BANXA HOLDINGS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED

30 September 2023 AND 2022

(EXPRESSED IN AUSTRALIAN DOLLARS)

(UNAUDITED)

Contents

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

(Expressed in Australian Dollars)

Condensed interim Consolidated Statement of Financial position

As at 30 September 2023 and 30 June 2023

	Note	30 September 2023 (Unaudited) ($)	30 June 2023 (Audited) ($)
Assets			
Current assets			
Cash and cash equivalents		**1,770,983**	8,258,814
Trade and other receivables	4	**8,141,423**	4,069,483
Cryptocurrency inventories	5	**368,767**	183,992
Prepaids	6	**568,547**	447,581
Total current assets		**10,849,720**	12,959,870
Non-current assets			
Property & equipment	8	**298,212**	331,037
Right-of-use assets	9	**440,580**	505,143
Deferred tax assets		**106,879**	105,446
Goodwill	7	**151,643**	151,643
Other deposits	10	**1,811,028**	1,758,069
Other investment	26	**712,500**	712,500
Total non-current assets		**3,520,842**	3,563,838
Total assets		**14,370,562**	16,523,708
Liabilities			
Current liabilities			
Trade and other payables	11	**7,369,761**	8,331,456
Borrowings	12	**6,315,139**	5,242,796
Current tax liabilities		**115,159**	114,961
Provisions	14	**671,240**	603,958
Convertible note	12	**3,190,325**	3,501,334
Derivative liability	13	**67,594**	49,326
Lease liability - current	15	**400,840**	391,155
Total current liabilities		**18,130,058**	18,234,986
Non-current liabilities			
Provisions and other liabilities	14	**65,366**	71,696
Lease liability	15	**325,620**	430,820
Total non-current liabilities		**390,986**	502,516
Total liabilities		**18,521,044**	18,737,502
Net assets		**(4,150,482)**	(2,213,794)
Equity			
Issued capital	16	**23,128,075**	23,128,075
Contributed surplus		**11,748,139**	11,596,406
Foreign currency translation reserve		**936,808**	879,316
Accumulated losses		**(39,963,504)**	(37,817,591)
Total equity		**(4,150,482)**	(2,213,794)

Commitments and Contingencies (Note 28)
Subsequent events (Note 29)
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 3 January 2024.

(Signed) " H Arians "
Chairman

(Signed) " J. Landau "
Non-executive director

(Expressed in Australian Dollars)

Condensed interim Consolidated Statements of Profit or Loss and Other comprehensive income

For the three months ended 30 September 2023 and 30 September 2022

	Note	Three months ended 30 Sept 2023 ($)	Three months ended 30 Sept 2022 (Restated) ($)
Revenue	19	**85,554,242**	13,132,451
Cost of sales		**(78,931,432)**	(10,328,311)
Gross profit		**6,622,810**	2,804,140
Employment expenses		**(4,099,268)**	(4,565,490)
Depreciation	8 & 9	**(102,234)**	(105,440)
General, administration and other	20	**(2,971,493)**	(2,416,197)
Share based compensation	17	**(151,733)**	(517,931)
Total operating expenses		**(7,324,728)**	(7,605,058)
Operating Income (loss) before other items and income tax		**(701,918)**	(4,800,918)
Other items			
Realised gain on fair value of deposits (treasury coins)		**-**	15,027
Unrealised loss on fair value of derivative liability		**(17,882)**	-
Net foreign exchange losses	20	**(788,931)**	143,132
Other Income	26	**19,924**	3,199,431
Finance costs	20	**(642,830)**	(48,325)
Total other items		**(1,429,719)**	3,309,265
Loss before tax		**(2,131,637)**	(1,491,653)
Income tax recovery/(expense)		**(14,276)**	(1,421)
Net loss for the year		**(2,145,913)**	(1,493,074)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		**57,492**	(34,197)
Total comprehensive loss for the year		**(2,088,421)**	(1,527,271)
Loss per share attributable to ordinary shareholders of the Company			
Basic and diluted loss per share	21	(0.05)	(0.03)

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

(Expressed in Australian Dollars)

Condensed interim Consolidated Statement of Changes in Equity

For the three months period ended 30 September 2023 and 30 September 2022

	Note	Number of common shares	Issued capital	Contributed surplus	Foreign currency translation reserve	Accumulated losses	Total
			($)	($)	($)	($)	($)
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		-	-	-	-	(1,493,074)	**(1,493,074)**
Other comprehensive loss		-	-	-	(34,197)	-	**(34,197)**
Total comprehensive income		**-**	**-**	**-**	**(34,197)**	**(1,493,074)**	**(1,527,271)**
Share based compensation	**17**			517,931	-	-	517,931
As at 30 September 2022		**45,563,056**	**23,128,075**	**12,137,644**	**1,122,327**	**(29,950,310)**	**6,437,736**

(Expressed in Australian Dollars)

Consolidated statements of changes in equity (continued)

For the three months period ended 30 September 2023 and 30 June 2023

	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 year						(2,145,913)	**(2,145,913)**
Other comprehensive loss					57,492		**57,492**
Total comprehensive income					**57,492**	**(2,145,913)**	**(2,088,421)**
Share based compensation	**17**			151,733			**151,733**
As at 30 September 2023		**45,563,056**	**23,128,075**	**11,748,139**	**936,808**	**(39,963,504)**	**(4,150,482)**

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

(Expressed in Australian Dollars)

Condensed interim Consolidated Statements of Changes in Cash Flows
For the three months period ended 30 September 2023 and Financial Year ended 30 June 2023

	Note	30 Sept 2023 ($)	30 June 2023 ($)
Net loss for the year		**(2,145,913)**	(9,360,355)
Cash flows excluded from profit attributable to operating activities			
Adjustments for non-cash flows in the statement of comprehensive income:			
Depreciation	8,9	**102,234**	422,295
Realised fair value adjustment to deposit		**-**	(15,027)
Unrealised fair value adjustment to derivative liability		**17,882**	48,231
Share-based compensation		**151,733**	(458,977)
Gain on sale of assets	26	**-**	(3,298,951)
Loss/(gain) foreign exchange	20	**788,931**	654,437
Finance cost ([1])	20	**642,830**	1,926,721
Current income tax benefit		**121,155**	(208,422)
Deferred tax assets		**(1,433)**	(105,446)
Changes in assets and liabilities:			
(Increase)/decrease in trade & other receivables	4	**(4,498,879)**	(2,769,630)
(Increase)/decrease in cryptocurrency inventories	5	**(184,775)**	699,893
(Increase)/decrease in prepaids	6	**(120,966)**	16,751
Increase/(decrease) in trade & other payables	11	**(1,438,727)**	2,419,140
Increase/(decrease) in employee benefits	14	**60,952**	(20,365)
(increase)/decrease in other deposits	10	**-**	252,758
Other Item [(2)]	10	**(52,959)**	(1,505,311)
Income tax paid		**(120,957)**	(31,927)
Cash outflow from operating activities		**(6,678,892)**	(11,334,185)
Cash flows from investing activities			
Purchase of property & equipment (excluding ROU assets)		**(4,845)**	-
Proceeds from sale of intellectual property	26	**-**	2,586,451
Net cash used by investing activities		**(4,845)**	2,586,451
Cash flows from financing activities			
Payments for principal element of lease liabilities	15	**(95,515)**	(354,348)
Payments for interest element of lease liabilities	15	**(11,792)**	(61,335)
Interest paid ([1])		**(416,937)**	(550,583)
Proceeds received from borrowing	12	**1,072,343**	20,041,863,
Repayment of borrowings		**-**	(14,799,067)
Proceeds received from issuance of convertible note	12	**-**	3,878,295
Repayment of convertible note	12	**(553,198)**	(656,975)
Net cash used by financing activities		**(5,099)**	7,497,850
Net increase/(decrease) in cash and cash equivalents held		**(6,688,836)**	(1,249,884)
Net foreign exchange difference		**201,005**	144,685
Cash and cash equivalents at the beginning of year		**8,258,814**	9,364,013
Cash and cash equivalents at end of the financial year		**1,770,983**	8,258,814

[(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 $2,145,913 and had net cash outflows from operating activities of $6,678,892 for the period ended 30 September 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 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 September 2023 which amounts to ($7,280,338) (including cash of $1,770,983 and receivables from exchanges including fiat held at exchanges or with custodians of $2,396,215 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 the maturity of expiring loans (Note 29).

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 September 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 period ended 30 September 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 27 – Restatement for September 30, 2022 comparatives. The restatement impacted only Revenue and Cost of Sales and has no impact on 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”.

3. Significant accounting policies (continued)

- 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.

3. Significant accounting policies (continued)

Significant accounting judgments and estimates (continued)

- 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 September 2023 and 30 June 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 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.

(Expressed in Australian Dollars)

3. Significant accounting policies (continued)

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 30 Sept 2023 %	Equity interest 30 June 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.

3. Significant accounting policies (continued)

Business combinations (continued)

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.

3. Significant accounting policies (continued)

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.

3. Significant accounting policies (continued)

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.

3. Significant accounting policies (continued)

Financial Instruments (continued)

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

3. Significant accounting policies (continued)

Financial Instruments (continued)

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.

3. Significant accounting policies (continued)

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.

3. Significant accounting policies (continued)

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.

3. Significant accounting policies (continued)

Revenue recognition(continued)

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.

3. Significant accounting policies (continued)

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.

3. Significant accounting policies (continued)

Income tax (continued)

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 September 2023	30 June 2023
	($)	($)
Payment gateway receivables	**5,267,624**	3,719,571
Allowances for chargeback expenses (Note 4.1)	**(475,990)**	(573,768)
GST receivable	**-**	265,659
Receivables from trading exchanges (Note 4.2)	**2,396,215**	164,948
Other receivables	**61,016**	13,834
Integration Fees	**859,470**	441,600
Sundry deposit denominated in USD Tether	**33,088**	37,639
Total trade and other receivables	**8,141,423**	4,069,483

Receivables from Payment gateway relate to all crypto buy transaction and the increase from 30 September 2023 over 30 June 2023 is due to significantly higher trading volumes in September 2023 over June 2023 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 September 2023	30 June 2023
	($)	($)
Balance at beginning of the period	**(573,768)**	(350,357)
Net change in provision during the year (Note 20)	**(68,289)**	(1,443,939)
Actual write-off during the period	**166,067**	1,220,528
Balance at end of the period	**(475,990)**	(573,768)

The expense during the period 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.

(Expressed in Australian Dollars)

4. Trade and other receivables (continued)

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

	30 September 2023		30 June 2023	
	Number of coins held	Value ($)	Number of coins held	Value ($)
Digital and fiat currencies held at exchanges or with custodians				
LTC	**80**	**8,183**	50.53	7,296
Link	**123**	**1,557**	106.78	997
BNB	**6**	**2,092**	5.20	1,834
BTC	**0.48**	**20,512**	0.30	17,040
ETH	**14**	**34,188**	1.33	4,105
Cash	**-**	**495,515**	N/A	785
USDT	**628,053**	**977,097**	N/A	9,643
USDC	**492,563**	**766,251**	N/A	14,707
XRP	**3,563**	**2,049**	1,420	999
WBTC	**0.00179**	**79**	0.01	457
SHIB	**74,344,910**	**873**	79,905,460	880
Other	**55,322,645**	**87,819**	1,573,423	131,274
Total digital and fiat currencies held at exchanges or with custodians		**2,396,215**		190,017
Provision for collectability		**-**		(25,069)
Net deposits		**2,396,215**		164,948

Provision for Collectability

	30 September 2023 ($)	30 June 2023 ($)
Balance at beginning of year	**(25,069)**	(111,806)
Movement in Provision for Collectability	**25,069**	86,737
Balance at end of the period	**-**	(25,069)

(Expressed in Australian Dollars)

5. Cryptocurrency Inventories

	30 September 2023	30 June 2023
	($)	($)
Cryptocurrencies held for resale	**368,767**	183,992
	368,767	183,992

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 September 2023	30 June 2023
	($)	($)
Insurance	**235,028**	138,130
Consultancy fees	**20,020**	-
Other operational expenses	**313,499**	309,451
Total other assets	**568,547**	447,581

7. Goodwill

	30 September 2023	30 June 2023
	($)	($)
Goodwill	**151,643**	151,643
	151,643	151,643

During the period ended 30 September 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.

(Expressed in Australian Dollars)

8. Property and equipment

	30 September 2023 ($)	30 June 2023 ($)
Fixtures and fittings at cost	**204,900**	203,555
Less accumulated depreciation	**(112,866)**	(104,274)
Carrying amount of fixtures and fittings	**92,034**	99,281
Computer equipment at cost	**107,204**	103,705
Less accumulated depreciation	**(103,813)**	(103,705)
Carrying amount of computer equipment	**3,391**	-
Leasehold Improvements	**463,512**	463,512
Less accumulated depreciation	**(260,725)**	(231,756)
Carrying amount of leasehold improvements	**202,787**	231,756
Total property and equipment	**298,212**	331,037

	30 September 2023 ($)	30 June 2023 ($)
Fixtures and fittings		
Carrying amount at beginning of the period	**99,281**	147,755
Additions	**1,346**	-
Disposals	**-**	-
Depreciation expenses	**(8,593)**	(48,474)
Exchange differences	**-**	-
Carrying amount at end of the period	**92,034**	99,281
Computer equipment		
Carrying amount at beginning of the period	**-**	-
Additions	**3,499**	-
Disposals	**-**	-
Depreciation expenses	**(108)**	-
Exchange differences	**-**	-
Carrying amount at end of the period	**3,391**	-
Leasehold improvements		
Carrying amount at beginning of the period	**231,756**	347,322
Lease Incentive	**-**	-
Additions	**-**	-
Disposals	**-**	-
Depreciation expenses	**(28,969)**	(115,566)
Exchange differences	**-**	-
Carrying amount at end of the period	**202,787**	231,756
Total property and equipment	**298,212**	331,037

(Expressed in Australian Dollars)

9. Right-of-use assets

	30 September 2023 ($)	30 June 2023 ($)
Buildings: Right-of-use		
Carrying amount at the beginning of the period	**505,143**	763,399
Additions	**-**	-
Disposals	**-**	-
Depreciation expenses	**(64,563)**	(258,256)
Carrying amount at end of period	**440,580**	505,143

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 September 2023 ($)	30 June 2023 ($)
Rental Bond	**252,758**	252,758
Prime Trust Bank	**104,472**	101,169
Provision for Other deposits	**(101,169)**	(101,169)
Restricted (Cash)	**1,554,967**	1,505,311
Total Bank Guarantee	**1,811,028**	1,758,069

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. Restricted (cash) of 1,554,967 for 30 September 2023 is related to the deposits held with banks for Money Transmitted License (MTL) for USA.

11. Trade and other payables

	30 September 2023 ($)	30 June 2023 ($)
Trade payables	**1,571,142**	1,156,255
Employee withholdings payable	**123,605**	262,539
Other payables and accruals (1)	**5,675,014**	6,912,662
Total trade and other payables	**7,369,761**	8,331,456

(1) *30 June 2023, includes Worldpay overpayment* and Income in advance ($793,206.8) for Integration fees

(Expressed in Australian Dollars)

12. Borrowings

	30 September 2023 ($)	30 June 2023 ($)
Borrowings - Current		
Loan Other	**6,315,139**	5,242,796
Convertible notes	**3,190,325**	3,501,334
Total Current	**9,505,464**	8,744,130

During the period-ended 30 September 2023, BTC Corporation Holdings Pty Ltd, a Company subsidiary, had a 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. Company also entered into a loan agreement with Alam Group of Companies Inc. ("ALAM") pursuant to which ALAM provided BTC CAD$0.5 million at 25% per annum.

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 period ended 30 September 2023, the Company recorded accretion expense of $309,053. 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 and further $553,198 was paid in the current period. 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. The Notes were fully repaid in November 2023, refer to Note 29.

13. Derivative liability

	30 September 2023 ($)	30 June 2023 ($)
Balance at beginning of period (Inception)	**49,326**	-
Change in fair value – unrealized	**18,268**	49,326
Change in fair value - realised	**-**	-
Net change in fair value during period	**18,268**	49,326
Balance before conversion	**-**	-
Extinguished on conversion	**-**	-
Balance at end of period	**67,594**	49,326

The derivative liability presented as at September 30, 2023 related to convertible notes issued in Oct 2022. The derivative liability element of the convertible note is valued at fair value.

(Expressed in Australian Dollars)

13. Derivative liability (continued)

The derivative liability presented as of September 30, 2023 is an element of the convertible noted 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 September 2023 ($)	30 June 2023 ($)
Annual leave	**531,569**	496,660
Long service leave	**172,238**	146,245
Balance at end of the period	**703,807**	642,905
Current	**671,240**	603,958
Non-current	**32,567**	38,947
Balance at end of the period	**703,807**	642,905
Other Liabilities	**32,799**	32,749
Total provisions and Other Liabilities	**736,606**	675,654

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 $32,799.

15. Lease Liability

	30 September 2023 ($)	30 June 2023 ($)
Balance at beginning of the period	**821,975**	1,176,323
New lease agreements - present value of lease liabilities	**-**	-
Lease payments made in the year	**(107,307)**	(415,683)
Accretion of interest	**11,792**	61,335
Balance at end of the period	**726,460**	821,975
Lease liability - current portion	**400,840**	391,155
Lease liability - non-current portion	**325,620**	430,820
Total	**726,460**	821,975
Undiscounted Future Lease Payments due:		
Within 1 year	**432,728**	466,160
After 1 year but not more than 5 years	**332,429**	406,302
After more than 5 years	**-**	-
Total	**765,157**	872,462

(Expressed in Australian Dollars)

15. Lease Liability (continued)

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 $6,119 (2023: $7,763) and short-term lease expenses of $29,150 (2022: $77,242)

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 September 2023**	30 June 2023
Number of common shares at beginning of the period	**45,563,056**	45,563,056
Stock options exercised	**-**	-
Warrants exercised	**-**	-
Conversion of unsecured convertible note	**-**	-
Shares issued for services	**-**	-
Number of common shares at end of the period	**45,563,056**	45,563,056

Issued capital	30 September 2023	30 June 2023
Share capital at beginning of the period	23,128,075	23,128,075
Proceeds from stock options exercised	-	-
Proceeds from warrants exercised	-	-
Shares issued on conversion of note	-	-
Shares issued for services	-	-
Issued capital at end of the period	23,128,075	23,128,075

(Expressed in Australian Dollars)

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 September 2023, 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 periods ended 30 September 2023 and 2022:

	30 September 2023		30 June 2023	
	Number of options	**Weighted - average exercise price ($C)**	Number of options	Weighted - average exercise price ($C)
Outstanding, beginning of the period	**4,533,138**	**0.99**	4,483,138	1.45
Granted	**-**	**-**	1,410,000	1.00
Expired	**-**	**-**	-	-
Cancelled/forfeited	**-**	**-**	(1,360,000)	2.51
Exercised	**-**	**-**	-	-
	4,533,138	**0.99**	4,533,138	0.99

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 $C 3.00;
- 10 August 2021: 25,000 options expiring 1 October 2025 with an exercise price of $C 3.00;
- 16 August 2021: 50,000 options expiring 1 October 2025 with an exercise price of $C 2.50;
- 16 September 2021: 30,000 options expiring 1 October 2025 with an exercise price of $C 3.00;
- 21 October 2021: 75,000 options expiring 1 January 2026 with an exercise price of $C 3.50;
- 9 November 2021: 100,000 options expiring 1 January 2026 with an exercise price of $C 3.50;
- 1 December 2021: 150,000 options expiring 1 December 2025 with an exercise price of $C 3.50;
- 5 April 2022: 65,000 options expiring 1 April 2026 with an exercise price of $C 2.50;
- 19 April 2022: 100,000 options expiring 1 July 2026 with an exercise price of $C 2.50; and
- 20 April 2022: 50,000 options expiring 1 April 2026 with an exercise price of $C 2.50.

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 $C 1.00 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 $C 1.00 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.

(Expressed in Australian Dollars)

17. Stock options (continued)

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 $C 1.00 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. No new options has been granted in quarter 1 of current financial year.

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 September 2023	30 June 2023
Share price	**$C 1.00 - $C 1.00**	$C 1.00 - $C 1.00
Exercise price	**$C 1.00 - $C 1.00**	$C 1.00 - $C 1.00
Risk-free interest rate	**2.93% - 3.08%**	2.93% - 3.08%
Expected term (in years)	**3.5 - 4**	3.5 - 4
Estimated dividend yield	0%	0%
Estimated volatility	**137%**	137%

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

	Outstanding			**Exercisable**	
Expiry Date	**Number of options**	**Weighted-average remaining contractual life (years)**	**Weighted average exercise price ($C)**	**Number of options**	**Weighted average exercise price - vested ($C)**
31 October 2023	48,000	0.1	0.47	48,000	0.47
22 December 2025	3,125,138	2.2	1.00	3,125,138	1.00
01 July 2026	610,000	2.8	1.00	463,125	1.00
01 October 2026	325,000	3.0	1.00	162,500	1.00
01 December 2026	25,000	3.2	1.00	12.500	1.00
01 March 2027	400,000	3.4	1.00	150,000	1.00
	4,533,138	**2.4**	**0.99**	**3,961,263**	**0.99**

18. Warrants

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

	30 September 2023		30 June 2023	
	Number of warrants	**Weighted – average exercise price ($C)**	Number of warrants	Weighted – average exercise price ($C)
Outstanding, beginning of the period	**4,714,791**	**4.46**	2,556,334	6.62
Granted	**-**	**-**	2,637,228	1.27
Expired	**-**	**-**	(478,771)	1.00
Cancelled/forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
	4,714,791	**4.46**	4,714,791	4.46

(Expressed in Australian Dollars)

18. Warrants (continued)

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

19. Revenue

	Three months ended	
	30 Sept 2023	30 Sept 2022 (Restated)
	($)	($)
Sales revenue		
Sales of cryptocurrencies[1]	**71,766,129**	10,101,876
Integration revenue	**570,252**	68,315
Commissions and spread from services	**13,217,861**	2,962,260
Total sales revenue by type	**85,554,242**	13,132,451
Geographic regions		
Australia	**18,447,320**	3,161,029
North America	**10,320,104**	1,062,163
Europe	**56,786,818**	8,909,259
Total sales revenue by geographical region	**85,554,242**	13,132,451

Refer to Note 27 for restated figures and details.

(1) *As of 1 July 2023, more sales are fulfilled from non-custodial wallets. This reduces transaction costs and also reduces risk because we custody the digital asset.*

(Expressed in Australian Dollars)

20. Expenses

	Note	Three months ended 30 September 2023 ($)	30 September 2022 ($)
General, administration and other			
Bank charges		**191,685**	51,994
Chargeback expenses		**68,289**	104,282
Rental expense relating to operating leases		**126,562**	43,844
Travel		**90,442**	201,217
Software development		**533,338**	672,054
Legal, accounting, consulting		**1,336,407**	949,720
Marketing and advertising		**75,559**	(70,840)
Security audit		**-**	-
Investor relations		**149,612**	229,361
Insurance		**83,005**	58,062
Donations		**-**	6,766
Recruitment		**134,859**	10,915
Other		**181,735**	158,822
Total general, administration and other		**2,971,493**	2,416,197
Finance costs			
Interest on loans and borrowings (1)		**631,038**	30,931
Interest on lease liabilities	15	**11,792**	17,394
Total finance costs		**642,830**	48,325
Net Foreign exchange losses(2)		**788,931**	(143,132)
Un-realised loss on fair value of derivative liability	13	**(17,882)**	-

(1) 30 September 2023, Interest on loans and borrowings includes Lind convertible note accreditation interest of $309,053 and interest on loans for amount of $135,674.

(2) *30 September 2023 Foreign exchange loss of $788,931 includes realized foreign exchange loss of $393,466 mainly due settlements from global payment processors and unrealized foreign exchange gain of $395,465 which is due the revaluation of the intercompany payment and receivables at the end of each month.*

(Expressed in Australian Dollars)

21. Loss per share

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

	30 September 2023 ($)	30 September 2022 ($)
Net loss after tax	**(2,145,913)**	(1,493,074)
Basic and diluted weighted average number of common shares	**45,563,056**	45,563,056
Basic and diluted net loss per share	**(0.05)**	(0.03)

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 period ended 30 September 2023, the basic and diluted weighted average number of common shares is 45,563,056 (30 September 2023 – 45,563,056). The basic and diluted net loss per share is $0.05 for the period ended 30 September 2023 (30 September 2022 - $0.03)

(Expressed in Australian Dollars)

22. 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) Renumeration of directors and key management personnel of the Company was as follows:

	Three months ended	
	30 September 2023	30 September 2022
	($)	($)
Salaries	**881,599**	1,017,181
Consulting fees including reimbursements at cost	**102,548**	92,580
Director's fees	**108,573**	78,859
Share-based compensation	**86,895**	517,224
Total	**1,179,615**	1,705,844

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

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

	Three months ended	
	30 Sept 2023	30 Sept 2022
	($)	($)
Issue of arranger shares		-
Proceeds from loans for trade working capital ([1])	**2,500,000**	2,000,000
Repayment of loans for trade working capital ([1])	**(2,000,000)**	(2,000,000)
Proceeds of cryptocurrency loans for trade working capital([2])	**-**	231,511
Repayments of cryptocurrency loans for trade working capital([2])	**-**	(231,511)
Loan received from directors	**-**	498,500
Repayment of loans to directors	**-**	(198,500)
Interest paid to related parties([1])	**(10,685)**	27,361
Purchase of cryptocurrencies (transaction value)	**260**	(200)
Total	**489,575**	327,161

(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

(c) As at 30 September 2023, included in trade and other payables is a balance of $62,966 (30 June 2023: $23,927) payable to related parties as follows:

	30 September 2023	30 June 2023
	($)	($)
Directors of the Company	**38,309**	
Officers of the Company	**24,657**	23,927
Total	**62,966**	23,927

(Expressed in Australian Dollars)

23. 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 September 2023 ($)	30 June 2023 ($)
Financial assets at Amortised cost		
Cash	**1,770,983**	8,258,814
Trade and other receivables	**5,745,208**	3,638,876
Financial assets at FVTPL		
Trade and other receivables	**2,396,215**	164,948
Total	**9,912,406**	12,062,638
Financial assets at FVTOCI		
Other Investments	**712,500**	712,500
Total financial assets	**10,624,906**	12,775,138

	30 September 2023 ($)	30 June 2023 ($)
Financial liabilities at amortised cost		
Trade and other payables	**7,369,761**	8,331,456
Convertible notes	**3,190,325**	3,501,334
Borrowings	**6,315,139**	5,242,796
Financial liabilities at FVTPL		
Derivative liability	**67,594**	49,326
Total	**16,942,819**	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:

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

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 September 2023, the Company held receivables from trading exchanges of $2,396,215 (30 June 2023: $190,016) together with payment gateway receivables of $5,267,624 (30 June 2023: $3,719,571). 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 September 2023, the Company does not expect any material unprovided loss of any of its digital assets.

(Expressed in Australian Dollars)

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

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 September 2023	**2024**	**2025**	**2026**	**2027**	**Thereafter**
	$	$	$	$	$
Commitment - operational					
Trade payables	1,571,142	-	-	-	-
Accrued wages and other	123,605	-	-	-	-
Commitments - other					
Lease payments	321,918	443,239	-	-	-
Total contractual obligations	**2,016,665**	**443,239**	**-**	**-**	**-**

30 June 2023	**2023**	**2024**	**2025**	**2026**	**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	**1,848,018**	**443,239**	-	**-**	**-**

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 $6,315,139 debt outstanding at 30 September 2023 that is exposed to interest rate risk of $315,757 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.

(Expressed in Australian Dollars)

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

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 Sept 2023	30 Sept 2022	**30 Sept 2023**	30 Sept 2022
Consolidated	**$**	$	**$**	$
US Dollars	**3,792,545**	2,852,159	**301,966**	34,046
Euros	**1,533,101**	261,516	**3,299,849**	13,145
Pound sterling	**666,054**	37,090	**3,984**	1
Canadian Dollars	**427,539**	410,794	**3,463,906**	283,398
Turkish Lira	**89,555**	280	**19,328**	-
	6,508,794	3,561,839	**7,089,033**	330,590

The Company had net assets denominated in foreign currencies of $(580,239) (assets of $6,508,794 less liabilities of $7,089,033) as at 30 September 2023 (30 September 2022: net assets of $3,231,250 (assets of $3,561,839 less liabilities of $330,590. 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 $58,024 lower/$29,012 higher (2023: $323,125 lower/$161,562 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 period ended 30 September 2023 was $ 393,466 (30 September 2022: loss of $330,472).

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.

(Expressed in Australian Dollars)

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

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.

24. 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 September 2023	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Cryptocurrency inventories	-	368,767	-	**368,767**
Receivables from trading exchanges held in cryptocurrency and Tether	-	2,396,215	-	**2,396,215**
Other investment	-	-	712,500	**712,500**
Total Assets	**-**	**2,764,982**	**712,500**	**3,477,482**
Liabilities				
Derivative liability	-	67,594	-	**67,594**
Total Liabilities	-	**67,594**	-	**67,594**

(Expressed in Australian Dollars)

25. Fair value measurement (continued)

30 June 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
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**
Liabilities				
Derivative liability	-	49,326	-	49,326
Total Liabilities	-	**49,326**	-	**49,326**

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 crypto currencies 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 30 September 2023, 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 +/- $521,622 (2023: +/- $162,976).

(Expressed in Australian Dollars)

26. Other Income

	30 September 2023 ($)	30 September 2022 ($)
Other Income	**19,924**	3,199,431
Balance at end of period	**19,924**	3,199,431

Other Income for period ending 30 September 2022, consists of below major transaction.

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 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 ($37,5000 AUD) shares were transferred by Banxa to QEIP for payment of brokerage fees, this leaves Banxa shareholding of 50,756 ($712,500AUD) 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.

(Expressed in Australian Dollars)

27. Restatement for 30 September 2022 comparatives

During the year ended June 30, 2023, management discovered two offsetting misstatements in accounting for revenue recorded during the period ended 30 September 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 period ended 30 September 2022, is summarized below:

	30 Sep 2022 ($)	Matter (1) ($)	Matter (2) ($)	30 Sept 2022 Restated ($)
Sales revenue				
Sales of cryptocurrencies	8,094,653	-	2,007,223	10,101,876
Integration revenue	68,315		-	68,315
Commissions and spread from services	5,614,983	(2,652,723)	-	2,962,260
Total sales revenue by type	**13,777,951**	**(2,652,723)**	**2,007,223**	**13,132,451**
Geographic regions				
Australia	3,270,372	(449,352)	340,009	3,161,029
North America	1,100,576	(157,861)	119,448	1,062,163
Europe	9,407,003	(2,045,510)	1,547,766	8,909,259
Total sales revenue by geographical region	**13,777,951**	**(2,652,723)**	**2,007,223**	**13,132,451**
Cost of sales	(10,973,811)	**(2,652,723)**	**2,007,223**	**(10,328,311)**
Gross profit	**2,804,140**	**-**	**-**	**2,804,140**

28. 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 September 2023 and 2022 and there are no outstanding litigations at the period end that will give rise to a contingent liability.

29. Subsequent events

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 Nov 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.