

BANXA HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED

30 JUNE 2024 AND 2023

(EXPRESSED IN AUSTRALIAN DOLLARS)

Banxa Holdings Inc.
Consolidated Financial Statements
For the years ended 30 June 2024 and 2023
(Expressed in Australian Dollars)

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Independent Auditor's Report

To the Shareholders of Banxa Holdings Inc.

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Key Audit Matters

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

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

Revenue recognition

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

We considered this a key audit matter due to the crypto industry being an emerging industry with unique technological aspects that raise a number of auditing challenges coupled with the significance of the revenue and volume of these

transactions. Significant audit efforts were involved in the assessment of management's determination of whether the Company acted as a principal or as an agent in discharging its performance obligations. Also, significant audit efforts were involved in the testing of occurrence and accuracy of the revenue.

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

- We considered the appropriateness of accounting policies in terms of compliance with IFRS 15 *Revenue from contracts with customers*.
- We analyzed different sales streams and assessed whether the Company acted as a principal or as an agent in accordance with IFRS 15. This assessment included analyses of the Company's use of custodial wallets versus non-custodial wallets and the amount of cryptocurrency inventory balances on hand throughout the year to assess inventory control and related risk.
- We evaluated IT controls and tested the operating effectiveness of controls over the revenue cycle.
- We assigned professionals with specialized skills in distributed ledger technology and digital assets.
- We obtained an understanding on the commission structure, fees and rates and recalculated the fees to analyse the reasonability of commission rates.
- We performed test of details over sales transactions by tracing a sample of transactions to external (blockchain, bank statements) and internal (processing and accounting software) sources.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Calgary, Alberta
October 22, 2024

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Banxa Holdings Inc.
Consolidated Financial Statements
For the years ended 30 June 2024 and 2023
(Expressed in Australian Dollars)

Consolidated Statements of Financial Position

As at 30 June 2024 and 2023

	Note	30 June 2024 (\$)	30 June 2023 (\$)
Assets			
<i>Current assets</i>			
Cash and cash equivalents		2,028,753	8,258,814
Trade and other receivables	4	9,099,181	4,069,483
Cryptocurrency inventories	5	348,255	183,992
Prepays	6	501,632	447,581
Total current assets		11,977,821	12,959,870
<i>Non-current assets</i>			
Property & equipment	8	184,594	331,037
Right-of-use assets	9	246,888	505,143
Deferred tax assets		146,267	105,446
Goodwill	7	151,643	151,643
Other deposits	10	1,012,358	1,758,069
Other investment	20	712,500	712,500
Total non-current assets		2,454,250	3,563,838
Total assets		14,432,071	16,523,708
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	11	6,796,890	8,331,456
Borrowings	12	5,775,887	5,242,796
Current tax liabilities	21	679,633	114,961
Provisions	13	828,728	603,958
Convertible note	12	-	3,501,334
Derivative liability	12	-	49,326
Lease liability - current	14	430,820	391,155
Total current liabilities		14,511,958	18,234,986
<i>Non-current liabilities</i>			
Provisions and other liabilities	13	65,423	39,340
Deferred tax Liability		36,981	32,356
Lease liability	14	-	430,820
Convertible Note	12	5,628,597	-
Total non-current liabilities		5,731,001	502,516
Total liabilities		20,242,959	18,737,502
Net assets		(5,810,888)	(2,213,794)
Equity			
Issued capital	15	23,140,355	23,128,075
Contributed surplus		12,649,506	11,596,406
Foreign currency translation reserve		478,073	879,316
Accumulated losses		(42,078,822)	(37,817,591)
Total equity		(5,810,888)	(2,213,794)

Going Concern (Note 2), Commitments and Contingencies (Note 27), Subsequent events (Note 28)
The above statements of financial position should be read in conjunction with the accompanying notes.
Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 22 October 2024.

(Signed) " H Arians "
Chairman

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

Banxa Holdings Inc.
Consolidated Financial Statements
For the years ended 30 June 2024 and 2023
(Expressed in Australian Dollars)

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

For the years ended 30 June 2024 and 2023

		30 June 2024	30 June 2023
	Note	(\$)	(\$)
Revenue	18	321,214,785	80,351,632
Cost of sales		(292,457,717)	(63,121,580)
Gross profit		28,757,068	17,230,052
Employment expenses		(16,114,481)	(15,967,877)
Depreciation	8 & 9	(410,176)	(422,295)
General, administration and other	19	(11,939,973)	(11,539,452)
Share based compensation	16	(300,993)	458,977
Total operating expenses		(28,765,623)	(27,470,647)
Operating Income (loss) before other items and income tax		(8,555)	(10,240,595)
Other items			
Realised gain on fair value of deposits (treasury coins)		-	15,027
Realised gain on fair value of derivative liability	12	280,442	-
Unrealised loss on fair value of derivative liability	12	(23,912)	(48,231)
Net foreign exchange losses	19	(1,933,577)	(654,437)
Other Income	20	482,631	3,180,734
Finance costs	19	(2,402,286)	(1,926,721)
Total other items		(3,596,702)	566,372
Loss before tax		(3,605,257)	(9,674,223)
Income tax recovery/(expense)	21	(655,974)	313,868
Net loss for the year		(4,261,231)	(9,360,355)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(401,243)	(277,208)
Total comprehensive loss for the year		(4,662,474)	(9,637,563)
Loss per share attributable to ordinary shareholders of the Company			
Basic and diluted loss per share	22	(0.09)	(0.21)

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

Banxa Holdings Inc.

Consolidated Financial Statements

For the years ended 30 June 2024 and 2023

(Expressed in Australian Dollars)

Consolidated statements of changes in equity

For the years ended 30 June 2024 and 2023

	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		-	-	-	-	(9,360,355)	(9,360,355)
Other comprehensive income/(loss)		-	-	-	(277,208)	-	(277,208)
Total comprehensive income/ (loss)		-	-	-	(277,208)	(9,360,355)	(9,637,563)
Share based compensation Equity portion and warrants issued under convertible notes agreement	16	-	-	(458,977)	-	-	(458,977)
		-	-	435,670	-	-	435,670
As at 30 June 2023		45,563,056	23,128,075	11,596,406	879,316	(37,817,591)	(2,213,794)

Banxa Holdings Inc.

Consolidated Financial Statements

For the years ended 30 June 2024 and 2023

(Expressed in Australian Dollars)

Consolidated statements of changes in equity (continued)

For the years ended 30 June 2024 and 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		-	-	-	-	(4,261,231)	(4,261,231)
Other comprehensive income/(loss)		-	-	-	(401,243)	-	(401,243)
Total comprehensive income/(loss)		-	-	-	(401,243)	(4,261,231)	(4,662,474)
Share based compensation	16	-	-	300,993	-	-	300,993
Warrants on convertible Notes		-	-	752,107	-	-	752,107
Exercise of Stock Options	15,16	24,000	12,280	-	-	-	12,280
As at 30 June 2024		45,587,056	23,140,355	12,649,506	478,073	(42,078,822)	(5,810,888)

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

Banxa Holdings Inc.
Consolidated Financial Statements
For the years ended 30 June 2024 and 2023
(Expressed in Australian Dollars)

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

	Note	30 June 2024 (\$)	30 June 2023 (\$)
Net loss for the year		(4,261,231)	(9,360,355)
Cash flows excluded from profit attributable to operating activities			
Adjustments for non-cash flows in the statement of comprehensive income/(loss):			
Depreciation	8,9	410,176	422,295
Realised fair value adjustment to deposit		-	(15,027)
Net Gain on Borrowings and Derivative liability	12	284,077	48,231
Share-based compensation		300,993	(458,977)
Gain on sale of assets	20	(384,783)	(3,298,951)
Gain on foreign exchange	19	48,038	654,437
Finance cost ⁽¹⁾	19	897,164	1,926,721
Current income tax benefit/(expense)		802,241	(208,422)
Deferred tax assets		(40,821)	(105,446)
Changes in assets and liabilities:			
(Increase)/decrease in trade & other receivables	4	(5,029,698)	(2,769,630)
(Increase)/decrease in cryptocurrency inventories	5	(164,263)	699,893
(Increase)/decrease in prepaids	6	(54,051)	16,751
Increase/(decrease) in trade & other payables	11	(1,522,286)	2,419,140
Increase/(decrease) in employee benefits	13	255,478	(20,365)
(increase)/decrease in other deposits	10	-	252,758
Other Item ⁽²⁾	10	745,711	(1,505,311)
Income tax paid		(237,569)	(31,927)
Cash outflow from operating activities		(7,950,824)	(11,334,185)
Cash flows from investing activities			
Purchase of property & equipment (excluding ROU assets)		(5,478)	-
Proceeds from sale of intellectual property	20	384,783	2,586,451
Net cash from investing activities		379,305	2,586,451
Cash flows from financing activities			
Payments for principal element of lease liabilities	14	(391,155)	(354,348)
Payments for interest element of lease liabilities	14	(38,069)	(61,335)
Interest paid ⁽¹⁾		(859,095)	(550,583)
Proceeds received from borrowing	12	16,703,091	20,041,863
Repayment of borrowings		(16,170,000)	(14,799,067)
Proceeds received from issuance of convertible note	12	5,628,597	3,878,295
Repayment of convertible note	12	(3,716,313)	(656,975)
Net cash provided by financing activities		1,157,056	7,497,850
Net decrease in cash and cash equivalents held		(6,414,463)	(1,249,884)
Net foreign exchange difference		184,402	144,685
Cash and cash equivalents at the beginning of year		8,258,814	9,364,013
Cash and cash equivalents at end of the financial year		2,028,753	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.

Banxa Holdings Inc.
Consolidated Financial Statements
For the years ended 30 June 2024 and 2023
(Expressed in Australian Dollars)

Notes to the Consolidated Financial Statements

1. Nature of operations

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

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

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

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

2. Going concern

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

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

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

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

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

3. Material accounting policies

Statement of compliance

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

New and amended standards that are effective for the current year

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

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

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

Standards issued but not yet effective

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on 1 July 2024 and thereafter, with an earlier application permitted:

Amendments to IAS 1, Presentation of Financial Statements

In January 2020, the International Accounting Standards Board ("IASB") issued "Classification of Liabilities as Current or Non-current (*Amendments to IAS 1*)". The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations that would be considered as a settlement of a liability. In October 2022, the IASB issued "Non-current Liabilities with Covenants (*Amendments to IAS 1*)". These further amendments clarify how to address the effects on classification and disclosure of covenants that an entity is required to comply with on or before the reporting date and covenants that an entity must comply with only after the reporting date. The amendments are effective for reporting periods beginning on or after January 1, 2024.

3. Material accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These include: The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss. Enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes. Mandatory disclosures about management-defined performance measures (a subset of alternative performance measures).

Significant accounting judgments and estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Company is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's profit or loss and financial position as currently presented.

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

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

- IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets could fall into a variety of different standards. The Company has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 Inventories ("IAS 2") in characterizing its holding of digital assets. The Company holds cryptocurrencies for sale in the ordinary course of business. The Company actively trades the cryptocurrencies and purchase them with a view to their resale in the near future. Although 'commodity' is not defined in IAS 2, the Company has concluded that its holding of cryptocurrencies is a commodity or similar to a commodity and measured its holding of cryptocurrencies at fair value less costs to sell.
- Digital currency denominated assets and crypto currencies inventories (note 4.2 and note 5, respectively) are included in current assets. Assets of this type held by trade exchanges or liquidity providers are further classified as trade receivables as the Company is an unsecured creditor while the assets are held by the trade exchange or liquidity provider as the title to these assets is held by the trade exchange or liquidity provider (See note 4.2). The trade exchange or liquidity provider owes Banxa an account receivable for the fluctuating value of the fiat and digital assets held on their platform at any point in time.
Digital currencies are carried at their fair value determined by the spot rate based on Trade exchanges (e.g., Binance) prices as at midnight AEST. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Company's results and financial position.

3. Material 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. The Company bases its assessment on IFRS 15, applying it to several factors including: who has custody of the wallets fulfilling the orders, whether those wallets maintain an inventory buffer to fulfill future orders, if cryptocurrency is purchased in advance to fulfill multiple orders and if the entity obtains legal title to the inventory only momentarily before legal title is transferred to the customer. Customer settlement is within 1-2 business days for the majority of transactions.
- The estimated fair value of Investment in Independent Reserve are subject to measurement uncertainty given it is an unlisted entity.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and its subsidiaries as at 30 June 2024 and 2023 and the results of the Company and all subsidiaries for the years then ended (or from the date when acquired during the year).

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

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

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

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

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3. Material 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	
			2024	2023
			%	%
BTC Corporation Holdings Pty Ltd	Holding company	Australia	100	100
BC Cloud Mining Pty Ltd	Dormant company	Australia	100	100
Global Internet Ventures Pty Ltd	Payment service provider	Australia	100	100
BNXA UK Holding Limited	Payment service provider	United Kingdom	100	100
Richmond Internet Ventures Corporation	Payment service provider	Canada	100	100
Internet SG Ventures Pte Ltd	Dormant company	Singapore	100	100
Banxa.com Pty Ltd	Dormant company	Australia	100	100
Rhino Loft Pty Ltd	Dormant company	Australia	100	100
EU Internet Ventures B.V.	Payment service provider	The Netherlands	100	100
LT Internet Ventures UAB	Payment service provider	Lithuania	100	100
BNXA USA Holding Inc	Payment service provider	USA	100	100
BNXA USA MTL	Payment service provider	USA	100	100
BNXA USA Operating Inc	Payment service provider	USA	100	100
BNXA USA NV Inc	Payment service provider	USA	100	100
BNXA UK VASP Limited	Dormant company	United Kingdom	100	100
BNXA Teknoloji Anonim Sirketi AS	Payment service provider	Turkiye	100	100
BNXA Brazil LTDA	Dormant company	Brazil	100	100
BNXA PHL Inc. (Philippines)	Dormant company	Philippines	100	100

Current and non-current classification

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

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

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

Cash and cash equivalents

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

3. Material accounting policies (continued)

Cryptocurrency inventories

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

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

Property and Equipment

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

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

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

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

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

Leases

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

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

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

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

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

3. Material accounting policies (continued)

Leases (continued)

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

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

Goodwill

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

Impairment of non-financial assets

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

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

Financial Instruments

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement – financial assets at amortized cost

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

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3. Material accounting policies (continued)

Financial Instruments (continued)

Derecognition

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

Impairment

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

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

Financial assets were classified as follows:

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments, or the Company 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.

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3. Material accounting policies (continued)

Financial Instruments (continued)

Financial liabilities were classified as follows:

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

Convertible notes

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

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

Provisions

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

Allowance for chargeback expenses

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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Banxa has an established stock option plan for directors, officers, Employees, Management Company Employees, Consultants and Eligible Charitable Organizations of the

3. Material accounting policies (continued)

Employee Benefits (continued)

Company and its subsidiaries (collectively "Eligible Persons"), known as the "Banxa Holdings Inc. Stock Option Plan" (the "Plan"). The purpose of the Plan is to give to Eligible Persons as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options, exercisable upon completion of stipulated years of employment as determined by the board of directors of the Company. More details on stock options at note 16.

Other long-term employee benefits

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

Foreign currency translation

The Company's consolidated financial statements are presented in Australian dollar except stock price information, which is disclosed in Canadian dollars (\$CAD). The Company's functional currency is 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. Material 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.

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

Under the principal agreement, the Company does control the cryptocurrency being provided before it is transferred to the buyer, and therefore does have cryptocurrency inventory risk related to the cryptocurrency. In such cases, the Company purchases a set amount of cryptocurrency to meet future demand. The Company will hold a cryptocurrency inventory buffer in advance of processing future orders. A single cryptocurrency purchase will fulfill multiple future customer orders. When this Inventory buffer runs low, it will be automatically replenished through an automated process in which the Company buys a predetermined amount of cryptocurrency. As a result, the Company acts as a principal in the transaction with the customer.

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

Sale of cryptocurrencies to customers

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

Purchase of cryptocurrencies from customers

For transactions involving the purchase of cryptocurrencies from customers, revenue is recognized at the point when the fiat is paid to the customers bank account. The commission or spread earned from this transaction is considered principal in nature.

3. Material accounting policies (continued)

Revenue recognition (continued)

Commissions and spread from services

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

Integration services

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

Share-based compensation

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

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

Contributed surplus

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

3. Material accounting policies (continued)

Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels (see note 25), using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

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

Income tax

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

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

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

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

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

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

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

3. Material accounting policies (continued)

Income tax (continued)

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

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

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

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

Segment information

Operating segments are defined as components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance of the operating segments of an entity. The Company conducts its business as one operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 18.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer and financial statements has been prepared in accordance with IFRS 8- ‘Operating Segment’.

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4. Trade and other receivables

	30 June 2024	30 June 2023
	(\$)	(\$)
Payment gateway receivables	8,964,215	3,719,571
Allowances for chargeback expenses (Note 4.1)	(611,761)	(573,768)
GST receivable	-	265,659
Receivables from trading exchanges (Note 4.2)	458,969	164,948
Other receivables	6,504	13,834
Integration Fees Receivable	243,748	441,600
Sundry deposit denominated in USD Tether	37,506	37,639
Total trade and other receivables	9,099,181	4,069,483

Receivables from Payment gateway relate to all crypto buy transactions and the increase from 30 June 2024 over 30 June 2023 is due to significantly higher trading volumes in June 2024 over June 2023 and timing differences on settlement dates year on year.

The majority of the payment gateway receivable represents sales that were made between Friday 28 June to Sunday 30 June 2024 inclusive. The cash receipt of these sales was received in July 2024. The settlement of sales made by payment processors is typically between 1 and 2 business days. The change in the allowance for chargeback expenses is detailed below:

4.1 Allowances for chargeback expenses

	30 June 2024	30 June 2023
	(\$)	(\$)
Balance at beginning of year	(573,768)	(350,357)
Net change in provision during the year (Note 19)	(2,150,736)	(1,443,939)
Actual write-off during the year	2,112,743	1,220,528
Balance at end of year	(611,761)	(573,768)

The expense during the year is presented as part of "chargeback expenses" in the general and administration expenses (refer note 19).

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

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

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

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4. Trade and other receivables (continued)

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

As at 30 June 2024 and 2023, balances held at exchanges, or with custodians, consisted of the following:

	30 June 2024		30 June 2023	
	Number of coins held	Value (\$)	Number of coins held	Value (\$)
Digital and fiat currencies held at exchanges or with custodians				
LTC	5	511	50.53	7,296
Link	20	406	106.78	997
BNB	1	812	5.20	1,834
BTC	0.69	73,296	0.30	17,040
ETH	0	303	1.33	4,105
USDT	N/A	121,010	N/A	9,643
USDC	N/A	6,877	N/A	14,707
XRP	415	266	1,420	999
WBTC	0.00019	17	0.01	457
SHIB	-	-	79,905,460	880
Other	35,204,345	255,471	1,573,423	132,059
Total digital and fiat currencies held at exchanges or with custodians		458,969		190,017
		-		
Provision for collectability				(25,069)
Net deposits		458,969		164,948

Provision for Collectability

	30 June 2024	30 June 2023
	(\$)	(\$)
Balance at beginning of year	(25,069)	(111,806)
Movement in Provision for Collectability	25,069	86,737
Balance at end of year	-	(25,069)

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5. Cryptocurrency Inventories

	Number of coins held	30-Jun-24	Number of coins held	30-Jun-23
		Value		Value
		\$		\$
Bitcoin (BTC)	1.38	140,290	1.27	58,546
Ethereum (ETH)	12.61	67,388	8.72	25,363
Loopring (LRC)	5,077	1,798	23,114	8,051
USD Coin (USDC)	3157	9,605	9,851	14,833
Tether (USDT)	76,811	115,017	35,442	53,352
Other	144,380	14,157	287,598	23,847
Total inventory	229,439	348,255	356,015	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.

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

6. Prepaids

	30 June 2024	30 June 2023
	(\$)	(\$)
Insurance	241,698	138,130
Consultancy fees	18,609	-
Other operational expenses	241,325	309,451
Total other assets	501,632	447,581

7. Goodwill

	30 June 2024	30 June 2023
	(\$)	(\$)
Goodwill	151,643	151,643
	151,643	151,643

During the year ended 30 June 2024, the Company determined that there is no impairment of the goodwill arising from the European acquisition which occurred during the year ended 30 June 2020.

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8. Property and equipment

	30 June 2024	30 June 2023
	(\$)	(\$)
Fixtures and fittings at cost	205,897	203,555
Less accumulated depreciation	(138,456)	(104,274)
Carrying amount of fixtures and fittings	67,441	99,281
Computer equipment at cost	106,841	103,705
Less accumulated depreciation	(105,566)	(103,705)
Carrying amount of computer equipment	1,275	-
Leasehold Improvements	463,512	463,512
Less accumulated depreciation	(347,634)	(231,756)
Carrying amount of leasehold improvements	115,878	231,756
Total property and equipment	184,594	331,037

	30 June 2024	30 June 2023
	(\$)	(\$)
Fixtures and fittings		
Carrying amount at beginning of year	99,281	147,755
Additions	2,342	-
Disposals	-	-
Depreciation expenses	(34,182)	(48,474)
Exchange differences	-	-
Carrying amount at end of year	67,441	99,281
Computer equipment		
Carrying amount at beginning of year	-	-
Additions	3,136	-
Disposals	-	-
Depreciation expenses	(1,861)	-
Exchange differences	-	-
Carrying amount at end of year	1,275	-
Leasehold improvements		
Carrying amount at beginning of year	231,756	347,322
Lease Incentive	-	-
Additions	-	-
Disposals	-	-
Depreciation expenses	(115,878)	(115,566)
Exchange differences	-	-
Carrying amount at end of year	115,878	231,756
Total property and equipment	184,594	331,037

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9. Right-of-use assets

	30 June 2024	30 June 2023
	(\$)	(\$)
Buildings: Right-of-use		
Carrying amount at the beginning of the year	505,143	763,399
Additions	-	-
Disposals	-	-
Depreciation expenses	(258,255)	(258,256)
Carrying amount at end of year	246,888	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 14 for associated lease liabilities at the reporting date. The lease does not contain any variable lease payment terms.

10. Other Deposits

	30 June 2024	30 June 2023
	(\$)	(\$)
Rental Bond	252,758	252,758
Other Deposits	100,807	101,169
Provision for Other deposits	(101,169)	(101,169)
Restricted (Cash)	759,962	1,505,311
Total Bank Guarantee	1,012,358	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. Previous bank guarantee of \$252,758 was redeemed on 29 August 2022. Restricted (cash) of \$759,962 related to the deposits held with banks for Money Transmitted License (MTL) for USA.

11. Trade and other payables

	30 June 2024	30 June 2023
	(\$)	(\$)
Trade payables	841,844	1,156,255
Employee withholdings payable	195,898	262,539
Other payables	1,637,907	4,503,250
Accrued Expenses	3,289,470	2,409,412
GST Payable	831,771	-
Total trade and other payables	6,796,890	8,331,456

Other payables at 30 June 2023 includes Worldpay overpayment and Income in advance (\$793,207) for Integration fees. Worldpay overpayment was repaid in February 2024.

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12. Borrowings

	30 June 2024	30 June 2023
	(\$)	(\$)
Borrowings - Current		
Short term Borrowings	5,775,887	5,242,796
Convertible notes	-	3,501,334
Total Current	5,775,887	8,744,130
Borrowings - Non Current		
Convertible notes	5,628,597	-
Total Non Current	5,628,597	-
Total Borrowings	11,404,484	8,744,130

Short-Term Borrowings

As of 30 June 2024, the Company had short-term borrowing agreements with the following external entities:

- Buzz Development Inc AUD \$2,255,416 (2023: AUD\$ 2,255,416) at 20% per annum. Fully repaid in July 2024.
- Clearpool Caurius AUD \$920,598 (2023: AUD\$ Nil) at 15.5% per annum. Fully repaid in September 2024.
- Alam Group Loan AUD \$945,185 (2023: AUD\$ Nil) at 20% per annum (Alam Group is a related party). Due in March 2025.
- Checkout.com (fronting payment) AUD \$1,540,901 (2023: AUD\$ Nil) at 16.43% per annum. Due in November 2024.
- Red Envelope AUD \$113,787 (2023: AUD\$ Nil) at 0% per annum. Credit line will be available until July 2025.
- Ari Last AUD \$ Nil (2023: AUD \$ 601,143). Repaid in 2024.
- Tiga Trading Private Limited AUD \$ Nil (2023: AUD \$ 2,000,000). The loan was extinguished and replaced with convertible note during the year.
- HB Super Holdings Private Limited AUD \$ Nil (2023: AUD \$ 386,240). The loan was extinguished and replaced with convertible note during the year.

As of June 30, 2024, the Company had total short-term borrowings capacity of AUD \$11,467,000.

Convertible Notes

In October 2022 the Company issued to the Investor a convertible debenture (the "Notes") for a total investment of CAD \$3,500,000 (funding amount), bearing interest at 10% per annum (accruing monthly). The Notes is payable with equal installments of \$194,444 starting May 16, 2023 until fully repaid. The principal of the security is convertible, at the option of the holder, to common shares of the Company at a price of CAD\$1.27, and the accrued interest is convertible, at the option of the holder, equal to 85% of market share price on the last trading date prior to relevant conversion. In addition, the Company issued to the Investor 2,673,228 warrants (the "Warrants"), each warrant entitles the holder to purchase one common share at a price of \$1.27 per share for a period of 24 months from the date of issuance of the convertible note. Warrants are recorded in equity as part of the contributed surplus, together with the equity portion of the Notes. The Company incurred transaction costs in relation to the Notes issuance in the amount of CAD \$105,000, which was allocated to the liability and equity components of the Notes respectively. During the period ended 30 June 2023, the Company recorded accretion expense of \$309,053. The proceeds received from convertible note were \$3,878,295 (CAD \$3,350,000) and as of 30 June 2023, amount of \$656,975 was repaid to the Investor and further \$553,198 was paid by quarter 1 and final amount of \$3,372,029 was agreed for closure of The Lind Partners, LLC (Lind) Convertible Note. Due to the cease trade order issued to the Company in November 2022 by the British Columbia Securities Commission and the Ontario Securities Commission, the Company paid penalty to the Investor and the payments were re-negotiated: amount repaid to the Investor included 3 monthly installments

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instead of 2 per initial payment schedule. The Company recognized a loss on cash flow modification of \$105,734 included in the finance cost as of 30 June 2023.

During the period ended 30 June 2024 the Company completed a non-brokered private placement (the "Private Placement") of convertible debenture units (the "Note Units") for gross proceeds of CAD \$5,694,024 bearing interest at 10% per annum. Banxa issued to the Investor 2,847,010 warrants, each warrant entitles the holder to purchase one common share at a price of \$1 per share for a period of 36 months from the date of issuance of the convertible note. Each Note Unit consists of one unsecured convertible debenture (each, a "Note") and such number of common share purchase warrants in the capital of the Company (each, a "Warrant") equal to 40% of the number of common shares in the capital of the Company (each, a "Common Share") issuable upon conversion of the Note (as described below). The principal of the security is convertible, at the option of the holder, to common shares of the Company at a price of CAD \$0.8, and the accrued interest is convertible, at the option of the holder, equal to the last closing price of the common shares on the exchange on the last trading day immediately prior to the announcement of the interest conversion by news release.. Convertible notes of CAD \$750,000 and CAD \$500,000 were issued to Alam Group and Blackhawk Ventures Private Limited which are related parties.

Net gain on borrowings and derivative liability

The Company agreed to repay the final amount of \$3,372,029 to settle the closure of the Lind Note resulting in a gain of \$280,442.

	Year ended 30 June 2024 (\$)	Year ended 30 June 2023 (\$)
Gain on repayment of convertible note	280,442	-
(Loss) / gain on repayment of derivative liability	(23,912)	(48,231)
Net gain on borrowings and derivative liability	256,530	(48,231)

Derivative liability

	30 June 2024 (\$)	30 June 2023 (\$)
Balance at beginning of period (Inception)	48,231	-
Change in fair value – unrealized	23,912	48,231
Change in fair value - realised	-	-
Net change in fair value during year	23,912	48,231
Balance before conversion	72,143	-
Extinguished on conversion	(72,143)	-
Balance at end of year	-	48,231

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

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12. Borrowings (continued)

Derivative Liability (continued)

Changes in fair value of the derivative liability are recognized in profit or loss. The Company assessed the fair value of the derivative liability using observable inputs. The Company agreed the final amount of \$3,372,029 to settle the closure of the Lind Note resulting extinguishment of associated derivative liability.

13. Provisions and Other liabilities

	30 June 2024	30 June 2023
	(\$)	(\$)
Annual leave	670,670	496,660
Long service leave	223,481	146,245
Balance at end of year	894,151	642,905
Current	828,728	603,958
Non-current	65,423	38,947
Balance at end of year	894,151	642,905
Other Liabilities	-	393
Total Provisions and other liabilities	894,151	643,298

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

14. Lease Liability

	30 June 2024	30 June 2023
	(\$)	(\$)
Balance at beginning of year	821,975	1,176,323
New lease agreements - present value of lease liabilities	-	-
Lease payments made in the year	(429,224)	(415,683)
Accretion of interest	38,069	61,335
Balance at end of year	430,820	821,975

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14. Lease Liability (continued)

Low Value and Short-Term Leases

Lease liability - current portion	430,820	391,155
Lease liability - non-current portion	-	430,820
Total	430,820	821,975

Undiscounted Future Lease Payments due:

Within 1 year	443,239	466,160
After 1 year but not more than 5 years	-	406,302
After more than 5 years	-	-
Total	443,239	872,462

The Company had low-value lease expenses of \$15,583 (2023: \$7,763) and short-term lease expenses of \$63,434 (2023: \$77,242)

15. Issued Capital

a) Authorized share capital

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

Number of common shares	30 June 2024	30 June 2023
Number of common shares at beginning of year	45,563,056	45,563,056
Stock options exercised	24,000	-
Number of common shares at end of year	45,587,056	45,563,056

Issued capital	30 June 2024	30 June 2023
	(\$)	(\$)
Share capital at beginning of year	23,128,075	23,128,075
Proceeds from stock options exercised	12,280	-
Issued capital at end of year	23,140,355	23,128,075

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16. Stock options

The Company has adopted a share option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. As at 30 June 2024, the aggregate maximum number of common shares issuable under the plan is 4,556,306 (30 June 2023: 4,556,306) common shares.

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

The following is a summary of the changes in the Company's share option activities for the years ended 30 June 2024 and 2023:

	30 June 2024		30 June 2023	
	Number of options	Weighted - average exercise price (\$CAD)	Number of options	Weighted - average exercise price (\$CAD)
Outstanding, beginning of the year	4,533,138	0.99	4,483,138	1.45
Granted	25,000	0.99	1,410,000	1.00
Expired	(24,000)	-	-	-
Cancelled/forfeited	(6,250)	0.99	(1,360,000)	2.51
Exercised	(24,000)	0.47	-	-
	4,503,888	0.99	4,533,138	0.99

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 \$CAD 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 \$CAD 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

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 \$CAD 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.

On 17 July 2023, 21,428 share options have been exercised. The options have an exercise price of \$CAD 0.47 Per share.

On 11 September 2023, 2,572 share options have been exercised. The options have an exercise price of \$CAD 0.47 Per share.

On 1 October 2023, the Company granted 25,000 share options to officers and staff of the Company. The options have an exercise price of \$CAD 1.00 Per share and expire on 01 October 2027.

On 30 June 2024, 6,250 options were cancelled/forfeited during the year.

On 30 June 2024, 24,000 options expired during the year.

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16. Stock options (continued)

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

	30 June 2024	30 June 2023
Share price	\$CAD0.75	\$CAD 1.00 - \$CAD 1.00
Exercise price	\$CAD1.00	\$CAD 1.00 - \$CAD 1.00
Risk-free interest rate	2.75%	2.93% - 3.08%
Expected term (in years)	4.0	3.5 - 4
Estimated dividend yield	0%	0%
Estimated volatility	117.75%	137%

The following table summarizes information regarding share options outstanding and exercisable as at 30 June 2024:

	Outstanding			Exercisable	
	Number of options	Weighted-average contractual life (years)	Weighted average exercise price (\$CAD)	Number of options	Weighted average exercise price - vested (\$CAD)
December 2025	3,125,138	1.5	1.00	3,125,138	1.00
July 2026	610,000	2.0	1.00	457,500	1.00
October 2026	318,750	2.3	1.00	266,406	1.00
December 2026	25,000	2.4	1.00	18,750	1.00
March 2027	400,000	2.7	1.00	250,000	1.00
October 2027	25,000	3.3	1.00	6,250	1.00
	4,503,888	1.71	1.00	4,148,044	1.00

17. Warrants

The following is a summary of the changes in the Company's warrants for the years ended 30 June 2024 and 2023:

	30 June 2024		30 June 2023	
	Number of warrants	Weighted – average exercise price (\$CAD)	Number of warrants	Weighted – average exercise price (\$CAD)
Outstanding, beginning of the year	4,714,791	4.46	2,556,334	6.62
Granted	2,847,010	1.00	2,637,228	1.27
Expired	-	-	(478,771)	1.00
Exercised	-	-	-	-
	7,561,801	3.15	4,714,791	4.46

During the year ended 30 June 2024, nil warrants (Year-ended 30 June 2023: Nil warrants) were exercised for proceeds of \$nil (Year-ended 30 June 2023: \$nil warrants). Nil warrants expired during the year ended June 30, 2024 (478,771 during the year ended June 30, 2023).

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17. Warrants (continued)

During the period ended 30 June 2024 Banxa Holdings Inc. completed a non-brokered private placement (the "Private Placement") of convertible debenture units (the "Note Units") for gross proceeds of CAD \$5,694,024 bearing interest at 10% per annum. Banxa issued to the Investor 2,847,010 warrants, each warrant entitles the holder to purchase one common share at a price of \$1 per share for a period of 36 months from the date of issuance of the convertible note. Each Note Unit consists of one unsecured convertible debenture (each, a "Note") and such number of common share purchase warrants in the capital of the Company (each, a "Warrant") equal to 40% of the number of common shares in the capital of the Company (each, a "Common Share") issuable upon conversion of the Note (as described below). Each Warrant will be exercisable for one Common Share at an exercise price of CAD \$1.00 for a period of 36 months from the date of issuance

18. Revenue

	30 June 2024	30 June 2023
	(\$)	(\$)
<i>Sales revenue</i>		
Sale and purchase of cryptocurrencies	302,776,075	66,093,803
Integration revenue	1,236,012	1,399,842
Commissions and spread from services	17,202,698	12,857,987
Total sales revenue by type	321,214,785	80,351,632
<i>Geographic regions</i>		
Australia	51,863,093	17,132,309
North America	39,521,774	7,072,453
Europe	229,829,918	56,146,870
Total sales revenue by geographical region	321,214,785	80,351,632

During the current year, the comparative figures have been reclassified to conform with the presentation adopted in the current year. These reclassifications were made to enhance the clarity of the consolidated financial statements and do not affect the previously reported net income, total assets, or equity. The Company considered materiality and concluded that it is sufficient to present such information only in the note that has been impacted by a reclassification.

Revenue has increased in 2024 across all geographical regions as more revenue was recognised on a principal basis as the Company increased the numbers of non-custodial wallets that the Company holds inventory in to fulfill future orders.

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19. Expenses

	Note	30 June 2024 (\$)	30 June 2023 (\$)
General, administration and other			
Bank charges		666,248	1,304,414
Chargeback expenses		2,150,736	1,443,939
Utilities expenses		302,169	207,286
Travel		169,663	563,648
Software development		2,480,514	2,000,160
Legal, accounting, consulting		4,189,079	4,123,372
Marketing and advertising		121,422	15,024
Investor relations		399,757	698,480
Insurance		488,768	385,951
Donations		-	6,766
Recruitment		277,116	198,608
Other		694,501	591,804
Total general, administration and other		11,939,973	11,539,452
Finance costs			
Interest on loans and borrowings		2,364,217	1,865,386
Interest on lease liabilities	14	38,069	61,335
Total finance costs		2,402,286	1,926,721
Net Foreign exchange losses			
Realised loss on fair value of derivative liability	12	-	-
Unrealised loss on fair value of derivative liability	12	(23,912)	(48,231)

20. Other Income

	30 June 2024 (\$)	30 June 2023 (\$)
Other Income	97,848	-
Sale of domain names	384,783	3,180,734
Balance at end of year	482,631	3,180,734

Other Income consists of the below two major transactions.

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20. Other Income (continued)

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

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

The total consideration for the sale of domain names was AUD \$3.3 million (GST Inclusive) (USD \$2 million), AUD \$2.25 million being settled in cash (amount receivable and remaining AUD \$ 0.75 million settled by receiving 53,427 number of equity shares in Independent Reserve Pty Ltd. On 12 Oct 2022, 2,671 (\$37,500 AUD) shares were transferred by Banxa to QEIP for payment of brokerage fees, this leaves Banxa shareholding of 50,756 (AUD \$712,500) with Independent Reserve.

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

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

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

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

On 25 June 2024, the Company sold one of its non-core domain name: BITCOIN.CO.UK to CoinCorner Ltd for GBP 225,000. The amount of GBP 202,500 (AUD \$384,783) (net of broker fees of \$22,500) was settled in cash during the period. The carrying value of domain names at the date of disposal was nil. The gain on disposal is included under other income in the statement of profit or loss.

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21. Income Tax expenses

	30 June 2024	30 June 2023
	(\$)	(\$)
Loss before Income tax expenses	(3,605,257)	(9,674,223)
Tax at the statutory Rate of 30% (2023:30%)	(1,058,864)	(2,902,267)
Effect of differences in tax rates globally	280	(10,387)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	1,420,191	260,226
True-up of cumulative losses from prior years	(2,003,095)	-
Other	(80,480)	(8,689)
Total	(1,721,968)	(2,661,117)
Current year losses not recognized	2,377,942	2,347,249
Income tax expenses	655,974	(313,868)
Other	-	-
Income tax payable (receivable)	679,633	(114,961)

22. Loss per share

For the years ended 30 June 2024 and 2023, basic and diluted loss per share has been calculated as follows:

	30 June 2024	30 June 2023
	(\$)	(\$)
Net loss after tax	(4,261,231)	(9,360,355)
Basic and diluted weighted average number of common shares	45,587,056	45,563,056
Basic and diluted net loss per share	(0.09)	(0.21)

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised inclusive of the hypothetical conversion of the debt increasing the dilution and increasing the income due to the add back of financing costs as part of the calculation at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. There are no contingent assets and liabilities recognized and no contingent items impacted the calculation of basic and diluted loss per share.

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22. Loss per share (continued)

As at the year ended 30 June 2024, the basic and diluted weighted average number of common shares is 45,587,056 (30 June 2023 – 45,563,056). The basic and diluted net loss per share is \$0.09 for the year ended 30 June 2024 (30 June 2023 - \$0.21)

23. Related party transactions

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

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

	30 June 2024	30 June 2023
	(\$)	(\$)
Salaries	4,198,704	4,250,156
Consulting fees including reimbursements at cost	276,089	644,261
Director's fees	406,907	280,435
Share-based compensation	183,362	294,213
Total	5,065,062	5,469,065

Key management personnel were not paid post-employment benefits, termination benefits, or other (non share-based) long-term benefits during the year ended 30 June 2024 (2023: nil)

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

	30 June 2024	30 June 2023
	(\$)	(\$)
Proceeds from loans for trade working capital ⁽¹⁾	18,926,676	15,297,567
Repayment of loans for trade working capital ⁽¹⁾	(17,981,491)	(15,297,567)
Proceeds from convertible note for trading working capital ⁽⁴⁾	1,407,286	
Proceeds of cryptocurrency loans for trade working capital ⁽²⁾	-	231,511
Repayments of cryptocurrency loans for trade working capital ⁽²⁾	-	(231,511)
Interest paid to related parties ⁽¹⁾	(499,111)	(139,108)
Purchase of cryptocurrencies (transaction value)	1,293,647	16,113
Sale of cryptocurrencies (transaction value) ⁽³⁾	-	7,385,802
Payment for cryptocurrencies (transaction value) ⁽³⁾	-	(7,385,802)
Total	3,147,007	(122,995)

⁽¹⁾ The loans were received from directors of the Company. Refer to Note 12.

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

⁽³⁾ Sale and payment of cryptocurrencies is the purchase of cryptocurrency from Apollo capital which is a Company controlled by a Director of the Company. The cryptocurrency was converted to Fiat and used to settle the transaction on an agency basis.

⁽⁴⁾ The convertible notes were issued to related parties. Refer to Note 12.

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23. Related party transactions (continued)

(c) As at 30 June 2024, included in trade and other payables is a balance of \$Nil (30 June 2023: \$23,927) payable to related parties as follows:

	30 June 2024	30 June 2023
	(\$)	(\$)
Officers of the Company	-	23,927
Total	-	23,927

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

Classification of financial instruments

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

	30 June 2024	30 June 2023
	(\$)	(\$)
Financial assets at Amortised cost		
Cash	2,028,753	8,258,814
Trade and other receivables	8,640,212	3,638,876
Financial assets at FVTPL		
Trade and other receivables	458,969	164,948
Total	11,127,934	12,062,638
Financial assets at FVTPL		
Other Investments	712,500	712,500
Total financial assets	11,840,434	12,775,138

	30 June 2024	30 June 2023
	(\$)	(\$)
Financial liabilities at amortised cost		
Trade and other payables	6,796,890	8,331,456
Convertible notes	5,628,597	3,501,334
Borrowings	5,775,887	5,242,796
Financial liabilities at FVTPL		
Derivative liability	-	49,326
Total	18,201,374	17,124,912

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

Risk management policy

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

Credit risk

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

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

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

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

As at 30 June 2024, the Company held receivables from trading exchanges of \$458,969 (30 June 2023: \$164,948) together with payment gateway receivables of \$8,964,215 (30 June 2023: \$3,719,571). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

Credit risk Exposure	30 June 2024	30 June 2023
	\$	\$
Receivables from trade exchanges	458,969	164,948
Payment gateway receivables	8,964,215	3,719,571
Total Assets	9,423,184	3,884,519

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

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

and, with regard to over-the-counter counterparties, on which the Company has performed the relevant AML and KYC procedures. As of each reporting period, the Company assesses if there may be expected credit losses requiring a provision.

While the Company intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Company will not sustain a material loss on the transaction as a result. As of 30 June 2024, the Company does not expect any material unprovided loss of any of its digital assets.

Liquidity risk

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

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

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

30 June 2024	2025	2026	2027	2028	Thereafter
	\$	\$	\$	\$	\$
Commitment - operational					
Trade payables	841,844	-	-	-	-
Accrued wages and other	195,898	-	-	-	-
Other payables	1,637,907	-	-	-	-
Accrued expenses	3,289,470	-	-	-	-
GST Payable	831,771	-	-	-	-
Commitments - other					
Short term borrowings	5,775,887	-	-	-	-
Lease payments	443,239	-	-	-	-
Total contractual obligations	13,016,016	-	-	-	-
30 June 2023	2024	2025	2026	2027	Thereafter
	\$	\$	\$	\$	\$
Commitment - operational					
Trade payables	1,156,255	-	-	-	-
Accrued wages and other	262,539	-	-	-	-
Other Payables	4,503,250	-	-	-	-
Accrued Expenses	2,409,412	-	-	-	-
Commitments - other					
Short term borrowings	5,242,796	-	-	-	-
Lease payments	466,160	406,302	-	-	-
Total contractual obligations	14,040,412	406,302	-	-	-

Convertible notes are excluded from the liquidity risk because the conversion price was CAD \$0.80 at year-end, while the share price on June 30, 2024, was only CAD \$0.57. Therefore, it is highly unlikely that any holders would choose to convert these notes.

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

Market risk

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

Interest rate risk

The Company's has \$5,775,887 debt outstanding at 30 June 2024 that is exposed to interest rate risk of \$288,795 if the interest rate changed at +/-5%. (30 June 2023: \$262,130).

Foreign currency risk

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

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

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

	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consolidated	\$	\$	\$	\$
US Dollars	3,737,634	3,953,745	5,476,605	61,266
Euros	7,824,186	5,826,695	5,695,557	2,605,726
Pound sterling	-	182,478	91,726	3,439
Singapore Dollar	105	-	104	-
Canadian Dollars	170,545	271,128	1,793,127	4,032,381
Turkish Lira	244,504	402,511	-	30,158
	11,976,974	10,636,557	13,057,119	6,732,970

The Company had net liabilities denominated in foreign currencies of \$1,080,145 (assets of \$11,976,974 less liabilities of \$13,057,119) as at 30 June 2024 (30 June 2023: net assets of \$3,903,587 (assets of \$10,636,557 less liabilities of \$6,732,970)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2023: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Company's loss before tax for the year would have been \$108,015 lower/\$108,015 higher (2023: \$390,359 lower/\$390,359 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The realized foreign exchange loss for the year ended 30 June 2024 was \$1,933,577 (2023: loss of \$654,437).

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

Digital asset risks

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

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

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

Price risk relating to digital assets

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

Capital management

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

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25. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
30 June 2024	\$	\$	\$	\$
<i>Assets</i>				
Cryptocurrency inventories	-	348,255	-	348,255
Receivables from trading exchanges held in cryptocurrency and Tether	-	458,969	-	458,969
Other investment	-	-	712,500	712,500
Total Assets	-	807,224	712,500	1,519,724
<i>Liabilities</i>				
Derivative liability	-	-	-	-
Total Liabilities	-	-	-	-

	Level 1	Level 2	Level 3	Total
30 June 2023	\$	\$	\$	\$
<i>Assets</i>				
Cryptocurrency inventories	-	183,992	-	183,992
Receivables from trading exchanges held in cryptocurrency and Tether	-	190,017	-	190,017
Other investment	-	-	712,500	712,500
Total Assets	-	374,009	712,500	1,086,509
<i>Liabilities</i>				
Derivative liability	-	48,231	-	48,231
Total Liabilities	-	48,231	-	48,231

There were no transfers between levels during the financial year.

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

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

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25. Fair value measurement (continued)

Receivables from trading exchanges in cryptocurrencies and Tether (note 4.2) and inventories (note 5) [collectively, the “digital assets”] are measured at fair value using Level 2 inputs. Digital asset prices are affected by various global forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the Company is impacted by the current and future market price of digital assets; in addition, the Company may not be able to liquidate its cryptocurrency inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company’s future operations. The Company has not hedged the conversion of any its digital currency sales. Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. For the year ended 30 June 2024, management’s estimate of the effect on loss before tax of a +/- 15% (2023: 15%) change in the market price of the Company’s digital assets, with all other variables held constant, is +/- \$227,959 (2023: +/- \$162,976).

26. Segmented Information

The Company conducts its business as a single operating segment. The Company maintains offices in Australia, North America, and Europe. Revenue by geographic region is included in note 18. The following table summarizes the Company’s assets and liabilities information by geographic region.

As at 30 June 2024:

	Australia	North America	Europe	Total
	\$	\$	\$	\$
Cash	676,275	279,778	1,072,700	2,028,753
Trade and other receivables	2,740,751	(50,300)	6,408,730	9,099,181
Inventories	348,255	-	-	348,255
Prepays	254,677	246,955	-	501,632
Property and Equipment	184,594	-	-	184,594
Right-of-use assets	246,888	-	-	246,888
Goodwill	151,643	-	-	151,643
Other deposits	252,900	759,458	-	1,012,358
Other assets	712,500	-	-	712,500
Defer tax asset	31,190	112,591	2,486	146,267
Total assets	5,599,673	1,348,482	7,483,916	14,432,071
Trade and other payables	4,406,767	1,509,603	880,520	6,796,890
Current tax liabilities	70,050	(129,911)	739,494	679,633
Provisions and other liabilities	5,666,948	5,630,046	1,038,622	12,335,616
Lease liability	430,820	-	-	430,820
Total liabilities	10,574,585	7,009,738	2,658,636	20,242,959

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26. Segmented Information (continued)

As at 30 June 2023:

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

27. Contingent liabilities

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

There are no contingent liabilities as at 30 June 2024 and 2023 and there are no outstanding litigations at the year-end that will give rise to contingent liability.

28. Subsequent events

After the reporting date of June 30, 2024, but before the issuance of these financial statements on 22 October 2024, the Company disposed of one of its subsidiaries, BNXA TEKNOLOJİ ANONİM ŞİRKETİ. The subsidiary, BNXA TEKNOLOJİ ANONİM ŞİRKETİ, was sold to Trek Labs Australia PTY Ltd on July 31, 2024. The gain on disposal amounted to \$170,609 which is recorded in the subsequent period. This is not material in relation to the consolidated financial statements for the year ended June 30, 2024. This amount will correctly be recorded during 2025 as a gain on disposal and the carrying value of investments will be reduced as a result of the sale.