BANXA HOLDINGS INC

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS AND YEAR ENDED 30 JUNE 2023

DATED: 27 December 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

*This Management's Discussion and Analysis ("**MD&A**") is current as of 27 December 2023 and presents an analysis of the financial condition of Banxa Holdings Inc and its subsidiaries (collectively referred to as "Banxa", "**BNXA**" or the "**Company**") as at and for the three months and the year ended 30 June 2023 compared with the corresponding periods in the prior year. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes thereto for the years ended 30 June 2023 and 2022.*

This MD&A is the responsibility of management and was approved by the Board of Directors after receiving the recommendation of the Company's Audit Committee.

Unless otherwise noted or the context indicates otherwise "we", "us", "our", the "Company" or "BNXA" refer to Banxa Holdings Inc. and its subsidiaries. The Company presents its consolidated financial statements in Australian dollars. Amounts in this MD&A are stated in Australian dollars unless otherwise indicated.

The Company's continuous disclosure materials, including interim filings, audited consolidated financial statement and annual information form can be found on SEDAR at www.sedar.com and on the Company's website at http://www.banxa.com/ .

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "outlook", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to the Company's expectations regarding its revenue, expenses and operations, key performance indicators, provision for loan losses (net of recoveries), anticipated cash needs and its need for additional financing, funding costs, ability to extend or refinance any outstanding amounts under the Company's credit facilities, ability to protect, maintain and enforce its intellectual property, plans for and timing of expansion of its product and services, future growth plans, ability to attract new members and develop and maintain existing customers, ability to attract and retain personnel, expectations with respect to advancement of its product offering, competitive position and the regulatory environment in which the Company operates, anticipated trends and challenges in the Company's business and the markets in which it operates, third-party claims of infringement or violation of, or other conflicts with, intellectual property rights, the resolution of any legal matters, and the acceptance by the Company's consumers and the marketplace of new technologies and solutions.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors that are discussed in greater detail in the "Risk Factors" section of the Company's current annual information form available at www.sedar.com which risk factors are incorporated herein by reference.

The forward-looking statements made in this MD&A relate only to events or information as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this MD&A, including the occurrence of unanticipated events. A reader should review this MD&A with the understanding that our actual future results may be materially different from what we expect.

Company Overview

Formerly known as A-Labs Capital I Corp, BANXA Holdings Inc is a continuation of the business activities of BTC Holdings Pty Ltd. Banxa is an Australian/European/North American based payment service provider (PSP) and Reg-tech company focused on bridging the gap between traditional "mass market" legacy financial institutions and processes and the digital asset space. The Company commenced operations in March 2014 as a bitcoin miner and B2C business, before moving the business model into payment infrastructure and compliance systems to facilitate fiat/cash (currencies such as USD, AUD and CAD) to digital asset conversions with a focus on B2B business.

The Company has a payment gateway infrastructure that includes online payments across multiple currencies and payment types. With both global and local payment options, BANXA is also able to offer those payment and compliance rails to major crypto industry players. Global exchanges and wallets can utilize BANXA's B2B platform to offer their users a fast and reliant fiat to crypto conversion service (and vice versa) within our partner's platforms. They benefit from the extensive groundwork in countries where Banxa is represented in and compliance with local laws and international Anti Money Laundering / Know Your Client (AML/KYC) standards. This service allows our partners to focus on their crypto currency business without touching payments and fiat currency.

BANXA has built a strong position in the Australian market and, since the acquisition of EUIV in June 2020, has been focusing on international expansion and the exploitation of new growth markets.

The Company focuses on acting as a gateway between the traditional fiat currencies and cryptocurrencies, rather than competing with traditional open book cryptocurrency exchanges which facilitate crypto to crypto trading.

The irreversible nature of cryptocurrency transactions presents a unique challenge for platforms aiming to on-board users via traditional reversible fiat payment rails. This challenge is further increased by Anti-Money Laundering regulation coalescing globally to enforce consistent requirements for companies providing fiat-to-crypto and crypto-to-fiat conversion services.

BANXA earns revenue from the sale of crypto-currencies, commission fees and/or spread. It is therefore a "flow" based business, similar to international forex companies such as PayPal, TransferWise or Ant Financial and Australian forex company OFX. For consumers, the company has pioneered offering payments for its services at physical point of sale payment locations through its partnerships with Australia Post (approximately 4,500 post offices in Australia).

BANXA, through its subsidiary Global Internet Ventures Pty Ltd, is a registered digital currency exchange provider with the Australian Transaction Reports and Analysis Centre (AUSTRAC), the peak government body for oversighting financial transaction compliance in Australia. BANXA's European subsidiaries are also registered in The Netherlands and Lithuania as well as with Fintrac in Canada.

BANXA's technology platform utilises Machine Learning and Liquidity Management, conducts Anti-Money Laundering (AML) and Know Your Customer (KYC) checks on all its customers and is in compliance with the local laws of the jurisdictions in which it operates.

B2B – FIAT Aggregator to the Digital Asset Industry

BANXA offers a conversion widget/API product to third parties who require fiat on- and off-ramps, allowing the Company to embed its product deeply into the crypto ecosystem. We stand out from competitors by offering B2B clients a variety of payment methods, currencies, managed AML compliance and crypto-chargeback expertise.

Overheads associated with providing fiat-to-crypto services are high for a single exchange, but by implementing economies of scale, BANXA is able to reduce marginal costs of these overheads and allow consumers to seamlessly switch between fiat and crypto at a small cost. Our fiat-to-crypto gateway addresses an existing market gap, and we believe that our conversion widget will be a key enabler for more adoption and continued growth.

BANXA further combines payment infrastructure, fraud detection and mitigation and regulatory compliance into a single product, which increases our clients' addressable market and reduces their customer acquisition cost. We protect our clients from chargebacks and are able to process conversion requests in as little as a few minutes depending on the selected payment method and individual compliance requirements.

(Expressed in Australian Dollars)

Non-IFRS Financial Measures – Adjusted EBITDA

This MD&A references adjusted EBITDA, which is a non-IFRS financial measure. Adjusted EBITDA is not a recognized measure under IFRS, has no standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to adjusted EBITDA presented by other companies. Rather, it is provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, adjusted EBITDA should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We use non-IFRS financial measures to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We believe that securities analysts, investors, and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. There are certain limitations related to the use of non-IFRS financial measures versus their nearest IFRS equivalents. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on any non-IFRS financial measure and view it in conjunction with the most comparable IFRS financial measures. In evaluating non-IFRS financial measures, you should be aware that in the future we will continue to incur expenses similar to those adjusted in non-IFRS financial measures.

Adjusted EBITDA is a non-IFRS financial measure that we calculate as net loss before tax excluding depreciation and amortization expense, share based compensation expense, unrealized loss on inventory, finance expense, realized/unrealized gain on fair value of deposits, loss on fair value of derivative, and listing expenses. Adjusted EBITDA is used by management to understand and evaluate the performance and trends of the Company's operations. The following table shows a reconciliation of adjusted EBITDA to net loss before tax, the most comparable IFRS financial measure, for the three months and the years ended 30 June 2023 and 2022:

	Three months ended 30 June 2023	Three months ended 30 June 2022 (Restated)	**Year ended 30 June 2023**	Year ended 30 June 2022 (Restated)
	$	$	**$**	$
Loss before tax	**(7,335,299)**	(8,529,885)	**(9,674,223)**	(17,041,897)
Amortization and depreciation	**105,618**	141,948	**422,295**	454,970
Realised gain on fair value of deposits (treasury coins)	**-**	16,215	**(15,027)**	(1,233,920)
Realised loss on fair value of derivative liability	**-**	48	**-**	136,866
Unrealised loss on fair value of derivative liability	**303,806**	-	**48,231**	-
Share based compensation expense	**853,975**	512,444	**(458,977)**	2,924,538
Finance expense	**928,447**	8,444	**1,926,721**	287,154
Adjusted EBITDA	**(5,143,453)**	(7,850,786)	**(7,750,980)**	(14,472,289)

Financial Performance Review

Revenue Recognition

In presenting the revenues of the group, the Company's accounting revenue recognition policy makes a distinction between:

- Principal revenues (control of inventory, therefore risk, therefore 100% of the sale transaction is treated as revenue); and
- Agency transactions (no effective control of inventory, different risk profile, as Company is acting as agent only the net amount of the transaction is considered revenue).

Restatement of comparative numbers

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

Matter 1. Accounting for agency transactions.

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

Matter 2. Principal transactions accounted for as agency transactions.

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

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

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

(Expressed in Australian Dollars)

Restatement for 30 June 2022 comparatives (Continued)

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

Revenue

Total revenues increased by $854,846 to $25,489,106 during the three months ended 30 June 2023 from $24,634,260 for the three months ended 30 June 2022 due to the changing mix of agency and principle; and increased by $19,631,589 to $80,351,632 during the year ended 30 June 2023 from $60,720,043 for the year ended 30 June 2022. That's a increase of 3.5% for the three months ended 30 June 2023 and an increase of 32.3% for the year ended 30 June 2023 respectively.

The following table shows the breakdown of the different components of revenue for the periods discussed:

	Three months ended 30 June 2023	Three months ended 30 June 2022 (Restated)	**Year ended 30 June 2023**	Year ended 30 June 2022 (Restated)
	$	$	**$**	$
Sale of cryptocurrencies "Principal"	**23,438,384**	26,441,453	64,295,970	40,449,037
Integration revenue	**(15,175)**	0	1,399,842	-
Commissions and spread from services "Agency"	**2,065,898**	(1,807,193)	14,655,820	20,271,006
Total revenue	**25,489,106**	24,634,260	80,351,632	60,720,043

(Expressed in Australian Dollars)

The following table shows revenue by geographical regions:

	Three months ended 30 June 2023	Three months ended 30 June 2022 (Restated)	**Year ended 30 June 2023**	Year ended 30 June 2022 (Restated)
	$	$	$	$
Australia	**4,749,248**	2,725,432	17,132,309	12,830,441
North America	**5,394,612**	1,626,521	7,072,453	2,219,203
Europe	**15,345,246**	20,282,307	56,146,870	45,670,399
Total revenue	**25,489,106**	24,634,260	80,351,632	60,720,043

Results of Operations

The following table sets forth a summary of our results of operations for the three months and the years ended 30 June 2023 and 2022:

	Three months ended 30 June 2023	Three months ended 30 June 2022 (Restated)	**Year ended 30 June 2023**	Year ended 30 June 2022 (Restated)
	$	$	**$**	$
REVENUE				
Revenue	**25,489,106**	24,634,260	**80,351,632**	60,720,043
Cost of sales	**(21,153,230)**	(26,064,791)	**(63,121,580)**	(39,881,722)
Gross profit	**4,335,876**	(1,430,531)	**17,230,052**	20,838,321
Operating expenses				
Salary expense	**(4,061,878)**	(2,429,928)	**(15,967,877)**	(18,047,647)
Amortization and depreciation	**(105,618)**	(141,948)	**(422,295)**	(454,970)
General, administration and other	**(3,920,356)**	(5,879,819)	**(11,539,452)**	(13,304,500)
Share based compensation	**(853,975)**	(512,444)	**458,977**	(2,924,538)
Total operating expenses	**(8,941,827)**	(8,964,139)	**(27,470,647)**	(34,731,655)
Income (Loss) from operations before other items and income taxes	**(4,605,951)**	(10,394,670)	**(10,240,595)**	(13,893,334)
Other items				
Realised gain on fair value of deposits (treasury coins)	**-**	(16,215)	**15,027**	1,233,920
Realised loss on fair value of derivative liability	**-**	(48)	**-**	(136,866)
Unrealised loss on fair value of derivative liability	**(303,806)**	-	**(48,231)**	-
Net foreign exchange losses	**(778,123)**	1,880,183	**(654,437)**	(4,202,131)
Other income	**(718,972)**	9,310	**3,180,734**	243,668
Finance expense	**(928,447)**	(8,444)	**(1,926,721)**	(287,154)
Total other items	**(2,729,348)**	1,864,786	**566,372**	(3,148,563)

(Expressed in Australian Dollars)

Loss before tax	**(7,335,299)**	(8,529,884)	**(9,674,223)**	(17,041,897)
Income tax (expense)/benefit	**316,335**	(315,023)	**313,868**	(228,886)
Net loss for the period	**(7,018,964)**	(8,844,907)	**(9,360,355)**	(17,270,783)
Other comprehensive income/ (loss)				
Items that may be reclassified to profit or loss				
Foreign currency translation	**463,316**	530,872	**(277,208)**	645,279
Total other comprehensive income/ (loss)	**463,316**	530,872	**(277,208)**	645,279
Total comprehensive loss for the period	**(6,555,648)**	**(8,314,035)**	**(9,637,563)**	(16,625,504)

Key Income Statement Components

Revenue from sale of goods and services

The following table summarizes total revenue and breakdown by percent for the three months ended 30 June 2023 and 2022:

	Three months ended 30 June 2023		Three months ended 30 June 2022 (Restated)		**% Change**	
	$Value of revenue stream $	**% of total revenue**	$Value of revenue stream $	% of total revenue	**$Value of revenue stream**	**% of total revenue**
Sale of cryptocurrencies "Principal"	**23,438,384**	**92.0%**	26,441,453	107.3%	**-11.4%**	**-15.3%**
Integration revenue	**(15,175)**	**-0.1%**	0	0.0%	**-100.0%**	**-0.1%**
Commissions and spread from services "Agency"	**2,065,898**	**8.1%**	(1,807,193)	-7.3%	**-214.4%**	**15.4%**
Total revenue	**25,489,106**	100%	24,634,260	100%	**3.5%**	**-**

The following table summarizes total revenue and breakdown by percent for the years ended 30 June 2023 and 2022:

	Year ended 30 June 2023		**Year** ended 30 June 2022 (Restated)		**% Change**	
	$Value of revenue stream $	**% of total revenue**	$Value of revenue stream $	% of total revenue	**$Value of revenue stream**	**% of total revenue**
Sale of cryptocurrencies "Principal"	**64,295,970**	**80.0%**	40,449,037	66.6%	**59.0%**	**13.4%**
Integration revenue	**1,399,842**	**1.7%**	0	0.0%	**100.0%**	**1.70%**
Commissions and spread from services "Agency"	**14,655,820**	**18.3%**	20,271,006	33.4%	**-27.7%**	**-15.1%**
Total revenue	**80,351,632**	**100.0%**	60,720,043	100.0%	**32.3%**	**-**

Commissions and spread from services – represent revenues from BNXA's business on an "Agency basis".

(Expressed in Australian Dollars)

Sale of cryptocurrencies - represents revenues from BNXA's business operations on a "Principal basis".

Integration revenue - represents revenues from setup fees charged to partners.

Cost of sales and services

The following table summarizes the cost of revenue for the three months and the year ended 30 June 2023 and 2022:

	Three months ended 30 June 2023	Three months ended 30 June 2022	**% Change**	**Year ended 30 June 2023**	Year ended 30 June 2022 (Restated)	**% Change**
Cost of sales and services	**21,153,230**	26,064,791	-18.8%	**63,121,580**	39,881,722	58.2%
% of total revenue	**83.0%**	105.8%		**78.6%**	65.7%	

Movements in the percentage cost of sales achieved between periods are impacted by the sales mix between agency (net sales) and principal (gross sales). Cost of sales and services for the three months ended 30 June 2023 decreased from 105.8% for the prior year period to 83.0% of total revenue and for the year ended, an increase from 65.7% for the prior year period to 78.6% for the year ended 30 June 2023 could be observed. Management considers the net "take rate" (refer below) a more meaningful measure of operating performance.

(Expressed in Australian Dollars)

Gross margin and net take rate

The following table summarizes the gross margin for the three months and the year ended 30 June 2023 and 2022 (TTV represents Total Transaction Value):

	Three months ended 30 June 2023	Three months ended 30 June 2022 (Restated)	**% Change**	**Year ended 30 June 2023**	Year ended 30 June 2022 (Restated)	**% Change**
	$	$		$	$	
TTV	**209,704,276**	219,742,501	**-4.6%**	**645,537,597**	**1,425,175,145**	**-54.7%**
Revenue	**25,489,106**	24,634,260	**3.5%**	**80,351,632**	**60,720,043**	**32.3%**
% of TTV	**12.2%**	11.21%		**12.4%**	**4.3%**	
Gross margin	**4,335,876**	(1,430,531)	**- 403.1%**	**17,230,052**	**20,838,321**	**-17.3%**
% of TTV – "net take rate"	**2.1%**	-0.7%		**2.7%**	**1.5%**	

Gross margin has increased approximately 403.1% from the three months ended 30 June 2022 to 30 June 2023 and decreased by 17.3.1% from the year ended 30 June 2022 to 30 June 2023. The gross margin as a percentage of TTV (i.e. "net take rate") has increased from -0.7% in the three months ended 30 June 2022 to 2.1% in the three months ended 30 June 2023.

Operating expenses

The following table provides the operating expenses for the three months and the year ended 30 June 2023 and 2022:

	Three months ended 30 June 2023	Three months ended **30 June** 2022	**% Change**	**Year ended 30 June 2023**	**Year** ended 30 June 2022	**% Change**
	$	$		**$**	$	
Salary expenses	**4,061,878**	2,429,928	**67.2%**	**15,967,877**	18,047,647	**11.5%**
Amortization and depreciation	**105,618**	141,948	**-25.6%**	**422,295**	454,970	**7.2%**
Share based compensation	**853,975**	512,444	**66.6%**	**(458,977)**	2,924,538	**115.7%**
General, administration, and other	**3,920,356**	5,879,819	**-33.3%**	**11,539,452**	13,304,500	**13.3%**
Total operating expenses	**8,941,827**	8,964,139	**-0.2%**	**27,470,647**	34,731,655	**20.9%**
% of total revenue	**39.6%**	213.9%		**34.2%**	57.2%	

(Expressed in Australian Dollars)

Amortization and depreciation

Amortization and depreciation expense relates to office equipment and right of use assets. During the year ended 30 June 2023, the Company has not entered into a new lease agreement. Depreciation of right of use assets included buildings of $258,256 (2022 - $269,623) and leasehold improvements of $115,566 (2022- $116,190).

Salary expenses

Salary expenses decreased by 11.5% or $2,079,770 from $18,047,647 for the year ended 30 June 2022 to $15,967,877 for the year ended 30 June 2023. As at 30 June 2023 the Company had 144 employees.

General, administration, and other

The following table summarizes the general, administration, and other expenses for the three months and the year ended 30 June 2023 and 2022:

	Three months ended 30 June 2023 $	Three months ended 30 June 2022 $	**% Change**	**Year ended 30 June 2023 $**	Year ended 30 June 2022 $	**% Change**
Bank charges	**536,437**	119,977	**347%**	**1,304,414**	200,881	**549%**
Chargeback expenses	**1,083,546**	(270,006)	**-501%**	**1,443,939**	1,218,956	**18%**
Rental expenses relating to operating leases	**46,028**	61,519	**-25%**	**207,286**	174,204	**19%**
Travel	**161,544**	312,840	**-48%**	**563,648**	576,922	**-2%**
Software development expenses	**398,356**	910,151	**-56%**	**2,000,160**	2,310,368	**-13%**
Legal, accounting, consulting	**1,373,420**	2,624,019	**-45%**	**4,123,372**	3,934,684	**5%**
Marketing and advertising	**21,984**	200,945	**-89%**	**15,024**	1,296,276	**-99%**
Security audit	**-**	-	**0%**	**-**	19,740	**-100%**
Investor relations	**108,783**	282,129	**-61%**	**698,480**	1,197,198	**-42%**
Insurance	**105,486**	9,442	**-32%**	**385,951**	156,250	**147%**
Donations	**-**	10,000	**-100%**	**6,766**	54,500	**-88%**
Recruitment	**122,068**	1,602,606	**-92%**	**198,608**	1,602,606	**-88%**
Other	**(37,296)**	16,198	**-330%**	**591,804**	561,915	**5%**
Total general and administration expenses	**3,920,356**	5,879,820	**-33%**	**11,539,452**	13,304,500	**-13%**
% of total revenue	**16.3%**	35.7%		**20.0%**	23.5%	
% of TTV	**1.9%**	2.7%		**1.79%**	0.9%	

Foreign Exchange Gains or (Losses)

Foreign exchange loss of $654,437 includes realized foreign exchange loss of $ 3,149,694 mainly due settlements from global payment processors and unrealized foreign exchange gain of $2,495,257 which is due the revaluation of the intercompany payment and receivables at the end of each month.

(Expressed in Australian Dollars)

Other Items

The following table provides a breakdown of other income and (expenses) by type for the three months and the year ended 30 June 2023 and 2022:

	Three months ended 30 June 2023 $	Three months ended **30 June** 2022 $	**% Change**	**Year ended 30 June 2023** $	**Year** ended 30 June 2022 $	**% Change**
Realized gain (loss) on fair value of deposits	**-**	(16,215)	**-100%**	**15,027**	1,233,920	**-99%**
Realised loss on fair value of derivative liability	**-**	(48)	**-100%**	**-**	(136,866)	**-100%**
Unrealized gain (loss) on fair value of derivative liability	(303,806)	-	**100%**	**(48,231)**	-	**-100%**
Other income	(718,972)	9,310	**-7823%**	**3,180,734**	243,668	**1205%**
Foreign exchange gains (losses)	(778,123)	1,880,183	**-141%**	**(654,437)**	(4,202,131)	**-84%**
Finance expense	(928,447)	(8,444)	**10895%**	**(1,926,721)**	(287,154)	**571%**
Total other items	**(2,729,348)**	1,864,786	**-246%**	**566,372**	(3,148,563)	**-118%**
% of total revenue	**-10.7%**	7.6%		**0.7%**	-5.2%	
% of TTV	**-1.3%**	0.8%		**0.1%**	-0.2%	

The major item included in Other Items is other income of $3,180,734 for the year ended 30 June 2023 (30 June 2022 - $243,668). The following points are noted:

- Banxa's reporting currency is Australian dollars. Significant revenues are earned in Euros and Canadian dollars – both of which strengthened against the Australian dollar during the period; and
- The total foreign exchange loss during the year ended was 0.81% of total transaction volume.

Total other income decreased by $4,594,134 from $ 1,864,786 in the three months ended 30 June 2022 to $(2,729,348) for the three months ended 30 June 2023. For the year ended, total other items expenses increased by $3,714,935 from other income of $(3,148,563) for the year ended 30 June 2022 to other expenses of $ 566,372 for the 30 June 2023. The income in the current period is primarily attributable to other items discussed above.

Selected Quarterly Information the years ended 30 June 2023 and 2022

	Quarter ending 30.06.23	Quarter ending 31.03.23 (Restated)	Quarter ending 31.12.22 (Restated)	Quarter ending 30.09.22 (Restated)	Quarter ending 30.06.22 (Restated)	Quarter ending 31.03.22 (Restated)	Quarter ending 31.12.21 (Restated)	Quarter ending 30.09.21 (Restated)
		$	**$**	**$**	$	$	$	$
Total revenue	**25,489,106**	**21,417,920**	**20,312,155**	13,132,451	24,634,260	17,863,320	12,798,817	5,423,646
(Loss) / income from operations before other items and income tax	**(4,605,951)**	**847,170**	**(1,680,896)**	(4,800,918)	(10,394,668)	(2,658,715)	1,530,498	(2,370,449)
Net loss after tax	**(7,018,964)**	**608,539**	**(1,456,856)**	(1,493,074)	(9,096,832)	(4,934,044)	(1,895,620)	(1,344,287)
Comprehensive loss	**(6,555,648)**	**583,684**	**(2,138,328)**	(1,527,271)	(8,314,034)	(5,168,699)	(1,959,001)	(1,183,770)
Basic and diluted loss per common share	**(0.14)**	**0.01**	**(0.03)**	(0.03)	(0.18)	(0.12)	(0.04)	(0.03)

Key Quarterly Trends

Total revenue has decreased during last quarter primarily due to less revenue was recognised on principal basis.

Banxa's has delivered increasing transactions volumes each quarter, and over the last quarter it has delivered a loss from operations of $4,605,951 compared to income of $847,170 in the preceding quarter.

Key Balance Sheet Components

The following table provides some highlights from the Company's balance sheet as at 30 June 2023 and 30 June 2022:

	30 June 2023	30 June 2022
	$	$
Cash	**8,258,814**	9,364,013
Trade and other receivables	**4,069,483**	2,766,934
Inventories	**183,992**	883,885
Prepaids	**447,581**	464,332
Right of use assets	**505,143**	763,399
Total assets	**16,523,315**	15,394,799
Trade and other payables	**8,331,456**	5,720,071
Borrowings	**5,242,796**	-
Derivate liability	**49,326**	-
Lease liabilities	**821,975**	1,176,323
Total liabilities	**18,737,502**	7,947,723

Total assets increased by $1,128,516 during the year ended 30 June 2023, driven primarily by increase in the trade and other receivables during the period. Total liabilities increased by $10,789,779 during the year ended 30 June 2023, driven primarily by increased borrowings.

Trade and other receivables

The following table provides a breakdown of trade and other receivables as at 30 June 2023 and 2022:

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

(Expressed in Australian Dollars)

Total trade and other receivables increased by $1,302,549 during the year ended 30 June 2023.

Inventory

The following table provides a breakdown of inventory as at 30 June 2023 and 2023:

	30 June 2023	30 June 2022
	$	$
Crypto currency held for resale	**183,992**	883,885
Total Inventory	**183,992**	883,885

Crypto currency and liquidity inventories are measured at fair value less cost to sell in accordance with the Company's accounting policy for crypto currencies and in accordance with IAS 2 Inventories.

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

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

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

	30 June 2023		30 June 2022	
	Number of coins held	**Value**	Number of coins held	Value
		$		$
Bitcoin (BTC)	**1.27**	**58,546**	0.01	351
Ethereum (ETH)	**8.72**	**25,363**	39.43	62,382
Loopring (LRC)	**23,114**	**8,051**	32,092	17,727
USD Coin (USDC)	**9,851**	**14,833**	48,359	70,144
Tether (USDT)	**35,442**	**53,352**	506,095	733,281
Other	**287,598**	**23,847**	-	-
Total inventory	**356,015**	**183,992**	586,585	883,885

Trade and other payables

The following table provides a breakdown of trade and other payables as at 30 June 2023 and 2022:

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

Borrowings

(Expressed in Australian Dollars)

The following table provides a breakdown of borrowings as at 30 June 2023 and 2022:

	30 June 2023	30 June 2022
	$	$
Loan Other	**5,242,796**	**-**
Convertible notes	**3,501,334**	**-**
Total short-term borrowings	**8,744,130**	**-**

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

In Oct 2022, Banxa Holdings Inc. (the "Company") issued to the Investor a convertible debenture (the "Notes") for a total investment of up to $3,500,000 (funding amount), bearing interest at 10% per annum (accruing monthly and payable starting May 16, 2023) for a duration of two years. 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 on the last trading date prior to relevant conversion; and shall issue to the Investor up to 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. Proceeds received from convertible note is $3,878,295 ($3,350,000CAD) and as of 30 June 2023, amount of $656,975 was repaid to issuer.

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 for the three months and year ended 30 June 2023 and 2022 was as follows:

	Three months ended 30 June 2023	Three months ended 30 June 2022	**Year ended 30 June 2023**	Year ended 30 June 2022
	$	$	**$**	$
Salaries	**1,173,634**	(66,742)	**4,250,156**	1,919,642
Consulting fees including reimbursements at cost	**269,230**	78,447	**644,261**	405,509
Director fees	**5,820**	(69,244)	**280,435**	225,833
Share-based compensation	**(430,871)**	1,098,176	**799,114**	2,246,187
Total Remuneration	**1,017,813**	1,040,637	**5,973,966**	4,797,171

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

(Expressed in Australian Dollars)

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

	Three months ended 30 June 2023	Three months ended 30 June 2022	**Year ended 30 June 2023**	Year ended 30 June 2022
	$	$	**$**	$
Proceeds from loans for trade working capital (1)	**5,799,067**	**9,600,000**	**14,799,067**	13,500,000
Repayment of loans for trade working capital (1)	**(6,299,067)**	**(9,600,000)**	**(14,799,067)**	(13,500,000)
Proceeds of cryptocurrency loans for trade working capital (2)	**-**	1,742	**231,511**	979,165
Repayments of cryptocurrency loans for trade working capital (2)	**-**	-	**(231,511)**	(979,165)
Loan received from directors	**498,500**	-	**498,500**	-
Repayment of loans to directors	**(498,500)**	-	**(498,500)**	-
Rental payments at cost (3)	**-**	(38,011)	**-**	(10,631)
Sublease income (3)	**-**	11,160	**-**	26,040
Interest paid to related parties (1)	**(209,175)**	(158,628)	**(139,108)**	(79,314)
Purchase of cryptocurrencies (transaction value)	**31,994**	(29,507)	**16,113**	-
Sale of cryptocurrencies (transaction value)	**982,948**	(41,999)	**7,385,802**	-
Payment for cryptocurrencies (transaction value)	**(982,948)**	-	**(7,385,802)**	
Total	**(677,181)**	(255,243)	**(122,994)**	(63,905)

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

(Expressed in Australian Dollars)

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

The Consolidated Entity's revolving credit facilities include two arrangements with related parties, as follows:

- During the year ended 30 June 2022, Global Internet Ventures Pty Ltd ("GIV"), a Company subsidiary, entered into loan agreements with each of Apollo Capital Management Pty Ltd ("Apollo") and Carosa Corporation BV ("CCBV"), pursuant to which Apollo and CCBV will provide GIV with a revolving credit facility in the principal sums of up to $4,000,000 and $2,000,000 respectively. The revolving credit facility with Apollo accrues interest at the rate of 30% per annum and the revolving credit facility with CCBV accrues interest at the rate of 10% per annum. Both facilities are in place until 30 November 2024.
- The Company is not issuing any securities, paying any bonus, commission, or finder's fees in connection with the loans and the loans are not convertible, directly or indirectly, into equity or voting securities of the Company or a subsidiary of the Company. Loans made under the agreements are unsecured and are repayable at any time without penalty.
- Apollo and CCBV are affiliated companies of the Company's Chairman, Domenic Carosa. Accordingly, entering into the loan agreements constitute a related party transaction, together with any interest payments made in respect of the loans.
- The loans were received from two entities which are related to the group through a director. These were short term revolving facilities (less than 30 days settlement) and the interest rate was 30%

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

	30 June 2023	**30 June 2022**
	$	**$**
Directors of the Company	-	9,410
Officers of the Company	23,927	368
Total Trade and Other Payables to related parties	**23,927**	**9,778**

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company has no off-balance sheet arrangements.

Liquidity and Capital Resources

As at 30 June 2023 the Company had $8,258,814 in cash compared to $9,364,013 as at 30 June 2022 as well as $164,948 in cash held with liquidity providers compared to $594,606 as at 30 June 2022. Working capital deficit was $5,275,116 as at 30 June 2023 compared to $6,417,126 working capital as at 30 June 2022. Even though the Company incurred a trading loss during the period, the issue of common shares for the repayment of the convertible note assisted in retaining the Company's working capital position.

(Expressed in Australian Dollars)

During the year ended 30 June 2023, the Company had a net decrease in cash and cash equivalents held of $1,105,199 compared to a decrease of $8,809,686 during the year ended 30 June 2022.

Cash Flow and Operating Expenses

Salary expenses and General, Administrative, and Other expenses have decreased for the year ended 30 June 2023 compared to the previous year ended 30 June 2022.

Summary of Changes in Operating Expenses and Cash Flow

- The Company historically incurred losses, as well as reported net cash outflows from operating activities. During the year ended 30 June 2023, the Company used cash of $11,334,186 in operating activities, mainly due to the loss during the period, but also impacts on working capital associated to significant increases in trading volumes. These included:

    - A decrease in digital currencies inventory of $699,893;
    - A decrease in prepayments of $16,751
    - A decrease in employee benefits of $20,365
    - A decrease in income tax payable of $31,927;
    - Offsetting the above cash outflows increase in trade and other receivables of $2,769,630;
    - An increase in trade & other payables of $2,419,140;
    - An increase in other deposits of $ 1,252,553
    - Non-cash items, including share-based compensation of $458,977, unrealized foreign exchange gain of $654,437, depreciation of $422,295, and finance cost of $1,926,721.

- Total transaction value (TTV) has decreased from $1,425,175,145 during the year ended 30 June 2022 to $645,537,597 during the year ended 30 June 2023, which has contributed significantly to the Company's increased use of cash in operating expenses (as it restructured its business in mid 2022).
- Employment expenses for the year ended 30 June 2023 decreased by $2,079,770 to $15,967,877 from $18,047,647 for the year ended 30 June 2022.
- Share based compensation for the year ended 30 June 2023 increased by $3,383,515 to $458,977 from $2,924,538 for the year ended 30 June 2022.

Cash Flow Summary

The following table provides a summary of cash inflows and outflows by activity for the year ended 30 June 2023 and 2022:

	30 June 2023 **$**	30 June 2022 $
Cash provided (used) in operating activities*	**(11,334,186)**	(8,033,362)
Cash provided (used) in investing activities	**2,586,451**	(198,314)
Cash provided (used) in financing activities	**7,497,850**	(578,010)
Net (decrease) increase in cash for the period	**(1,249,884)**	(8,809,686)

(Expressed in Australian Dollars)

Cash used in operating activities

Cash used in operating activities was $11,334,186 in the year ended 30 June 2023 and significantly decreased from $8,033,362 in 2022 primarily driven by:

- Net loss for the year of $9,360,355;
- A decrease in digital currencies inventory of $699,893;
- A decrease in prepayments of $16,751
- A decrease in employee benefits of $20,365;
- A decrease in income tax payable of $31,927;
- Offsetting the above cash outflows increase in trade and other receivables of $2,769,630;
- An increase in operating trade & other payables of $2,419,140; and
- An increase in other deposits of $ 1,252,553
- Non-cash items, including share-based compensation of $458,977, unrealized foreign exchange gain of $654,437, depreciation of $422,295, and finance cost of $1,926,721.

Cash used in investing activities

Our investing activities consist primarily of proceeds from sale of intellectual property. For the year ended 30 June 2023, cash received from sale of intellectual property was $2,586,451 compared to net payment from investing activity of $198,314 for the year ended 30 June 2022.

Cash provided by financing activities

Historically, our financing activities have consisted primarily of the issuance of our common shares. For the year ended 30 June 2023, the Company had net proceeds from new share issues (exercise of warrants and options) of $Nil compared to $357,047 (new capital injections) in 2022. The Company decreased its net borrowings by $8,257,204 to $5,242,796 during the year ended 30 June 2023 compared to an increase of $13,500,000 during the year ended 30 June 2022. The Company also increased its convertible note to $ 3,878,295 during the year ended 30 June 2023 ($Nil – 30 June 2022)

Offsetting the cash inflows from the financing, the Company made a lease repayment of $ 415,683 during the year ended 30 June 2023 compared to $ 402,600 during the same period in 2022. During the year ended 30 June 2023, the Company paid an interest of $550,583 compared to $ 204,765 in 2022. The Company also paid convertible note amounting to $ 656,975 compared to $Nil in 2022.

Disclosure of Outstanding Shares

Our authorized capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in one or more series. As of 30 June 2023 and the date of this MD&A, no preferred shares have been issued and the following common shares, and rights to acquire common shares, were outstanding:

Class of Security	Number outstanding as at 30 June 2023	Number outstanding as at 30 June 2022
Common shares	45,563,056	45,563,056
Share purchase warrants	4,714,791	2,556,334
Stock options	4,533,138	4,483,138

Risks and Uncertainties

The Company is subject to certain risks and uncertainties that could have a material adverse effect on the Company's results of operations, business prospects, financial condition and dividends to shareholders. Some, but not all, of such risks and uncertainties are discussed below and elsewhere in this MD&A. Readers should also refer to the Company's risks as described under the "Risk Factors" heading set out in the accompanying Financial Statement to which this MD&A is attached, which are specifically incorporated by reference in this MD&A.

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

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.

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits.

(Expressed in Australian Dollars)

Capital risk 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.
Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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.

Foreign currency risk

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

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

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

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

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

Price risk relating to digital assets

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

Interest rate risk

The Consolidated Entity's has no debt outstanding at 30 June 2023 that is exposed to interest rate risk (30 June 2022: $Nil).

Credit risk

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

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

The Company limits its credit risk by placing its cryptocurrencies with crypto-exchanges ("trading exchanges") on which the Company has performed internal due diligence procedures.
The Company deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients' assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange, potentially reducing the integrity of the data.

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

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

(Expressed in Australian Dollars)

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

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

Liquidity Risk

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

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

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

30 June 2023	**2024**	**2025**	**2026**	**2027**	**Thereafter**
	$	$	$	$	$
Commitment - operational					
Trade payables	1,156,256	-	-	-	-
Accrued wages and other	262,539	-	-	-	-
Commitments - other					
Lease payments	429,224	443,239	-	-	-
Total contractual obligations	**1,848,019**	**443,239**	**-**	**-**	**-**

30 June 2022	**2023**	**2024**	**2025**	**2026**	**Thereafter**
	$	$	$	$	$
Commitment - operational					
Trade payables	910,969	-	-	-	-
Accrued wages and other	1,582,258	-	-	-	-
Commitments - other					
Lease payments	415,683	429,224	443,239	-	-
Total contractual obligations	**2,908,910**	**429,224**	**443,239**	**-**	**-**

Non-Financial Measures

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amount of assets and liabilities, and the reported amount of revenues and expenses during the year. Actual results may differ from these estimates. Estimates, assumptions, and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on a prospective basis beginning from the period in which they are revised.

Changes in Accounting Policies including Initial Adoption

Recent IFRS standards adopted in 2022-2023

The Company has adopted all of the new or amended International Financial Reporting Standards (IFRSs) and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Financial Reporting Standards or Interpretations that are not yet mandatory have not been early adopted.

Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied for the audited financial statements of Banxa Holdings Inc. for the year ending 30 June 2023. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Controls and procedures

The Company's CEO and CFO are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Company maintains a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. The CEO and CFO have evaluated the design of the Company's disclosure controls and procedures at the end of the quarter and based on the evaluation, the CEO and CFO have concluded that the disclosure controls and procedures are effectively designed.

Internal Controls over Financial Reporting

The management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The board of directors ("**Board**") annually appoints an audit committee which includes directors who are not employees of the Company. This committee meets regularly with management and the shareholders' auditors to review significant accounting, reporting and internal control matters. The shareholders' auditors have unrestricted access to the audit committee. The audit committee reviews the interim and annual financial statements, the report of the shareholders' auditors, and the interim and annual management's discussion and analysis and has delegated authority to approve the interim filings and makes recommendations to the Board regarding annual filings.

Events after the reporting period

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

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

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

On 10 October 2023 – Banxa Holdings Inc. announced subject to the acceptance by the TSX Venture Exchange (the "Exchange"), the Company intends to complete a non-brokered private placement (the "Private Placement") of convertible debenture units (the "Note Units") for gross proceeds of up to C$6,000,000. Each Note Unit will consist of one unsecured convertible debenture (each, a "Note") and such number of common share purchase warrants in the capital of the

Company (each, a "Warrant") equal to 40% of the number of common shares in the capital of the Company (each, a "Common Share") issuable upon conversion of the Note (as described below). Each Warrant will be exercisable for one Common Share at an exercise price of C$1.00 for a period of 36 months from the date of issuance.

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

On 10 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.