

BANXA HOLDINGS INC
(formerly A-Labs Capital I Corp)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 30 JUNE 2021

DATED: 28 October 2021

Table of Contents

Caution Regarding Forward-looking Statements	3
Company Overview	4
Non-IFRS Financial Measures – Adjusted EBITDA	6
Financial Performance Review	7
Liquidity and Capital Resources	18
Risks and Uncertainties	21
Non-Financial Measures	25
Critical Accounting Estimates	25
Changes in Accounting Policies	26
Controls and Procedures	26
Events after the reporting period	27

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is current as of 28 October 2021 and presents an analysis of the financial condition of Banxa Holdings Inc and its subsidiaries (collectively referred to as "BANXA", "BNXA" or the "Company") as at and for the year ended 30 June 2021 compared with the corresponding periods in the prior year. This MD&A should be read in conjunction with the Company's interim condensed consolidated financial statements and the related notes thereto for the year ended 30 June 2021.

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

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

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

Caution Regarding Forward-Looking Statements

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

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

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements.

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

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

Company Overview

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

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

BANXA has built a strong position in the Australian market and over the last two years has been focusing on international expansion and the exploitation of new growth markets.

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

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

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management’s Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

BANXA earns revenue from the sale of crypto-currencies, commission fees and spread. It is therefore a “flow” based business, similar to international forex companies such as PayPal, TransferWise or Ant Financial and Australian forex company OFX. For consumers, the company has pioneered offering payments for its services at physical point of sale payment locations through its partnerships with Australia Post (4,500 post offices) and blueshyft (1,200 newsagents).

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

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

B2B – FIAT Aggregator to the Digital Asset Industry

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

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

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

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Non-IFRS Financial Measures – Adjusted EBITDA

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

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

Adjusted EBITDA is a non-IFRS financial measure that we calculate as net income (loss) before tax excluding depreciation and amortization expense, share based expense, unrealized gain on inventory, finance expense, other asset impairments, unrealized loss on fair value of deposits and convertible note, and listing expenses. Adjusted EBITDA is used by management to understand and evaluate the performance and trends of the Company's operations. The following table shows a reconciliation of adjusted EBITDA to net income (loss) before tax, the most comparable IFRS financial measure, for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Year ended 30 June 2020	Three months ended 30 June 2021	Three months ended 30 June 2020
Loss before tax	\$ (5,687,662)	\$ (3,787,214)	\$ (4,608,120)	\$ (1,613,638)
Depreciation and amortization	39,075	627,713	13,657	163,105
Impairment of goodwill	-	167,529	-	167,529
Impairment of other intangibles	-	817,797	-	817,797
Unrealized loss on fair value of deposits	975,829	-	975,829	-
Unrealized loss on fair value of convertible note	1,050,793	-	1,050,793	-
Reclassify Inventory fair value adjustment	-	-	2,744,986	-
Share based expense	2,081,011	6,848	862,510	6,848
Finance expense	532,771	61,205	(48,055)	61,205
Listing expenses	2,690,513	1,098,266	-	1,098,266
Adjusted EBITDA	\$ 1,682,330	\$ (1,007,856)	\$ 991,600	\$ 701,112

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Financial Performance Review

Revenue Recognition

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

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

Revenue

As a result of increased trading volumes from new partners, BNXA has experienced a significant increase in revenues. Total revenues increased by \$39,183,223 to \$45,970,658 during the year ended 30 June 2021 from \$6,787,435 for the year ended 30 June 2020 – an increase of 577%. For the three months ended 30 June 2021 revenue increased by \$15,408,500 or 717% to \$17,556,440 from \$2,147,940 for the three months ended 30 June 2020.

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

	Year ended 30 June 2021	Year ended 30 June 2020	Three months ended 30 June 2021	Three months ended 30 June 2020
Sale of cryptocurrencies "Principal"	\$ 12,758,510	\$ 4,590,664	\$ 1,138,077	\$ 1,247,011
Integration revenue	212,053	-	65,437	-
Commissions and spread from services "Agency"	33,000,095	2,196,771	16,352,926	900,929
Total revenue	\$ 45,970,658	\$ 6,787,435	\$ 17,556,440	\$ 2,147,940

The following table shows revenue by geographical regions:

	Year ended 30 June 2021	Year ended 30 June 2020	Three months ended 30 June 2021	Three months ended 30 June 2020
Australia	\$ 15,157,271	\$ 6,787,435	\$ 2,191,145	\$ 2,147,940
North America	4,049,560	-	2,068,269	-
Europe	26,763,827	-	13,297,026	-
Total revenue	\$ 45,970,658	\$ 6,787,435	\$ 17,556,440	\$ 2,147,940

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Risk Management and Critical Accounting Estimates

The current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions which may adversely impact our business and results of operations, and the operations of contractors and service providers. The overall economic impacts of COVID-19 could include an impact on our ability to obtain debt and equity financing or potential future decreases in revenue or the profitability of our ongoing operations. The extent of the impact that this pandemic may have on the Canadian economy and the Company's business is currently highly uncertain and difficult to predict. Accordingly, there is a higher level of uncertainty with respect to management's judgements and estimates at this time, particularly as it relates to the measurement of allowance for loan losses and fair valuation of our investment portfolio. We will continue to revisit our judgements and estimates where appropriate in future reporting periods as economic conditions surrounding the COVID-19 pandemic continue to evolve.

Results of Operations

The following table sets forth a summary of our results of operations for the three months and year ended 30 June 2021 and 2020:

	Year ended		Three months ended	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Revenue				
Revenue from sale of goods and services	\$ 45,970,658	\$ 6,787,435	\$ 17,556,440	\$ 2,147,940
Cost of sales and services	29,119,825	4,103,579	8,912,148	944,566
Gross profit	16,850,833	2,683,856	8,644,292	1,203,374
Operating expenses				
Salary expense	7,266,313	2,353,776	3,498,864	637,542
Amortization and depreciation	39,075	627,713	13,657	163,105
Share based compensation	2,081,011	6,848	862,510	6,848
General and administration	5,814,207	1,209,389	1,192,586	(205,923)
Total operating expenses	15,200,606	4,197,726	5,567,617	601,572
Income / (loss) from operations before other items and income tax	1,650,227	(1,513,870)	3,076,675	601,802
Other (expenses)/ income				
Unrealized loss on fair value of deposits	(975,829)	-	(975,829)	-
Unrealized loss on fair value of convertible note	(1,050,793)	-	(1,050,793)	-
Reclassify gain on fair value of inventory	-	-	(2,744,986)	-
Other Income/ (expenses)	627,860	326,989	(44,576)	325,980
Foreign exchange losses	(2,715,843)	(455,536)	(2,916,666)	(396,623)
Impairment of goodwill	-	(167,529)	-	(167,529)
Impairment of intangible assets	-	(817,797)	-	(817,797)
Finance expense	(532,771)	(61,205)	48,055	(61,205)
Listing expenses	(2,690,513)	(1,098,266)	-	(1,098,266)
Total other expenses	(7,337,889)	(2,273,344)	(7,684,795)	(2,215,440)
Loss before tax	(5,687,662)	(3,787,214)	(4,608,120)	(1,613,638)
Income tax expense	(140,454)	(347,791)	1,059,546	-
Net loss for the period	\$ (5,828,116)	\$ (4,135,005)	\$ (3,548,574)	\$ (1,613,638)
Other comprehensive income				
Foreign currency translation	456,859	52,214	867,569	61,212
Total comprehensive loss	\$ (5,371,257)	\$ (4,082,791)	\$ (2,681,005)	\$ (1,552,426)

*previously included in General and Administration

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management’s Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Key Income Statement Components

Revenue from sale of goods and services

The following table summarizes total revenue for the years ended 30 June 2021 and 2020:

	Yearended 30 June 2021	Year ended 30 June 2020	% Change	Three months ended 30 June 2021	Three months ended 30 June 2020	% Change
Sale of cryptocurrencies	\$ 12,758,510	4,590,664	178%	\$ 1,138,077	\$ 1,247,011	(9%)
Integration revenue	212,053	-	NA	65,437	-	NA
Commissions and spread from services	33,000,095	2,196,771	1402%	16,352,926	900,929	1715%
Total revenue	\$ 45,970,658	\$ 6,787,435	577%	\$ 17,556,440	\$ 2,147,940	717%

Revenue breakdown by percent

	Yearended 30 June 2021	Year ended 30 June 2020	% Change	Three months ended 30 June 2021	Three months ended 30 June 2020	% Change
Sale of cryptocurrencies	27.8%	67.6%	(39.8%)	6.5%	58.1%	(51.6%)
Integration revenue	0.4%	-	0.4%	0.4%	-	0.4%
Commissions and spread from services	71.8%	32.4%	39.4%	93.1%	41.9%	51.2%
Total revenue	100%	100%		100%	100%	

Commissions and spread from services – represents revenues from BNXA’s business on an “Agency” basis

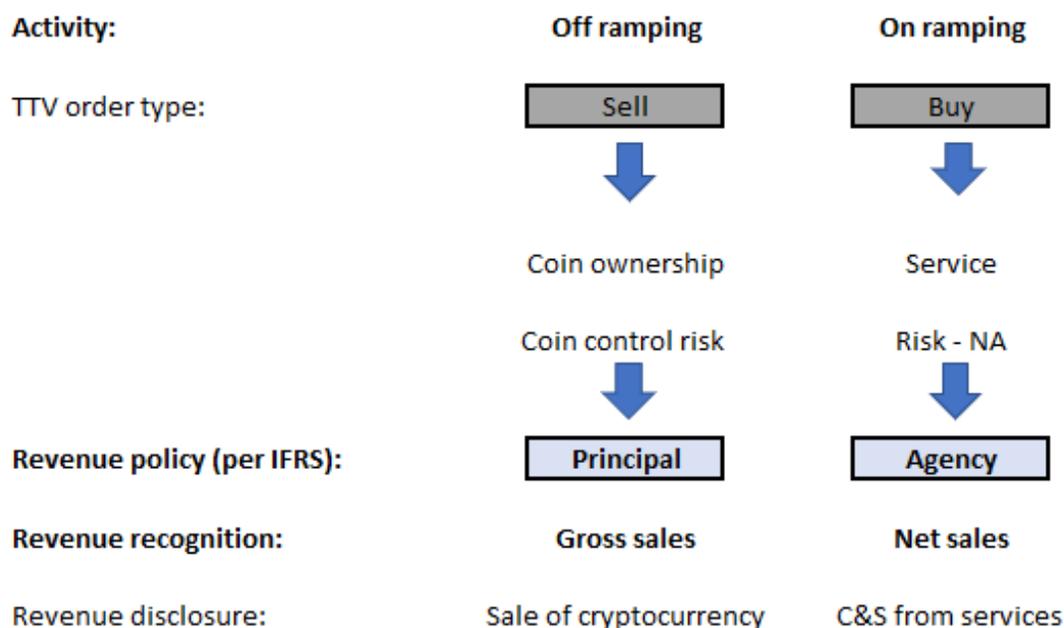
Sale of cryptocurrencies - represents revenues from BNXA’s business operations on a “Principal basis”

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

Total revenues increased by \$39,183,223 or 577% to \$45,970,658 during the year ended 30 June 2021 from \$6,787,435 for the year ended 30 June 2020. For the three months ended 30 June 2021 revenue increased by \$15,408,500 or 717% to \$17,556,440 from \$2,147,940 for the three months ended 30 June 2020.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management’s Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

An analysis of the funds flow which illustrates the difference between Principal and Agency transactions.



Cost of sales and services

The following table summarizes the cost of revenue for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Yearended 30 June 2020	%	Three months ended 30 June 2021	Three months ended 30 June 2020	%
			Change			Change
Cost of sales and services	\$ 29,119,825	\$ 4,103,579	610%	\$ 8,912,148	\$ 944,566	844%
% of total revenue	63%	60%		51%	44%	

Due to the higher price of bitcoin and resulting larger transaction values, the Company’s costs of sales and services also increased for the current year periods over the prior year periods. Movements in the percentage cost of sales achieved between periods are impacted by the sales mix between agency (net sales) and principal (gross sales). During the year ended June 30, 2021 the Company reclassified a \$2,744,986 Gain on fair value of inventory to Cost of sales and services. This led to a cost reduction in Cost of sales and services which the Company does not expect to have in future periods. On a normalized basis the Cost of sales and services for the year ended June 30, 2021 would be \$26,374,839 or 57% of total revenue. Cost of sales and services for the three months ended June 30, 2021 improved from 63% for the full year to 51% of total revenue.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Gross margin

The following table summarizes the gross margin for the year ended 30 June 2021 and 2020 (TTV represents Total Transaction Value):

	Year ended 30-Jun 2021	Year ended 30-Jun 2020	% Change	Three months ended 30-Jun 2021	Three months ended 30-Jun 2020	% Change
	\$	\$		\$	\$	
TTV	687,956,057	69,278,187	893%	291,472,007	44,018,600	562%
Revenue	45,970,658	6,787,435	577%	17,556,440	2,147,940	717%
% of TTV	6.8%	9.8%		6.0%	4.9%	
Gross margin	16,850,833	2,683,856	426%	8,644,292	1,203,374	390%
% of TTV	2.5%	3.9%		3.0%	2.7%	

The \$2,744,986 reclassification adjustment has resulted in Q4 gross margin of approximately 3%, compared to a full year gross margin of approximately 2.5% of TTV.

Operating expenses

The following table provides the operating expenses for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Year ended 30 June 2020	% Change	Three months ended 30 June 2021	Three months ended 30 June 2020	% Change
Salary expenses	\$ 7,266,313	\$ 2,353,776	209%	\$ 3,498,864	\$ 637,542	449%
Amortization and depreciation	39,075	627,713	(94%)	13,657	163,105	(92%)
Share based compensation	2,081,011	6,848	30274%	862,510	6,848	12480%
General and administration	5,814,207	1,209,389	381%	1,192,586	(205,923)	(680%)
Total operating expenses	\$ 15,200,606	\$ 4,197,726	262%	\$ 5,567,617	\$ 601,572	826%
% of total revenue	33%	62%		32%	28%	

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Amortization and depreciation

The following table provides the depreciation and amortization expenses for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Year ended 30 June 2020	% Change	Three months ended 30 June 2021	Three months ended 30 June 2020	% Change
Back-end Platform	\$ -	\$ 131,733	(100%)	\$ -	\$ 32,933	(100%)
Customer Interface Platform	-	65,867	(100%)	-	16,467	(100%)
Customer List	-	415,278	(100%)	-	103,820	(100%)
Website development	-	6,599	(100%)	-	1,649	(100%)
Computer equipment	39,075	8,236	374%	13,657	8,236	66%
Total depreciation and amortization	\$ 39,075	\$ 627,713	(95%)	\$ 13,657	\$ 163,105	(92%)
% of total revenue	0%	9%		0%	8%	

Salary expenses

Due to the growth of the Company and its team, salary expenses have increased for the three and year in the current year. For the year ended 30 June 2021, salary expenses increased by 209% or \$4,912,537 to \$7,266,313 from \$2,353,776 for the year ended 30 June 2020. For the three months ended 30 June 2021, salary expenses increased by \$2,861,322 or 449% to \$3,498,864 from \$637,542 for the three months ended 30 June 2020. As at June 30, 2021 the Company had 135 employees

General and administration

The following table provides the general and administration for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Year ended 30 June 2020	% Change	Three months ended 30 June 2021	Three months ended 30 June 2020	% Change
Bank charges	\$ 345,906	\$ 112,244	208%	\$ 171,471	\$ 105,788	62%
Chargeback expenses	1,686,905	45,010	3648%	1,686,905	45,010	3648%
Rental expenses relating to operating leases	168,940	111,010	52%	75,096	48,903	54%
Travel	45,985	123,280	(63%)	1,931	2,299	(16%)
Software development expenses	748,361	293,915	155%	311,187	83,768	271%
Legal, accounting, consulting	1,516,834	-	NA	399,171	(472,845)	(184%)
Marketing and advertising	148,096	208,780	(29%)	113,190	9,519	1089%
Security audit	112,000	-	NA	37,800	(7,000)	(640%)
Investor relations	528,422	-	NA	370,453	-	NA
Listing costs	141,916	-	NA	48,007	-	NA
Other	370,842	315,150	18%	258,664	(20,987)	(1332%)
Total general and administration expenses	\$ 5,814,207	\$ 1,209,389	381%	\$ 3,473,875	\$ (205,923)	(1790%)
% of total revenue	13%	18%		7%	(10%)	

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Bank charges increased significantly by 208% or \$233,662 to \$345,906 for the year ended 30 June 2021 from 112,244 for the year ended 30 June 2020. An increase of 62% or \$65,683 is also seen for the three-month period.

Chargeback expenses increased significantly by 3648% or \$1,641,895 to \$1,686,905 for the three months and year ended 30 June 2021 from 45,010 for the three months and year ended 30 June 2020.

Rental expenses increased by 52% or \$57,930 to \$168,940 for the year ended 30 June 2021 from \$111,010 for the year ended 30 June 2020. A decrease of 54% or \$26,193 is also seen for the three-month period.

Travel expenses reduced by 63% or \$77,295 to \$45,985 for the year ended 30 June 2021 from \$123,280 for the year ended 30 June 2020. The decrease was due to the COVID-19 pandemic and resulting world-wide travel bans as well as work-from-home order and arrangements.

Software development expenses increased by 155% or \$454,446 to \$748,361 for the year ended 30 June 2021 from \$293,915 for the year ended 30 June 2020. An increase of \$227,419 or 271% is also seen for the three-month period. The increase is due to higher importance being given to the Company's development roadmap for the B2B product features.

Legal, accounting and consulting expenses increased by \$1,516,834 to \$1,516,834 for the year ended 30 June 2021 from \$Nil for the year ended 30 June 2020. Comparative figures disclose listing expenses in F20 of \$1.1m The reason for the significant increase is the Company's listing on the TSX Venture Exchange in Canada, and related legal and accounting costs. Costs were also incurred in relation to the Prospectus prepared by the Company in (May 2021).

Other Items

The following table provides a breakdown of other income and (expenses) by type for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Yearended 30 June 2020	% Change	Three months ended 30 June 2021	Three months ended 30 June 2020	% Change
Unrealized loss on fair value of deposits	(975,829)	-	NA	(975,829)	-	NA
Unrealized loss on fair value of convertible note	(1,050,793)	-	NA	(1,050,793)	-	NA
Other income (expense)	627,860	326,989	92%	(44,576)	325,980	(114%)
Foreign exchange losses	(2,715,843)	(455,536)	496%	(2,916,666)	(396,623)	635%
Reclassify gain on fair value of inventory	-	-	NA	(2,744,986)	-	NA
Impairment of goodwill	-	(167,529)	(100%)	-	(167,529)	(100%)
Impairment of intangible assets	-	(817,797)	(100%)	-	(817,797)	(100%)
Finance expense	(532,771)	(61,205)	770%	48,055	(61,205)	(179%)
Listing expenses	(2,690,513)	(1,098,266)	145%	-	(1,098,266)	(100%)
Other expenses	\$ (7,337,889)	\$ (2,273,344)	223%	\$ (7,684,795)	\$ (2,215,440)	123%
% of total revenue	(16%)	(33%)		(28%)	(103%)	

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Total other income was \$627,860 in the year ended 30 June 2021, compared to \$326,989 in 2020. For the three months ended 30 June 2021, total other expense was \$44,576 compared to income of \$325,980 for the three months ended 30 June 2020. The income in the current year is primarily attributable to a Research and development grant of \$566,997. Finance expenses in the year ended 30 June 2021 increased from \$61,205 in 2020 to \$532,771 primarily due to utilizing various working capital facilities used to support the Companies rapid growth. Foreign exchange losses in the year ended 30 June 2021 increased from \$455,536 in 2020 to \$2,715,843 consistent with significant growth in transaction volumes during the year.

Crypto Currency Holdings

The Company held 0.969 bitcoin as at 30 June 2021 that are valued as follows:

	Cost	Fair value	Unrealized gain
	\$	\$	\$
Per bitcoin (average)	46,744	46,744	-
Total bitcoin inventory	45,311	45,311	-

Selected Quarterly Information

	Q4 FY2021	Q3 FY2021	Q2 FY2021	Q1 FY2021
	\$	\$	\$	\$
Total revenue	17,556,440	21,014,937	4,496,380	2,902,901
Income (loss) from operations before other items and income tax	3,076,675	15,963	(1,269,706)	(172,705)
Net loss after tax	(3,548,574)	(1,371,497)	(468,335)	(439,710)
Comprehensive loss	(2,681,005)	(1,738,338)	(457,818)	(494,096)
Basic and diluted loss per common share	(0.09)	(0.03)	(0.01)	(0.02)

Key Quarterly Trends

Total revenue has decreased during last quarter primarily due to the significant decrease in Bitcoin prices accompanied by lower trading activity. Notwithstanding, the Company was able to post its second consecutive quarter of increasing income from operations before other items and tax.

Net and comprehensive loss have increased over the last quarter due to increased operating expenses, filing and regulatory expenses that were incurred in order to submit its Shelf Prospectus, and losses occurring on the revaluation of our convertible note and certain digital asset holdings.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Key Balance Sheet Components

The following table provides a summary of the key balance sheet components as at 30 June 2021 and 30 June 2020:

	30 June 2021	30 June 2020
	\$	\$
Cash	18,615,803	2,067,304
Trade and other receivables	1,849,294	761,766
Inventories	45,311	33,059
Deposits	3,653,138	1,029,887
Total assets	24,896,093	4,053,002
Trade and other payables	3,815,872	1,493,313
Borrowings	444,869	537,474
Derivate liability	1,127,457	76,664
Total liabilities	5,962,373	2,826,791

Total assets increased by \$20,843,091 during the year ended 30 June 2021, driven primarily by increases in cash (refer Cash Flow section) and increases in deposits necessary to increased transaction values. Total liabilities increased by \$3,058,918 during the year ended 30 June 2021, driven primarily by increased trade and other payables as well a revaluation of the derivative liability on convertible notes (see below).

Trade and other receivables

The following table provides a breakdown of trade and other receivables as at 30 June 2021 and 30 June 2020:

	30 June 2021	30 June 2020
Payment gateway receivables	\$ 2,106,798	\$ 713,328
Allowance for chargeback expenses	(432,246)	-
GST receivable	125,163	38,438
Other	49,579	10,000
Total trade and other receivables	\$ 1,849,294	\$ 761,766

Total trade and other receivables increased by \$1,087,528 during the year ended 30 June 2021.

Inventory

The following table provides a breakdown of inventory as at 30 June 2021 and 30 June 2020:

	30 June 2021	30 June 2020
Crypto currency held for resale	\$ 45,311	\$ 33,059
Total Inventory	\$ 45,311	\$ 33,059

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

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

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.

The following table provides a breakdown of deposits as at 30 June 2021 and 30 June 2020:

	30 June 2021		30 June 2020	
	Number of coins held	Value	Number of coins held	Value
		\$		\$
Digital and fiat currencies held at exchanges or with custodian				
LTC	17,171.18	3,308,007	-	-
Link	1,615.45	40,509	-	-
BNB	288.48	111,791	-	-
ETH	1.68	4,768	-	-
Cash deposits	N/A	50,150	N/A	606,689
Tether deposits	N/A	147,810	N/A	423,198
Total digital and fiat currencies held at exchanges or with custodians		3,663,035		1,029,887
Provision for collectability		(9,897)		-
Net deposits		3,653,138		1,029,887

Deposits with trading exchanges are made to facilitate the Company'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 Company's accounting policy for crypto currencies and in accordance with IAS 2 Inventories.

Trade and other payables

The following table provides a breakdown of trade and other payables as at 30 June 2021 and 30 June 2020:

	As at 30 June 2021	As at 30 June 2020
	\$	\$
Trade payables	1,273,927	707,057
Other payables and accruals	1,686,031	649,548
Accrued interest	13,460	6,773
Employee withholdings payable	424,265	123,196
Provision for legal settlements`	418,189	-
Payment provider liabilities	-	6,739
Total trade and other payables	3,815,872	1,493,313

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

Borrowings

The following table provides a breakdown of borrowings as at 30 June 2021 and 30 June 2020:

	As at 30 June 2021	As at 30 June 2020
	\$	\$
Loans from director – unsecured, non-interest bearing	-	60,000
Credit card	74,934	30,875
Convertible notes	369,935	369,935
Total short-term borrowings	444,869	460,810
Less current portion	(444,869)	(90,875)
Total non-current borrowings	-	369,935

Additionally, the fair value of the derivative liability of \$1,127,457 on the convertible notes as at 30 June 2021 was estimated by using the trinomial option pricing model. The fair value estimates are based on assumed risk-free rate of 0.46%, expected term of one year, dividend yield of 0%, early conversion factor of 2.5 and estimated volatility of 125%.

The convertible notes were non-transferable, carried compounding interest at a rate of 12% per annum and had a maturity date of 22 July 2022. At the maturity date, the convertible notes still outstanding would have automatically converted into common shares of the Company at a conversion price of \$C 0.85 per share.

Subsequent to the end of the financial year, the convertible notes were converted through the issue of 492,941 common shares.

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 for the year ended 30 June 2021 and 2020 was as follows:

	Year ended 30 June 2021	Year ended 30 June 2020	Three months ended 30 June 2021	Three months ended 30 June 2020
	\$	\$	\$	\$
Salaries	1,385,950	426,297	561,436	-
Consulting fees including reimbursements at cost	429,732	627,373	26,161	-
Director fees	229,196	92,250	75,408	-
Share-based compensation	1,399,046	-	546,190	-
Total Remuneration	3,443,924	1,145,920	1,209,195	-

Key management personnel were not paid post-employment benefits, termination benefits, or

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

other long-term benefits during the three and year ended 30 June 2021 and 2020.

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

	Year ended 30 June 2021	Year ended 30 June 2020
	\$	\$
Issue of arranger shares	722,945	-
Repayment of loans	60,000	-
Payment of acquisition consideration	17	-
Advances of cryptocurrency	-	-
Repayments of cryptocurrency loans	-	-
Pre-acquisition loans to related party acquisitions	82,254	1,503,110
Rental payments at cost	134,932	62,107
Purchase of Bitcoin for resale	-	67,014

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

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

As at 30 June 2021, included in Trade and Other Payables is a balance of \$47,242 (30 June 2020: \$88,461) payable to related parties as follows:

	As at 30 June 2021	As at 30 June 2020
	\$	\$
Directors of the company	36,065	33,997
Officers of the company	11,177	45,037
Employees of the company	-	9,427
Total Trade and Other Payables to related parties	47,242	88,461

Off-Balance Sheet Arrangements

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

Liquidity and Capital Resources

As at 30 June 2021 the Company had \$18,615,803 in cash compared to \$2,067,304 as at 30 June 2020. Working capital was \$18,522,964 at 30 June 2021 compared to \$1,537,856 as at 30 June 2020.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

During the year ended 30 June 2021, the Company had a net increase in cash of \$16,548,499 compared to an increase of \$937,024 during the year ended 30 June 2020.

Capital raised by the Company during the year ended 30 June 2021 has been utilised for increased working capital requirements, to further improve the business through product enhancements and operational optimisation, and to fund transaction advisory expenditures.

Cash Flow and Operating Expenses

The Company is currently in a growth phase, and that is reflected in increasing operating expenses. In particular, Salary expenses and General and Administrative expenses have increased significantly for the year ended 30 June 2021 compared year ended 30 June 2020. As the Company continues to grow its team and operations, we expect these expenses to further increase.

Summary of Changes in Operating Expenses and Cash Flow

- The Company historically incurred losses, as well as reported net cash outflows from operating activities. During the year ended 30 June 2021, the Company used cash of \$634,852 in operating activities, mainly due attributed to the loss during the period, but also impacts on working capital associated from significant increases in trading volumes. These included:
 - An increase in deposits with liquidity providers of \$2,633,148;
 - An increase in payment gate clearing of \$1,364,795;
 - An increase in prepaid expenses of \$289,271;
 - An increase in digital currencies inventory of \$12,252;
 - Offsetting the above cash outflows, increases in operating trade creditors and other payables of \$2,184,077;
 - An increase in income tax payable of \$45,708; and
 - Non-cash items, including listing costs of \$2,690,515, share-based compensation of \$2,081,011, unrealized fair value adjustment to derivative liability of \$1,050,793 and unrealized fair value adjustment to deposits of \$975,829.
- Total transaction value (TTV) has increased markedly from \$69,278,187 during the year ended 30 June 2020 to approximately \$687,956,057 during the year ended 30 June 2021, which has contributed significantly to the Company's increased use of cash in operating expenses.

	Year ended 30 June 2021	Year ended 30 June 2021
Cash used in operating activities	\$ (633,852)	\$ (2,477,688)
Cash used in investing activities	(292,572)	(721,474)
Cash used in operating and investing activities	\$ (926,424)	\$ (3,119,162)

- Salary expenses for the three months ended 30 June 2021 increased by \$2,861,322 to \$3,498,864 from \$637,542 for the three months ended 30 June 2020. Salary expenses for the year ended 30 June 2021 increased by \$4,912,537 to \$7,266,313 from \$2,353,776 for the year ended 30 June 2020.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

- Share based expense for the three months ended 30 June 2021 increased by \$855,662 to \$862,510 from \$6,848 for the three months ended 30 June 2020. Share based expense for the year ended 30 June 2021 increased by \$2,074,163 to \$2,081,011 from \$6,848 for the year ended 30 June 2020.

Cash Flow Summary

The following table provides a summary of cash inflows and outflows by activity for the year ended 30 June 2021 and 2020:

	Year ended 30 June 2021	Year ended 30 June 2020
Cash used in operating activities	(633,852)	(2,477,688)
Cash used in investing activities	(292,572)	(721,474)
Cash provided in financing activities	17,474,924	4,136,186
Net increase in cash for the year	\$16,548,499	\$937,024

Cash used in operating activities

Cash used in operating activities was \$633,852 in the year ended 30 June 2021, decreased from \$2,477,688 in 2020. Significant increases in revenue has seen the Company scale closer to operating on a break-even cash basis, notwithstanding the working capital investment necessary to support the growth in operations including:

- An increase in deposits with liquidity providers of \$2,633,148;
- An increase in payment gateway clearing of \$1,364,795;
- An increase in prepaid expenses of \$289,271; and
- An increase in inventory of \$12,252.

Cash used in investing activities

Our investing activities consist primarily of the acquisition of equipment, advances to a director-related entity as well as the acquisition of the same. For the year ended 30 June 2021, cash used in the purchase of equipment was \$68,607 compared to \$nil in 2020. The Company also paid advances to a director-related entity of \$82,254 (prior to its acquisition for a nominal sum, including its cash reserves of \$111,047). In 2020, the Company similarly paid advances of \$1,240,518 to another director-related entity which was subsequently acquired for a nominal sum and included the acquisition of cash and liquid assets of \$1,391,262.

During the year ended 30 June 2021, the company made nominal cash payments in respect of acquisition consideration, acquiring cash resources of \$111,047 in the process.

Cash provided by financing activities

Historically, our financing activities have consisted primarily of the issuance of our common shares.

For the year ended 30 June 2021 the Company had net proceeds from capital raising of \$17,890,490 compared to \$3,599,570 in 2020. The Company increased its credit card borrowings by \$44,059 during the year ended 30 June 2021 compared to \$30,875 during the year ended 30 June 2020. The Company

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management’s Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

also made a payment of deferred consideration of \$399,625. These cash inflows were slightly offset by a repayment of a loan from a related party of \$60,000.

Contractual Obligations

The following table shows contractual obligations as at 30 June 2021.

30 June 2021	2022	2023	2024	2025	Thereafter
Commitment - operational					
Trade payables	1,273,927	-	-	-	-
Accrued wages and other expenses	424,265	-	-	-	-
Interest – Convertible note	53,591	-	-	-	-
Commitments – principal					
Convertible note	369,935	-	-	-	-
Credit card	74,934	-	-	-	-
Total contractual obligations	2,196,652	-	-	-	-

Disclosure of Outstanding Shares

Our authorized capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in one or more series. As of 30 June 2021 and the date of this MD&A, no preferred shares have been issued and the following common shares, and rights to acquire common shares, were outstanding:

Class of Security	Number outstanding as at 30 June 2021	Number outstanding as at 28 October 2021
Common shares	44,744,034	45,358,056
Share purchase warrants	2,762,753	2,698,046
Stock options	3,871,388	4,155,013

Risks and Uncertainties

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

Following the global spread of COVID-19, management cannot estimate whether or to what extent this outbreak and potential financial impact may extend to countries outside of those currently impacted. The future impact of the outbreak is highly uncertain and cannot be predicted, and there is no assurance that the outbreak will not have a material adverse impact on BTC’s ability to complete the Transaction. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

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.

Financial risk management objectives

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

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

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Market Risk

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

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

	Assets		Liabilities	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Consolidated	\$	\$	\$	\$
US dollars	7,284,476	14,493	338,059	25,365
Euros	1,737,749	907,467	65,285	73,161
Pound sterling	10,452,404	670,129	-	142,564
Singapore dollar	-	-	-	4,646
Canadian dollars	2,341,065	-	1,565,249	554,564
Philippine peso	-	-	2,723	-
	21,815,694	1,592,089	1,971,316	800,300

The Company had net assets denominated in foreign currencies of \$19,844,376 (assets of \$21,815,694 less liabilities of \$1,971,316) as at 30 June 2021 (30 June 2020: net assets of \$791,789 (assets of \$1,592,089 less liabilities of \$800,300)). 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 Company's loss before tax for the year would have been \$1,984,438 lower/\$992,219 higher (2020: \$79,179 lower/\$39,589 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 realised foreign exchange loss for the year ended 30 June 2021 was \$1,351,126 (2020: loss of \$19,758).

Price risk

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

Interest rate risk

The Company's convertible note outstanding, totalling \$369,935 (30 June 2020: \$369,935), is an interest only liability. Quarterly cash outlays of approximately \$13,397 (2020: nil) per month are required to service the interest payments. The notes were converted into equity subsequent to year end.

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.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

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 2021, the Company held deposits with trading exchanges of \$3,663,035 (30 June 2020 \$1,029,887) together with payment gateway receivables of \$2,106,798 (30 June 2020: \$713,328). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

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

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

While the Company intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Company will not sustain a material loss on the transaction as a result. As of 30 June 2021, 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 available borrowing facilities to be able to pay debts as and when they become due and payable.

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

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 credit facilities and convertible debentures are described below:

30 June 2021	2022	2023	2024	2025	Thereafter
Commitment - operational					
Trade payables	1,273,927	-	-	-	-
Accrued wages and other	424,265	-	-	-	-
Interest – Convertible note	53,591	-	-	-	-
Commitments – principal					
Convertible note	369,935	-	-	-	-
Credit card	74,934	-	-	-	-
Total contractual obligations	2,196,652	-	-	-	-

30 June 2020	2021	2022	2023	2024	Thereafter
Commitment - operational					
Trade payables	707,057	-	-	-	-
Accrued wages and other	123,196	-	-	-	-
Interest- convertible note	53,591	-	-	-	-
Commitments – principal					
Deferred consideration	500,000	-	-	-	-
Director loan	60,000	-	-	-	-
Convertible notes	-	369,935	-	-	-
Credit card	30,875	-	-	-	-
Total contractual obligations	1,474,719	369,935	-	-	-

Non-Financial Measures

Critical Accounting Estimates

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

Changes in Accounting Policies including Initial Adoption

Recent IFRS standards adopted in 2021

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

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

Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied for the audited financial statements of Banxa Holdings Inc (formerly A-Labs Capital I Corp) and BTC Corporation Holdings Pty Ltd for the years ending 31 December 2020 and 30 June 2020 respectively. These policies have been consistently applied to all the periods presented, unless otherwise stated. The consolidated financial statements of the combined entities are issued under the legal parent, Banxa Holdings Inc, but are considered a continuation of the financial statements of the legal subsidiary, BTC. All comparative figures reflect the consolidated BTC group only and exclude A-Labs Capital I Corp.

Controls and Procedures

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

Internal Controls over Financial Reporting

The Company's internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate ICFR for the Company. Management, including the CEO and CFO, does not expect that the Company's ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation. The Company's management under the supervision of the CEO and CFO has evaluated the design of the Company's ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As at 30 June 2021, management assessed the design of the Company's ICFR and concluded that such ICFR is appropriately designed, and that there are no material weaknesses in the Company's ICFR that have been identified by management. There have been no changes in the Company's internal control over

Banxa Holdings Inc (formerly A-Labs Capital Corp)
Management's Discussion and Analysis of Financial Results
For the year ended 30 June 2021
(Expressed in Australian Dollars)

financial reporting during the period that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

Events after the reporting period

On 14 July 2021, the Company announced that it intends to issue 15,512 common shares of the Company at a price of \$4.00 per share in settlement of outstanding debt totalling \$62,051 (€42,000) owing to an arm's length party, General Research GmbH, in relation to business development, marketing research and customer acquisition services provided to the Company. The debt settlement is subject to all necessary regulatory and exchange approvals. All securities issued in connection with the debt settlement will be subject to a four-month hold period from the closing date under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada. The liability was subsequently settled for cash rather than shares.

On 27 July 2021, the Company issued 492,941 common shares of the Company to the convertible noteholders. The convertible note liability was repaid through the issue of shares with an issue price of \$C 0.85 each.

On 6 August 2021, the Company announced that it has filed a final short form base shelf prospectus (the "Base Shelf Prospectus") with the securities commissions in each of the provinces and territories of Canada. The Base Shelf Prospectus filings allow the Company to make offerings of common shares, warrants, subscription receipts, units or debt securities, or a combination thereof, up to an aggregate total of \$C 88.8 million during the 25-month period that the Base Shelf Prospectus remains effective. Such securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more shelf prospectus supplements.

On 6 August 2021, the Company announced the issuance of 35,000 common shares of the Company to SRAX, Inc. ("SRAX"), at a deemed price of \$C 4.00 per share, as consideration for marketing services rendered by SRAX to the Company pursuant to the terms of a platform account agreement.

With the exception of the above items, there are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect, the Company's operations, the results of those operations, on the Company's state of affairs in future financial periods.