet Ventures UAB	Payment service provider	Lithuania	100	100
BNXA USA Holding Inc	Payment service provider	USA	100	—
BNXA USA MTL	Payment service provider	USA	100	—
BNXA USA Operating Inc	Payment service provider	USA	100	—
BNXA UK VASP Limited	Payment service provider	United Kingdom	100	—

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Current and non-current classification

Assets and liabilities are presented in the consolidated statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, fiat deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are represented by cryptocurrencies. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell, reflecting the Consolidated Entity's purpose of holding such inventory as a commodity broker-trader in accordance with IAS 2. The Consolidated Entity holds cryptocurrencies for sale in the ordinary course of business. The Consolidated Entity actively trades the cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. Changes in the value of cryptocurrencies are included in profit and loss for the period.

The Consolidated Entity recognizes realized gains or losses on its digital assets when it sells digital assets that it holds on weighted average basis.

Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of equipment (excluding land) over their expected useful lives as follows:

Fixtures and Fittings	4 years
Leasehold improvements	4 years
Computer equipment	3–7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of equipment is derecognized upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Consolidated Entity uses its incremental borrowing rate reflecting its specific credit risk, the currency of the lease and the weighted average maturity of the outstanding lease liability.

The Consolidated Entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payment made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

There are low value and short-term leases with less than 12-month duration which are recognised as expenses when they are paid.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The gains or losses recognized in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortization method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalized when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

*Financial Instruments**Financial assets**Initial recognition and measurement*

Non-derivative financial assets with the scope of IFRS 9 are classified and measured as "financial assets at fair value" as either FVTPL or FVOCI, and "financial assets at amortized costs" as appropriate. The Consolidated Entity determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs of the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

Subsequent measurement — financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment

The Consolidated Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI.

The Consolidated Entity's management, using both historical analysis and forward-looking information, has evaluated its exposure to expected credit losses on its financial assets measured at amortized cost and concluded that the probability of default is minimal as all receivables were short-term and the counterparties to the receivables have a strong capacity to meet their contractual obligations in the near term. Therefore, allowance recognized for expected credit losses is insignificant.

Financial assets were classified as follows:

Classification	IFRS 9
Cash and cash equivalents	Amortised cost
Trade and other receivables	
— Trade and other receivables	Amortised cost
— Receivable of Digital Assets from Exchange	FVTPL

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments, or the Company as opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value, and where applicable net of directly attributable transaction costs.

Subsequent measurement — financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the statement for profit or loss.

Financial liabilities were classified as follows:

Classification	IFRS 9
Trade and other payables	Amortised cost
Other borrowings	Amortised cost
Convertible notes	Amortised cost
Derivative liability	FVTPL
Deferred consideration	Amortised cost

Convertible notes

BTC issued convertible notes denominated in a currency other than its functional currency. Therefore, the conversion option failed to be an equity instrument and was considered an embedded derivative. Convertible notes are separated into liability and derivative liability components based on the terms of the contract. On issuance of the convertible notes, the fair value of the derivative liability is determined using an option pricing model. This amount is measured at FVTPL. Changes in the fair value of the derivative liability is charged to operations.

The remainder of the proceeds is allocated to the debt host that is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

Provisions

Provisions are recognized when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Foreign currency translation

The Consolidated Entity's consolidated financial statements are presented in Australian dollar, which is also BTC's functional currency. For each entity, the Consolidated Entity determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Foreign currency transactions in currencies other than their functional currencies are translated into their functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Judgment is required in determining whether the Consolidated Entity is the principal or the agent in transactions between customers. The Consolidated Entity evaluates the presentation of revenue on a gross or net basis based on whether it controls the cryptocurrency provided before it is transferred to the customer (gross) or whether it acts as an agent by arranging for other customers on the platform to provide the cryptocurrency to the customer (net). The key revenue activities of the consolidated entity are on-ramping activities disclosed as commissions and spread from services and off-ramping activities disclosed as sale of cryptocurrencies.

In respect of commissions and spread under an agency arrangement, the Consolidated Entity does not control the cryptocurrency being provided before it is transferred to the buyer, and therefore does not have inventory risk related to the cryptocurrency. The Consolidated Entity also does not set the price for the cryptocurrencies as the price is a market rate established by the platform. As a result, the Consolidated Entity acts as a facilitator for a customer to purchase cryptocurrencies from another customer.

Sale of cryptocurrencies

For the sales of cryptocurrencies on a principal basis, revenue is recognized at the point in time when the Consolidated Entity has delivered the cryptocurrencies to its customers' wallet accounts. The Consolidated Entity has control of the cryptocurrencies either in its custody or with the exchanges prior to the sale to the customers. Accordingly, the Consolidated Entity records the total value of the sale as revenue and the corresponding cost of the cryptocurrencies in the cost of sales.

Commissions and spread from services

Revenue from commissions and spread is a single performance obligation to provide a payment channel service when customers buy cryptocurrencies on the Consolidated Entity's proprietary platform. The Consolidated Entity considers its performance obligation satisfied, and recognizes revenue, at the point in time the transaction is processed. Commission is calculated as a fixed percentage of the total transaction value on agency transactions. In addition to a commission, the Consolidated Entity earns a spread, which is also calculated as a percentage of the total transaction value on agency transactions, based on custom pricing with certain customers.

For the sales of cryptocurrencies on an agency basis, the Consolidated Entity does not have control of the cryptocurrencies and so revenue is recognised at the point in time when the Consolidated Entity has processed the customer transaction. By selling on agency basis, the Consolidated Entity is only acting as a payment channel service provider and so the single performance obligation is satisfied when the transaction has been processed. The Consolidated Entity records commission and spread as the sale.

Integration services

The Group provides a service of installation of its payment technologies to trading platforms. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these installation services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Government grants

Government grants, including the Australian Tax Office COVID incentive, are recognized when they are received or when the right to receive payment is established.

Government grants are recognized in the consolidated statements of profit or loss and other comprehensive income on a systematic basis over the periods in which the Consolidated Entity recognizes as expenses the related costs for which the grants are intended to compensate. Government grants are included in other income.

Share-based compensation

The Company has a share-based compensation plan that is described in note 17. The Company accounts for share-based payments using the fair value-based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based compensation over each tranche's vesting period with an offsetting credit charged to contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognized for prior periods, where applicable.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of recognized and unrecognized deferred tax assets are reviewed at each reporting date. Deferred tax assets recognized are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognized to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

In Australia, BTC and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime. BTC and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, BTC also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Goods and services tax ("GST") and other similar taxes

Revenues, expenses and assets are recognized net of the amount of associated (Australian) GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer.

4. Reverse takeover

On 23 December 2020, the Company completed a reverse takeover transaction (“**RTO**”) with BTC whereby the Company acquired 100% of the issued and outstanding common shares of BTC. Pursuant to the RTO, the Company issued an aggregate of 38,314,204 common shares of the Company in exchange for all of the issued and outstanding shares of BTC. Upon closing of the transaction, the Company was renamed Banxa Holdings Inc. and the ownership of the Company was as follows:

	%
Previous shareholders of BTC	94.1
Previous shareholders of ALBS	3.0
Shares issued to arrangers	2.9

As a result, the transaction is considered a reverse acquisition of the Company by BTC. The Company changed its year end from 31 December to 30 June to align the fiscal year period to that of BTC.

For accounting purposes, the acquisition is outside the scope of IFRS 3 Business Combinations (“**IFRS 3**”) since ALBS, prior to the RTO, did not constitute a business. The RTO was accounted for in accordance with IFRS 2 Share-based Payments whereby BTC was deemed to have issued shares in exchange for the net assets of the Company together with its TSX Venture Exchange listing status at the fair value of the consideration deemed paid to the ALBS’s shareholders.

Accordingly, these accounts have been prepared as follows:

- The consolidated financial statements of the combined entities are issued under the legal parent, Banxa Holdings Inc, but are considered a continuation of the financial statements of the legal subsidiary, BTC;
- All comparative figures reflect the consolidated BTC group only and exclude ALBS;
- Since BTC is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying value; and
- The value in excess of the net identifiable assets or obligations of ALBS acquired on closing was expensed in the consolidated statement of profit or loss and other comprehensive income as a listing expense.

The fair value of the 1,200,000 common shares deemed issued was determined to be \$C 1.00 per share	1,220,160
---	-----------

The fair value of all the consideration given was as follows:

• 1,200,000 common shares of the Company	1,220,160
• 162,857 options to acquire common shares of the Company	108,914
• Total consideration paid	1,329,074

The listing expenses were determined as follows:

• Fair value of net liabilities assumed	144,838
• Charge related to the public company listing — equity issue	1,329,074
• Arranger fees — equity issue	1,216,601

Total listing expenses	2,690,513
-------------------------------	------------------

The fair value of the options of \$108,914 was estimated by using the Black-Scholes option pricing model. The fair value estimates are based on assumed risk-free rates ranging from 0.19% to 0.33%, expected terms ranging from 0.5 to 3.5 years, dividend yield of 0% and estimated volatility of 125%.

5. Trade and other receivables

	30 June 2022	30 June 2021 (Restated)
	(\$)	(\$)
Payment gateway receivables	1,822,545	2,106,798
Allowances for chargeback expenses (<i>note 5.1</i>)	(350,357)	(432,246)
Payroll tax credit	505,579	—
GST receivable	157,738	125,163
Receivables from trading exchanges (<i>note 5.2</i>)	594,606	3,653,138
Other receivables	36,823	49,579
Total trade and other receivables	2,766,934	5,502,432

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The change in the allowance for chargeback expenses is detailed below:

5.1 Allowances for chargeback expenses

	30 June 2022	30 June 2021
	(\$)	(\$)
Balance at beginning of year	(432,246)	—
Change in allowance, other than write-offs and recoveries	(311,755)	(1,641,003)
Write-offs of trade receivables	393,644	1,208,757
Balance at end of year	(350,357)	(432,246)

The expense during the year is presented as part of “chargeback expenses” in the general and administration expenses (refer note 23).

5.2 Receivables from trading exchanges represents the fair value of the digital and fiat currencies held at exchanges or with custodians (refer note 30 restatements for further details).

Receivables from trading exchanges are made to facilitate the Consolidated Entity's ability to transact more efficiently at various trading volumes. The Consolidated Entity maintains balances in digital currencies with exchanges from time to time in connection with the sale of cryptocurrencies in the ordinary course of business. The Consolidated Entity actively trades cryptocurrencies.

As there is no specific guidance in IFRS on cryptocurrencies held at exchanges or with custodians, the Consolidated Entity followed the requirements of “IFRS 9 Financial Instruments” for these assets held with liquidity providers (“LPs”) and measures them at fair value on initial recognition and subsequently at Fair Value through Profit & Loss FVTPL as these balances are only held to facilitate Banxa's ability to transact more efficiently at various trading volumes in connection with the sale of cryptocurrencies in the ordinary course of business and the contractual terms with these LPs do give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Management considers the fair value of deposits with trading exchanges to be either a Level 1 or a Level 2 input under IFRS 13 fair value hierarchy. There has been no change to the valuation technique during the year.

As at 30 June 2022 and 2021, balances held at exchanges, or with custodians, consisted of the following:

	30 June 2022		30 June 2021	
	Number of coins held	Value (\$)	Number of coins held	Value (\$)
Digital and fiat currencies held at exchanges or with custodians				
LTC	97.60	7,580	17,171.18	3,308,007
Link	—	—	1,615.45	40,509
BNB	0.48	450	288.48	111,791
BTC	0.30	11,562	—	—
ETH	8.22	13,307	1.68	4,768
Cash	N/A	33,755	N/A	50,150
USDT	N/A	565,651	N/A	147,810
USDC	N/A	10,596	—	—
XRP	15,973.41	7,825	—	—
WBTC	0.18	5,118	—	—
Other	390,419.09	50,568	N/A	—
Total digital and fiat currencies held at exchanges or with custodians		<u>706,412</u>		<u>3,663,035</u>
Provision for collectability		<u>(111,806)</u>		<u>(9,897)</u>
Net deposits		<u><u>594,606</u></u>		<u><u>3,653,138</u></u>

6. Inventories

	30 June 2022 (\$)	30 June 2021 (\$)
Cryptocurrencies held for resale	<u>883,885</u>	<u>45,311</u>
	<u><u>883,885</u></u>	<u><u>45,311</u></u>

Cryptocurrencies are measured at fair value less cost to sell in accordance with the Consolidated Entity's accounting policy for cryptocurrencies and in accordance with IAS 2.

Management considers the fair value of inventories to be a Level 2 input under IFRS 13 Fair Value Measurement ("IFRS 13") fair value hierarchy.

There has been no change to the valuation technique during the year.

The Consolidated Entity's realized gain or loss on inventories is calculated as the proceeds received from the sale of cryptocurrencies less its assigned original cost. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell. Changes in value of cryptocurrencies are included in profit and loss for the period.

7. Prepaids

	30 June 2022	30 June 2021
	(\$)	(\$)
Insurance	80,914	64,617
Consultancy fees	17,040	133,579
Other operational expenses	<u>366,378</u>	<u>94,706</u>
Total other assets	<u>464,332</u>	<u>292,902</u>

8. Goodwill

	30 June 2022	30 June 2021
	(\$)	(\$)
Goodwill	<u>151,643</u>	<u>151,643</u>
	<u>151,643</u>	<u>151,643</u>

During the year ended 30 June 2022, the Consolidated Entity determined that there is no impairment of the goodwill arising from the European acquisition which occurred during the year ended 30 June 2020.

The recoverable amount of the goodwill is determined on the basis of value in use calculations of a Cash Generating Unit (CGU), being the European operation. The Consolidated Entity has determined that the recoverable amount calculations are most sensitive to changes in the following assumptions:

- assumptions in respect of continued growth in total transaction volume;
- expected average EBITDA of 0.30% (2021: 0.30%);
- terminal growth rate equal to CPI; and
- a discount rate of 30% (2021: 30%).

9. Property, plant, and equipment

	30 June 2022 (\$)	30 June 2021 (\$)
Fixtures and fittings at cost	203,555	5,241
Less accumulated depreciation	(55,800)	—
Carrying amount of fixtures and fittings	<u>147,755</u>	<u>5,241</u>
Computer equipment at cost	103,705	69,078
Less accumulated depreciation	(103,705)	(39,075)
Carrying amount of computer equipment	<u>—</u>	<u>30,003</u>
Leasehold Improvements	463,512	—
Less accumulated depreciation	(116,190)	—
Carrying amount of leasehold improvements	<u>347,322</u>	<u>—</u>
Total property, plant and equipment	<u>495,077</u>	<u>35,244</u>
	30 June 2022 (\$)	30 June 2021 (\$)
Fixtures and fittings		
Carrying amount at beginning of year	5,241	—
Additions	198,314	5,241
Disposals	—	—
Depreciation expenses	(55,800)	—
Exchange differences	—	—
Carrying amount at end of year	<u>147,755</u>	<u>5,241</u>
Computer equipment		
Carrying amount at beginning of year	30,003	5,712
Additions	—	63,366
Disposals	(16,646)	—
Depreciation expenses	(13,357)	(39,075)
Exchange differences	—	—
Carrying amount at end of year	<u>—</u>	<u>30,003</u>
Leasehold improvements		
Carrying amount at beginning of year	—	—
Lease Incentive	463,512	—
Additions	—	—
Disposals	—	—
Depreciation expenses	(116,190)	—
Exchange differences	—	—
Carrying amount at end of year	<u>347,322</u>	<u>—</u>
Total property, plant and equipment	<u>495,077</u>	<u>35,244</u>

10. Right-of-use assets

	30 June 2022 (\$)	30 June 2021 (\$)
Buildings: Right-of-use		
Carrying amount at the beginning of the year	—	—
Additions	1,033,022	—
Disposals	—	—
Depreciation expenses	(269,623)	—
	<u>763,399</u>	<u>—</u>
Carrying amount at end of year	<u>763,399</u>	<u>—</u>

The Consolidated Entity leases a building for its Melbourne office under a four-year agreement with an option to extend for another four years. The lease has various escalation clauses. Refer to note 16 for associated lease liabilities at the reporting date. The lease does not contain any variable lease payment terms.

11. Other Deposits — Bank Guarantee

	30 June 2022 (\$)	30 June 2021 (\$)
Bank Guarantee	<u>505,516</u>	<u>252,758</u>
Total Bank Guarantee	<u>505,516</u>	<u>252,758</u>

On 31 May 2022 a new bank guarantee of \$252,758 was paid as a Tenant security deposit for the new office premises as requested by the landlord. Previous bank guarantee of \$252,758 was redeemed on 29 August 2022.

12. Trade and other payables

	30 June 2022 (\$)	30 June 2021 (\$)
Trade payables	910,969	1,273,927
Employee withholdings payable	1,582,258	424,265
Other payables and accruals	3,126,844	1,686,031
Provision for legal settlements	100,000	418,189
Other	—	13,460
	<u>5,720,071</u>	<u>3,815,872</u>
Total trade and other payables	<u>5,720,071</u>	<u>3,815,872</u>

13. Borrowings

	30 June 2022 (\$)	30 June 2021 (\$)
Loans from director — unsecured, non-interest bearing	—	—
Credit card	—	74,934
Convertible notes	—	369,935
	<u>—</u>	<u>444,869</u>
Less current portion	<u>—</u>	<u>(444,869)</u>
Borrowings — non-current	<u>—</u>	<u>—</u>

During the year-ended 30 June 2022, Global Internet Ventures Pty Ltd (“GIV”), a Company subsidiary, entered into loan agreements with each of Apollo Capital Management Pty Ltd (“Apollo”) and Carosa Corporation BV (“CCBV”), pursuant to which Apollo and CCBV will provide GIV with a revolving credit facility in the principal sums of up to \$4,000,000 and \$2,000,000 respectively. The revolving credit facility with Apollo accrues interest at the rate of 30% per annum and the revolving credit facility with CCBV accrues interest at the rate of 10% per annum. Both facilities are in place until 30 November 2024.

The Company is not issuing any securities, paying any bonus, commission, or finder’s fees in connection with the loans and the loans are not convertible, directly or indirectly, into equity or voting securities of the Company or a subsidiary of the Company. Loans made under the agreements are unsecured and are repayable at any time without penalty. Apollo and CCBV are affiliated companies of the Company’s Chairman, Domenic Carosa. Accordingly, entering into the loan agreements constitute a related party transaction, together with any interest payments made in respect of the loans (Note 14).

14. Derivative liability

	30 June 2022 (\$)	30 June 2021 (\$)
Balance at beginning of period	1,127,457	76,664
Change in fair value — unrealised	(1,050,841)	1,050,793
Change in fair value — realised	<u>1,187,707</u>	<u>—</u>
Net change in fair value during period	136,866	1,050,793
Balance before conversion	1,264,323	1,127,457
Extinguished on conversion	<u>(1,264,323)</u>	<u>—</u>
Balance at end of period	<u>—</u>	<u>1,127,457</u>

Convertible notes were issued in June 2020. The derivative liability element of the convertible note is valued at fair value.

The convertible notes were non-transferrable, carried compounding interest at a rate of 12% per annum and at the maturity date converted to common shares of the company at a conversion price of CAD\$ of 0.85 per share.

The notes converted on 27 July 2021 through issue of 492,941 common shares. The market price at the time of conversion was CAD\$3.07. The total equity issue was \$1,634,258, representing the convertible note balance of \$369,935 (see note 13) and the extinguishment of the derivative liability of \$1,264,323.

15. Provisions and Other liabilities

	30 June 2022 (\$)	30 June 2021 (\$)
Annual leave	586,600	265,463
Long service leave	<u>109,362</u>	<u>53,281</u>
Balance at end of year	<u>695,962</u>	<u>318,744</u>
Current	632,309	289,855
Non-current	<u>63,653</u>	<u>28,889</u>
Balance at end of year	<u>695,962</u>	<u>318,744</u>
Other Liabilities	<u>57</u>	<u>—</u>
Total provisions and Other Liabilities	<u>696,019</u>	<u>318,744</u>

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. All amounts are presented as current liabilities.

16. Lease Liability

	30 June 2022 (\$)	30 June 2021 (\$)
Balance at beginning of period	—	—
New lease agreements — present value of lease liabilities	1,496,534	—
Lease payments made in the year	(402,600)	—
Accretion of interest	<u>82,389</u>	<u>—</u>
Balance at end of year	<u>1,176,323</u>	<u>—</u>
Lease liability — current portion	354,348	—
Lease liability — non-current portion	<u>821,975</u>	<u>—</u>
Total	<u>1,176,323</u>	<u>—</u>
Undiscounted Future Lease Payments due:		
Within 1 year	415,683	—
After 1 year but not more than 5 years	872,463	—
After more than 5 years	<u>—</u>	<u>—</u>
Total	<u>1,288,146</u>	<u>—</u>

Low Value and Short-Term Leases

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Consolidated Entity had low-value lease expenses of \$674 (2021: nil) and short-term lease expenses of \$103,091 (2021: \$19,528).

17. Issued Capital*(a) Authorized share capital*

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

(b) Common shares issued

As detailed in note 4, the Consolidated Entity reflects the effects of an RTO between BTC and ALBS on 23 December 2020. Accordingly, the balance in equity represents the continuing equity balance of BTC prior to its takeover of ALBS, together with common share transactions arising from, and subsequent to, the RTO transaction, as summarized below.

(c) Prepaid shares

Amounts described below as prepaid shares represent amounts received during the previous financial year as part of a share subscription agreement with multiple investors in Singapore, for which 274 preference shares of special-purpose vehicle BTC Sing SPV Pte Ltd were issued. In December 2020, a total of 274 ordinary shares of BTC were issued to replace these preference shares.

(d) Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to meet the needs of ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The capital structure of the Company consists of equity comprised of issued share capital and reserves. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

Number of common shares	30 June 2022	30 June 2021
Number of common shares at beginning of period	44,744,034	19,066
Private placement prior to RTO	—	2,650
Acquisition consideration	—	55
Conversion of prepaid shares	—	274
BTC shares acquired through issue of RTO consideration	—	(22,045)
Common shares issued at RTO as consideration to BTC shareholders	—	38,314,204
Common shares attributable to pre-transaction ALBS shareholders	—	1,200,000
Common shares issued to arrangers and advisors of RTO	—	1,196,500
Stock options exercised	91,375	132,500
Warrants exercised	164,706	29,412
Private placement in April 2021	—	3,749,552
Common shares issued to placement advisors	—	121,866
Conversion of unsecured convertible note	492,941	—
Shares issued for services	70,000	—
Number of common shares at end of period	45,563,056	44,744,034
Issued capital	30 June 2022	30 June 2021
Share capital at beginning of period	20,913,753	6,523,314
Capital raised prior to RTO by BTC	—	4,744,400
Costs related to RTO	—	(848,658)
Shares issued by BTC in respect of acquisition payment	—	100,375
Shares issued including listing expenses	—	2,436,761
Private placement in April 2021	—	15,593,657
Value of placement attributed to attaching warrants	—	(5,385,036)
Proceeds from stock options exercised	40,528	105,766
Proceeds from warrants exercised	316,519	31,094
Shares issued to placement advisors	—	962,951
Cost of shares and warrants issued to placement advisors	—	(1,852,691)
Other share issue costs relating to private placement	—	(1,498,180)
Shares issued on conversion of note	1,634,258	—
Shares issued for services*	223,017	—
Issued capital at end of period	23,128,075	20,913,753
18. Equity-Reserves	30 June 2022	30 June 2021
Foreign currency translation reserve	1,156,524	511,245
Contributed surplus	11,619,713	8,695,175
Total reserves	12,776,237	9,206,420

Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Consolidated Entity's foreign operations into Australian dollars.

Contributed surplus

This reserve comprises private placement proceeds allocated to unexercised share purchase warrants, the value of warrants issued to advisers, unexercised stock options, as well as other share-based payment transactions that do not involve the issuance of shares.

19. Equity — accumulated losses

	30 June 2022	30 June 2021
Accumulated losses at the beginning of year	11,186,453	5,358,337
Net loss for the year	<u>17,270,783</u>	<u>5,828,116</u>
Accumulated losses at the end of the year	<u><u>28,457,236</u></u>	<u><u>11,186,453</u></u>

20. Stock options

The Company has adopted a share option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. As at 30 June 2022, the aggregate maximum number of common shares issuable under the plan is 4,556,306 (30 June 2021: 4,474,403) common shares.

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's share option activities for the years ended 30 June 2022 and 2021:

	30 June 2022		30 June 2021	
	Number of options	Weighted-average exercise price (\$C)	Number of options	Weighted-average exercise price (\$C)
Outstanding, beginning of the year	3,871,388	1.10	—	—
Granted	845,000	3.04	4,046,745	1.08
Expired	—	—	(42,857)	0.47
Cancelled/forfeited	(141,875)	2.13	—	—
Exercised	<u>(91,375)</u>	<u>0.93</u>	<u>(132,500)</u>	<u>1.00</u>
	<u><u>4,483,138</u></u>	<u><u>1.33</u></u>	<u><u>3,871,388</u></u>	<u><u>1.10</u></u>

On 23 December 2020, the Company granted 3,746,745 share options to various consultants, directors and officers of the Company as follows:

3,583,888 share options have an exercise price of \$C1.00 per share and expire on 22 December 2025; 120,000 share options have an exercise price of \$C0.47 per share and expire on 31 October 2023; 42,857 share options had an exercise price of \$C0.47 per share and expired on 1 May 2021.

The fair value of these options was determined as \$3,178,397.

On 25 February 2021, the Company granted 200,000 share options to officers and staff of the Company. The options have an exercise price of \$C2.15 per share and expire on 31 December 2025. The fair value of the 200,000 options granted was determined as \$453,001.

On 23 June 2021, the Company granted 100,000 share options to a consultant of the Company. The options have an exercise price of \$C3.00 per share and expire on 1 July 2025. The fair value of these options was determined as \$306,729.

In respect of the December 2020, February 2021, and June 2021 option grants, \$2,081,011 was included as a share-based expense in the prior financial period, and \$1,379,715 included as a share-based expense for the current period.

During the year-ended 30 June 2022, 845,000 options were issued as follows:

- 22 July 2021: 200,000 options expiring 1 October 2025 with an exercise price of \$C3.00;
- 10 August 2021: 25,000 options expiring 1 October 2025 with an exercise price of \$C3.00;
- 16 August 2021: 50,000 options expiring 1 October 2025 with an exercise price of \$C2.50;
- 16 September 2021: 30,000 options expiring 1 October 2025 with an exercise price of \$C3.00;
- 21 October 2021: 75,000 options expiring 1 January 2026 with an exercise price of \$C3.50;
- 9 November 2021: 100,000 options expiring 1 January 2026 with an exercise price of \$C3.50;
- 1 December 2021: 150,000 options expiring 1 December 2025 with an exercise price of \$C3.50;
- 5 April 2022: 65,000 options expiring 1 April 2026 with an exercise price of \$C2.50;
- 19 April 2022: 100,000 options expiring 1 July 2026 with an exercise price of \$C2.50; and
- 20 April 2022: 50,000 options expiring 1 April 2026 with an exercise price of \$C2.50.

The fair value of the 845,000 options granted was determined as \$2,163,111 with \$843,527 included as a share-based payment expense in the year-ended 30 June 2022.

All option grant valuations during the financial period have been determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	30 June 2022	30 June 2021
Share price	\$C2.40–\$C3.47	\$C1.00–\$C3.19
Exercise price	\$C2.50–\$C3.50	\$C1.00–\$C3.00
Risk-free interest rate	0.78%–2.74%	0.19%–0.97%
Expected term (in years)	4.0–4.3	0.5–5.0
Estimated dividend yield	0%	0%
Estimated volatility	108%–125%	125%

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET GROUP

The following table summarizes information regarding share options outstanding and exercisable as at 30 June 2022:

Expiry Date	Number of options	Outstanding Weighted- average remaining contractual life (years)	Weighted average exercise price (\$C)	Exercisable Number of options	Weighted average exercise price — vested (\$C)
31 October 2023	48,000	1.3	0.47	48,000	0.47
01 April 2025	150,000	2.8	2.15	75,000	2.15
01 July 2025	100,000	3.0	3.00	37,500	3.00
01 October 2025	285,000	3.3	2.91	72,500	2.91
01 December 2025	150,000	3.4	3.50	37,500	3.50
22 December 2025	3,360,138	3.5	1.00	2,031,336	1.00
01 January 2026	175,000	3.5	3.50	21,875	3.50
01 April 2026	115,000	3.8	2.50	—	—
01 July 2026	100,000	4.0	2.50	—	—
	<u>4,483,138</u>	<u>3.1</u>	<u>1.45</u>	<u>2,323,711</u>	<u>1.18</u>

21. Warrants

The following is a summary of the changes in the Company's warrants for the years ended 30 June 2022 and 2021:

	30 June 2022		30 June 2021	
	Number of warrants	Weighted- average exercise price (\$C)	Number of warrants	Weighted- average exercise price (\$C)
Outstanding, beginning of the year	2,762,752	6.68	—	—
Granted	—	—	2,792,164	6.62
Expired	(41,712)	—	(29,412)	1.00
Cancelled/forfeited	—	—	—	—
Exercised	(164,706)	1.73	—	—
	<u>2,556,334</u>	<u>6.62</u>	<u>2,762,752</u>	<u>6.68</u>

On 23 December 2020, 492,941 share purchase warrants were granted to the convertible note holders at the time. Each warrant entitles the holder to acquire one common share in the Company at \$C1.00 per share until 23 December 2022. No expense has been included in the current or prior financial period's profit or loss.

On 23 December 2020, 41,712 share purchase warrants were granted to the Company's convertible note advisors. Each warrant entitles the holder to acquire one common share in the Company at \$C1.00 per share until 22 June 2022. These warrants replaced options over shares in BTC previously granted to an advisor in the preceding financial period in relation to the convertible note financing. No expense has been included in the current or prior financial period's profit or loss.

On 23 December 2020, 79,948 share purchase warrants were granted to listing advisors. Each warrant entitles the holder to acquire one common share in the Company at \$C1.00 per share until 23 December 2022. The fair value of these warrants was determined as \$50,728 and was included in share issue costs for the year ended 30 June 2021.

On 25 February 2021, 100,000 share purchase warrants were granted to an unsecured loan provider. Each warrant entitles the holder to acquire one common share in the Company at \$C2.20 per share until 24 February 2022. The fair value of these warrants was determined as \$172,952 and was included as a share-based finance charge in previous financial year.

On 8 April 2021, advisors to the Company's private placement were issued 202,787 share purchase warrants exercisable at \$C8.50 per share for a period of 42 months from the date of issuance. The fair value these warrants was determined as \$889,740 and was debited to share issue costs within equity in the year ending 30 June 2021.

On 8 April 2021, investors to the Company's private placement were issued 1,874,776 share purchase warrants exercisable at \$C8.50 per share for a period of 42 months from the date of issuance. The fair value these warrants was determined as \$5,385,036 and was debited to share issue costs within equity in the year ending 30 June 2021.

Each of the warrant issue valuations were undertaken using the Black-Scholes option pricing model with the following weighted-average assumptions:

	30 June 2022	30 June 2021
Share price	—	\$C1.00–\$C7.60
Exercise price	—	\$C1.00–\$C8.50
Risk-free interest rate	—	0.20%–0.46%
Expected term (in years)	—	2.0–3.5
Estimated dividend yield	—	0%
Estimated volatility	—	125%

During the year-ended 30 June 2022, 164,706 (2021: 29,412) warrants were exercised for proceeds of \$290,286 (2021: \$31,094).

22. Revenue

	30 June 2022 (\$)	30 June 2021 (\$)
<i>Sales revenue</i>		
Sales of cryptocurrencies	10,986,832	12,758,510
Integration revenue	—	212,054
Commissions and spread from services	60,609,625	33,000,094
Total sales revenue by type	71,596,457	45,970,658
<i>Geographic regions</i>		
Australia	13,955,766	15,157,271
North America	2,800,411	4,049,559
Europe	54,840,280	26,763,828
Total sales revenue by geographical region	71,596,457	45,970,658
<i>Timing of revenue recognition</i>		
Cryptocurrencies transferred at a point in time	10,986,832	12,758,510
Services transferred over time	—	212,054
Services transferred at a point in time	60,609,625	33,000,094
Total sales revenue by timing of recognition	71,596,457	45,970,658

23. Expenses

	30 June 2022 (\$)	30 June 2021 (\$)
General, administration and other		
Bank charges	200,881	345,906
Chargeback expenses	1,218,956	1,686,905
Rental expense relating to operating leases	174,204	168,940
Travel	576,922	45,985
Software development	2,310,368	748,361
Legal, accounting, consulting	3,934,684	1,516,834
Marketing and advertising	1,296,276	148,096
Security audit	19,740	112,000
Investor relations	1,197,198	528,422
Insurance	156,250	63,438
Donations	54,500	—
Recruitment	1,602,606	—
Other	561,915	449,320
Total general, administration and other	13,304,500	5,814,207
Finance costs		
Share based finance charge	—	172,952
Interest on loans and borrowings	204,765	359,819
Interest on lease liabilities	82,389	—
Total finance costs	287,154	532,771
Net foreign exchange losses		
Realised Foreign exchange (gains)/losses	1,642,372	1,364,687
Unrealised Foreign exchange (gains)/losses	2,559,759	1,351,156
Total Foreign exchange losses	4,202,131	2,715,843

24. Income Tax expenses

	30 June 2022 (\$)	30 June 2021 (\$)
Loss before Income tax expenses	(17,041,897)	(5,687,662)
Tax at the statutory Rate of 30% (2021: 27%)	(5,112,569)	(1,535,669)
Effect of differences in tax rates globally	457,242	(17,946)
Tax effect amounts which are not deductible/(taxable) in Calculating taxable income		
Share-based payments	877,362	561,603
Listing expenses	—	726,439
Non-Assessable items	—	(166,589)
Other deductible items	(399,816)	(265,114)
Other Non-Deductible items	1,414,416	1,220,990
Other	—	(53,324)
	(2,763,365)	470,390
Current year losses not brought to Account	2,992,251	317,322
Utilisation of prior year tax losses	—	(647,258)
Income tax expenses	228,886	140,454
Other	—	53,324
Income tax payable	<u>228,886</u>	<u>193,778</u>

25. Loss per share

For the years ended 30 June 2022 and 2021, basic and diluted loss per share has been calculated as follows:

	30 June 2022 (\$)	30 June 2021 (\$)
Net loss after tax	<u>(17,270,783)</u>	<u>(5,828,116)</u>
Basic weighted average number of common shares	45,389,074	38,258,594
Diluted weighted average number of common shares	<u>45,389,074</u>	<u>38,258,594</u>
Basic net loss per share	(0.38)	(0.15)
Diluted net loss per share	<u>(0.38)</u>	<u>(0.15)</u>

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. There are no contingent assets and liabilities recognized and no contingent items impacted the calculation of basic and diluted loss per share.

As at the year ended 30 June 2022, the basic and diluted weighted average number of common shares is 45,389,074 (30 June 2021 — 38,258,594). The basic and diluted net loss per share are \$0.38 for the year ended 30 June 2022 (30 June 2021 — \$0.15).

Diluted loss per share did not include the effect of the following items as they are anti-dilutive:

	30 June 2022	30 June 2021
Common stock options	4,483,138	3,871,388
Warrants for the purchase of common stock	2,598,046	2,762,752
Convertible note conversion	—	492,941
	<u> </u>	<u> </u>
Balance at end of period	<u>7,081,184</u>	<u>7,127,081</u>

26. Related party transactions

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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

	30 June 2022 (\$)	30 June 2021 (\$)
Salaries	1,919,642	1,385,950
Consulting fees including reimbursements at cost	405,509	429,732
Director's fees	225,833	229,196
Share-based compensation	<u>2,246,187</u>	<u>1,399,046</u>
Total	<u>4,797,171</u>	<u>3,443,924</u>

Key management personnel were not paid post-employment benefits, termination benefits, or other (non share-based) long-term benefits during the year ended 30 June 2022 (2021: nil).

(b) The Consolidated Entity entered into the following transactions with related parties:

	30 June 2022 (\$)	30 June 2021 (\$)
Issue of arranger shares	—	722,945
Proceeds from loans for trade working capital ⁽¹⁾	13,500,000	—
Repayment of loans for trade working capital ⁽¹⁾	(13,500,000)	—
Payment of acquisition consideration	—	17
Proceeds of cryptocurrency loans for trade working capital ⁽²⁾	979,165	493,608
Repayments of cryptocurrency loans for trade working capital ⁽²⁾	(979,165)	(493,608)
Pre-acquisition loans to related party acquisitions	—	82,254
Rental payments at cost ⁽³⁾	(10,631)	(134,932)
Sublease income ⁽³⁾	26,040	—
Interest paid to related parties ⁽¹⁾	(79,314)	—
Repayments of loans to directors	<u>—</u>	<u>(60,000)</u>
Total	<u>(63,905)</u>	<u>610,284</u>

⁽¹⁾ The loans were received from two entities that have a common director with the Company. These were short term revolving facilities (less than 30 days settlement) and the interest rate was 30%.

⁽²⁾ The cryptocurrency loans were received from a Director of the Company.

⁽³⁾ These charges incurred with a company controlled by a Director of the Company.

- (c) As at 30 June 2022, included in trade and other payables is a balance of \$9,778 (30 June 2021: \$47,242) payable to related parties as follows:

	30 June 2022 (\$)	30 June 2021 (\$)
Directors of the Company	9,410	36,065
Officers of the Company	368	11,177
Total	9,778	47,242

27. Nature and extent of risk arising from financial instruments and digital assets

Classification of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	30 June 2022 (\$)	30 June 2021 (Restated) (\$)
Financial assets at amortised cost		
Cash	9,364,013	18,615,803
Trade and other receivables	1,509,011	1,724,131
Financial assets at FVTPL		
Trade and other receivables	594,606	3,653,138
Total	11,467,630	23,993,072
	30 June 2022 (\$)	30 June 2021 (\$)
Financial liabilities at amortised cost		
Trade and other payables	5,720,071	3,815,782
Convertible notes	—	369,935
Borrowings	—	74,934
Financial liabilities at FVTPL		
Derivative liability	—	1,127,457
Total	5,720,071	5,388,108

Risk management policy

In the normal course of business, the Consolidated Entity is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Consolidated Entity, Management takes steps to avoid undue concentrations of risk. The Consolidated Entity manages the risks as follows:

Credit risk

The Consolidated Entity has credit risk in respect of both financial instruments and crypto-currency deposits. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references, and setting appropriate credit limits. The maximum

exposure to credit risk at the reporting date to recognised financial assets is the carrying amount of cash and cash equivalents (including cash deposits) and trade and other receivables, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Consolidated Entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 30 days. There is a liquidity management function within the business, which on a daily or more frequent basis manages and monitors the trading activities and volumes associated with amounts deposited with trading exchanges.

The Consolidated Entity limits its credit risk by placing its cryptocurrencies with crypto-exchanges (“**trading exchanges**”) on which the Consolidated Entity has performed internal due diligence procedures.

The Consolidated Entity deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients’ assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange, potentially reducing the integrity of the data.

As at 30 June 2022, the Consolidated Entity held receivables from trading exchanges of \$706,412 (30 June 2021: \$3,663,035) together with payment gateway receivables of \$1,822,545 (30 June 2021: \$2,106,798). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

The Consolidated Entity’s due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering (“**AML**”) and know-your-client (“**KYC**”) policies, obtaining a security ratings report by an independent third party on certain exchanges, constant review of market information specifically regarding the exchanges’ security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move digital assets held on an exchange in instances where risk exposure significantly changes.

The Consolidated Entity limits its credit risk with respect to its payment gateways receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regard to over-the-counter counterparties, on which the Consolidated Entity has performed the relevant AML and KYC procedures. As of each reporting period, the Consolidated Entity assesses if there may be expected credit losses requiring a provision.

While the Consolidated Entity intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Consolidated Entity will not sustain a material loss on the transaction as a result. As of 30 June 2022, the Consolidated Entity does not expect any material unprovided loss of any of its digital assets.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and (where required) available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and where practical matching the maturity profiles of financial assets and liabilities. In addition, as outlined above the daily liquidity management function monitors and manages amounts deposited with trading exchanges. The Consolidated Entity further manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances, and operating results.

The Consolidated Entity's trade payables and accruals are substantially due within twelve months. The maturity schedule of the Consolidated Entity's lease liabilities is detailed below.

30 June 2022	2023	2024	2025	2026	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	910,969	—	—	—	—
Accrued wages and other	1,582,258	—	—	—	—
Commitments — other					
Lease payments	415,683	429,224	443,239	—	—
Total contractual obligations	<u>2,908,910</u>	<u>429,224</u>	<u>443,239</u>	<u>—</u>	<u>—</u>
30 June 2021	2022	2023	2024	2025	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	1,273,927	—	—	—	—
Accrued wages and other	424,265	—	—	—	—
Interest — Convertible note	53,591	—	—	—	—
Commitments — other					
Convertible notes	369,935	—	—	—	—
Credit card	74,934	—	—	—	—
Total contractual obligations	<u>2,196,652</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Interest rate risk

The Consolidated Entity's has no debt outstanding at 30 June 2022 that is exposed to interest rate risk (30 June 2021: \$369,935).

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
Consolidated				
US Dollars	5,735,577	7,284,476	—	338,059
Euros	1,594,668	1,737,749	943,229	65,285
Pound sterling	408,861	10,452,404	—	—
Canadian Dollars	911,972	2,341,065	381,992	1,565,249
Philippine peso	—	—	—	2,723
Turkish Lira	13,636	—	—	—
	<u>8,664,714</u>	<u>21,815,694</u>	<u>1,325,221</u>	<u>1,971,316</u>

The Consolidated Entity had net assets denominated in foreign currencies of \$7,339,493 (assets of \$8,664,714 less liabilities of \$1,325,221) as at 30 June 2022 (30 June 2021: net assets of \$19,844,378 (assets of \$21,815,694 less liabilities of \$1,971,316)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2021: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Consolidated Entity's loss before tax for the year would have been \$733,949 lower/\$366,875 higher (2021: \$1,984,438 lower/\$992,219 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The realized foreign exchange loss for the year ended 30 June 2022 was \$1,642,372 (2021: loss of \$1,364,687).

Digital asset risks

Access to digital assets can be disrupted by a number of matters including:

- Loss of access risk, such as to private keys;
- Irrevocable transactions given that transactions cannot be changed or corrected once a transaction has been verified and recorded on the blockchain;
- Fluctuations in digital asset prices due to global forces, interest rate, exchange, inflation, political/economic conditions;
- Vulnerability of crypto networks to hacking; and
- Unregulated crypto exchanges.

The Company's investments in crypto currency holdings for liquidity purposes are held on various digital platforms, some of which are unregulated exchanges. The Company is exposed to counterparty risk in the event that one or more of these unregulated exchanges fail or suffer a security breach, resulting in the loss or theft of the Company's assets. The Company maintains a risk management framework to mitigate the risks associated with its investments in cryptocurrencies, including monitoring the creditworthiness of its counterparties and implementing security measures to protect its assets. However, there can be no assurance that these measures will be effective in all circumstances. The Company continually evaluates its crypto holdings for liquidity purposes in cryptocurrencies and may make changes to its portfolio or risk management framework as market conditions or regulatory requirements change.

Price risk relating to digital assets

Fluctuations in the prices of cryptocurrencies may impact the day-to-day trading volumes of the Consolidated Entity's exchange partners, and unfavorably impact the Consolidated Entity's revenues. Additionally, during periods of rapid price fluctuations, there is a risk that unfavorable trading margins may occur due to delays in filling orders.

28. Fair value measurement

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured, or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2022				
<i>Assets</i>				
Inventories	—	883,885	—	883,885
Receivables from trading exchanges held in cryptocurrency and Tether	—	706,412	—	706,412
Total Assets	<u>—</u>	<u>1,590,297</u>	<u>—</u>	<u>1,590,297</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2021				
<i>Assets</i>				
Inventories	—	45,311	—	45,311
Receivables from trading exchanges held in cryptocurrency and Tether (restated)	<u>—</u>	<u>3,663,035</u>	<u>—</u>	<u>3,663,035</u>
Total Assets	<u>—</u>	<u>3,708,346</u>	<u>—</u>	<u>3,708,346</u>
<i>Liabilities</i>				
Derivative liability	<u>—</u>	<u>1,127,457</u>	<u>—</u>	<u>1,127,457</u>
Total Liabilities	<u><u>—</u></u>	<u><u>1,127,457</u></u>	<u><u>—</u></u>	<u><u>1,127,457</u></u>

There were no transfers between levels during the financial year.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. This valuation technique maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Receivables from trading exchanges in cryptocurrencies and Tether (note 5.2) and inventories (note 6) collectively, the “digital assets” are measured at fair value using Level 1 or Level 2 inputs. Digital asset prices are affected by various global forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the Consolidated Entity is impacted by the current and future market price of digital assets; in addition, the Consolidated Entity may not be able to liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Consolidated Entity’s future operations. The Consolidated Entity has not hedged the conversion of any its digital currency sales. Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. For the year ended 30 June 2022, management’s estimate of the effect on loss before tax of a +/- 15% (2021: 15%) change in the market price of the Consolidated Entity’s digital assets, with all other variables held constant, is +/- \$233,481 (2021 restated: +/- \$548,729).

29. Segmented Information

The Consolidated Entity conducts its business as a single operating segment. The Consolidated Entity maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 22. The following table summarizes the Consolidated Entity's assets and liabilities information by geographic region.

As at 30 June 2022:

	Australia \$	North America \$	Europe \$	Total \$
Cash	6,532,528	911,987	1,919,498	9,364,013
Trade and other receivables	1,413,402	(9,933)	1,363,465	2,766,934
Inventories	883,885	—	—	883,885
Prepays	190,629	273,703	—	464,332
Property, Plant and Equipment	495,077	—	—	495,077
Right-of-use assets	763,399	—	—	763,399
Goodwill	151,643	—	—	151,643
Other deposits	505,516	—	—	505,516
Total assets	10,936,079	1,175,757	3,282,963	15,394,799
Trade and other payables	3,722,118	550,564	1,447,389	5,720,071
Current tax liabilities	70,051	7,499	277,760	355,310
Provisions and other liabilities	696,019	—	—	696,019
Lease liability	1,176,323	—	—	1,176,323
Total liabilities	5,664,511	558,063	1,725,149	7,947,723

As at 30 June 2021:

	Australia \$	North America \$	Europe \$	Total \$
Cash	4,445,493	2,377,818	11,792,491	18,615,802
Trade and other receivables (restated refer note 30 Restatement for 30 June 2021)	1,143,326	(49,092)	4,408,199	5,502,433
Inventories	45,311	—	—	45,311
Prepays	187,806	105,096	—	292,902
Property, Plant and Equipment	19,331	—	15,913	35,244
Goodwill	151,643	—	—	151,643
Other deposits	252,758	—	—	252,758
Total assets	6,245,668	2,433,822	16,216,603	24,896,093
Trade and other payables	2,505,243	545,914	764,715	3,815,872
Borrowings	74,934	—	—	74,934
Convertible notes	369,935	—	—	369,935
Current tax liabilities	191,314	7,184	56,933	255,431
Provisions	318,744	—	—	318,744
Derivative liability	1,127,457	—	—	1,127,457
Total liabilities	4,587,627	553,098	821,648	5,962,373

30. Restatements for 30 June 2021 comparatives

Banxa's business model is to trade fiat and digital assets via trade exchanges. The year end balances in these accounts with the exchanges have been disclosed as Deposits under Consolidated Balance Sheet at Fair Value (refer note 8 Deposits in the Audited Financial Statements for the year ended 30-Jun-2021).

For the year ended 30 June 2022, Banxa's Management has performed a review of the terms and conditions attached with these exchanges with regards to the title (legal and beneficial) to the fiat and digital assets held for Banxa on these platforms and has formed the view that these Trade exchanges holds the title to the balances held with them. As these Trade exchanges/LPs hold the title to these assets, Banxa effectively becomes an unsecured creditor for the outstanding balances with these Trade exchanges/LPs and doesn't meet the criteria for these balances to be presented as "Deposits". Hence, the assets held with the Trade exchanges/LPs has been represented under Banxa's consolidated financial statements as at 30 June 2022 as "Receivables from trading exchanges" under Trade and other receivables (presented as "Deposits" up to the reporting period 30 June 2021).

Banxa considers this as an error resulting in change in the presentation of these balances in the consolidated balance sheets as per "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" as at 30 June 2022 and a restatement of 30 June 2021 balances. Accordingly, the balance relating to fiat and digital assets held with these trading exchanges for the comparative period as at 30 June 2021 amounting to \$3,653,138 has been reclassified from Deposits to Trade and other receivables and the following restatements have been made:

30.1 Consolidated Statements of Financial Position

		30 June 2021 Audited (\$)	Adjustment (\$)	30 June 2021 Restated (\$)
	Note			
Assets				
<i>Current assets</i>				
Trade and other receivables	5	1,849,294	3,653,138	5,502,432
Deposits		<u>3,653,138</u>	<u>(3,653,138)</u>	<u>—</u>

30.2 Consolidated Statement of Changes in Cash Flows

		30 June 2021 Audited (\$)	Adjustment (\$)	30 June 2021 Restated (\$)
	Note			
Changes in assets and liabilities:				
(Increase)/decrease in trade & other receivables ⁽²⁾	5	(1,115,993)	(3,653,138)	(4,769,131)
(Increase)/decrease in deposits		<u>(3,599,080)</u>	<u>3,653,138</u>	<u>54,058</u>

The restatement of the financial year 2021 had no impact on comprehensive income and/or loss per common share.

31. Contingent assets

There are no contingent assets as at 30 June 2022 and 2021.

32. Contingent liabilities

In the ordinary course of business, the company and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The company does not believe that the ultimate outcome of these will have a material effect upon our financial position, results of operations or cash flows.

There are no contingent liabilities as at 30 June 2022 and 2021 and there are no outstanding litigations at the year-end that will give rise to a contingent liability.

33. Subsequent events

On September 19, 2022, the Company has announced that it has sold three of its non-core domain names, the Company received \$3-million (Australian) (\$2-million (U.S.)) from the sale of domain names and website assets coinloft.com.au, buyabitcoin.com.au and the premium domain bitcoin.com.au to one of Australia's leading cryptocurrency exchanges, Independent Reserve Pty. Ltd. (company No.: 164257069). The domain names were formerly part of Banxa's B2C (business to consumer) offering before the company refocused its business to serve the B2B (business to business) market several years ago. As part of the sale, the Company received \$2.25-million (Australian) in cash and a \$750,000 (Australian) equity stake in Independent Reserve. On October 18, 2022, the Company has announced that it has received approval for five additional U.S. money transmitter licenses (MTLs), The Company now holds seven approved MTLs in the United States with 33 more MTL applications pending.

On October 26, 2022, the Company has announced that it has closed on the financing of \$3.5-million pursuant to its previously announced convertible security financing agreement with Lind Global Fund II LP, an entity managed by The Lind Partners LLC, a New York based institutional fund manager. Under the financing agreement: (i) Lind advanced to Banxa \$3.5 million, less a closing fee of \$105,000, in consideration for the issuance of an uncertificated convertible security in the principal amount of \$3.5-million and having an aggregate face value of \$4.2-million; and (ii) the company issued to Lind 2,673,228 common share purchase warrants exercisable for 24 months from the date of issue at an exercise price of \$1.27 per share.

On March 3, 2023, one of the Company's corporate Banks, Silvergate Capital Corporation ("**Silvergate Bank**"), announced intent to wind down operations and voluntarily liquidate Silvergate Bank. As of April 6, 2023, the Company notes that it successfully recovered all assets held in Silvergate Bank accounts.

- (2) The following is an extract of the audited financial statements of the Target Group for the year ended 30 June 2023, which were prepared in accordance with IFRS Accounting Standards and audited by PKF Antares Professional Corporation. These financial statements were presented in AUD except for otherwise stated.

To the Shareholders of Banxa Holdings Inc.

Opinion

We have audited the consolidated financial statements of Banxa Holdings Inc. (the “**Company**”), which comprise the consolidated statement of financial position as at June 30, 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (“**consolidated financial statements**”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Corporation’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter — Restated Comparative Information

We draw attention to Notes 3 and 28 to the consolidated financial statements, which explains that certain comparative information for the year ended June 30, 2022, has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

We refer to consolidated financial statement summary of significant accounting policies on revenue recognition in Note 3 and related disclosure in Note 19. For the year ended June 30, 2023, revenue generated from sales of cryptocurrencies and processing fees amounted to \$80,351,632.

We considered this a key audit matter because crypto industry is an emerging industry with unique technological aspects that raise a number of auditing challenges. Significant audit efforts were involved in assessment of the management's determination of distinct performance obligations in relation to the services provided, as well as the assessment whether the Company acted as a principal or as an agent in discharging those performance obligations. Also, significant audit efforts were involved in testing of occurrence and accuracy of the revenue.

Our procedures included, but were not limited to, the following:

- We considered the appropriateness of accounting policies in terms of compliance with IFRS 15 *Revenue from contracts with customers*.
- We assessed if the Company appropriately determined distinct performance obligations by analyzing the Company's contract with the customers, evaluating compliance with IFRS 15 criteria, and comparing with the accounting treatment within peer industry.
- We analyzed different sales scenarios which the Company executed and assessed whether the Company acted as a principal or as an agent in relation to the performance obligations determined in different scenarios.
- We evaluated IT controls and performed test of controls over revenue cycle to ensure the revenue transactions are complete and accurate.
- We assigned professionals with specialized skills in distributed ledger technology, digital assets and cryptography.

- We obtained understanding on the commission structure, fees and rates and recalculated the fees to analyse the reasonability of commission rates.
- We performed test of details over sales transactions by tracing to external (blockchain, bank statements) and internal (processing and accounting software) sources to ensure occurrence and accuracy of the revenue.

Other Matter

The consolidated financial statements of the Company for the year ended June 30, 2022, excluding the adjustments that were applied to restate certain comparative information as described in Note 28 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 13, 2023.

As part of our audit of the consolidated financial statements for the year ended June 30, 2023, we also audited the adjustments described in Note 28 that were applied to amend the consolidated financial statements for the year ended June 30, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the year ended June 30, 2022, other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended June 30, 2022, taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Timur Lidzhiev.

Calgary, Alberta
December 27, 2023

PKF Antares Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

Consolidated Statements of Financial Position*As at 30 June 2023 and 2022*

		30 June 2023	30 June 2022
	<i>Note</i>	<i>(\$)</i>	<i>(\$)</i>
Assets			
<i>Current assets</i>			
Cash and cash equivalents		8,258,814	9,364,013
Trade and other receivables	4	4,069,483	2,766,934
Cryptocurrency inventories	5	183,992	883,885
Prepays	6	447,581	464,332
Total current assets		<u>12,959,870</u>	<u>13,479,164</u>
<i>Non-current assets</i>			
Property & equipment	8	331,037	495,077
Right-of-use assets	9	505,143	763,399
Deferred tax assets		105,446	—
Goodwill	7	151,643	151,643
Other deposits	10	1,758,069	505,516
Other investment	27	712,500	—
Total non-current assets		<u>3,563,838</u>	<u>1,915,635</u>
Total assets		<u>16,523,708</u>	<u>15,394,799</u>

	<i>Note</i>	30 June 2023 (\$)	30 June 2022 (\$)
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	11	8,331,456	5,720,071
Borrowings	12	5,242,796	—
Current tax liabilities	21	114,961	355,310
Provisions	14	603,958	632,309
Convertible note	12	3,501,334	—
Derivative liability	13	49,326	—
Lease liability — current	15	<u>391,155</u>	<u>354,348</u>
Total current liabilities		<u>18,234,986</u>	<u>7,062,038</u>
<i>Non-current liabilities</i>			
Provisions and other liabilities	14	71,696	63,710
Lease liability	15	<u>430,820</u>	<u>821,975</u>
Total non-current liabilities		<u>502,516</u>	<u>885,685</u>
Total liabilities		<u>18,737,502</u>	<u>7,947,723</u>
Net assets		<u>(2,213,794)</u>	<u>7,447,076</u>
Equity			
Issued capital	16	23,128,075	23,128,075
Contributed surplus		11,596,406	11,619,713
Foreign currency translation reserve		879,316	1,156,524
Accumulated losses		<u>(37,817,591)</u>	<u>(28,457,236)</u>
Total equity		<u>(2,213,794)</u>	<u>7,447,076</u>

Commitments and Contingencies (Note 29)

Subsequent events (Note 30)

The above statements of financial position should be read in conjunction with the accompanying notes.

Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 27 December 2023.

H Arians
Chairman

J. Landau
Non-executive director

Consolidated Statements of Profit or Loss and Other Comprehensive income
For the years ended 30 June 2023 and 2022

		30 June 2023	30 June 2022
			(Restated —
			Note 28)
	<i>Note</i>	(\$)	(\$)
Revenue	19	80,351,632	60,720,043
Cost of sales		<u>(63,121,580)</u>	<u>(39,881,722)</u>
Gross profit		<u>17,230,052</u>	<u>20,838,321</u>
Employment expenses		(15,967,877)	(18,047,647)
Depreciation	8&9	(422,295)	(454,970)
General, administration and other	20	(11,539,452)	(13,304,500)
Share based compensation	17	<u>458,977</u>	<u>(2,924,538)</u>
Total operating expenses		<u>(27,470,647)</u>	<u>(34,731,655)</u>
Operating Income (loss) before other items and income tax		(10,240,595)	(13,893,334)
Other items			
Realised gain on fair value of deposits (treasury coins)		15,027	1,233,920
Realised loss on fair value of derivative liability		—	(1,187,707)
Unrealised loss on fair value of derivative liability		(48,231)	1,050,841
Net foreign exchange losses	20	(654,437)	(4,202,131)
Other Income	27	3,180,734	243,668
Finance costs	20	<u>(1,926,721)</u>	<u>(287,154)</u>
Total other items		<u>566,372</u>	<u>(3,148,563)</u>

		30 June 2023	30 June 2022
			(Restated —
			Note 28)
	<i>Note</i>	(\$)	(\$)
Loss before tax		(9,674,223)	(17,041,897)
Income tax recovery/(expense)	21	<u>313,868</u>	<u>(228,886)</u>
Net loss for the year		<u>(9,360,355)</u>	<u>(17,270,783)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Exchange differences on translation of foreign operations		<u>(277,208)</u>	<u>645,279</u>
Total comprehensive loss for the year		<u><u>(9,637,563)</u></u>	<u><u>(16,625,504)</u></u>
Loss per share attributable to ordinary shareholders of the Company			
Basic and diluted loss per share	22	<u><u>(0.21)</u></u>	<u><u>(0.38)</u></u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statements of changes in equity*For the years ended 30 June 2023 and 2022*

	Note	Number of common shares	Issued capital (\$)	Contributed surplus (\$)	Foreign currency translation reserve (\$)	Accumulated losses (\$)	Total (\$)
2022							
As at 1 July 2021		44,744,034	20,913,753	8,695,175	511,245	(11,186,453)	18,933,720
Loss for the year		—	—	—	—	(17,270,783)	(17,270,783)
Other comprehensive income		—	—	—	645,279	—	645,279
Total comprehensive income		—	—	—	645,279	(17,270,783)	(16,625,504)
Share based compensation	17	—	—	2,924,538	—	—	2,924,538
Shares issued on conversion of note	16	492,941	1,634,258	—	—	—	1,634,258
Shares issued for service	16	70,000	223,017	—	—	—	223,017
Exercise of ESOP options	16, 17	91,375	40,528	—	—	—	40,528
Exercise of warrants	16, 18	164,706	316,519	—	—	—	316,519
As at 30 June 2022		<u>45,563,056</u>	<u>23,128,075</u>	<u>11,619,713</u>	<u>1,156,524</u>	<u>(28,457,236)</u>	<u>7,447,076</u>
2023							
As at 1 July 2022		45,563,056	23,128,075	11,619,713	1,156,524	(28,457,236)	7,447,076
Loss for the year		—	—	—	—	(9,360,355)	(9,360,355)
Other comprehensive loss		—	—	—	(277,208)	—	(277,208)
Total comprehensive income		—	—	—	(277,208)	(9,360,355)	(9,637,563)
Share based compensation	17	—	—	(458,977)	—	—	(458,977)
Equity portion and warrants issued under convertible notes agreement		—	—	435,670	—	—	435,670
As at 30 June 2023		<u>45,563,056</u>	<u>23,128,075</u>	<u>11,596,406</u>	<u>879,316</u>	<u>(37,817,591)</u>	<u>(2,213,794)</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows*For the years ended 30 June 2023 and 2022*

	<i>Note</i>	30 June 2023 (\$)	30 June 2022 (\$)
Net loss for the year		(9,360,355)	(17,270,783)
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for non-cash flows in the statement of comprehensive income:</i>			
Depreciation	8, 9	422,295	454,970
Realised fair value adjustment to deposit		(15,027)	—
Unrealised fair value adjustment to derivative liability		48,231	—
Share-based compensation		(458,977)	2,924,538
Gain on sale of assets	27	(3,298,951)	—
Loss/(gain) foreign exchange	20	654,437	1,463,912
Finance cost ⁽¹⁾	20	1,926,721	287,154
Current income tax benefit		(208,422)	—
Deferred tax assets		(105,446)	—
<i>Changes in assets and liabilities:</i>			
(Increase)/decrease in trade & other receivables	4	(2,769,630)	2,735,498
(Increase)/decrease in cryptocurrency inventories	5	699,893	(838,574)
(Increase)/decrease in prepaids	6	16,751	(171,430)
Increase/(decrease) in trade & other payables	11	2,419,140	1,904,199
Increase/(decrease) in employee benefits	14	(20,365)	377,275
(increase)/decrease in other deposits	10	252,758	(252,758)
Other Item ⁽²⁾	10	(1,505,311)	—
Income tax paid		(31,927)	99,879
Cash outflow from operating activities		<u>(11,334,185)</u>	<u>(8,033,362)</u>

	<i>Note</i>	30 June 2023 (\$)	30 June 2022 (\$)
Cash flows from investing activities			
Purchase of property & equipment (excluding ROU assets)		—	(198,314)
Proceeds from sale of intellectual property	27	<u>2,586,451</u>	<u>—</u>
Net cash used by investing activities		<u>2,586,451</u>	<u>(198,314)</u>
Cash flows from financing activities			
Payments for principal element of lease liabilities	15	(354,348)	(320,211)
Payments for interest element of lease liabilities	15	(61,335)	(82,389)
Interest paid ⁽¹⁾		(550,583)	(204,765)
Proceeds received from borrowing	12	20,041,863	13,500,000
Repayment of borrowings		(14,799,067)	(13,574,934)
Issued capital		—	357,047
Proceeds received from issuance of convertible note	12	3,878,295	—
Repayment of convertible note	12	<u>(656,975)</u>	<u>—</u>
Net cash used by financing activities		<u>7,497,850</u>	<u>(578,010)</u>
Net increase/(decrease) in cash and cash equivalents held		(1,249,884)	(8,809,686)
Net foreign exchange difference		144,685	(442,104)
Cash and cash equivalents at the beginning of year		<u>9,364,013</u>	<u>18,615,803</u>
Cash and cash equivalents at end of the financial year		<u>8,258,814</u>	<u>9,364,013</u>

⁽¹⁾ Finance cost includes interest on Loans, Convertible notes and Lease liabilities.

⁽²⁾ Includes restricted cash held with Banks

The above statements of changes in cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Nature of operations

Banxa Holdings Inc. (the “**Company**” or “**ALBS**”), incorporated as A-Labs Capital I Corp, a Canada Business Corporation, was formed on 6 March 2018. The Company’s shares are traded on the TSX Venture Exchange as a Tier 2 Technology company under the trading symbol “BNXA”.

BTC Corporation Holdings Pty Ltd (“**BTC**”) was incorporated on 27 March 2014 in Australia under the Corporations Act 2001. On 23 December 2020 BTC’s shareholders acquired control of ALBS through a reverse acquisition transaction. ALBS issued additional shares which were exchanged with 100% of the shares of BTC. Following this transaction, BTC and its subsidiaries (the “**Company**”) are deemed to be a continuation of BTC’s operations. Concurrent with the closing of the acquisition on 23 December 2020, the Company changed its name to Banxa Holdings Inc. and effected a change in directors, management, and business.

The Company’s principal business activity is being a payment service provider to global cryptocurrency exchanges.

The head office is in Melbourne, Australia at level 2, 2–6 Gwynne Street, Cremorne, Victoria, 3121. The registered office of the Company is located at 595 Howe St 10th floor, Vancouver, British Columbia, Canada V6C 2T5.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

Company incurred a loss of \$9,360,355 and had net cash outflows from operating activities of \$11,334,185 for the year ended 30 June 2023. The Company has historically incurred losses, as well as reported net cash outflows from operating activities.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the company’s ability to continue as a going concern and otherwise execute on its business strategies. These audited consolidated financial statements do not give effect to adjustments or disclosures that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these audited consolidated financial statements.

The Directors have considered the net current asset position of the Company as at 30 June 2023 which amounts to (\$5,275,116) (including cash of \$8,258,814 and receivables from exchanges including fiat held at exchanges or with custodians of \$190,017 which are at call), and reviewed the cashflow forecasts for a period in excess of 12 months from the signing date of this financial report, and believe the Company has the ability to meet its debts as and when they fall due. The cashflow forecast assumes that the level of volume of cryptocurrency transactions traded by the Company’s global partners will continue to increase, driven by continued increases in the global partner network and continued usage of the Banxa payment infrastructure by the global partner network, irrespective of day-to-day movements in specific crypto currencies which will facilitate increase of commission income of the Company. Furthermore, the Company would be able to raise additional funds or extend maturity of expiring loans (Note 30).

Accordingly, the Directors believe the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretation Committee. The policies have been consistently applied to all the years presented, unless otherwise stated.

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of 30 June 2023.

Restatement of comparative numbers

During the year ended June 30, 2023, it was identified that the Company’s performance obligation for the agency transactions recorded during the year ended June 30, 2022, did not fully meet IFRS 15.22 requirements to determine the goods and services provided are distinct. As a result, agency transactions were not recorded on a net basis. In particular, the Company did not fully offset the cost of external fees charged by the Liquidity Providers and Merchants with the revenue.

It was also identified that the Company erroneously recognized a set of principal’s sale transactions as agent’s sales. Consequently, these transactions were presented on a net basis instead of a gross basis.

The Company considered both quantitative and qualitative considerations in determining whether or not the errors and related misstatements were material enough to warrant a reissuance of prior financial statements, or whether the Company’s restatement of the prior period figures in the current period financials and inclusion of relevant restatement disclosures would be sufficient. The Company has determined that the restatement is not qualitatively material and therefore is not reissuing prior period financial statements.

The errors were corrected in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. See further details regarding the restatement in Note 28 — Restatement for June 30, 2022 comparatives. The restatement impacted only Revenue and Cost of Sales and has no impact of Gross Profit and Net Loss. The restatement has no impact to the opening balance of the comparative statement of financial position.

Standards issued but not yet effective

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on 1 July 2023 and thereafter, with an earlier application permitted:

- Amendments to IAS 1 *Presentation of Financial Statements* (“IAS 1”), clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.
- Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Amendments to IAS 12 *Income Taxes* specify how entities should account for deferred income taxes on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred income taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations and those entities are required to recognize deferred income taxes on such transactions.

The Company is currently evaluating the impacts of adopting these amendments on its consolidated financial statements.

Significant accounting judgments and estimates

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification 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. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Company is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company’s profit or loss and financial position as currently presented.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets could fall into a variety of different standards. The Company has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 *Inventories* (“IAS 2”) in characterizing its holding of digital assets. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies and purchase them with a view to their resale in the near future. Although ‘commodity’ is not defined in IAS 2, the Company has concluded that its holding of cryptocurrencies is a commodity or similar to a commodity and measured its holding of cryptocurrencies at fair value less costs to sell.
- Digital currency denominated assets and crypto currencies inventories (note 4.2 and note 5, respectively) are included in current assets. Assets of this type held by trade exchanges or liquidity providers are further classified as trade receivables as Banxa Holdings Inc. (Banxa) is an unsecured creditor while the assets are held by the trade exchange or liquidity provider as the title to these assets is held by the trade exchange or liquidity provider. The trade exchange or liquidity provider owes Banxa an account receivable for the fluctuating value of the fiat and digital assets held on their platform at any point in time.

Digital currencies are carried at their fair value determined by the spot rate based on Trade exchanges (e.g., Binance) prices as at midnight AEST. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Company's results and financial position.

- The Company has assessed the functional currency for each entity within the Company by taking into account the currency which influences sale prices for goods and services, the currency of the country whose competitive forces and regulations determine sale prices, and the currency that mainly influences labour, material and other costs of providing goods or services.
- Assumptions are made and judgment is used in calculating the fair value of stock options using Black-Scholes option pricing model. These assumptions and judgments include estimating the fair value of the Company's stock, future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties.
- Management's consideration of principal or agent in a revenue transaction is disclosed in the revenue recognition policy below.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and its subsidiaries as at 30 June 2023 and 2022 and the results of the Company and all subsidiaries for the years then ended (or from the date when acquired during the year).

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to BTC. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Where BTC loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. BTC recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Subsidiaries

The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company ultimately owns:

Name	Principal activities	Incorporation	Equity interest	
			2023 %	2022 %
Banxa Holdings Inc.	Holding Company	Canada	100	100
BTC Corporation Holdings Pty Ltd	Holding company	Australia	100	100
BC Cloud Mining Pty Ltd	Dormant company	Australia	100	100
Global Internet Ventures Pty Ltd	Payment service provider	Australia	100	100
BNXA UK Holding Limited	Payment service provider	United Kingdom	100	100
Richmond Internet Ventures Corporation	Payment service provider	Canada	100	100
Internet SG Ventures Pte Ltd	Dormant company	Singapore	100	100
Banxa.com Pty Ltd	Dormant company	Australia	100	100
Rhino Loft Pty Ltd	Dormant company	Australia	100	100
EU Internet Ventures B.V.	Payment service provider	The Netherlands	100	100
LT Internet Ventures UAB	Payment service provider	Lithuania	100	100
BNXA USA Holding Inc	Payment service provider	USA	100	100
BNXA USA MTL	Payment service provider	USA	100	100
BNXA USA Operating Inc	Payment service provider	USA	100	100
BNXA USA NV Inc	Payment service provider	USA	100	100
BNXA UK VASP Limited	Dormant company	United Kingdom	100	100
BNXA Teknoloji Anonim Sirketi AS	Payment service provider	Turkiye	100	100
BNXA Brazil LTDA	Dormant company	Brazil	100	100
BNXA PHL Inc. (Philippines)	Dormant company	Philippines	100	100

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Current and non-current classification

Assets and liabilities are presented in the consolidated statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, fiat deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All balances are recorded at AEST time.

Cryptocurrency inventories

Inventories are represented by cryptocurrencies. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell, reflecting the Company's purpose of holding such cryptocurrency inventory as a commodity broker-trader in accordance with IAS 2. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. Changes in the value of cryptocurrencies are included in profit and loss for the period.

The Company recognizes realized gains or losses on its digital assets when it sells digital assets that it holds on a weighted average basis.

Property and Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis (for leasehold improvements and Fixture & Fittings and Computer equipment is calculated on diminishing basis) to write off the net cost of each item of equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	4 years, Straight line method
Computer equipment	40% per annum. Diminishing method
Fixtures and Fittings	28.57% per annum, Diminishing method

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of equipment is derecognized upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate reflecting its specific credit risk, the currency of the lease and the weighted average maturity of the outstanding lease liability.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payment made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

There are low value and short-term leases with less than 12-month duration which are recognised as expenses when they are paid.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

A recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets with the scope of IFRS 9 are classified and measured as “financial assets at fair value” as either fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI), and “financial assets at amortized costs” as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs of the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement — financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“**EIR**”) method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVTOCI.

The Company's management, using both historical analysis and forward-looking information, has evaluated its exposure to expected credit losses on its financial assets measured at amortized cost and concluded that the probability of default is minimal as all receivables were short-term and the counterparties to the receivables have a strong capacity to meet their contractual obligations in the near term. Therefore, allowance recognized for expected credit losses is insignificant.

Financial assets were classified as follows:

Classification	IFRS 9
Cash and cash equivalents	Amortised cost
Trade and other receivables	
— Trade and other receivables (except GST)	Amortised cost
— Receivable from trading exchanges	FVTPL
Other investment	FVTOCI
Other deposits	Amortised cost

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments, or the Company as opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value, and where applicable net of directly attributable transaction costs.

Subsequent measurement — financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the statement for profit or loss.

Financial liabilities were classified as follows:

Classification	IFRS 9
Trade and other payables	Amortised cost
Borrowings	Amortised cost
Convertible notes	Amortised cost
Derivative liability	FVTPL

Convertible notes

The liability and equity components of convertible notes are presented separately on the statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and substantially providing the same cash flows, but without conversion option. Subsequently, the liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible debenture at maturity, which is recorded in the statement of profit or loss and other comprehensive income as finance costs.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the convertible debenture and is presented in equity as an equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition, except on conversion or expiry.

Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

Allowance for chargeback expenses

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

*Employee benefits**Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Foreign currency translation

The Company's consolidated financial statements are presented in Australian dollar except stock price information, which is disclosed in Canadian dollars (\$C). The Company's functional currency is Australian dollar. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Foreign currency transactions in currencies other than their functional currencies are translated into their functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Australian dollars.

Revenue recognition

The Company recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Judgment is required in determining whether the Company is the principal or the agent in transactions between customers. The Company evaluates the presentation of revenue on a gross or net basis based on whether it controls the cryptocurrency provided before it is transferred to the customer (gross) or whether it acts as an agent by arranging for other customers on the platform to provide the cryptocurrency to the customer (net).

Under an agency arrangement, the Company does not control the cryptocurrency being provided before it is transferred to the buyer, and therefore does not have cryptocurrency inventory risk related to the cryptocurrency. The Company also does not set the price for the cryptocurrencies as the price is a market rate established by the platform. As a result, the Company acts as a facilitator for a customer to purchase cryptocurrencies from another customer.

Sale of cryptocurrencies

For the sales of cryptocurrencies on a principal basis, revenue is recognized at the point in time when the Company has delivered the cryptocurrencies to its customers' wallet accounts. The Company has control of the cryptocurrencies either in its custody or with the exchanges prior to the sale to the customers. Accordingly, the Company records the total value of the sale as revenue and the corresponding cost of the cryptocurrencies in the cost of sales.

Commissions and spread from services

For the sales of cryptocurrencies on an agency basis, the Company does not have control of the cryptocurrencies and so revenue is recognised at the point in time when the Company has processed the customer transaction. By selling on agency basis, the Company is only acting as a payment channel service provider and so the single performance obligation is satisfied when the transaction has been processed. Commission is calculated as a fixed percentage of the total transaction value on agency transactions. In addition to a commission, the Company earns a spread, which is also calculated as a percentage of the total transaction value on agency transactions, based on custom pricing with certain customers.

Integration services

The Company provides a service of installation of its payment technologies to trading platforms. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these installation services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Share-based compensation

The Company accounts for share-based payments using the fair value-based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based compensation over each tranche's vesting period with an offsetting credit charged to contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital.

Contributed surplus

This reserve comprises private placement proceeds allocated to unexercised share purchase warrants, the value of warrants issued to advisers, unexercised stock options, as well as other share-based payment transactions that do not involve the issuance of shares.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognized for prior periods, where applicable.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of recognized and unrecognized deferred tax assets are reviewed at each reporting date. Deferred tax assets recognized are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognized to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

In Australia, BTC and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime. BTC and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, BTC also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Goods and services tax (“GST”) and other similar taxes

Revenues, expenses and assets are recognized net of the amount of associated (Australian) GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Segment information

Operating segments are defined as components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“**CODM**”) in deciding how to allocate resources and in assessing performance of the operating segments of an entity. The Company conducts its business as one operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 19.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer and financial statements has been prepared in accordance with IFRS8 — ‘Operating segment’.

4. Trade and other receivables

	30 June 2023	30 June 2022
	(\$)	(\$)
Payment gateway receivables	3,719,571	1,822,545
Allowances for chargeback expenses (<i>Note 4.1</i>)	(573,768)	(350,357)
Payroll tax credit	—	505,579
GST receivable	265,659	157,738
Receivables from trading exchanges (<i>Note 4.2</i>)	164,948	594,606
Other receivables	13,834	36,823
Integration Fees	441,600	—
Sundry deposit denominated in USD Tether	37,639	—
	<u>4,069,483</u>	<u>2,766,934</u>
Total trade and other receivables	<u><u>4,069,483</u></u>	<u><u>2,766,934</u></u>

Receivables from Payment gateway relate to all crypto buy transaction and the increase from 30 June 2023 over 30 June 2022 is due to significantly higher trading volumes in June 2023 over June 2022 and timing differences on settlement dates year on year.

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The change in the allowance for chargeback expenses is detailed below:

4.1 Allowances for chargeback expenses

	30 June 2023 (\$)	30 June 2022 (\$)
Balance at beginning of year	(350,357)	(432,246)
Net change in provision during the year (Note 20)	(1,443,939)	(1,218,956)
Actual write-off during the year	<u>1,220,528</u>	<u>1,300,845</u>
Balance at end of year	<u>(573,768)</u>	<u>(350,357)</u>

The expense during the year is presented as part of “chargeback expenses” in the general and administration expenses (refer note 20).

4.2 Receivables from trading exchanges represent the fair value of the digital and fiat currencies held at exchanges or with custodians.

Receivables from trading exchanges are made to facilitate the Company's ability to transact more efficiently at various trading volumes. The Company maintains balances in digital currencies with exchanges from time to time in connection with the sale of cryptocurrencies in the ordinary course of business. The Company actively trades cryptocurrencies.

As there is no specific guidance in IFRS on cryptocurrencies held at exchanges or with custodians, the Company followed the requirements of “IFRS 9 Financial Instruments” for these assets held with liquidity providers (“LPs”) and measures them at fair value on initial recognition and subsequently at FVTPL as these balances are only held to facilitate Banxa's ability to transact more efficiently at various trading volumes in connection with the sale of cryptocurrencies in the ordinary course of business and the contractual terms with these LPs do give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Management considers the fair value of deposits with trading exchanges to be Level 2 input under IFRS 13 fair value hierarchy. There has been no change to the valuation technique during the year.

As at 30 June 2023 and 2022, balances held at exchanges, or with custodians, consisted of the following:

	30 June 2023		30 June 2022	
	Number of coins held	Value (\$)	Number of coins held	Value (\$)
Digital and fiat currencies held at exchanges or with custodians				
LTC	50.53	7,296	97.60	7,580
Link	106.78	997	—	—
BNB	5.20	1,834	0.48	450
BTC	0.30	17,040	0.30	11,562
ETH	1.33	4,105	8.22	13,307
Cash	N/A	785	N/A	33,755
USDT	N/A	9,643	N/A	565,651
USDC	N/A	14,707	N/A	10,596
XRP	1,420	999	15,973.41	7,825
WBTC	0.01	457	0.18	5,118
SHIB	79,905,460	880	—	—
Other	1,573,423	131,274	390,419.09	50,568
Total digital and fiat currencies held at exchanges or with custodians		<u>190,017</u>		<u>706,412</u>
Provision for collectability		<u>(25,069)</u>		<u>(111,806)</u>
Net deposits		<u><u>164,948</u></u>		<u><u>594,606</u></u>
<i>Provision for Collectability</i>				
		30 June 2023	30 June 2022	
		(\$)	(\$)	
Balance at beginning of year		(111,806)	(9,897)	
Movement in Provision for Collectability		<u>86,737</u>	<u>(101,909)</u>	
Balance at end of year		<u><u>(25,069)</u></u>	<u><u>(111,806)</u></u>	

5. Cryptocurrency Inventories

	30 June 2023	30 June 2022
	(\$)	(\$)
Cryptocurrencies held for resale	<u>183,992</u>	<u>883,885</u>
	<u><u>183,992</u></u>	<u><u>883,885</u></u>

Cryptocurrencies are measured at fair value less cost to sell in accordance with the Company's accounting policy for cryptocurrencies and in accordance with IAS 2.

Management considers the fair value of inventories to be a Level 2 input under IFRS 13 Fair Value Measurement ("IFRS 13") fair value hierarchy.

There has been no change to the valuation technique during the year.

The Company's realized gain or loss on inventories is calculated as the proceeds received from the sale of cryptocurrencies less its assigned original cost. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell. Changes in value of cryptocurrencies are included in profit and loss for the period.

6. Prepaids

	30 June 2023 (\$)	30 June 2022 (\$)
Insurance	138,130	80,914
Consultancy fees	—	17,040
Other operational expenses	309,451	366,378
Total other assets	447,581	464,332

7. Goodwill

	30 June 2023 (\$)	30 June 2022 (\$)
Goodwill	151,643	151,643
	151,643	151,643

During the year ended 30 June 2023, the Company determined that there is no impairment of the goodwill arising from the European acquisition which occurred during the year ended 30 June 2020.

8. Property and equipment

	30 June 2023 (\$)	30 June 2022 (\$)
Fixtures and fittings at cost	203,555	203,555
Less accumulated depreciation	(104,274)	(55,800)
Carrying amount of fixtures and fittings	99,281	147,755
Computer equipment at cost	103,705	103,705
Less accumulated depreciation	(103,705)	(103,705)
Carrying amount of computer equipment	—	—
Leasehold Improvements	463,512	463,512
Less accumulated depreciation	(231,756)	(116,190)
Carrying amount of leasehold improvements	231,756	347,322
Total property and equipment	331,037	495,077

	30 June 2023 (\$)	30 June 2022 (\$)
Fixtures and fittings		
Carrying amount at beginning of year	147,755	5,241
Additions	—	198,314
Disposals	—	—
Depreciation expenses	(48,474)	(55,800)
Exchange differences	—	—
Carrying amount at end of year	99,281	147,755
Computer equipment		
Carrying amount at beginning of year	—	30,003
Additions	—	—
Disposals	—	(16,646)
Depreciation expenses	—	(13,357)
Exchange differences	—	—
Carrying amount at end of year	—	—
Leasehold improvements		
Carrying amount at beginning of year	347,322	—
Lease Incentive	—	463,512
Additions	—	—
Disposals	—	—
Depreciation expenses	(115,566)	(116,190)
Exchange differences	—	—
Carrying amount at end of year	231,756	347,322
Total property and equipment	331,037	495,077

9. Right-of-use assets

	30 June 2023 (\$)	30 June 2022 (\$)
Buildings: Right-of-use		
Carrying amount at the beginning of the year	763,399	—
Additions	—	1,033,022
Disposals	—	—
Depreciation expenses	(258,256)	(269,623)
Carrying amount at end of year	505,143	763,399

The Company leases a building for its Melbourne office under a four-year agreement with an option to extend for another four years. The lease has various escalation clauses. Refer to note 15 for associated lease liabilities at the reporting date. The lease does not contain any variable lease payment terms.

10. Other Deposits

	30 June 2023 (\$)	30 June 2022 (\$)
Rental Bond	252,758	505,516
Prime Trust Bank	101,169	—
Provision for Other deposits	(101,169)	—
Restricted (Cash)	<u>1,505,311</u>	<u>—</u>
Total Bank Guarantee	<u><u>1,758,069</u></u>	<u><u>505,516</u></u>

On 31 May 2022 a new rental bond of \$252,758 was paid as a Tenant security deposit for the new office premises as requested by the landlord. Previous bank guarantee of \$252,758 was redeemed on 29 August 2022. Restricted (cash) of 1,505,311 related to the deposits held with banks for Money Transmitted License (MTL) for USA.

11. Trade and other payables

	30 June 2023 (\$)	30 June 2022 (\$)
Trade payables	1,156,255	910,969
Employee withholdings payable	262,539	1,582,258
Other payables and accruals ⁽¹⁾	6,912,662	3,126,844
Provision for legal settlements	<u>—</u>	<u>100,000</u>
Total trade and other payables	<u><u>8,331,456</u></u>	<u><u>5,720,071</u></u>

⁽¹⁾ Includes Worldpay overpayment and Income in advance (\$793,206.8) for Integration fees

12. Borrowings

	30 June 2023 (\$)	30 June 2022 (\$)
Borrowings — Current		
Loan Other	5,242,796	—
Convertible notes	<u>3,501,334</u>	<u>—</u>
Total Current	<u><u>8,744,130</u></u>	<u><u>—</u></u>

During the year-ended 30 June 2023, BTC Corporation Holdings Pty Ltd, a Company subsidiary, entered into loan agreements with each of Tiga, Perion, Ari Last and HB Super Holdings pursuant to which Tiga, Perion, Ari Last and HB Super Holdings has provided BTC with a revolving credit facility in the principal sums of up to AUD\$2,000,000, USD\$1,500,000, USD\$400,000 and USD\$250,000 respectively. The revolving credit facility with Tiga, Buzz, Ari and HB Super accrues interest at the rate of 20%, 25%, 25% and 25% per annum respectively.

In October 2022 the Company issued to the Investor a convertible debenture (the “Notes”) for a total investment of \$3,500,000 CAD (funding amount), bearing interest at 10% per annum (accruing monthly). The Notes is payable with equal installments of \$194,444 starting May 16, 2023 until fully repaid. The principal of the security is convertible, at the option of the holder, to common shares of Banxa at a price of \$1.27, and the accrued interest is convertible, at the option of the holder, equal to 85% of market share price on the last trading date prior to relevant conversion. In addition, Banxa issued to the Investor 2,673,228 warrants (the “Warrants”), each warrant entitles the holder to purchase one common share at a price of \$1.27 per share for a period of 24 months from the date of issuance of the convertible note. Warrants are recorded in equity as part of contributed surplus, together

with the equity portion of the Notes. The Company incurred transaction costs in relation to the Notes issuance in the amount of \$105,000 CAD, which was allocated to the liability and equity components of the Notes respectively. During the year ended June 30, 2023, the Company recorded accretion expense of \$908,581. The proceeds received from convertible note were \$3,878,295 (\$3,350,000 CAD) and as of 30 June 2023, amount of \$656,975 was repaid to the Investor. Due to the cease trade order issued to the Company in November 2022 by the British Columbia Securities Commission and the Ontario Securities Commission, the Company paid penalty to the Investor and the payments were re-negotiated: amount repaid to the Investor included 3 monthly installments instead of 2 per initial payment schedule. The Company recognized a loss on cash flow modification of \$105,734 included in the finance cost. The Notes were fully repaid in November 2023, refer to Note 30.

13. Derivative liability

	30 June 2023 (\$)	30 June 2022 (\$)
Balance at beginning of period (Inception)	—	1,127,457
Change in fair value — unrealized	49,326	(1,050,841)
Change in fair value — realised	—	1,187,707
Net change in fair value during period	49,326	136,866
Balance before conversion	—	1,264,323
Extinguished on conversion	—	(1,264,323)
Balance at end of period	49,326	—

The derivative liability presented as at June 30, 2022 related to convertible notes issued in June 2020. The derivative liability element of the convertible note is valued at fair value. The notes converted on 27 July 2021 through issue of 492,941 common shares. The market price at the time of conversion was CAD\$3.07.

The derivative liability presented as at June 30, 2023 is an element of the convertible notes referred to in Note 12. The derivative liability relates to the conversion feature of the accrued interest and is valued at fair value. Changes in fair value of the derivative liability are recognized in profit or loss. The Company assessed the fair value of the derivative liability using observable inputs.

14. Provisions and Other liabilities

	30 June 2023 (\$)	30 June 2022 (\$)
Annual leave	496,660	586,600
Long service leave	146,245	109,362
Balance at end of year	642,905	695,962
Current	603,958	632,309
Non-current	38,947	63,653
Balance at end of year	642,905	695,962
Other Liabilities	32,749	57
Total provisions and Other Liabilities	675,654	696,019

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. All amounts are presented as current liabilities. Other liabilities consist of Defer tax liability of \$32,356.

15. Lease Liability

	30 June 2023 (\$)	30 June 2022 (\$)
Balance at beginning of year	1,176,323	—
New lease agreements — present value of lease liabilities	—	1,496,534
Lease payments made in the year	(415,683)	(402,600)
Accretion of interest	61,335	82,389
Balance at end of year	821,975	1,176,323
Lease liability — current portion	391,155	354,348
Lease liability — non-current portion	430,820	821,975
Total	821,975	1,176,323
Undiscounted Future Lease Payments due:		
Within 1 year	466,160	415,683
After 1 year but not more than 5 years	406,302	872,463
After more than 5 years	—	—
Total	872,462	1,288,146

Low Value and Short-Term Leases

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company had low-value lease expenses of \$7,763 (2022: \$674) and short-term lease expenses of \$77,242 (2022: \$103,091).

16. Issued Capital**(a) Authorized share capital**

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

Number of common shares	30 June 2023	30 June 2022
Number of common shares at beginning of year	45,563,056	44,744,034
Stock options exercised	—	91,375
Warrants exercised	—	164,706
Conversion of unsecured convertible note	—	492,941
Shares issued for services	—	70,000
Number of common shares at end of year	45,563,056	45,563,056
Issued capital	30 June 2023	30 June 2022
Share capital at beginning of year	23,128,075	20,913,753
Proceeds from stock options exercised	—	40,528
Proceeds from warrants exercised	—	316,519
Shares issued on conversion of note	—	1,634,258
Shares issued for services	—	223,017
Issued capital at end of year	23,128,075	23,128,075

17. Stock options

The Company has adopted a share option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. As at 30 June 2023, the aggregate maximum number of common shares issuable under the plan is 4,556,306 (30 June 2022: 4,556,306) common shares.

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's share option activities for the years ended 30 June 2023 and 2022:

	30 June 2023		30 June 2022	
	Number of options	Weighted-average exercise price (\$C)	Number of options	Weighted-average exercise price (\$C)
Outstanding, beginning of the year	4,483,138	1.45	3,871,388	1.10
Granted	1,410,000	1.00	845,000	3.04
Expired	—	—	—	—
Cancelled/forfeited	(1,360,000)	2.51	(141,875)	2.13
Exercised	—	—	(91,375)	0.93
	4,533,138	0.99	4,483,138	1.45

During the year-ended 30 June 2022, 845,000 options were issued as follows:

- 22 July 2021: 200,000 options expiring 1 October 2025 with an exercise price of \$C3.00;
- 10 August 2021: 25,000 options expiring 1 October 2025 with an exercise price of \$C3.00;
- 16 August 2021: 50,000 options expiring 1 October 2025 with an exercise price of \$C2.50;
- 16 September 2021: 30,000 options expiring 1 October 2025 with an exercise price of \$C3.00;
- 21 October 2021: 75,000 options expiring 1 January 2026 with an exercise price of \$C3.50;
- 9 November 2021: 100,000 options expiring 1 January 2026 with an exercise price of \$C3.50;
- 1 December 2021: 150,000 options expiring 1 December 2025 with an exercise price of \$C3.50;
- 5 April 2022: 65,000 options expiring 1 April 2026 with an exercise price of \$C2.50;
- 19 April 2022: 100,000 options expiring 1 July 2026 with an exercise price of \$C2.50; and
- 20 April 2022: 50,000 options expiring 1 April 2026 with an exercise price of \$C2.50.

The fair value of the 845,000 options granted was determined as \$2,163,111 with \$843,527 included as a share-based payment expense in the year-ended 30 June 2022.

On 15 July 2022, the Company granted 275,000 share options to officers and staff of the Company. The options have an exercise price of \$C1.00 per share and expire on 01 October 2026. The fair value of the 275,000 options granted was determined as \$231,149.

On 1 December 2022, the Company granted 735,000 share options to officers and staff of the Company. The options have an exercise price of \$C1.00 per share and 610,000 expire on 01 July 2026, 100,000 expire on 1 October 2026 and 25,000 expire on 1 December 2026. The fair value of the 735,000 options granted was determined as \$602,907.

On 1 February 2023, the Company granted 400,000 share options to officers and staff of the Company. The options have an exercise price of \$C1.00 per share and expire on 01 February 2027. The fair value of the 400,000 options granted was determined as \$336,024.

1,360,000 options were cancelled during the year ended June 30, 2023.

All option grant valuations during the financial period have been determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	30 June 2023	30 June 2022
Share price	\$C1.00–\$C1.00	\$C2.40–\$C3.47
Exercise price	\$C1.00–\$C1.00	\$C2.50–\$C3.50
Risk-free interest rate	2.93%–3.08%	0.78%–2.74%
Expected term (in years)	3.5–4	4.0–4.3
Estimated dividend yield	0%	0%
Estimated volatility	137%	108%–125%

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET GROUP

The following table summarizes information regarding share options outstanding and exercisable as at 30 June 2023:

Expiry Date	Number of options	Outstanding Weighted- average remaining contractual life (years)	Weighted average exercise price (\$C)	Exercisable Number of options	Weighted average exercise price — vested (\$C)
31 October 2023	48,000	0.3	0.47	48,000	0.47
22 December 2025	3,125,138	2.5	1.00	3,125,138	1.00
1 July 2026	610,000	3.0	1.00	393,125	1.00
1 October 2026	325,000	3.3	1.00	121,875	1.00
1 December 2026	25,000	3.4	1.00	9,375	1.00
1 March 2027	400,000	3.7	1.00	100,000	1.00
	<u>4,533,138</u>	<u>2.7</u>	<u>0.99</u>	<u>3,797,513</u>	<u>0.99</u>

18. Warrants

The following is a summary of the changes in the Company's warrants for the years ended 30 June 2023 and 2022:

	30 June 2023		30 June 2022	
	Number of options	Weighted- average exercise price (\$C)	Number of options	Weighted- average exercise price (\$C)
Outstanding, beginning of the year	2,556,334	6.62	2,762,752	6.68
Granted	2,637,228	1.27	—	—
Expired	(478,771)	1.00	(41,712)	—
Cancelled/forfeited	—	—	—	—
Exercised	—	—	(164,706)	1.73
	<u>4,714,791</u>	<u>4.46</u>	<u>2,556,334</u>	<u>6.62</u>

On October 2022, 2,673,288 share purchase warrants were issued as part of the Convertible Security Funding Agreement (refer to Note 12), exercisable at \$1.27 per share for a period of 24 months from the date of issuance. The warrants are included in the equity component of the convertible notes and presented as part of contributed surplus within the equity.

During the year ended 30 June 2023, nil warrants (Year-ended 30 June 2022: 164,706) were exercised for proceeds of \$nil (Year-ended 30 June 2022: \$316,519). 478,771 warrants expired during the year ended June 30, 2023 (41,712 during the year ended June 30, 2022).

19. Revenue

	30 June 2023	30 June 2022
	(\$)	(Restated) (\$)
<i>Sales revenue</i>		
Sales of cryptocurrencies	64,295,970	40,449,037
Integration revenue	1,399,842	—
Commissions and spread from services	<u>14,655,820</u>	<u>20,271,006</u>
Total sales revenue by type	<u>80,351,632</u>	<u>60,720,043</u>
<i>Geographic regions</i>		
Australia	17,132,309	12,830,441
North America	7,072,453	2,219,203
Europe	<u>56,146,870</u>	<u>45,670,399</u>
Total sales revenue by geographical region	<u>80,351,632</u>	<u>60,720,043</u>

Refer to Note 28 for restated figures and details.

20. Expenses

	30 June 2023	30 June 2022
	(\$)	(\$)
General, administration and other		
Bank charges	1,304,414	200,881
Chargeback expenses	1,443,939	1,218,956
Rental expense relating to operating leases	207,286	174,204
Travel	563,648	576,922
Software development	2,000,160	2,310,368
Legal, accounting, consulting	4,123,372	3,934,684
Marketing and advertising	15,024	1,296,276
Security audit	—	19,740
Investor relations	698,480	1,197,198
Insurance	385,951	156,250
Donations	6,766	54,500
Recruitment	198,608	1,602,606
Other	<u>591,804</u>	<u>561,915</u>
Total general, administration and other	<u>11,539,452</u>	<u>13,304,500</u>
Finance costs		
Interest on loans and borrowings	1,865,386	204,765
Interest on lease liabilities	<u>61,335</u>	<u>82,389</u>
Total finance costs	<u>1,926,721</u>	<u>287,154</u>
Net Foreign exchange losses	<u>654,437</u>	<u>4,202,131</u>
Realised loss on fair value of derivative liability	13 —	1,187,707
Un-realised loss on fair value of derivative liability	<u>13 (48,231)</u>	<u>(1,050,841)</u>

21. Income Tax expenses

	30 June 2023	30 June 2022
	(\$)	(\$)
Loss before Income tax expenses	(9,674,223)	(17,041,897)
Tax at the statutory Rate of 30% (2022: 30%)	(2,902,267)	(5,112,569)
Effect of differences in tax rates globally	(10,387)	457,242
Tax effect amounts which are not deductible/(taxable) in Calculating taxable income	—	—
Share-based payments	260,226	877,362
Other deductible items	—	(399,816)
Other Non-Deductible items	<u>(8,689)</u>	<u>1,414,416</u>
	(2,661,117)	(2,763,365)
Current year losses not recognized	<u>2,347,249</u>	<u>2,992,251</u>
Income tax expenses	(313,868)	228,886
Other	<u>—</u>	<u>—</u>
Income tax payable	<u><u>(114,961)</u></u>	<u><u>228,886</u></u>

22. Loss per share

For the years ended 30 June 2023 and 2022, basic and diluted loss per share has been calculated as follows:

	30 June 2023	30 June 2022
	(\$)	(\$)
Net loss after tax	<u><u>(9,360,355)</u></u>	<u><u>(17,270,783)</u></u>
Basic and diluted weighted average number of common shares	<u><u>45,563,056</u></u>	<u><u>45,389,074</u></u>
Basic and diluted net loss per share	<u><u>(0.21)</u></u>	<u><u>(0.38)</u></u>

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. There are no contingent assets and liabilities recognized and no contingent items impacted the calculation of basic and diluted loss per share.

As at the year ended 30 June 2023, the basic and diluted weighted average number of common shares is 45,563,056 (30 June 2022 — 45,389,074). The basic and diluted net loss per share is \$0.21 for the year ended 30 June 2023 (30 June 2022 — \$0.38).

23. Related party transactions

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

- (a) Remuneration of directors and key management personnel of the Company was as follows:

	30 June 2023 (\$)	30 June 2022 (\$)
Salaries	4,250,156	1,919,642
Consulting fees including reimbursements at cost	644,261	405,509
Director's fees	280,435	225,833
Share-based compensation	294,213	2,246,187
Total	5,973,966	4,797,171

Key management personnel were not paid post-employment benefits, termination benefits, or other (non share-based) long-term benefits during the year ended 30 June 2023 (2022: nil).

- (b) The Company entered into the following transactions with related parties:

	30 June 2023 (\$)	30 June 2022 (\$)
Issue of arranger shares	—	—
Proceeds from loans for trade working capital ⁽¹⁾	14,799,067	13,500,000
Repayment of loans for trade working capital ⁽¹⁾	(14,799,067)	(13,500,000)
Proceeds of cryptocurrency loans for trade working capital ⁽²⁾	231,511	979,165
Repayments of cryptocurrency loans for trade working capital ⁽²⁾	(231,511)	(979,165)
Loan received from directors	498,500	—
Repayment of loans to directors	(498,500)	—
Rental payments at cost ⁽³⁾	—	(10,631)
Sublease income ⁽³⁾	—	26,040
Interest paid to related parties ⁽¹⁾	(139,108)	(79,314)
Purchase of cryptocurrencies (transaction value)	16,113	—
Sale of cryptocurrencies (transaction value) ⁽⁴⁾	7,385,802	—
Payment for cryptocurrencies (transaction value) ⁽⁴⁾	(7,385,802)	—
Total	(122,994)	(63,905)

⁽¹⁾ The loans were received from two entities that have a common director with the Company. These were short term revolving facilities (less than 30 days settlement) and the interest rate was 30%.

⁽²⁾ The cryptocurrency loans were received from a Director of the Company.

⁽³⁾ These charges incurred with a company controlled by a Director of the Company.

⁽⁴⁾ Sale and payment of cryptocurrencies is the purchase of cryptocurrency from Apollo capital which is a Company controlled by a Director of the Company. The cryptocurrency was converted to Fiat and used to settle the transaction on an agency basis.

- (c) As at 30 June 2023, included in trade and other payables is a balance of \$23,927 (30 June 2022: \$9,778) payable to related parties as follows:

	30 June 2023 (\$)	30 June 2022 (\$)
Directors of the Company	—	9,410
Officers of the Company	23,927	368
Total	23,927	9,778

24. Nature and extent of risk arising from financial instruments and digital assets

Classification of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	30 June 2023 (\$)	30 June 2022 (\$)
Financial assets at Amortised cost		
Cash	8,258,814	9,364,013
Trade and other receivables	3,638,876	1,509,011
Financial assets at FVTPL		
Trade and other receivables	164,948	594,606
Total	12,062,638	11,467,630
Financial assets at FVTOCI		
Other Investments	712,500	—
Total financial assets	12,775,138	11,467,630
	30 June 2023 (\$)	30 June 2022 (\$)
Financial liabilities at amortised cost		
Trade and other payables	8,331,456	5,720,071
Convertible notes	3,501,334	—
Borrowings	5,242,796	—
Financial liabilities at FVTPL		
Derivative liability	49,326	—
Total	17,124,912	5,720,071

Risk management policy

In the normal course of business, the Company is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Company, Management takes steps to avoid undue concentrations of risk. The Company manages the risks as follows:

Credit risk

The Company has credit risk in respect of both financial instruments and cryptocurrency deposits. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references, and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount of cash and cash equivalents (including cash deposits) and trade and other receivables, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Company does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 30 days. There is a liquidity management function within the business, which on a daily or more frequent basis manages and monitors the trading activities and volumes associated with amounts deposited with trading exchanges.

The Company limits its credit risk by placing its cryptocurrencies with crypto-exchanges ("**trading exchanges**") on which the Company has performed internal due diligence procedures.

The Company deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients' assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange, potentially reducing the integrity of the data.

As at 30 June 2023, the Company held receivables from trading exchanges of \$190,016 (30 June 2022: \$706,412) together with payment gateway receivables of \$3,719,571 (30 June 2022: \$1,822,545). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

The Company's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("**AML**") and know-your-client ("**KYC**") policies, obtaining a security ratings report by an independent third party on certain exchanges, constant review of market information specifically regarding the exchanges' security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move digital assets held on an exchange in instances where risk exposure significantly changes.

The Company limits its credit risk with respect to its payment gateways receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regard to over-the-counter counterparties, on which the Company has performed the relevant AML and KYC procedures. As of each reporting period, the Company assesses if there may be expected credit losses requiring a provision.

While the Company intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Company will not sustain a material loss on the transaction as a result. As of 30 June 2023, the Company does not expect any material unprovided loss of any of its digital assets.

Liquidity risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and (where required) available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and where practical matching the maturity profiles of financial assets and liabilities. In addition, as outlined above the daily liquidity management function monitors and manages amounts deposited with trading exchanges. The Company further manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances, and operating results.

The Company's trade payables and accruals are substantially due within twelve months. The maturity schedule of the Company's lease liabilities is detailed below.

30 June 2023	2024	2025	2026	2027	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	1,156,255	—	—	—	—
Accrued wages and other	262,539	—	—	—	—
Commitments — other					
Lease payments	429,224	443,239	—	—	—
Total contractual obligations	<u>1,848,018</u>	<u>443,239</u>	<u>—</u>	<u>—</u>	<u>—</u>
30 June 2022	2023	2024	2025	2026	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	910,969	—	—	—	—
Accrued wages and other	1,582,258	—	—	—	—
Commitments — other					
Lease payments	415,683	429,224	443,239	—	—
Total contractual obligations	<u>2,908,910</u>	<u>429,224</u>	<u>443,239</u>	<u>—</u>	<u>—</u>

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Interest rate risk

The Company's has \$5,242,796 debt outstanding at 30 June 2023 that is exposed to interest rate risk of \$262,130 if the interest rate changed at +/-5%. (30 June 2022: \$Nil).

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
US Dollars	3,953,745	5,735,577	61,266	—
Euros	5,826,695	1,594,668	2,605,726	943,229
Pound sterling	182,478	408,861	3,439	—
Canadian Dollars	271,128	911,972	4,032,381	381,992
Turkish Lira	402,511	13,636	30,158	—
	<u>10,636,557</u>	<u>8,664,714</u>	<u>6,732,970</u>	<u>1,325,221</u>

The Company had net assets denominated in foreign currencies of \$ 3,903,587 (assets of \$10,636,557 less liabilities of \$6,732,970) as at 30 June 2023 (30 June 2022: net assets of \$7,339,493 (assets of \$8,664,714 less liabilities of \$1,325,221)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2022: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Company's loss before tax for the year would have been \$390,359 lower/\$195,179 higher (2022: \$733,949 lower/\$366,875 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The realized foreign exchange loss for the year ended 30 June 2023 was \$3,149,694 (2022: loss of \$1,642,372).

Digital asset risks

Access to digital assets can be disrupted by a number of matters including:

- Loss of access risk, such as to private keys;
- Irrevocable transactions given that transactions cannot be changed or corrected once a transaction has been verified and recorded on the blockchain;
- Fluctuations in digital asset prices due to global forces, interest rate, exchange, inflation, political/economic conditions;
- Vulnerability of crypto networks to hacking; and
- Unregulated crypto exchanges.

The Company's investments in cryptocurrencies crypto currency holdings for liquidity purposes are held on various digital platforms, some of which are unregulated exchanges. The Company is exposed to counterparty risk in the event that one or more of these unregulated exchanges fail or suffer a security breach, resulting in the loss or theft of the Company's assets. The Company maintains a risk management framework to mitigate the risks associated with its investments in cryptocurrencies, including monitoring the creditworthiness of its counterparties and implementing security measures to protect its assets. However, there can be no assurance that these measures will be effective in all circumstances. The Company continually evaluates its crypto holdings for liquidity purposes in cryptocurrencies and may make changes to its portfolio or risk management framework as market conditions or regulatory requirements change.

Price risk relating to digital assets

Fluctuations in the prices of cryptocurrencies may impact the day-to-day trading volumes of the Company's exchange partners, and unfavorably impact the Company's revenues. Additionally, during periods of rapid price fluctuations, there is a risk that unfavorable trading margins may occur due to delays in filling orders.

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to meet the needs of ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The capital structure of the Company consists of equity comprised of issued share capital and reserves. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

25. Fair value measurement

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured, or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cryptocurrency inventories	—	183,992	—	183,992
Receivables from trading exchanges held in cryptocurrency and Tether	—	190,017	—	190,017
Other investment	—	—	712,500	712,500
Total Assets	—	374,009	712,500	1,086,509
<i>Liabilities</i>				
Derivative liability	—	49,326	—	49,326
Total Liabilities	—	49,326	—	49,326
30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cryptocurrency inventories	—	883,885	—	883,885
Receivables from trading exchanges held in cryptocurrency and Tether	—	706,412	—	706,412
Total Assets	—	1,590,297	—	1,590,297

There were no transfers between levels during the financial year.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. This valuation technique maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Receivables from trading exchanges in cryptocurrencies and Tether (note 4.2) and inventories (note 5) collectively, the “digital assets” are measured at fair value using Level 2 inputs. Digital asset prices are affected by various global forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the Company is impacted by the current and future market price of digital assets; in addition, the Company may not be able to liquidate its cryptocurrency inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company’s future operations. The Company has not hedged the conversion of any its digital currency sales. Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. For the year ended 30 June 2023, management’s estimate of the effect on loss before tax of a +/- 15% (2022: 15%) change in the market price of the Company’s digital assets, with all other variables held constant, is +/- \$162,976 (2022: +/- \$233,481).

26. Segmented Information

The Company conducts its business as a single operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 19. The following table summarizes the Company's assets and liabilities information by geographic region.

As at 30 June 2023:

	Australia	North America	Europe	Total
	\$	\$	\$	\$
Cash	428,301	2,326,971	5,503,542	8,258,814
Trade and other receivables	1,868,165	28,015	2,173,303	4,069,483
Inventories	183,992	—	—	183,992
Prepays	210,700	236,881	—	447,581
Property and Equipment	331,037	—	—	331,037
Right-of-use assets	505,143	—	—	505,143
Goodwill	151,643	—	—	151,643
Other deposits	252,753	1,505,316	—	1,758,069
Other assets	712,500	—	—	712,500
Defer tax asset	31,190	41,372	32,884	105,446
Total assets	4,675,424	4,138,555	7,709,729	16,523,708
Trade and other payables	4,437,057	1,163,151	2,731,248	8,331,456
Current tax liabilities	70,050	30,856	14,055	114,961
Provisions and other liabilities	5,916,998	3,552,112	—	9,469,110
Lease liability	821,975	—	—	821,975
Total liabilities	11,246,080	4,746,119	2,745,303	18,737,502

As at 30 June 2022:

	Australia	North America	Europe	Total
	\$	\$	\$	\$
Cash	6,532,528	911,987	1,919,498	9,364,013
Trade and other receivables	1,413,402	(9,933)	1,363,465	2,766,934
Inventories	883,885	—	—	883,885
Prepays	190,629	273,703	—	464,332
Property and Equipment	495,077	—	—	495,077
Right-of-use assets	763,399	—	—	763,399
Goodwill	151,643	—	—	151,643
Other deposits	505,516	—	—	505,516
Total assets	10,936,079	1,175,757	3,282,963	15,394,799
Trade and other payables	3,722,118	550,564	1,447,389	5,720,071
Current tax liabilities	70,051	7,499	277,760	355,310
Provisions and other liabilities	696,019	—	—	696,019
Lease liability	1,176,323	—	—	1,176,323
Total liabilities	5,664,511	558,063	1,725,149	7,947,723

27. Other Income

	30 June 2023	30 June 2022
	(\$)	(\$)
Other Income	<u>3,180,734</u>	<u>243,668</u>
Balance at end of year	<u>3,180,734</u>	<u>243,668</u>

Other Income consists of below two major transactions.

On 14 September 2022, the Company sold three of its non-core domain names: website assets — coinloft.com.au, buyabitcoin.com.au and the premium domain — bitcoin.com.au (domain names formerly part of Banxa's B2C (business to consumer) offering before the company refocused its business to serve the B2B (business to business)) to one of Australia's leading cryptocurrency exchanges, Independent Reserve Pty Ltd. (company No.: 164257069).

The carrying value of the domain names at the date of disposal was nil.

The total consideration for the sale of domain names was AUD3.3 million (GST Inclusive) (USD\$2 million), AUD2.25 million being settled in cash (amount receivable) and remaining AUD0.75 million settled by receiving 53,427 number of equity shares in Independent Reserve Pty Ltd. On 12 Oct 2022, 2,671 (\$37,500 AUD) shares were transferred by Banxa to QEIP for payment of brokerage fees, this leaves Banxa shareholding of 50,756 (\$712,500 AUD) with Independent Reserve.

Total considerations excluding GST (GST is \$0.3m)	3,000,000
• Settled in shares (50,756 shares)	(712,500)
• Share transferred to QEIP (2,671 shares)	(37,500)
• Settled in cash on 16 Sep 2022	(1,125,000)
• Settled in cash on 7 Oct 2022	(1,425,000)

The gain on disposal is included under other income in the statement of income.

The investment in Independent Reserve Pty Ltd is \$712,500, recognised as FVTOCI and included under "Other Investment" in the Balance Sheet as on 30 June 2023.

On 14 March 2023, the Company sold one of its non-core domain name: bitcoin.ca to Investments.org for USD\$250,000. The amount of USD\$224,980 (AUD\$336,450.84) (net of Broker fees of USD\$25,020) was settled in cash on 22 March 2023. The carrying value of the domain names at the date of disposal was nil. The gain on disposal is included under other income in the statement of income.

28. Restatement for June 30, 2022 comparatives

During the year ended June 30, 2023, management discovered two offsetting misstatements in accounting for revenue recorded during the year ended June 30, 2022.

Matter 1. Accounting for agency transactions.

The Company did not fully offset the cost of external fees charged by the Liquidity Providers and Merchants with the revenue, which resulted in overstatement of Revenue and Cost of Sales. The Company retrospectively updated the financial statements to correct the error. The restatement resulted in a decrease in Revenue and Cost of Sales.

Matter 2. Principal transactions accounted for as agency transactions.

The Company erroneously recognized a set of principal's sale transactions as agent's sales. Consequently, these transactions were presented on a net basis instead of a gross basis.

There was no impact on Gross profit and Net Loss from these corrections. The opening balance of the comparative statements of financial position, as well as Changes in Equity and Cash Flows were not affected by the adjustments.

The effect of the material restatement on the consolidated statement of profit or loss for the year ended June 30, 2022, is summarized below:

	30 June 2022	Matter (1)	Matter (2)	30 June 2022 Restated
	(\$)	(\$)	(\$)	(\$)
<i>Sales revenue</i>				
Sales of cryptocurrencies	10,986,832	—	27,812,156	40,449,037
Integration revenue	—	—	—	—
Commissions and spread from services	60,609,625	(38,688,570)	—	20,271,006
Total sales revenue by type	71,596,457	(38,688,570)	27,812,156	60,720,043
<i>Geographic regions</i>				
Australia	13,955,766	(4,002,900)	2,877,576	12,830,441
North America	2,800,411	(2,067,421)	1,486,212	2,219,203
Europe	54,840,280	(32,618,249)	23,448,368	45,670,399
Total sales revenue by geographical region	71,596,457	(38,688,570)	27,812,156	60,720,043
Cost of sales	(50,758,136)	38,688,570	(27,812,156)	(39,881,722)
Gross profit	20,838,321	—	—	20,838,321

29. Contingent liabilities

In the ordinary course of business, the company and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The company does not believe that the ultimate outcome of these will have a material effect upon our financial position, results of operations or cash flows.

There are no contingent liabilities as at 30 June 2023 and 2022 and there are no outstanding litigations at the year-end that will give rise to a contingent liability.

30. Subsequent events

On September 7, 2023, The Company's subsidiary, BTC Corporation Pty Ltd. ("BTC"), entered into an unsecured loan agreement with Alam Group of Companies Inc. ("ALAM"), a related entity to Zafer Qureshi, Director and Head, Corporate Affairs, pursuant to which ALAM will provide BTC with a principal sum of CAD\$0.5 million, Terms of the loan are 6 months with Interest rate of 25% Annual Percentage Rate (APR), calculated daily, and paid in cash on a monthly frequency.

On September 25, 2023, Buzz Developments Pty Ltd. (“**Buzzworks**”) has agreed to extend the loan term to July 10, 2024, for a \$1.5M USDT/C loan with the Company’s wholly owned subsidiary, BTC Corporation Pty Ltd., with a 25% APR, paid in cash on a monthly frequency. Similar, HB Super Holdings Pty Ltd has agreed to extend the loan term to February 29, 2024, for USD\$266,069 loan with a 25% APR, paid in cash on a monthly frequency and Ari Last has extend the loan term to November 14, 2023, for 400,000 USDT loan with a 25% APR paid in cash on a monthly frequency respectively.

On 27 September 2023, The Company’s wholly owned subsidiary, BTC Corporation Pty Ltd. (“**BTC**”) has extended the maturity date of its unsecured loan of AUD\$2,000,000 from Thorney’s Technology Fund (Tiga) (the “**Lender**”), an arms length party (the “**Original Loan**”). The maturity date of the Original Loan was previously extended from April 20, 2023 to August 20, 2023 (the “**Maturity Date**”). The Company did not issue any common share purchase warrants to the Lender in connection with the Original Loan. The Maturity Date has been extended by four and a half months to January 17, 2024 (the “**Loan Extension**”) on the same terms as the Original Loan. Subject to the approval of the TSX Venture Exchange, the Company intends to issue 600,000 common share purchase warrants (the “**Bonus Warrants**”) to the Lender in consideration for agreeing to the Loan Extension. Each Bonus Warrant will be exercisable at an exercise price equal to the Market Price (as defined by the TSX Venture Exchange policies) on the day the extended Term is announced with an expiry of 12 months from the date of issue. All securities issued in connection with the Loan Extension will be subject to a four month hold period, which will expire on the date that is four months and one day from the date of issue.

On 10 October 2023 — Banxa Holdings Inc. announced subject to the acceptance by the TSX Venture Exchange (the “**Exchange**”), the Company intends to complete a non-brokered private placement (the “**Private Placement**”) of convertible debenture units (the “**Note Units**”) for gross proceeds of up to C\$6,000,000. Each Note Unit will consist of one unsecured convertible debenture (each, a “**Note**”) and such number of common share purchase warrants in the capital of the Company (each, a “**Warrant**”) equal to 40% of the number of common shares in the capital of the Company (each, a “**Common Share**”) issuable upon conversion of the Note (as described below). Each Warrant will be exercisable for one Common Share at an exercise price of C\$1.00 for a period of 36 months from the date of issuance.

On 16 October, 2023 — Banxa Holdings Inc. raised gross proceeds of C\$1.75M under the first tranche of its non- brokered private placement through the sale of convertible debenture units of the Company comprised of unsecured convertible debentures of the Company in the principal amount of C\$1.75M and 875,000 common share purchase warrants in the capital of the Company. Each warrant is exercisable into one common share in the capital of the Company at an exercise price of C\$1.00 for a period of 36 months from the date of issuance.

On 10 November 2023, The Company has fully paid the convertible debenture referred to in Note 12 for amount of C\$2,529,695.

On 15 November 2023 — Banxa Holdings Inc. announced that further to its news release dated October 10, 2023, it has raised gross additional proceeds of C\$3.79M under the second tranche the private placement through the sale of convertible debenture units of the Company comprised of unsecured convertible debentures of the Company in the principal amount of C\$3.79M and 1,897,013 common share purchase warrants in the capital of the Company. Banxa has raised C\$5.54M to date in aggregate proceeds between the first and second tranche of its Private Placement.

On 8 December 2023 — Banxa Holdings Inc. announced further to its news release dated October 10, 2023, it has raised additional gross proceeds of C\$150k under the third tranche of the private placement through the sale of convertible debenture units of the Company comprised of unsecured convertible debentures of the Company in the principal amount of C\$150k and 75,000 common share purchase warrants in the capital of the Company. The accumulated gross proceeds for the three tranches of the private placement now stands at C\$5.69m.

- (3) The following is an extract of the audited financial statements of the Target Group for the year ended 30 June 2024, which were prepared in accordance with IFRS Accounting Standards and audited by PKF Antares Professional Corporation. These financial statements were presented in AUD except for otherwise stated.

To the Shareholders of Banxa Holdings Inc.

Opinion

We have audited the consolidated financial statements of Banxa Holdings Inc. and its subsidiaries (collectively, the “**Company**”), which comprise the consolidated statements of financial position as at June 30, 2024 and 2023, the consolidated statements of profit or loss and other comprehensive income/(loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (“**consolidated financial statements**”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

We refer to the financial statement summary of material accounting policies on revenue recognition in Note 3 and related disclosure in Note 18 for the year ended June 30, 2024. Revenue generated from Sales of cryptocurrencies and Commissions and spread from services amounted to \$319,978,773. The revenue transactions rely on Information Technology (IT) systems and controls to process, record and recognize a high volume of low value transactions.

We considered this a key audit matter due to the crypto industry being an emerging industry with unique technological aspects that raise a number of auditing challenges coupled with the significance of the revenue and volume of these transactions. Significant audit efforts were involved in the assessment of management's determination of whether the Company acted as a principal or as an agent in discharging its performance obligations. Also, significant audit efforts were involved in the testing of occurrence and accuracy of the revenue.

Our procedures included, but were not limited to, the following:

- We considered the appropriateness of accounting policies in terms of compliance with IFRS 15 *Revenue from contracts with customers*.
- We analyzed different sales streams and assessed whether the Company acted as a principal or as an agent in accordance with IFRS 15. This assessment included analyses of the Company's use of custodial wallets versus non-custodial wallets and the amount of cryptocurrency inventory balances on hand throughout the year to assess inventory control and related risk.
- We evaluated IT controls and tested the operating effectiveness of controls over the revenue cycle.
- We assigned professionals with specialized skills in distributed ledger technology and digital assets.

- We obtained an understanding on the commission structure, fees and rates and recalculated the fees to analyse the reasonability of commission rates.
- We performed test of details over sales transactions by tracing a sample of transactions to external (blockchain, bank statements) and internal (processing and accounting software) sources.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Timur Lidzhiev.

Calgary, Alberta
October 22, 2024

PKF Antares Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

Consolidated Statements of Financial Position*As at 30 June 2024 and 2023*

		30 June 2024	30 June 2023
	<i>Note</i>	<i>(\$)</i>	<i>(\$)</i>
Assets			
<i>Current assets</i>			
Cash and cash equivalents		2,028,753	8,258,814
Trade and other receivables	4	9,099,181	4,069,483
Cryptocurrency inventories	5	348,255	183,992
Prepays	6	<u>501,632</u>	<u>447,581</u>
Total current assets		<u>11,977,821</u>	<u>12,959,870</u>
<i>Non-current assets</i>			
Property & equipment	8	184,594	331,037
Right-of-use assets	9	246,888	505,143
Deferred tax assets		146,267	105,446
Goodwill	7	151,643	151,643
Other deposits	10	1,012,358	1,758,069
Other investment	20	<u>712,500</u>	<u>712,500</u>
Total non-current assets		<u>2,454,250</u>	<u>3,563,838</u>
Total assets		<u>14,432,071</u>	<u>16,523,708</u>

		30 June 2024	30 June 2023
	Note	(\$)	(\$)
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	11	6,796,890	8,331,456
Borrowings	12	5,775,887	5,242,796
Current tax liabilities	21	679,633	114,961
Provisions	13	828,728	603,958
Convertible note	12	—	3,501,334
Derivative liability	12	—	49,326
Lease liability — current	14	430,820	391,155
Total current liabilities		<u>14,511,958</u>	<u>18,234,986</u>
<i>Non-current liabilities</i>			
Provisions			
and other liabilities	13	65,423	39,340
Deferred tax Liability		36,981	32,356
Lease liability	14	—	430,820
Convertible Note	12	5,628,597	—
Total non-current liabilities		<u>5,731,001</u>	<u>502,516</u>
Total liabilities		<u>20,242,959</u>	<u>18,737,502</u>
Net assets		<u>(5,810,888)</u>	<u>(2,213,794)</u>
Equity			
Issued capital	15	23,140,355	23,128,075
Contributed surplus		12,649,506	11,596,406
Foreign currency translation reserve		478,073	879,316
Accumulated losses		(42,078,822)	(37,817,591)
Total equity		<u>(5,810,888)</u>	<u>(2,213,794)</u>

Going Concern (Note 2), Commitments and Contingencies (Note 27), Subsequent events (Note 28).

The above statements of financial position should be read in conjunction with the accompanying notes.

Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 22 October 2024.

H Arians
Chairman

J. Landau
Non-executive director

**Consolidated Statements of Profit or Loss and Other Comprehensive Income/
(Loss)**

For the years ended 30 June 2024 and 2023

		30 June 2024	30 June 2023
	<i>Note</i>	<i>(\$)</i>	<i>(\$)</i>
Revenue	18	321,214,785	80,351,632
Cost of sales		<u>(292,457,717)</u>	<u>(63,121,580)</u>
Gross profit		<u>28,757,068</u>	<u>17,230,052</u>
Employment expenses		(16,114,481)	(15,967,877)
Depreciation	8 & 9	(410,176)	(422,295)
General, administration and other	19	(11,939,973)	(11,539,452)
Share based compensation	16	<u>(300,993)</u>	<u>458,977</u>
Total operating expenses		<u>(28,765,623)</u>	<u>(27,470,647)</u>
Operating Income (loss) before other items and income tax		(8,555)	(10,240,595)
Other items			
Realised gain on fair value of deposits (treasury coins)		—	15,027
Realised gain on fair value of derivative liability	12	280,442	—
Unrealised loss on fair value of derivative liability	12	(23,912)	(48,231)
Net foreign exchange losses	19	(1,933,577)	(654,437)
Other Income	20	482,631	3,180,734
Finance costs	19	<u>(2,402,286)</u>	<u>(1,926,721)</u>
Total other items		<u>(3,596,702)</u>	<u>566,372</u>

		30 June 2024	30 June 2023
	<i>Note</i>	<i>(\$)</i>	<i>(\$)</i>
Loss before tax		(3,605,257)	(9,674,223)
Income tax recovery/(expense)	21	<u>(655,974)</u>	<u>313,868</u>
Net loss for the year		<u>(4,261,231)</u>	<u>(9,360,355)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified</i>			
<i>subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>(401,243)</u>	<u>(277,208)</u>
Total comprehensive loss for the year		<u><u>(4,662,474)</u></u>	<u><u>(9,637,563)</u></u>
Loss per share attributable to ordinary shareholders of the Company			
Basic and diluted loss per share	22	<u><u>(0.09)</u></u>	<u><u>(0.21)</u></u>

The above statements of Profit or Loss and Other Comprehensive Income/(Loss) should be read in conjunction with the accompanying notes.

Consolidated statements of changes in equity*For the years ended 30 June 2024 and 2023*

		Number of common shares	Issued capital (\$)	Contributed surplus (\$)	Foreign currency translation reserve (\$)	Accumulated losses (\$)	Total (\$)
	<i>Note</i>						
2023							
As at 1 July 2022		45,563,056	23,128,075	11,619,713	1,156,524	(28,457,236)	7,447,076
Loss for the year		—	—	—	—	(9,360,355)	(9,360,355)
Other comprehensive income/(loss)		—	—	—	(277,208)	—	(277,208)
Total comprehensive income/(loss)		—	—	—	(277,208)	(9,360,355)	(9,637,563)
Share based compensation	16	—	—	(458,977)	—	—	(458,977)
Equity portion and warrants issued under convertible notes agreement		—	—	435,670	—	—	435,670
As at 30 June 2023		<u>45,563,056</u>	<u>23,128,075</u>	<u>11,596,406</u>	<u>879,316</u>	<u>(37,817,591)</u>	<u>(2,213,794)</u>
2024							
As at 1 July 2023		45,563,056	23,128,075	11,596,406	879,316	(37,817,591)	(2,213,794)
Loss for the year		—	—	—	—	(4,261,231)	(4,261,231)
Other comprehensive income/(loss)		—	—	—	(401,243)	—	(401,243)
Total comprehensive income/(loss)		—	—	—	(401,243)	(4,261,231)	(4,662,474)
Share based compensation	16	—	—	300,993	—	—	300,993
Warrants on convertible notes		—	—	752,107	—	—	752,107
Exercise of Stock Options	15,16	24,000	12,280	—	—	—	12,280
As at 30 June 2024		<u>45,587,056</u>	<u>23,140,355</u>	<u>12,649,506</u>	<u>478,073</u>	<u>(42,078,822)</u>	<u>(5,810,888)</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows*For the years ended 30 June 2024 and 2023*

	<i>Note</i>	30 June 2024 (\$)	30 June 2023 (\$)
Net loss for the year		(4,261,231)	(9,360,355)
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for non-cash flows in the statement of comprehensive income/ (loss):</i>			
Depreciation	8,9	410,176	422,295
Realised fair value adjustment to deposit		—	(15,027)
Net Gain on Borrowings and Derivative liability	12	284,077	48,231
Share-based compensation		300,993	(458,977)
Gain on sale of assets	20	(384,783)	(3,298,951)
Gain on foreign exchange	19	48,038	654,437
Finance cost ⁽¹⁾	19	897,164	1,926,721
Current income tax benefit/(expense)		802,241	(208,422)
Deferred tax assets		(40,821)	(105,446)
<i>Changes in assets and liabilities:</i>			
(Increase)/decrease in trade & other receivables	4	(5,029,698)	(2,769,630)
(Increase)/decrease in cryptocurrency inventories	5	(164,263)	699,893
(Increase)/decrease in prepaids	6	(54,051)	16,751
Increase/(decrease) in trade & other payables	11	(1,522,286)	2,419,140
Increase/(decrease) in employee benefits	13	255,478	(20,365)
(increase)/decrease in other deposits	10	—	252,758
Other Item ⁽²⁾	10	745,711	(1,505,311)
Income tax paid		<u>(237,569)</u>	<u>(31,927)</u>
Cash outflow from operating activities		<u>(7,950,824)</u>	<u>(11,334,185)</u>

		30 June 2024	30 June 2023
	Note	(\$)	(\$)
Cash flows from investing activities			
Purchase of property & equipment (excluding ROU assets)		(5,478)	—
Proceeds from sale of intellectual property	20	<u>384,783</u>	<u>2,586,451</u>
Net cash from investing activities		<u>379,305</u>	<u>2,586,451</u>
Cash flows from financing activities			
Payments for principal element of lease liabilities	14	(391,155)	(354,348)
Payments for interest element of lease liabilities	14	(38,069)	(61,335)
Interest paid ⁽¹⁾		(859,095)	(550,583)
Proceeds received from borrowing	12	16,703,091	20,041,863
Repayment of borrowings		(16,170,000)	(14,799,067)
Proceeds received from issuance of convertible note	12	5,628,597	3,878,295
Repayment of convertible note	12	<u>(3,716,313)</u>	<u>(656,975)</u>
Net cash provided by financing activities		<u>1,157,056</u>	<u>7,497,850</u>
Net decrease in cash and cash equivalents held		(6,414,463)	(1,249,884)
Net foreign exchange difference		184,402	144,685
Cash and cash equivalents at the beginning of year		<u>8,258,814</u>	<u>9,364,013</u>
Cash and cash equivalents at end of the financial year		<u><u>2,028,753</u></u>	<u><u>8,258,814</u></u>

⁽¹⁾ Finance cost includes interest on Loans, Convertible notes and Lease liabilities.

⁽²⁾ Includes restricted cash held with Banks

The above statements of changes in cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Nature of operations

Banxa Holdings Inc. (the “**Company**” or “**ALBS**”), incorporated as A-Labs Capital I Corp, a Canada Business Corporation, was formed on 6 March 2018. The Company’s shares are traded on the TSX Venture Exchange as a Tier 2 Technology company under the trading symbol “BNXA”.

BTC Corporation Holdings Pty Ltd (“**BTC**”) was incorporated on 27 March 2014 in Australia under the Corporations Act 2001. On 23 December 2020 BTC’s shareholders acquired control of ALBS through a reverse acquisition transaction. ALBS issued additional shares which were exchanged with 100% of the shares of BTC. Following this transaction, BTC and its subsidiaries (the “**Company**”) are deemed to be a continuation of BTC’s operations. Concurrent with the closing of the acquisition on 23 December 2020, the Company changed its name to Banxa Holdings Inc. and effected a change in directors, management, and business.

The Company’s principal business activity is being a payment service provider to global cryptocurrency exchanges.

The head office is in Melbourne, Australia at level 2, 2–6 Gwynne Street, Cremorne, Victoria, 3121. The registered office of the Company is located at 595 Howe St 10th floor, Vancouver, British Columbia, Canada V6C 2T5.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company incurred a loss of \$4,261,231 and had net cash outflows from operating activities of \$7,950,824 for the year ended 30 June 2024. The Company has historically incurred losses, as well as reported net cash outflows from operating activities.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company’s ability to continue as a going concern and otherwise execute on its business strategies. These audited consolidated financial statements do not give effect to adjustments or disclosures that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these audited consolidated financial statements.

The Directors have considered the net current asset position of the Company as at 30 June 2024 which amounts to negative balance of \$2,534,137 (including cash of \$2,028,753 and receivables from exchanges including fiat held at exchanges or with custodians of \$458,969 which are at call), and reviewed the cashflow forecasts for a period in excess of 12 months from the signing date of this financial report, and believe the Company has the ability to meet its debts as and when they fall due. The cashflow forecast assumes that the level of volume of cryptocurrency transactions traded by the Company’s global partners will continue to increase, driven by continued increases in the global partner network and continued usage of the Company payment infrastructure by the global partner network, irrespective of day-to-day movements in specific crypto currencies which will facilitate increase of commission income of the Company. The Company is reliant on the continued support of its lenders of which a significant portion are related parties (See note 23). Furthermore, the Company believes it is able to raise additional funds or extend maturity of expiring loans.

Accordingly, the Directors believe the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. Material accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretation Committee. The policies have been consistently applied to all the years presented, unless otherwise stated.

New and amended standards that are effective for the current year

In the current year, the Company has applied a number of IFRS amendments that are mandatorily effective for annual periods that begin on or after 1 July 2024

- i. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been amended to clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company’s consolidated financial statements.
- ii. IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements has been amended to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company’s disclosures of accounting policies and estimates, but not on the measurement, recognition or presentation of any items in the Company’s consolidated financial statements.
- iii. IAS 12 Income Taxes has been amended to narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The amendments had no impact on the Company’s consolidated financial statements.

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of 30 June 2024.

Standards issued but not yet effective

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on 1 July 2024 and thereafter, with an earlier application permitted:

Amendments to IAS 1, Presentation of Financial Statements

In January 2020, the International Accounting Standards Board (“IASB”) issued “Classification of Liabilities as Current or Non-current (*Amendments to IAS 1*)”. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations that would be considered as a settlement of a liability. In October 2022, the IASB issued “Non-current Liabilities with Covenants (*Amendments to IAS 1*)”. These further amendments clarify how to address the effects on classification and disclosure of covenants that an entity is required to comply

with on or before the reporting date and covenants that an entity must comply with only after the reporting date. The amendments are effective for reporting periods beginning on or after January 1, 2024.

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These include: The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss. Enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes. Mandatory disclosures about management-defined performance measures (a subset of alternative performance measures).

Significant accounting judgments and estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification 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. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Company is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's profit or loss and financial position as currently presented.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets could fall into a variety of different standards. The Company has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 Inventories ("IAS 2") in characterizing its holding of digital assets. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies and purchase them with a view to their resale in the near future. Although 'commodity' is not defined in IAS 2, the Company has concluded that its holding of cryptocurrencies is a commodity or similar to a commodity and measured its holding of cryptocurrencies at fair value less costs to sell.
- Digital currency denominated assets and crypto currencies inventories (note 4.2 and note 5, respectively) are included in current assets. Assets of this type held by trade exchanges or liquidity providers are further classified as trade receivables as the Company is an unsecured creditor while the assets are held by the trade exchange or liquidity provider as the title to these assets is held by the trade exchange or liquidity provider (See note 4.2). The trade exchange or liquidity provider owes Banxa an account receivable for the fluctuating value of the fiat and digital assets held on their platform at any point in time.

Digital currencies are carried at their fair value determined by the spot rate based on Trade exchanges (e.g., Binance) prices as at midnight AEST. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Company's results and financial position.

- The Company has assessed the functional currency for each entity within the Company by taking into account the currency which influences sale prices for goods and services, the currency of the country whose competitive forces and regulations determine sale prices, and the currency that mainly influences labour, material and other costs of providing goods or services.
- Assumptions are made and judgment is used in calculating the fair value of stock options using Black-Scholes option pricing model. These assumptions and judgments include estimating the fair value of the Company's stock, future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties.
- Management's consideration of principal or agent in a revenue transaction is disclosed in the revenue recognition policy below. The Company bases its assessment on IFRS 15, applying it to several factors including: who has custody of the wallets fulfilling the orders, whether those wallets maintain an inventory buffer to fulfill future orders, if cryptocurrency is purchased in advance to fulfill multiple orders and if the entity obtains legal title to the inventory only momentarily before legal title is transferred to the customer. Customer settlement is within 1–2 business days for the majority of transactions.
- The estimated fair value of Investment in Independent Reserve are subject to measurement uncertainty given it is an unlisted entity.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and its subsidiaries as at 30 June 2024 and 2023 and the results of the Company and all subsidiaries for the years then ended (or from the date when acquired during the year).

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to BTC. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Where the Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. The Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Subsidiaries

The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company ultimately owns:

Name	Principal activities	Incorporation	Equity interest	
			2024 %	2023 %
BTC Corporation Holdings Pty Ltd	Holding company	Australia	100	100
BC Cloud Mining Pty Ltd	Dormant company	Australia	100	100
Global Internet Ventures Pty Ltd	Payment service provider	Australia	100	100
BNXA UK Holding Limited	Payment service provider	United Kingdom	100	100
Richmond Internet Ventures Corporation	Payment service provider	Canada	100	100
Internet SG Ventures Pte Ltd	Dormant company	Singapore	100	100
Banxa.com Pty Ltd	Dormant company	Australia	100	100
Rhino Loft Pty Ltd	Dormant company	Australia	100	100
EU Internet Ventures B.V.	Payment service provider	The Netherlands	100	100
LT Internet Ventures UAB	Payment service provider	Lithuania	100	100
BNXA USA Holding Inc	Payment service provider	USA	100	100
BNXA USA MTL	Payment service provider	USA	100	100
BNXA USA Operating Inc	Payment service provider	USA	100	100
BNXA USA NV Inc	Payment service provider	USA	100	100
BNXA UK VASP Limited	Dormant company	United Kingdom	100	100
BNXA Teknoloji Anonim Sirketi AS	Payment service provider	Turkiye	100	100
BNXA Brazil LTDA	Dormant company	Brazil	100	100
BNXA PHL Inc. (Philippines)	Dormant company	Philippines	100	100

Current and non-current classification

Assets and liabilities are presented in the consolidated statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, fiat deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All balances are recorded at AEST time.

Cryptocurrency inventories

Inventories are represented by cryptocurrencies. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell, reflecting the Company's purpose of holding such cryptocurrency inventory as a commodity broker-trader in accordance with IAS 2. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. Changes in the value of cryptocurrencies are included in profit and loss for the period.

The Company recognizes realized gains or losses on its digital assets when it sells digital assets that it holds on a weighted average basis.

Property and Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis (for leasehold improvements) or calculated on a diminishing basis (Fixture & Fittings and Computer equipment) to write off the net cost of each item of equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	4 years, Straight line method
Computer equipment	40% per annum. Diminishing method
Fixtures and Fittings	28.57% per annum, Diminishing method

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of equipment is derecognized upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate reflecting its specific credit risk, the currency of the lease and the weighted average maturity of the outstanding lease liability.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payment made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

There are low value and short-term leases with less than 12-month duration which are recognised as expenses when they are paid.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

A recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets with the scope of IFRS 9 are classified and measured as "financial assets at fair value" as either fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI), and "financial assets at amortized costs" as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs of the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement — financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVTPL.

The Company's management, using both historical analysis and forward-looking information, has evaluated its exposure to expected credit losses on its financial assets measured at amortized cost and concluded that the probability of default is minimal as all receivables were short-term and the counterparties to the receivables have a strong capacity to meet their contractual obligations in the near term. Therefore, allowance recognized for expected credit losses is insignificant.

Financial assets were classified as follows:

Classification	IFRS 9
Cash and cash equivalents	Amortised cost
Trade and other receivables	
— Trade and other receivables (except GST)	Amortised cost
— Receivable from trading exchanges	FVTPL
Other investment	FVTPL
Other deposits	Amortised cost

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments, or the Company has opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value, and where applicable net of directly attributable transaction costs.

Subsequent measurement — financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the statement for profit or loss.

Financial liabilities were classified as follows:

Classification	IFRS 9
Trade and other payables	Amortised cost
Borrowings	Amortised cost
Convertible notes	Amortised cost
Derivative liability	FVTPL

Convertible notes

The liability and equity components of convertible notes are presented separately on the statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and substantially providing the same cash flows, but without conversion option. Subsequently, the liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible debenture at maturity, which is recorded in the statement of profit or loss and other comprehensive income as finance costs.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the convertible debenture and is presented in equity as an equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition.

Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

Allowance for chargeback expenses

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

*Employee benefits**Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Banxa has an established stock option plan for directors, officers, Employees, Management Company Employees, Consultants and Eligible Charitable Organizations of the Company and its subsidiaries (collectively “**Eligible Persons**”), known as the “Banxa Holdings Inc. Stock Option Plan” (the “**Plan**”). The purpose of the Plan is to give to Eligible Persons as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options, exercisable upon completion of stipulated years of employment as determined by the board of directors of the Company. More details on stock options at note 16.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience

of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Foreign currency translation

The Company's consolidated financial statements are presented in Australian dollar except stock price information, which is disclosed in Canadian dollars (\$CAD). The Company's functional currency is Canadian dollar. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Foreign currency transactions in currencies other than their functional currencies are translated into their functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Australian dollars.

Revenue recognition

The Company recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Critical judgment is required in determining whether the Company is the principal or the agent in transactions between customers. The Company evaluates the presentation of revenue on a gross or net basis based on whether it controls the cryptocurrency provided before it is transferred to the customer (gross) or whether it acts as an agent by arranging for other customers on the platform to provide the cryptocurrency to the customer (net).

Under the principal agreement, the Company does control the cryptocurrency being provided before it is transferred to the buyer, and therefore does have cryptocurrency inventory risk related to the cryptocurrency. In such cases, the Company purchases a set amount of cryptocurrency to meet future demand. The Company will hold a cryptocurrency inventory buffer in advance of processing future orders. A single cryptocurrency purchase will fulfill multiple future customer orders. When this Inventory buffer runs low, it will be automatically replenished through an automated process in which the Company buys a predetermined amount of cryptocurrency. As a result, the Company acts as a principal in the transaction with the customer.

Under an agency arrangement, the Company does not control the cryptocurrency being provided before it is transferred to the buyer, and therefore does not have cryptocurrency inventory risk related to the cryptocurrency. The Company also does not set the price for the cryptocurrencies as the price is a market rate established by the platform. As a result, the Company acts as a facilitator for a customer to purchase cryptocurrencies from another customer.

Sale of cryptocurrencies to customers

For the sales of cryptocurrencies on a principal basis, revenue is recognized at the point in time when the Company has delivered the cryptocurrencies to its customers' wallet accounts. The Company has control of the cryptocurrencies either in its custody or with the exchanges prior to the sale to the customers. Accordingly, the Company records the total value of the sale as revenue and the corresponding cost of the cryptocurrencies in the cost of sales.

Purchase of cryptocurrencies from customers

For transactions involving the purchase of cryptocurrencies from customers, revenue is recognized at the point when the fiat is paid to the customers bank account. The commission or spread earned from this transaction is considered principal in nature.

Commissions and spread from services

For the sales of cryptocurrencies on an agency basis, the Company does not have control of the cryptocurrencies and so revenue is recognised at the point in time when the Company has processed the customer transaction. By selling on an agency basis, the Company is only acting as a payment channel service provider and so the single performance obligation is satisfied when the transaction has been processed. Commission is calculated as a fixed percentage of the total transaction value on agency transactions. In addition to a commission, the Company earns a spread, which is also calculated as a percentage of the total transaction value on agency transactions, based on custom pricing with certain customers.

Integration services

The Company provides a service of installation of its payment technologies to trading platforms. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these installation services based on the stage of completion of the contract. The Company has assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Share-based compensation

The Company accounts for share-based payments using the fair value-based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based compensation over each tranche's vesting period with an offsetting credit charged to contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital.

Contributed surplus

This reserve comprises private placement proceeds allocated to unexercised share purchase warrants, the value of warrants issued to advisers, unexercised stock options, estimated fair value of warrants associated with issuances of convertible notes as well as other share-based payment transactions that do not involve the issuance of shares.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels (see note 25), using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognized for prior periods, where applicable.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of recognized and unrecognized deferred tax assets are reviewed at each reporting date. Deferred tax assets recognized are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognized to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

In Australia, BTC and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime. BTC and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, BTC also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Goods and services tax ("GST") and other similar taxes

Revenues, expenses and assets are recognized net of the amount of associated (Australian) GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Segment information

Operating segments are defined as components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance of the operating segments of an entity. The Company conducts its business as one operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 18.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer and financial statements has been prepared in accordance with IFRS 8 — ‘Operating Segment’.

4. Trade and other receivables

	30 June 2024	30 June 2023
	(\$)	(\$)
Payment gateway receivables	8,964,215	3,719,571
Allowances for chargeback expenses (<i>Note 4.1</i>)	(611,761)	(573,768)
GST receivable	—	265,659
Receivables from trading exchanges (<i>Note 4.2</i>)	458,969	164,948
Other receivables	6,504	13,834
Integration Fees Receivable	243,748	441,600
Sundry deposit denominated in USD Tether	<u>37,506</u>	<u>37,639</u>
Total trade and other receivables	<u><u>9,099,181</u></u>	<u><u>4,069,483</u></u>

Receivables from Payment gateway relate to all crypto buy transactions and the increase from 30 June 2024 over 30 June 2023 is due to significantly higher trading volumes in June 2024 over June 2023 and timing differences on settlement dates year on year.

The majority of the payment gateway receivable represents sales that were made between Friday 28 June to Sunday 30 June 2024 inclusive. The cash receipt of these sales was received in July 2024. The settlement of sales made by payment processors is typically between 1 and 2 business days.

The change in the allowance for chargeback expenses is detailed below:

4.1 Allowances for chargeback expenses

	30 June 2024	30 June 2023
	(\$)	(\$)
Balance at beginning of year	(573,768)	(350,357)
Net change in provision during the year (<i>Note 19</i>)	(2,150,736)	(1,443,939)
Actual write-off during the year	<u>2,112,743</u>	<u>1,220,528</u>
Balance at end of year	<u><u>(611,761)</u></u>	<u><u>(573,768)</u></u>

The expense during the year is presented as part of “chargeback expenses” in the general and administration expenses (refer note 19).

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

4.2 Receivables from trading exchanges represent the fair value of the digital and fiat currencies held at exchanges or with custodians.

Receivables from trading exchanges are made to facilitate the Company's ability to transact more efficiently at various trading volumes. The Company maintains balances in digital currencies with exchanges from time to time in connection with the sale of cryptocurrencies in the ordinary course of business. The Company actively trades cryptocurrencies.

As there is no specific guidance in IFRS on cryptocurrencies held at exchanges or with custodians, the Company followed the requirements of "IFRS 9 Financial Instruments" for these assets held with liquidity providers ("LPs") and measures them at fair value on initial recognition and subsequently at FVTPL as these balances are only held to facilitate Banxa's ability to transact more efficiently at various trading volumes in connection with the sale of cryptocurrencies in the ordinary course of business and the contractual terms with these LPs do give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at 30 June 2024 and 2023, balances held at exchanges, or with custodians, consisted of the following:

	30 June 2024		30 June 2023	
	Number of coins held	Value (\$)	Number of coins held	Value (\$)
Digital and fiat currencies held at exchanges or with custodians				
LTC	5	511	50.53	7,296
Link	20	406	106.78	997
BNB	1	812	5.20	1,834
BTC	0.69	73,296	0.30	17,040
ETH	0	303	1.33	4,105
USDT	N/A	121,010	N/A	9,643
USDC	N/A	6,877	N/A	14,707
XRP	415	266	1,420	999
WBTC	0.00019	17	0.01	457
SHIB	—	—	79,905,460	880
Other	35,204,345	255,471	1,573,423	132,059
Total digital and fiat currencies held at exchanges or with custodians		458,969		190,017
Provision for collectability		—		(25,069)
Net deposits		458,969		164,948

Provision for Collectability

	30 June 2024 (\$)	30 June 2023 (\$)
Balance at beginning of year	(25,069)	(111,806)
Movement in Provision for Collectability	<u>25,069</u>	<u>86,737</u>
Balance at end of year	<u><u>—</u></u>	<u><u>(25,069)</u></u>

5. Cryptocurrency Inventories

	30-Jun-24		30-Jun-23	
	Number of coins held	Value (\$)	Number of coins held	Value (\$)
Bitcoin (BTC)	1.38	140,290	1.27	58,546
Ethereum (ETH)	12.61	67,388	8.72	25,363
Loopring (LRC)	5,077	1,798	23,114	8,051
USD Coin (USDC)	3,157	9,605	9,851	14,833
Tether (USDT)	76,811	115,017	35,442	53,352
Other	<u>144,380</u>	<u>14,157</u>	<u>287,598</u>	<u>23,847</u>
Total inventory	<u><u>229,439</u></u>	<u><u>348,255</u></u>	<u><u>356,015</u></u>	<u><u>183,992</u></u>

Cryptocurrencies are measured at fair value less cost to sell in accordance with the Company's accounting policy for cryptocurrencies and in accordance with IAS 2.

The Company's realized gain or loss on inventories is calculated as the proceeds received from the sale of cryptocurrencies less its assigned original cost. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell. Changes in value of cryptocurrencies are included in profit and loss for the year.

6. Prepaids

	30 June 2024 (\$)	30 June 2023 (\$)
Insurance	241,698	138,130
Consultancy fees	18,609	—
Other operational expenses	<u>241,325</u>	<u>309,451</u>
Total other assets	<u><u>501,632</u></u>	<u><u>447,581</u></u>

7. Goodwill

	30 June 2024 (\$)	30 June 2023 (\$)
Goodwill	<u>151,643</u>	<u>151,643</u>
	<u><u>151,643</u></u>	<u><u>151,643</u></u>

During the year ended 30 June 2024, the Company determined that there is no impairment of the goodwill arising from the European acquisition which occurred during the year ended 30 June 2020.

8. Property and equipment

	30 June 2024 (\$)	30 June 2023 (\$)
Fixtures and fittings at cost	205,897	203,555
Less accumulated depreciation	<u>(138,456)</u>	<u>(104,274)</u>
Carrying amount of fixtures and fittings	<u>67,441</u>	<u>99,281</u>
Computer equipment at cost	106,841	103,705
Less accumulated depreciation	<u>(105,566)</u>	<u>(103,705)</u>
Carrying amount of computer equipment	<u>1,275</u>	<u>—</u>
Leasehold Improvements	463,512	463,512
Less accumulated depreciation	<u>(347,634)</u>	<u>(231,756)</u>
Carrying amount of leasehold improvements	<u>115,878</u>	<u>231,756</u>
Total property and equipment	<u><u>184,594</u></u>	<u><u>331,037</u></u>
	30 June 2024 (\$)	30 June 2023 (\$)
Fixtures and fittings		
Carrying amount at beginning of year	99,281	147,755
Additions	2,342	—
Disposals	—	—
Depreciation expenses	(34,182)	(48,474)
Exchange differences	<u>—</u>	<u>—</u>
Carrying amount at end of year	<u>67,441</u>	<u>99,281</u>
Computer equipment		
Carrying amount at beginning of year	—	—
Additions	3,136	—
Disposals	—	—
Depreciation expenses	(1,861)	—
Exchange differences	<u>—</u>	<u>—</u>
Carrying amount at end of year	<u>1,275</u>	<u>—</u>
Leasehold improvements		
Carrying amount at beginning of year	231,756	347,322
Lease Incentive	—	—
Additions	—	—
Disposals	—	—
Depreciation expenses	(115,878)	(115,566)
Exchange differences	<u>—</u>	<u>—</u>
Carrying amount at end of year	<u>115,878</u>	<u>231,756</u>
Total property and equipment	<u><u>184,594</u></u>	<u><u>331,037</u></u>

9. Right-of-use assets

	30 June 2024 (\$)	30 June 2023 (\$)
Buildings: Right-of-use		
Carrying amount at the beginning of the year	505,143	763,399
Additions	—	—
Disposals	—	—
Depreciation expenses	<u>(258,255)</u>	<u>(258,256)</u>
Carrying amount at end of year	<u><u>246,888</u></u>	<u><u>505,143</u></u>

The Company leases a building for its Melbourne office under a four-year agreement with an option to extend for another four years. The lease has various escalation clauses. Refer to note 14 for associated lease liabilities at the reporting date. The lease does not contain any variable lease payment terms.

10. Other Deposits

	30 June 2024 (\$)	30 June 2023 (\$)
Rental Bond	252,758	252,758
Other Deposits	100,807	101,169
Provision for Other deposits	(101,169)	(101,169)
Restricted (Cash)	<u>759,962</u>	<u>1,505,311</u>
Total Bank Guarantee	<u><u>1,012,358</u></u>	<u><u>1,758,069</u></u>

On 31 May 2022 a new rental bond of \$252,758 was paid as a Tenant security deposit for the new office premises as requested by the landlord. Previous bank guarantee of \$252,758 was redeemed on 29 August 2022. Restricted (cash) of \$759,962 related to the deposits held with banks for Money Transmitted License (MTL) for USA.

11. Trade and other payables

	30 June 2024 (\$)	30 June 2023 (\$)
Trade payables	841,844	1,156,255
Employee withholdings payable	195,898	262,539
Other payables	1,637,907	4,503,250
Accrued Expenses	3,289,470	2,409,412
GST Payable	<u>831,771</u>	<u>—</u>
Total trade and other payables	<u><u>6,796,890</u></u>	<u><u>8,331,456</u></u>

Other payables at 30 June 2023 includes Worldpay overpayment and Income in advance (\$793,207) for Integration fees. Worldpay overpayment was repaid in February 2024.

12. Borrowings

	30 June 2024 (\$)	30 June 2023 (\$)
Borrowings — Current		
Short term Borrowings	5,775,887	5,242,796
Convertible notes	—	3,501,334
Total Current	<u>5,775,887</u>	<u>8,744,130</u>
Borrowings — Non Current		
Convertible notes	<u>5,628,597</u>	<u>—</u>
Total Non Current	<u>5,628,597</u>	<u>—</u>
Total Borrowings	<u><u>11,404,484</u></u>	<u><u>8,744,130</u></u>
Short-Term Borrowings		

As of 30 June 2024, the Company had short-term borrowing agreements with the following external entities:

- Buzz Development Inc AUD\$2,255,416 (2023: AUD\$2,255,416) at 20% per annum. Fully repaid in July 2024.
- Clearpool Caurius AUD\$920,598 (2023: AUD\$Nil) at 15.5% per annum. Fully repaid in September 2024.
- Alam Group Loan AUD\$945,185 (2023: AUD\$Nil) at 20% per annum (Alam Group is a related party). Due in March 2025.
- Checkout.com (fronting payment) AUD\$1,540,901 (2023: AUD\$Nil) at 16.43% per annum. Due in November 2024.
- Red Envelope AUD\$113,787 (2023: AUD\$Nil) at 0% per annum. Credit line will be available until July 2025.
- Ari Last AUD\$Nil (2023: AUD\$601,143). Repaid in 2024.
- Tiga Trading Private Limited AUD\$Nil (2023: AUD\$2,000,000). The loan was extinguished and replaced with convertible note during the year.
- HB Super Holdings Private Limited AUD\$Nil (2023: AUD\$386,240). The loan was extinguished and replaced with convertible note during the year.

As of June 30, 2024, the Company had total short-term borrowings capacity of AUD\$11,467,000.

Convertible Notes

In October 2022 the Company issued to the Investor a convertible debenture (the “**Notes**”) for a total investment of CAD\$3,500,000 (funding amount), bearing interest at 10% per annum (accruing monthly). The Notes is payable with equal installments of \$194,444 starting May 16, 2023 until fully repaid. The principal of the security is convertible, at the option of the holder, to common shares of the Company at a price of CAD\$1.27, and the accrued interest is convertible, at the option of the holder, equal to 85% of market share price on the last trading date prior to relevant conversion. In addition, the Company issued to the Investor 2,673,228 warrants (the “**Warrants**”), each warrant entitles the holder to purchase one common share at a price of \$1.27 per share for a period of 24 months from the date of issuance of the convertible note. Warrants are recorded in equity as part of the contributed surplus, together with the equity portion of the Notes. The Company incurred transaction costs in relation to the Notes issuance in the amount of CAD\$105,000, which was allocated to the liability and equity components of the Notes respectively. During the period ended 30 June 2023, the Company recorded accretion expense of \$309,053. The proceeds received from convertible note were \$3,878,295 (CAD\$3,350,000) and as of 30 June 2023, amount of \$656,975 was repaid to the Investor and further \$553,198 was paid by quarter 1 and final amount of \$3,372,029 was agreed for closure of The Lind Partners, LLC (Lind) Convertible Note. Due to the cease trade order issued to the Company in November 2022 by the British Columbia Securities Commission and the Ontario Securities Commission, the Company paid penalty to the Investor and the payments were re-negotiated: amount repaid to the Investor included 3 monthly installments instead of 2 per initial payment schedule. The Company recognized a loss on cash flow modification of \$105,734 included in the finance cost as of 30 June 2023.

During the period ended 30 June 2024 the Company completed a non-brokered private placement (the “**Private Placement**”) of convertible debenture units (the “**Note Units**”) for gross proceeds of CAD\$5,694,024 bearing interest at 10% per annum. Banxa issued to the Investor 2,847,010 warrants, each warrant entitles the holder to purchase one common share at a price of \$1 per share for a period of 36 months from the date of issuance of the convertible note. Each Note Unit consists of one unsecured convertible debenture (each, a “**Note**”) and such number of common share purchase warrants in the capital of the Company (each, a “**Warrant**”) equal to 40% of the number of common shares in the capital of the Company (each, a “**Common Share**”) issuable upon conversion of the Note (as described below). The principal of the security is convertible, at the option of the holder, to common shares of the Company at a price of CAD\$0.8, and the accrued interest is convertible, at the option of the holder, equal to the last closing price of the common shares on the exchange on the last trading day immediately prior to the announcement of the interest conversion by news release. Convertible notes of CAD\$750,000 and CAD\$500,000 were issued to Alam Group and Blackhawk Ventures Private Limited which are related parties.

Net gain on borrowings and derivative liability

The Company agreed to repay the final amount of \$3,372,029 to settle the closure of the Lind Note resulting in a gain of \$280,442.

	Year ended 30 June 2024 (\$)	Year ended 30 June 2023 (\$)
Gain on repayment of convertible note	280,442	—
(Loss)/gain on repayment of derivative liability	(23,912)	(48,231)
Net gain on borrowings and derivative liability	256,530	(48,231)

Derivative liability

	30 June 2024 (\$)	30 June 2023 (\$)
Balance at beginning of period (Inception)	48,231	—
Change in fair value — unrealized	23,912	48,231
Change in fair value — realised	—	—
Net change in fair value during year	23,912	48,231
Balance before conversion	72,143	—
Extinguished on conversion	(72,143)	—
Balance at end of year	—	48,231

The derivative liability presented as at 30 June 2023 related to convertible notes issued in October 2022. The derivative liability element of the convertible note is valued at fair value.

Changes in fair value of the derivative liability are recognized in profit or loss. The Company assessed the fair value of the derivative liability using observable inputs. The Company agreed the final amount of \$3,372,029 to settle the closure of the Lind Note resulting extinguishment of associated derivative liability.

13. Provisions and Other liabilities

	30 June 2024 (\$)	30 June 2023 (\$)
Annual leave	670,670	496,660
Long service leave	223,481	146,245
Balance at end of year	894,151	642,905
Current	828,728	603,958
Non-current	65,423	38,947
Balance at end of year	894,151	642,905
Other Liabilities	—	393
Total Provisions and other liabilities	894,151	643,298

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. All amounts are presented as current liabilities.

14. Lease Liability

	30 June 2024 (\$)	30 June 2023 (\$)
Balance at beginning of year	821,975	1,176,323
New lease agreements — present value of lease liabilities	—	—
Lease payments made in the year	(429,224)	(415,683)
Accretion of interest	38,069	61,335
Balance at end of year	430,820	821,975
<i>Low Value and Short-Term Leases</i>		
	30 June 2024 (\$)	30 June 2023 (\$)
Lease liability — current portion	430,820	391,155
Lease liability — non-current portion	—	430,820
Total	430,820	821,975
Undiscounted Future Lease Payments due:		
Within 1 year	443,239	466,160
After 1 year but not more than 5 years	—	406,302
After more than 5 years	—	—
Total	443,239	872,462

The Company had low-value lease expenses of \$15,583 (2023: \$7,763) and short-term lease expenses of \$63,434 (2023: \$77,242).

15. Issued Capital

(a) Authorized share capital

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

Number of common shares	30 June 2024	30 June 2023
Number of common shares at beginning of year	45,563,056	45,563,056
Stock options exercised	24,000	—
Number of common shares at end of year	45,587,056	45,563,056
Issued capital		
	30 June 2024 (\$)	30 June 2023 (\$)
Share capital at beginning of year	23,128,075	23,128,075
Proceeds from stock options exercised	12,280	—
Issued capital at end of year	23,140,355	23,128,075

16. Stock options

The Company has adopted a share option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. As at 30 June 2024, the aggregate maximum number of common shares issuable under the plan is 4,556,306 (30 June 2023: 4,556,306) common shares.

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's share option activities for the years ended 30 June 2024 and 2023:

	30 June 2024		30 June 2023	
	Number of options	Weighted-average exercise price (\$CAD)	Number of options	Weighted-average exercise price (\$CAD)
Outstanding, beginning of the year	4,533,138	0.99	4,483,138	1.45
Granted	25,000	0.99	1,410,000	1.00
Expired	(24,000)	—	—	—
Cancelled/forfeited	(6,250)	0.99	(1,360,000)	2.51
Exercised	(24,000)	0.47	—	—
	<u>4,503,888</u>	<u>0.99</u>	<u>4,533,138</u>	<u>0.99</u>

On 15 July 2022, the Company granted 275,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 per share and expire on 01 October 2026. The fair value of the 275,000 options granted was determined as \$231,149.

On 1 December 2022, the Company granted 735,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 per share and 610,000 expire on 01 July 2026, 100,000 expire on 1 October 2026 and 25,000 expire on 1 December 2026. The fair value of the 735,000 options granted was determined as \$602,907.

On 1 February 2023, the Company granted 400,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 per share and expire on 01 February 2027. The fair value of the 400,000 options granted was determined as \$336,024.

1,360,000 options were cancelled during the year ended June 30, 2023.

On 17 July 2023, 21,428 share options have been exercised. The options have an exercise price of \$CAD0.47 Per share.

On 11 September 2023, 2,572 share options have been exercised. The options have an exercise price of \$CAD0.47 Per share.

On 1 October 2023, the Company granted 25,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 Per share and expire on 01 October 2027.

On 30 June 2024, 6,250 options were cancelled/forfeited during the year.

On 30 June 2024, 24,000 options expired during the year.

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET GROUP

All option grant valuations during the financial period have been determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	30 June 2024	30 June 2023
Share price	\$CAD0.75	\$CAD1.00–\$CAD1.00
Exercise price	\$CAD1.00	\$CAD1.00–\$CAD1.00
Risk-free interest rate	2.75%	2.93%–3.08%
Expected term (in years)	4.0	3.5–4
Estimated dividend yield	0%	0%
Estimated volatility	117.75%	137%

The following table summarizes information regarding share options outstanding and exercisable as at 30 June 2024:

Expiry Date	Number of options	Outstanding	Weighted average exercise price (\$CAD)	Exercisable	Weighted average exercise price — vested (\$CAD)
		Weighted-average remaining contractual life (years)		Number of options	
December 2025	3,125,138	1.5	1.00	3,125,138	1.00
July 2026	610,000	2.0	1.00	457,500	1.00
October 2026	318,750	2.3	1.00	266,406	1.00
December 2026	25,000	2.4	1.00	18,750	1.00
March 2027	400,000	2.7	1.00	250,000	1.00
October 2027	25,000	3.3	1.00	6,250	1.00
	<u>4,503,888</u>	<u>1.71</u>	<u>1.00</u>	<u>4,148,044</u>	<u>1.00</u>

17. Warrants

The following is a summary of the changes in the Company's warrants for the years ended 30 June 2024 and 2023:

	30 June 2024		30 June 2023	
	Number of warrants	Weighted-average exercise price (\$CAD)	Number of warrants	Weighted-average exercise price (\$CAD)
Outstanding, beginning of the year	4,714,791	4.46	2,556,334	6.62
Granted	2,847,010	1.00	2,637,228	1.27
Expired	—	—	(478,771)	1.00
Exercised	—	—	—	—
	<u>7,561,801</u>	<u>3.15</u>	<u>4,714,791</u>	<u>4.46</u>

During the year ended 30 June 2024, nil warrants (Year-ended 30 June 2023: Nil warrants) were exercised for proceeds of \$nil (Year-ended 30 June 2023: \$nil warrants). Nil warrants expired during the year ended June 30, 2024 (478,771 during the year ended June 30, 2023).

During the period ended 30 June 2024 Banxa Holdings Inc. completed a non-brokered private placement (the “**Private Placement**”) of convertible debenture units (the “**Note Units**”) for gross proceeds of CAD\$5,694,024 bearing interest at 10% per annum. Banxa issued to the Investor 2,847,010 warrants, each warrant entitles the holder to purchase one common share at a price of \$1 per share for a period of 36 months from the date of issuance of the convertible note. Each Note Unit consists of one unsecured convertible debenture (each, a “**Note**”) and such number of common share purchase warrants in the capital of the Company (each, a “**Warrant**”) equal to 40% of the number of common shares in the capital of the Company (each, a “**Common Share**”) issuable upon conversion of the Note (as described below). Each Warrant will be exercisable for one Common Share at an exercise price of CAD \$1.00 for a period of 36 months from the date of issuance.

18. Revenue

	30 June 2024 (\$)	30 June 2023 (\$)
<i>Sales revenue</i>		
Sale and purchase of cryptocurrencies	302,776,075	66,093,803
Integration revenue	1,236,012	1,399,842
Commissions and spread from services	<u>17,202,698</u>	<u>12,857,987</u>
Total sales revenue by type	<u>321,214,785</u>	<u>80,351,632</u>
<i>Geographic regions</i>		
Australia	51,863,093	17,132,309
North America	39,521,774	7,072,453
Europe	<u>229,829,918</u>	<u>56,146,870</u>
Total sales revenue by geographical region	<u>321,214,785</u>	<u>80,351,632</u>

During the current year, the comparative figures have been reclassified to conform with the presentation adopted in the current year. These reclassifications were made to enhance the clarity of the consolidated financial statements and do not affect the previously reported net income, total assets, or equity. The Company considered materiality and concluded that it is sufficient to present such information only in the note that has been impacted by a reclassification.

Revenue has increased in 2024 across all geographical regions as more revenue was recognised on a principal basis as the Company increased the numbers of non-custodial wallets that the Company holds inventory in to fulfill future orders.

19. Expenses

	<i>Note</i>	30 June 2024 (\$)	30 June 2023 (\$)
General, administration and other			
Bank charges		666,248	1,304,414
Chargeback expenses		2,150,736	1,443,939
Utilities expenses		302,169	207,286
Travel		169,663	563,648
Software development		2,480,514	2,000,160
Legal, accounting, consulting		4,189,079	4,123,372
Marketing and advertising		121,422	15,024
Investor relations		399,757	698,480
Insurance		488,768	385,951
Donations		—	6,766
Recruitment		277,116	198,608
Other		<u>694,501</u>	<u>591,804</u>
Total general, administration and other		<u>11,939,973</u>	<u>11,539,452</u>
Finance costs			
Interest on loans and borrowings		2,364,217	1,865,386
Interest on lease liabilities	14	<u>38,069</u>	<u>61,335</u>
Total finance costs		<u>2,402,286</u>	<u>1,926,721</u>
Net Foreign exchange losses		<u>1,933,577</u>	<u>654,437</u>
Realised loss on fair value of derivative liability	12	—	—
Unrealised loss on fair value of derivative liability	12	<u>(23,912)</u>	<u>(48,231)</u>

20. Other Income

	30 June 2024 (\$)	30 June 2023 (\$)
Other Income	97,848	—
Sale of domain names	<u>384,783</u>	<u>3,180,734</u>
Balance at end of year	<u>482,631</u>	<u>3,180,734</u>

Other Income consists of the below two major transactions.

On 14 September 2022, the Company sold three of its non-core domain names: website assets — coinloft.com.au, buyabitcoin.com.au and the premium domain — bitcoin.com.au (domain names formerly part of Banxa's B2C (business to consumer) before the Company refocused its business to serve the B2B (business to business)) to one of Australia's leading cryptocurrency exchanges, Independent Reserve Pty Ltd. (company No.: 164257069).

The carrying value of the domain names at the date of disposal was nil.

The total consideration for the sale of domain names was AUD\$3.3 million (GST Inclusive) (USD\$2 million), AUD\$2.25 million being settled in cash (amount receivable and remaining AUD\$ 0.75 million settled by receiving 53,427 number of equity shares in Independent Reserve Pty Ltd. On 12 Oct 2022, 2,671 (\$37,500 AUD) shares were transferred by Banxa to QEIP for payment of brokerage fees, this leaves Banxa shareholding of 50,756 (AUD\$712,500) with Independent Reserve.

Total considerations excluding GST (GST is \$0.3m)	\$3,000,000
• Settled in shares (50,756 shares)	(\$712,500)
• Share transferred to QEIP (2,671 shares)	(\$37,500)
• Settled in cash on 16 Sep 2022	(\$1,125,000)
• Settled in cash on 7 Oct 2022	(\$1,425,000)

The gain on disposal is included under other income in the statement of income.

The investment in Independent Reserve Pty Ltd is \$712,500, recognised as FVTOCI and included under “Other Investment” in the statement of financial position as on 30 June 2023.

On 14 March 2023, the Company sold one of its non-core domain name: bitcoin.ca to Investments.org for USD\$250,000. The amount of USD\$224,980 (AUD\$336,450.84) (net of broker fees of USD\$25,020) was settled in cash on 22 March 2023. The carrying value of the domain names at the date of disposal was nil. The gain on disposal is included under other income in the statement of profit or loss.

On 25 June 2024, the Company sold one of its non-core domain name: BITCOIN.CO.UK to CoinCorner Ltd for GBP225,000. The amount of GBP202,500 (AUD\$384,783) (net of broker fees of \$22,500) was settled in cash during the period. The carrying value of domain names at the date of disposal was nil. The gain on disposal is included under other income in the statement of profit or loss.

21. Income Tax expenses

	30 June 2024 (\$)	30 June 2023 (\$)
Loss before Income tax expenses	(3,605,257)	(9,674,223)
Tax at the statutory Rate of 30% (2023: 30%)	(1,058,864)	(2,902,267)
Effect of differences in tax rates globally	280	(10,387)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	1,420,191	260,226
True-up of cumulative losses from prior years	(2,003,095)	—
Other	(80,480)	(8,689)
Total	(1,721,968)	(2,661,117)
Current year losses not recognized	2,377,942	2,347,249
Income tax expenses	655,974	(313,868)
Other	—	—
Income tax payable (receivable)	<u>679,633</u>	<u>(114,961)</u>

22. Loss per share

For the years ended 30 June 2024 and 2023, basic and diluted loss per share has been calculated as follows:

	30 June 2024	30 June 2023
	(\$)	(\$)
Net loss after tax	<u>(4,261,231)</u>	<u>(9,360,355)</u>
Basic and diluted weighted average number of common shares	<u>45,587,056</u>	<u>45,563,056</u>
Basic and diluted net loss per share	<u>(0.09)</u>	<u>(0.21)</u>

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised inclusive of the hypothetical conversion of the debt increasing the dilution and increasing the income due to the add back of financing costs as part of the calculation at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. There are no contingent assets and liabilities recognized and no contingent items impacted the calculation of basic and diluted loss per share.

As at the year ended 30 June 2024, the basic and diluted weighted average number of common shares is 45,587,056 (30 June 2023 — 45,563,056). The basic and diluted net loss per share is \$0.09 for the year ended 30 June 2024 (30 June 2023 — \$0.21).

23. Related party transactions

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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

	30 June 2024	30 June 2023
	(\$)	(\$)
Salaries	4,198,704	4,250,156
Consulting fees including reimbursements at cost	276,089	644,261
Director’s fees	406,907	280,435
Share-based compensation	<u>183,362</u>	<u>294,213</u>
Total	<u>5,065,062</u>	<u>5,469,065</u>

Key management personnel were not paid post-employment benefits, termination benefits, or other (non share-based) long-term benefits during the year ended 30 June 2024 (2023: nil).

- (b) The Company entered into the following transactions with related parties:

	30 June 2024 (\$)	30 June 2023 (\$)
Proceeds from loans for trade working capital ⁽¹⁾	18,926,676	15,297,567
Repayment of loans for trade working capital ⁽¹⁾	(17,981,491)	(15,297,567)
Proceeds from convertible note for trading working capital ⁽⁴⁾	1,407,286	—
Proceeds of cryptocurrency loans for trade working capital ⁽²⁾	—	231,511
Repayments of cryptocurrency loans for trade working capital ⁽²⁾	—	(231,511)
Interest paid to related parties ⁽¹⁾	(499,111)	(139,108)
Purchase of cryptocurrencies (transaction value)	1,293,647	16,113
Sale of cryptocurrencies (transaction value) ⁽³⁾	—	7,385,802
Payment for cryptocurrencies (transaction value) ⁽³⁾	—	(7,385,802)
Total	3,147,007	(122,995)

⁽¹⁾ The loans were received from directors of the Company. Refer to Note 12.

⁽²⁾ The cryptocurrency loans were received from a Director of the Company.

⁽³⁾ Sale and payment of cryptocurrencies is the purchase of cryptocurrency from Apollo capital which is a Company controlled by a Director of the Company. The cryptocurrency was converted to Fiat and used to settle the transaction on an agency basis.

⁽⁴⁾ The convertible notes were issued to related parties. Refer to Note 12.

- (c) As at 30 June 2024, included in trade and other payables is a balance of \$Nil (30 June 2023: \$23,927) payable to related parties as follows:

	30 June 2024 (\$)	30 June 2023 (\$)
Officers of the Company	—	23,927
Total	—	23,927

24. Nature and extent of risk arising from financial instruments and digital assets

Classification of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	30 June 2024 (\$)	30 June 2023 (\$)
Financial assets at Amortised cost		
Cash	2,028,753	8,258,814
Trade and other receivables	8,640,212	3,638,876
Financial assets at FVTPL		
Trade and other receivables	458,969	164,948
Total	11,127,934	12,062,638
Financial assets at FVTPL		
Other Investments	712,500	712,500
Total financial assets	11,840,434	12,775,138
	30 June 2024 (\$)	30 June 2023 (\$)
Financial liabilities at amortised cost		
Trade and other payables	6,796,890	8,331,456
Convertible notes	5,628,597	3,501,334
Borrowings	5,775,887	5,242,796
Financial liabilities at FVTPL		
Derivative liability	—	49,326
Total	18,201,374	17,124,912

Risk management policy

In the normal course of business, the Company is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Company, Management takes steps to avoid undue concentrations of risk. The Company manages the risks as follows:

Credit risk

The Company has credit risk in respect of both financial instruments and crypto-currency deposits. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references, and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount of cash and cash equivalents (including cash deposits) and trade and other receivables, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Company does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 30 days. There is a liquidity management function within the business, which on a daily or more frequent basis manages and monitors the trading activities and volumes associated with amounts deposited with trading exchanges.

The Company limits its credit risk by placing its cryptocurrencies with crypto-exchanges (“**trading exchanges**”) on which the Company has performed internal due diligence procedures.

The Company deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients’ assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange, potentially reducing the integrity of the data.

As at 30 June 2024, the Company held receivables from trading exchanges of \$458,969 (30 June 2023: \$164,948) together with payment gateway receivables of \$8,964,215 (30 June 2023: \$3,719,571). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

Credit risk Exposure	30 June 2024	30 June 2023
	(\$)	(\$)
Receivables from trade exchanges	458,969	164,948
Payment gateway receivables	<u>8,964,215</u>	<u>3,719,571</u>
Total Assets	<u><u>9,423,184</u></u>	<u><u>3,884,519</u></u>

The Company’s due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering (“**AML**”) and know-your-client (“**KYC**”) policies, obtaining a security ratings report by an independent third party on certain exchanges, constant review of market information specifically regarding the exchanges’ security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move digital assets held on an exchange in instances where risk exposure significantly changes.

The Company limits its credit risk with respect to its payment gateways receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regard to over-the-counter counterparties, on which the Company has performed the relevant AML and KYC procedures. As of each reporting period, the Company assesses if there may be expected credit losses requiring a provision.

While the Company intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Company will not sustain a material loss on the transaction as a result. As of 30 June 2024, the Company does not expect any material unprovided loss of any of its digital assets.

Liquidity risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and (where required) available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and where practical matching the maturity profiles of financial assets and liabilities. In addition, as outlined above the daily liquidity management function monitors and manages amounts deposited with trading exchanges. The Company further manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances, and operating results.

The Company's trade payables and accruals are substantially due within twelve months. The maturity schedule of the Company's lease liabilities is detailed below.

30 June 2024	2025	2026	2027	2028	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	841,844	—	—	—	—
Accrued wages and other	195,898	—	—	—	—
Other payables	1,637,907	—	—	—	—
Accrued expenses	3,289,470	—	—	—	—
GST Payable	831,771	—	—	—	—
Commitments — other					
Short term borrowings	5,775,887	—	—	—	—
Lease payments	443,239	—	—	—	—
Total contractual obligations	13,016,016	—	—	—	—
30 June 2023	2024	2025	2026	2027	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	1,156,255	—	—	—	—
Accrued wages and other	262,539	—	—	—	—
Other Payables	4,503,250	—	—	—	—
Accrued Expenses	2,409,412	—	—	—	—
Commitments — other					
Short term borrowings	5,242,796	—	—	—	—
Lease payments	466,160	406,302	—	—	—
Total contractual obligations	14,040,412	406,302	—	—	—

Convertible notes are excluded from the liquidity risk because the conversion price was CAD\$0.80 at year-end, while the share price on June 30, 2024, was only CAD\$0.57. Therefore, it is highly unlikely that any holders would choose to convert these notes.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Interest rate risk

The Company's has \$5,775,887 debt outstanding at 30 June 2024 that is exposed to interest rate risk of \$288,795 if the interest rate changed at +/-5%. (30 June 2023: \$262,130).

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
Consolidated				
US Dollars	3,737,634	3,953,745	5,476,605	61,266
Euros	7,824,186	5,826,695	5,695,557	2,605,726
Pound sterling	—	182,478	91,726	3,439
Singapore Dollar	105	—	104	—
Canadian Dollars	170,545	271,128	1,793,127	4,032,381
Turkish Lira	244,504	402,511	—	30,158
	<u>11,976,974</u>	<u>10,636,557</u>	<u>13,057,119</u>	<u>6,732,970</u>

The Company had net liabilities denominated in foreign currencies of \$1,080,145 (assets of \$11,976,974 less liabilities of \$13,057,119) as at 30 June 2024 (30 June 2023: net assets of \$3,903,587 (assets of \$10,636,557 less liabilities of \$6,732,970). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2023: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Company's loss before tax for the year would have been \$108,015 lower/\$108,015 higher (2023: \$390,359 lower/\$390,359 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The realized foreign exchange loss for the year ended 30 June 2024 was \$1,933,577 (2023: loss of \$654,437).

Digital asset risks

Access to digital assets can be disrupted by a number of matters including:

- Loss of access risk, such as to private keys;
- Irrevocable transactions given that transactions cannot be changed or corrected once a transaction has been verified and recorded on the blockchain;
- Fluctuations in digital asset prices due to global forces, interest rate, exchange, inflation, political/economic conditions;

- Vulnerability of crypto networks to hacking; and
- Unregulated crypto exchanges.

The Company's investments in crypto currency holdings for liquidity purposes are held on various digital platforms, some of which are unregulated exchanges. The Company is exposed to counterparty risk in the event that one or more of these unregulated exchanges fail or suffer a security breach, resulting in the loss or theft of the Company's assets. The Company maintains a risk management framework to mitigate the risks associated with its investments in cryptocurrencies, including monitoring the creditworthiness of its counterparties and implementing security measures to protect its assets. However, there can be no assurance that these measures will be effective in all circumstances. The Company continually evaluates its crypto holdings for liquidity purposes in cryptocurrencies and may make changes to its portfolio or risk management framework as market conditions or regulatory requirements change.

Price risk relating to digital assets

Fluctuations in the prices of cryptocurrencies may impact the day-to-day trading volumes of the Company's exchange partners, and unfavorably impact the Company's revenues. Additionally, during periods of rapid price fluctuations, there is a risk that unfavorable trading margins may occur due to delays in filling orders.

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to meet the needs of ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The capital structure of the Company consists of equity comprised of issued share capital and reserves. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, or by undertaking other activities as deemed appropriate under specific circumstances. The Company is not subject to externally imposed capital requirements.

25. Fair value measurement

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured, or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

30 June 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cryptocurrency inventories	—	348,255	—	348,255
Receivables from trading exchanges held in cryptocurrency and Tether	—	458,969	—	458,969
Other investment	—	—	712,500	712,500
Total Assets	—	807,224	712,500	1,519,724
<i>Liabilities</i>				
Derivative liability	—	—	—	—
Total Liabilities	—	—	—	—
30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cryptocurrency inventories	—	183,992	—	183,992
Receivables from trading exchanges held in cryptocurrency and Tether	—	190,017	—	190,017
Other investment	—	—	712,500	712,500
Total Assets	—	374,009	712,500	1,086,509
<i>Liabilities</i>				
Derivative liability	—	48,231	—	48,231
Total Liabilities	—	48,231	—	48,231

There were no transfers between levels during the financial year.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. This valuation technique maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Management considers the fair value of deposits with trading exchanges to be Level 2 input under IFRS 13 fair value hierarchy. There has been no change to the valuation technique during the year.

Receivables from trading exchanges in cryptocurrencies and Tether (note 4.2) and inventories (note 5) collectively, the “digital assets” are measured at fair value using Level 2 inputs. Digital asset prices are affected by various global forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the Company is impacted by the current and future market price of digital assets; in addition, the Company may not be able to liquidate its cryptocurrency inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company’s future operations. The Company has not hedged the conversion of any its digital currency sales. Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. For the year ended 30 June 2024, management’s estimate of the effect on loss before tax of a +/- 15% (2023: 15%) change in the market price of the Company’s digital assets, with all other variables held constant, is +/- \$227,959 (2023: +/- \$162,976).

26. Segmented Information

The Company conducts its business as a single operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 18. The following table summarizes the Company’s assets and liabilities information by geographic region.

As at 30 June 2024:

	Australia \$	North America \$	Europe \$	Total \$
Cash	676,275	279,778	1,072,700	2,028,753
Trade and other receivables	2,740,751	(50,300)	6,408,730	9,099,181
Inventories	348,255	—	—	348,255
Prepays	254,677	246,955	—	501,632
Property and Equipment	184,594	—	—	184,594
Right-of-use assets	246,888	—	—	246,888
Goodwill	151,643	—	—	151,643
Other deposits	252,900	759,458	—	1,012,358
Other assets	712,500	—	—	712,500
Defer tax asset	31,190	112,591	2,486	146,267
Total assets	5,599,673	1,348,482	7,483,916	14,432,071
Trade and other payables	4,406,767	1,509,603	880,520	6,796,890
Current tax liabilities	70,050	(129,911)	739,494	679,633
Provisions and other liabilities	5,666,948	5,630,046	1,038,622	12,335,616
Lease liability	430,820	—	—	430,820
Total liabilities	10,574,585	7,009,738	2,658,636	20,242,959

As at 30 June 2023:

	Australia	North America	Europe	Total
	\$	\$	\$	\$
Cash	428,301	2,326,971	5,503,542	8,258,814
Trade and other receivables	1,868,165	28,015	2,173,303	4,069,483
Inventories	183,992	—	—	183,992
Prepays	210,700	236,881	—	447,581
Property and Equipment	331,037	—	—	331,037
Right-of-use assets	505,143	—	—	505,143
Goodwill	151,643	—	—	151,643
Other deposits	252,753	1,505,316	—	1,758,069
Other assets	712,500	—	—	712,500
Defer tax asset	31,190	41,372	32,884	105,446
Total assets	4,675,424	4,138,555	7,709,729	16,523,708
Trade and other payables	4,437,057	1,163,151	2,731,248	8,331,456
Current tax liabilities	70,050	30,856	14,055	114,961
Provisions and other liabilities	5,916,998	3,552,112	—	9,469,110
Lease liability	821,975	—	—	821,975
Total liabilities	11,246,080	4,746,119	2,745,303	18,737,502

27. Contingent liabilities

In the ordinary course of business, the Company and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The Company does not believe that the ultimate outcome of these will have a material effect upon our financial position, results of operations or cash flows.

There are no contingent liabilities as at 30 June 2024 and 2023 and there are no outstanding litigations at the year-end that will give rise to contingent liability.

28. Subsequent events

After the reporting date of June 30, 2024, but before the issuance of these financial statements on 22 October 2024, the Company disposed of one of its subsidiaries, BNXA TEKNOLOJİ ANONİM ŞİRKETİ. The subsidiary, BNXA TEKNOLOJİ ANONİM ŞİRKETİ, was sold to Trek Labs Australia PTY Ltd on July 31, 2024. The gain on disposal amounted to \$170,609 which is recorded in the subsequent period. This is not material in relation to the consolidated financial statements for the year ended June 30, 2024. This amount will correctly be recorded during 2025 as a gain on disposal and the carrying value of investments will be reduced as a result of the sale.

- (4) The following is an extract of the audited financial statements of the Target Group for the nine months ended 31 March 2025, which were prepared in accordance with IFRS Accounting Standards and audited by PKF Antares Professional Corporation. These financial statements were presented in AUD except for otherwise stated.

To the Shareholders of Banxa Holdings Inc.

Opinion

We have audited the consolidated interim financial statements of Banxa Holdings Inc. and its subsidiaries (collectively, the “**Company**”), which comprise the consolidated interim statement of financial position as at March 31, 2025, the consolidated interim statement of profit or loss and other comprehensive income/ (loss), consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the nine-month period ended March 31, 2025, and notes to the consolidated interim financial statements, including a summary of material accounting policy information (hereinafter referred to as the “**consolidated financial statements**”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the nine-month period ended March 31, 2025 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The comparative figures for the consolidated interim statement of profit or loss and other comprehensive income/(loss), consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the nine-month period ended March 31, 2024 (the “**comparative period**”) are unaudited. We were not engaged to audit, review, or apply any procedures to the consolidated interim financial statements for the comparative period. Accordingly, we do not express an opinion or any form of assurance on the consolidated financial statements for the comparative period.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the nine-month period ended March 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

We refer to the consolidated financial statement summary of material accounting policies on revenue recognition in Note 3 and related disclosure in Note 18 for the nine-month period ended March 31, 2025. Revenue generated from *Sales of cryptocurrencies* and *Commissions and spread from services* amounted to \$310,370,751. The revenue transactions rely on Information Technology (IT) systems and controls to process, record and recognize a high volume of low value transactions.

We considered this a key audit matter due to the crypto industry being an emerging industry with unique technological aspects that raise a number of auditing complexities coupled with the overall significance of the revenue and volume of these transactions. Significant audit effort was involved in the assessment of management’s determination of whether the Company acted as a principal or as an agent in discharging its performance obligations. Also, significant audit effort was required to test the occurrence and accuracy of the revenue.

Our procedures included, but were not limited to, the following:

- We considered the appropriateness of accounting policies in terms of compliance with IFRS 15 *Revenue from contracts with customers*.

- We analyzed different revenue streams and assessed whether the Company acted as a principal or as an agent in accordance with IFRS 15. This assessment included analyses of the Company's use of custodial wallets versus non-custodial wallets and the amount of cryptocurrency inventory balances on hand throughout the period to assess inventory control and related risk.
- We evaluated IT general and application controls and tested the operating effectiveness of these controls over the revenue cycle.
- We obtained an understanding on the commission structure, fees and rates and recalculated the fees to analyse the reasonability of commission revenue.
- We performed test of details over sales transactions by tracing a sample of transactions to external (blockchain, bank statements) and internal (operational and accounting software) sources.
- We assigned professionals with specialized skills in distributed ledger technology and digital assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Timur Lidzhiev.

Calgary, Alberta
September 16, 2025

PKF Antares Professional Corporation
Chartered Professional Accountants

Consolidated Interim Statements of Financial Position*As at 31 March 2025 and 30 June 2024*

		31 March 2025	30 June 2024
	<i>Note</i>	<i>(\$)</i>	<i>(\$)</i>
Assets			
<i>Current assets</i>			
Cash and cash equivalents		2,857,320	2,028,753
Trade and other receivables	4	8,020,434	9,099,181
Cryptocurrency inventories	5	592,229	348,255
Prepaid expenses	6	<u>1,020,499</u>	<u>501,632</u>
Total current assets		<u>12,490,482</u>	<u>11,977,821</u>
<i>Non-current assets</i>			
Property & equipment	8	81,275	184,594
Right-of-use assets	9	53,196	246,888
Deferred tax assets		152,422	146,267
Goodwill	7	151,643	151,643
Other deposits	10	487,433	1,012,358
Other investment		<u>712,500</u>	<u>712,500</u>
Total non-current assets		<u>1,638,469</u>	<u>2,454,250</u>
Total assets		<u><u>14,128,951</u></u>	<u><u>14,432,071</u></u>

		31 March 2025	30 June 2024
	Note	(\$)	(\$)
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	11	7,087,433	6,796,890
Borrowings	12	8,871,855	5,775,887
Current tax liabilities		356,847	679,633
Provisions	13	917,886	828,728
Lease liability — current	14	<u>110,236</u>	<u>430,820</u>
Total current liabilities		<u>17,344,257</u>	<u>14,511,958</u>
<i>Non-current liabilities</i>			
Provisions and other liabilities	13	87,263	65,423
Deferred tax liability		35,867	36,981
Convertible Note	12	<u>5,898,958</u>	<u>5,628,597</u>
Total non-current liabilities		<u>6,022,088</u>	<u>5,731,001</u>
Total liabilities		<u>23,366,345</u>	<u>20,242,959</u>
Net assets		<u>(9,237,394)</u>	<u>(5,810,888)</u>
Equity			
Issued capital	15	23,140,355	23,140,355
Contributed surplus		13,109,538	12,649,506
Foreign currency translation reserve		512,404	478,073
Accumulated losses		<u>(45,999,691)</u>	<u>(42,078,822)</u>
Total equity		<u>(9,237,394)</u>	<u>(5,810,888)</u>

going concern (Note 2), Contingencies (Note 27), Subsequent events (Note 28)

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 16 September 2025.

H Arians
Chairman

K. Sthankiya
Non-executive director

Consolidated Interim Statements of Loss and Other Comprehensive Loss
For the nine months ended 31 March 2025 and 31 March 2024

		Nine months ended 31 March 2025	Nine months ended 31 March 2024 (Unaudited)
	<i>Note</i>	(\$)	(\$)
Revenue	18	310,370,751	232,872,037
Cost of sales		<u>(290,087,903)</u>	<u>(211,319,331)</u>
Gross profit		<u>20,282,848</u>	<u>21,552,706</u>
Employment expenses		(12,545,177)	(12,176,024)
Depreciation and amortisation	8 & 9	(299,712)	(307,558)
General, administration and other	19	(9,449,718)	(8,281,492)
Share based compensation		<u>(460,032)</u>	<u>(271,041)</u>
Total operating expenses		<u>(22,754,639)</u>	<u>(21,036,115)</u>
Operating profit/(loss) before other items and income tax		(2,471,791)	516,591
Other items			
Realised gain on fair value of deposits (treasury coins)		—	500,227
Net loss on borrowings and derivative liability		—	(23,912)
Net foreign exchange losses	19	(690,612)	(1,814,419)
Other income	20	170,526	127,314
Finance expenses	19	<u>(1,036,941)</u>	<u>(1,805,030)</u>
Total other items		<u>(1,557,027)</u>	<u>(3,042,820)</u>
Loss before tax		(4,028,818)	(2,526,229)
Income tax benefit/(expense)		<u>107,949</u>	<u>(180,875)</u>
Net loss for the period		<u>(3,920,869)</u>	<u>(2,707,104)</u>
Other comprehensive (loss)/income			
Exchange differences on translation of foreign operations		<u>34,331</u>	<u>(115,953)</u>
Total comprehensive loss for the period		<u>(3,886,538)</u>	<u>(2,823,057)</u>
Basic & Diluted loss per share	22	<u><u>(0.08)</u></u>	<u><u>(0.06)</u></u>

The above consolidated interim statements of Profit or Loss and Other Comprehensive Income/(Loss) should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Changes in Equity*For the nine months ended 31 March 2025 and 31 March 2024 (Unaudited)*

	Note	Number of common shares	Issued capital (\$)	Contributed surplus (\$)	Foreign currency translation reserve (\$)	Accumulated losses (\$)	Total (\$)
2024							
As at 1 July 2023		45,563,056	23,128,075	11,596,406	879,316	(37,817,591)	(2,213,794)
Loss for the period		—	—	—	—	(2,707,104)	(2,707,104)
Other comprehensive loss		—	—	—	(115,953)	—	(115,953)
Total comprehensive loss		<u>—</u>	<u>—</u>	<u>—</u>	<u>(115,953)</u>	<u>(2,707,104)</u>	<u>(2,823,057)</u>
Share based compensation	16	—	—	271,041	—	—	271,041
As at 31 March 2024		<u>45,563,056</u>	<u>23,128,075</u>	<u>11,867,447</u>	<u>763,363</u>	<u>(40,524,695)</u>	<u>(4,765,810)</u>
2025							
As at 1 July 2024		45,587,056	23,140,355	12,649,506	478,073	(42,078,822)	(5,810,888)
Loss for the period		—	—	—	—	(3,920,869)	(3,920,869)
Other comprehensive income		—	—	—	34,331	—	34,331
Total comprehensive income/(Loss)		<u>—</u>	<u>—</u>	<u>—</u>	<u>34,331</u>	<u>(3,920,869)</u>	<u>(3,886,538)</u>
Share based compensation	16	—	—	460,032	—	—	460,032
As at 31 March 2025		<u>45,587,056</u>	<u>23,140,355</u>	<u>13,109,538</u>	<u>512,404</u>	<u>(45,999,691)</u>	<u>(9,237,394)</u>

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Interim Statements of Cash Flows*For the nine months ended 31 March 2025 and 31 March 2024*

		31 March 2025	31 March 2024
			(Unaudited)
	<i>Note</i>	(\$)	(\$)
Net loss for the period		(3,920,869)	(2,707,104)
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for non-cash flows in the statement of comprehensive income/ (loss):</i>			
Depreciation and amortisation	8, 9	299,712	307,558
Net gain on borrowings and derivative liability		—	(476,315)
Share-based compensation		460,032	271,041
Gain on sale of assets	20	(170,609)	—
(Gain)/Loss on foreign exchange	19	(226,495)	1,841,419
Finance cost and amortisation of financial liability ⁽¹⁾	19	306,311	1,805,030
Current income tax benefit		44,473	—
Deferred liability		(6,155)	(1,092)
<i>Changes in assets and liabilities:</i>			
Decrease/(increase) in trade & other receivables	4	1,078,747	(10,360,620)
Increase in cryptocurrency inventories	5	(243,974)	(219,091)
Increase in prepaids	6	(518,867)	(139,509)
Increase/(decrease) in trade & other payables	11	290,544	(2,486,390)
Increase in provisions	13	109,884	168,358
Increase in income taxes payable		—	181,967
Other item ⁽²⁾	10	524,925	736,398
Income tax paid		<u>(367,259)</u>	<u>(183,863)</u>
Cash outflow from operating activities		<u>(2,339,600)</u>	<u>(11,262,213)</u>

		31 March 2025	31 March 2024 (Unaudited)
	Note	(\$)	(\$)
Cash flows from investing activities			
Purchase of property & equipment (excluding ROU assets)		(2,701)	(4,982)
Proceeds from sale of subsidiary	20	<u>170,609</u>	<u>—</u>
Net cash provided by (used in) investing activities		<u>167,908</u>	<u>(4,982)</u>
Cash flows from financing activities			
Payments for principal element of lease liabilities	14	(320,584)	(291,069)
Payments for interest element of lease liabilities	14	(11,845)	(30,850)
Interest paid ⁽¹⁾		(468,595)	(1,466,063)
Proceeds received from borrowing	12	3,395,968	2,911,339
Proceeds received from issuance of convertible note		—	6,449,273
Repayment of borrowings		(300,000)	—
Repayment of convertible note		<u>—</u>	<u>(3,371,140)</u>
Net cash provided by financing activities		<u>2,294,944</u>	<u>4,201,490</u>
Net increase/(decrease) in cash and cash equivalents held		123,252	(7,065,705)
Net foreign exchange difference		705,315	148,074
Cash and cash equivalents at the beginning of period		<u>2,028,753</u>	<u>8,258,814</u>
Cash and cash equivalents at end of the period		<u><u>2,857,320</u></u>	<u><u>1,341,183</u></u>

⁽¹⁾ Finance cost includes interest on Borrowings, Convertible notes and Lease liabilities.

⁽²⁾ Includes changes of restricted cash held with Banks.

The above consolidated interim statements of changes in cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Interim Financial Statements

1. Nature of operations

Banxa Holdings Inc. (the “**Company**”, “**Banxa**”, or “**ALBS**”), incorporated as A-Labs Capital I Corp, a Canada Business Corporation, was formed on 6 March 2018. The Company’s shares are traded on the TSX Venture Exchange as a Tier 2 Technology company under the trading symbol “BNXA”.

BTC Corporation Holdings Pty Ltd (“**BTC**”) was incorporated on 27 March 2014 in Australia under the Corporations Act 2001. On 23 December 2020 BTC’s shareholders acquired control of ALBS through a reverse acquisition transaction. ALBS issued additional shares which were exchanged with 100% of the shares of BTC. Following this transaction, BTC and its subsidiaries were deemed to be a continuation of BTC’s operations. Concurrent with the closing of the acquisition on 23 December 2020, ALABS changed its name to Banxa Holdings Inc. and effected a change in directors, management, and business.

The Company’s principal business activity is being a payment service provider to global cryptocurrency exchanges.

The head office is in Melbourne, Australia at level 2, 2–6 Gwynne Street, Cremorne, Victoria, 3121. The registered office of the Company is located at 595 Howe St 10th floor, Vancouver, British Columbia, Canada V6C 2T5.

2. Going concern

These consolidated interim financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company incurred a loss of \$3,920,869 and had net cash outflow from operating activities of \$2,339,600 for the period ended 31 March 2025. The Company has historically incurred losses, as well as reported net cash outflows from operating activities.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company’s ability to continue as a going concern and otherwise execute on its business strategies. These consolidated interim financial statements do not give effect to adjustments or disclosures that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these consolidated interim financial statements.

The Directors have considered the net current asset position of the Company as at 31 March 2025 which amounts to a negative balance of \$4,853,775 (including cash of \$2,857,320 and includes payments in transit from payment service providers and deposits held with exchanges of \$7,773,745 which are highly liquid short term duration balances that are fully available to the Company for working capital and operational needs), and reviewed the cashflow forecasts for a period in excess of 12 months from the signing date of this financial report, and believe the Company has the ability to meet its debts as and when they fall due. The cashflow forecast assumes that the level of volume of cryptocurrency transactions traded by the Company’s global partners will continue to increase, driven by continued increases in the global partner network and continued usage of the Company’s payment infrastructure by the global partner network, irrespective of day-to-day movements in specific crypto currencies which will facilitate an increase of commission income of the Company. The Company is reliant on the continued support of its lenders of which a significant portion are related parties (see note 23). Furthermore, the Company believes it is able to raise additional funds or extend maturity of expiring loans.

Accordingly, the Directors believe the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. Material accounting policies

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretation Committee. The policies have been consistently applied to all the periods presented, unless otherwise stated.

New and amended standards that are effective for the current period

In the current period, the Company has applied a number of IFRS amendments that are mandatorily effective for annual periods that begin on or after 1 July 2024.

- i. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been amended to clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company’s consolidated interim financial statements.
- ii. IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements has been amended to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company’s disclosures of accounting policies and estimates, but not on the measurement, recognition or presentation of any items in the Company’s consolidated interim financial statements.
- iii. IAS 12 Income Taxes has been amended to narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The amendments had no impact on the Company’s consolidated interim financial statements.

The policies applied in these consolidated interim financial statements are based on IFRSs issued and outstanding as of 31 March 2025.

Standards issued but not yet effective

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These include: the requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss; enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes; mandatory disclosures about management-defined performance measures (a subset of alternative performance measures).

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures

Effective for annual periods beginning on or after January 1, 2026. The amendments in Amendments to the Classification and Measurement of Financial Instruments are:

Derecognition of a financial liability settled through electronic transfer:

The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

Classification of financial assets:

Contractual terms that are consistent with a basic lending arrangement. The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets with non-recourse features. The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. Contractually linked instruments. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures:

Investments in equity instruments designated at fair value through other comprehensive income. The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period. Contractual terms that could change the timing or amount of contractual cash flows. The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

Significant accounting judgments and estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification 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. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Company is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated interim financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's profit or loss and financial position as currently presented.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets could fall into a variety of different standards. The Company has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 Inventories (“IAS 2”) in characterizing its holding of digital assets. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies and purchase them with a view to their resale in the near future. Although ‘commodity’ is not defined in IAS 2, the Company has concluded that its holding of cryptocurrencies is a commodity or similar to a commodity and measured its holding of cryptocurrencies at fair value less costs to sell.
- Digital currency denominated assets and crypto currencies inventories (note 4.2 and note 5, respectively) are included in current assets. Assets of this type held by trade exchanges or liquidity providers are further classified as trade receivables as the Company is an unsecured creditor while the assets are held by the trade exchange or liquidity provider as the title to these assets is held by the trade exchange or liquidity provider (see note 4.2). The trade exchange or liquidity provider owes Banxa an account receivable for the fluctuating value of the fiat and digital assets held on their platform at any point in time.

Digital currencies are carried at their fair value determined by the spot rate based on trade exchanges (e.g., Binance) prices as at midnight AEST. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Company’s results and financial position.

- The Company has assessed the functional currency for each entity within the Company by taking into account the currency which influences sale prices for goods and services, the currency of the country whose competitive forces and regulations determine sale prices, and the currency that mainly influences labour, material and other costs of providing goods or services.
- Assumptions are made and judgment is used in calculating the fair value of stock options using Black-Scholes option pricing model. These assumptions and judgments include estimating the fair value of the Company’s stock, future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties.
- Management’s consideration of principal or agent in a revenue transaction is disclosed in the revenue recognition policy below. The Company bases its assessment on IFRS 15, applying it to several factors including: who has custody of the wallets fulfilling the orders, whether those wallets maintain an inventory buffer to fulfill future orders, if cryptocurrency is purchased in advance to fulfill multiple orders and

if the entity obtains legal title to the inventory only momentarily before legal title is transferred to the customer. Customer settlement is within 1–2 business days for the majority of transactions.

- The estimated fair value of Investment in Independent Reserve are subject to measurement uncertainty given it is an unlisted entity.

Basis of consolidation

The current consolidated interim financial statements have been prepared for the nine-month period from 1 July 2024 to 31 March 2025. The comparative information presented for the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity, consolidated interim statement of cash flows, and related notes relates to the nine-month period from 1 July 2023 to 31 March 2024, which is unaudited.

The Company entered into a plan of arrangement (the “**Arrangement**”) to be acquired by OSL, a company listed on the Hong Kong Stock Exchange. OSL Group Limited and OSL BNXA Acquisition Inc. (the “**Purchaser**”), pursuant to which the Purchaser will acquire all of the issued and outstanding common shares of the Company (“**Shares**”) for cash consideration of C\$1.55 per Share. These consolidated interim financial statements are prepared to support the completion of the Arrangement conditions which include required regulatory approvals, one of which requires the interim financial statements at 31 March 2025 to be audited. Further details regarding the acquisition and conditions are disclosed in Note 28 — Subsequent Events.

The consolidated interim financial statements incorporate the assets and liabilities of the Company and its subsidiaries as at 31 March 2025 and 30 June 2024 and the results of the Company and all subsidiaries for the periods then ended (or from the date when acquired during the period).

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities within the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Where the Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. The Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Subsidiaries

The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company ultimately owns:

Name	Principal activities	Incorporation	Equity interest	
			March 2025 %	June 2024 %
BTC Corporation Holdings Pty Ltd	Holding company	Australia	100	100
BC Cloud Mining Pty Ltd	Dormant company	Australia	100	100
Global Internet Ventures Pty Ltd	Payment service provider	Australia	100	100
BNXA UK Holding Limited	Payment service provider	United Kingdom	100	100
Richmond Internet Ventures Corporation	Payment service provider	Canada	100	100
Internet SG Ventures Pte Ltd	Dormant company	Singapore	100	100
Banxa.com Pty Ltd	Dormant company	Australia	100	100
Rhino Loft Pty Ltd	Dormant company	Australia	100	100
EU Internet Ventures B.V.	Payment service provider	The Netherlands	100	100
LT Internet Ventures UAB	Payment service provider	Lithuania	100	100
BNXA USA Holding Inc	Payment service provider	USA	100	100
BNXA USA MTL	Payment service provider	USA	100	100
BNXA USA Operating Inc	Payment service provider	USA	100	100
BNXA USA NV Inc	Payment service provider	USA	100	100
BNXA UK VASP Limited	Dormant company	United Kingdom	100	100
BNXA Teknoloji Anonim Sirketi AS	Payment service provider	Turkiye	0 ⁽¹⁾	100
BNXA Brazil LTDA	Dormant company	Brazil	100	100
BNXA PHL Inc. (Philippines)	Dormant company	Philippines	100	100

⁽¹⁾ See note 20 for sale of subsidiary

Current and non-current classification

Assets and liabilities are presented in the consolidated interim statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, fiat deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All balances are recorded at AEST time.

Cryptocurrency inventories

Inventories are represented by cryptocurrencies. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell, reflecting the Company's purpose of holding such cryptocurrency inventory as a commodity broker-trader in accordance with IAS 2. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. Changes in the value of cryptocurrencies are included in profit and loss for the period.

The Company recognizes realized gains or losses on its digital assets when it sells digital assets that it holds on a weighted average basis.

Property and Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis (for leasehold improvements) or calculated on a diminishing basis (Fixture & Fittings and Computer equipment) to write off the net cost of each item of equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	4 years, Straight line method
Computer equipment	40% per annum. Diminishing method
Fixtures and Fittings	28.57% per annum, Diminishing method

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of equipment is derecognized upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate reflecting its specific credit risk, the currency of the lease and the weighted average maturity of the outstanding lease liability.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payment made at or before the commencement date, less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

There are low value and short-term leases with less than 12-month duration which are recognised as expenses when they are paid.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

A recoverable amount is the higher of an asset's fair value, less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets with the scope of IFRS 9 are classified and measured as "financial assets at fair value" as either fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI), and "financial assets at amortized costs" as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs of the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement — financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVTPL.

The Company's management, using both historical analysis and forward-looking information, has evaluated its exposure to expected credit losses on its financial assets measured at amortized cost and concluded that the probability of default is minimal as all receivables were short-term and the counterparties to the receivables have a strong capacity to meet their contractual obligations in the near term. Therefore, allowance recognized for expected credit losses is insignificant.

Financial assets were classified as follows:

Classification	IFRS 9
Cash and cash equivalents	Amortised cost
Trade and other receivables	
— Trade and other receivables (except GST)	Amortised cost
— Receivable from trading exchanges	FVTPL
Other investment	FVTPL
Other deposits	Amortised cost

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments, or the Company has opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value, and where applicable net of directly attributable transaction costs.

Subsequent measurement — financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the statement of profit or loss.

Financial liabilities were classified as follows:

Classification	IFRS 9
Trade and other payables	Amortised cost
Borrowings	Amortised cost
Convertible notes	Amortised cost

Convertible notes

The liability and equity components of convertible notes are presented separately on the statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and substantially providing the same cash flows, but without conversion option. Subsequently, the liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible debenture at maturity, which is recorded in the statement of profit or loss and other comprehensive income as finance costs.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the convertible debenture and is presented in equity as an equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition.

Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

Allowance for chargeback expenses

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Banxa has an established stock option plan for directors, officers, employees, management company employees, consultants and eligible charitable organizations of the Company and its subsidiaries (collectively "**Eligible Persons**"), known as the "Banxa Holdings Inc. Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable upon completion of stipulated years of employment as determined by the board of directors of the Company. More details on stock options at note 16.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Foreign currency translation

The Company's consolidated interim financial statements are presented in Australian dollar except stock price information, which is disclosed in Canadian dollars (\$CAD). The Company's functional currency is Canadian dollar. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Foreign currency transactions in currencies other than their functional currencies are translated into their functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Australian dollars.

Revenue recognition

The Company recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Critical judgment is required in determining whether the Company is the principal or the agent in transactions between customers. The Company evaluates the presentation of revenue on a gross or net basis based on whether it controls the cryptocurrency provided before it is transferred to the customer (gross) or whether it acts as an agent by arranging for other customers on the platform to provide the cryptocurrency to the customer (net).

Under the principal agreement, the Company does control the cryptocurrency being provided before it is transferred to the buyer, and therefore does have cryptocurrency inventory risk related to the cryptocurrency. In such cases, the Company purchases a set amount of cryptocurrency to meet future demand. The Company will hold a cryptocurrency inventory buffer in advance of processing future orders. A single cryptocurrency purchase will fulfill multiple future customer orders. When this Inventory buffer runs low, it will be automatically replenished through an automated process in which the Company buys a predetermined amount of cryptocurrency. As a result, the Company acts as a principal in the transaction with the customer.

Under an agency arrangement, the Company does not control the cryptocurrency being provided before it is transferred to the buyer, and therefore does not have cryptocurrency inventory risk related to the cryptocurrency. The Company also does not set the price for the cryptocurrencies as the price is a market rate established by the platform. As a result, the Company acts as a facilitator for a customer to purchase cryptocurrencies from another customer.

Sale of cryptocurrencies to customers

For the sales of cryptocurrencies on a principal basis, revenue is recognized at the point in time when the Company has delivered the cryptocurrencies to its customers' wallet accounts. The Company has control of the cryptocurrencies either in its custody or with the exchanges prior to the sale to the customers. Accordingly, the Company records the total value of the sale as revenue and the corresponding cost of the cryptocurrencies in the cost of sales.

Purchase of cryptocurrencies from customers

For transactions involving the purchase of cryptocurrencies from customers, revenue is recognized at the point when the fiat is paid to the customers bank account. The commission or spread earned from this transaction is considered principal in nature.

Commissions and spread from services

For the sales of cryptocurrencies on an agency basis, the Company does not have control of the cryptocurrencies and so revenue is recognised at the point in time when the Company has processed the customer transaction. By selling on an agency basis, the Company is only acting as a payment channel service provider and so the single performance obligation is satisfied when the transaction has been processed. Commission is calculated as a fixed percentage of the total transaction value on agency transactions. In addition to a commission, the Company earns a spread, which is also calculated as a percentage of the total transaction value on agency transactions, based on custom pricing with certain customers.

Integration services

The Company provides a service of installation of its payment technologies to trading platforms. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these installation services based on the stage of completion of the contract. The Company has assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Share-based compensation

The Company accounts for share-based payments using the fair value-based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based compensation over each tranche's vesting period with an offsetting credit charged to contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital.

Contributed surplus

This reserve comprises private placement proceeds allocated to unexercised share purchase warrants, the value of warrants issued to advisers, unexercised stock options, estimated fair value of warrants associated with issuances of convertible notes as well as other share-based payment transactions that do not involve the issuance of shares.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels (see note 25), using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognized for prior periods, where applicable.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of recognized and unrecognized deferred tax assets are reviewed at each reporting date. Deferred tax assets recognized are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognized to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

In Australia, Banxa and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime. Banxa and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Banxa also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Goods and services tax ("GST") and other similar taxes

Revenues, expenses and assets are recognized net of the amount of associated (Australian) GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Segment information

Operating segments are defined as components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance of the operating segments of an entity. The Company conducts its business as one operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 18.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer and financial statements has been prepared in accordance with IFRS 8 — 'Operating Segment'.

4. Trade and other receivables

	31 March 2025	30 June 2024
	(\$)	(\$)
Payment gateway receivables	5,352,087	8,964,215
Allowances for chargeback expenses (<i>Note 4.1</i>)	(348,233)	(611,761)
Receivables from trading exchanges (<i>Note 4.2</i>)	2,421,658	458,969
Other receivables	7,344	6,504
Integration fees receivable	549,579	243,748
Sundry deposit denominated in USD Tether	<u>37,999</u>	<u>37,506</u>
Total trade and other receivables	<u><u>8,020,434</u></u>	<u><u>9,099,181</u></u>

Receivables from the payment gateway for March 2025 are lower compared to June 2024 due to timing differences in settlement dates. With 30 June 2024 falling on a weekend, sales made between 28–30 June were not settled until 1–2 days later, causing higher receivables at June 2024 month-end.

The change in the allowance for chargeback expenses is detailed below:

4.1 Allowances for chargeback expenses

	31 March 2025	30 June 2024
	(\$)	(\$)
Balance at beginning of the period	(611,761)	(573,768)
Net change in provision during the period	(838,205)	(2,150,736)
Actual write-off during the period (<i>Note 19</i>)	<u>1,101,733</u>	<u>2,112,743</u>
Balance at end of the period	<u><u>(348,233)</u></u>	<u><u>(611,761)</u></u>

The expense during the period is presented as part of “chargeback expenses” in the general and administration expenses (refer note 19).

4.2 Receivables from trading exchanges represent the fair value of the digital and fiat currencies held at exchanges or with custodians.

Receivables from trading exchanges are made to facilitate the Company’s ability to transact more efficiently at various trading volumes. The Company maintains balances in digital currencies with exchanges from time to time in connection with the sale of cryptocurrencies in the ordinary course of business. The Company actively trades cryptocurrencies.

As there is no specific guidance in IFRS on cryptocurrencies held at exchanges or with custodians, the Company followed the requirements of “IFRS 9 Financial Instruments” for these assets held with liquidity providers (“LPs”) and measures them at fair value on initial recognition and subsequently at FVTPL as these balances are only held to facilitate Banxa’s ability to transact more efficiently at various trading volumes in connection with the sale of cryptocurrencies in the ordinary course of business.

As at 31 March 2025 and 30 June 2024, balances held at exchanges, or with custodians, consisted of the following:

	31 March 2025		30 June 2024	
	Number of coins held	Value (\$)	Number of coins held	Value (\$)
Digital and fiat currencies held at exchanges or with custodians				
LTC	20	2,721	5	511
Link	35	735	20	406
BNB	1	685	1	812
BTC	1.14	151,605	0.69	73,296
ETH	6.74	18,601	0	303
USDT	536,039	856,978	N/A	121,010
USDC	12,327	27,292	N/A	6,877
XRP	13,847	46,629	415	266
WBTC	0.04	5,705	0.00019	17
Other	16,322,608	1,310,707	35,204,345	255,471
Total digital and fiat currencies held at exchanges or with custodians		<u>2,421,658</u>		<u>458,969</u>

Other balance also includes cash held with exchanges of \$1,212,146 (June 2024: \$96).

5. Cryptocurrency Inventories

	31 March 2025		30 June 2024	
	Number of coins held	Value \$	Number of coins held	Value \$
Bitcoin (BTC)	1.66	219,874	1.38	140,290
Ethereum (ETH)	48.10	144,641	12.61	67,388
Loopring (LRC)	16,108	2,528	5,077	1,798
USD Coin (USDC)	27,929	44,693	3,157	9,605
Tether (USDT)	44,759	71,259	76,811	115,017
Other	1,368,113	109,234	144,380	14,157
Total inventory	<u>1,456,959</u>	<u>592,229</u>	<u>229,439</u>	<u>348,255</u>

Cryptocurrencies are measured at fair value less cost to sell in accordance with the Company's accounting policy for cryptocurrencies and in accordance with IAS 2.

The Company's realized gain or loss on inventories is calculated as the proceeds received from the sale of cryptocurrencies less its assigned original cost. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell. Changes in value of cryptocurrencies are included in profit and loss for the period.

6. Prepaid Expenses

	31 March 2025 (\$)	30 June 2024 (\$)
Insurance	589,917	241,698
Consultancy fees	—	18,609
Other operational expenses	<u>430,582</u>	<u>241,325</u>
Total other assets	<u><u>1,020,499</u></u>	<u><u>501,632</u></u>

7. Goodwill

	31 March 2025 (\$)	30 June 2024 (\$)
Goodwill	<u>151,643</u>	<u>151,643</u>
	<u><u>151,643</u></u>	<u><u>151,643</u></u>

During the period ended 31 March 2025, the Company determined that there is no impairment of the goodwill arising from the European acquisition which occurred during the year ended 30 June 2020.

8. Property and equipment

	31 March 2025	30 June 2024
	(\$)	(\$)
Fixtures and fittings at cost	208,645	205,897
Less accumulated depreciation	<u>(156,745)</u>	<u>(138,456)</u>
Carrying amount of fixtures and fittings	<u>51,900</u>	<u>67,441</u>
Computer equipment at cost	105,023	106,841
Less accumulated depreciation	<u>(104,618)</u>	<u>(105,566)</u>
Carrying amount of computer equipment	<u>405</u>	<u>1,275</u>
Leasehold Improvements	463,512	463,512
Less accumulated depreciation	<u>(434,542)</u>	<u>(347,634)</u>
Carrying amount of leasehold improvements	<u>28,970</u>	<u>115,878</u>
Total property and equipment	<u><u>81,275</u></u>	<u><u>184,594</u></u>
	31 March 2025	30 June 2024
	(\$)	(\$)
Fixtures and fittings		
Carrying amount at beginning of the period	67,441	99,281
Additions	2,746	2,342
Depreciation expenses	<u>(18,287)</u>	<u>(34,182)</u>
Carrying amount at end of the period	<u>51,900</u>	<u>67,441</u>
Computer equipment		
Carrying amount at beginning of the period	1,275	—
Additions	—	3,136
Accumulated depreciation on disposal	(45)	(1,861)
Depreciation expenses	<u>(825)</u>	<u>—</u>
Carrying amount at end of the period	<u>405</u>	<u>1,275</u>
Leasehold improvements		
Carrying amount at beginning of the period	115,878	231,756
Depreciation expenses	(86,908)	(115,878)
Carrying amount at end of the period	<u>28,970</u>	<u>115,878</u>
Total property and equipment	<u><u>81,275</u></u>	<u><u>184,594</u></u>

9. Right-of-use assets

	31 March 2025 (\$)	30 June 2024 (\$)
Buildings: Right-of-use		
Carrying amount at the beginning of the period	246,888	505,143
Depreciation expenses	<u>(193,692)</u>	<u>(258,255)</u>
Carrying amount at end of the period	<u><u>53,196</u></u>	<u><u>246,888</u></u>

The Company leases a building for its Melbourne office under a four-year agreement ending June 2025 with an option to extend for another four years. The lease has various escalation clauses. Refer to note 14 for associated lease liabilities at the reporting date. The lease does not contain any variable lease payment terms.

10. Other Deposits

	31 March 2025 (\$)	30 June 2024 (\$)
Rental Bond	252,758	252,758
Other Deposits	107,528	100,807
Provision for Other deposits	(101,169)	(101,169)
Restricted Cash	<u>228,316</u>	<u>759,962</u>
Total Bank Guarantee	<u><u>487,433</u></u>	<u><u>1,012,358</u></u>

The Rental Bond represents a tenant security deposit for the new office premises as requested by the landlord.

11. Trade and other payables

	31 March 2025 (\$)	30 June 2024 (\$)
Trade payables	2,210,500	841,844
Employee withholdings payable	360,189	195,898
Other payables	684,498	1,637,907
Accrued Expenses	2,925,563	3,289,470
GST Payable	<u>906,683</u>	<u>831,771</u>
Total trade and other payables	<u><u>7,087,433</u></u>	<u><u>6,796,890</u></u>

12. Borrowings

	31 March 2025 (\$)	30 June 2024 (\$)
Borrowings — Current		
Short term Borrowings	8,871,855	5,775,887
Total Current	<u>8,871,855</u>	<u>5,775,887</u>
Borrowings — Non Current		
Convertible notes	5,898,958	5,628,597
Total Non Current	<u>5,898,958</u>	<u>5,628,597</u>
Total Borrowings	<u>14,770,813</u>	<u>11,404,484</u>

Short-Term Borrowings

As of 31 March 2025, the Company had short-term borrowing agreements with the following external entities:

- Alam Group Loan AUD\$947,589 (June 2024: AUD\$945,185) at 20% per annum (Alam Group is a related party). Due in April 2025.
- Checkout.com (fronting payment) AUD\$1,600,030 (June 2024: AUD\$1,540,901) at 16.43% per annum. Due in May 2025.
- Red Envelope AUD\$6,324,236 (June 2024: AUD\$113,787) at 0% per annum. Credit line will be available until May 2025.
- Buzz Development Inc AUD\$Nil (June 2024: AUD\$2,255,416)
- Clearpool Caurius AUD\$Nil (June 2024: AUD\$920,598)

As of 31 March 2025, the Company had total short-term borrowing capacity of AUD\$11,047,589.

Convertible Notes

During the period ended 30 June 2024 the Company completed a non-brokered private placement (the “**Private Placement**”) of convertible debenture units (the “**Note Units**”) for gross proceeds of CAD\$5,694,024 bearing interest at 10% per annum. Banxa issued to the Investor 2,847,010 warrants, each warrant entitles the holder to purchase one common share at a price of CAD \$1 per share for a period of 36 months from the date of issuance of the convertible note. Each Note Unit consists of one unsecured convertible debenture (each, a “**Note**”) and such number of common share purchase warrants in the capital of the Company (each, a “**Warrant**”) equal to 40% of the number of common shares in the capital of the Company (each, a “**Common Share**”) issuable upon conversion of the Note (as described below). The principal of the security is convertible, at the option of the holder, to common shares of the Company at a price of CAD\$0.80, and the accrued interest is convertible, at the option of the holder, equal to the last closing price of the common shares on the exchange on the last trading day immediately prior to the announcement of the interest conversion by news release. Convertible notes of CAD\$750,000 and CAD\$500,000 were issued to Alam Group and Blackhawk Ventures Private Limited which are related parties. All convertible notes are due to mature in Q2 2027 and are unsecured.

Net gain on borrowings and derivative liability

	Period ended 31 March 2025 (\$)	Year ended 30 June 2024 (\$)
Gain on repayment of convertible note	—	280,442
(Loss)/gain on repayment of derivative liability	—	(23,912)
Net gain on borrowings and derivative liability	—	256,530

Derivative liability

	31 March 2025 (\$)	30 June 2024 (\$)
Balance at beginning of period (Inception)	—	48,231
Change in fair value — unrealized	—	23,912
Change in fair value — realised	—	—
Net change in fair value during period	—	23,912
Balance before conversion	—	72,143
Extinguished on conversion	—	(72,143)
Balance at end of period	—	—

During the period ended 30 June 2024 The Company agreed to repay the final amount of \$3,372,029 to settle the closure of the Lind Note resulting in a gain of \$280,442. No such payment was made during the period ended 31 March 2025.

The derivative liability presented as at 30 June 2024 related to convertible notes issued in October 2022. The derivative liability element of the convertible note is valued at fair value. Changes in fair value of the derivative liability are recognized in profit or loss. The Company assessed the fair value of the derivative liability using observable inputs. During the period ending 30 June 2024, the Company agreed the final amount of \$3,372,029 to settle the closure of the Lind Note resulting in the extinguishment of the associated derivative liability.

13. Provisions and Other Liabilities

	31 March 2025 (\$)	30 June 2024 (\$)
Annual leave	738,132	670,670
Long service leave	267,017	223,481
Balance at end of the period	1,005,149	894,151
Current	917,886	828,728
Non-current	87,263	65,423
Balance at end of the period	1,005,149	894,151
Other Liabilities	—	—
Total Provisions and other liabilities	1,005,149	894,151

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. All amounts are presented as current liabilities.

14. Lease Liability

	31 March 2025 (\$)	30 June 2024 (\$)
Balance at beginning of the period	430,820	821,975
Lease payments made in the period	(332,429)	(429,224)
Accretion of interest	11,845	38,069
Balance at end of the period	110,236	430,820
Low Value and Short-Term Leases		
Lease liability — current portion	110,236	430,820
Lease liability — non-current portion	—	—
Total	110,236	430,820
Undiscounted Future Lease Payments due:		
Within 1 year	110,810	443,239
After 1 year but not more than 5 years	—	—
After more than 5 years	—	—
Total	110,810	443,239

15. Issued Capital

(a) Authorized share capital

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

Number of common shares	31 March 2025	30 June 2024
Number of common shares at beginning of the period	45,587,056	45,563,056
Stock options exercised	—	24,000
Number of common shares at end of period	45,587,056	45,587,056
Issued capital	31 March 2025 (\$)	30 June 2024 (\$)
Share capital at beginning of the period	23,140,355	23,128,075
Proceeds from stock options exercised	—	12,280
Issued capital at end of period	23,140,355	23,140,355

16. Stock options

The Company has adopted a share option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. As at 31 March 2025, the aggregate maximum number of common shares issuable under the plan is 4,556,306 (30 June 2024: 4,556,306) common shares.

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's share option activities for the nine months ended 31 March 2025 and year ended 30 June 2024:

	31 March 2025		30 June 2024	
	Number of options	Weighted-average exercise price (\$CAD)	Number of options	Weighted-average exercise price (\$CAD)
Outstanding, beginning of the period	4,503,888	0.99	4,533,138	0.99
Granted	1,420,000	1.00	25,000	0.99
Expired	—	—	(24,000)	—
Cancelled/forfeited	(2,180,138)	1.00	(6,250)	0.99
Exercised	—	—	(24,000)	0.47
	<u>3,743,750</u>	<u>1.00</u>	<u>4,503,888</u>	<u>0.99</u>

On 15 July 2022, the Company granted 275,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 per share and expire on 1 October 2026. The fair value of the 275,000 options granted was determined as \$231,149.

On 1 December 2022, the Company granted 735,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 per share and 610,000 expire on 1 July 2026, 100,000 expire on 1 October 2026 and 25,000 expire on 1 December 2026. The fair value of the 735,000 options granted was determined as \$602,907.

On 1 February 2023, the Company granted 400,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 per share and expire on 1 February 2027. The fair value of the 400,000 options granted was determined as \$336,024.

1,360,000 options were cancelled during the year ended 30 June 2023.

On 17 July 2023, 21,428 share options have been exercised. The options have an exercise price of \$CAD0.47 Per share.

On 11 September 2023, 2,572 share options have been exercised. The options have an exercise price of \$CAD0.47 Per share.

On 1 October 2023, the Company granted 25,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD1.00 Per share and expire on 1 October 2027.

On 30 June 2024, 6,250 options were cancelled/forfeited during the year.

On 30 June 2024, 24,000 options expired during the year.

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET GROUP

On 19 December 2024, The company granted 1,420,000 share options to officers and staff of the Company.

The options have an exercise price of \$CAD1.00 Per share and expire on various dates from August 2025 to July 2026.

On 19 December 2024, 2,180,138 options were forfeited during the period.

All option grant valuations during the financial period have been determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	31 March 2025	30 June 2024
Share price	CAD\$0.57–CAD\$0.83	CAD\$0.75
Exercise price	CAD\$1.00	CAD\$1.00
Risk-free interest rate	3.51%–4.42%	2.75%
Expected term (in years)	2.0	4.0
Estimated dividend yield	0%	0%
Estimated volatility	113.79%–118.17%	117.75%

The following table summarizes information regarding share options outstanding and exercisable as at 31 March 2025:

Expiry Date	Number of options	Outstanding	Weighted average exercise price (\$CAD)	Exercisable	Weighted average exercise price — vested (\$CAD)
		Weighted-average remaining contractual life (years)		Number of options	
August 2025	150,000	0.37	1.00	112,500	1.00
September 2025	20,000	0.45	1.00	15,000	1.00
October 2025	100,000	0.51	1.00	62,500	1.00
December 2025	1,563,750	0.73	1.00	1,538,750	1.00
February 2026	100,000	0.86	1.00	50,000	1.00
July 2026	1,210,000	1.25	1.00	460,000	1.00
October 2026	200,000	1.5	1.00	200,000	1.00
December 2026	25,000	1.73	1.00	25,000	1.00
March 2027	350,000	1.92	1.00	350,000	1.00
October 2027	25,000	2.51	1.00	18,750	1.00
	<u>3,743,750</u>	<u>1.1</u>	<u>1.00</u>	<u>2,832,500</u>	<u>1.00</u>

17. Warrants

The following is a summary of the changes in the Company's warrants for the nine months ended 31 March 2025 and year ended 30 June 2024:

	31 March 2025		30 June 2024	
	Number of warrants	Weighted-average exercise price (\$CAD)	Number of warrants	Weighted-average exercise price (\$CAD)
Outstanding, beginning of the period	7,561,801	3.16	4,714,791	4.46
Granted	38,993	1.00	2,847,010	1.00
Expired	(4,714,788)	4.46	—	—
Exercised	—	—	—	—
	<u>2,886,006</u>	<u>1.01</u>	<u>7,561,801</u>	<u>3.16</u>

During the nine months ended 31 March 2025, nil warrants (Year-ended 30 June 2024: Nil warrants) were exercised for proceeds of \$nil (Year-ended 30 June 2024: \$nil). 4,714,788 warrants expired during the nine months ended 31 March 2025 (Nil during the year ended 30 June 2024).

During the period ended 30 June 2024 Banxa Holdings Inc. completed a non-brokered private placement (the “**Private Placement**”) of convertible debenture units (the “**Note Units**”) for gross proceeds of CAD\$5,694,024 bearing interest at 10% per annum. Banxa issued to the Investor 2,847,010 warrants, each warrant entitles the holder to purchase one common share at a price of \$1 per share for a period of 36 months from the date of issuance of the convertible note. Each Note Unit consists of one unsecured convertible debenture (each, a “**Note**”) and such number of common share purchase warrants in the capital of the Company (each, a “**Warrant**”) equal to 40% of the number of common shares in the capital of the Company (each, a “**Common Share**”) issuable upon conversion of the Note. Each Warrant will be exercisable for one Common Share at an exercise price of CAD\$1.00 for a period of 36 months from the date of issuance.

18. Revenue

	31 March 2025	31 March 2024 (Unaudited)
	(\$)	(\$)
<i>Sales revenue</i>		
Sale and purchase of cryptocurrencies	298,685,726	216,931,039
Integration revenue	1,645,591	973,235
Commissions and spread from services	<u>10,039,434</u>	<u>14,967,763</u>
Total sales revenue by type	<u>310,370,751</u>	<u>232,872,037</u>
<i>Geographic regions</i>		
Australia	65,264,253	38,025,128
North America	32,443,747	30,715,117
Europe	<u>212,662,751</u>	<u>164,131,792</u>
Total sales revenue by geographical region	<u>310,370,751</u>	<u>232,872,037</u>

During the current year, the comparative figures have been reclassified to conform with the presentation adopted in the current year. These reclassifications were made to enhance the clarity of the consolidated interim financial statements and do not affect the previously reported net income, total assets, or equity. The Company considered materiality and concluded that it is sufficient to present such information only in the note that has been impacted by a reclassification.

19. Expenses

	31 March 2025	31 March 2024
		(Unaudited)
<i>Note</i>	(\$)	(\$)
General, administration and other		
Legal, accounting, consulting	3,305,201	3,140,476
Software development	1,632,269	1,816,008
Other	1,166,307	384,561
Chargeback expenses	1,101,733	1,141,344
Bank charges	932,104	420,730
Insurance	471,900	323,845
Travel	187,969	98,752
Investor relations	183,909	387,470
Utilities expenses	177,560	238,889
Marketing and advertising	158,199	93,737
Recruitment	132,567	235,680
	<u>9,449,718</u>	<u>8,281,492</u>
Total general, administration and other		
Finance costs		
Interest on loans and borrowings	1,025,096	1,774,170
Interest on lease liabilities	14 <u>11,845</u>	<u>30,850</u>
	<u>1,036,941</u>	<u>1,805,030</u>
Total finance costs		
Net Foreign exchange (gains)/losses	<u>690,612</u>	<u>841,419</u>

20. Other Income

	31 March 2025	31 March 2024
		(Unaudited)
	(\$)	(\$)
Other (loss)/Income	(83)	127,134
Gain on sale of subsidiary	170,609	—
Sale of Domain Names	—	—
	<u>170,526</u>	<u>127,314</u>
Balance at end of the period		

The Company disposed of one of its subsidiaries, BNXA TEKNOLOJİ ANONİM ŞİRKETİ. The subsidiary, BNXA TEKNOLOJİ ANONİM ŞİRKETİ, was sold to Trek Labs Australia PTY Ltd on 31 July 2024. The gain on disposal amounted to \$170,609.

21. Income Tax expenses

	31 March 2025	31 March 2024 (Unaudited)
	(\$)	(\$)
Loss before Income tax expenses	(4,028,818)	(2,526,229)
Tax at the statutory rate of 30% (2024: 30%)	(1,208,645)	(757,869)
Effect of differences in tax rates globally	113,890	71,413
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	1,064,167	667,275
True-up of cumulative losses from prior years	(59,273)	(37,166)
Other	23,824	137,727
Total	<u>(66,307)</u>	<u>81,380</u>
Current year losses not recognized	<u>(41,912)</u>	<u>99,495</u>
Income tax expenses	<u>(107,949)</u>	<u>180,875</u>
	31 March 2025	30 June 2024
	(\$)	(\$)
Income tax payable (receivable)	<u>356,847</u>	<u>113,065</u>

22. Loss per share

For the nine month periods ended 31 March 2025 and year end 30 June 2024, basic and diluted (loss)/profit per share has been calculated as follows:

	31 March 2025	31 March 2024 (Unaudited)
	(\$)	(\$)
Net (loss)/profit after tax	<u>(3,679,525)</u>	<u>(2,707,104)</u>
Basic and diluted weighted average number of common shares	45,587,056	45,563,056
Basic and diluted net (loss)/profit per share	(0.08)	(0.06)

Basic (loss)/profit per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted (loss)/profit per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised inclusive of the hypothetical conversion of the debt increasing the dilution and increasing the income due to the add back of financing costs as part of the calculation at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. There are no contingent assets and liabilities recognized and no contingent items impacted the calculation of basic and diluted (loss)/profit per share.

As at the period ended 31 March 2025, the basic and diluted weighted average number of common shares is 45,587,056 (31 March 2024 — 45,563,056). The basic and diluted net loss per share is \$0.08 for the period ended 31 March 2025 (31 March 2024 — loss per share \$0.06).

23. Related party transactions

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due to related parties are unsecured.

- (a) The remuneration of directors and key management personnel of the Company was as follows:

	31 March 2025	31 March 2024
	(\$)	(Unaudited) (\$)
Salaries	3,439,913	3,040,548
Consulting fees including reimbursements at cost	370,812	276,089
Director's fees	177,010	287,316
Share-based compensation	<u>456,626</u>	<u>161,858</u>
Total	<u><u>4,444,361</u></u>	<u><u>3,765,811</u></u>

Key management personnel were not paid post-employment benefits, termination benefits, or other (non share-based) long-term benefits during the period ended 31 March 2025 (2024: nil).

- (b) The Company entered into the following transactions with related parties:

	31 March 2025	31 March 2024
	(\$)	(Unaudited) (\$)
Proceeds from loans for trade working capital ⁽¹⁾	300,000	15,170,000
Repayment of loans for trade working capital ⁽¹⁾	(300,000)	(14,170,000)
Proceeds from convertible note for trade working capital	—	1,414,557
Interest paid to related parties ⁽¹⁾	(229,839)	(151,234)
Loan received from directors	—	2,756,676
Purchase of cryptocurrencies (transaction value)	<u>2,650,573</u>	<u>31,010</u>
Total	<u><u>2,420,734</u></u>	<u><u>5,051,009</u></u>

⁽¹⁾ The loans were received from directors of the Company. Refer to Note 12.

- a. As at 31 March 2025, included in trade and other payables is a balance of \$14,837 (June 2024: \$Nil) payable to related parties as follows:

	31 March 2025	30 June 2024
	(\$)	(\$)
Directors of the Company	—	—
Officers of the Company	<u>14,837</u>	<u>—</u>
Total	<u><u>14,837</u></u>	<u><u>—</u></u>

24. Nature and extent of risk arising from financial instruments and digital assets

Classification of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	31 March 2025 (\$)	30 June 2024 (\$)
Financial assets at Amortised cost		
Cash	2,857,320	2,028,753
Trade and other receivables	5,598,776	8,640,212
Financial assets at FVTPL		
Trade and other receivables	2,421,658	458,969
Total	<u>10,877,754</u>	<u>11,127,934</u>
Financial assets at FVTPL		
Other Investments	712,500	712,500
Total financial assets	<u>11,590,254</u>	<u>11,840,434</u>
	31 March 2025 (\$)	30 June 2024 (\$)
Financial liabilities at amortised cost		
Trade and other payables	7,087,433	6,796,890
Convertible notes	5,898,958	5,628,597
Borrowings	8,871,855	5,775,887
Total	<u>21,858,246</u>	<u>18,201,374</u>

Risk management policy

In the normal course of business, the Company is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Company, Management takes steps to avoid undue concentrations of risk. The Company manages the risks as follows:

Credit risk

The Company has credit risk in respect of both financial instruments and crypto-currency deposits. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references, and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount of cash and cash equivalents (including cash deposits) and trade and other receivables, as disclosed in the consolidated interim statement of financial position and notes to the consolidated interim financial statements. The Company does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 30 days. There is a liquidity management function within the business, which on a daily or more frequent basis manages and monitors the trading activities and volumes associated with amounts deposited with trading exchanges.

The Company limits its credit risk by placing its cryptocurrencies with crypto-exchanges (“trading exchanges”) on which the Company has performed internal due diligence procedures.

The Company deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients’ assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange, potentially reducing the integrity of the data.

As at 31 March 2025, the Company held receivables from trading exchanges of \$2,421,658 (30 June 2024: \$458,969) together with payment gateway receivables of \$5,352,087 (30 June 2024: \$8,964,215). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

	31 March 2025	30 June 2024
	\$	\$
Credit risk Exposure		
Receivables from trade exchanges	2,421,658	458,969
Payment gateway receivables	<u>5,352,087</u>	<u>8,964,215</u>
 Total Assets	 <u><u>7,773,745</u></u>	 <u><u>9,423,184</u></u>

The Company’s due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering (“AML”) and know-your-client (“KYC”) policies, obtaining a security ratings report by an independent third party on certain exchanges, constant review of market information specifically regarding the exchanges’ security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move digital assets held on an exchange in instances where risk exposure significantly changes.

The Company limits its credit risk with respect to its payment gateways receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regard to over-the-counter counterparties, on which the Company has performed the relevant AML and KYC procedures. As of each reporting period, the Company assesses if there may be expected credit losses requiring a provision.

While the Company intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Company will not sustain a material loss on the transaction as a result. As of 31 March 2025, the Company does not expect any material unprovided loss of any of its digital assets.

Liquidity risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and (where required) available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and where practical matching the maturity profiles of financial assets and liabilities. In addition, as outlined above the daily liquidity management function monitors and manages amounts deposited with trading exchanges. The Company further manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances, and operating results.

The Company's trade payables and accruals are substantially due within twelve months. The maturity schedule of the Company's liabilities is detailed below.

31 March 2025	2026	2027	2028	2029	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	2,210,500	—	—	—	—
Accrued wages and other	360,189	—	—	—	—
Other payables	684,498	—	—	—	—
Accrued expenses	2,925,563	—	—	—	—
GST Payable	906,683	—	—	—	—
Commitments — other					
Short term borrowings	8,871,855	—	—	—	—
Lease payments	110,810	—	—	—	—
Total contractual obligations	<u>16,070,098</u>	—	—	—	—
30 June 2024	2025	2026	2027	2028	Thereafter
	\$	\$	\$	\$	\$
Commitment — operational					
Trade payables	841,844	—	—	—	—
Accrued wages and other	195,898	—	—	—	—
Other payables	1,637,907	—	—	—	—
Accrued expenses	3,289,470	—	—	—	—
GST Payable	831,771	—	—	—	—
Commitments — other					
Short term borrowings	5,775,887	—	—	—	—
Lease payments	443,239	—	—	—	—
Total contractual obligations	<u>13,016,016</u>	—	—	—	—

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Interest rate risk

The Company's has \$8,871,855 debt outstanding at 31 March 2025 that is exposed to interest rate risk of \$443,593 if the interest rate changed by +/-5%. (30 June 2024: \$288,795).

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	31 March 2025	30 June 2024	31 March 2025	30 June 2024
	\$	\$	\$	\$
Consolidated				
US Dollars	4,755,562	3,737,634	664,330	5,476,605
Euros	4,553,465	7,824,186	8,608,171	5,695,557
Pound sterling	407,272	—	—	91,726
Singapore Dollar	113	105	112	104
Canadian Dollars	358,909	170,545	1,193,922	1,793,127
Turkish Lira	—	244,504	—	—
	<u>10,075,321</u>	<u>11,976,974</u>	<u>10,466,535</u>	<u>13,057,119</u>

The Company had net liabilities denominated in foreign currencies of \$391,214 (assets of \$10,075,321 less liabilities of \$10,466,535) as at 31 March 2025 (30 June 2024: net liabilities of \$1,080,145 (assets of \$11,976,974 less liabilities of \$13,057,119). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (30 June 2024: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Company's loss before tax for the period would have been \$39,121 lower/\$39,121 higher (30 June 2024: \$108,015 lower/\$108,015 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each period and the spot rate at each reporting date. The net foreign exchange loss for the period ended 31 March 2025 was \$690,612 (30 June 2024: loss of \$1,933,577).

Digital asset risks

Access to digital assets can be disrupted by a number of matters including:

- Loss of access risk, such as to private keys;
- Irrevocable transactions given that transactions cannot be changed or corrected once a transaction has been verified and recorded on the blockchain;
- Fluctuations in digital asset prices due to global forces, interest rate, exchange, inflation, political/economic conditions;
- Vulnerability of crypto networks to hacking; and
- Unregulated crypto exchanges.

The Company's investments in crypto currency holdings for liquidity purposes are held on various digital platforms, some of which are unregulated exchanges. The Company is exposed to counterparty risk in the event that one or more of these unregulated exchanges fail or suffer a security breach, resulting in the loss or theft of the Company's assets. The Company maintains a risk management framework to mitigate the risks associated with its investments in cryptocurrencies, including monitoring the creditworthiness of its counterparties and implementing security measures to protect its assets. However, there can be no assurance that these measures will be effective in all circumstances. The Company continually evaluates its crypto holdings for liquidity purposes in cryptocurrencies and may make changes to its portfolio or risk management framework as market conditions or regulatory requirements change.

Price risk relating to digital assets

Fluctuations in the prices of cryptocurrencies may impact the day-to-day trading volumes of the Company's exchange partners, and unfavorably impact the Company's revenues. Additionally, during periods of rapid price fluctuations, there is a risk that unfavorable trading margins may occur due to delays in filling orders.

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to meet the needs of ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The capital structure of the Company consists of equity comprised of issued share capital and reserves. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, or by undertaking other activities as deemed appropriate under specific circumstances. The Company is not subject to externally imposed capital requirements.

25. Fair value measurement*Fair value hierarchy*

The following tables detail the Company's assets and liabilities, measured, or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

31 March 2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Cryptocurrency inventories	—	592,229	—	592,229
Receivables from trading exchanges held in cryptocurrency and Tether	—	2,421,658	—	2,421,658
Other investment	—	—	712,500	712,500
Total Assets	—	3,013,887	712,500	3,726,387
<i>Liabilities</i>				
Derivative liability	—	—	—	—
Total Liabilities	—	—	—	—

30 June 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cryptocurrency inventories	—	348,255	—	348,255
Receivables from trading exchanges held in cryptocurrency and Tether	—	458,969	—	458,969
Other investment	<u>—</u>	<u>—</u>	<u>712,500</u>	<u>712,500</u>
Total Assets	<u>—</u>	<u>807,224</u>	<u>712,500</u>	<u>1,519,724</u>
<i>Liabilities</i>				
Derivative liability	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

There were no transfers between levels during the financial period.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. This valuation technique maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Management considers the fair value of deposits with trading exchanges to be Level 2 input under IFRS 13 fair value hierarchy. There has been no change to the valuation technique during the period.

Receivables from trading exchanges in cryptocurrencies and Tether (note 4.2) and inventories (note 5) collectively, the “**digital assets**” are measured at fair value using Level 2 inputs. Digital asset prices are affected by various global forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the Company is impacted by the current and future market price of digital assets; in addition, the Company may not be able to liquidate its cryptocurrency inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company’s future operations. The Company has not hedged the conversion of any its digital currency sales. Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. For the period ended 31 March 2025, management’s estimate of the effect on loss before tax of a +/- 15% (2024: 15%) change in the market price of the Company’s digital assets, with all other variables held constant, is +/- \$558,958 (June 2024: +/- \$227,959).

26. Segmented Information

The Company conducts its business as a single operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 18. The following table summarizes the Company's assets and liabilities information by geographic region.

As at 31 March 2025:

	Australia \$	North America \$	Europe \$	Total \$
Cash	457,760	529,684	1,869,876	2,857,320
Trade and other receivables	2,150,381	3,082,858	2,787,195	8,020,434
Inventories	397,656	194,573	—	592,229
Prepays	374,851	643,161	2,487	1,020,499
Property and Equipment	79,030	—	2,245	81,275
Right-of-use assets	53,196	—	—	53,196
Goodwill	151,643	—	—	151,643
Other deposits	259,622	227,811	—	487,433
Other assets	712,500	—	—	712,500
Deferred tax asset	31,190	118,552	2,680	152,422
Total assets	4,667,829	4,796,639	4,664,483	14,128,951
Trade and other payables	3,334,193	2,029,572	1,723,668	7,087,433
Current tax liabilities	—	(158,257)	515,104	356,847
Convertible notes and borrowings	2,502,573	5,898,958	6,369,282	14,770,813
Provisions and other liabilities	1,031,424	—	9,592	1,041,016
Lease liability	110,236	—	—	110,236
Total liabilities	6,978,426	7,770,273	8,617,646	23,366,345

As at 30 June 2024:

	Australia \$	North America \$	Europe \$	Total \$
Cash	676,275	279,778	1,072,700	2,028,753
Trade and other receivables	2,740,751	(50,300)	6,408,730	9,099,181
Inventories	348,255	—	—	348,255
Prepays	254,677	246,955	—	501,632
Property and Equipment	184,594	—	—	184,594
Right-of-use assets	246,888	—	—	246,888
Goodwill	151,643	—	—	151,643
Other deposits	252,900	759,458	—	1,012,358
Other assets	712,500	—	—	712,500
Deferred tax asset	31,190	112,591	2,486	146,267
Total assets	5,599,673	1,348,482	7,483,916	14,432,071
Trade and other payables	4,406,767	1,509,603	880,520	6,796,890
Current tax liabilities	70,050	(129,911)	739,494	679,633
Convertible notes and borrowings	4,741,503	5,628,597	1,034,385	11,404,485
Provisions and other liabilities	925,445	1,449	4,237	931,131
Lease liability	430,820	—	—	430,820
Total liabilities	10,574,585	7,009,738	2,658,636	20,242,959

27. Contingent liabilities

In the ordinary course of business, the Company and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The Company does not believe that the ultimate outcome of these will have a material effect upon our financial position, the results of operations or cash flows.

There are no contingent liabilities as at 31 March 2025 and there are no outstanding litigations at the period-end that will give rise to contingent liability.

28. Subsequent events

8 April 2025 — The Company acknowledged receipt by its board of directors (the “**Board**”) of a non-binding, unsolicited acquisition proposal (the “**Proposal**”) from an arm’s length investor group led by Mr. Khurram Shroff (the “**Potential Bidder**”) to acquire 100% of the issued and outstanding shares of the Company at a purchase price in the range of between C\$1.00 to C\$2.00 per share. Consistent with its fiduciary duties, the Board is carefully reviewing the Proposal in consultation with its legal and financial advisors to determine the course of action that it believes to be in the best interests of the Company and its shareholders. There can be no assurances that a definitive agreement, or any agreement at all, in respect of the Proposal will be entered into and no representation is made to that effect. The Board continues to evaluate a range of strategic and financial options to enhance shareholder value.

30 April 2025 — the Company completed a loan transaction pursuant to which the Company issued a secured promissory note in the principal amount of up to US\$5.0 million (the “**Loan**”) to an arm’s length third party. The Loan proceeds will be advanced in an initial tranche of US\$2.0 million on the date hereof, with the balance of the Loan to be advanced in three successive tranches of US\$1.0 million on the first, second and third months following the date hereof. The Loan will mature in six months, and the outstanding principal amount of the Loan will bear interest at a rate of 10% *per annum*, payable in arrears together with the outstanding principal amount on the maturity date. The Company intends to use the proceeds of the Loan for working capital and general corporate purposes. The Loan is not convertible into any securities of the Company.

5 May 2025 — the Alam Group short term borrowings of AUD \$947,589, due in April 2025 and was not renewed and paid in full.

21 May 2025 — The Company extended a short-term borrowing agreement for the principal amount of US\$1.0 million from Checkout. The extension will mature in six months and will bear interest at a rate of 15.33% *per annum*, payable in arrears quarterly.

17 May 2025 — The Red Envelope short-term borrowings facility expired; however, it was re-established on May 18, 2025. The Company retained uninterrupted access to the facility throughout the period and did not experience any operational disruption.

26 May 2025 — During the year ending June 30, 2025, Independent Reserve decided to sell its operations, which led to the sale of its shares. As a result, Banxa Holdings Inc. will divest its investment in Independent Reserve, currently valued at AUD657,434. Under the terms of the sale agreement, 95% of the proceeds (AUD546,642) will be received in January 2026, with the remaining 5% to be paid in July 2026.

27 June 2025 — The Company entered into a plan of arrangement (the “**Arrangement**”) to be acquired by OSL, a company listed on the Hong Kong Stock Exchange. OSL Group Limited and OSL BNXA Acquisition Inc. (the “**Purchaser**”), pursuant to which the Purchaser will acquire all of the issued and outstanding common shares of the Company (“**Shares**”) for cash consideration of C\$1.55 per Share. Completion of the Arrangement remains subject to, among other things: (i) the receipt of the final order of the Supreme Court of British Columbia in connection with the Arrangement; (ii) the final acceptance of the TSX Venture Exchange; (iii) the receipt of certain required corporate and regulatory approvals and consents; and (iv) the satisfaction or waiver of certain additional conditions described in the management information circular of the Company dated 25 July 2025 (the “**Circular**”), which is

available on the Company's SEDAR+. Subject to the satisfaction or waiver of such closing conditions, it is anticipated that the Arrangement will be completed in calendar Q4 2025 or Q1 2026. Further information on the Arrangement can be found in the Circular.

28 August 2025 — The Company held the annual general and special meeting of securityholders (the "**Meeting**"). In addition to approvals obtained relating to annual general business, securityholders of the Company overwhelmingly approved the previously announced Arrangement.

An aggregate of 26,772,184 votes were cast at the Meeting with respect to the resolution approving the Arrangement (the "**Arrangement Resolution**"), of which 25,786,627 votes were cast in favour of the Arrangement Resolution, representing approximately 98.33% of the total votes cast. Accordingly, the Arrangement Resolution was duly approved by the requisite threshold of votes, being: (i) at least two-thirds ($66\frac{2}{3}\%$) of the votes cast at the Meeting in person or by proxy by holders of Shares; and (ii) at least two-thirds ($66\frac{2}{3}\%$) of the votes cast at the Meeting in person or by proxy by the holders of Shares and the holders of common share purchase warrants and stock options of the Company, voting together as members of a single class. Shareholders of the Company also overwhelmingly approved all other annual general items of business at the Meeting, including, without limitation, the election of directors and the appointment of the auditor, in each case, for the financial years of the company ended 30 June 2024 and 2023.

4 September 2025 — The Company provided an update with respect to certain outstanding required regulatory approvals (the "**Required Regulatory Approvals**"), the receipt of which is a key condition precedent to the completion of the previously announced plan of arrangement (the "Arrangement" with OSL Group Limited and OSL BNXA Acquisition Inc. (together with the Company, the "**Parties**").

As it relates to such Required Regulatory Approvals, the Company has, as of the date hereof: (a) received change of control approval for money-transmitter licenses in 17 out of 37 designated U.S. states; (b) received the declaration of no objection from the Netherlands De Nederlandsche Bank, representing a key milestone as we near a decision from the Netherlands' Authority for Financial Markets for the Markets in Crypto-Assets Regulation License; and (c) submitted the required notifications to the Financial Conduct Authority in the United Kingdom. The hearing for the final order to approve the Arrangement, originally scheduled for 2 September 2025, has been adjourned by order of the Supreme Court of British Columbia to give the parties additional time to obtain the remaining Required Regulatory Approvals. Completion of the Arrangement remains subject to the satisfaction or waiver of the conditions precedent set out in the arrangement agreement dated 27 June 2025.

II. DIFFERENCES BETWEEN THE ACCOUNTING POLICIES ADOPTED BY THE GROUP AND THE TARGET GROUP

As described in “*Letter from the Board — Waiver from Strict Compliance with Rule 14.67(6)(a)(i) of the Listing Rules*”, OSL Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) has applied to the Hong Kong Stock Exchange for, and has been granted, a waiver from the requirement to produce an accountants’ report on Banxa Holdings Inc. (“**Banxa**” or “**Target Company**”) and its subsidiaries (the “**Target Group**”) prepared under the Group’s accounting policies in accordance with Rule 14.67(6)(a)(i) of the Listing Rules.

Instead, this circular contains a copy of the consolidated financial statements of the Target Group for the year ended 30 June 2022 prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and audited by RSM Canada LLP, Chartered Professional Accountants and Licensed Public Accountants in Toronto, Ontario, and for each of the years ended 30 June 2023 and 2024 prepared in accordance with the IFRS Accounting Standards as issued by IASB and audited by PKF Antares Professional Corporation, Chartered Professional Accountants and Licensed Public Accountants in Calgary, Alberta, as extracted from the corresponding annual report of the Target Company and the exhibits thereto furnished to the Toronto Stock Exchange and a copy of the consolidated financial statements for the 9 months ended 31 March 2025 prepared in accordance with the IFRS Accounting Standards as issued by IASB and audited by PKF Antares Professional Corporation as set out in part I of this appendix (together, the “**Target Group Historical Track Record Accounts**”).

The Target Group Historical Track Record Accounts cover the consolidated statements of financial position of the Target Group as at 30 June 2022, 2023 and 2024, and 31 March 2025 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, consolidated statements of changes in cash flows, and the notes to the consolidated financial statements of the Target Group for each of the years ended 30 June 2022, 2023 and 2024, and the 9 months ended 31 March 2025.

The accounting policies adopted in the preparation of the Target Group Historical Track Record Accounts are substantially consistent with the corresponding accounting policies adopted by the Group for the relevant years, which comply with the IFRS Accounting Standards as issued by the IASB for the relevant years, except for the accounting policy for revenue recognition and reclassification of various financial statements line items of the Target Group to align with the presentation of those financial statements line items in the consolidated financial statements of the Group as set out in notes to the reconciliations set forth in this appendix below.

Basis of Preparation

In addition to inclusion of the Target Group Historical Track Record Accounts in this circular, a reconciliation has been prepared by the directors of the Company by comparing the corresponding accounting policies adopted by the Target Group for the preparation of the Target Group Historical Track Record Accounts and the corresponding accounting policies adopted by the Group, and quantifying the relevant material financial effects of such

differences as if it had been prepared in accordance with the corresponding accounting policies adopted by the Group as set out in its consolidated financial statements prepared in accordance with the IFRS Accounting Standards as issued by the IASB for the relevant years (the “**Reconciliation Information**”). Your attention is drawn to the fact that as the Reconciliation Information has not been subject to an independent audit and accordingly, no opinion is expressed by an auditor or reporting accountants on whether it presents a true and fair view of the Target Group’s consolidated financial position as at 30 June 2022, 2023, 2024 and 31 March 2025, nor its consolidated financial performance for each of the three years ended 30 June 2022, 2023 and 2024 and for the nine months ended 31 March 2025 under the corresponding accounting policies adopted by the Group for the relevant years.

Deloitte Touche Tohmatsu was engaged by the Company to conduct work on the Reconciliation Information in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“**HKSAE 3000**”) issued by the Hong Kong Institute of Certified Public Accountants.

The work conducted by Deloitte Touche Tohmatsu consisted primarily of:

- (i) Comparing the “Unadjusted Financial Information under the Target Group’s Accounting Policies” under sections entitled “Unaudited Adjusted Consolidated Statement of Financial Position under the Group’s Policies” and “Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group’s Policies” in the Reconciliation Information as set out in this appendix with the amounts as set out in the audited consolidated financial statements of the Target Group prepared in accordance with IFRS Accounting Standards as issued by the IASB for the years ended 30 June 2022, 2023 and 2024 and for the 9 months ended 31 March 2025;
- (ii) Evaluating the assessment made by the directors of the Company in comparing and analysing the differences between (a) the Target Group’s accounting policies as set out in the audited consolidated financial statements of the Target Group prepared in accordance with IFRS Accounting Standards as issued by the IASB for the years ended 30 June 2022, 2023 and 2024 and for the 9 months ended 31 March 2025 and (b) the Group’s accounting policies as set out in the audited consolidated financial statements of the Group prepared in accordance with IFRS Accounting Standards as issued by the IASB for the years ended 31 December 2021, 2022, 2023 and 2024, respectively, and the evidence supporting the adjustments made in the Reconciliation Information as at and for the years ended 30 June 2022, 2023 and 2024 and for the 9 months ended 31 March 2025 in arriving at the “Unaudited Adjusted Financial Information under the Group’s Accounting Policies” under the sections entitled “Unaudited Adjusted Consolidated Statement of Financial Position under the Group’s Policies” and “Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group’s Policies” as set out in this appendix; and
- (iii) Checking the arithmetic accuracy of the Reconciliation Information as at and for the years ended 30 June 2022, 2023 and 2024, and as at and for the 9 months ended 31 March 2025 under the sections entitled “Unaudited Adjusted Consolidated Statement

of Financial Position under the Group's Policies" and "Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies" as set out in this appendix.

For the purposes of this engagement, Deloitte Touche Tohmatsu are not responsible for expressing any reasonable assurance opinions on any historical financial information used in compiling the Reconciliation Information, nor have Deloitte Touche Tohmatsu, in the course of this engagement, performed an audit or review of the financial information used in compiling the Reconciliation Information. Deloitte Touche Tohmatsu's engagement was intended solely for the use of the board of directors of the Company in connection with the circular and may not be suitable for any other purpose.

Based on the procedures performed and evidence obtained, nothing has come to Deloitte Touche Tohmatsu's attention that causes Deloitte Touche Tohmatsu to believe that:

- (i) The "Unadjusted Financial Information under the Target Group's Accounting Policies" under sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies" and "Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies" in the Reconciliation Information as set out in this appendix are not in agreement with the amounts as set out in the audited consolidated financial statements of the Target Group prepared in accordance with IFRS Accounting Standards as issued by the IASB for the years ended 30 June 2022, 2023 and 2024 and for the 9 months ended 31 March 2025;
- (ii) The adjustments made in the Reconciliation Information as at and for the years ended 30 June 2022, 2023 and 2024, and as at and for the 9 months ended 31 March 2025 in arriving at the "Unaudited Adjusted Financial Information under the Group's Accounting Policies" under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies" and "Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies" as set out in this appendix do not reflect, in all material respects, the different accounting treatments according to (a) the Target Group's accounting policies as set out in the audited consolidated financial statements of the Target Group prepared in accordance with IFRS Accounting Standards as issued by the IASB for the years ended 30 June 2022, 2023 and 2024 and for the 9 months ended 31 March 2025 and (b) the Group's accounting policies as set out in the audited consolidated financial statements of the Group prepared in accordance with IFRS Accounting Standards as issued by the IASB for the years ended 31 December 2021, 2022, 2023 and 2024, respectively; and
- (iii) The Reconciliation Information as at and for the years ended 30 June 2022, 2023 and 2024, and as at and for the 9 months ended 30 September 2025 under the sections entitled "Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies" and "Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies" as set out in this appendix is not arithmetically accurate.

The Target Group's Unaudited Adjusted Financial Information under the Group's Policies

The Target Group Historical Track Record Accounts for the relevant years/period have been prepared and presented in accordance with the IFRS Accounting Standards as issued by the IASB under the Target Group's accounting policies for the relevant years/period. The material differences between the Target Group Historical Track Record Accounts, as prepared in accordance with the IFRS Accounting Standards as issued by the IASB under the Target Group's accounting policies for the relevant years/period, compared to that applying the accounting policies adopted by the Group for the relevant years which are in compliance with the IFRS Accounting Standards as issued by the IASB, are set out below:

Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies

As of 30 June 2022

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Assets			
<i>Current assets</i>			
Cash and cash equivalents	9,364,013	—	9,364,013
Trade and other receivables	2,766,934	(2,766,934)	—
Cryptocurrency inventories	883,885	(883,885)	—
Prepays	464,332	—	464,332
Trade receivables	—	1,666,749	1,666,749
Digital assets	—	1,478,491	1,478,491
Prepayments, deposits and other receivables	—	505,579	505,579
Total current assets	13,479,164	—	13,479,164
<i>Non-current assets</i>			
Property & equipment	495,077	(495,077)	—
Right-of-use assets	763,399	(763,399)	—
Goodwill	151,643	(151,643)	—
Other deposits	505,516	—	505,516
Property, plant and equipment	—	1,258,476	1,258,476
Intangible assets	—	151,643	151,643
Total non-current assets	1,915,635	—	1,915,635
Total assets	15,394,799	—	15,394,799

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	5,720,071	(5,720,071)	—
Current tax liabilities	355,310	—	355,310
Provisions	632,309	(632,309)	—
Lease liability — current	354,348	—	354,348
Trade payables	—	910,969	910,969
Accruals, other payables and provision	—	5,441,411	5,441,411
Total current liabilities	7,062,038	—	7,062,038
<i>Non-current liabilities</i>			
Provisions and other liabilities	63,710	—	63,710
Lease liability	821,975	—	821,975
Total non-current liabilities	885,685	—	885,685
Total liabilities	7,947,723	—	7,947,723
Net assets	7,447,076	—	7,447,076
Equity			
Issued capital	23,128,075	—	23,128,075
Contributed surplus	11,619,713	(11,619,713)	—
Foreign currency translation reserve	1,156,524	(1,156,524)	—
Accumulated losses	(28,457,236)	—	(28,457,236)
Other reserves	—	12,776,237	12,776,237
Total equity	7,447,076	—	7,447,076

Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies

For the year ended 30 June 2022

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments		Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
		Reclassification AUD (Note b)	AUD (Note c)	
Revenue/income from digital assets and blockchain platform business	60,720,043	(39,841,263)	—	20,878,780
Cost of sales	(39,881,722)	39,841,263	40,459	—
Gross profit	20,838,321	—	40,459	20,878,780
Other income	—	—	243,668	243,668
Other losses, net	—	—	(3,105,077)	(3,105,077)
Employment expenses/Staff costs	(18,047,647)	—	(2,924,538)	(20,972,185)
Depreciation	(454,970)	—	—	(454,970)
General, administration and other/other operating expenses	(13,304,500)	—	2,310,368	(10,994,132)
Share based compensation	(2,924,538)	—	2,924,538	—
Fee and commission expenses	—	—	(40,459)	(40,459)
IT costs	—	—	(2,310,368)	(2,310,368)
Total operating expenses	(34,731,655)	—	(2,901,868)	(37,633,523)
Operating loss before other items and income tax	(13,893,334)	—	(2,861,409)	(16,754,743)
Other items				
Realised gain on fair value of deposits (treasury coins)	1,233,920	—	(1,233,920)	—
Realised loss on fair value of derivative liability	(1,187,707)	—	1,187,707	—
Unrealised gain on fair value of derivative liability	1,050,841	—	(1,050,841)	—
Net foreign exchange losses	(4,202,131)	—	4,202,131	—
Other income	243,668	—	(243,668)	—
Finance costs	(287,154)	—	—	(287,154)
Total other items	(3,148,563)	—	2,861,409	(287,154)

	Unadjusted Financial Information under the Target Group's Accounting Policies <i>AUD</i> (<i>Note a</i>)	Adjustments		Unaudited Adjusted Financial Information under the Group's Accounting Policies <i>AUD</i>
		Reclassification <i>AUD</i> (<i>Note b</i>)	<i>AUD</i> (<i>Note c</i>)	
Loss before tax	(17,041,897)	—	—	(17,041,897)
Income tax expense	(228,886)	—	—	(228,886)
Net loss for the year	(17,270,783)	—	—	(17,270,783)
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods (net of tax)				
Exchange differences on translation of foreign operations	645,279	—	—	645,279
Total comprehensive loss for the year	(16,625,504)	—	—	(16,625,504)

Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies

As of 30 June 2023

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Assets			
<i>Current assets</i>			
Cash and cash equivalents	8,258,814	—	8,258,814
Trade and other receivables	4,069,483	(4,069,483)	—
Cryptocurrency inventories	183,992	(183,992)	—
Prepays	447,581	—	447,581
Trade receivables	—	3,904,535	3,904,535
Digital assets	—	348,940	348,940
Total current assets	12,959,870	—	12,959,870
<i>Non-current assets</i>			
Property & equipment	331,037	(331,037)	—
Right-of-use assets	505,143	(505,143)	—
Deferred tax assets	105,446	—	105,446
Goodwill	151,643	(151,643)	—
Other deposits	1,758,069	—	1,758,069
Other investment	712,500	—	712,500
Property, plant and equipment	—	836,180	836,180
Intangible assets	—	151,643	151,643
Total non-current assets	3,563,838	—	3,563,838
Total assets	16,523,708	—	16,523,708

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	8,331,456	(8,331,456)	—
Borrowings	5,242,796	—	5,242,796
Current tax liabilities	114,961	—	114,961
Provisions	603,958	(603,958)	—
Convertible note	3,501,334	—	3,501,334
Derivative liability	49,326	—	49,326
Lease liability — current	391,155	—	391,155
Trade payables	—	1,156,255	1,156,255
Accruals, other payables and provision	—	7,779,159	7,779,159
Total current liabilities	<u>18,234,986</u>	<u>—</u>	<u>18,234,986</u>
<i>Non-current liabilities</i>			
Provisions and other liabilities	71,696	—	71,696
Lease liability	<u>430,820</u>	<u>—</u>	<u>430,820</u>
Total non-current liabilities	<u>502,516</u>	<u>—</u>	<u>502,516</u>
Total liabilities	<u>18,737,502</u>	<u>—</u>	<u>18,737,502</u>
Net liabilities	<u>(2,213,794)</u>	<u>—</u>	<u>(2,213,794)</u>
Equity			
Issued capital	23,128,075	—	23,128,075
Contributed surplus	11,596,406	(11,596,406)	—
Foreign currency translation reserve	879,316	(879,316)	—
Accumulated losses	(37,817,591)	—	(37,817,591)
Other reserves	<u>—</u>	<u>12,475,722</u>	<u>12,475,722</u>
Total equity	<u>(2,213,794)</u>	<u>—</u>	<u>(2,213,794)</u>

Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies

For the year ended 30 June 2023

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note b) AUD (Note c)		Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Revenue/income from digital assets and blockchain platform business	80,351,632	(62,779,838)	—	17,571,794
Cost of sales	(63,121,580)	62,779,838	341,742	—
Gross profit	<u>17,230,052</u>	<u>—</u>	<u>341,742</u>	<u>17,571,794</u>
Other income	—	—	3,180,734	3,180,734
Other losses, net	—	—	(687,641)	(687,641)
Employment expenses/staff costs	(15,967,877)	—	458,977	(15,508,900)
Depreciation	(422,295)	—	—	(422,295)
General, administration and other/other operating expenses	(11,539,452)	—	2,000,160	(9,539,292)
Share based compensation	458,977	—	(458,977)	—
Fee and commission expenses	—	—	(341,742)	(341,742)
IT costs	<u>—</u>	<u>—</u>	<u>(2,000,160)</u>	<u>(2,000,160)</u>
Total operating expenses	<u>(27,470,647)</u>	<u>—</u>	<u>2,151,351</u>	<u>(25,319,296)</u>
Operating loss before other items and income tax	(10,240,595)	—	2,493,093	(7,747,502)
Other items				
Realised gain on fair value of deposits (treasury coins)	15,027	—	(15,027)	—
Unrealised loss on fair value of derivative liability	(48,231)	—	48,231	—
Net foreign exchange losses	(654,437)	—	654,437	—
Other income	3,180,734	—	(3,180,734)	—
Finance costs	<u>(1,926,721)</u>	<u>—</u>	<u>—</u>	<u>(1,926,721)</u>
Total other items	566,372	—	(2,493,093)	(1,926,721)

	Unadjusted Financial Information under the Target Group's Accounting Policies <i>AUD</i> (<i>Note a</i>)	Adjustments		Unaudited Adjusted Financial Information under the Group's Accounting Policies <i>AUD</i>
			Reclassification <i>AUD</i> (<i>Note c</i>)	
Loss before tax	(9,674,223)	—	—	(9,674,223)
Income tax recovery	<u>313,868</u>	<u>—</u>	<u>—</u>	<u>313,868</u>
Net loss for the year	<u>(9,360,355)</u>	<u>—</u>	<u>—</u>	<u>(9,360,355)</u>
Other comprehensive loss Items that may be reclassified to profit or loss in subsequent periods (net of tax)				
Exchange differences on translation of foreign operations	<u>(277,208)</u>	<u>—</u>	<u>—</u>	<u>(277,208)</u>
Total comprehensive loss for the year	<u><u>(9,637,563)</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>(9,637,563)</u></u>

Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies

As of 30 June 2024

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Assets			
<i>Current assets</i>			
Cash and cash equivalents	2,028,753	—	2,028,753
Trade and other receivables	9,099,181	(9,099,181)	—
Cryptocurrency inventories	348,255	(348,255)	—
Prepays	501,632	—	501,632
Trade receivables	—	8,640,212	8,640,212
Digital assets	—	807,224	807,224
Total current assets	11,977,821	—	11,977,821
<i>Non-current assets</i>			
Property & equipment	184,594	(184,594)	—
Right-of-use assets	246,888	(246,888)	—
Deferred tax assets	146,267	—	146,267
Goodwill	151,643	(151,643)	—
Other deposits	1,012,358	—	1,012,358
Other investment	712,500	—	712,500
Property, plant and equipment	—	431,482	431,482
Intangible assets	—	151,643	151,643
Total non-current assets	2,454,250	—	2,454,250
Total assets	14,432,071	—	14,432,071

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	6,796,890	(6,796,890)	—
Borrowings	5,775,887	—	5,775,887
Current tax liabilities	679,633	—	679,633
Provisions	828,728	(828,728)	—
Lease liability — current	430,820	—	430,820
Trade payables	—	841,844	841,844
Accruals, other payables and provision	—	6,783,774	6,783,774
Total current liabilities	<u>14,511,958</u>	<u>—</u>	<u>14,511,958</u>
<i>Non-current liabilities</i>			
Provisions and other liabilities	65,423	—	65,423
Deferred tax liability	36,981	—	36,981
Convertible Note	<u>5,628,597</u>	<u>—</u>	<u>5,628,597</u>
Total non-current liabilities	<u>5,731,001</u>	<u>—</u>	<u>5,731,001</u>
Total liabilities	<u>20,242,959</u>	<u>—</u>	<u>20,242,959</u>
Net liabilities	<u>(5,810,888)</u>	<u>—</u>	<u>(5,810,888)</u>
Equity			
Issued capital	23,140,355	—	23,140,355
Contributed surplus	12,649,506	(12,649,506)	—
Foreign currency translation reserve	478,073	(478,073)	—
Accumulated losses	(42,078,822)	—	(42,078,822)
Other reserves	—	13,127,579	13,127,579
Total equity	<u>(5,810,888)</u>	<u>—</u>	<u>(5,810,888)</u>

Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies

For the year ended 30 June 2024

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments		Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
		Reclassification AUD (Note b)	AUD (Note c)	
Revenue/income from digital assets and blockchain platform business	321,214,785	(287,599,064)	—	33,615,721
Cost of sales	<u>(292,457,717)</u>	<u>287,599,064</u>	<u>4,858,653</u>	<u>—</u>
Gross profit	<u>28,757,068</u>	<u>—</u>	<u>4,858,653</u>	<u>33,615,721</u>
Other income	—	—	482,631	482,631
Other losses, net	—	—	(1,677,047)	(1,677,047)
Employment expenses/staff costs	(16,114,481)	—	(300,993)	(16,415,474)
Depreciation	(410,176)	—	—	(410,176)
General, administration and other/other operating expenses	(11,939,973)	—	2,480,514	(9,459,459)
Share based compensation	(300,993)	—	300,993	—
Fee and commission expenses	—	—	(4,858,653)	(4,858,653)
IT costs	<u>—</u>	<u>—</u>	<u>(2,480,514)</u>	<u>(2,480,514)</u>
Total operating expenses	<u>(28,765,623)</u>	<u>—</u>	<u>(6,053,069)</u>	<u>(34,818,692)</u>
Operating loss before other items and income tax	(8,555)	—	(1,194,416)	(1,202,971)
Other items				
Realised gain on fair value of derivative liability	280,442	—	(280,442)	—
Unrealised loss on fair value of derivative liability	(23,912)	—	23,912	—
Net foreign exchange losses	(1,933,577)	—	1,933,577	—
Other income	482,631	—	(482,631)	—
Finance costs	<u>(2,402,286)</u>	<u>—</u>	<u>—</u>	<u>(2,402,286)</u>
Total other items	<u>(3,596,702)</u>	<u>—</u>	<u>1,194,416</u>	<u>(2,402,286)</u>

	Unadjusted Financial Information under the Target Group's Accounting Policies <i>AUD</i> (<i>Note a</i>)	Adjustments		Unaudited Adjusted Financial Information under the Group's Accounting Policies <i>AUD</i>
			Reclassification <i>AUD</i> (<i>Note c</i>)	
Loss before tax	(3,605,257)	—	—	(3,605,257)
Income tax expense	(655,974)	—	—	(655,974)
Net loss for the year	(4,261,231)	—	—	(4,261,231)
Other comprehensive loss Items that may be reclassified to profit or loss in subsequent periods (net of tax)				
Exchange differences on translation of foreign operations	(401,243)	—	—	(401,243)
Total comprehensive loss for the year	(4,662,474)	—	—	(4,662,474)

Unaudited Adjusted Consolidated Statement of Financial Position under the Group's Policies

As of 31 March 2025

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Assets			
<i>Current assets</i>			
Cash and cash equivalents	2,857,320	—	2,857,320
Trade and other receivables	8,020,434	(8,020,434)	—
Cryptocurrency inventories	592,229	(592,229)	—
Prepays	1,020,499	—	1,020,499
Trade receivables	—	5,598,776	5,598,776
Digital assets	—	3,013,887	3,013,887
Total current assets	12,490,482	—	12,490,482
<i>Non-current assets</i>			
Property & equipment	81,275	(81,275)	—
Right-of-use assets	53,196	(53,196)	—
Deferred tax assets	152,422	—	152,422
Goodwill	151,643	(151,643)	—
Other deposits	487,433	—	487,433
Other investment	712,500	—	712,500
Property, plant and equipment	—	134,471	134,471
Intangible assets	—	151,643	151,643
Total non-current assets	1,638,469	—	1,638,469
Total assets	14,128,951	—	14,128,951

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note c)	Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	7,087,433	(7,087,433)	—
Borrowings	8,871,855	—	8,871,855
Current tax liabilities	356,847	—	356,847
Provisions	917,886	(917,886)	—
Lease liability — current	110,236	—	110,236
Trade payables	—	2,210,500	2,210,500
Accruals, other payables and provision	—	5,794,819	5,794,819
Total current liabilities	<u>17,344,257</u>	<u>—</u>	<u>17,344,257</u>
<i>Non-current liabilities</i>			
Provisions and other liabilities	87,263	—	87,263
Deferred tax liability	35,867	—	35,867
Convertible note	<u>5,898,958</u>	<u>—</u>	<u>5,898,958</u>
Total non-current liabilities	<u>6,022,088</u>	<u>—</u>	<u>6,022,088</u>
Total liabilities	<u>23,366,345</u>	<u>—</u>	<u>23,366,345</u>
Net liabilities	<u>(9,237,394)</u>	<u>—</u>	<u>(9,237,394)</u>
Equity			
Issued capital	23,140,355	—	23,140,355
Contributed surplus	13,109,538	(13,109,538)	—
Foreign currency translation reserve	512,404	(512,404)	—
Accumulated losses	(45,999,691)	—	(45,999,691)
Other reserves	<u>—</u>	<u>13,621,942</u>	<u>13,621,942</u>
Total equity	<u>(9,237,394)</u>	<u>—</u>	<u>(9,237,394)</u>

Unaudited Adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income under the Group's Policies

For the nine months ended 31 March 2025

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments Reclassification AUD (Note b) AUD (Note c)		Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
Revenue/income from digital assets and blockchain platform business	310,370,751	(286,233,521)	—	24,137,230
Cost of sales	<u>(290,087,903)</u>	<u>286,233,521</u>	<u>3,854,382</u>	<u>—</u>
Gross profit	<u>20,282,848</u>	<u>—</u>	<u>3,854,382</u>	<u>24,137,230</u>
Other income	—	—	170,526	170,526
Other losses, net	—	—	(690,612)	(690,612)
Employment expenses/staff costs	(12,545,177)	—	(460,032)	(13,005,209)
Depreciation	(299,712)	—	—	(299,712)
General, administration and other/other operating expenses	(9,449,718)	—	1,632,269	(7,817,449)
Share based compensation	(460,032)	—	460,032	—
Fee and commission expenses	—	—	(3,854,382)	(3,854,382)
IT costs	<u>—</u>	<u>—</u>	<u>(1,632,269)</u>	<u>(1,632,269)</u>
Total operating expenses	<u>(22,754,639)</u>	<u>—</u>	<u>(4,374,468)</u>	<u>(27,129,107)</u>
Operating loss before other items and income tax	(2,471,791)	—	(520,086)	(2,991,877)
Other items				
Net foreign exchange losses	(690,612)	—	690,612	—
Other income	170,526	—	(170,526)	—
Finance costs	<u>(1,036,941)</u>	<u>—</u>	<u>—</u>	<u>(1,036,941)</u>
Total other items	(1,557,027)	—	520,086	(1,036,941)

	Unadjusted Financial Information under the Target Group's Accounting Policies AUD (Note a)	Adjustments		Unaudited Adjusted Financial Information under the Group's Accounting Policies AUD
		Reclassification AUD (Note b)	AUD (Note c)	
Loss before tax	(4,028,818)	—	—	(4,028,818)
Income tax recovery	107,949	—	—	107,949
Net loss for the period	(3,920,869)	—	—	(3,920,869)
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods (net of tax)				
Exchange differences on translation of foreign operations	34,331	—	—	34,331
Total comprehensive loss for the period	(3,886,538)	—	—	(3,886,538)

Other than the reclassifications and adjustments set out in the Reconciliation Information above, there are no material differences between the consolidated financial statements of the Target Group for the relevant years/period compared to such corresponding consolidated financial statements had they been prepared applying the corresponding accounting policies adopted by the Group for the relevant years.

Notes:

- (a) The balances/amounts are extracted from the consolidated statement of financial position of the Target Group as at 30 June 2022, 2023 and 2024, and 31 March 2025 and the consolidated statements of profit or loss and other comprehensive income for the years/period then ended. It is noted that the revenue and cost of sales of the Target Group for the year ended 30 June 2022 is extracted from the restated comparative financial information as set out in the consolidated statement of profit or loss and other comprehensive income of the Target Group for the year ended 30 June 2023.
- (b) The income from trading of the cryptocurrencies generated by the Target Group arises in the course of its ordinary activities and meets the definition of revenue under IFRS 15 *Revenue from Contracts with Customers* (“**IFRS 15**”). In accordance with the Target Group’s accounting policies, as set out in the Target Group Historical Track Record Accounts for the relevant years/period included in Appendix II to this circular, the Target Group accounts for revenue on a combined net and gross basis under IFRS 15, depending on whether it acts as a principal or an agent.

The Group accounts for its contracts with customers for trading of cryptocurrencies as financial instruments under IFRS 9 *Financial Instruments* (“**IFRS 9**”), and applies an accounting policy to present the revenue on a net basis upon delivery of the cryptocurrencies to the customers.

Both the Target Group and the Group generate revenue from contracts to buy or sell cryptocurrencies, which are classified as non-financial items and are readily convertible to cash. The contracts are accounted for under IFRS 9 as they have a practice of taking delivery of the underlying and selling the cryptocurrencies within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Revenue recognised upon delivery of the cryptocurrencies to the customers may be presented either on a gross or a net basis, as an accounting policy choice.

For the purpose of this circular, and in alignment with the Group's accounting policy, the Target Group's revenue from cryptocurrencies trading contracts is presented on a net basis. Accordingly, the relevant cost of sales is adjusted to net with the revenue from sales and purchase of cryptocurrencies, consistent with the Group's accounting policy.

- (c) In order to provide the financial information on the Target Group using accounting policies materially consistent with those of the Group, the directors of the Company considered the accounting policies as specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements in accordance with IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*, accordingly, these reclassification adjustments are made to align the presentation of consolidated financial statements of the Target Group with the presentation of consolidated financial statements adopted by the Group as part of the reconciliation of accounting policies among the Target Group and the Group. These reclassifications adjustments do not have any impact on the business performance nor the financial position of the Target Group.

To align and conform with the Group's classification and presentation, the following reclassification adjustments are made:

1. Digital Assets:

- Reclassify the Target Group's digital assets and fiat currencies held at exchanges or with custodians, of AUD594,606, AUD164,948, AUD458,969, and AUD2,421,658 as recorded in "Trade and other receivables" at 30 June 2022, 2023 and 2024, and 31 March 2025, respectively, to "Digital assets."
- Reclassify the Target Group's cryptocurrency inventories to "Digital assets."

2. Trade Receivables:

- Reclassify the Target Group's trade receivable amounts of AUD1,666,749, AUD3,904,535, AUD8,640,212 and AUD5,598,776, recorded in "Trade and other receivables" at 30 June 2022, 2023, and 2024, and 31 March 2025, respectively, to "Trade Receivables."

3. Prepayments, Deposits, and Other Receivables:

- Reclassify the Target Group's prepayments, deposits, and other receivables of AUD505,579 included in "Trade and other receivables" at 30 June 2022, to "Prepayments, deposits, and other receivables."

III. SUPPLEMENTAL FINANCIAL INFORMATION OF THE TARGET GROUP

The Company sets out the following supplemental financial information of Target Group, which was not included in Target Group's consolidated financial statements for each of the years ended 30 June 2022, 2023 and 2024, and the nine months ended 31 March 2025.

1. Aging Analysis of Trade Receivables

All trade receivables represent amounts due from customers for goods and services delivered by the Target Group prior to the end of the financial period but not yet collected as of the reporting date. These amounts arise from normal business operations and are generally collected within agreed credit terms. The aging analysis of trade receivables based on the invoice dates is as follows:

	31 March 2025 AUD	30 June 2024 AUD	30 June 2023 AUD	30 June 2022 AUD
0–30 days	5,378,477	8,396,464	3,341,092	1,509,011
31–90 days	88,923	243,748	450,209	157,738
91–180 days	<u>131,376</u>	<u>—</u>	<u>113,234</u>	<u>—</u>
Total	<u><u>5,598,776</u></u>	<u><u>8,640,212</u></u>	<u><u>3,904,535</u></u>	<u><u>1,666,749</u></u>

2. Aging Analysis of Trade Payables

All the trade payables amounts are for goods and services provided to Target Group prior to the end of the financial period which are unpaid. The ageing analysis of trade and notes payables based on the invoice dates is as follows:

	31 March 2025 AUD	30 June 2024 AUD	30 June 2023 AUD	30 June 2022 AUD
0–30 days	2,133,585	614,862	914,480	791,116
31–90 days	74,524	203,252	90,175	—
91–180 days	<u>2,391</u>	<u>23,730</u>	<u>151,600</u>	<u>119,853</u>
Total	<u><u>2,210,500</u></u>	<u><u>841,844</u></u>	<u><u>1,156,255</u></u>	<u><u>910,969</u></u>

3. Repayable Schedules of Borrowings

The carrying amounts of the borrowings are analysed based on contractual repayment date as follows:

	31 March 2025 AUD	30 June 2024 AUD	30 June 2023 AUD	30 June 2022 AUD
Short term borrowings:				
Within one year	8,871,855	5,775,887	5,242,796	—
Within a period of more than one year but not more than two years	—	—	—	—
More than two years but not more than five years	—	—	—	—
Total	<u>8,871,855</u>	<u>5,775,887</u>	<u>5,242,796</u>	<u>—</u>
Convertible Notes:				
Within one year	—	—	3,501,334	—
Within a period of more than one year but not more than two years	5,898,958	—	—	—
More than two years but not more than five years	—	5,628,597	—	—
Total	<u>5,898,958</u>	<u>5,628,597</u>	<u>3,501,334</u>	<u>—</u>

4. Repayable Schedules of Lease Liabilities

	31 March 2025 AUD	30 June 2024 AUD	30 June 2023 AUD	30 June 2022 AUD
Lease liabilities payables:				
Within one year	110,236	430,820	391,155	354,348
Within a period of more than one year but not more than two years	—	—	430,820	391,155
More than two years but not more than five years	—	—	—	430,820
Total	<u>110,236</u>	<u>430,820</u>	<u>821,975</u>	<u>1,176,323</u>

5. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies Regulation (Disclosure of Information about Benefits of Directors), is as follows:

	Nine months ended 31 March 2025 AUD	Year ended 30 June 2024 AUD	Year ended 30 June 2023 AUD	Year ended 30 June 2022 AUD
Fees	181,290	246,311	362,649	399,830
Basic salaries, housing fund, other allowances and benefits in kind	528,755	461,438	—	—

The remuneration of Target Group's directors for the nine months ended 31 March 2025 is set out below:

Names of directors and supervisors	Fees AUD	Salaries AUD	Total AUD
Executive Directors:			
Zafer Qureshi	—	276,622	276,622
Holger Arians	—	252,133	252,133
Non-executive Directors:			
Joshua (Jim) Landau	21,165	—	21,165
Kaushik Sthankiya	57,809	—	57,809
Richard Wells	102,316	—	102,316

The remuneration of Target Group's directors for the year ended 30 June 2024 is set out below:

Names of directors and supervisors	Fees AUD	Salaries AUD	Total AUD
Executive Directors:			
Zafer Qureshi	—	70,605	70,605
Non-executive Directors:			
Joshua (Jim) Landau	73,744	—	73,744
Leigh Travers	17,496	—	17,496
Matthew Cain	30,633	—	30,633
Chairman:			
Domenic Carosa	124,438	—	124,438
Holger Arians	—	390,833	390,833

APPENDIX II	FINANCIAL INFORMATION OF THE TARGET GROUP
--------------------	--

The remuneration of Target Group's directors for the year ended 30 June 2023 is set out below:

Names of directors and supervisors	Fees <i>AUD</i>	Salaries <i>AUD</i>	Total <i>AUD</i>
Non-executive Directors:			
Joshua (Jim) Landau	111,655	—	111,655
Matthew Cain	66,238	—	66,238
Doron Cohen	16,636	—	16,636
Chairman:			
Domenic Carosa	168,120	—	168,120

The remuneration of Target Group's directors for the year ended 30 June 2022 is set out below:

Names of directors and supervisors	Fees <i>AUD</i>	Salaries <i>AUD</i>	Total <i>AUD</i>
Non-executive Directors:			
Joshua (Jim) Landau	90,243	—	90,243
Matthew Cain	65,608	—	65,608
Doron Cohen	69,982	—	69,982
Chairman:			
Domenic Carosa	173,997	—	173,997

6. Five Highest Paid Individuals

Total compensation payable to the five highest paid employees at Target Group is as follows:

	Nine months ended 31 March 2025 <i>AUD</i>	Year ended 30 June 2024 <i>AUD</i>	Year ended 30 June 2023 <i>AUD</i>	Year ended 30 June 2022 <i>AUD</i>
Salaries, allowances and benefits in kind	1,290,684	1,803,553	1,980,714	1,639,581
Performance related bonuses	314,478	435,342	150,088	—

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

<i>Range in HK\$</i>	<i>Range in AUD equivalent</i>	Nine months ended	Year ended	Year ended	Year ended
		31 March 2025	30 June 2024	30 June 2023	30 June 2022
		<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>
HK\$1,000,001 to HK\$1,500,000	AUD195,313 to AUD292,969	2	1	1	3
HK\$1,500,001 to HK\$2,000,000	AUD292,970 to AUD390,625	2	1	1	1
HK\$2,000,001 to HK\$2,500,000	AUD390,626 to AUD488,281	1	1	2	—
HK\$2,600,001 to HK\$3,000,000	AUD488,282 to AUD585,938	—	—	—	1
HK\$3,000,001 to HK\$3,500,000	AUD585,939 to AUD683,594	—	2	1	—

7. Auditor's Remuneration

	Nine months ended	Year ended	Year ended	Year ended
	31 March 2025	30 June 2024	30 June 2023	30 June 2022
	<i>AUD</i>	<i>AUD</i>	<i>AUD</i>	<i>AUD</i>
Auditor's remuneration	550,000	768,112	1,121,251	1,016,413

8. Concentration of Customers and Suppliers

(a) Concentration of Suppliers, Gross Purchases

	Nine months ended	Year ended	Year ended	Year ended
	31 March 2025	30 June 2024	30 June 2023	30 June 2022
(% of total purchases)				
Largest supplier	83.80%	85.56%	64.94%	42.87%
Five largest suppliers, Combined	99.66%	99.78%	99.00%	99.92%

There is no concentration of customers for years ended 30 June 2022, 2023, 2024, and the nine months ended 31 March 2025.

Set out below is the management discussion and analysis of the Target Group for the three financial years ended 30 June 2022, 2023 and 2024, and the nine months ended 31 March 2025, which is prepared based on the financial information of the Target Group as set out in Appendix II to this circular and the published management's discussion and analysis of the Target Group.

BUSINESS OVERVIEW

Banxa is a corporation incorporated under the laws of the Province of British Columbia and listed on the TSX Venture Exchange in Canada under the symbol BNXA. Based on information provided by Banxa, Banxa is the leading infrastructure provider empowering businesses to embed digital assets seamlessly into their existing platforms and unlocking new opportunities in the rapidly evolving digital assets economy, facilitating buying and selling of digital assets. Banxa offers a conversion widget/application programming interface product to third parties who require fiat on/off-ramps, allowing Banxa to embed its product deeply into the digital assets ecosystem. Banxa holds a number of licenses and registrations, including the Crypto Service Provider Registration in the Netherlands, the Money Services Business License in Canada, the Digital Currency Exchange Provider Registration in Australia, the Crypto Asset Service Provider license in the United Kingdom and the U.S. Money Transmitter Licenses or their equivalents in certain states in the United States.

Upon completion of the Proposed Acquisition, the Group will hold 100% of the Banxa Shares, and Banxa will be delisted and become a wholly-owned subsidiary of the Purchaser and an indirect wholly-owned subsidiary of the Company.

FINANCIAL REVIEW

Revenue

The revenue of the Target Group was mainly contributed by facilitating buying and selling of digital assets for the financial years ended 30 June 2022, 2023 and 2024 and for the nine months ended 31 March 2025 (the “**Reporting Period**”), respectively.

The Target Group's revenue increased from approximately AUD60.7 million for the financial year ended 30 June 2022 to approximately AUD80.4 million for the financial year ended 30 June 2023, and further increased to approximately AUD321.2 million for the financial year ended 30 June 2024. The Target Group's revenue increased from approximately AUD232.9 million for the nine months ended 31 March 2024 to approximately AUD310.4 million for the nine months ended 31 March 2025. The increases during the Reporting Period were primarily due to (i) the effort from focusing on international expansion and the exploitation of new growth markets; and (ii) higher revenue from sale and purchase of digital assets recognised on a principal basis as the Target Group increased the number of non-custodial wallets that the Target Group held inventory in to fulfill future orders.

Net loss for the year/period

The Target Group's net loss decreased from approximately AUD17.3 million for the financial year ended 30 June 2022 to approximately AUD9.4 million for the financial year ended 30 June 2023, which was mainly due to (i) a decrease in employment expenses by approximately AUD2.1 million; (ii) a decrease in share based compensation expenses by approximately AUD3.4 million; (iii) a decrease in net foreign exchange losses by approximately AUD3.5 million; and (iv) an increase in other income by approximately AUD2.9 million, which was partially offset by a decrease in gross profit by approximately AUD3.6 million. The Target Group's net loss further decreased from approximately AUD9.4 million for the financial year ended 30 June 2023 to approximately AUD4.3 million for the financial year ended 30 June 2024, which was mainly due to an increase in gross profit by approximately AUD11.5 million which was partially offset by (i) an increase in share based compensation expenses by approximately AUD0.8 million; (ii) an increase in net foreign exchange losses by approximately AUD1.3 million; and (iii) a decrease in other income by approximately AUD2.7 million.

The Target Group's net loss increased from approximately AUD2.7 million for the nine months ended 31 March 2024 to approximately AUD3.9 million for the nine months ended 31 March 2025, which was mainly due to a decrease in gross profit by approximately AUD1.3 million.

Contingent liabilities

As at 30 June 2022, 2023, and 2024 and as at 31 March 2025, the Target Group did not have any contingent liabilities.

Liquidity and financial resources

As at 30 June 2022, 2023, 2024 and as at 31 March 2025, the borrowings of the Target Group was nil, approximately AUD5.2 million, approximately AUD5.8 million and approximately AUD8.9 million, respectively. The borrowings were revolving credit facility with an interest rate ranging from 20% to 25% per annum as at 30 June 2023, short-term borrowings with an interest rate ranging from 0% to 20% per annum as at 30 June 2024 and short-term borrowings with an interest rate ranging from 0% to 20% per annum as at 31 March 2025.

As at 30 June 2022, 2023, 2024 and as at 31 March 2025, the convertible notes of the Target Group was nil, approximately AUD3.5 million, approximately AUD5.6 million and approximately AUD5.9 million, respectively. In October 2022, the Target Company issued to an investor convertible debenture (the “**2022 Convertible Notes**”) for a total investment of CAD3.5 million, bearing interest at 10% per annum (accruing monthly) and payable with equal installments of AUD194,444 starting 16 May 2023 until fully repaid. The principal of the 2022 Convertible Notes is convertible, at the option of the holder, to common shares of the Target Company at a price of CAD1.27, and the accrued interest is convertible, at the option of the holder, equal to 85% of market share price on the last trading date prior to relevant conversion. In addition, the Target Company issued 2,673,228 warrants to the convertible note investor and

each warrant entitles the holder to purchase one common share at a price of CAD1.27 per share for a period of 24 months from the date of issuance of Convertible Notes. During the financial year ended 30 June 2024, the Target Company completed a non-brokered private placement of convertible notes (the “**2024 Convertible Notes**”) for gross proceeds of approximately CAD5.7 million bearing interest at 10% per annum. The principal of the 2024 Convertible Notes is convertible, at the option of the holder, to common shares of the Target Company at a price of CAD0.8, and the accrued interest is convertible, at the option of the holder, equal to the last closing price of the common shares on the exchange on the last trading day immediately prior to the announcement of the interest conversion by news release. In addition, the Target Company issued 2,847,010 warrants to these convertible note investors and each warrant entitles the holder to purchase one common share at a price of CAD1.0 per share for a period of 36 months from the date of issuance of the 2024 Convertible Notes.

Foreign exchange risk

The Target Group engaged in certain transactions denominated in foreign currency and was exposed to foreign exchange risk through foreign exchange rate fluctuations. During the Reporting Period, the financial assets and financial liabilities were denominated in US\$, Euro, Pound Sterling, Singapore Dollar, CAD, and Turkish Lira. During the Reporting Period, the Target Group did not have any financial instruments to hedge against foreign exchange risks.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Target Group did not have any material acquisitions or disposal of subsidiaries, associates and joint ventures affiliated companies during the Reporting Period.

Gearing ratio

As at 30 June 2022, 2023 and 2024 and as at 31 March 2025, the gearing ratio of the Target Group was 51.6%, 113.4%, 140.3%, and 165.4%, respectively. The gearing ratio is calculated as the total liabilities divided by the total assets of the Target Group at the end of each reporting period.

Significant investments held

The Target Group did not make or hold any significant investments during the Reporting Period.

Human resources

The total number of employees of the Target Group as at 30 June 2022, 2023 and 2024 and as at 31 March 2025 were 186, 144, 144, and 165, respectively. The total employment expenses of the Target Group for the financial years ended 30 June 2022, 2023 and 2024 and for the nine months ended 31 March 2025 were AUD18.0 million, AUD16.0 million, AUD16.1 million, and AUD12.5 million, respectively.

Risks and uncertainties

The primary risks associated with the Target Group include (i) digital asset risk, such as loss of access risk and vulnerability of digital asset networks to hacking; (ii) price risk relating to digital assets, such as rapid price fluctuations; (iii) credit risk, such as the counterparty being default on its contractual obligation; (iv) interest rate risk; and (v) liquidity risk. The Group will actively monitor these risks and implement strategies to mitigate their impact post-acquisition.

Future plans and prospects

The Group is currently taking proactive steps to expand the Target Group's business operations in order to maximise Shareholders' returns. The Group is optimistic about the prospects of the Group after the acquisition of the Target Group. The Target Group's focus on facilitating buying and selling of digital assets would complement the Group's digital assets trading business and facilitate the Group's horizontal integration and geographical expansion. The Proposed Acquisition aligns with the Group's business strategy in expanding globally in the digital asset industry. In particular, the Target Group holds a number of licenses and registrations.

As at 31 March 2025 and the Latest Practicable Date, the Target Group did not have any detailed future plans for material investments or capital assets.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The information set out in this appendix is for illustrative purposes only and this appendix should be read in conjunction with other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

In connection with the proposed acquisition (the “**Proposed Acquisition**”) of Banxa Holdings Inc. (“**Banxa**” or “**Target Company**”) and its subsidiaries (the “**Target Group**”) by OSL BNXA Acquisition Inc., an indirect wholly owned subsidiary of the OSL Group Limited (the “**Company**”), the unaudited pro forma consolidated statement of financial position of the Company and its subsidiaries (the “**Group**”) and the Target Group (the “**Enlarged Group**”) as at 30 June 2025 has been prepared by the directors of the Company (the “**Directors**”) in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Proposed Acquisition on the Group’s financial position as at 30 June 2025 as if the Proposed Acquisition had taken place on 30 June 2025.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2025 and related notes (hereinafter collectively referred to as the “**Unaudited Pro Forma Financial Information**”) has been prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the published interim report of the Company for the six months ended 30 June 2025; (ii) the consolidated statements of financial position of the Target Group as at 31 March 2025; and (iii) the pro forma adjustment described in the accompanying notes that are directly attributable to the Proposed Acquisition and factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not purport to predict what the financial position of the Enlarged Group would have been if the Proposed Acquisition had been completed on 30 June 2025 nor in any future period or on any future dates.

The Unaudited Pro forma Financial Information should be read in conjunction with other financial information contained in this circular.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

	The Group as at 30 June 2025 HK\$'000 (Note 1)	Pro forma adjustments					The Enlarged Group HK\$'000
		The Target Group as at 31 March 2025 AUD'000 (Note 2)	The Target Group as at 31 March 2025 HK\$'000 (Note 3)	Other adjustments			
				HK\$'000 (Note 4)	HK\$'000 (Note 5)		
ASSETS							
Non-current assets							
Property, plant and equipment	25,450	134	687	—	—	26,137	
Intangible assets	262,555	152	779	621,675	—	885,009	
Prepayments, deposits and other receivables	5,625	487	2,495	—	—	8,120	
Investment accounted for using equity method	9,454	—	—	—	—	9,454	
Financial assets at fair value through profit or loss	40,866	—	—	—	—	40,866	
Deferred tax assets	—	152	779	—	—	779	
Other investment	—	713	3,654	—	—	3,654	
Total non-current assets	343,950	1,638	8,394	621,675	—	974,019	
Current assets							
Digital assets	728,447	3,014	15,444	—	—	743,891	
Trade receivables	51,375	5,599	28,690	—	—	80,065	
Collateral receivables	13,900	—	—	—	—	13,900	
Prepayments, deposits and other receivables	29,518	1,021	5,232	—	—	34,750	
Cash held on behalf of licensed entities' customers	492,351	—	—	—	—	492,351	
Cash and cash equivalents	459,214	2,857	14,640	(486,700)	(50,000)	(62,846)	
Total current assets	1,774,805	12,491	64,006	(486,700)	(50,000)	1,302,111	
Total assets	2,118,755	14,129	72,400	134,975	(50,000)	2,276,130	
LIABILITIES							
Non-current liabilities							
Provision	4,222	87	446	—	—	4,668	
Lease liabilities	2,491	—	—	—	—	2,491	
Deferred tax liability	—	36	184	117,871	—	118,055	
Convertible note	—	5,899	30,228	(30,228)	—	—	
Total non-current liabilities	6,713	6,022	30,858	87,643	—	125,214	
Current liabilities							
Trade payables	116,333	2,210	11,324	—	—	127,657	
Contract liabilities	4,835	—	—	—	—	4,835	
Accruals, other payables and provision	73,104	5,795	29,695	—	—	102,799	
Liabilities due to customers	621,101	—	—	—	—	621,101	
Lease liabilities	12,587	110	564	—	—	13,151	
Borrowings	142,811	8,872	45,462	—	—	188,273	
Current income tax liabilities	123	357	1,829	—	—	1,952	
Total current liabilities	970,894	17,344	88,874	—	—	1,059,768	
Total liabilities	977,607	23,366	119,732	87,643	—	1,184,982	

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	Pro forma adjustments					The Enlarged Group
	The Group as at 30 June 2025	The Target Group as at 31 March 2025	The Target Group as at 31 March 2025	Other adjustments		
	HK\$'000	AUD'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
EQUITY						
Equity attributable to owners of the Company						
Share capital	6,264	23,140	118,574	(118,574)	—	6,264
Other reserves	3,108,053	13,622	69,802	(69,802)	—	3,108,053
Accumulated losses	(1,961,715)	(45,999)	(235,708)	235,708	(50,000)	(2,011,715)
	1,152,602	(9,237)	(47,332)	47,332	(50,000)	1,102,602
Non-controlling interests	(11,454)	—	—	—	—	(11,454)
Total equity	1,141,148	(9,237)	(47,332)	47,332	(50,000)	1,091,148

Notes:

1. The balances are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025, as set out in the published interim report of the Company for the six months ended 30 June 2025.
2. The balances are extracted from the audited consolidated statement of financial position of the Target Group as at 31 March 2025, which is prepared by the Directors in accordance with the Group's accounting policies under IFRS Accounting Standards. Set out in Appendix II to this circular is a reconciliation between the Target Group's financial information as of 30 June 2022, 2023, 2024 and 31 March 2025 and for each of the years ended 30 June 2022, 2023, 2024 and for the nine months ended 31 March 2025 (the **"Reporting Periods"**) as extracted from the Target Group's consolidated financial statements prepared in accordance with IFRS Accounting Standards, and the adjusted financial information for the Reporting Periods had it been prepared in accordance with the accounting policies adopted by the Group.
3. For the purpose of the Unaudited Pro Forma Financial Information, the consolidated statement of financial position of the Target Group is translated from Australian dollars ("AUD") to Hong Kong dollars ("HK\$") at the exchange rate of AUD1 to HK\$5.1242. Such translation is for illustrative purpose only, and does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted, or vice versa, at that rate.
4. Pursuant to the arrangement agreement dated on 27 June 2025, the maximum consideration for the Proposed Acquisition is approximately Canadian Dollar ("CAD") 85.18 million (approximately HK\$486.7 million translated at the exchange rate of CAD1 to HK\$5.714) which is payable in cash. Upon the completion of the Proposed Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The Directors considered that it is appropriate to apply acquisition accounting under IFRS 3 "Business Combinations" ("IFRS 3") in respect of the Proposed Acquisition. The identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Group at their fair values under the acquisition method of accounting in accordance with IFRS 3. For the purpose of the Unaudited Pro Forma Financial Information, the allocation of the purchase consideration is determined based on the estimates of the fair values of the identifiable assets and liabilities of the Target Group as at 31 March 2025 prepared by the Directors and assumed as the fair value on 30 June 2025.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

The adjustments represent the fair value adjustments of the identifiable assets and liabilities assumed and the elimination of the convertible note, share capital and pre-acquisition reserves of the Target Group. Calculation of pro forma goodwill arising from the Proposed Acquisition is as follows:

	<i>HK\$'000</i>
Cash consideration (<i>note 5</i>)	<u>486,700</u>
Carrying amount of the net liabilities of the Target Group as at 31 March 2025 (<i>note (ii)</i>)	(47,332)
Fair value adjustments:	
Add: Acquisition of Banxa's shares to be issued on conversion of Banxa's convertible notes outstanding made by the Group (<i>note (iii)</i>)	30,228
Less: Goodwill within the Target Group previously recognised (included within intangible assets) (<i>note (iv)</i>)	(779)
Add: Fair value of intangible assets identified through the Proposed Acquisition (<i>note (ii)</i>)	392,903
Less: Deferred tax liabilities arising from the pro forma fair value adjustment on intangible assets (<i>note (ii)</i>)	<u>(117,871)</u>
Net assets acquired	<u>257,149</u>
Cash consideration	486,700
Less: Net assets acquired	<u>(257,149)</u>
Pro forma goodwill arising from the Proposed Acquisition (included within intangible assets)	<u>229,551</u>

The pro forma adjustment on intangible assets represents:

	<i>HK\$'000</i>
Fair value of intangible assets identified through the Proposed Acquisition (<i>note (ii)</i>)	392,903
Add: Pro forma goodwill arising from the Proposed Acquisition	229,551
Less: Goodwill within the Target Group previously recognised	<u>(779)</u>
	<u>621,675</u>

Notes

- (i) For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors assumed the pro forma fair value of assets and liabilities of the Target Group as at 30 June 2025 are the same as their respective carrying amounts as at 31 March 2025, except for the adjustments detailed in notes (ii) to (iv) below.
- (ii) The unaudited pro forma fair value adjustment on intangible assets is related to license of the Target Group not recognised as in its consolidated statement of financial position as at 31 March 2025. The fair value of the licenses is estimated based on the independent valuation report prepared by ValQuest Advisory (Hong Kong) Limited as at 30 June 2025. The unaudited pro forma fair value of intangible assets is estimated at approximately AUD76,676,000 (equivalent to approximately HK\$392,903,000, at the exchange rate of AUD1 to HK\$5.1242) as at 30 June 2025 based on discounted cash flow method. Deferred tax liabilities of approximately AUD23,003,000 (equivalent to approximately HK\$117,871,000, at the exchange rate of AUD1 to HK\$5.1242) relating to these intangible assets is calculated at the applicable income tax rate.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

- (iii) Pursuant to the arrangement agreement dated on 27 June 2025, the Group would acquire all of the Banxa's shares (including Banxa's shares to be issued on conversion of Banxa's outstanding convertible note). Upon the completion of the Proposed Acquisition, Banxa's outstanding convertible notes would be derecognised.
- (iv) The goodwill previously recognised within the Target Group should not be recognised separately from the goodwill arising from the Proposed Acquisition.

For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, the Group's management has performed an impairment assessment on the goodwill arising from the Proposed Acquisition in accordance with IAS 36 *Impairment of Assets* ("IAS 36") and considers that there would have been no impairment of the goodwill if the Proposed Acquisition had been completed on 30 June 2025. The recoverable amount of the goodwill under impairment assessment was derived based on the higher of its fair value less cost of disposal and its value in use according to IAS 36, and this approach will be adopted by the Group in the preparation of consolidated financial statements in the subsequent accounting periods.

The pro forma fair value of the identifiable assets and liabilities of the Target Group used in the preparation of this Unaudited Pro Forma Financial Information may be substantially different from the final amounts of identifiable assets and liabilities recognised upon the completion of Proposed Acquisition, accordingly, the identifiable assets and liabilities of the Target Company, and the goodwill to be recognised in connection with the Proposed Acquisition at the completion date could be materially different from the estimated amounts stated herein.

- 5. The adjustment represents the estimated transaction costs attributable to the Proposed Acquisition of approximately HK\$50 million expected to be settled by cash.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the consideration and the estimated transaction costs in respect of the Proposed Acquisition of approximately HK\$486.7 million (as detailed in note 4 above) and HK\$50 million, respectively, are assumed to be settled in cash. The balance of cash and cash equivalent of the Group as at 30 June 2025 were not sufficient for the settlement in full amounts and therefore, negative balance is presented for illustrative purpose. In the opinion of the Directors, having considered the current cash on hand and external financing prior to the completion date, the Group will have sufficient bank balances and cash for the payment of the consideration and the estimated transaction costs, and for the Enlarged Group's working capital for at least twelve months from the date of this circular in the absence of unforeseen circumstances as stated in section headed "Working Capital Sufficiency" in Appendix I to this circular.

- 6. Apart from the above, no other adjustment has been made to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2025.

**B. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON THE
UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte.

德勤

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of OSL Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of OSL Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and related notes as set out on pages IV-1 to IV-5 of the circular issued by the Company dated 30 September 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-5 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of Banxa Holdings Inc. (“**Banxa**”) on the Group's financial position as at 30 June 2025 as if the proposed acquisition of Banxa had taken place on 30 June 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2025, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2025 would have been as presented.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 30 September 2025

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “**Model Code**”) to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director	Number of ordinary Shares held				Number of underlying Shares held			Grand Total	% of the issued Share capital of the Company (Note (iii))
	Personal Interest	Family Interest	Corporate Interests	Total	Personal Interests	Family Interests	Total		
Mr. Tiu Ka Chun, Gary	285,000	—	—	285,000	832,000 (Notes (i), (ii))	—	832,000	1,117,000	0.15%
Mr. Chau Shing Yim, David	20,000	—	—	20,000	300,000 (Note (i))	—	300,000	320,000	0.04%
Mr. Cui Song	—	—	—	—	560,000 (Note (ii))	—	560,000	560,000	0.07%
Mr. Lee Kam Hung Lawrence	—	—	—	—	28,000 (Note (ii))	—	28,000	28,000	0.00%
Mr. Yang Chao	—	—	—	—	178,250 (Note (ii))	—	178,250	178,250	0.02%
Mr. Jia Hang	250,000	—	—	250,000	—	—	—	250,000	0.03%

Notes:

- (i) These represent the share options of the Company granted to the respective Directors under the Company's share option scheme.

- (ii) On 13 May 2025, share awards were granted under the 2025 share award scheme of the Company, which was adopted on 8 May 2025, and will be vested on 13 May 2026. Details of which are set out in the announcement of the Company dated 13 May 2025.
- (iii) Calculated based on the total issued Shares of 747,067,352 Shares as at the Latest Practicable Date.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to notify to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of shares interested (Note i)	% of the issued share capital of the
			Company (Note ii)
Crown Research Investments Limited	Beneficial Owner	187,600,000 (L)	25.11%
DeltaByte Holdings Limited	Interest of controlled corporation	187,600,000 (L)	25.11%
Liu Shuai	Interest of controlled corporation	187,600,000 (L)	25.11%

Notes:

- (i) The letter "L" denotes the person's long position in the Shares.
- (ii) Calculated based on the total issued Shares of 747,067,352 Shares as at the Latest Practicable Date.

So far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND OTHER INTERESTS**(a) Directors' interests in contracts**

As at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Competing business

As at the Latest Practicable Date, none of Directors and proposed Directors, and their respective close associates were interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and proposed Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not terminable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim which may be of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date on which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Enlarged Group within the two years before the date of this circular and up to and including the Latest Practicable Date:

- (a) the equity transfer agreement dated 12 November 2023 entered into with Shanghai JOSY Enterprise Management Centre* (上海玖熹企業管理中心) (the “**Purchaser**”), pursuant to which Shanghai Jingzhi Investment Management Consultancy Company Limited* (上海鯨致投資管理諮詢有限公司), an indirect wholly-owned subsidiary of the Company, conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 90% equity interest in Shanghai Jingwei Enterprise Development Co., Ltd (上海憬威企業發展有限公司) at the consideration of RMB23,000,000. Further details of the equity transfer agreement are set out in the Company’s announcement and circular dated 13 November 2023 and 29 December 2023 respectively;
- (b) the subscription agreement dated 13 November 2023 entered into with BGX Group Holding Limited (“**BGX**”), pursuant to which the Company has conditionally agreed to allot and issue, and BGX has conditionally agreed to subscribe for a total of 187,600,000 Shares at the subscription price of HK\$3.80 per subscription share. The gross proceeds from the subscription amount to HK\$712,880,000. Further details of the Subscription Agreement are set out in the Company’s announcement and circular dated 14 November 2023, 18 December 2023 and 12 January 2024 respectively;
- (c) the sale and purchase agreement dated 9 December 2024 (the “**Europe SPA**”) (as amended and restated with reference to paragraph (e) below) entered into with Mr. Teo Jing Wei (the “**Vendor**”), pursuant to which the Vendor conditionally agreed to sell to OSL MidasPay Limited (“**OSL MidasPay**”), and OSL MidasPay conditionally agreed to purchase from the Vendor, 100% of the issued shares of the new target company to be incorporated in a member state of the European Union at the consideration of U.S.\$6,999,000 in total, of which U.S.\$4,899,000 shall be settled in cash and U.S.\$2,100,000 shall be settled by way of allotment and issue of 2,003,188 new Shares to be allotted and issued by the Company at HK\$8.156 under the general mandate to the Vendor (“**Europe Acquisition Consideration**”). Further details of the sale and purchase agreement are set out in the Company’s announcements dated 9 December 2024, 3 January 2025, 23 January 2025, 7 April 2025 and 23 May 2025;
- (d) the sale and purchase agreement dated 9 December 2024 (the “**Italy SPA**”) entered into with the Vendor, pursuant to which the Vendor conditionally agreed to sell to OSL MidasPay, and OSL MidasPay conditionally agreed to purchase from the Vendor, the single quota representing all of the registered capital of Saintpay S.R.L (the “**Italian Target Company**”) at the consideration of U.S.\$1,000. Further details of the sale and purchase agreement are set out in the Company’s announcements dated 9 December 2024, 3 January 2025, 23 January 2025, 7 April 2025 and 23 May 2025;

* For identification purpose only

- (e) the amended and restated sale and purchase agreement dated 22 January 2025 (the “**Amended and Restated Europe SPA**”) entered into between OSL MidasPay, OSL Lithuania Holding, UAB (the “**New Purchaser**”) and the Vendor, pursuant to which the New Purchaser shall proceed to acquire MTrinity UAB (the “**Lithuanian Subsidiary 2**”), MultiX HK Limited and MultiExchange Canada Limited (the “**Canadian Subsidiary**”) directly from the Vendor first (“**First Completion**”) and shall proceed to acquire MultiExchange UAB subject to the clearance from the authority and other conditions precedent are satisfied or waived (“**Second Completion**”). The New Purchaser is not required to pay any consideration at the First Completion and shall pay the Europe Acquisition Consideration in full upon the Second Completion. Further details of the sale and purchase agreement are set out in the Company’s announcements dated 23 January 2025, 7 April 2025 and 23 May 2025;
- (f) the sale agreement dated 7 April 2025 entered into between the Vendor, MultiExchange UAB (the “**Lithuanian Subsidiary 1**”), the New Purchaser and the Italian Target Company, pursuant to which (1) the Vendor and the New Purchaser agreed to terminate the Amended and Restated Europe SPA with respect to the matters relating to, and only relating to, the sale and purchase of the entire corporate capital of the Lithuanian Subsidiary 1 (but not in relation to the sale and purchase of the entire corporate capital of the Lithuanian Subsidiary 2 and the Canadian Subsidiary); and (2) the Lithuanian Subsidiary 1 has conditionally agreed to sell, assign and transfer in bulk to the Italian Target Company, which in turn has conditionally agreed to purchase and accept from the Lithuanian Subsidiary 1, all rights, title and interests held by the Lithuanian Subsidiary 1 in all (and not only part) of the bilateral agreements the Lithuanian Subsidiary 1 entered into with each of its customers governed by Lithuanian law at a maximum cash consideration of USD6,999,000 with no allotment or issuance of Shares involved. Further details of the sale agreement are set out in the Company’s announcements dated 7 April 2025 and 23 May 2025;
- (g) the sale and purchase agreement dated 30 May 2025 entered into with Ms. Lau Shu Ming (“**Ms. Lau**”), pursuant to which Ms. Lau conditionally agreed to sell to OSL MidasPay, and OSL MidasPay conditionally agreed to purchase from Ms. Lau, 45,000 shares of EvergreenCrest Holdings Ltd., representing 90% of its total issued shares, at the consideration of US\$15,000,001.31 in total, which shall be satisfied by way of allotment and issue of 9,266,168 new Shares under the general mandate. Further details of the sale and purchase agreement are set out in the Company’s announcements dated 2 June 2025, 20 June 2025, and 22 September 2025;
- (h) the placing, the top-up subscription, the general mandate subscriptions and the specific mandate subscription agreements entered into, among others, the Company, Crown Research Investments Limited, Macquarie Capital Limited, WK Triangulum Investment Limited and Brand Wisdom Limited dated 25 July 2025 (collectively, the “**Fundraising**”), pursuant to which the Company would receive the aggregate gross proceeds from the Fundraising of approximately HK\$2,355.03 million, while the net proceeds from the Fundraising, after deducting all relevant fees, costs and expenses (including but not limited to legal expenses and disbursements) incidental to the Fundraising, amounted to approximately HK\$2,336.10 million. Further details of the Fundraising are set out in the Company’s announcements and circular dated 25 July 2025, 7 August 2025, and 8 September 2025 respectively; and
- (i) the Arrangement Agreement.

9. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified public accountants

As at the Latest Practicable Date, the above expert had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, opinion, logo and qualifications, in the form and context in which they appear.

As at the Latest Practicable Date, the above expert:

1. did not have any direct or indirect, interest in any assets which have been since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group; and
2. did not have any shareholding, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. MISCELLANEOUS

- (i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal place of business in Hong Kong of the Company is situated at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

- (ii) The company secretary of the Company is Ms. Kuo Yuen Fan. Ms. Kuo Yuen Fan is a member of the Hong Kong Institute of Corporate Governance.
- (iii) The authorised representatives of the Company are Mr. Yang Chao and Ms. Kuo Yuen Fan.
- (iv) The Company's principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (v) This circular has been printed in English and Chinese; in the event of inconsistency, the English version shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on (i) the website of the Company (<https://www.osl.com/hk>); and (ii) the website of the Hong Kong Stock Exchange (<http://www.hkex.com/>) during the period of 14 days from the date of this circular:

- (a) the Arrangement Agreement;
- (b) the audited consolidated financial statements for the year ended 30 June 2024 of the Target Group prepared by PKF Antares Professional Corporation, the text of which is set out in Appendix II to this circular;
- (c) the audited consolidated financial statements for the year ended 30 June 2023 of the Target Group prepared by PKF Antares Professional Corporation, the text of which is set out in Appendix II to this circular;
- (d) the audited consolidated financial statements for the year ended 30 June 2022 of the Target Group prepared by RSM Canada LLP, the text of which is set out in Appendix II to this circular;
- (e) the audited consolidated financial statements for the nine months ended 31 March 2025 of the Target Group prepared by PKF Antares Professional Corporation, the text of which is set out in Appendix II to this circular;
- (f) the report on the unaudited pro forma financial information of the Enlarged Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IV to this circular; and
- (g) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix.

NOTICE OF EGM

OSL

OSL Group Limited

OSL集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of OSL Group Limited (the “**Company**”) will be held at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong at 10:30 a.m. on Wednesday, 22 October 2025, to consider and, if thought fit, to pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

1. (a) The Proposed Acquisition, the Arrangement Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) Any one Director be and is hereby authorized to sign, execute and deliver or authorize the signing, execution and delivery of all such documents and to do all such things as he or she may in his or her absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Proposed Acquisition, the Arrangement Agreement and the transactions contemplated thereunder.

By Order of the Board
OSL Group Limited
Cui Song

Executive Director and Chief Executive Officer

Hong Kong, 30 September 2025

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or (in respect of a member who is the holder of two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A proxy form of the EGM is enclosed. If the appointer is a corporation, the proxy form must be made under its seal or under the hand of an officer or attorney duly authorized on its behalf.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or any adjournment thereof), either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF EGM

4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (i.e. 10:30 a.m. on Monday, 20 October 2025) before the time appointed for holding the EGM or any adjournment or postponement thereof. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 17 October 2025 to Wednesday, 22 October 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 16 October 2025. The record date of the attending and voting at the EGM is Wednesday, 22 October 2025.
6. The resolution at the EGM will be conducted by way of poll.
7. As at the date of this notice, the executive Directors are Mr. Cui Song, Mr. Tiu Ka Chun, Gary, Ms. Xu Kang and Mr. Yang Chao, the non-executive Director is Mr. Lee Kam Hung Lawrence and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Yang Huan and Mr. Jia Hang.
8. If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning is in effect at any time after 7:00 a.m. on Wednesday, 22 October 2025, the meeting will be adjourned and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no.3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.