

BANXA HOLDINGS INC

(formerly A-Labs Capital I Corp)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

31 MARCH 2021 AND 2020

(EXPRESSED IN AUSTRALIAN DOLLARS)

(UNAUDITED)

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Financial Position

As at 31 March 2021 and 30 June 2020

(Expressed in Australian Dollars)

(Unaudited)

As at	Notes	31 March 2021	30 June 2020 (audited)
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		9,789,631	2,067,304
Trade and other receivables	5	565,491	761,766
Inventories	6	524,629	33,059
Prepays	7	942,423	3,631
Deposits	8	7,293,022	1,029,887
Total current assets		19,115,196	3,895,647
Intangible assets – goodwill		151,643	151,643
Equipment		9,530	5,712
Total assets		19,276,369	4,053,002
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	9	4,307,679	1,493,313
Borrowings	10	2,057,097	90,875
Income Tax		1,312,924	209,812
Employee Benefits		206,741	63,791
Deferred Consideration	11	-	500,000
Unissued units		4,457,075	-
Total current liabilities		12,341,516	2,357,791

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Financial Position

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(Expressed in Australian Dollars)

(Unaudited)

Borrowings	10	446,599	446,599
Employee Benefits		34,419	22,401
Total liabilities		12,822,534	2,826,791
<hr/>			
Equity			
Share capital	12	12,902,230	6,523,314
Contributed surplus		1,545,808	6,848
Foreign currency translation reserve		(356,324)	54,386
Accumulated losses		(7,637,879)	(5,358,337)
Total equity		6,453,835	1,226,211
Total equity and liabilities		19,276,369	4,053,002

Nature of operations (note 1)

Subsequent events (note 22)

Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 26 May 2021.

(Signed) " D. Carosa "

Chairman

(Signed) " J. Landau "

Non-executive director

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

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three and nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

		Three months ended	Three months ended	Nine months ended	Nine months ended
	Notes	31 March 2021	31 March 2020	31 March 2021	31 March 2020
		\$	\$	\$	\$
REVENUE					
Revenue	15	21,014,937	1,330,908	28,414,218	4,639,495
Cost of sales		14,964,362	561,394	20,207,677	3,159,013
Gross profit		6,050,575	769,514	8,206,541	1,480,482
Operating expenses					
Salary expense		1,816,034	632,067	3,767,449	1,716,234
Amortization and depreciation	19	9,243	154,869	25,418	464,608
Share based compensation	13	1,117,860	-	1,218,501	-
General and administration	19	3,091,475	560,138	4,621,621	1,415,312
Total operating expenses		6,034,612	1,347,074	9,632,989	3,596,154
Income (Loss) from operations before other items and income taxes		15,963	(577,560)	(1,426,448)	(2,115,672)
Other items					
Gain on fair value of inventory	6	380,364	-	2,744,986	-
Other income		415,510	30	672,436	1,009
Foreign exchange gains/ (losses)		(584,211)	(57,509)	200,823	(58,913)
Finance expense	19	(399,123)	-	(580,826)	-
Listing expense	4	-	-	(2,690,513)	-
Total other items		(187,460)	(57,479)	346,906	(57,904)

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three and nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

Loss before tax	(171,497)	(635,039)	(1,079,542)	(2,173,576)
Income tax expense	(1,200,000)	-	(1,200,000)	(347,791)
Net loss for the period	(1,371,497)	(635,039)	(2,279,542)	(2,521,367)

Other comprehensive income/ (loss)

Items that may be reclassified to profit or loss

Foreign currency translation	(366,841)	-	(410,710)	(8,998)
Total other comprehensive income/ (loss)	(366,841)	-	(410,710)	(8,998)
Total comprehensive loss for the period	(1,738,338)	(635,039)	(2,690,252)	(2,530,365)

Income/ (loss) per share

Basic	16	(0.03)	(0.02)	(0.06)	(0.09)
Diluted	16	(0.03)	(0.02)	(0.06)	(0.09)

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

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended 31 March 2021 and 31 March 2020

(Expressed in Australian Dollars)

(Unaudited)

	Number of common shares	Share capital	Foreign currency translation reserve	Contributed surplus	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
Balances, 30 June 2019	16,425	2,923,744	2,172	-	(1,223,334)	1,702,582
Other comprehensive loss	-	-	(8,998)	-	-	(8,998)
Loss for the period	-	-	-	-	(2,521,367)	(2,521,367)
Total comprehensive loss for the period	-	-	(8,998)	-	(2,521,367)	(2,530,365)
<i>Transactions with owners in their capacity of owners:</i>						
Private placement	2,037	2,742,689	-	-	-	2,742,689
Prepaid shares	-	333,298	-	-	-	333,298
Share issuance costs	-	(369,696)	-	-	-	(369,696)
Balances, 31 March 2020	18,462	5,630,035	(6,826)	-	(3,744,701)	1,878,508

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended 31 March 2021 and 31 March 2020

(Expressed in Australian Dollars)

(Unaudited)

Balances, 30 June 2020	19,066	6,523,314	54,386	6,848	(5,358,337)	1,226,211
Other comprehensive income/ (loss)	-	-	(410,710)	-	-	(410,710)
Loss for the period	-	-	-	-	(2,279,542)	(2,279,542)
Total comprehensive loss for the period	-	-	(410,710)	-	(2,279,542)	(2,690,252)

Transactions with owners in their capacity of owners:

Pre-RTO shares issued for:

Private placement	334	517,700	-	-	-	517,700
Acquisition consideration	55	100,375	-	-	-	100,375
Subscription receipts	2,316	4,226,700	-	-	-	4,226,700
Conversion of prepaid shares (refer note 12 c)	274	-	-	-	-	-

Recapitalization transaction:

Total BTC shares originally issued	(22,045)	-	-	-	-	-
Issuance of resulting issuer shares	38,314,204	-	-	-	-	-

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended 31 March 2021 and 31 March 2020

(Expressed in Australian Dollars)

(Unaudited)

Reverse takeover ("RTO") issuance	1,200,000	1,220,160	-	-	-	1,220,160
Stock options issued pursuant to RTO	-	-	-	108,914	-	108,914
Shares issued to advisors	1,196,500	1,216,601	-	-	-	1,216,601
Warrants issued to advisors (note 14)	-	(50,728)	-	50,728	-	-
<u>Other:</u>						
Share-based compensation	-	-	-	1,200,733	-	1,200,733
Share issuance costs	-	(893,281)	-	-	-	(893,281)
Share-based finance charge	-	-	-	178,585	-	178,585
Exercise of ESOP options	48,000	22,893	-	-	-	22,893
Exercise of warrants	17,467	18,496	-	-	-	18,496
Balances, 31 March 2021	40,776,171	12,902,230	(356,324)	1,545,808	(7,637,879)	6,453,835

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

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Changes in Cash Flows

For the nine months ended 31 March 2021 and 31 March 2020

(Expressed in Australian Dollars)

(Unaudited)

Nine months ended	Notes	31 March 2021	31 March 2020
		\$	\$
OPERATING ACTIVITIES			
Loss for the period		(2,279,542)	(2,521,367)
Adjustment for:			
Amortization and depreciation		25,418	464,608
Share-based compensation		1,218,501	-
Share-based finance charges		178,585	-
Deferred tax		-	347,791
TSX Listing Cost		2,690,513	-
Changes in operating working capital:			
Decrease (increase) in trade debtors		(785,534)	(19,815)
Decrease (increase) in inventory		(491,570)	80,465
Decrease (increase) in other		1,333,292	(426,259)
Decrease (increase) in prepaid expenses		(938,793)	155,537
Decrease (increase) in deposits		(6,663,204)	-
Increase (decrease) in income tax payable		1,103,112	(110,941)
Increase (decrease) in trade and other payables		2,582,388	363,005
<hr/>			
Cash used in operating activities		(2,026,834)	(1,666,976)
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INVESTING ACTIVITIES			
Intangible assets		-	(49,116)
Payment for acquisitions net of cash acquired		111,047	-
Payment of deferred consideration		(399,625)	-
Equipment		(29,236)	-

Banxa Holdings Inc

Condensed Interim Consolidated Statements of Changes in Cash Flows

For the nine months ended 31 March 2021 and 31 March 2020

(Expressed in Australian Dollars)

(Unaudited)

Net advances to director-related entity pre-acquisition	(82,254)	(1,261,356)
Cash used in investing activities	(400,068)	(1,310,472)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares (net of costs)	3,725,932	2,706,291
Increase (repayment) of credit card borrowings	26,222	(9,148)
Proceeds from unissued units	4,457,075	-
Repayment of loan from related party	(60,000)	-
Proceeds from unsecured borrowings	2,000,000	-
Cash provided by financing activities	10,149,229	2,697,143
Increase/ (decrease) in cash	7,722,327	(280,305)
Cash, beginning of period	2,067,304	1,130,290
Cash, end of period	9,789,631	849,985

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

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

1. Nature of operations

Banxa Holdings Inc. (the “Company” or “BNXA”), incorporated as A-Labs Capital I Corp (“ALBS”), 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. A-Labs issued additional shares which were exchanged with 100% of the shares of BTC. Following this transaction, Banxa and its subsidiaries (“the Consolidated entity”) are deemed to be a continuation of BTC’s operations. Concurrent with the closing of the acquisition on 23 December 2020, the Company changed its name to Banxa Holdings Inc. and effected a change in directors, management and business.

The Company’s principal business activity is:

- Operation of websites allowing customers to purchase or sell crypto currencies; and
- Sourcing and purchase of cryptocurrencies on behalf of the customers.

The head office is located in Melbourne, Australia at 44 Gwynne St, Level 4, Cremorne, Victoria.

The registered office of the Company is located at 595 Howe St 10th floor, Vancouver, BC V6C 2T5.

2. Liquidity and Financial Condition

These condensed 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. These unaudited condensed consolidated financial statements do not give effect to adjustments or disclosures that would be necessary should the Consolidated entity be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these condensed consolidated financial statements.

The Consolidated entity incurred a loss of \$2,279,542 and had net cash outflows from operating activities of \$2,026,834 for the nine-month period ended 31 March 2021. The Consolidated entity has historically incurred losses, as well as reported net cash outflows from operating activities. As disclosed in note 22 to

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

the financial statements, in April 2021 the Consolidated entity completed a private placement offering for the issuance of 3,749,552 units (comprising 3,749,522 common shares and 1,874,776 warrants, at a price of \$C 4.00 per unit, resulting in gross proceeds of \$15,635,495 (\$C 14,998,208).

The Directors have considered the net working capital position, which include cash and cash equivalents of \$9,789,631, of the Consolidated entity as at 31 March 2021 amounting to \$6,773,860 and reviewed the cashflow forecasts for a period in excess of 12 months from the signing of this financial report, and believe the Consolidated entity has the ability to meet its debts as and when they fall due. The cashflow forecasts assumes that the level of volume of cryptocurrency transactions trade in the platform will continue to increase, driven by the Bitcoin price, as well as the significant increase in the market the Consolidated entity has already leveraged in the last 12 months. Should the actual level of trade transactions not be achieved, and the Directors assess necessary, the Consolidated entity has the ability to raise further capital.

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

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

3. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS's issued and outstanding as of xx May 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended 30 June 2020.

Basis of preparation

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual reports of Banxa Holdings Inc (formerly A-Labs Capital I Corp) and BTC Corporation Holdings for the year ended 31 December 2019 and 30 June 2020 respectively.

The Consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

Historical cost convention

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

- 1 Inventory which is recognised and subsequently measured at fair value less costs to sell, as explained in notes 6. Changes in fair value less cost to sell of inventory are recognised in profit or loss.
- 2 Stock-based compensation,
- 3 Derivative warrant liabilities, and

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

4 Digital currency deposits.

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

Functional currency

The presentation currency and the functional currency of the Consolidated entity is Australian Dollars (“AUD”).

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statement of loss and comprehensive loss.

1. Significant accounting policies (continued)

Significant accounting judgments and estimates

The preparation of these Consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates, which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

In the application of the Consolidated entity’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Consolidated entity is

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Consolidated entity's profit or loss and financial position as currently presented.

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

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

1. Digital currency Inventory is measured at fair value, less costs to sell. The digital currency market is still a relatively new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices of digital currencies may have a significant impact on the Consolidated entity's earnings and financial position.
 2. Digital currency denominated assets (Note 8) are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the daily average from <https://cryptocurrencycharts.info>. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Consolidated entity's results and financial position.
 3. The analysis of the functional currency for each entity within the Consolidated entity. Management considered the currency which influences sale prices for goods and services and the currency of the country whose competitive forces and regulations determine sale prices.
 4. Assumptions are made and judgment is used in calculating the fair value of stock options and warrants using the Black-Scholes option pricing models. These assumptions and judgments include estimating the fair value of the Consolidated entity's stock, future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
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1. Significant accounting policies (continued)

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

Significant accounting judgments and estimates (continued)

2. Significant judgment is required in determining the provision for income taxes. Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Consolidated entity reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.
3. In addition, the Consolidated entity recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. Unrecognized deferred tax assets are re-assessed at each reporting date and will be recognized when it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.
4. the estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties;
5. Determination of Principal vs Agent consideration: Management has used the following key definitions in distinguishing between sales as principal and agent: 1) Principal, the party that controls the goods and services before they are transferred to customers. 2) Agent, the party that arranges for the goods or services to be provided by another party without taking control over those goods and services. Management has applied judgement to determine the portion of transactions that were conducted as principal. Refer additional detail included in note 15.
1. Provision for recoverability, of digital currency deposits; and
2. Provision for legal claims; A provision has been made for the present value of anticipated costs for legal settlements. The calculation of this provision requires assumptions such as the number of unresolved payment disputes during each reporting period that will advance to legal refund demands or be referred

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Notes to Condensed Interim Consolidated Statements

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to police investigation. The provision recognised for each operating subsidiary is periodically reviewed and updated based on the facts and circumstances available at the time.

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Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

1. Significant accounting policies (continued)

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company owns:

Name	Country of incorporation	% Equity interest at	
		31 Mar 2021	30 June 2020
BTC Corporation Holdings Pty Ltd	Australia	100.00%	100.00%
BC Cloud Mining Pty Ltd	Australia	100.00%	100.00%
Global Internet Ventures Pty Ltd	Australia	100.00%	100.00%
Global Internet Ventures Limited (UK)	United Kingdom	100.00%	100.00%
Richmond Internet Ventures Corporation	Canada	100.00%	na
Internet SG Ventures Pte Ltd	Singapore	100.00%	na
Banxa.com Pty Ltd	Australia	100.00%	100.00%
RhinoLoft Pty Ltd	Australia	100.00%	100.00%
EU Internet Ventures B.V.	The Netherlands	100.00%	100.00%
BTC Sing SPV Pte Ltd	Singapore	100.00%	100.00%
LT Internet Ventures UAB	Lithuania	100.00%	na

Transactions eliminated upon consolidation

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

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(Expressed in Australian Dollars)

(Unaudited)

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the unaudited condensed interim consolidated financial statements.

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

2. Reverse Takeover

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

	%
Previous shareholders of BTC	94.1
Previous shareholders of A-Labs	3.0
Shares issued to arrangers	2.9

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

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* since A-Labs, prior to the RTO, did not constitute a business. The RTO is accounted for in accordance with IFRS 2 *Share-based Payments* whereby BTC is deemed to have issued shares in exchange for the net assets in exchange for the net assets of A-Labs together with its TSX-V listing status at the fair value of the consideration received by BTC.

Accordingly, these accounts have been prepared as follows:

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

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(Unaudited)

The fair value of the 1,200,000 common shares issued was determined to be \$CAD 1.00 per share	1,220,160
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The fair value of all the consideration given was as follows:	
1,200,000 common shares of the Company	1,220,160
162,857 options of the Company	108,914
	1,329,074
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The listing transaction expense was determined as follows:	
Trade and other payables acquired	144,838
Charge related to the public company listing -equity issue	1,329,074
Arranger fees -equity issue	1,216,601
Total Listing expense	2,690,513

2. Trade and other receivables

	As at 31 March 2021	As at 30 June 2020
	\$	\$
Payment gateway receivables	1,464,691	713,328
Allowance for expected credit losses	(1,010,695)	-
Other	4,375	10,000
GST receivable	107,120	38,438

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

Total	565,491	761,766
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3. Inventories

	As at 31 March 2021	As at 30 June 2020
	\$	\$
Crypto currency held for resale	524,629	33,059

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

Other Revenues for the nine-month period ended 31 March 2021 include a gain on fair value re-measurement of \$2,744,986.

4. Prepays

	As at 31 March 2021	As at 30 June 2020
	\$	\$
Capital raising fees	425,000	-
Insurance	90,000	-
Consultancy fees	211,180	-
Other operational prepayments	216,243	3,631
Total	942,423	3,631

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5. Deposits

Deposits are comprised of digital currencies and fiat held at exchanges or with custodians. Management considers this fair value to be a Level 2 input under IFRS 13 *Fair Value Measurement* fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The Company is relying on the data available to be an accurate representation of the closing price for the digital currency.

As at 31 March 2021 and 30 June 2020, digital currency and fiat held at exchanges, or with custodians, consisted of the following digital assets:

	As at 31 March 2021		As at 30 June 2020	
	Number of coins held	Value	Number of coins held	Value
		\$		\$
Digital currencies and fiat held at exchanges or with custodian				
Cash deposits	N/A	4,870,752	N/A	606,689
Tether deposits	N/A	2,822,339	N/A	423,198
Total Digital currencies and fiat held at exchanges or with custodian		7,693,091		1,029,887
Provision for collectability		(400,069)		-
Net deposits		7,293,022		1,029,887

Deposits with trading exchanges are made to facilitate the consolidated entity's ability to transact more efficiently at various trading volumes. Deposits with trading exchanges held in crypto currency are measured at fair value less cost to sell, in accordance with the consolidated entity's accounting policy for crypto currencies and in accordance with IAS 2 *Inventories*.

6. Trade and other payables

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	As at 31 March 2021	As at 30 June 2020
	\$	\$
Trade payables	1,421,461	707,057
Other payables and accruals	1,980,578	571,487
Accrued interest	152,656	6,773
Other payables	75,910	78,061
Employee withholdings payable	214,053	123,196
Provision for legal settlements	463,021	-
Payment provider liabilities	-	6,739
Total	4,307,679	1,493,313

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7. Borrowings

	As at 31 March 2021	As at 30 June 2020
	\$	\$
Loans from directors – unsecured, non-interest bearing (note 17(b))	-	60,000
Credit card	57,097	30,875
Short-term unsecured loans	2,000,000	-
Total	2,057,097	90,875

The short-term unsecured loans bear an interest rate of 20% per annum. The borrowers were also provided certain warrants (see note 14) as part of a facility extension. Subsequent to the period end the loan was fully repaid.

	As at 31 March 2021	As at 30 June 2020
	\$	\$
Convertible Note	446,599	446,599

The convertible note value of \$446,599 includes a \$76,698 derivative component and a \$369,901 non-derivative component. Notes were issued for \$446,599 (\$C 419,000) on 15 June 2020 at an issue price of \$C 1.00 per note. Each note entitles the holder, at the holder's discretion, to convert to one common share at a cost of \$CAD 0.85 per share.

The convertible notes are non-transferable, bear compounding interest at a rate of 12% per annum, and have a maturity date of 22 July 2022. At the maturity date, the convertible notes still outstanding will automatically convert into common shares of the Company at \$CAD0.85. Consequently, up to 492,941 common shares are issuable upon conversion.

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As the notes are denominated in a foreign currency, no amount of the financing can be considered equity.

8. Deferred Consideration

	As at 31 March 2021	As at June 30, 2020
	\$	\$
Deferred consideration	-	500,000

During the nine-month period ended 31 March 2021, the Consolidated entity repaid \$100,375 of the deferred consideration via issue of common shares (refer note 12). The remaining amount was paid in cash.

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9. Share capital

1. 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.

2. Common shares issued

As detailed in note 4, the consolidated entity reflects the effects of a reverse takeover between BTC Corporation Holdings Pty Ltd (“BTC”) and Banxa Holdings Inc (formerly A-Labs Capital I Corp, or “A-Labs”) on 23 December 2020. Accordingly, the balance in Equity represents the continuing equity balance of BTC prior to its takeover of A-Labs, together with common share transactions arising from, and subsequent to, the RTO transaction, as summarized below:

Common shares issued as consideration to BTC shareholders	38,314,204
Common shares attributable to pre-transaction A-Labs shareholders	1,200,000
Common shares issued to arrangers and advisers	1,196,500
ESOP options exercised	48,000
Warrants exercised	17,467
Number of common shares 31 March 2021	40,776,171

Opening balance of BTC equity 30 June 2020	\$ 6,523,314
Capital raised during the period by BTC	4,744,400
Shares issued by BTC in respect of acquisition payment	100,375
Share issues included in Listing Expenses	2,436,761
Share issue costs	(944,009)
ESOP options exercised	22,893
Warrants exercised	18,496
Total 31 March 2021	\$ 12,902,230

3. Prepaid shares

Amounts described in the Condensed Interim Consolidated Statements of Changes in Equity as “Prepaid shares” represent amounts received during the period to 31 December 2019 as part of a share subscription agreement with multiple investors in Singapore, for which 274 preference shares of special-purpose vehicle BTC Sing SPV Pte Ltd were issued. In December 2020, a total of 274 ordinary shares of BTC were issued to replace these preference shares.

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4. 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. The aggregate maximum number of common shares issuable under the plan is 4,075,870 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 period ended 31 March 2021 and year ended 30 June 2020:

	31 March 2021		30 June 2020	
	Number of options	Weighted- average exercise price (\$C)	Number of options	Weighted- average exercise price (\$CAD)
Outstanding, beginning of period	-	-	-	-
Granted	3,946,745	\$1.04	-	-
Expired	-	-	-	-
Exercised	(48,000)			
Cancelled	-	-	-	-
Outstanding, end of period	3,898,745	\$1.04	-	-

On 23 December 2020, the Company granted 3,746,745 share options to various consultants, directors and officers of the Company. 3,583,888 share options have an exercise price of \$C 1.00 per share and expire on 22 December 2025. 120,000 share options have an exercise price of \$C 0.47 per share and expire on 31 October 2023. 42,857 share options have an exercise price of \$C 0.47 per share and expire on 1 May 2021. The fair value of these options was determined as \$ 209,555 (presented as a share-based payment of \$100,641 with \$108,914, representing legacy A-Labs entitlements, included in the determination of Listing Expense in note 4) using the Black-Scholes option pricing model with the following weighted average assumptions:

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On 25 February 2021, the Company granted 200,000 share options to officers and staff of the Company. The options have an exercise price of \$C 2.15 per share and expire on 24 February 2026. 100,000 of these options were granted to an executive and have been included in related party transactions. The fair value of these options was determined as \$ 96,009 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.19 - 0.93%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	125%

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1. Stock options (continued)

The following table summarizes information regarding share options outstanding and exercisable as at 31 March 2021:

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price (\$CAD)	Weighted-average exercise price -vested (\$CAD)
1 May 2021	42,857	42,857	0.08	\$0.47	0.47
31 October 2023	72,000	72,000	2.59	\$0.47	0.47
22 December 2025	3,583,888	456,736	4.73	\$1.00	1.00
24 February 2026	200,000	-	4.91	\$2.15	2.15
Total	3,898,745	571,593	4.65	\$1.04	0.89

14. Warrants

The following is a summary of the changes in the Company's share purchase warrants for the period ended 31 March 2021 and year ended 30 June 2020:

	31 March 2021		30 June 2020	
	Number of warrants	Weighted- average exercise price (\$CAD)	Number of warrants	Weighted- average exercise price (\$CAD)
Outstanding, beginning of period	-	-	-	-
Granted	714,601	\$1.16	-	-
Exercised	(17,467)	-	-	-
Expired	-	-	-	-

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14. Warrants

On 25 February 2021, 100,000 share purchase warrants were granted to an unsecured loan provider. Each warrant entitles the holder to acquire one common share in the Company at \$CAD 2.20 per share until 24 February 2022. The fair value of these warrants was determined as \$178,585 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.21 - 0.32%
Expected term (in years)	2
Estimated dividend yield	0%
Weighted-average estimated volatility	125%

An amount of \$178,585 has been included as a share-based finance charge in the current period.

During the quarter ending 31 March 2021, 17,467 warrants were exercised for proceeds of \$18,496.

1. Revenue

	Three months ended		Nine months ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	\$	\$	\$	\$
Sales revenue				
Sale of cryptocurrencies	7,697,795	919,918	11,620,433	3,343,653
Integration revenue	36,429	-	146,616	-
Commissions and Spread from services	13,280,713	410,990	16,647,169	1,295,842
Total sales revenue	21,014,937	1,330,908	28,414,218	4,639,495

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Geographical regions

Australia	9,864,611	1,330,908	12,966,126	4,639,495
North America	1,981,291	-	1,981,291	-
Europe	9,169,035	-	13,466,801	-
Total sales revenue	21,014,937	1,330,908	28,414,218	4,639,495

Timing of revenue recognition

Cryptocurrencies transferred at a point in time	7,697,795	919,918	11,620,433	3,343,653
Service transferred over time	36,429	-	146,616	-
Service transferred at a point in time	13,280,713	410,990	16,647,169	1,295,842
Total sales revenue	21,014,937	1,330,908	28,414,218	4,639,495

During the nine-month period, the Consolidated entity has changed its process for classifying the amount of spread earned on agency transactions. This change in accounting estimate was the result new information now available, following continued improvements to internal reporting systems, to determine to the allocation of spread income (\$10,531,777 for the three months ending 31 March 2021). Prior to 1 January 2021, the agency spread amount was determined by applying an estimated percentage to total agency transactions. The change in accounting estimate has not been retrospectively adjusted for periods prior to 1 January 2021. It is not practical to determine the impact on future periods of the change in estimate.

1. Loss per share

For the three and nine months ended 31 March 2021, basic and diluted loss per share has been calculated as follows:

	Three months ended		Three months	Nine months
	31 March 2020	31 March 2021	ended	ended
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Net loss	\$ (1,371,497)	\$ (635,039)	\$ (2,279,542)	\$ (2,521,367)
Basic weighted average number of common shares	40,731,263	30,879,284	36,133,038	29,589,805
Diluted weighted average number of common shares	40,731,263	30,879,284	36,133,038	29,585,809
Basic net income/ (loss) per share	\$ (0.03)	\$ (0.02)	\$ (0.06)	\$ (0.09)
Diluted net income/ (loss) per share	\$ (0.03)	\$ (0.02)	\$ (0.06)	\$ (0.09)

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The calculation of weighted average number of shares has been adjusted retrospectively for the effects of the equity recapitalization associated with the reverse takeover, refer note 12. Diluted loss per share did not include the effect of the following as they are anti-dilutive:

	As at 31 March 2021	As at 31 March 2020
Common stock options	3,898,745	-
Warrants for the purchase of common stock	696,954	-
Convertible notes	492,941	-
Total	5,088,640	-

2. 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.

1. Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended 31 March 2021	Three months ended 31 March 2020	Three months ended 31 March 2021	Three months ended 31 March 2020
	\$	\$	\$	\$
Salaries	350,709	172,147	824,514	426,297
Consulting fees including reimbursements at cost	144,094	180,027	403,571	627,373
Director fees	81,788	36,000	153,788	92,250
Share-based compensation	778,503	-	852,856	-
Total Remuneration	1,355,094	388,174	2,234,729	1,145,920

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and nine months ended 31 March 2021 and 2020.

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1. Related party transactions

2. The Company entered into the following transactions with related parties:

	Three months ended 31 March 2021	Three months ended 31 March 2020	Three months ended 31 March 2021	Three months ended 31 March 2020
	\$	\$	\$	\$
Issue of arranger shares	-	-	722,945	-
Repayment of loans	(580,000)	-	60,000	-
Payment of acquisition consideration	-	-	17	-
Advances of cryptocurrency	-	-	493,608	-
Repayments of cryptocurrency loans	(493,608)	-	(493,608)	-
Pre-acquisition loans to related party acquisitions	-	-	82,254	1,503,110
Rental payments at cost	41,277	15,527	84,259	62,107
Purchase of Bitcoin for resale	-	67,014	-	67,014

As at 31 March 2021, included in Borrowings is a balance of \$nil (30 June 2020: \$60,000) payable to related parties as follows:

	As at 31 March 2021	As at 30 June 2020
	\$	\$
Directors of the company	-	60,000
Total Borrowings to related parties	-	60,000

As at 31 March 2021, included in Trade and Other Payables is a balance of \$171,455 (30 June 2020: \$54,242) payable to related parties as follows:

	As at 31 March 2021	As at 30 June 2020
	\$	\$

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Directors of the company	135,945	33,997
Officers of the company	10,689	10,818
Employees of the company	24,821	9,427
Total Trade and Other Payables to related parties	171,455	54,242

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3. Nature and extent of risk arising from financial instruments

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

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

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

There is a liquidity management function within the business, which on a daily or more frequent basis manages and monitors the trading activities and volumes associated with amounts deposited with trading exchanges.

The consolidated entity limits its credit risk by placing its crypto currencies with crypto-exchanges ("trading exchanges") on which the consolidated entity has performed internal due diligence procedures. The consolidated entity deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients' assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions or the existence of period end balances represented by exchanges. As at 31 March 2021, the consolidated entity held deposits with trading exchanges of \$7,693,091 (30 June 2020

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\$1,029,887) together with payment gateway receivables of \$1,464,691 (30 June 2020 \$713,328). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available. The consolidated entity's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("AML" and know-your-client ("KYC") policies, obtaining a security ratings report by an independent third party on certain exchanges, constant review of market information specifically regarding the exchanges' security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move digital assets held on an exchange in instances where risk exposure significantly changes. The consolidated entity limits its credit risk with respect to its payment gateways receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regards to OTC counterparties, on which the consolidated entity has performed the relevant AML and KYC procedures. As of 31 March 2021, the consolidated entity does not expect any material unprovided loss of any of its digital assets. As of each reporting period, the consolidated entity assesses if there may be expected credit losses requiring a provision. At 31 March 2021 the consolidated entity is exposed to credit risk. While the consolidated entity intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the consolidated entity will not sustain a material loss on the transaction as a result.

1. Nature and extent of risk arising from financial instruments (continued)

Liquidity risk

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

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and where practical matching the maturity profiles of financial assets and liabilities. In addition, as outlined above the daily liquidity management function monitors and manages amounts deposited with trading exchanges. The 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 credit facilities and convertible debentures are described below.

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31 March 2021	2022	2023	2024	2025	Thereafter
Commitment – operational					
Trade payables	\$ 1,421,461	\$ -	\$ -	\$ -	\$ -
Accrued wages and other expenses	214,053	-	-	-	-
Interest – unsecured loans	-*	-	-	-	-
Interest – Convertible note	53,591	-	-	-	-
Commitments – principal repayments					
Unsecured loans	2,000,000	-	-	-	-
Convertible note	-	446,599	-	-	-
Credit card	57,097	-	-	-	-
Total contractual obligations	\$ 3,746,202	\$ 446,599	\$ -	\$ -	\$ -

*unsecured loans repaid April 2021

31 March 2020	2021	2022	2023	2024	Thereafter
Commitment – operational					
Trade payables	\$ 616,780	\$ -	\$ -	\$ -	\$ -
Accrued wages and other expenses	172,988	-	-	-	-
Commitments – principal repayments					
Deferred consideration	500,000	-	-	-	-
Total contractual obligations	\$ 1,289,768	\$ -	\$ -	\$ -	\$ -

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. Financial instruments affected by market risk include cash, investment portfolio, debentures, credit facilities and derivative financial liability.

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18 Nature and extent of risk arising from financial instruments (continued)

Interest rate risk

The consolidated entity's convertible note outstanding, totalling \$446,599 (30 June 2020: \$446,599), is an interest only liability. Quarterly cash outlays of approximately \$13,397 (2019: nil) per month are required to service the interest payments. An official increase in interest rates of 100 (2020: 100) basis points would have an adverse effect on loss before tax of \$223 (2020: \$223) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

Foreign currency risk

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

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

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

	Assets		Liabilities	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Consolidated	\$	\$	\$	\$
US dollars	7,741,151	7,616	830,929	26,623
Euros	3,566,492	3,978	15,180	-
GBP	1,659,881	-	1,482	-

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Singapore dollar	-	-	803	11,687
Canadian dollars	419,244	-	5,694,196	116,684
Malaysian ringgit	-	-	405	-
Philippine peso	-	-	14,123	-
	13,386,768	11,594	6,557,118	154,994

The consolidated entity had net assets denominated in foreign currencies of \$6,829,650 (assets of \$13,386,768 less liabilities of \$6,557,118) as at 31 March 2021 (31 March 2020: net liabilities 143,400 \$1,876 (assets of \$11,594 less liabilities of \$154,994)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2020: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been \$ 682,965 lower/\$341,482 higher (31 March 2020: 14,340 higher/\$7,170 lower). 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 actual foreign exchange loss for the nine-months ended 31 March 2021 was \$587,247 (31 March 2020: loss of \$74,992).

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1. Nature and extent of risk arising from financial instruments (continued)

Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
Consolidated – 31 March 2021	\$	\$	\$	\$
Assets				
Inventory	-	524,629	-	524,629
Deposits with trading exchanges held in crypto, Tether	-	2,822,339	-	2,822,339
Total assets	-	3,346,968	-	3,346,958
Liabilities				
Convertible note*	-	446,599	-	446,599
Total liabilities	-	446,599	-	446,599

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	Level 1	Level 2	Level 3	Total
Consolidated – 30 June 2020	\$	\$	\$	\$
Assets				
Inventory	-	33,059		33,059
Deposits with trading exchanges held in crypto, Tether		423,198		423,198
Total assets	-	456,257	-	456,257
Liabilities				
Convertible note*	-	446,599	-	446,599
Total liabilities	-	446,599	-	446,599

*Convertible note value of \$446,599 includes \$76,698 derivative component and \$369,901 non-derivative component.

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

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. Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

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1. Nature and extent of risk arising from financial instruments (continued)

Digital assets consist of:

1. Deposits held with trading exchanges in Tether (note 8); and
2. Digital currencies held as inventory.

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 consolidated entity is impacted by the current and future market price of digital assets; in addition, the consolidated entity may not be able to liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the consolidated entity's future operations. The consolidated entity has not hedged the conversion of any of 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. As of 31 March 2020, management's estimate of the effect on equity of a +/- 10% change in the market price of the consolidated entity's digital assets, with all other variables held constant, is +/- \$247,675.

3. Expenses

	Three months		Three months	
	Three months ended	ended	line months ended	line months ended
Amortization and Depreciation	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	\$	\$	\$	\$
Back-end Platform	-	32,933	-	98,799
Customer Interface Platform	-	16,467	-	49,401
Customer List	-	103,820	-	311,460
Website development	-	1,649	-	4,948
Computer equipment	9,243	-	25,418	-
Total Amortization and Depreciation	9,243	154,869	25,418	464,608

	Three months ended	Three months ended	Nine months ended	Nine months ended
General and Administration	31 March 2021	31 March 2020	31 March 2021	31 March 2020

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

	\$	\$	\$	\$
Bank charges	107,639	(32,413)	174,435	6,456
Provisions for recoverability/ bad debts	1,962,861	(32,305)	2,281,289	378
Rental expense relating to operating leases	48,917	13,636	93,844	62,107
Travel	24,494	48,130	44,054	120,981
Software development	236,375	78,590	437,174	210,147
Legal, accounting, consulting	387,224	260,312	1,117,663	472,845
Marketing and advertising	17,147	45,089	34,906	199,261
Security audit	32,200	7,000	74,200	7,000
Investor relations	138,264	-	157,969	-
TSX costs	93,909	-	93,909	-
Other	42,445	172,099	112,178	336,137
Total General and Administration	3,091,475	560,138	4,621,621	1,415,311

Banxa Holdings Inc

Notes to Condensed Interim Consolidated Statements

For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

(Unaudited)

1. Expenses (continued)

Finance	Three months ended	Three months ended	Three months ended	Three months ended
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	\$	\$	\$	\$
Interest	220,538	-	402,241	-
Share-based finance charge (refer note 14)	178,585	-	178,585	-
Total Finance expense	399,123	-	580,826	-

2. Contingent liabilities

With the exception of the following matter, there are no contingent liabilities as at 31 March 2021 and 31 March 2020:

The actual amount repayable on convertible notes could exceed the carrying value in the statement of financial position by \$67,288 if the noteholders choose to convert the notes into equity, at the agreed discount, prior to the date when the Company is eligible to redeem the notes at face value with a cash payment.

3. Acquisitions

Singapore

On 7 September 2020 BTC Corporation Holdings Pty Ltd acquired 100% of the ordinary shares of Internet SG Ventures Pte Ltd (ISGV) for the total consideration of \$1. ISGV operates a similar business on a shared platform as part of the strategy to enter the South-East Asian market. The acquired entity did not meet definition of a business as per IFRS 3 *Business Combinations* (IFRS 3), hence, this transaction was treated as an asset acquisition.

Canada

On 30 September 2020 BTC Corporation Holdings Pty Ltd acquired 100% of the ordinary shares of Richmond Internet Ventures Corporation ("RIV") for the total consideration of \$16. RIV operates a similar business on a shared platform in the Canadian market. The acquired entity did not meet definition of business combination as per IFRS 3, hence, this transaction was treated as asset acquisition.

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For the nine months ended 31 March 2021 and 2020

(Expressed in Australian Dollars)

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Total acquisition payments

Total net cash inflow as the result of acquisition of the above entities was \$111,046, after total cash considerations paid for \$17.

Banxa Holdings Inc

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(Expressed in Australian Dollars)

(Unaudited)

4. Subsequent events

In April 2021 the Company completed a private placement offering for the issuance of 3,749,552 units at a price of \$C 4.00 per unit, for gross proceeds of \$C 14,998,208 (AUD \$15,635,495).

Each unit is comprised of one common share of the Company and one-half share purchase warrant, with each whole warrant entitling the holder to subscribe for one additional share of common stock at a price of \$C 8.50 per share for a period of 42 months from the date of issuance.

Certain advisory costs were paid in equity as follows:

1. the issue of an additional 121,866 common shares; and
2. the issue of an additional 202,787 share purchase warrants exercisable at \$C8.50 per share for a period of 42 months from the date of issuance.

There are no other matters or circumstances that have arisen since 31 March 2021 that have significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, on the consolidated entity's state of affairs in future financial periods.