Animoca Brands Corporation Limited
(ACN 122 921 813)

Annual Report for the financial year ended 31 December 2023

Content

Directors

Yat Siu	Executive Chairman, and Managing Director
David Lloyd Brickler	Non-executive Director (resigned on 11 December 2025)
John Michael Madden	Non-executive Director (appointed on 10 December 2025)
Christopher Paul Whiteman	Non-executive Director

Executives

Chi Chun Evan Auyang	Group President
Robert William Hong-san Yung	Chief of Investments
Jared Thomas Shaw	Chief Financial Officer (announced resignation on 2 June 2026 with effective date to be determined)
Shaun Michael Kraft	Chief Financial Officer (appointed on 11 June 2026)
Ka Ming Lau	Chief Business Officer (resigned on 1 July 2026)
Brian Yik Ming Chan	Chief Development Officer (appointed on 11 June 2026)
Minh Duc Do	Chief Operating Officer
Jamii Quoc	General Counsel

Company Secretary
John Michael Madden

Auditors
Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Lawyers
Herbert Smith Freehills Kramer (Melbourne)
80 Collins Street, Melbourne VIC 3000

Bankers
Hongkong and Shanghai Banking Corporation
Westpac Banking Corporation
Standard Chartered Bank (Hong Kong) Limited

Share registrar
Automic Registry Services
Level 5, 126 Phillip Street,
Sydney, New South Wales, Australia, 2000

Website
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Investor services
Ibrahim El-Mouelhy
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Wong Chuk Hang, Hong Kong

Dear Shareholders and Friends of Animoca Brands,

I am pleased to share the FY2023 annual report for Animoca Brands Corporation Limited ("Animoca Brands" or the "Company").

The digital asset industry entered 2023 in a period of significant stress following the collapse of FTX, with Bitcoin trading below US$17,000 at the start of the year. It was a time when the resilience and long-term validity of the industry were actively tested, and it was a challenging environment for all participants. Despite the challenging market conditions, FY2023 marked a pivotal year for Animoca Brands. During this period, we began laying the groundwork for a fundamental transformation: evolving the Company into a diversified digital conglomerate designed to operate and grow through cycles of uncertainty.

One of the most consequential initiatives we started in FY2023 was the development of a strategic joint venture with Standard Chartered and HKT. Three years later, on 10 April 2026, this effort culminated in the joint venture, Anchorpoint Financial Limited, becoming one of only two licensed stablecoin issuers in Hong Kong. Back in 2023, the global relevance of stablecoins was still far from universally accepted, making the joint venture a conviction-driven move ahead of the broader institutional and regulatory alignment that later followed.

In parallel, the Company established a dedicated digital assets trading team and expanded into digital asset advisory services, forming a new business pillar that continues to contribute to our performance. We also began early experimentation with real-world assets (RWAs), laying the foundation for subsequent partnerships and joint ventures with leading institutions in this emerging category.

On the product front, FY2023 saw the launch of Open Campus, a project that advances our vision for decentralized education. Today, Open Campus supports the issuance of millions of on-chain academic credentials, bringing verifiability and ownership to learners globally. 2023 was also the year we began investing deeply in the field of digital identity—primarily via Moca Network—recognizing the central and critical role of digital ID in the evolution of Web3 ecosystems.

Today it is clear that many of the initiatives we undertook in FY2023—across stablecoins, RWAs, digital identity, and decentralized education—have become foundational elements of the next phase of the internet: the agentic web, where autonomous AI agents (not humans) act as primary users and economic participants on behalf of their users. In this emerging paradigm, identity, ownership, and programmable value are becoming necessities rather than just features, providing a perfect fit for our extensive work on decentralized networks.

Animoca Brands helped to lay the foundations of the agentic web, but what was missing until quite recently—what held AI agents back from becoming truly useful and capable—was autonomy: the ability of an agent to pursue complex, long-term goals without continuous oversight. That began to change in late 2025 as persistent autonomous AI agents started to become available.

On 4 February 2026 we launched Minds by Animoca Brands, available at Hellominds.ai, also known simply as "Minds". Minds is our own agentic AI platform that provides persistent, networkable, autonomous agents. It enables anyone to create and manage fully-featured agents, without any knowledge or hardware whatsoever. In a few months since launching, Minds has emerged as one of our most exciting products, rising to become one of the most used personal agent platforms (as tracked by OpenRouter).

Minds represents a convergence of various of our efforts over the last few years: the infrastructures we have built for digital identity, on-chain assets, and decentralized financial rails ideally and strategically position us to take advantage of the growing dominance of AI agents as economic actors.

The exponential expansion of agentic web traffic is catalysing a fundamental shift in the digital economy and how the internet is structured. The Minds platform represents an early, functional implementation of the emerging agentic web, which empowers users to deploy, manage, and participate in agent-driven systems that operate within an open, ownership-centric framework.

We believe this shift will redefine how individuals engage with technology, integrating them as active participants in intelligent autonomous networks. We invite you to experience this future today by exploring the Minds platform at Hellominds.ai and becoming part of the next phase of the internet.

I remain deeply grateful to our shareholders, global team, ecosystem communities, portfolio projects, and partners, whose collective efforts and enduring support continue to drive our shared vision forward.

With gratitude,

Yat Siu

Co-founder and Executive Chairman

Animoca Brands

The consolidated entity's revenues and customer bookings (a non-AASB/IFRS term) for the financial year ended 31 December 2023 were:

	$000s
Revenue	**470,940**
Less: change in deferred revenue during the financial year ended 31 December 2023	**(211,239)**
Bookings during the financial year ended 31 December 2023	**259,701**

Revenues and bookings experienced a decline during the financial year ended 31 December 2023 when compared to the previous year, primarily due to a normalisation of platform metrics following the initial launch phase of The Sandbox platform in the prior year, partially offset by the ongoing business diversification into token advisory services and token market making. Platform metrics included user tallies, number of creators and assets, daily/weekly active users, volume of in-game transactions and token-related activity.

The consolidated entity's contracts with customers for tokens and virtual items are accounted for in accordance with AASB 15/IFRS 15, with revenue recognised upon the satisfaction of identified performance obligations. Revenue is not recognised on receipt of consideration alone. Amounts received for tokens and related virtual items are initially recorded as deferred revenue to the extent that performance obligations remain outstanding. Revenue from virtual items is recognised over time as the entity provides access to and enables consumption of those items within its digital games and experiences, including platforms such as The Sandbox, reflecting the transfer of control of the related services to customers.

The consolidated entity has estimated that its service obligations are performed over a defined life and amortised deferred revenue to the profit or loss over a period of 15-18 months.

Earnings

Net losses for the consolidated entity decreased from A$519,095,544 to A$359,051,677 during the financial year ended 31 December 2023. The reduction in the net loss was largely attributable to:

- decrease in impairment of goodwill on acquisition;
- decrease in write-off of long-term crypto assets;
- decrease in token-based payments to employees; and
- net trading gains from digital assets,

which partly offset the reduction in the net loss for the shareholders of the Company were:

- lower revenue, from amortisation of deferred revenue following the launch of The Sandbox platform and token advisory services, net of cost of revenue;
- increase in employee benefits;
- increase in impairment of simple agreement for future tokens;
- increase in net fair value losses for financial assets and warrant liabilities; and
- the recognition of costs related to structured entities prior to the amortisation of deferred revenue.

The decrease in the net loss under these categories was as follows:

		$000s
Consolidated entity net loss during the financial year ended 31 December 2022		**(519,096)**
Decrease in gross revenue during the financial year ended 31 December 2023		**(209,745)**
Marketing growth		
Direct cost of revenue	118,112	
Marketing expenses	20,003	**138,115**
Increased development resources		
Increased manpower arising from acquisitions and business growth	(79,759)	
Consultants, contractors, and other outsourcing	29,514	
Other administrative costs	(39,623)	**(89,868)**
Fair value and impairment accounting		
Fair value accounting for financial assets	(73,267)	
Fair value of other financial liabilities	6,191	
Fair value of warrant liabilities	(68,976)	
Net trading gains on digital assets	235,839	
Impairment of goodwill on acquisition, simple agreement for future tokens, intellectual property acquired, an associate and joint ventures, other non-current assets and plant and equipment	147,586	**247,373**
Other non-cash charges		
Share-based payments and token-based payments	41,755	
Amortisation of intellectual property associated with acquisitions of entities	2,188	
Write-off of long-term crypto assets	69,155	
Other non-cash charges	6,855	**119,953**
Finance costs		**(32,988)**
Taxation		**(21,876)**
Other		**9,080**
Consolidated entity net loss during the financial year ended 31 December 2023		**(359,052)**

From an operating cash flow perspective, positive operating cash flows increased during the financial year ended 31 December 2023 from A$27,874,672 to A$147,824,845.

Operating cash flow	**$000s**
Net loss during the financial year ended 31 December 2023	**(359,052)**
Non-cash token advisory fee	(357)
Proceeds from customers	(211,239)
Amortisation, depreciation and impairments	88,188
Fair value changes in other financial liabilities	(13,838)
Fair value changes in warrant liabilities	4,089
Share-based payments to vendors and employees and token-based payments to employees	49,552
Net trading gains	(100,748)
Fair value changes in financial assets	226,423
Write-off of long-term crypto assets and receivables	29,134
Other non-cash charges recognised in profit or loss	38,104
Changes in receivables, other current assets, payables, provisions, deferred tax liability, short-term crypto investments and inventories	397,569
Net operating cash inflow during the financial year ended 31 December 2023	**147,825**

The directors present their report, together with the consolidated financial statements of Animoca Brands Corporation Limited (ACN 122 921 813) (the "Company") and its consolidated entities (the "consolidated entity"), for the financial year ended 31 December 2023.

Principal Activities

Animoca Brands' three pillars are: Web3 operating businesses, digital asset advisory services and investment management which are designed as an integrated flywheel for the open metaverse. From a Web3 and AI perspective, these pillars combine infrastructure, services and capital allocation to support an agentic, tokenised internet where both humans and AI agents participate as stakeholders.

Animoca operates and incubates native Web3 projects such as Moca Network (identity and reputation), The Sandbox (metaverse), Open Campus/TinyTap (on-chain education), GAMEE (Web3 gaming and advertising network) and other titles such as Anichess. These businesses build consumer-facing products that use tokens, NFTs and on-chain identities to deliver digital property rights and network effects in the open metaverse.

The Digital Asset Advisory business provides token advisory, tokenomics design, marketing, listing support, node operation, treasury management and trading services to external Web3 projects.

Animoca has invested in more than 530 portfolio companies across gaming, infrastructure, decentralised finance and increasingly AI, through balance sheet investments and Animoca Ventures. Investment revenues came from token sales, sale of equity investments, and management/performance fees with off-balance sheet token reserves and minority stakes provide optionality on future ecosystem growth.

Operating Results

The net loss after tax attributable to shareholders of the Company during the financial year ended 31 December 2023 was A$410,783,415 (2022: A$510,926,814). The decrease in the net loss after tax was largely attributable to:

- decrease in impairment of goodwill on acquisition;
- decrease in write-off of long-term crypto assets;
- decrease in token-based payments to employees; and
- net trading gains on digital assets,

which partly offset the reduction in the net loss attributable to shareholders of the Company were:

- lower revenue, from amortisation of deferred revenue following the launch of The Sandbox platform and token advisory services, net of cost of revenue;
- increase in employee benefits;
- increase in impairment of simple agreement for future tokens;
- increase in net fair value losses for financial assets and warrant liabilities; and
- the recognition of costs related to structured entities prior to the amortisation of deferred revenue.

State of affairs of the Company

The Company issued 69,383,341 fully paid ordinary shares at various prices for A$78,368,082 during the financial year ended 31 December 2023, including the issuance of 32,726,129 fully paid ordinary shares for cash proceeds of A$41,898,759.

The non-cash equity issues related to acquisitions of two controlled entities, purchase of portfolio investments and participation in strategic partnerships.

The significant acquisitions made by the Company during the financial year ended 31 December 2023 were WePlay Media Holdings LLC and Azarus Inc.

In 2023, the acquisitions were funded by way of A$5,116,959 cash balances and A$946,764 by way of fully paid ordinary shares.

2023 Acquisitions

Acquisition of WePlay Media Holdings LLC ("WePlay")
On **16 September 2022**, Animoca Brands Limited, a controlled entity of the Company, entered a Membership Purchase Agreement to acquire a 100% equity interest in WePlay with a total consideration of A$5,116,959 (US$3,500,000) with conditions precedents satisfied in early 2023.

Acquisition of Azarus, Inc. ("Azarus")
On **2 August 2023,** Horizon Gold Limited, a controlled entity of the Company, entered an Acquisition Agreement and Share Swap Agreements to acquire a majority equity interest in Azarus from its shareholders. The Company subsequently issued 210,392 fully paid ordinary shares at a fair value of A$4.50 per share on settlement of the purchase price on **6 May 2024**.

In addition, the holders of Azarus convertible notes were replaced by new convertible notes / SAFEs which entitled the convertible notes / SAFEs holders to convert the convertible notes / SAFEs into shares of the Company for a fixed number of ordinary shares at a fair value of A$4.50 per share.

Dividends

For the financial year ended 31 December 2023, no dividends were declared and paid.

Events After Balance Date

Partnership with Hi.com
On **26 March 2024**, the Company issued 5,122,688 fully paid ordinary shares at a fair value of A$4.50 per share to complete its investment in a Hi.com SAFE instrument. This investment was made pursuant to a Memorandum of Understanding initially entered on **27 July 2023** by Animoca Brands Limited, a controlled entity of the Company.

Conversion of MOCA SAFEs
On **16 August 2024**, the Company issued a total of 7,456,091 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Darewise disposal
On **16 October 2024**, the Company disposed 26.32% of its ownership interest in Darewise Entertainment SAS ("Darewise") by way of transferring shares acquired in Darewise to its founders for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Issue of shares to advisor
On **26 November 2024**, the Company approved the issue of 1,500,000 shares at a fair value of A$4.50 per share to Significant Singular Limited for advisory services, with the shares being issued on **2 February 2026**.

Conversion of MOCA SAFEs
On **19 December 2024**, the Company issued a total of 4,575,101 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Conversion of MOCA SAFEs
On **21 February 2025**, the Company issued a total of 568,571 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended of 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Grease Monkey Games disposal
On **6 March 2025,** the Company disposed of 55% of its ownership interest in Grease Monkey Games Pty Ltd ("Grease Monkey Games") by way of transferring the shares acquired in Grease Monkey Games to its founders for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Leade.rs disposal
On **6 March 2025**, the Company disposed of 55% of its ownership interest in Leade.rs Inc. ("Leade.rs") for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Disposal of WePlay
On **20 March 2025**, the Company disposed of 75% of its equity interest in WePlay, which was initially acquired on **28 March 2023**, for a total consideration of A$73,800 (US$50,000).

The Company had, on acquisition, impaired the value of its investment, in full.

Purchase of preference shares from and issuance of convertible notes to SVF II APAC Aggregator (DE) LLC
On **18 April 2025**, the Company entered into a Share Purchase Agreement with SVF II APAC Aggregator (DE) LLC, through its controlled entity, Acheson Investments Limited, to purchase all the Series B Preference Shares held by SVF II APAC Aggregator (DE) LLC in Bacasable Global Limited.

In consideration for the Share Purchase Agreement between Acheson Investments Limited and SVF II APAC Aggregator (DE) LLC, the Company agreed to issue convertible notes to SVF II APAC Aggregator (DE) LLC under a Note Subscription Agreement. The fair value of the convertible notes was A$39,203,451 (US$25,000,000) with maturity three years from the date of issue and a coupon rate of 10% per annum.

Investment in zkME Labs
On **25 April 2025**, Crowd Education Limited, a controlled entity of the Company, entered a Share Purchase Agreement to acquire a 20% equity interest in zkME Labs. The consideration for the acquisition consisted of a combination of MOCA tokens and 1,514,622 fully paid ordinary shares at a fair value of A$4.50 per share. The first tranche of 499,826 shares was subsequently issued by the Company on **26 August 2025**.

Issuance of shares under Executive Employee Incentive Plan ("EEIP")
On **26 May 2025**, the Company issued a total of 4,468,750 fully paid ordinary shares at an exercise price from A$0.85 to A$1.08 to pursuant to terms and conditions set out in the EEIP.

Disposal of Azarus
On **27 June 2025**, the Company entered a Sale and Purchase Agreement for disposing 25.10% of its equity interest in Azarus by way of transferring shares acquired in Azarus to its founders for a consideration of A$146 (US$100).

The Company had, on acquisition, impaired the value of its investment, in full.

Consolidation of ownership in The Sandbox
On **3 July 2025**, the Company entered a Master Share Purchase Agreement to redeem the Preference A Shares issued by Bacasable Global Limited, a controlled entity of the Company, from True Global Ventures 4 Plus Fund Pte. Ltd. The transaction was subsequently settled on **2 February 2026** through an aggregate issuance of 15,000,000 fully paid ordinary shares at a fair value of A$4.50 per share.

On **13 July 2025**, the Company entered into a Share Purchase Agreement with Mr Arthur Madrid and a Share Contribution Agreement with Mr Sebastien Borget, the founders of The Sandbox, to acquire the 30% equity interest that they held in Meta Global Limited (the parent entity of The Sandbox companies) through the issuance of 41,000,000 fully paid ordinary shares in the Company at a fair value of A$4.50 per share with the shares were being issued on **30 September 2025**. Subsequent to the completion of transaction, the Company's ownership interest in Meta Global Limited increased from 70% to 100%.

Founders' management services agreement
On **13 July 2025**, the Company entered a Management Services Agreement with Mr Arthur Madrid who resigned as an Executive Director of the The Sandbox; however, will continue to act as Non-Executive Chairman of Bacasable Global Limited, a controlled entity of the Company. As part of the management services agreement, the Company agreed to issue Mr Madrid 7,631,607 fully paid ordinary shares in recognition of his past performance between 2018 and 2020.

Conversion of Convertible Notes
The Company redeemed the convertible notes issued during the financial years ended 31 December 2022 and 2023 by way of cash settlement. The principal and interests paid on redemption were A$179,385,965 and A$64,066,851, respectively.

On **3 August 2025,** the holder of the A$16,374,056 convertible note, comprising both principal and interest, converted the convertible note in the Note Subscription Agreement into 15,600,000 fully paid ordinary shares.

Establishment of Stablecoin joint venture
On **8 August 2025,** Animoca Brands Limited, a controlled entity of the Company, announced that it had entered into a joint venture, Anchorpoint Financial Limited, with Standard Chartered Bank (Hong Kong) Limited and Hong Kong Telecom. The joint venture seeks to build a business model focused on the issuance and advancement of licensed stablecoins. On 10 April 2026, the joint venture successfully secured its stablecoin issuer licence from the Hong Kong Monetary Authority.

Issuance of shares under the EEIP
On **26 August 2025**, the Company issued a total of 5,662,500 fully paid ordinary shares at an exercise price from A$0.90 to A$0.99 to key executives pursuant to the terms and conditions of the EEIP.

Investment in KLKTN
On **26 August 2025**, the Company entered a Share Purchase Agreement and a SAFE Subscription Agreement with KLKTN Limited ("KLKTN"), whereby the Company purchased shares in KLKTN for A$9,121,621 (US$6,000,000) and subscribed to A$18,573,966 (US$12,217,500) in SAFE instruments. The investment in KLKTN was undertaken by way of the issue of 5,835,317 fully paid ordinary shares at a fair value of A$4.50 per share. On **17 November 2025,** the Company issued a further 228,041 fully paid ordinary shares at a fair value of A$4.50 per share.

On **3 June 2026**, the Company entered a Share Purchase Agreement with Taing & Co Pty Ltd to sell 1,336,585 shares in KLKTN, representing a 51% of the shares on issue in KLKTN, for a consideration of A$146 (US$100).

Conversion of MOCA SAFEs
On **26 August 2025**, the Company issued a total of 77,821 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered into during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Note subscription agreement
On **11 September 2025**, the Company entered a Note Subscription Agreement with one of the 2022 convertible note holders, which had an original maturity date on 21 August 2025. The outstanding principal amount of A$14,760,140 (US$10,000,000) has been rolled over at an interest rate of 10% per annum, with a new maturity date on 16 September 2028. In addition, the Company entered a Warrant Deed with the convertible note holder whereby the convertible note holder has the right to subscribe for up to 10,256,000 fully paid ordinary shares at the exercise price of A$1.125 with a maturity date on 16 September 2028.

Advisory services from LayerZero Labs
On **28 Oct 2025**, Bayonne Global Limited, a controlled entity of the Company, entered an Advisor Agreement with LayerZero Labs Limited. The consideration for the advisory services consisted of 1,740,000 fully paid ordinary shares at a fair value of A$4.50.

Proposed reverse merger with Currenc Group Inc. ("Currenc")
On **3 November 2025**, the Company entered a non-binding term sheet ("Term Sheet") with Currenc in relation to a potential transaction with Currenc where Currenc would acquire 100% of the fully paid ordinary shares of the Company by way of the scheme of arrangement.

The exclusivity period of the proposed transaction has been extended to 30 June 2026.

Capital Raising via Share Issuance
On **4 December 2025**, MOCA SAFE holders entered Note Subscription Agreements which granted the SAFE holders the right to convert their entitlement of MOCA Tokens into fully paid ordinary shares in the Company. The SAFE holders elected to convert their tokens into fully paid ordinary shares and the Company issued 6,162,965 fully paid ordinary shares on **2 February 2026**.

Changes of the Board of Directors
On **10 December 2025**, Mr John Madden was appointed as a non-executive director of the Company and on **11 December 2025**, Mr David Brickler resigned as a non-executive director of the Company. Mr John Madden, a part-time Company Secretary, is retained on a contractual basis and will continue in that role whilst a non-executive director.

Conversion of MOCA SAFEs
On **2 February 2026**, the Company issued a total of 33,038 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors on the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company. As at the date of this report, a total of 12,710,622 fully paid ordinary shares at a fair value of A$4.50 per share were issued to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments.

Disposal of Ga Mee Global Limited ("Ga Mee")
On **19 March 2026**, Animoca Brands Limited, a controlled entity of the Company, entered a Sale and Purchase Agreement with AlphaTON Capital Corp for the disposal of 60% of its equity interest in Ga Mee. The transaction also included 51% of the GAMEE (GMEE) and Watcoin (WAT) tokens held within the GMEE treasury for a total consideration of A$5,117,000 (US$3,500,000), comprising A$2,193,000 (US$1,500,000) by way of cash and A$2,924,000 (US$2,000,000) by way of shares. The controlled entity was also entitled to maximum earn-out payment of A$10,965,000 (US$7,500,000), subjected to the achievement of milestones.

Investment in NUVA Digital
On **27 April 2026**, the Company entered a Share Subscription Agreement with NUVA Digital to subscribe for 42.72% of ownership interest in NUVA Digital. NUVA Digital has developed the "NUVA" platform, which is a vault marketplace for tokenised or otherwise on-chain versions of various institutional-grade real-world assets.

The "NUVA" platform was subsequently launched on **14 May 2026**.

Disposal of Blowfish Studios
On **29 April 2026**, the Company entered a Sale and Purchase Agreement for the disposal of its 65% equity interest in Blowfish Studios by way of transferring shares acquired in Blowfish Studios to its founder for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Change to strategy direction
As stated above, the Company's strategy is transitioning from digital game/platform developments and the acquisition of entities to convert from Web2 to Web3 through blockchain/tokenisation to being a digital asset trading, tokenisation advisory service and portfolio investor.

Since the reporting date 31 December 2023, the Company has shut down its Quidd business and reduced its equity interests in Azarus, Blowfish Studios, Darewise, Ga Mee, Grease Monkey Games and WePlay. The Company has fully impaired its investment in all these entities in previous years with the exception of WePlay and Azarus as these entities were impaired, in full, during the financial year ended 31 December 2023.

Summary table of equity issues

The following table sets out the number of shares issued, and the equity raised since 31 December 2023 up to the date of this report:

		Number	$
At the balance sheet date of 31 December 2023		1,922,200,215	1,492,407,124
Date of issue:			
15 January 2024	a	500,000	550,000
19 January 2024	b	444,117	1,998,527
19 February 2024	c	168,888	760,000
19 March 2024	d	110,558	497,511
19 March 2024	e	31,440	141,480
19 March 2024	f	415,665	74,820
26 March 2024	g	5,122,688	23,052,096
06 May 2024	h	67,141	302,134
06 May 2024	i	210,392	946,764
31 May 2024	j	15,720	70,740
27 June 2024	k	101,590	457,155
10 July 2024	l	183,333	824,999
16 August 2024	m	7,456,091	33,552,410
28 August 2024	n	499,671	549,638
24 September 2024	o	44,949	149,998
24 September 2024	p	250,674	1,128,033
04 November 2024	q	417,403	1,878,314
19 December 2024	r	34,104	153,468
19 December 2024	s	4,575,101	20,587,939
23 December 2024	t	51,249	230,621
21 February 2025	u	204,073	918,329
21 February 2025	v	568,571	2,558,568
14 April 2025	w	277,776	50,000
15 April 2025	x	750,000	390,000
26 May 2025	y	4,468,750	4,035,625
13 July 2025	z	7,631,607	7,631,607
03 August 2025	aa	15,600,000	15,600,000
26 August 2025	ab	45,508	204,786
26 August 2025	ac	5,662,500	5,296,875
26 August 2025	ad	499,826	2,249,217
26 August 2025	ae	5,835,317	26,258,927
26 August 2025	af	460,074	2,070,333
26 August 2025	ag	77,821	350,195
30 September 2025	ah	41,000,000	184,500,000
16 October 2025	ai	750,000	810,000
17 November 2025	aj	1,740,000	7,830,000
17 November 2025	ak	244,708	1,101,186
18 December 2025	al	34,256	154,152
02 February 2026	am	(16,667)	(75,002)
02 February 2026	an	1,500,000	6,750,000
02 February 2026	ao	375,000	1,687,500
02 February 2026	ap	281,250	1,265,625
02 February 2026	aq	15,000,000	67,500,000
02 February 2026	ar	6,162,965	27,733,343
02 February 2026	as	33,038	148,671
26 March 2026	at	(158,889)	(715,001)
26 March 2026	au	125,000	81,250
26 March 2026	av	160,000	180,000
05 May 2026	aw	500,000	280,000
05 May 2026	ax	63,528	285,876
05 May 2026	ay	386,489	1,739,200
01 June 2026	az	33,334	150,003
01 June 2026	ba	287,500	181,750
		131,284,109	**457,109,662**
		2,053,484,324	**1,949,516,786**

The issuance of shares on the above dates is related to the following:

a	Shares were issued for the exercise of options
b	Shares were issued for consultancy services
c	Shares were issued for strategic investments
d	Shares were issued for consultancy services
e	Shares were issued for directors' service
f	Shares were issued for the conversion of convertible bonds
g	Shares were issued for strategic investments
h	Shares were issued for strategic investments
i	Shares were issued for acquisition of controlled entity
j	Shares were issued for directors' service
k	Shares were issued for consultancy services
l	Shares were issued for strategic investments
m	Shares were issued for conversion of MOCA SAFEs
n	Shares were issued for directors' service
o	Shares were issued for consultancy services
p	Shares were issued for strategic investments
q	Shares were issued for strategic investments
r	Shares were issued for strategic investments
s	Shares were issued for conversion of MOCA SAFEs
t	Shares were issued for directors' service
u	Shares were issued for strategic investments
v	Shares were issued for conversion of MOCA SAFEs
w	Shares were issued for advisory service
x	Shares were issued for executive equity incentive plan
y	Shares were issued for executive equity incentive plan
z	Shares were issued for consultancy services
aa	Shares were issued for the conversion of convertible bonds
ab	Shares were issued for consultancy services
ac	Shares were issued for executive equity incentive plan
ad	Shares were issued for strategic investments
ae	Shares were issued for strategic investments
af	Shares were issued for strategic investments
ag	Shares were issued for conversion of MOCA SAFEs
ah	Shares were issued for 30% equity interest of Meta Global Limited
ai	Shares were issued for executive equity incentive plan
aj	Shares were issued for consultancy services
ak	Shares were issued for strategic investments
al	Shares were issued for directors' service
am	Correction of issuance of shares
an	Shares were issued for consultancy services
ao	Shares were issued for consultancy services
ap	Shares were issued for executive equity incentive plan

aq	Shares were issued for strategic investments
ar	Shares were issued for the conversion of convertible bonds
as	Shares were issued for conversion of MOCA SAFE
at	Correction of issuance of shares
au	Shares were issued for executive equity incentive plan
av	Shares were issued for the conversion of convertible bonds
aw	Shares were issued for executive equity incentive plan
ax	Shares were issued for strategic investments
ay	Shares were issued for the conversion of convertible bonds
az	Shares were issued for strategic investments
ba	Shares were issued for executive equity incentive plan

Composition of capital raised after the financial year ended 31 December 2023

	Number	$
Cash proceeds from issue of shares	**8,221,898**	**35,298,529**
Non-cash issue of shares for various purposes including shares issues for acquisitions investments and advisors and consultants, and cryptocurrencies	**123,062,211**	**421,811,133**
	131,284,109	**457,109,662**

Likely developments and expected results of operations

The consolidated entity's strategy is to develop and invest in Web3 and digital asset ecosystems that promote digital property rights through tokenisation and blockchain technology. The consolidated entity conducts its operations through three core business pillars: Web3 operating businesses (including identity and reputation infrastructure, gaming, education and metaverse platforms), digital asset advisory and related token services, and investment management activities across a diversified portfolio of projects and liquid tokens.

Over future financial years, the directors expect the consolidated entity to continue expanding its Web3 operating platforms, increasing the scale of its institutional-grade token advisory, trading and treasury services and actively rebalancing its investment portfolio, including selective growth in AI-related and real-world asset tokenisation exposures. Subject to prevailing market conditions, regulatory developments in key jurisdictions and digital asset pricing, these developments are expected to support ongoing growth; however, reported results may remain subject to volatility due to movements in the fair value of digital assets and changes in applicable accounting standards.

The directors consider that the consolidated entity is well placed to benefit from broader adoption of Web3, crypto and tokenised asset solutions; but note that the consolidated entity operates in a rapidly evolving environment in which regulation, market sentiment and technology adoption can materially affect the timing and magnitude of revenues and investment outcomes. In response, the consolidated entity will continue to focus on strengthening its operating platforms, risk management, corporate governance, continuous disclosure practices and financial reporting processes, with the objective of supporting sustainable long-term growth and maintaining access to equity and debt capital, including from institutional investors.

Risk management

The Board of Directors, in conjunction with management, undertake an assessment of the key business, operating, and financial risks within the Company.

The key risks identified by the Board of Directors and management that may impact on the consolidated entity are set out below.

A. The consolidated entity conducts business in multiple jurisdictions and is subject to a wide range of laws, rules, regulations, policies, orders, determinations, directives, treaties and regulatory interpretations that apply to cryptocurrencies, tokens, digital asset platforms and related advisory and trading services. In the United States, recent federal initiatives including the GENIUS Act for payment stablecoins and proposed market structure and "CLARITY" legislation for digital assets are intended to introduce clearer classifications and supervisory frameworks for stablecoins and "digital commodities"; however there are expanded regulatory oversight and compliance obligations. In the European Union, the Markets in Crypto-Assets Regulation (MiCA) has established a unified regime for crypto-asset issuers and service providers, including authorisation, disclosure, conduct and prudential requirements, and has already led to changes in stablecoin offerings and exchange practices.

   In Australia, the Commonwealth Treasury has released proposals and exposure draft legislation to regulate digital asset platforms and tokenised custody platforms as new financial products, with associated licensing, disclosure and client asset safeguards.

   These developments reflect a broader trend towards increased regulatory scrutiny and formalisation of digital asset markets. At the same time, many existing legal and regulatory regimes were designed before the advent of the internet, mobile technologies, cryptocurrencies and blockchain, and do not fully address the unique features of digital assets, leading to areas of interpretive uncertainty and overlap with financial services regulation. As a result, the consolidated entity must exercise judgement when assessing whether particular laws, rules and regulations apply to its tokens, platforms and services, and must monitor the risk that new or revised interpretations may be adopted by policymakers, regulators or courts in the jurisdictions in which it operates.

To manage regulatory and legal risk, the consolidated entity:

(i) Maintains a regulatory monitoring and legal risk framework covering the United States, the European Union, Australia and other key jurisdictions, including tracking legislative initiatives such as US federal stablecoin and market structure bills, the phased implementation of MiCA and Australian Treasury proposals for digital asset and tokenised custody platforms.
(ii) Obtains jurisdiction-specific legal and regulatory advice for material token issuances, platform activities and advisory or market-making services, including analysis of token classification under securities, commodities and crypto-asset regimes, and adjusts product design, terms of use or geographic scope where necessary to reduce regulatory risk.
(iii) Implements internal approval processes that require regulatory and legal assessment for new products, markets and services, and documents key judgements regarding the application of laws and regulations to particular activities.

B. The legal status of cryptocurrencies and tokens as "securities" or equivalent regulated financial products is subject to a high degree of uncertainty in several jurisdictions, and adverse classification outcomes could materially affect the consolidated entity's ability to issue, support, trade or provide services in relation to those assets. In the United States, federal securities law continues to apply the investment contract analysis (including Howey-style tests) to many token offerings and secondary market activities, and recent SEC/CFTC interpretive guidance has introduced a classification of digital assets, distinguishing "digital securities" from digital commodities, tools and collectibles but emphasising that on-chain format does not avoid securities law where economic characteristics are present. In the European Union, MiCA and existing financial markets legislation (such as MiFID II) create different categories for crypto-assets (e-money tokens, asset-referenced tokens and "other crypto-assets"), with some tokens instead classified under traditional securities regimes; classification outcomes depend on token design, rights and use, and may differ between jurisdictions.

In Australia, ASIC's guidance and recent consultations emphasise that crypto-assets and digital tokens may be "financial products" under the Corporations Act, including managed investment schemes, derivatives, non-cash payment facilities or securities, depending on their rights, features and the arrangements through which they are offered and that businesses must be prepared to justify a conclusion that a token is not a financial product. Many regulators do not provide advance, binding confirmation on the status of particular tokens, and the legal tests are complex, fact-driven and evolve over time with new guidance, enforcement actions and case law.

The consolidated entity has issued fungible tokens used within games to access gameplay, purchase non-fungible tokens and interact with platforms and believes, based on their utility design and rights, that these tokens are not securities or financial products.

To manage classification risk, the consolidated entity:

(i) Undertakes structured legal and regulatory analysis of each material token and token-related arrangement, considering rights, features, marketing, economic purpose and associated arrangements under relevant jurisdictions and obtains external advice where appropriate.
(ii) Designs fungible tokens used in games and platforms primarily as utility instruments (for gameplay access, in-ecosystem purchases and non-financial use) and avoids attaching rights commonly associated with securities or financial products.
(iii) Implements internal approval processes for new tokens and token-related services that require sign-off from legal, compliance and senior management and maintains documentation of key classification judgements to support regulatory engagement and investor understanding.

C. The consolidated entity deposits, transfers and, in certain cases, holds custody of cryptocurrency assets across multiple jurisdictions. These activities expose the group to operational, technological and security risks, including the potential for fraud, financial crime, cyberattack, unauthorised access, key loss or mismanagement, and systems failure. A material breakdown in wallet security, custody arrangements or related financial management systems could result in loss or misappropriation of customer or proprietary cryptocurrencies, disruption to services, legal and regulatory consequences, and reputational damage.

Regulators and prudential bodies increasingly expect firms involved in crypto-asset activities to adopt controls and safeguards of a standard comparable to those used by banks for custody and asset safeguarding, including segregation of client assets, robust operational risk management and clear governance over custody functions.

To manage custody and operational security risks, the consolidated entity:

(i) Applies high security standards to wallets and custody operations, including segregation of customer assets from proprietary holdings, multi-signature and hardware wallet arrangements, and documented key generation and key management policies designed to reduce the risk of loss or unauthorised use of private keys.
(ii) Maintains and enhances internal systems and financial management processes related to custodian activities, including reconciliation, monitoring, access controls, incident response procedures and reporting structures, with the objective of achieving safeguards consistent with emerging "bank-grade" expectations for digital asset custody.
(iii) Retains specialist technology and cybersecurity expertise under consulting and service agreements to design, implement and update controls to prevent, detect and mitigate inappropriate access and other internal and external threats, and periodically reviews such arrangements against evolving industry best practice.

D. The consolidated entity has transitioned from a traditional Web2 game development and platform business, following divestment of its Web2 operations, to a strategy focused on portfolio investments and the provision of tokenisation-related advisory and market-making services. This revised strategy has significantly increased the scale and complexity of its investment, advisory and launch activities in blockchain and tokenisation entities, requiring substantial management time and resources to identify opportunities, structure transactions, oversee successful launches and manage ongoing relationships.

During the financial year ended 31 December 2022, the consolidated entity undertook its most significant year of acquisitions, and since that time has refined its approach to focus on portfolio opportunities where it can add operational and strategic value and utilise its skills more effectively and efficiently. While the consolidated entity has systems, processes and expertise to evaluate opportunities for acquisitions, portfolio investments, entry into new businesses, joint ventures and other transactions, there is a risk that some transactions will not achieve expected returns or strategic objectives. Underperformance, changes in market conditions or execution challenges may result in losses on financial assets, impairments of acquisitions or joint venture interests, or foregone opportunities, which investors may view negatively.

The consolidated entity has historically funded many acquisitions, portfolio investments and strategic transactions through the issue of fully paid ordinary shares or other equity instruments. Such equity issuance is dilutive to existing shareholders and may be viewed unfavourably where perceived value creation does not offset dilution, or where market conditions lead to equity being issued at valuations below internal assessments of fair value.

To manage strategic, investment and dilution risk, the consolidated entity:

(i) Has refined its investment and portfolio strategy to focus on opportunities where it can contribute meaningfully through token advisory, market-making, ecosystem development and other value-adding services, rather than passive financial investment, with the aim of improving capital allocation efficiency and alignment with its core capabilities.
(ii) Utilises established systems and processes to evaluate potential acquisitions, portfolio investments, new businesses, joint ventures and strategic transactions, including assessments of financial returns, strategic fit, operational execution risk, regulatory considerations and governance arrangements.
(iii) Undertakes periodic review and monitoring of its investment portfolio and strategic transactions, including performance tracking, impairment assessments and consideration of whether the original investment thesis remains valid in light of market and regulatory developments.
(iv) The business of the consolidated entity requires the application of complex financial accounting rules, and there needs to be more guidance from accounting setting bodies such as the International Accounting Standards Board ("IASB") and the Australian Accounting Standards Board ("AASB") and changes to accounting standards may affect operating results.

E. The consolidated entity must comply with accounting rules and regulations set by the IASB and the Australian equivalent of International Financial Reporting Standards.

The concept that "one size fits all" can result in significant judgements on the application of accounting standards to the consolidated entity. For example, AASB 15 requires recognition of revenue based on the delivery by the consolidated entity of service obligation. The service obligations relate to how users realise gratification from playing digital games and the utilising platforms. The holders of cryptocurrencies of the controlled entities, in many instances, hold tokens such as SAND token without utilisation on the SAND platform. Accordingly, the amortisation of deferred revenue to the profit and loss cannot be achieved in an orderly manner.

To manage these complexities and the broader "one size fits all" challenge in applying accounting standards, the consolidated entity:

(i) Develops and maintains detailed accounting policies for revenue recognition and digital assets that are specific to its business models, including identification of performance obligations, estimation of user behaviour, and methods for amortising deferred revenue related to virtual goods, platform access and token usage, with reference to industry practices and guidance for gaming and virtual item transactions.
(ii) Documents key judgements and estimation techniques used in applying AASB 15 and related standards, and reviews these judgements periodically in light of new information, changes in user patterns, regulatory developments and emerging interpretive guidance, including ASIC focus areas for revenue recognition and asset valuation.
(iii) Engages with external auditors and accounting specialists to assess the appropriateness of revenue recognition approaches for digital games, platforms and token-based arrangements, and to consider alternative models or refinements where necessary to better reflect the transfer of services and user gratification patterns.

F. Managing liquidity risk in volatile digital asset markets requires a structured treasury and risk framework that balances crypto exposure with reliable access to fiat and stable funding, plus diversified execution routes for conversions.

To manage liquidity risk in volatile markets, the consolidated entity:

(i) Multi-tier liquidity buckets: Maintain separate pools for (i) operational liquidity (fiat and stablecoins for payroll, vendors, debt), (ii) near-term reserves, and (iii) strategic crypto holdings, with explicit minimum thresholds and rebalancing triggers.
(ii) Diversified access channels: Use multiple exchanges, OTC desks and liquidity providers to avoid concentration and to ensure conversions remain possible during stress or platform-specific outages.
(iii) Data-driven monitoring: Aggregate order book, volume and bid-ask spread data across venues to monitor liquidity conditions for key tokens; apply risk scores and stress tests to quantify how quickly and at what cost positions can be exited under extreme scenarios.

G. The consolidated entity has entered into, and is expected to continue entering into, collaborations, joint ventures, partnerships and strategic alliances with third parties to develop, operate and enhance platforms and products, acquire tokens and provide services. These arrangements can be critical to executing the consolidated entity's strategy but carry risks if organisational and business structures are not designed to support effective decision-making, clear roles, performance accountability and shared objectives.

Counterparties may have economic or strategic interests that differ from, or become misaligned with, those of the consolidated entity over time. Misalignment can give rise to conflicts in the interpretation of contractual terms, the strategic direction of the arrangement, governance and decision-making processes, and ultimately the timing and success of token launches, platform development or service delivery. Failure to manage these risks could result in delays, underperformance, loss of opportunity, additional costs or reputational impacts for the consolidated entity.

To manage collaboration, joint venture and strategic alliance risk, the consolidated entity:

(i) Applies partner selection and transaction evaluation processes that consider strategic fit, financial strength, governance culture and alignment of objectives, in addition to commercial terms, before entering into new alliances or joint ventures.
(ii) Seeks to establish clear contractual and governance frameworks for material collaborations and joint ventures, including defined roles and responsibilities, decision-making structures, escalation and dispute resolution mechanisms, performance metrics and reporting obligations, to support effective coordination and accountability.
(iii) Implements structured alliance management practices, such as regular joint steering committee meetings, transparent communication channels and periodic reviews of performance against agreed milestones and strategic objectives, to identify emerging issues and address misalignment early.

H. The consolidated entity operates in a highly competitive and rapidly evolving digital asset and cryptocurrency industry. It competes against both regulated and unregulated (or less regulated) entities, including businesses with greater financial, technological or operational resources. The market is characterised by high levels of innovation, experimentation, changing customer needs and a constant flow of new or enhanced products and services, all within an environment of uncertain and developing industry and regulatory requirements.

Competition is expected to intensify as existing participants and new entrants introduce new platforms, tokens, services and AI-enabled solutions. If the consolidated entity cannot respond effectively to competitor activity, technological change or shifts in user preferences – for example by failing to develop, differentiate or scale new products and services – its business, operating results and financial position may be adversely impacted. This may include loss of market share, reduced margins, slower growth or reduced ability to attract and retain ecosystem partners.

To manage competition and market dynamics risk, the consolidated entity:

(i) Monitors market and regulatory developments in digital assets, Web3 and related technologies, including ASIC's guidance on digital assets and AFSL obligations, and government reforms intended to support innovation and competition, to better understand the competitive landscape and anticipate emerging opportunities and threats.
(ii) Continues to invest in product and service innovation, including new platform features, tokenisation offerings, advisory and market-making capabilities and AI-enabled tools, aimed at maintaining and strengthening its competitive position while aligning with evolving regulatory expectations.
(iii) Leverages its portfolio investments, strategic alliances and ecosystem relationships to support network effects, cross-platform integration and differentiated offerings, rather than competing solely on price or isolated products.

I. The consolidated entity has made significant portfolio investments in blockchain projects and related technologies at various stages of development. Many of these investments are in early-stage or unlisted entities for which there is limited market-based information, making the carrying value of such investments difficult to assess and increasing the risk of misstatement or unexpected impairments. At the date of this Directors' report, the consolidated entity holds a substantial number of portfolio investments and expects to continue investing in similar opportunities in future years.

The success of these portfolio entities depends on their ability to advance and execute their strategies, develop viable products and technologies, and secure ongoing financial support from the consolidated entity and other industry participants. Start-ups and early-stage ventures typically need to attract new capital to fund development and growth. Exogenous shocks to the digital asset and blockchain industry, failures of prominent projects, or negative publicity can undermine investor confidence and reduce the capacity of portfolio entities to obtain funding. While the consolidated entity may provide support through its own funds and investor network, there are practical limits to the level and duration of support that can be provided, particularly during extended periods of market stress or dislocation.

To manage portfolio valuation and support risk, the consolidated entity:

(i) Applies valuation policies for unlisted and early-stage investments that are consistent with applicable accounting standards on fair value measurement and seeks to base carrying values on the best available evidence, including recent transaction prices, observable market data where available, and entity-specific performance and funding milestones; however, fair value measurements under the Hierarchy set out in AASB 13/IFRS 13 results in significant impairments due to the lack of available evidence.
(ii) Undertakes periodic review of portfolio valuations and impairment indicators, including consideration of changes in market conditions, project progress, funding status and other relevant factors, and engages with external auditors and valuation specialists as needed to challenge assumptions and methodologies.
(iii) Monitors the operating performance and funding needs of portfolio entities and assesses whether continued financial support is aligned with the consolidated entity's capital allocation priorities, risk appetite and strategic objectives, recognising that not all ventures will succeed or warrant ongoing funding.
(iv) Diversifies its portfolio across sectors, stages and structures to reduce concentration risk, and incorporates scenarios involving market downturns, funding constraints and negative sentiment into its broader risk and capital management framework.

J. The consolidated entity's ability to meet its obligations as and when they fall due depends on its operating performance and access to funding, both of which are influenced by prevailing economic and competitive conditions and other factors beyond its control. If the consolidated entity is unable to generate sufficient cash from operations or secure appropriate funding, it may be required to realise cryptocurrency balances (on-balance sheet and off-balance sheet) and other financial assets earlier than intended or on unfavourable terms in order to service obligations and maintain business continuity.

The consolidated entity holds significant cryptocurrency positions that are recognised on its balance sheet and, in some cases, reflected off-balance sheet in accordance with applicable accounting standards. Adverse market conditions, price volatility and changes in digital asset sentiment can affect the value and liquidity of these positions. In stressed scenarios, servicing financial and commercial obligations may necessitate exiting cryptocurrency holdings at depressed prices or when liquidity is limited, which could negatively impact the consolidated entity's financial position and results.

To manage funding and liquidity risk in the context of material digital asset holdings, the consolidated entity:

(i) Maintains a treasury and liquidity management framework that monitors cash flows, funding needs and digital asset positions, including short-term obligations such as payroll, supplier payments and other commitments.
(ii) Manages the composition of its treasury between fiat, stablecoins and other cryptocurrencies, with the aim of ensuring that sufficient liquid assets are available to meet near-term obligations without undue reliance on forced sales of more volatile or less liquid tokens.
(iii) Regularly assesses market conditions, price movements and liquidity for key cryptocurrency holdings, and considers rebalancing or reducing exposures where appropriate to align with the consolidated entity's risk appetite and funding profile.
(iv) Evaluates funding options and capital structure as part of its ongoing financial management, including the timing of potential equity raisings or other capital measures, with a focus on supporting business growth while preserving financial flexibility.

K. The consolidated entity's operating costs may increase in future years, and it may not be able to achieve profitability or positive operating cash flow on a consistent basis, particularly in prolonged periods of weak digital asset market conditions. During 2026, commentators have described digital asset prices as experiencing another "crypto winter", with extended downturn and negative sentiment reminiscent of the period following the failures of FTX and other cryptocurrency entities. These conditions have impacted trading activity, token valuations and demand for certain services, and may continue to weigh on revenue growth and margins.

While the consolidated entity has introduced a significant cost-reduction programme during 2026 to respond to these conditions and reduce its cash "burn" rate, operating expenses may still rise over time as the board and management seek to attract and retain skilled personnel, expand targeted sales and marketing in priority areas, and support selected portfolio investments and limited acquisitions. Operating costs could remain high or increase due to the need to build and maintain managerial and specialist capabilities for an enlarged consolidated entity and to maintain governance, risk and compliance infrastructure. In addition, remuneration structures, including cash-based incentives and non-cash incentives such as performance rights and other equity-linked arrangements and the accounting treatment of certain financial liabilities and share-based payments may contribute to higher reported operating expenses in future periods. If revenue growth and margin improvement do not keep pace with cost levels in a crypto-winter environment, the consolidated entity's profitability, cash generation and ability to fund growth from internal resources may be adversely affected.

To manage operating cost and profitability risk in the context of continued poor market conditions, the consolidated entity:

(i) Implemented a significant cost-reduction programme during 2026, focused on lowering the cash burn rate and recalibrating the cost base to current and expected revenue levels in light of crypto-winter conditions, including reductions or deferrals of discretionary expenditure, rationalisation of certain activities, and optimisation of organisational structures.
(ii) Continues to monitor operating costs, manpower requirements and remuneration structures through budgeting, forecasting and performance reporting processes, with particular attention to cost trends and productivity during periods of subdued market activity and pricing volatility.
(iii) Reviews remuneration and incentive arrangements, including cash-based and equity-linked incentives, to balance the need to retain key executives and staff with the impact on operating costs and dilution, and assesses the accounting implications of such arrangements under applicable standards.
(iv) Integrates operating cost, profitability and cash flow considerations into strategic planning and capital allocation decisions, prioritising initiatives and portfolio support that demonstrate clearer paths to sustainable revenue and margin improvement, and deferring or scaling back non-core or lower-priority activities where appropriate.

L. The consolidated entity is likely to require additional capital over time to support business growth, including investment in platforms, portfolio entities, advisory and market-making capabilities, and governance and compliance infrastructure. To date, growth has been funded largely through equity issues and the use of equity to acquire controlled entities, reflecting volatile operating cash flows and the evolving nature of the business.

As the ultimate parent entity, Animoca Brands Corporation Limited, is currently unlisted, access to equity markets is constrained and some investors may be reluctant to subscribe for equity due to perceived illiquidity and limited secondary trading opportunities. This can reduce the range of capital-raising options available and may lead to equity being offered on terms that are less favourable than the board would otherwise prefer, particularly in periods of market volatility or negative sentiment towards digital assets.

The consolidated entity has received a term sheet in relation to a proposed reverse merger with a Nasdaq-listed entity. If completed, this transaction is expected to provide access to a broader, listed equity market and a wider institutional investor base. However, there is no certainty that the transaction will proceed, or that market conditions at the time of any listing will support equity issuance on acceptable terms. Until completion, the consolidated entity remains exposed to the funding constraints associated with its unlisted status and broader market conditions.

To manage capital and funding risk in the context of its current unlisted status and the proposed reverse merger, the consolidated entity:

(i) Monitors capital requirements, funding profile and cost of capital as part of strategic planning and budgeting, including assessment of the balance between internally generated cash, private equity raisings and, if the reverse merger is completed, potential access to listed equity markets.
(ii) Evaluates capital-raising initiatives in light of prevailing market conditions, investor appetite and valuation considerations, and seeks to structure equity issuances so that they support long-term value creation and appropriately consider dilution and liquidity impacts on existing shareholders.
(iii) Progresses work on the proposed reverse merger transaction, including due diligence, regulatory and governance preparations, recognising that successful completion would provide access to a Nasdaq listing and a deeper pool of equity capital, while acknowledging that the transaction remains subject to conditions and approvals.
(iv) Considers alternative funding structures and capital management options (such as strategic partnerships, co-investment arrangements and non-equity mechanisms) that are consistent with

the consolidated entity's risk appetite and governance framework, to supplement equity funding during the period prior to any listing.

(v) Continues to implement cost-management and cash-flow discipline measures, including the 2026 cost-reduction programme, to reduce reliance on external capital for operating expenditure and preserve flexibility to deploy capital selectively into higher-priority growth opportunities.

M. The consolidated entity operates in a relatively new and highly specialised industry that requires skilled and technical personnel with experience in digital assets, gaming, blockchain, tokenisation, AI and related technologies. The consolidated entity's success to date has been driven substantially by its management team, led by Mr Yat Siu, Executive Chairman of Animoca Brands Corporation Limited, together with members of the Executive Committee and other key executives.

The future performance of the consolidated entity is dependent on its ability to retain, motivate and appropriately reward the existing executive team, and to attract, develop and retain new employees in an industry where the pool of experienced personnel is limited and competition for talent is strong. The loss of key executives, or a failure to attract and retain highly qualified personnel, could adversely impact the consolidated entity's strategic direction, execution capability, innovation, relationships and financial performance.

To manage key personnel and talent risk, the consolidated entity:

(i) Maintains remuneration and incentive frameworks, including a mix of fixed remuneration, performance-based incentives and, where appropriate, equity-linked participation, designed to align the interests of key executives and staff with the long-term success of the consolidated entity while taking into account market practice and governance considerations.
(ii) Focuses on talent attraction, development and retention strategies, including targeted recruitment in specialist areas, succession planning for key roles, professional development opportunities and initiatives to support a strong culture aligned with the consolidated entity's values and strategic objectives.
(iii) Recognises the importance of leadership continuity and works to ensure that knowledge, relationships and capabilities are not overly concentrated in a small number of individuals by building broader management depth and cross-functional collaboration.
(iv) Periodically reviews human capital risks, including the availability of suitably qualified personnel in relevant markets, the competitiveness of remuneration structures and the effectiveness of succession and development plans, as part of its overall risk management and governance framework.
(v) The complexity of business across various jurisdictions may lead to unforeseen tax consequences.

The Company is subject to a tax review by authorities in one jurisdiction in which it conducts its business which may lead to other jurisdictions looking to review the Company's structure and the tax jurisdiction in which it reports profits.

Information on directors

Yat Siu	Executive Chairman, and Managing Director (appointed on 27 September 2020)
Experience	Mr Yat Siu is the founder and Chief Executive Officer of Outblaze Limited, a digital media company specialising in gaming, cloud technology and smartphone/tablet software development. In 2009, Mr Yat Siu sold the messaging division of Outblaze Limited to IBM and successfully turned Outblaze Limited from B2B messaging services to B2B digital entertainment. Mr Yat Siu is a director of Turn-out Ventures Limited, a partnership between Outblaze Investments Limited and Turner Entertainment Holdings Asia-Pacific Limited. Mr Yat Siu is a co-founder of Appionics Holdings Limited from which Animoca Brands Corporation Limited emerged. In 2012, Mr Yat Siu set up ThinkBlaze, a division of Outblaze Limited dedicated to investigating socially meaningful issues related to technology.
Interest in shares and other equity instruments	107,850,543 fully paid ordinary shares (On 22 December 2021 shareholders approved the issue of 89,364,270 performance rights to Mr Yat Siu). In addition, shareholders approved the issue of 15,720 fully paid ordinary shares in lieu of director fees on 15 December 2023 and 17,083 fully paid ordinary shares in lieu of director fees on 23 December 2024.
Directorships held in other listed entities in the last three years	OliveX Holdings Limited (appointed on 24 August 2021). Olive X Holdings was listed on the National Securities Exchange, Sydney and voluntarily delisted on 21 July 2023.
David Lloyd Brickler	Director (Non-executive) (appointed on 24 December 2014 and resigned on 11 December 2025)
Qualifications	BA (Princeton), EMBA (Kellogg-HKUST)
Experience	Mr David Brickler provided IT software integration and technical support for several not-for-profit entities in Australia. Mr David Brickler served as the ICT Manager for Baptcare – a provider of healthcare and family and community services throughout Victoria and Tasmania. Prior to this role, Mr David Brickler was Senior Director of Applications for World Vision International, one of the largest not-for-profit organisations in the world. Before entering the not-for-profit sector, Mr David Brickler held several executive technology-based roles throughout the Asia-Pacific region including CIO for Mizuho Securities Asia Ltd, Executive Director for Ernst & Young Hong Kong. Global CIO for Noble consolidated entity, one of the largest commodities traders in the world, Vice-President-Equity Technology at Goldman Sachs Securities Co Ltd, Japan and engineering roles at EDS and Fujitsu. Mr David Brickler is fluent in Chinese and Japanese.

Interest in shares and other equity instruments	584,762 fully paid ordinary shares (Shareholders approved the issue of 15,720 fully paid ordinary shares in lieu of director fees on 15 December 2023, 17,083 fully paid ordinary shares in lieu of director fees on 23 December 2024, and 17,128 fully paid ordinary shares in lieu of director fees on 18 December 2025.)
Directorships held in other listed entities in the three years	None
John Michael Madden	Director (Non-executive) (appointed on 10 December 2025)
Qualifications	BCom (University of Melbourne) FCPA FGIA MAICD
Experience	Mr John Madden has considerable experience leading work programmes on compliance, due diligence, governance and finance. Mr John Madden worked at Rio Tinto for 24 years in various disciplines including accounting (annual reporting and accounting policies), acquisitions, business analysis, community and government relations, planning, project feasibility, project construction/development, and taxation. After his tenure at Rio Tinto, Mr John Madden has worked primarily with small market "cap" companies and has listed a number of entities on the Australian Securities Exchange (ASX) and the Alternative Investment Market (AIM) as well as the London Stock Exchange.
Interest in shares and other equity instruments	359,273 fully paid ordinary shares (Prior to his appointment as a Director in 2025, 359,273 fully paid ordinary shares (comprising 205,057 fully paid ordinary shares issued on 21 February 2021 and 69,378 fully paid ordinary shares issued on 27 December 2019 and 84,838 fully paid ordinary shares issued on 19 March 2024) were issued for services rendered.)
Directorships held in other listed entities in the last three years	AKORA Resources Limited (resigned on 26 August 2023) Otto Energy Limited (resigned on 1 October 2024) Archaean Gold Limited (appointed on 1 May 2024)
Christopher Paul Whiteman	Director (Non-executive)
Qualifications	BEc (Adelaide) Grad Dip Finance and Investment (FINSA)
Experience	Mr Chris Whiteman is an executive with over twenty-five years of experience in commercial management, finance and strategic advisory roles across various industries including gaming and app development, energy and resources, and investment management. Mr Chris Whiteman has a Degree in Economics from the University of Adelaide, a graduate diploma in Applied Finance and Investment from FINSIA. Mr Chris Whiteman has specific expertise in equity markets and deals structuring, investor and public relations and strategic planning in both the public and private entities in Australia, China, and the United Kingdom.

Interest in shares and other equity instruments	1,167,163 fully paid ordinary shares (Shareholders approved the issuance of 15,720 fully paid ordinary shares to Mr Chris Whiteman in lieu of directors fees on 15 December 2023 and 17,083 fully paid ordinary shares in lieu of directors fees on 23 December 2024, and 17,128 fully paid ordinary shares in lieu of directors' fees on 18 December 2025.)
Directorships held in other listed entities in the last three years	iCandy Limited (appointed on 2 March 2021) Fortifai Limited (formerly: Mighty Kingdom Limited) (appointed on 15 March 2024, resigned on 22 May 2025) OliveX Holdings Limited (appointed 31 October 2023). Olive X Holdings was listed on the National Securities Exchange, Sydney and voluntarily delisted on 21 July 2023.

Meetings of directors

During the financial year ended 31 December 2023, the Board of Directors held 16 meetings (including committee meetings of directors) with the remainder of the meetings conducted by way of written resolution. Attendances by each director during the financial year ended 31 December 2023 were as follows:

			Committee Meetings			
	Directors Meetings		Audit & Risk Committee Meetings		Remuneration Committee Meetings	
	Number	Attended	Number	Attended	Number	Attended
Yat Siu	14	10	2	1	-	-
David Brickler	14	14	2	2	-	-
Chris Whiteman	14	14	2	2	-	-

There have been 32 meetings of the Board of Directors (including committee meetings of directors) since the end of the financial year ended 31 December 2023.

Audit services

Hall Chadwick (NSW) was appointed as the Group Auditor on 23 December 2024 by way of a general meeting of shareholders. Hall Chadwick (NSW) has retained other auditors as Component Auditors to undertake specific scopes of work in Hong Kong and other jurisdictions.

Non-audit services

Hall Chadwick, in its capacity as an auditor for the Company, has yet to provide any non-audit services during the financial year ended 31 December 2023. The auditor's independence declaration during the financial year ended 31 December 2023 is set out on page 35 as required by s.307C of the Corporations Act 2001 (Commonwealth) ("Corporations Act 2001 (Cth)").

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is wilful negligence.

During the financial year ended 31 December 2023, the Company paid a premium in respect of a contract to provide insurance to the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year ended 31 December 2023, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year ended 31 December 2023, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental regulations

The consolidated entity's operations are not subject to any significant environmental regulations under the government legislation of the countries it operates in. The consolidated entity's environmental footprint is small and arises primarily from the energy used and materials consumed in its offices. The Board of Directors believes that the consolidated entity has adequate systems in place for the monitoring of environmental regulations.

Options and performance rights

Employee Share Ownership Scheme ("ESOP")
At the date of this report, the unissued fully paid ordinary shares of the Company under options (unlisted) are as follows:

Options over fully paid ordinary shares outstanding to employees:

Grant date	Expiry date	Exercise Price (cents)	Option Number
Employee options			
4 April 2018	Perpetual	63.94	1,067,502
4 April 2019	Perpetual	13.35	1,021,564
4 April 2020	Perpetual	18.00	178,939
4 April 2021	Perpetual	110.00	98,437
4 April 2022	Perpetual	450.00	28,754
			2,395,196

During the financial year ended 31 December 2023, no options over fully paid ordinary shares were exercised (2022: 21,419 options over fully paid ordinary shares were exercised at exercise prices between A$0.18 and A$1.11), while 29,331 (2022: 359,087) options over fully paid ordinary shares were forfeited.

As at the date of this report, under the ESOP, 10,939,805 options over fully paid ordinary shares have been exercised at exercise prices ranging from A$0.13 to A$1.10 since the commencement of the scheme and 1,605,551 options over fully paid ordinary shares have been forfeited. The ESOP has been replaced with EEIP.

Executive Employee Incentive Plan ("EEIP")
Performance rights outstanding and awarded to employees:

Award date	Expiry date	Performance Rights Price	Performance Rights Number	Performance Rights AUD
Tranche 1	21 December 2026	Zero consideration	35,944,386	69,821,970
Tranche 2	21 December 2026	Zero consideration	42,739,826	79,355,035
Tranche 3	21 December 2026	Zero consideration	29,973,501	51,956,067
Tranche 4	21 December 2026	Zero consideration	23,178,061	46,356,122
EEIP	31 December 2034	Zero consideration	70,325,000	59,776,250
			202,160,774	307,265,444

On 22 December 2021, shareholders approved a revised EEIP which provided the capacity for the Board of Directors to award performance rights. Mr Yat Siu, the Executive Chairman, was awarded 89,364,270 performance rights by shareholders. The performance rights are convertible into fully paid ordinary shares on achievement of various milestones. On 22 December 2021, Mr Evan Auyang, the consolidated entity's Group President, was awarded 42,471,504 performance rights on the same terms and conditions of Mr Yat Siu.

At the balance date of 31 December 2023, Tranche 1 and Tranche 2 milestones had been achieved; however, the Company and the Executive Chairman and Group President have mutually agreed to defer the conversion of the performance rights into fully paid ordinary shares. The number of fully paid ordinary shares issued on conversion of Tranche 1 and Tranche 2 performance rights were 35,944,386 fully paid ordinary shares and 42,739,826 fully paid ordinary shares, respectively.

The cost of the performance rights recognised in the consolidated statement of profit or loss during the financial year ended 31 December 2023 was A$19,651,670 (2022: A$19,651,670).

On 10 November 2023, 83,150,000 performance rights under the EEIP were approved for granting to employees, subject to a continuous employment milestone. Subsequent to year ended 31 December 2023, the Company granted additional performance rights under the EEIP, while a portion of the performance rights was forfeited following personnel changes. On 24 September 2024, the Board of Directors approved an extension of the expiry date from 5 years to 10 years from the original award date.

During the financial year ended 31 December 2023, no performance rights were exercised into fully paid ordinary shares or forfeited.

As at the date of this report, 12,825,000 performance rights were exercised at an exercise price from A$0.52 to A$1.08 under the EEIP and no performance rights have been forfeited.

Warrants

At the date of this report, the unissued fully paid ordinary shares of the Company pursuant to the 2022 Convertible Notes and 2023 Convertible Notes are as follows:

Grant date	Expiry date	Exercise Price (cents)	Option Number
Warrant options			
5 August 2022	4 August 2025	450	2,653,196
18 August 2022	17 August 2025	450	11,569,167
22 August 2022	21 August 2025	450	1,542,556
2 September 2022	1 September 2025	450	1,234,044
16 September 2022	15 September 2025	450	771,278
19 May 2023	18 May 2026	450	771,278
			18,541,519

In 2022, the holders of the 2022 Convertible Notes (see Note 35) were entitled to 57,600,000 warrants; however, no warrants were exercised by the Convertible Note holders, the warrants have since expired with the repayment of the Convertible Notes.

For the financial year ended 31 December 2023, the holders of the 2023 Convertible Notes (see Note 35) were entitled to 771,278 warrants with an expiry date of 18 May 2026.

During the financial year ended 31 December 2023, no warrants were exercised (2022: nil).

As at the date of this report, no warrants have been exercised.

Proceedings on behalf of the consolidated entity

Legal actions have been brought against the Company and its controlled entities with the nature of the actions set out below:

Complete Star Limited v Animoca Brands Limited.
Complete Star Limited, commenced litigation against Animoca Brands Limited ("ABL"), alleging that ABL engaged in the unauthorised use of a trademark in an announcement published on 20 September 2020.

PlayLine Ltd v Animoca Brands Limited
PlayLine Ltd, commenced arbitration proceedings against ABL, alleging that ABL breached its payment obligations under a service agreement dated 8 October 2021. Under the service agreement, the claimant is required to deliver certain services relating to the acquisition of licences to use third-party intellectual property rights and the commercialisation of such rights.

A Former Employee v Animoca Brands Limited
A former employee of ABL, filed an action against ABL for alleged unpaid wages and other termination payments. The former employee's claim has been partially settled, and he is seeking damages for the remainder. ABL is contesting the allegations.

Other than as set out above, the Company is not aware of any potential legal action being brought against the Company and its controlled entities as at the date of this report.

All matters remain unresolved as at the date of this report.

The Company and its controlled entities have brought actions against other parties with the nature of the actions set out below:

Animoca Brands Limited v Hai Wei Liu, Robert John Cockburn Tran and Christina Jane Muccio
ABL commenced arbitration proceedings against Hei Wei Liu, Robert John Cockburn Tran and Christina Jane Muccio for breach of their obligations under a shareholders' agreement in respect of HRCA Global Limited.

Animoca Brands Limited v LCX AG and Monty Metzger
ABL commenced arbitration proceedings against LCX AG ("LCX") and Monty Metzger, in respect of certain loan agreements entered into between LCX, Monty Metzger and ABL (through special purpose vehicles). ABL is entitled to convert the loans into shares; however, LCX and Monty Metzger have failed to deliver the shares.

Other than as set out above, the Company has not commenced, and has no current intention to commence, any legal actions against contractors, consultants, employees, entities, and related parties.

All the actions brought by the Company remain unresolved as at the date of this report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 35.

Remuneration

Policy
The remuneration policy of the consolidated entity has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Directors believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

The policy of the Board of Directors for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is described in the following paragraphs.

The remuneration policy of the consolidated entity sets the terms and conditions for executive directors and other senior executives. Due to the rapidly changing circumstances of the consolidated entity in recent years, the policy is reviewed annually by the Board of Directors with the purpose of maintaining alignment of the board and management with the consolidated entity's strategic objectives. Management is also entitled to participate in employee share and option arrangements. All executives receive a base salary that takes into account such factors as length of service and experience and share based incentives such as options.

Remuneration details during the financial years ended 31 December 2023 and 31 December 2022

Directors	Short-term benefits				Post-Employment Benefits	Long-term Benefits	Share-based payments		Total
	Salary/Fees	Profit share/ Bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options/ Performance Shares	
	$	$	$	$	$	$	$	$	$
During Financial Year Ended 31 December 2023									
Yat Siu	**158,036**	**-**	**-**	**-**	**-**	**-**	**70,740**	**11,908,923**	**12,137,699**
David Brickler	**158,036**	**-**	**-**	**-**	**-**	**-**	**70,740**	**-**	**228,776**
Chris Whiteman	**158,036**	**-**	**-**	**-**	**-**	**-**	**70,740**	**-**	**228,776**
	474,108	**-**	**-**	**-**	**-**	**-**	**212,220**	**11,908,923**	**12,595,251**
During Financial Year Ended 31 December 2022									
Yat Siu	-	-	-	-	-	-	-	11,908,923	11,908,923
David Brickler	232,752	-	-	-	-	-	-	-	232,752
Chris Whiteman	120,000	-	-	-	-	-	549,638	-	669,638
	352,752	-	-	-	-	-	549,638	11,908,923	12,811,313

Notes to Directors Remuneration Table:

- *Short-term employee benefits paid to Mr Yat Siu, Mr David Brickler and Mr Chris Whiteman represented directors' fees for services rendered during the financial year ended 31 December 2023.*
- *Mr John Madden was appointed as Directors on 10 December 2025 and accordingly, was not a Director during the financial years ended 2023 and 2022.*
- *On 22 November 2023, shareholders approved the issue of 15,720 shares of A$70,740 to Mr Chris Whiteman in lieu of services for the period 1 January 2023 to 31 December 2023.*
- *On 22 November 2023, shareholders approved the issue of 15,720 shares of A$70,740 to Mr David Brickler in lieu of services for the period 1 January 2023 to 31 December 2023.*
- *On 22 November 2023, shareholders approved the issue of 15,720 shares of A$70,740 to Mr Yat Siu in lieu of services for the period 1 January 2023 to 31 December 2023.*

Service Agreements

All non-executive directors have been appointed pursuant to Letters of Appointment with the Company. Mr Yat Siu, the Executive Chairman and Managing Director, has not executed, as at the date of this report, any formal agreement with the Company.

Share-based compensation

a. Employee Share Option Plan

In 2017, the Company adopted an Employee Share Option Plan ("ESOP") to provide incentives to eligible employees of the consolidated entity, including management and directors of the Company. The purpose of the ESOP is to retain and motivate key employees and management within the consolidated entity.

Under the ESOP, the Board of Directors have the capacity to issue up to 5% of the issued capital of the Company as options over ordinary shares, performance rights and shares granted under other employee incentive schemes. On 10 November 2023, the ESOP was replaced by the Executive Employee Incentive Plan ("EEIP").

There were no options granted to the employees of the consolidated entity for the financial year ended 31 December 2023 (2022: 42,860 options were granted with the fair value of options of A$173,985).

There were no fully paid ordinary shares issued as a result of exercise of options over fully paid ordinary shares for the financial year ended 31 December 2023 (2022: 21,419 fully paid ordinary shares were issued for A$16,508 by the Company at the weighted average exercise price of A$0.77 per option over fully paid ordinary shares).

At balance date of 31 December 2023, the number of options over fully paid ordinary shares outstanding was 2,450,637 (2022: 2,479,968) with a weighted average exercise price of A$0.22 (2022: A$0.23) per option over fully paid ordinary shares) (see Note 45).

The options over ordinary shares have no expiry date.

b. Director and Key Management Personnel Options

On 10 November 2023, 83,150,000 performance rights under the EEIP were approved for granting to employees, subject to a continuous employment milestone. Subsequent to year ended 31 December 2023, the Company granted additional performance rights under the EEIP, while a portion of the performance rights was forfeited following personnel changes. On 24 September 2024, the Board of Directors approved an extension of the expiry date from 5 years to 10 years from the original award date.

c. Performance rights issued as remuneration held by each Director

	Balance at start of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested and exercisable
Directors	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
2023						
Yat Siu	**89,364,270**		**-**		**89,364,270**	**57,448,460**
David Brickler	**-**	**-**	**-**	**-**	**-**	**-**
Chris Whiteman	**-**	**-**	**-**	**-**	**-**	**-**
	89,364,270	**-**	**-**	**-**	**89,364,270**	**57,448,460**
2022	-	-	-	-	-	-
Yat Siu	89,364,270	-	-	-	89,364,270	57,448,460
David Brickler	-	-	-	-	-	-
Chris Whiteman	-	-	-	-	-	-
	89,364,270	-	-	-	89,364,270	57,448,460

Notes to performance rights issued as remuneration held by each Director

As at the reporting date, 89,364,270 performance rights were granted to Mr Yat Siu, of which 57,448,460 had been vested and become exercisable, while the remaining 31,915,810 remain unvested.

Equity holdings of held by each Director

Directors	Balance at start of year	Received during the year as compensation	Conversion of options during the year	Subscriptions to issues of shares	Other changes during the year	Balance at end of year
	Number	Number	Number	Number	Number	Number
2023						
Yat Siu	**110,738,021**	**-**	**-**	**-**	**(5,282,582)**	**105,455,439**
David Brickler	**534,831**	**-**	**-**	**-**	**-**	**534,831**
Chris Whiteman	**617,561**	**-**	**-**	**-**	**-**	**617,561**
	111,890,413	**-**	**-**	**-**	**(5,282,582)**	**106,607,831**
2022						
Yat Siu	107,001,234	-	-	-	3,736,787	110,738,021
David Brickler	534,831	-	-	-	-	534,831
Chris Whiteman	617,561	-	-	-	-	617,561
	108,153,626	-	-	-	3,736,787	111,890,413

Notes to equity holdings of each Director

- *At the general meeting of shareholders on 22 December 2021, shareholders approved the acquisition by the Company of Sanrio Digital Corporation through the issue of a total number of 23,652,003 fully paid ordinary shares as consideration for the acquisition. Mr Yat Siu has 32.07% indirect beneficial equity interest in the sellers which resulted in entities related to Mr Yat Siu being issued 7,585,197 fully paid ordinary shares as consideration for acquisition.*

- *For the period between 4 February 2022 to 23 March 2022, an entity related to Mr Yat Siu has disposed of 3,848,410 fully paid ordinary shares at average price of A$4.47.*

- *For the period between 29 March 2023 and 30 December 2023, Typhoon Games (Hong Kong) Ltd., an entity related to Mr Yat Siu, has disposed of 11,739,070 fully paid ordinary shares at average price of A$1.07. The director of Typhoon Games (Hong Kong) Ltd. made the decision to dispose of the shares on behalf of all shareholders and therefore sold Mr Yat Siu's indirect interests.*

Tokens minted/mined by the Company held by each Director

Directors	Balance at start of year	Tokens received during the year	Tokens sold during the year	Other changes during the year	Balance at end of year	Tokens vested but not yet received
	Number	Number	Number	Number	Number	Number
2023						
Yat Siu	**-**	**1,454,599**	**-**	**-**	**1,454,599**	**-**
David Brickler	**-**	**-**	**-**	**-**	**-**	**-**
Chris Whiteman	**-**	**-**	**-**	**-**	**-**	**-**
	-	**1,454,599**	**-**	**-**	**1,454,599**	**-**

Notes to tokens minted/mined by the Company held by each Director

- *Mr Yat Siu received various types of tokens minted by the Company, including REVV token, EDU token and SAND token, for services rendered during the financial year ended 31 December 2023.*

Interest-free loans from/to each Director

There were no interest free loans made to Directors of the Company at the balance date of 31 December 2023 (2022: nil). At the balance date of 31 December 2023, the following amounts were due to Directors A$1,115,108 (2022: A$838,691) with A$761,858 (2022: A$549,638) to be settled by way of shares and the remaining balance by way of cash.

	2023 $	2022 $
Yat Siu	**228,776**	-
David Brickler	**132,971**	164,042
Chris Whiteman	**753,361**	674,649
	1,115,108	838,691

Notes to the Loans from Directors

- *The amounts due to Mr Yat Siu, Mr David Brickler and Mr Chris Whiteman represent directors' emoluments for the year ended 31 December 2023, 2022 and 2021.*

Interest-bearing loans from/to Directors

Asyla Investments Limited
On 16 December 2019, Asyla Investment Limited, an entity in which Mr Yat Siu is a director, contributed A$225,000 and was entitled to accrued interest of 8% per annum from 1 January 2020. Shareholders approved the participation by Mr Yat Siu in this unsecured loan raising on 22 December 2021, and the payment of interest to Mr Yat Siu for the monies loaned at 8%.

On 22 December 2021, shareholders approved a resolution that enabled Mr Yat Siu to receive interest payments on the loan monies he had advanced as part of the unsecured loan agreement.

Outblaze Limited
On 19 December 2022, Outblaze Limited, an entity in which Mr Yat Siu is a director, advanced the Company A$14,760,148 (US$10,000,000) at an interest rate of 1% per annum. The Company has also advanced money to Outblaze Limited and the net amount outstanding between the Company and Outblaze Limited at the balance date of 31 December 2023 was A$4,036,725.

The specific terms of the loan arrangement are still under negotiation between the board of directors and Mr Yat Siu.

Brisk Thrive International Limited
On 23 August 2023 and 28 August 2023, Brisk Thrive International Limited, an entity in which Mr Yat Siu is a director, advanced the Company A$5,267,870 (US$3,500,000) at an interest rate of 1% per annum. During the financial year ended 31 December 2023, A$75,255 (US$50,000) has been repaid.

	31 December 2023 $	 2022 $
Loan from		
Entities related to Yat Siu	**(9,406,196)**	(14,985,148)

Other transactions with Directors

Other Transactions with Directors relate to entities associated with Mr Yat Siu

The consolidated entity entered into a Service and Management Services Agreement with Outblaze Limited, an entity in which Mr Yat Siu is a director. Under this agreement, Outblaze Limited provides the following services:

- Use of telephones, facsimile machines, broadband internet connection, photocopiers and printers at the principal office for Cyberport, Hong Kong; and
- Use computer workstations, information systems, furniture and fittings, fixtures, office equipment and pantry supplies.

Both Animoca Brands Limited, a controlled entity of the Company, and Outblaze Limited are joint signatories to the lease agreement for the principal business premises at Cyberport Hong Kong. The growth of the Animoca business has resulted in Animoca being responsible for 67% of the lease agreement and Outblaze Limited being responsible for the balance.

Following the relocation of the office from Cyberport to Landmark South, the joint lease arrangement between Animoca Brands Limited and Outblaze Limited, an entity in which Mr Yat Siu is a director, was terminated in November 2024.

A number of transactions were undertaken between the consolidated entity and entities related to Mr Yat Siu, as follows:

	31 December 2023 $	31 December 2022 $
Service fees		
An entity related to Yat Siu	**867,376**	616,737
Interest expenses		
Entities related to Yat Siu	**257,016**	-
Payables		
An entity related to Yat Siu	**-**	(2,707,663)

Other Transactions with Directors relate to entities associated with Mr Chris Whiteman

Mr Chris Whiteman entered an agreement with Zeroth Fano Ventures Limited to purchase an effective interest of 2.5% of a note instrument with A$36,900 (US$25,000) through his superannuation fund. During the financial year ended 31 December 2023, Zeroth Fano Ventures Limited entered into a Note Transfer Agreement with third parties for a cash consideration of A$1,697,417 (US$1,150,000) which resulted in a gain of A$221,402 (US$150,000). A portion of the gain amounting to A$5,535 (US$3,750) was attributable to Mr Chris Whiteman.

This report of the directors is signed in accordance with a resolution of the Board of Directors.

Yat Siu
Executive Chairman
Date 17 July 2026

J M Madden

John Michael Madden
Non-executive director
Date 17 July 2026

Christopher Paul Whiteman
Non-executive director
Date 17 July 2026

HALL CHADWICK
Chartered Accountants & Business Advisors

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ANIMOCA BRANDS CORPORATION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Animoca Brands Corporation Limited. As the lead audit partner for the audit of the financial report of Animoca Brands Corporation Limited for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 17 July 2026

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
Level 9	Level 4	Level 1	Level 14	Level 11	Level 40
50 Pirie Street	240 Queen Street	48-50 Smith Street	440 Collins Street	77 St Georges Tce	2 Park Street
Adelaide SA 5000	Brisbane QLD 4000	Darwin NT 0800	Melbourne VIC 3000	Perth WA 6000	Sydney NSW 2000
+61 8 7093 8283	+61 7 2111 7000	+61 8 8943 0645	+61 3 9820 6400	+61 8 6557 6200	+61 2 9263 2600

	Note	31 December 2023 $	31 December 2022 $
Net revenue			
Revenue	**6**	**470,940,168**	680,685,467
Direct costs of revenue		**(149,930,197)**	(268,042,676)
		321,009,971	412,642,791
Net trading gains on digital assets		**100,747,673**	-
Other income	**7**	**18,235,243**	8,088,238
		118,982,916	8,088,238
Costs			
Impairment of goodwill on acquisition	**25**	**(13,364,850)**	(215,962,729)
Impairment of simple agreement for future tokens	**20**	**(61,522,445)**	(12,377,985)
Impairment of intellectual property	**24**	**(1,352,260)**	(62,799)
Impairment of an associate and joint ventures	**21,22**	**(645,647)**	(468,499)
Impairment of plant and equipment	**23**	**(576,403)**	(1,646,909)
Impairment of other non-current assets	**27**	**(5,471,539)**	-
Write-off of long-term crypto assets	**26**	**(26,755,698)**	(95,910,736)
Write-off of trade and non-trade receivables	**15**	**(2,378,337)**	(829,429)
Allowance for doubtful debts	**15**	**(2,691,381)**	(144,338)
Employee benefits	**8**	**(177,764,789)**	(98,335,774)
Token-based payments to employees		**(3,060,412)**	(43,129,181)
Share-based payments	**45**	**(19,651,670)**	(21,008,213)
Amortisation of intellectual property	**24**	**-**	(2,187,649)
Depreciation and amortisation	**23,27**	**(5,255,007)**	(3,724,366)
Marketing expenses		**(45,762,932)**	(65,765,994)
Consultants and contractors		**(80,710,640)**	(110,225,038)
Research and development expenses		**(21,591,097)**	(9,078,574)
Office expenses		**(17,677,019)**	(9,488,607)
Travel and accommodation expenses		**(8,640,605)**	(4,254,161)
Communications and computing expenses		**(16,015,789)**	(3,328,853)
Occupancy costs		**(3,854,713)**	(2,005,595)
Fair value changes in financial assets recognised through profit and loss	**18**	**(226,422,987)**	(153,156,129)
Fair value changes in other financial liabilities	**32,35**	**13,838,278**	7,646,874
Fair value changes in warrant liabilities	**35,36**	**(4,088,875)**	64,886,984
Net trading losses on digital assets		**-**	(135,091,449)
Exchange fluctuation		**24,660,367**	12,178,530
Finance costs	**9**	**(44,758,332)**	(11,770,688)
Other expenses	**10**	**(20,850,878)**	(19,830,291)
		(772,365,660)	(935,071,598)
Loss before income tax		**(332,372,773)**	(514,340,569)
Income tax expense	**11**	**(26,629,842)**	(4,754,039)
		(359,002,615)	(519,094,608)
Share of net loss after tax on investments accounted for under equity accounting	**21,22**	**(49,062)**	(936)
Loss after income tax		**(359,051,677)**	(519,095,544)
Net Loss attributable to			
Owners of the Company		**(410,783,415)**	(510,926,814)
Non-controlling interests		**51,731,738**	(8,168,730)
		(359,051,677)	(519,095,544)
Loss per share (cents)			
Basic	**12**	**(21.57)**	(28.58)
Diluted	**12**	**(21.57)**	(28.58)

The consolidated statement of profit or loss is to be read in conjunction with the accompanying notes

	Note	31 December 2023 $	31 December 2022 $
Loss for the year		**(359,051,677)**	(519,095,544)
Other comprehensive (loss)/income			
Exchange fluctuation on translation of foreign currency financial statements		**(6,761,166)**	43,076,603
Changes in fair value of financial assets recognised in comprehensive income	**18**	**(14,387,729)**	(27,425,379)
Other movement		**(1,481,927)**	-
Other comprehensive (loss)/income for the year		**(22,630,822)**	15,651,224
Total comprehensive loss for the year		**(381,682,499)**	(503,444,320)
Total comprehensive loss attributable to			
Owners of the Company		**(431,724,143)**	(490,456,939)
Non-controlling interests		**50,041,644**	(12,987,381)
		(381,682,499)	(503,444,320)

The consolidated statement of other comprehensive income is to be read in conjunction with the accompanying notes

	Note	31 December 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	**14**	**73,740,263**	254,156,476
Trade and other receivables	**15**	**54,042,182**	37,968,822
Income tax receivable		**1,238,159**	2,383,329
Short-term crypto assets	**16**	**14,587,126**	225,330,075
Inventories	**17**	**157,814,551**	195,319,804
Other financial assets	**18**	**350,977,299**	590,406
Other current assets	**19**	**18,042,307**	19,265,545
Simple agreement for future tokens	**20**	**607,287**	65,491,699
Total current assets		**671,049,174**	800,506,156
Non-current assets			
Other financial assets	**18**	**286,208,581**	484,081,626
Plant and equipment	**23**	**19,282,670**	10,349,877
Long-term crypto assets	**26**	**39,770,838**	36,473,236
Other non-current assets	**27**	**-**	3,254,859
Simple agreement for future tokens	**20**	**5,859,835**	-
Total non-current assets		**351,121,924**	534,159,598
Total assets		**1,022,171,098**	1,334,665,754
Liabilities			
Current liabilities			
Trade and other payables	**28**	**242,281,939**	232,609,165
Deferred revenue	**29**	**118,687,715**	247,246,324
Loans from related entities	**30**	**1,906,060**	1,629,579
Income tax payable		**4,050,922**	3,817,444
Provisions	**31**	**21,262,246**	35,633,951
Other financial liabilities	**32**	**161,394,070**	84,997,107
Borrowings	**34**	**1,699,594**	2,784,598
Convertible notes	**35**	**91,664,398**	51,444,221
Simple agreement for future tokens liabilities	**33**	**859,162**	-
Warrant liabilities	**36**	**50,912,563**	45,195,935
Lease obligations	**37**	**2,605,394**	1,888,564
Total current liabilities		**697,324,063**	707,246,888
Non-current liabilities			
Trade and other payables	**28**	**72,326**	87,034
Deferred revenue	**29**	**36,332,981**	119,013,730
Loans from related entities	**30**	**9,098,677**	14,760,148
Other financial liabilities	**32**	**5,714,637**	-
Provisions	**31**	**930,763**	-
Borrowings	**34**	**18,416,006**	1,209,590
Convertible notes	**35**	**13,664,031**	-
Simple agreement for future tokens liabilities	**33**	**12,887,914**	-
Warrant liabilities	**36**	**21,322,649**	23,349,407
Lease obligations	**37**	**12,602,802**	5,976,558
Deferred tax liabilities	**11**	**28,823,168**	3,074,132
Total non-current liabilities		**159,865,954**	167,470,599
Total liabilities		**857,190,017**	874,717,487
Net assets		**164,981,081**	459,948,267
Equity			
Ordinary capital	**38**	**1,492,407,124**	1,414,563,825
Preference capital	**39**	**39,203,451**	39,203,451
Other contributed equity	**40**	**714,080**	-
Reserves	**41**	**223,555,965**	236,596,381
Accumulated losses	**42**	**(1,663,098,814)**	(1,252,315,399)
		92,781,806	438,048,258
Non-controlling interests	**43**	**72,199,275**	21,900,009
Total equity		**164,981,081**	459,948,267

The consolidated statement of financial position is to be read in conjunction with the accompanying notes

	Ordinary Capital	Preference Capital	Other Contributed Capital	Financial Assets Reserve	Share-based Payments Reserve	Other Reserves	Translation Reserve	Accumulated Losses	Total Group Equity	Non-Controlling interests	Total Equity
	Note 38	Note 39	Note 40	Note 41	Note 41	Note 41	Note 41	Note 42		Note 43	
	$	$	$	$	$	$	$	$	$	$	$
Balance as at 1 January 2023	**1,414,563,825**	**39,203,451**	**-**	**(21,863,466)**	**171,201,445**	**32,215,037**	**55,043,365**	**(1,252,315,399)**	**438,048,258**	**21,900,009**	**459,948,267**
Comprehensive income											
(Loss)/profit for year after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(410,783,415)**	**(410,783,415)**	**51,731,738**	**(359,051,677)**
Other comprehensive loss	**-**	**-**	**-**	**(14,387,729)**	**-**	**-**	**(5,071,072)**	**-**	**(19,458,801)**	**(1,690,094)**	**(21,148,895)**
Other movements	**-**	**-**	**-**	**-**	**-**	**(1,481,927)**	**-**	**-**	**(1,481,927)**	**-**	**(1,481,927)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(14,387,729)**	**-**	**(1,481,927)**	**(5,071,072)**	**(410,783,415)**	**(431,724,143)**	**50,041,644**	**(381,682,499)**
Transactions with owners in their capacity as owners											
Share issues:											
-Share issues for cash	**41,898,759**	**-**	**501,860**	**-**	**-**	**-**	**-**	**-**	**42,400,619**	**-**	**42,400,619**
-Share-based payments	**-**	**-**	**212,220**	**-**	**-**	**-**	**-**	**-**	**212,220**	**-**	**212,220**
-Shares issues for acquisitions investments and advisors and consultants, and cryptocurrencies	**36,469,323**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36,469,323**	**-**	**36,469,323**
-Net change in temporary holding by the Company of its own shares as an owner	**-**	**-**	**-**	**-**	**-**	**(11,751,357)**	**-**	**-**	**(11,751,357)**	**-**	**(11,751,357)**
Performance rights	**-**	**-**	**-**	**-**	**19,651,669**	**-**	**-**	**-**	**19,651,669**	**-**	**19,651,669**
Acquisition of subsidiaries in current year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**257,622**	**257,622**
Transaction costs	**(524,783)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(524,783)**	**-**	**(524,783)**
Total transactions with owners	**77,843,299**	**-**	**714,080**	**-**	**19,651,669**	**(11,751,357)**	**-**	**-**	**86,457,691**	**257,622**	**86,715,313**
Balance as at 31 December 2023	**1,492,407,124**	**39,203,451**	**714,080**	**(36,251,195)**	**190,853,114**	**18,981,753**	**49,972,293**	**(1,663,098,814)**	**92,781,806**	**72,199,275**	**164,981,081**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

	Ordinary Capital	Preference Capital	Other Contributed Capital	Financial Assets Reserve	Share-based Payments Reserve	Other Reserves	Translation Reserve	Accumulated Losses	Total Group Equity	Non-Controlling interests	Total Equity
	Note 38	Note 39	Note 40	Note 41	Note 41	Note 41	Note 41	Note 42		Note 43	
	$	$	$	$	$	$	$	$	$	$	$
Balance as at 1 January 2022	581,458,663	39,203,451	355,259,892	5,561,913	150,476,720	(17,993,982)	7,148,111	(741,388,585)	379,726,183	(42,698,975)	337,027,208
Comprehensive income											
Loss for year after tax	-	-	-	-	-	-	-	(510,926,814)	(510,926,814)	(8,168,730)	(519,095,544)
Other comprehensive income/(loss)	-	-	-	(27,425,379)	-	-	47,895,254	-	20,469,875	(4,818,651)	15,651,224
Total comprehensive income/(loss) for the year	-	-	-	(27,425,379)	-	-	47,895,254	(510,926,814)	(490,456,939)	(12,987,381)	(503,444,320)
Transactions with owners in their capacity as owners											
Share issues:											
-Share issues for cash	603,175,696	-	(341,058,901)	-	-	-	-	-	262,116,795	41,870,895	303,987,690
-Share-based payments	562,500	-	(9,789)	-	1,073,056	-	-	-	1,625,767	-	1,625,767
-Shares issues for acquisitions investments and advisors and consultants	243,512,959	-	(14,191,202)	-	-	-	-	-	229,321,757	35,715,470	265,037,227
-Net change in temporary holding by the Company of its own shares as an owner	-	-	-	-	-	50,209,019	-	-	50,209,019	-	50,209,019
Performance rights	-	-	-	-	19,651,669	-	-	-	19,651,669	-	19,651,669
Transaction costs	(14,145,993)	-	-	-	-	-	-	-	(14,145,993)	-	(14,145,993)
Total transactions with owners	833,105,162	-	(355,259,892)	-	20,724,725	50,209,019	-	-	548,779,014	77,586,365	626,365,379
Balance as at 31 December 2022	1,414,563,825	39,203,451	-	(21,863,466)	171,201,445	32,215,037	55,043,365	(1,252,315,399)	438,048,258	21,900,009	459,948,267

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

	Note	31 December 2023 $	31 December 2022 $
Cash flows from operating activities			
Payments to employees and suppliers		**(498,341,765)**	(590,052,244)
Receipts from customers		**237,674,873**	516,158,526
Net proceeds from trading digital assets		**392,064,567**	94,610,947
Interest received and other income		**17,096,732**	8,088,238
Interest payments		**(1,167,404)**	(685,003)
Tax benefit/(tax paid)		**497,842**	(245,792)
Net cash flows from operating activities	**44**	**147,824,845**	27,874,672
Cash flows from investing activities			
Proceeds from sale of other financial assets		**18,940,051**	53,006,349
Proceeds from sale of simple agreements for future token from third parties		**-**	25,616,962
Payments for simple agreements for future token from third parties		**(12,868,658)**	(60,506,606)
Net changes in long term of digital assets		**(19,085,084)**	(51,731,185)
Payment for plant and equipment acquired		**(4,636,283)**	(4,088,669)
Payments for Intellectual property acquired		**(1,352,260)**	(788,626)
Payments for software acquired		**(2,090,865)**	(2,133,997)
Payments for other financial assets acquired		**(435,643,690)**	(472,943,869)
Acquisition of controlled entities (net of cash and cash equivalents)		**(4,146,440)**	(134,303,079)
Acquisition of an associate		**(694,709)**	(487,140)
Acquisition of joint ventures		**-**	(960)
Net cash flows used in investing activities		**(461,577,938)**	(648,360,820)
Cash flows from financing activities			
Proceeds from issuance of fully paid ordinary shares		**41,898,759**	303,987,690
Subscription monies received in advance		**501,860**	-
Drawdown of unsecured loan		**-**	14,470,414
Proceeds from issuance of SAFT liabilities		**12,105,422**	-
Drawdown of borrowings		**11,136,428**	-
Proceeds from issuance of convertible notes		**24,195,501**	165,570,870
Repayment of borrowings		**(2,009,286)**	(2,290,065)
Lease payments		**(3,568,907)**	(2,039,170)
Proceeds from temporary holding by the Company of its own shares as an owner		**-**	50,209,019
Proceeds from issuance of SAFEs		**50,356,780**	3,025,978
Net cash flows from financing activities		**134,616,557**	532,934,736
Net decrease in cash flows		**(179,136,536)**	(87,551,412)
Exchange fluctuation		**(1,279,677)**	9,925,763
Cash at the beginning of the year		**254,156,476**	331,782,125
Cash at the end of the year	**14**	**73,740,263**	254,156,476
Analysis of cash and cash equivalents			
Cash at banks and on hand		**51,748,924**	205,255,037
Short-term bank deposits		**21,991,339**	48,901,439
		73,740,263	254,156,476

Note: The comparative figures for 2022 have been amended to reclassify “Net proceeds from trading digital assets” from “Cash flows from investing activities” to “Cash flows from operating activities”.

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes

Note 1 Corporate information

These are the consolidated financial statements and notes of Animoca Brands Corporation Limited (the "Company") and controlled entities (the "consolidated entity"). Animoca Brands Corporation Limited is a company limited by shares, domiciled and incorporated in Australia.

Selected financial information for the parent entity, Animoca Brands Corporation Limited, is disclosed in Note 51 to this financial report, in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards. This parent entity information is presented for disclosure purposes only and does not represent a separate set of statutory financial statements of the parent entity.

a. Basis of preparation

i. Statement of compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about the transactions, events and conditions they apply. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The consolidated financial statements were authorised for issue on 17 July 2026 by the directors of the Company.

ii. Financial position

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at the fair value of selected financial assets, non-current assets and financial liabilities.

iii. Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a net loss during the financial year ended 31 December 2023 of A$359,051,677 (2022: A$519,095,544) and a net cash inflow from operating activities of A$147,824,845 (2022: A$27,874,672).

The net loss after tax attributable to shareholders of the Company during the financial year ended 31 December 2023 was A$410,783,415 (2022: A$510,926,814). The decrease in the net loss after tax was largely attributable to:

- decrease in impairment of goodwill on acquisition;
- decrease in write-off of long-term crypto assets;
- decrease in token-based payments to employees; and
- net trading gain on digital assets,

with the net loss attributable to shareholders of the Company partly offset by:

- lower revenue, from amortisation of deferred revenue from the launch of the Sandbox platform and token advisory services, net of cost of sales;
- increase in employee benefits;
- increase in impairment of simple agreement for future tokens;
- increase in net fair value losses for financial assets and warrant liabilities; and
- the recognition of costs related to structured entities prior to the amortisation of deferred revenue.

The increase in operation cash flows was largely attributable to a significant increase in net proceed from trading digital assets.

At the balance date of 31 December 2023, the consolidated entity had negative working capital of A$26,274,889 (2022: working capital surplus of A$93,259,268). The working capital includes nil (2022: A$8,058,541) in amounts due to other parties that are to be extinguished through the issue of fully paid ordinary shares; the fair value of convertible notes with conversion features and the fair value of warrant liabilities together with deferred revenue of A$238,298,785 (2022: A$373,712,282). The fair value of the warrant liabilities and deferred revenue are non-cash liabilities.

Since balance date 31 December 2023, the consolidated entity redeemed convertible notes with an aggregate principal amount of A$179,385,965 (US$122,700,000) by way of cash payments up to 12 June 2026.

Convertible notes with a principal amount of A$12,587,146 (US$8,609,608) have been converted into fully paid ordinary shares. As a result of these collective actions, the outstanding principal amount of the 2022 and 2023 convertible notes has been reduced to A$14,542,197 (US$10,000,000) for which the maturity has been extended to 16 September 2028.

In addition, the Company has raised A$22,896,186 (US$15,660,991) from the issuance of SAFE agreements convertible into fully paid ordinary shares in the Company with attaching MOCA tokens.

The consolidated entity has cash and cash equivalents (stablecoins) balances of approximately A$40,381,354 as at 31 May 2026. The reduction in cash and cash equivalents (including stablecoins) when compared to amounts set out in the statement of financial position reflects the redemption of the convertible notes issued in 2022 and 2023 through a combination of cash payments and equity conversions up to the date of the approval of these financial statements.

In preparing the cash flow forecasts for the twelve months from the date of approval of these financial statements, management has taken into account a number of planned measures to strengthen the Company's liquidity position.

These measures include:

- Management is engaged in active negotiations with certain lenders and aims to obtain additional financing during the second half of 2026.

- Management has implemented a strategic focus to place greater emphasis on business activities that are expected to generate more recurring revenue in near-term.

- Management plans to realise gains on certain investments of relatively significant amounts, subject to prevailing market conditions and the consolidated entity's funding needs.

- Management is continuing initiatives to rationalise and streamline the Company's operating expenses through optimising the workforce as well as sale or downsizing of operating subsidiaries.

Notwithstanding the above, the achievement of the Company's strategy to strengthen its balance sheet is dependent on assumptions, estimates and judgement of the likelihood of future events.

iv. *Use of estimates and judgements*
The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in future year are discussed in Note 2u Critical accounting estimates and judgements.

v. *Comparative figures*
Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation during the current financial year.

Note 2 Basis of preparation and accounting policies

Controlled entities
The consolidated financial statements incorporate the financial statements of Animoca Brands Corporation Limited and the entities it controls in accordance with *AASB 10 Consolidated Financial Statements* and the Corporations Act 2001. Control is achieved when the consolidated entity:

- has power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power over the investee to affect the amount of its returns.

Power may arise from rights granted by equity instruments, contractual arrangements or other means, including arrangements where voting or similar rights are not the dominant factor in determining control (structured entities).

A controlled entity is any entity (including a structured entity) over which the Company has control as defined above. In assessing control, the consolidated entity considers all relevant facts and circumstances, including:

- holdings of actual and potential voting rights;
- contractual arrangements with other vote holders and service providers;
- rights arising from other contractual arrangements; and
- Combination of the above.

Generally, there is a presumption that a majority of voting rights results in control. However, the consolidated entity may control an investee with less than a majority of the voting or similar rights, or without holding any equity, where the criteria above are met.

The consolidated entity holds shares in all entities that it consolidates except for a structured entity incorporated in the Cayman Islands and its two controlled entities. The single share in that structured entity is legally held by a director of a third-party service provider. Based on contractual documentation and the practical operation of the arrangements, the consolidated entity has the current ability to direct the structured entity's relevant activities through instructions given by senior management and therefore, the consolidated entity is exposed to variable returns from the structured entity and its controlled entities and has the ability to use its power to affect those returns. Accordingly, the structured entity and its controlled entities are treated as controlled entities and are consolidated, even though the consolidated entity does not hold the issued share capital in its own name.

A list of controlled entities is contained in Note 5 Controlled entities in the consolidated financial statements.

The consolidated entity reassesses whether it controls an investee if facts and circumstances indicate that one or more of the elements of control have changed (power, exposure to variable returns and the ability to use power to affect returns). Changes in interests in a controlled entity that do not result in a loss of control are accounted for as equity transactions.

All inter-consolidated entity balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those adopted by the parent entity.

At the balance date of 31 December 2023, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the financial year then ended. Where controlled entities have entered or left the consolidated entity during the financial year, their operating results have been included or excluded from the date control was obtained (ceased).

a. Business combinations

Business combinations occur when an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired, and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as an asset or liability is remeasured each financial year to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified at the acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of profit or loss and statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(i) The consolidated entity raising sufficient additional funding from shareholders or other parties;

(ii) The consolidated entity converting existing loans to equity and if necessary, deferring deferred payment arrangements; and

(iii) The consolidated entity reduces expenditure in line with available funding.

Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity of the consolidated entity and the notes to the consolidated financial statements. Losses incurred by the consolidated entity that is attributable to the non-controlling interests are recorded, in full, to the non-controlling interests, even if that results in a deficit balance.

b. Intangible assets

i. Deferred expenditure

Expenditure on the research phase of projects to develop games and software is recognised as an expense incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

(i) the development costs can be measured reliably;

(ii) the project is technically and commercially feasible;

(iii) the consolidated entity intends to and has sufficient resources to complete the project;

(iv) the consolidated entity has the ability to use or sell the game and software; and

(v) the game and software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed.

ii. Digital assets

Digital assets that are not financial assets within the scope of AASB 9 are accounted for as intangible assets under AASB 138, or where held for sale in the ordinary course of business, as inventory under AASB 102.

The consolidated entity accounts for its non-broker/trader holdings of digital assets, as indefinite-life intangible assets. AASB 138 states that an intangible asset is 'an identifiable non-monetary asset without physical substance'.

The consolidated entity has ownership of and control over its cryptocurrencies and uses third-party custodial services as well as its own wallets to store its cryptocurrencies. Digital assets are initially recognized at cost and are subsequently carried at cost less any accumulated impairment losses. It performs analysis at each balance date to identify whether events or changes in circumstances, principally a decrease in quoted prices on active exchanges, indicate that it is more likely than not that any of the assets are impaired. In determining if an impairment has occurred, the consolidated entity considers the lowest price of each cryptocurrency on the active exchange at any time since acquiring the specific cryptocurrency held. If the carrying value of the cryptocurrency exceeds that lowest price, an impairment loss is recorded equal to the difference between the carrying value and the lowest price.

Impairment losses on digital assets classified as intangible assets are recognised as ‘impairment of digital assets’ in profit or loss in the financial year in which the impairment occurs, in accordance with AASB 136. The carrying amount is reduced to the recoverable amount (being the higher of fair value less costs of disposal and value in use) at the date of impairment. Subsequent increases in recoverable amount are recognised only to the extent permitted by AASB 136 (i.e. impairment reversals for assets other than goodwill); but the carrying amount is not increased above the amount that would have been determined had no impairment loss been recognised.

iii. Intellectual property

The consolidated entity recognises intellectual property on the acquisition of assets and in a business combination as the difference between the fair value of consideration and the fair value of net assets through assessment of the fair value of unrecorded but identifiable assets of the acquiree and includes trademarks, developed technology, technologies under development and customer relationships.

The intellectual property is stated at cost less any impairment losses and amortise over the period. The consolidated entity will realise economic benefits from the intellectual property acquired. The dynamic nature of the consolidated entity and the industry in which it operates has resulted in the amortisation of intellectual property over a period of not more than three years.

iv. Goodwill on acquisition

Goodwill on acquisition represents the difference between the fair value of consideration on the acquisition of an acquiree and the fair value of the identifiable net assets (net of contingent liabilities) acquired.

The consolidated entity assesses at each balance date the fair value of goodwill on the acquisition and determines whether there has been an impairment in the carrying amount. Where the consolidated entity has determined that an impairment has occurred in the carrying value, the difference between the carrying value and the fair value is charged to the profit or loss.

c. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. A deferred tax liability is recognised for all taxable temporary differences, except for certain temporary differences arising from the initial recognition of assets and liabilities in transactions that are not business combinations. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates expected to apply when the assets are realised or the liabilities are settled, based on tax rates enacted or substantively enacted at the reporting date.

Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in controlled entities, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Plant and equipment

i. Recognition and measurement

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is within the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset employment and subsequent disposal. The expected net cash flows have remained the same as their present values in determining recoverable amounts.

Items of plant and equipment are measured at cost less accumulated depreciation.

ii. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	20.00%
Computers	20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Employee benefits

i. Superannuation and retirement funds

The consolidated entity does not operate a defined benefit fund or accumulation fund for the benefit of employees. Controlled entities within the consolidated entity contribute to government sponsored retirement funds.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

iii. Long-term benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

iv. Award of tokens for zero consideration

Controlled entities within the consolidated entity have awarded employees with utility tokens such as SAND token. In substance, the award of utility tokens to employees represents non-cash benefits for services provided by the employee and accordingly, are measured at the present value at award date and amortised over the period in which the tokens awarded to employees' vest.

f. Equity-settled compensation

The consolidated entity operates an Executive Employee Incentive Plan ("EEIP") which rewards employees for performance with the issue of options over fully paid ordinary shares or performance rights.

i. Options over fully paid ordinary shares

Options over fully paid ordinary shares granted to employees are measured at the fair value of the instruments issued and amortised over the vesting period (a specific period of time). The fair value of options over fully paid ordinary shares has not taken into account vesting conditions when determining the fair value using the Black-Scholes pricing model.

ii. Performance rights

Performance rights awarded to employees are measured at the fair value of the instruments and amortised over the performance milestones. The fair value of performance rights has taken into account market conditions for vesting using the Parisian Barrier1 model with implied share price targets for each performance rights tranche.

iii Equity-settled share-based payments
The Company undertakes portfolio investments and purchases from suppliers by way of equity-settled share-based payments. The Company measures the portfolio investment and the goods and services at fair value of the portfolio investments and goods and services with a corresponding increase in equity. The fair value is measured at settlement date.

g. Revenue and other income

The consolidated entity recognises revenue from the following major sources:
- InApp revenues for smartphones;
- Advertising revenues;
- Service revenues and fees (including token advisory revenue);
- Blockchain revenues/tokenisation;
- Market making services; and
- Net trading gains/(losses) on digital assets.

For each contract with a customer, the consolidated entity:
- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

i. InApp revenue
The consolidated entity recognises InApp revenue on receipt of proceeds from the hosting platforms such as Apple and Google and adjusts revenue for the period in which proceeds are received. In general, proceeds lag the customer utilising the game or platform on Apple or Google by three months with the difference between revenues outstanding at the commencement of a financial year and revenue outstanding at the end of a financial year recorded as an increase or decrease in trade receivables.

ii. Advertising revenues
The consolidated entity recognises advertising revenues at transaction date when the advertisement has been released within an InApp game or within the blockchain game or platform.

iii. Service revenues
The consolidated entity recognises service revenue from customers for advisory services and technical enhancements of games or platforms when the services are delivered or the life of the contract, whichever is an appropriate measure of the performance obligations.

iv. Blockchain revenues (at a point in time)
For certain Blockchain revenue, the consolidated entity acts as principal in the transactions as custody and control of the digital assets, such as NFT, prior to the delivery to the customer. The consolidated entity records revenue at a point in time when the digital assets are delivered to the customer and the customer pays. The consolidated entity has no obligations for returns, refunds, warranty or other unfulfilled explicit or implicit promises after the sale. The consolidated entity also earns a certain percentage of the sale price as royalty when the digital assets are resold by its owner in a secondary

market transaction. The consolidated entity recognizes this royalty as revenue upon the re-sale is consummated.

v. *Blockchain revenues (over time)*
Revenue from blockchain-related activities is recognised in accordance with *AASB 15 Revenue from Contracts with Customers*. The consolidated entity identifies contracts with customers, determines distinct performance obligations and allocates the transaction price to those obligations. Revenue is recognised when (or as) the consolidated entity satisfies a performance obligation by transferring control of a promised good or service to the customer.

Virtual items, update rights and online hosting
For sales of games, platform access and related virtual items (including fungible tokens and non-fungible tokens) that grant rights to future content updates and online hosting, the consolidated entity identifies service-related performance obligations associated with ongoing access and content as well as to any obligations satisfied at the point of sale.

The "offering period" is the period over which the consolidated entity expects to provide the related services (update rights and hosting) to customers. As the offering period is not contractually fixed, the consolidated entity estimates the period over which customers are expected to benefit from those services by reference to available data, industry practice and international peer benchmarks. Based on this analysis, the consolidated entity currently uses an estimated offering period of 15–18 months as the basis for recognising revenue allocated to service-related performance obligations and recognises that this estimate is inherently judgemental and subject to periodic reassessment.

The consolidated entity's current systems do not capture all user profile and behavioural data (such as gender, generation or detailed online usage patterns) necessary to support more substantive estimation methods. Accordingly, the consolidated entity cannot apply an approach that distinguishes consumable and durable virtual items and therefore, amortises both consumable and durable virtual items over the same offering period.

Amounts received in advance for service-related performance obligations are recognised as deferred revenue and released to revenue as the consolidated entity satisfies the related obligations over the offering period.

The consolidated entity reviews its estimated offering period and allocation assumptions periodically and updates them if new information, improved systems or changes in customer behaviour indicate that a different pattern of revenue recognition would better reflect the transfer of services to customers.

Staking activities
The consolidated entity undertakes staking of digital assets on blockchain platforms as both a validator and a delegator in proof-of-stake arrangements. Staking rewards are typically received in the native token of the relevant blockchain and may arise either from validation services performed by the consolidated entity for the network or a staking pool; or from delegating digital assets to a validator who performs validation services.

Where staking activities are part of the consolidated entity's ordinary activities and the arrangement meets the definition of a contract with a customer under AASB 15, staking rewards are recognised as revenue at the fair value of the tokens at the time they are earned. The consolidated entity assesses whether it acts as principal or agent in each arrangement:

- When the consolidated entity acts as a validator and is responsible for performing validation services, it recognises the gross amount of staking rewards earned as revenue and recognises amounts remitted to delegators as an expense.

- When the consolidated entity participates as a delegator or otherwise acts in an agency capacity, it recognises revenue at the net amount it is entitled to retain.

vi. Market making services
The consolidated entity enters into market-making arrangements under which it provides liquidity in digital assets to trading venues, protocols or counterparties. In certain arrangements, the consolidated entity borrows digital assets and receives options to settle the borrowed digital assets as consideration for providing market-making services.

The market-making service component of these arrangements is accounted for under *AASB 15 Revenue from Contracts with Customers*, as it arises from contracts with counterparties in the ordinary course of the consolidated entity's business. The consolidated entity identifies distinct performance obligations (typically the provision of liquidity over a specified period or to defined parameters) and determines the transaction price, including non-cash consideration such as options.

The options received as consideration for liquidity provision are initially measured at fair value. At initial recognition, the fair value of the options attributable to the market-making services is not recognised immediately in profit or loss but is recognised as deferred revenue and released to revenue over the period in which the consolidated entity satisfies its performance obligations. Revenue from market-making services is recognised at the point in time or over time when the performance obligations are fulfilled in the consolidated statement of profit or loss and other comprehensive income.

Borrowed digital assets and trading gains/losses
Digital assets borrowed under market-making arrangements and related options and trading positions are recognised and measured in accordance with *AASB 9 Financial Instruments and* the consolidated entity's digital asset measurement policies. Liabilities arising from borrowed digital assets are measured at fair value, with changes in fair value recognised in profit or loss. Options and trading positions in digital assets are measured at fair value through profit or loss with fair value changes recognised in the consolidated statement of profit or loss and other comprehensive income.

vii. Interest income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

viii. Other income
Management fees are recognised on a portion of completion basis.

All revenue is stated net of the amount of value added taxes (see Note 2h Value-added taxes).

ix. Net trading gain/loss on digital assets
Net trading gain/loss comprises:

- realised gains and losses from trading digital assets; and

- unrealised gains and losses arising from changes in the fair value of trading cryptocurrencies and related derivative instruments.

h. Value-added taxes

Value-added taxes ("VAT") are the generic term for the broad-based consumption taxes that the consolidated entity is exposed to such as: Goods-and-Services Tax in Australia; Impuesto al Valor Agregado in Argentina;Arvonlisävero (ALV) in Finland; and the It-taxxa fuq il-valur miżjud in Malta.

Revenues, expenses, and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the relevant country's taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows. Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the taxation authority.

The application of VAT or equivalent indirect taxes to the sale of NFTs or crypto assets remains subject to ongoing clarification and is not fully harmonized across jurisdictions due to the blockchain-based nature of the transactions. The Company will continue to monitor regulatory developments, emerging guidance from tax authorities, and industry practices in this evolving area.

i. Inventories

The consolidated entity conducts broker-trader activities at Animoca Brands Limited, a controlled entity of the Company.

Animoca Brands Limited buys and sells cryptocurrencies for their own accounts. The amounts disclosed as inventories are principally acquired with the purpose of selling these cryptocurrencies in the near future in order to extinguish obligations in cryptocurrencies as well as fiat currencies. Animoca Brands Limited also buys and sells to generate profits as well as for risk management purposes.

Cryptocurrencies held for broker-trading activities are initially recorded as cost and subsequently remeasured at fair value at the balance date, with changes in fair value recognised in profit or loss during the financial year of the changes.

j. Leases

With the exception of short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the remains the same change in how a lessor accounts for leases.

k. Investment in associate entities

Associate entities are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associate entities are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in the profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associate entities are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate entity and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, the fair value of the retained investment and proceeds from disposal are recognised in profit or loss as incurred.

l. Investment in joint ventures

Joint ventures are joint ventures whereby the Company and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in joint ventures are accounted for by the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Company's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the other comprehensive income is reclassified to the profit or loss where appropriate.

The Company's share of its joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in the other comprehensive income is recognised in the other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. The Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Company and its joint venture are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Company.

Dilution gains and losses in joint ventures are recognised in the profit or loss.

In the Company's statement of financial position, the investments in joint ventures are stated at cost less provision for impairment. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

m. Financial instruments

i. *Initial recognition and measurement*

Financial instruments, comprising financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as fair value through profit or loss.

Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

The consolidated entity does not designate any interests in controlled entities, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

ii. *Derivative financial instruments*

Derivative financial instruments comprise a warrant instrument issued by a controlled entity. The derivative relates to a preference share issue by a controlled entity which provided the holder the right to acquire a number of tranches of SAND token for a specific price with a 10-year expiry date.

The token warrant liabilities are initially recorded at fair value on transaction date with changes in the fair value recorded in the profit or loss.

iii. *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, treasury bills and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iv. *Classification and subsequent measurement*

(i) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at calls with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short borrowings in current liabilities on the statement of financial position.

(ii) *Loans and borrowings*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of balance date.

(iii) Trade and other receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts that are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(iv) Trade and other payables

Trade payables and other payables are recognised when the consolidated entity becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost.

The amounts are unsecured and are generally settled on 30-day terms.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) Preference capital

An assessment of the characteristics of preference capital is assessed to determine whether the preference capital should be classified as a debt instrument or an equity instrument. If the characteristics of preference capital is a debt instrument, the preference capital is recorded on an amortised cost basis.

The consolidated entity has assessed the preference capital as an equity instrument. The terms and conditions of the preference capital raised by a controlled entity does not result in repayment unless a liquidity event is achieved with a minimum price of fully paid ordinary shares on listing and a minimum quantum of funds arising from the listing. If a liquidity event results in the sale of the controlled entity, the preference capital has priority in repayment as well as participation rights, on a diluted basis, to share in net proceeds available from the liquidation event for distribution to fully paid ordinary shares.

(vii) Ordinary capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of fully paid ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting the income or capital entitlements of the shareholders.

(viii) Treasury bills

Treasury bills with an original maturity of three months or less from the date of acquisition are classified as cash equivalents. They are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

Treasury bills are managed and held actively for trading purposes, they are classified as financial assets at fair value through profit or loss. They are initially recognized at fair value, with any directly attributable transaction costs expensed immediately in the profit or loss. Subsequently, they are remeasured at fair value as at reporting date, with changes in fair value recognized in the profit or loss.

v. *Amortised cost*

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less, principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

vi. *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vii. *Effective interest rate method*

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

viii. *Impairment*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in the consolidated entity that share similar credit risk characteristics.

All impairment losses are recognised in the consolidated statement of profit or loss.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the consolidated statement of profit or loss.

ix. *Derecognition*

Financial assets are derecognised where the contractual rights to cash flow expire, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

x. Financial income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in expenses in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

n. Loss per share

i. Basic loss per share

Basic loss per share is determined by dividing the profit or loss attributable to equity holders of the parent company, excluding any costs of service equity other than fully paid ordinary shares, by the weighted average number of fully paid ordinary shares outstanding for the financial year, adjusted for bonus elements in fully paid ordinary shares issued during the financial year.

ii. Diluted loss per share

Diluted loss per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of fully paid ordinary shares outstanding for the effects of all dilutive potential fully paid ordinary shares which comprise share options granted as share-based payments.

The consolidated entity does not report diluted loss per share, as dilution is not applied to annual loss generated by the consolidated entity.

o. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets comprising capitalised expenditure and intellectual property, other than deferred tax assets (Note 2c Income tax) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset consolidated entity that generates cash flows that largely are independent of other assets and the consolidated entity. Impairment losses are recognised in the consolidated statement of profit or loss, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the consolidated statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

p. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

q. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of each of the consolidated entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. Consolidated entity

The financial results and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates during the financial year.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

- Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

r. Fair value estimation

A number of the consolidated entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Information about the assumptions made in determining fair values of assets and liabilities is disclosed in the notes specific to that asset or liability.

s. Fair value of assets and liabilities

The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the consolidated entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e., the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the balance date (i.e., the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset at its highest and best use or to sell it to another market participant that would use the asset at its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the consolidated financial statements.

i. Valuation techniques

In the absence of an active market for an identical asset or liability, the consolidated entity selects and uses one or more valuation techniques to measure the fair value of the asset or liability, the consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the consolidated entity are consistent with one or more of the following valuation approaches:

(i) Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

(ii) Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

(iii) Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the consolidated entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

ii. Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

(i) Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(ii) Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

(iii) Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The consolidated entity would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the consolidated entity recognises transfers between levels of the fair value hierarchy (i.e., transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

t. Simple Agreements for Future Tokens ("SAFT")

The consolidated entity enters into SAFTs with third parties as early-stage investments in blockchain projects. Under a SAFT, the consolidated entity provides upfront funding to a project in exchange for the contractual right to receive a specified quantity of tokens (cryptocurrencies or other digital assets) upon the successful completion of a Token Generating Event ("TGE").

SAFTs held by the consolidated entity do not give rise to revenue from contracts with customers and are therefore not accounted for under AASB 15. Accordingly, SAFTs are recognised and measured as non-financial assets in accordance with applicable standards and tested for impairment under *AASB 136 Impairment of Assets*. The initial upfront funding is recorded at cost on inception.

At each subsequent reporting date, SAFTs are measured at cost less impairment. The consolidated entity assesses whether there is any indication that a SAFT may be impaired, considering factors such as:

- the status and progress of the underlying project;
- changes in expectations regarding the occurrence and timing of the TGE and vesting conditions;
- available market information on token pricing at or after TGE (where applicable); and
- broader market and regulatory developments affecting the project or token.

Where impairment indicators exist, the recoverable amount of the SAFT is estimated, for example by reference to the present value of expected future tokens, adjusted for vesting profiles and market price information and any impairment loss is recognised in profit or loss. Upon receipt of tokens under a SAFT following a TGE, the SAFT asset is derecognised and the tokens are recognised in accordance with the consolidated entity's digital asset policies:

- Tokens held for sale or use in the ordinary course of business are classified as inventory and measured in accordance with AASB 102.
- Tokens held for longer-term strategic purposes or not held for sale in the ordinary course of business are classified as intangible assets under AASB 138 and measured using the applicable cost model (or revaluation model where criteria are met).
- Subsequent measurement, impairment and any gains or losses on disposal of tokens are recognised in accordance with those standards and the consolidated entity's digital asset measurement policies.

u. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

i. Key Judgement – consolidation

In applying AASB 10, the consolidated entity exercises significant judgement in determining whether it controls certain structured entities (such as foundations) in circumstances where voting rights or direct share ownership are not the dominant factor. For these entities, the consolidated entity holds less than half of the voting rights or does not hold the issued share capital in its own name; but has contractual arrangements with the structured entities' nominee director(s) and supervisor(s) that give senior management of the consolidated entity the current ability to direct the relevant activities of those entities.

In forming its judgement, the consolidated entity considers:

- the rights and responsibilities conferred by contractual arrangements with the nominee director(s), supervisor(s) and service providers;
- evidence that the nominee director(s) and supervisor(s) act on instructions from senior management of the consolidated entity in relation to key operating and financial decisions; and
- the extent to which the consolidated entity is exposed, or has rights, to variable returns from the activities of the structured entities and has the ability to use its decision-making rights to affect those returns.

On the basis of these factors, the Company has concluded that the consolidated entity has power over the relevant activities of these structured entities, is exposed to variable returns from its involvement with them and has the ability to use its power to affect those returns. Accordingly, these structured entities are recognised as controlled entities and have been consolidated in these financial statements in accordance with AASB 10 and the Corporations Act 2001.

The assessment of control over structured entities is reassessed if facts and circumstances indicate changes in the contractual arrangements, decision-making rights or exposure to variable returns that could affect the consolidation conclusion.

ii. *Key Judgements – Revenue*

The application of *AASB 15 Revenue from contracts with customers* requires the consolidated entity to determine the basis on which it delivers services to customers. The consolidated entity has implemented a strategy to transition its revenue from Mobile-generated revenues to blockchain technology with tokenisation.

Revenue is derived from gamers purchasing virtual items which results in the gamer's gratification being realised over time and accordingly, the consolidated entity is required to initially defer revenue generated from gamers purchasing virtual items and recognise the deferred revenue over time as the gamer realises gratification. The basis for amortisation of deferred revenue requires judgement as to the duration the consolidated entity delivers services to the gamer. The accounting estimates and assumptions impact revenue recognised in the profit or loss each year and the carrying amount of deferred revenue as a liability.

Token advisory revenue represents fees for consultation and advisory, as well as listing services performed by the consolidated entity. Revenue is recognised at a point in time when services are rendered.

iii. *Key Estimates – Business combinations*

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the balance date. Fair value adjustments on the finalisation of the business combination accounting are undertaken on a retrospective basis, where applicable, to the period the combination occurred and have the potential to impact assets and liabilities and depreciation and amortisation reported.

iv. *Key Estimates – Intellectual property*
The consolidated entity undertakes investment in a highly competitive business sector that relies heavily on the retention of consumer demand for games and other services available from digital gaming. The consolidated entity assesses the carrying value of an acquired intellectual property based on expected future cash flows that can be secured from integration with the existing gaming portfolio of digital games as well as cashflows through growth by using its location within the Asian region to access "gamers" in this region. The consolidated entity acknowledges the relatively short life of digital games and the constant need to enhance existing digital games and develop new digital games and accordingly, amortises intellectual property recorded from the acquisition on a schematic basis over 3 years depending on an assessment of the capacity of digital games to maintain consumer retention rates.

v. *Key Estimates – Financial assets and financial liabilities*
The consolidated entity has made significant investments in start-up accelerator business opportunities. The consolidated entity evaluates the carrying value of each accelerator based on the year of initial investment, any subsequent investment by the consolidated entity or third parties and the pricing of the subsequent investments.

Where the accelerator continues to raise new funds and the pricing of new funds exceeds the investment made by the consolidated entity in the accelerator, the consolidated entity continues to record the investment at cost. Where the accelerator has yet to raise new funds, the consolidated entity will impair the carrying value of its investment. If the likelihood of the accelerator's capacity to raise new equity is reduced as a result of its failure to achieve its business objectives. The investment in the accelerator is reassessed with the financial impact of the reassessment taken to the profit or loss. Investments in the accelerator made during the financial year are carried at cost unless an event or outcome from activities of the accelerator results in the consolidated entity determining that impairment should be recorded.

The consolidated entity has recorded bank and other loans on an amortised cost basis by determining an effective interest rate and discounting cash outgoings by the effective interest. The effective interest rate reflects the cost to the consolidated entity of raising funds from each type of financial instrument with effective interest rates varying from 4% to 20%. The conversion feature of convertibles notes has been assessed under Black-Scholes models/binomial option pricing model with the residual liability feature of the convertible note assessed under the effective interest rate method.

The consolidated entity has assessed the value of a derivative instrument entered into by a controlled entity using Black-Scholes models/binomial option pricing model.

vi. *Key Estimate – Impairment*
The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The consolidated entity has recorded an impairment of goodwill on acquisition of A$13,364,850 (2022: A$215,962,729), impairment of simple agreement for future tokens of A$61,522,445 (2022:A$12,377,985), impairment of intellectual property of A$1,352,260 (2022: A$62,799), impairment of associates and joint ventures of A$645,647 (2022: A$468,499), impairment of plant and equipment of A$576,403 (2022: A$1,646,909), and impairment of other non-current assets of A$5,471,539 (2022: nil) at the balance date of 31 December 2023.

vii. *Key Estimate – Lease term*
The lease term is a significant component in the measurement of both the right-to-use asset and the obligations-to-pay. Accounting estimates and assumptions as to whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the period to be included in the lease terms. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalty market rates; existence of the leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

viii. *Key Estimate – Share-based payments*
The consolidated entity measures the cost of equity settled with suppliers and employees by reference to the fair value of the equity instruments at the date at which they are granted.

Where the Company has granted options over fully paid ordinary shares to suppliers and employees, the fair value is determined by using Black-Scholes modelling.
During the financial year, shareholders approved a revised Executive Employee Incentive Plan ("EEIP") which enabled the Company to award both options over fully paid ordinary shares and performance rights. As a result of the revised EEIP, the Company awarded performance rights to the Executive Chairman and the Group President with the fair value of the performance rights determined using a combination of Hoadley's Barrier1 model and Hoadley's Parisian Model ("Parisian Barrier1 Model").

Modelling/simulations take into account the terms and conditions upon which the instruments were granted/awarded. The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities; however, these accounting estimates and assumptions impact profit or loss and equity.

ix. *Key Estimate – Taxation*
Balances disclosed in the consolidated financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof.
No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer to Note 11 income tax expense.

x. *Key Estimate – Token-based payments*
The consolidated entity measures the cost of token settlements with advisors, consultants and employees by reference to the fair value of the token instruments at the date at which they are granted. The fair value is determined by reference to prices of tokens quoted on www.coinmarketcap.com on the grant date. The accounting estimates and assumptions relating to token settled-based payments have an impact on the carrying amounts of liabilities and the fair value amortised to the profit or loss and equity.

v. New standards, interpretations and amendments adopted by the consolidated entity

A number of new standards, amendments to standards and interpretations issued by the AASB which still need to be mandatorily applicable to the consolidated entity have yet to be applied in preparing these financial statements. The consolidated entity does not plan to adopt these standards early.

		Application Date	Company Review
AASB 2020-3	Annual improvements 2018-2020	2022/23	N/A
AASB 2020-6	Classification of liabilities	2022/23	Evaluating
AASB 2021-7	Amendments to AASB 10/AASB 128 and other corrections	2022/23	Evaluating
AASB 2021-2	Disclosure policies and definition of accounting estimates	2023/24	Evaluating
AASB 2021-5	Deferred tax	2023/24	N/A
AASB 2021-6	Tier 2 Disclosure policies	2023/24	Evaluating
AASB 2023-2	International tax reform-Pillar Two Model Rules	2023/24	Evaluating
AASB 2021-6	Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	2023/24	Evaluating
AASB 2023-4	International tax reform-Pillar Two disclosures	2023/24	Evaluating
AASB 2020-1	Classification of liabilities	2024/25	Evaluating
AASB 2022-6	Liabilities with covenants	2024/25	N/A
AASB 2023-1	Supplier finance arrangements	2024/25	N/A
AASB S1/S2	Sustainability reporting	2026/27	Evaluating

Note 3 Financial risk management

i. Financial risk management objectives and policies

The consolidated entity's principal financial instruments (excluding other financial assets such as its investments in convertible notes, unlisted ordinary and preference securities and SAFE instruments of accelerator entities) are cash balances and short-term crypto assets such as stablecoins (USDC, USDT), BTC and BNB.

The consolidated entity classifies cryptocurrencies such as USDC and USDT as stablecoins due to the value being pegged, or tied, to that of another currency, commodity, or financial instrument and therefore, from a management perspective, stablecoins are near cash or cash equivalents.

The main purpose of these financial instruments is to extinguish financial obligations as and when they fall due as well as manage liquidity pools for the consolidated entity's token coin exchanges.

The consolidated entity has other financial instruments such as current receivables and payables arising from corporate activities.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, price risk and cryptocurrency risk. The Board of Directors is responsible for overseeing the consolidated entity's financial risk which is managed on a day-to-day business by executives. The Board of Directors is updated regularly on financial risk management measures that the consolidated entity undertakes to ensure that appropriate analysis of the risks has been considered.

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	Total $
Balance as at 31 December 2023				
Financial assets				
Cash and cash equivalents	**73,740,263**	**-**	**-**	**73,740,263**
Trade and other receivables-current	**-**	**-**	**54,042,182**	**54,042,182**
Income tax receivables	**-**	**-**	**1,238,159**	**1,238,159**
Other financial assets-current	**349,296,162**	**-**	**1,681,137**	**350,977,299**
Other financial assets-non current	**-**	**14,345,264**	**271,863,317**	**286,208,581**
Other current assets	**-**	**-**	**12,849,271**	**12,849,271**
	423,036,425	**14,345,264**	**341,674,066**	**779,055,755**
Financial liabilities				
Trade and other payables-current	**-**	**-**	**(195,566,381)**	**(195,566,381)**
Trade and other payables-non current	**-**	**-**	**(45,298)**	**(45,298)**
Borrowings-current	**-**	**(1,699,594)**	**-**	**(1,699,594)**
Borrowings-non current	**-**	**(18,416,006)**	**-**	**(18,416,006)**
Convertible notes-current	**-**	**(91,664,398)**	**-**	**(91,664,398)**
Convertible notes-non-current	**-**	**(13,664,031)**	**-**	**(13,664,031)**
Deferred revenue-current	**-**	**-**	**(118,687,715)**	**(118,687,715)**
Deferred revenue-non current	**-**	**-**	**(36,332,981)**	**(36,332,981)**
Warrant liabilities-current	**-**	**-**	**(50,912,563)**	**(50,912,563)**
Warrant liabilities-non current	**-**	**-**	**(21,322,649)**	**(21,322,649)**
Other financial liabilities-current	**-**	**-**	**(161,394,070)**	**(161,394,070)**
Other financial liabilities-non current	**-**	**-**	**(5,714,637)**	**(5,714,637)**
Loans from related entities-current	**-**	**(307,519)**	**(1,598,541)**	**(1,906,060)**
Loans from related entities-non current	**-**	**(9,098,677)**	**-**	**(9,098,677)**
Income tax payable	**-**	**-**	**(4,050,922)**	**(4,050,922)**
Lease obligations-current	**-**	**(2,605,394)**	**-**	**(2,605,394)**
Lease obligations-non current	**-**	**(12,602,802)**	**-**	**(12,602,802)**
Net maturity	**423,036,425**	**(135,713,157)**	**(253,951,691)**	**33,371,577**
Balance as at 31 December 2022				
Financial assets				
Cash and cash equivalents	254,156,476	-	-	254,156,476
Trade and other receivables	-	-	37,968,822	37,968,822
Other financial assets-current	-	-	590,406	590,406
Other financial assets-non current	-	-	484,081,626	484,081,626
Other current assets	-	-	19,265,545	19,265,545
	254,156,476	-	541,906,399	796,062,875
Financial liabilities				
Trade and other payables-current	-	-	(232,609,165)	(232,609,165)
Trade and other payables-non current	-	-	(87,034)	(87,034)
Borrowings-current	-	(2,784,598)	-	(2,784,598)
Borrowings-non current	-	(1,209,590)	-	(1,209,590)
Convertible notes-current	-	(51,444,221)	-	(51,444,221)
Deferred revenue-current	-	-	(247,246,324)	(247,246,324)
Deferred revenue-non current	-	-	(119,013,730)	(119,013,730)
Warrant liabilities-current	-	-	(45,195,935)	(45,195,935)
Warrant liabilities-non current	-	-	(23,349,407)	(23,349,407)
Other financial liabilities-current	-	-	(84,997,107)	(84,997,107)
Loans from related entities-current	-	-	(1,629,579)	(1,629,579)
Loans from related entities-non current	-	(14,760,148)	-	(14,760,148)
Lease obligations-current	-	(1,888,564)	-	(1,888,564)
Lease obligations-non current	-	(5,976,558)	-	(5,976,558)
Net maturity	254,156,476	(78,063,679)	(212,221,882)	(36,129,085)

ii. Specific financial risk exposures and management

The main risk the consolidated entity is exposed to through its financial instruments is credit risk, liquidity risk and market risk consisting of interest rate risk, foreign exchange risk, price risk and cryptocurrency risk.

The Board of Directors has overall responsibility for the establishment of the financial risk strategy and oversight of the risk management framework. The Board of Directors has adopted practices designed to identify significant areas of business risk and to manage those risks in accordance with the risk profile. This role includes overseeing the basis management sets for assessing, monitoring and managing risks for the consolidated entity and agreeing with management the appropriate risk limits and controls. The consolidated entity, through acquisitions and business has grown substantially and its affairs are increasing in complexity which has resulted in the establishment of a Digital Asset department dedicated to conduct cryptocurrency trading and management to ensure risks are identified and mitigation measures are appropriately implemented. The Board of Directors is provided on a regular basis with the consolidated entity's exposure to fiat and cryptocurrencies.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated entity.

Credit risk exposures

The maximum exposure to credit risk relates to largely non-trade-based receivables which is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the consolidated entity in accordance with an approved policy. Such policy requires that surplus funds be only invested with AAA rated financial institutions residing in Australia, Hong Kong, Europe and the Americas wherever possible.

A$2,378,337 (2022: A$829,429) trade and non-trade receivable was written off and A$2,691,381 (2022: A$144,338) allowance in doubtful debts was provided during the financial year ended 31 December 2023.

Impairment losses

The consolidated entity impaired during the financial years ended 31 December 2023 and 2022:

- A$13,364,850 (2022: A$215,962,729) of goodwill on the acquisition of controlled entities;
- A$61,522,445 (2022: A$12,377,985) on simple agreement for future tokens;
- A$1,352,260 (2022: A$62,799) on intellectual property;
- A$645,647 (2022: A$468,499) on associates and joint ventures;
- A$576,403 (2022: A$1,646,909) on plant and equipment; and
- A$5,471,539 (2022: nil) on other non-current assets.

Liquidity risk
Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The consolidated entity manages liquidity risk by continuously monitoring cash forecasts and actual cash flows and ensuring sufficient cash and stablecoin cryptocurrencies and other securities are available to meet the current and future commitments of the consolidated entity.

The financial liabilities of the consolidated entity comprise trade and other payables, bank and other loans, convertible notes, a derivative instrument and deferred revenue as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date. Bank loans and other loans are drawdown at fixed interest rates. Convertible notes also have fixed coupon rates with conversion features.

The deferred revenue relates to the obligations of the consolidated entity to provide its customers with games and platforms to use for game gratification. The obligations of the consolidated entity to its customers are set out in whitepapers. The consolidated entity has the right to withdraw both games and platforms; however, the repudiation risk from such withdrawal would require the consolidated entity to consider some forms of compensation.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The consolidated entity also has market risk associated with the price of cryptocurrencies. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Interest rate risk*
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the balance date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is not material to the consolidated entity as its bank and other loans and convertible notes do not vary with changes in interest rates, and movement in interest rates on the consolidated entity's financial assets is not material.

(ii) *Foreign exchange risk*
Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the consolidated entity holds financial instruments which are other than the Australian dollar functional currency of the consolidated entity.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact the consolidated entity's financial results.

(iii) *Price risk*
Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The consolidated entity is exposed to securities price risk and cryptocurrency price risk on short-term and long-term crypto assets as well as cryptocurrencies classified as inventories held for trading/brokering activity.

The investment in listed equities has been valued at the market price prevailing at the balance date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

During the financial year ended 31 December 2023, fair value changes in financial assets of A$226,422,987 (2022: A$153,156,129) were recognised in the profit of loss.

(iv) *Cryptocurrency risk*
Cryptocurrency risk relates to the risk that the fair value or the future cash flows from the conversion of cryptocurrencies into fiat currencies will cause fluctuation because of changes in token exchange prices as well as sentiment in the marketplace which has, in previous years, been impacted negatively by failures such as FTX.

As stated above, the consolidated entity holds a strategic portfolio of digital assets, utilising stablecoins such as USDC or USDT to manage operational liquidity alongside core positions in BTC and ETH as well other cryptocurrencies.

The trading/broking activities are exposed to more volatile cryptocurrencies and this risk is managed through maintaining significant stablecoins balances.

During the financial year ended 31 December 2023, net trading gain on digital assets of A$100,747,673 (2022: net trading losses on digital assets of A$135,091,449) were recognised in the profit of loss.

iii. Sensitivity analysis

Interest rate risk
The consolidated entity has limited exposure to market interest rates on the money it has deposited with Australian and international banking institutions in the form of short-term deposits.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors are updated regularly on financial risk management measures to ensure compliance with policies.

At the balance date of 31 December 2023 and 31 December 2022, the consolidated entity had the following cash balances exposed to Australian dollars, Euros, HK dollars, Japanese Yen and US dollars variable interest rate risk:

	31 December	
	2023	**2022**
	$	**$**
Cash and cash equivalents	**73,740,263**	254,156,476

At the balance date of 31 December 2023 and 31 December 2022, the consolidated entity had no financial liabilities exposed to variable interest rate risks.

The consolidated entity's cash management policy is to invest surplus funds at the best available rate received from Hongkong and Shanghai Bank and Westpac Banking Corporation.

Set out below is a sensitivity analysis of the financial implications of interest rate risk exposure at the balance date of 31 December 2023 and 31 December 2022. If interest rates had moved, with all other variables constant, profit after tax and equity would have been:

	31 December 2023 $	31 December 2022 $
Loss after tax		
Higher/(lower)		
+1% (100 basis points)	**1,657,000**	2,597,000
-1% (100 basis points)	**(1,657,000)**	(2,597,000)
Equity		
Higher/(lower)		
+1% (100 basis points)	**1,657,000**	2,597,000
-1% (100 basis points)	**(1,657,000)**	(2,597,000)

The movement in equity is linked to the movement in the consolidated statement of profit or loss as the consolidated entity does not undertake any interest rate hedging.

Foreign exchange risk
The consolidated entity has exposure to foreign exchange risk as a result of conducting its business activities in a number of countries. The consolidated entity is exposed to Australian dollars, Argentine pesos, Czech Koruna, Euros, HK dollars, Japanese Yen and US dollars.

The following table illustrates sensitivities to the consolidated entity's exposures to changes in these exchange rates. The table indicates the impact on how profit and equity values of principal currencies reported at the balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	31 December 2023 $	31 December 2022 $
Loss after tax		
Higher/(lower)		
+10% Euro/AUD exchange rate	**2,290,000**	614,000
-10% Euro/AUD exchange rate	**(2,290,000)**	(614,000)
Net liabilities/assets		
Higher/(lower)		
+10% Euro/AUD exchange rate	**3,323,000**	1,110,000
-10% Euro/AUD exchange rate	**(3,323,000)**	(1,110,000)
Loss after tax		
Higher/(lower)		
+10% USD/AUD exchange rate	**33,417,000**	45,056,000
-10% USD/AUD exchange rate	**(33,417,000)**	(45,056,000)
Net assets/liabilities		
Higher/(lower)		
+10% USD/AUD exchange rate	**38,377,000**	63,761,000
-10% USD/AUD exchange rate	**(38,377,000)**	(63,761,000)

	31 December 2023 $	31 December 2022 $
Loss after tax		
Higher/(lower)		
+10% JPY/AUD exchange rate	**119,000**	1,680,000
-10% JPY/AUD exchange rate	**(119,000)**	(1,680,000)
Net assets		
Higher/(lower)		
+10% JPY/AUD exchange rate	**6,743,000**	6,605,000
-10% JPY/AUD exchange rate	**(6,743,000)**	(6,605,000)

Price risk
At the balance date, the consolidated entity does not hold financial instruments that would give rise to price risk.

Cryptocurrency risk
The consolidated entity has cryptocurrencies classified as inventories measured at fair value that are primarily held for trading purposes set out below is a sensitivity analysis of financial implications of cryptocurrency risk exposure at the balance date of 31 December 2023 and 31 December 2022 with a hypothetical 10% increase or decrease in cryptocurrencies prices.

	31 December 2023 $	31 December 2022 $
Loss after tax		
Higher/(lower)		
+10% cryptocurrencies prices	**15,781,000**	9,766,000
-10% cryptocurrencies prices	**(15,781,000)**	(9,766,000)

Note 4 Acquisitions

The Company acquired WePlay Media Holdings LLC ("WePlay") and Azarus, Inc. ("Azarus") during the financial year ended 31 December 2023 for a consideration of A$6,036,723.

	(a) WePlay $	(b) Azarus $	Total
Net assets acquired			
Total Assets	96,054	2,580,298	2,676,352
Total Liabilities	(382,200)	(8,932,987)	(9,315,187)
Net liabilities acquired	(286,146)	(6,352,689)	(6,638,835)
Consideration			
Cash consideration	5,116,959	-	5,116,959
Non-cash consideration	-	946,764	946,764
	5,116,959	946,764	6,063,723
Fair value of consideration	5,116,959	946,764	6,063,723
Fair value of net liabilities	286,146	6,352,689	6,638,835
	5,403,105	7,299,453	12,702,558
Non-controlling interests	-	315,588	315,588
Goodwill on acquisition	(5,562,455)	(7,802,395)	(13,364,850)
Exchange fluctuation	159,350	187,354	346,704
	-	-	-
Consideration transferred settled in cash	(5,116,959)	-	(5,116,959)
Cash and cash equivalents acquired	51,646	918,873	970,519
Net cash outflow on acquisition	(5,065,313)	918,873	(4,146,440)

a. WePlay
On 16 September 2022, Animoca Brands Limited, a controlled entity of the Company, entered a Membership Interest Purchase Agreement to acquire 100% equity interest in WePlay, a mobile game developer, for a consideration of A$5,116,959 (US$3,500,000) for a cash-based purchase price. The acquisition was completed on 28 March 2023 after satisfying several conditions prior to completion, including delivery of certificates evidencing ownership of the membership interests and the delivery of the closing payment.

The consolidated entity impaired A$5,562,455 in goodwill on acquisition.

On 20 March 2025, the Company disposed of 75% of its equity interest in WePlay, which was initially acquired on 28 March 2023, for a total consideration of A$73,800 (US$50,000).

b. Azarus
On 2 August 2023, the Company acquired Azarus, a pioneer in blockchain-enabled streaming engagement and decentralized video overlays. The Company acquired 75% of the shares for a fair value consideration of A$946,764 by way of fully paid ordinary shares at a fair value of A$4.50 per share.

In addition, the holders of Azarus convertible notes were replaced by new convertible notes / SAFEs which entitled the convertible note / SAFEs holders to convert the convertible notes / SAFEs into shares of the Company.

Identifiable assets acquired, as well as liabilities and contingent liabilities assumed in the business combination, were measured initially at their acquisition-date fair values. As of the acquisition date, obligations under Simple Agreements for Future Equity (SAFEs) on Azarus' books were assessed as unlikely to arise and determined to be not payable. The consolidated entity impaired A$7,802,395 in goodwill on acquisition.

Convertible notes issued by Azarus during the financial year ended 31 December 2023 with a principal amount of A$1,594,822 (US$1,059,608) have been converted into fully paid ordinary shares in 2026.

On 27 June 2025, the Company entered into a Share Sale and Purchase Agreement to dispose of its 25.10% equity interest in Azarus via a transfer of shares to its former founders for a total consideration of A$146 (US$100). The completion of this transaction resulting in the deconsolidation of Azarus from the consolidated entity.

Note 5 Controlled entities

The following table listed out the controlled entities in which the consolidated entity holds equity interest at the balance date of 31 December 2023:

	Principal Activities	Country of Incorporation	Equity Interest 31 December 2023	2022
Animoca Brands Holdings Limited	Holding	Cayman Islands	100%	-
Animoca Brands (BVI) Limited	Holding	BVI	100%	-
August Global Group Limited	Investment	BVI	100%	100%
Animoca Brands Corporation	Holding	BVI	100%	100%
Animoca Brands Limited	Application game maker	Hong Kong	100%	100%
Acheson Investments Limited	Investment	BVI	100%	100%
Advance Link Ventures Limited	Investment	BVI	100%	100%
Aerosmith Global Limited	Investment	BVI	100%	100%
Affluent Global Enterprises Limited	Investment	BVI	100%	100%
A-List Developments Limited	Investment	BVI	100%	100%
Allard Developments Limited	Investment	BVI	100%	100%
Animoca Brands Asia Limited	Investment	BVI	100%	100%
Animoca Brands Technology (Shanghai) Limited	Non-operating	China	100%	100%

	Principal Activities	Country of Incorporation	Equity Interest 31 December 2023	2022
Animoca Brands K.K.	Web 3 related business	Japan	58%	58%
Animoca Limited	Investment advisory	Hong Kong	100%	100%
Animoca Brands UK Limited	Business development and holding	United Kingdom	100%	100%
WePlay Media Holdings LLC (Note f)	Holding	USA	100%	-
Virtus70 Motoworks LLC (Note f)	Computer gaming	USA	100%	-
WePlay Media LLC (Note f)	Computer gaming	USA	100%	-
XXL Racing LLC (Note f)	Computer gaming	USA	100%	-
Animoca Ventures Management Limited	Investment	BVI	100%	100%
Amazing Panther Limited	Investment	BVI	100%	100%
Amber Vantage Limited	Investment	BVI	100%	100%
Be Media by Animoca Brands Pty Ltd	Application game maker	Australia	67%	67%
Be Media Group Pty Ltd (aka Sportpass Pty Ltd)	Application game maker	Australia	100%	100%
Be Media (Melbourne) Pty Ltd	Application game maker	Australia	100%	100%
Be Media (Sydney) Pty Ltd	Application game maker	Australia	100%	100%
Bright Vision Ventures Limited	Investment	BVI	100%	100%
Bloomsville International Limited	Investment	BVI	100%	100%
Baskerville Group Limited	Investment	BVI	100%	100%
Bayonne Global Limited	Investment	BVI	100%	100%
Brand New Ventures Global Limited	Investment	BVI	100%	100%
City Prestige Limited	Investment	BVI	100%	100%
Concise Vision Limited	Investment	BVI	100%	100%
Crest Global Enterprises Limited	Investment	BVI	100%	100%
Crystal Summit International Limited	Investment	BVI	100%	100%
Celestial Charm International Limited	Investment	BVI	100%	100%

	Principal Activities	**Country of Incorporation**	**Equity Interest 31 December 2023**	**2022**
Celestial Power Holdings Limited	Investment	BVI	100%	100%
Centreville International Limited	Investment	BVI	100%	100%
Chief Idea Developments Limited	Investment	BVI	100%	100%
Classic Dynamics Limited	Investment	BVI	100%	100%
Cordova Group Limited	Investment	BVI	100%	100%
Cosmic Leader Limited	Investment	BVI	100%	100%
Crimson Dawn Limited	Investment	BVI	100%	100%
Charming Digital Corporation	Investment	BVI	100%	100%
Charming Digital Limited	Group service	Hong Kong	100%	100%
Crowd Education Limited	Web 3 related business	Hong Kong	100%	100%
Darewise Entertainment SAS (Note b)	Application game maker	France	70%	70%
Darewise Entertainment UK Ltd (Note c)	Holding	United Kingdom	100%	100%
Darewise Entertainment Spain BL	Application game maker	Spain	100%	-
Data Knight Developments Limited	Investment	BVI	100%	100%
Data Dragon Developments Limited	Investment	BVI	100%	100%
Diamond Summit International Limited	Investment	BVI	100%	100%
Digital Vantage Holdings Limited	Investment	BVI	100%	100%
Jovial Castle Limited	Investment	BVI	100%	-
Dragon Port Developments Limited	Investment	BVI	100%	100%
Dragon Joy Group Limited	Investment	BVI	100%	100%
New Frame Limited	Investment	BVI	100%	-
Dynamic Sky Group Limited	Investment	BVI	100%	100%
Dynasty Dragon Group Limited	Investment	BVI	100%	100%
Dynamic Harbour Group Limited	Investment	BVI	100%	100%
Eden Games S.A.S.	Application game maker	France	100%	100%
Eltingville Global Limited	Investment	BVI	100%	100%

	Principal Activities	**Country of Incorporation**	**Equity Interest 31 December 2023**	**2022**
Elect Global Enterprises Limited	Investment	BVI	100%	100%
Eternal Challenger Limited	Investment	BVI	100%	100%
Fugu Raw Pty Ltd (Note i)	Holding	Australia	100%	100%
Blowfish Studios Pty Ltd (Note i)	Application game maker	Australia	100%	100%
Level 77 Pty Ltd (Note i)	Application game maker	Australia	100%	100%
Excellent Key Limited	Investment	BVI	100%	100%
Forward Leap Limited	Investment	BVI	100%	100%
Fuel Powered Inc.	Application game maker	USA	60%	60%
Gamma Innovations Inc	Utilisation of idle computer time power	USA	-	100%
Gamee Limited (Note j)	Investment	United Kingdom	100%	100%
Gamee Mobile s.r.o.(Note j)	Application game maker	Czech Republic	100%	100%
Ga Mee Global Limited (Note j)	Game advertising	Hong Kong	100%	100%
Ga Mee Limited	Investment	BVI	100%	100%
Galena Ventures Limited	Investment	BVI	100%	100%
Gladly Concord Limited	Investment	BVI	100%	100%
Gladly Intelligent Limited	Investment	BVI	100%	100%
Global Charm Holdings Limited	Investment	BVI	100%	100%
Global Scale International Limited	Investment	BVI	100%	100%
Golden Crest Ventures Limited	Investment	BVI	100%	100%
Golden Range International Limited	Investment	BVI	100%	100%
Gorgeous Star Ventures Limited	Investment	BVI	100%	100%
Golden Trail Investments Limited	Investment	BVI	100%	100%
Golden Joyful Investments Limited	Investment	BVI	100%	100%
Grease Monkey Games Pty Ltd (Note d)	Application game maker	Australia	100%	100%
Leade.rs, Inc. (Note e)	Networking	USA	100%	100%

	Principal Activities	Country of Incorporation	Equity Interest 31 December 2023	2022
Great Esteem Ventures Limited	Investment	BVI	100%	100%
Gryfyn Investco Limited	Holding	BVI	100%	100%
Gryfyn Holdings Limited	Holding	BVI	100%	100%
Gryfyn Global Limited	Investment	BVI	100%	100%
Gryfyn HK Limited	Wallet operation	Hong Kong	100%	100%
Gryfyn Interlhold PTE Ltd.	Non-operating	Singapore	100%	100%
Harvest Field Developments Limited	Investment	BVI	100%	100%
Horizon Gold Limited	Holding	BVI	100%	100%
Azarus, Inc. (Note g)	Application game maker	USA	75%	-
Happy Success Limited	Investment	BVI	100%	100%
Indelible View Limited	Investment	BVI	100%	100%
Inner-City Limited	Investment	BVI	100%	100%
Isle Green Limited	Investment	BVI	100%	100%
Isle Classic Limited	Holding	BVI	100%	100%
Pixelynx, Inc.	Music metaverse	USA	54%	54%
Innovative Century Holdings Limited	Investment	BVI	100%	100%
Jovial Sky Ventures Limited	Investment	BVI	100%	100%
Jovial Circle Limited	Investment	BVI	100%	100%
Kearsley Global Limited	Investment	BVI	100%	100%
Kotewall International Limited	Investment	BVI	100%	100%
Latgala Ou	Application game maker	Estonia	100%	100%
IT Sprendimai Sekmei, UAB	Application game maker	Lithuania	100%	100%
Leinwand International Limited	Investment	BVI	100%	100%
Lucky Harbour Ventures Limited	Investment	BVI	100%	100%
Marvel Global Holdings Limited	Investment	BVI	100%	100%
Media King Global Limited	Investment	BVI	100%	100%
Mega Cosmos Limited	Investment	BVI	100%	100%

	Principal Activities	**Country of Incorporation**	**Equity Interest 31 December 2023**	**2022**
Mega Oasis Holdings Limited	Investment	BVI	100%	100%
Meta Global Limited	Investment	Hong Kong	70%	70%
Bacasable Global Limited	Blockchain gaming and investment holding	Hong Kong	100%	100%
Bacasable UK Ltd	Application game maker	United Kingdom	100%	100%
Bacasable France S.A.S	Application game maker	France	100%	100%
Cualit Eng. Ltd	Application game maker	Uruguay	100%	100%
TSB Japan GK	Application game maker	Japan	100%	100%
The Sandbox US, Inc.	Application game maker	USA	100%	100%
Sviper GmbH	Application game maker	Germany	100%	100%
Sandbox Development Canada Inc.	Application game maker	Canada	100%	100%
TSB Gaming Argentina SA	Application game maker	Argentina	100%	100%
TSB Korea Inc	Application game maker	South Korea	100%	100%
TSBMV Global Limited	Token Issuer	Cayman Islands	100%	100%
TSB Gaming Ltd	Application game maker	Malta	100%	100%
Merit Key Developments Limited	Investment	BVI	100%	100%
Merit Point Global Limited	Investment	BVI	100%	100%
Merry Potential Limited	Investment	BVI	100%	100%
Moca Services Limited	Digital assets trading	Hong Kong	100%	-
Modern Solution International Limited	Holding	BVI	100%	100%
Model Global Group Limited	Investment	BVI	100%	100%
Morristown Global Limited	Investment	BVI	100%	100%
Modern Plus Investments Limited	Investment	BVI	100%	100%
Motorverse Holdings Limited	Investment	BVI	100%	-
Motorverse Hong Kong Limited	Development of computer game	Hong Kong	100%	-

	Principal Activities	Country of Incorporation	Equity Interest 31 December	
			2023	**2022**
New Concept Ventures Limited	Investment	BVI	100%	100%
New Excel Enterprises Limited	Investment	BVI	100%	100%
New Keen Group Limited	Investment	BVI	100%	100%
Notre Game s.r.o	Application game maker	Czech Republic	100%	100%
nWay, Inc.	Investment	USA	100%	100%
nWay America LLC	Application game maker	USA	100%	100%
nWay Korea Co., Ltd.	Application game maker	South Korea	100%	100%
Ocean Joy Group Limited	Investment	BVI	100%	100%
Patton Global Limited	Investment	BVI	100%	100%
Pixowl Inc.	Application game maker	USA	100%	100%
Pixowl S.A	Application game maker	Argentina	100%	100%
Quidd Inc	Digital merchandise	USA	100%	100%
Prime Hero Group Limited	Investment	BVI	100%	100%
Prime Key Global Limited	Investment	BVI	100%	100%
Pointer Global Limited	Investment	BVI	100%	100%
Power Depot Developments Limited	Investment	BVI	100%	100%
Right Realm Limited	Investment	BVI	100%	100%
Rowfield Global Limited	Investment	BVI	100%	100%
Animoca Capital Investment Holdings Limited	Investment	Cayman Islands	80%	80%
Animoca Capital General Partner I Limited	General Partner	Cayman Islands	100%	100%
Animoca Capital Investment Advisor Limited	Investment advisory	Cayman Islands	100%	100%
Animoca Capital HK Advisor Limited (Note a)	Investment advisory	Hong Kong	30%	100%
Radiant Sunlight Limited	Investment	BVI	100%	100%
Region Treasure Limited	Investment	BVI	100%	100%
Star Port Developments Limited	Investment	BVI	100%	100%
Sandbox Group Corp	Investment	BVI	100%	100%

	Principal Activities	**Country of Incorporation**	**Equity Interest 31 December**	
			2023	**2022**
Sino Innovation Global Limited	Investment	BVI	100%	100%
Supreme World Global Limited	Investment	BVI	100%	100%
Star Dynasty Ventures Limited	Investment	BVI	100%	100%
Sigmund International Limited	Investment	BVI	100%	100%
Sunlit Global Investments Limited	Investment	BVI	100%	100%
Smart Class Ventures Limited	Investment	BVI	100%	100%
Solar Treasure International Limited	Investment	BVI	100%	100%
Silver Oasis Holdings Limited	Investment	BVI	100%	100%
Summit Gold Holdings Limited	Investment	BVI	100%	100%
Sunshine Tree Limited	Investment	BVI	100%	100%
Supreme Chief Limited	Investment	BVI	100%	-
Simply Mighty Limited	Investment	BVI	100%	100%
Sino Vision Global Limited	Investment	BVI	100%	100%
Star Adventure Group Limited	Investment	BVI	100%	100%
Star Clove International Limited	Investment	BVI	100%	100%
Stay Best Ventures Limited	Investment	BVI	100%	100%
Golden Trade Ventures Limited	Investment	BVI	100%	-
Sheeny Ideal Limited	Investment	BVI	100%	100%
Solar Mind Limited	Investment	BVI	100%	100%
Stryking Entertainment GmbH (Note h)	Application game maker	Germany	100%	100%
Talent Maple Limited	Investment	BVI	100%	100%
Tell Us Enterprises Limited	Investment	BVI	100%	100%
TinyTap Ltd.	Application game maker	Israel	90%	92%
TinyTap Spark Corp	Application game maker	USA	100%	100%
Top Option Enterprises Limited	Investment	BVI	100%	100%

	Principal Activities	**Country of Incorporation**	**Equity Interest 31 December**	
			2023	**2022**
Tower Global Holdings Limited	Investment	BVI	100%	-
Towering Wisdom Limited	Investment	BVI	100%	-
Trade Key Global Limited	Investment	BVI	100%	100%
Trade Smart Global Limited	Investment	BVI	100%	100%
Treasure Tower Global Limited	Investment	BVI	100%	100%
Tribeflame Oy	Application game maker	Finland	100%	100%
Benji Bananas Oy	Application game maker	Finland	100%	100%
True Optimal Limited	Investment	BVI	100%	100%
Ultra Modern Group Limited	Investment	BVI	100%	100%
Ultimate Data Limited	Investment	BVI	100%	100%
Urban Dragon Limited	Investment	BVI	100%	100%
Vantage King Ventures Limited	Investment	BVI	100%	100%
Vision Height Limited	Investment	BVI	100%	100%
Value Global Holdings Limited	Investment	BVI	100%	100%
Vantage Top Group Limited	Investment	BVI	100%	100%
Witty Global Enterprises Limited	Investment	BVI	100%	100%
Wanstead Global Limited	Investment	BVI	100%	100%
Win Glory Group Limited	Investment	BVI	100%	100%
Zeroth Fano Ventures Ltd	Investment	BVI	100%	100%
Zeroth Fano Ventures II Ltd	Investment	BVI	100%	100%
Zeroth Holdings III Limited	Investment	BVI	100%	100%
Zummer Ventures Limited	Investment	BVI	100%	100%

Note a. The ownership interest in Animoca Capital HK Advisor Limited was restructured during the financial year ended 31 December 2023, with 30% equity interest retained.

Note b. 26.32% of the equity interest in Darewise Entertainment SAS was subsequently disposed on 16 October 2024 with zero consideration.

Note c. Darewise Entertainment UK Ltd dissolved on 25 November 2025.

Note d. 55% of the equity interest in Grease Monkey Games Pty Ltd was subsequently disposed on 6 March 2025 with zero consideration.

Note e. 55% of the equity interest in Leade.rs, Inc. was subsequently disposed on 6 March 2025 with zero consideration.

Note f. 75% of the equity interest in WePlay Media Holdings LLC was subsequently disposed on 20 March 2025 with a total consideration of A$73,800 (US$50,000).

Note g. 25.1% of the equity interest in Azarus, Inc. was subsequently disposed on 27 June 2025 with a consideration of A$146 (US$100).

Note h. Stryking Entertainment GmbH liquidated on 21 July 2025.

Note i. 65% of the equity interest in Blowfish Studio was subsequently disposed on 29 April 2026 with zero consideration.

Note j. 60% of the equity interest in Ga Mee Global Limited ("Ga Mee"), Gamee Limited and Gamee Mobile s.r.o. was subsequently disposed on 19 May 2026 with a total consideration of A$5,117,000 (US$3,500,000), comprising A$2,193,000 (US$1,500,000) by way of cash and A$2,924,000 (US$2,000,000) by way of shares. Animoca Brands Limited, a controlled entity of the Company, was also entitled to maximum earn-out payment of A$10,965,000 (US$7,500,000), subjected to the achievement of milestones.

The following table listed out the controlled entities in which the consolidated entity exercises control at the balance date of 31 December 2023:

	Principal Activities	**Country of Incorporation**	**Control 31 December 2023**	**2022**
EDU Foundation	Investment	Cayman Islands	100%	-
EDU (Services) Limited	Investment	BVI	100%	-
EDU Digital (BVI) Limited	Token Issuer	BVI	100%	-

The consolidated entity consolidates a foundation and its controlled entities that are considered structured entities because voting or similar rights are not the dominant factor in determining control. The foundation was established to serve the token community associated with the consolidated entity's ecosystem.

The consolidated entity holds less than half of the voting rights and does not hold the foundation's issued share capital in its own name. However, it has contractual arrangements with the foundation's nominee director and supervisor that give senior management the current ability to direct the foundation's relevant activities and operating policies. In practice, the nominee director and supervisor act on instructions from the consolidated entity in relation to key operating and financial decisions. The consolidated entity is exposed to variable returns from the foundation's activities and has the ability to use its decision-making rights to affect those returns.

On this basis, the foundation is regarded as being under the control of the consolidated entity and is consolidated in these financial statements in accordance with AASB 10 and the Corporations Act 2001.

The consolidated entity has not entered contractual commitments to provide financial support to the foundation and has not provided such support to date. It maintains oversight of the foundation's operations and may, at its discretion, provide financial or operational support if and when necessary, consistent with its broader group strategy and risk management framework.

Note 6 Revenue

	31 December 2023 $	31 December 2022 $
Major product lines		
Advertising	**3,100,629**	4,400,263
Blockchain	**426,830,799**	522,933,860
Services		
- Token advisory	**357,059**	108,069,341
- Other	**6,137,690**	9,763,377
InApp games	**21,323,714**	14,325,408
Revenue from market-making activities	**5,348,053**	-
Other revenues	**7,842,224**	21,193,218
	470,940,168	680,685,467
Timing of revenue recognition		
At a point in time	**55,492,784**	164,965,179
Over time	**415,447,384**	515,720,288
	470,940,168	680,685,467

During the financial year ended 31 December 2022, 30,000,000 units of ApeCoin were received as consideration for token advisory services provided. A$108,069,341 was recognized as revenue at that the point in time, using the token price as quoted on the date when the performance obligation was fulfilled, along with an adjustment for a liquidity discount to reflect other restrictions inherent in these tokens.

At the balance date of 31 December 2023, the consolidated entity had recorded deferred revenue of A$155,020,696 (2022: A$366,260,054) which will be credited to consolidated statement profit or loss over time (Note 29).

Note 7 Other income

	31 December 2023 $	31 December 2022 $
Interest income	**3,460,249**	625,549
Gain on disposal of controlled entity	**1,138,511**	-
Insurance recoveries	**6,278,005**	-
Other	**7,358,478**	7,462,689
	18,235,243	8,088,238

Note 8 Employee benefits

	31 December 2023 $	31 December 2022 $
Salaries	**165,002,277**	91,816,003
Retirement benefits	**5,027,218**	2,409,551
Other	**7,515,352**	3,560,582
	177,544,847	97,786,136
Salaries extinguished by way of issue of shares	**219,942**	549,638
	177,764,789	98,335,774

On 15 December 2023, shareholders approved the issuance of 15,720 fully paid ordinary shares to Mr Chris Whiteman, Mr David Brickler and Mr Yat Siu respectively at a fair value of A$4.50 per share in lieu of past performance respectively.

Note 9 Finance costs

	31 December 2023 $	31 December 2022 $
Amortised cost on long-term borrowings	**849,729**	264,287
Amortised cost on leases	**1,031,019**	298,901
Amortised cost on convertible notes	**42,385,411**	11,085,685
Other	**492,173**	121,815
	44,758,332	11,770,688

Note 10 Other expenses

	31 December 2023 $	31 December 2022 $
Secretarial costs	**461,467**	124,301
Portfolio management	**42,331**	-
Withholding taxes	**1,830,663**	649,709
Other	**18,516,417**	19,056,281
	20,850,878	19,830,291

Note 11 Income tax expense

	31 December 2023 $	31 December 2022 $
Reconciliation of income tax expense to prima facie tax payable		
Accounting loss	**(332,372,773)**	(514,340,569)
Permanent differences		
Impairment of goodwill on acquisition	**12,978,888**	215,962,729
Non-tax jurisdictions	**617,078,508**	72,141,000
	630,057,396	288,103,729
Adjusted loss	**297,684,623**	(226,236,840)
@ Tax rate (30%)	**89,305,388**	(67,871,052)
Different tax rates in jurisdictions	**(51,352,906)**	38,200,732
Adjusted tax benefit	**37,952,482**	(29,670,320)
Amortisation	**-**	8,029
Loss on disposal	**-**	589,011
Fair value changes in financial instruments	**(4,958,499)**	6,489,885
CFC attributable profit	**86,992**	-
Other assessable income	**-**	5,956,269
Depreciation	**129,035**	56,547
Derivatives (including warrants)	**-**	(20,322,295)
Doubtful debts	**405,414**	-
Directors' fee	**5,895,501**	6,060,392
Other non-taxable income	**(52,102,882)**	(272,877)
Exchange fluctuation	**2,150,979**	(13,650,417)
Finance costs	**12,868,909**	3,606,564
Impairments	**6,475,490**	2,321,971
Leases	**-**	3,079
Professional services	**401,626**	412,424
Share-based payments	**2,399,616**	75,198
Licence fee	**222,911**	2,013,722
Tax losses previously not recognised	**(20,764,098)**	(2,718,171)
Tax losses not recognised	**30,186,178**	46,931,823
Other	**5,280,188**	(840,401)
	26,629,842	7,050,433
Current taxation	**364,768**	3,976,301
Deferred taxation	**26,265,074**	3,074,132
	26,629,842	7,050,433
Income tax credit	**-**	(2,296,394)
Tax expense	**26,629,842**	4,754,039

The applicable weighted average effective tax rates attributable to operating profit for the financial year ended 31 December 2023 were 8.01% (2022: 0.92%).

The balance of the franking account at the balance date of 31 December 2023 was nil (2022: nil).

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at the balance date of 31 December 2023 because the directors do not believe it is probable at this time to realise the deferred tax assets. These benefits will only be obtained if:

i. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions and losses from other items.
ii. The consolidated entity continues to comply with conditions for deductibility imposed by law.

iii. No changes in tax legislation adversely affect the consolidated entity in realising the benefits from the deductions for the loss and other items.

At the balance date of 31 December 2023, the Company had unused tax losses of approximately A$23,337,905 (2022: 7,562,223) based on tax fillings. The Company is in the process of revising its 2022 and 2023 tax filings, and is expected to have losses carried forward at the balance date of 31 December 2023. Tax losses can be carried forward indefinitely and accordingly, can be offset against future taxable income.

At the balance date of 31 December 2023, Animoca Brands Limited, a controlled entity of the Company, based in Hong Kong, had unused tax losses of approximately A$37,250,902 (2022: A$59,122,938) based on tax filings. Animoca Brands Limited is in the process of revising its 2022 and 2023 tax filings, and is expected to have losses carried forward at the balance date of 31 December 2023. Under the Hong Kong tax regime, tax losses can be carried forward indefinitely and accordingly, can be offset against future taxable income. Tax losses accrued by controlled entities acquired in Czech Republic, Estonia, Finland, France, Japan, Germany, South Korea, Israel, Malta, UK and USA are not expected to be available to the consolidated entity in future periods and accordingly, the recoverability of these tax losses will be dependent on future taxable income generated by the respective entities that have incurred these tax losses.

The consolidated entity has recognised deferred tax liabilities of A$28,823,168 (2022: A$3,074,132) arising from fair value gains through profit and loss on remeasurement of the conversion feature of convertible notes and warrants as well as fair value gains from market-making activities during the financial year ended 31 December 2023.

As at the date of this report, the consolidated entity has retained advisors to review its policies and procedures for compliance with various tax jurisdictions on such matters as transfer pricing, the transfer of ownership of shares in controlled entities and intellectual property and other issues.

Note 12 Loss per share

Basic loss per share is calculated by dividing net loss for the financial year ended 31 December 2023 attributable to members of the parent entity by the weighted average number of fully paid ordinary shares outstanding at the balance date.

Diluted loss per share is calculated by dividing the net loss attributable to members of the parent entity by the weighted average number of fully paid ordinary shares outstanding for the financial year ended 31 December 2023 plus the weighted average number of fully paid ordinary shares that would be on the issue following conversion of all outstanding options over fully paid ordinary shares into fully paid ordinary shares.

At the balance date of 31 December 2023 and 31 December 2022, there were no dilutive options over fully paid ordinary shares outstanding.

	2023 $	2022 $
Loss from continuing operations for the year	**410,783,415**	510,926,814
	No. of shares	No. of shares
Weighted average number of fully paid ordinary shares outstanding during the year and used in the calculation of basic EPS	**1,904,136,468**	1,787,777,389
Basic and diluted earnings per share Cents per fully paid ordinary shares	**(21.57)**	(28.58)

Note 13 Dividends paid/payable

No dividends were paid during the financial year ended 31 December 2023 and no dividend is proposed to be paid at the balance date of 31 December 2023.

Note 14 Cash and cash equivalents

	31 December 2023 $	31 December 2022 $
Cash in hand and cash at bank	**51,748,924**	205,255,037
Short-term deposits	**21,991,339**	48,901,439
	73,740,263	254,156,476

The effective interest rate on short-term deposit was at 4.70% interest rate per annum with a maturity date on 15 February 2024.

Note 15 Trade and other receivables

	31 December 2023 $	31 December 2022 $
Trade receivables	**15,867,002**	13,880,980
VAT/GST receivable	**1,924,831**	297,896
Non-trade receivables	**42,659,702**	25,959,010
	60,451,535	40,137,886
Receivables written off during current year	**(2,378,337)**	(829,429)
Allowance for doubtful debts	**(4,031,016)**	(1,339,635)
	54,042,182	37,968,822
Current	**54,042,182**	37,968,822
Non-current	**-**	-
	54,042,182	37,968,822

Trade receivables are amounts due from customers for goods provided and services performed in the ordinary course of business. Trade receivables are classified as current assets if payment is expected within 12 months after the financial year ended or within the entity's normal operating cycle, whichever is longer. If collection is expected to occur beyond 12 months and outside the normal operating cycle, they are classified as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless an amount recorded as trade receivable contains a significant financing component in which case the trade receivable is recognised at fair value.

The consolidated entity holds trade receivables with the objective of collecting the contractual cash flows and accordingly, measures the trade receivables at amortised cost using the effective interest rate method where contractual terms are extended beyond the normal recoverable period.

Given the short-term nature of trade receivables and non-trade receivables, the carrying values represent the cost less allowance for doubtful debts.

At the balance date of 31 December 2023, the consolidated entity wrote off A$2,378,337 (2022: A$829,429) based on a detailed review of the aging of these receivables.

Note 16 Short-term crypto assets

	31 December	
	2023	**2022**
	$	**$**
Cryptocurrencies	**14,587,126**	225,330,075

The consolidated entity holds specific cryptocurrencies for purposes other than its broker-trader activities. The cryptocurrencies have been valued at cost and are subject to impairment assessment at each balance date.

These cryptocurrencies mainly comprise stablecoins (USDC and USDT) which are cryptocurrencies whose value is pegged or tied, to that of another currency, commodity, or financial instrument and therefore, from management perspective, are near cash or cash equivalents.

The consolidated entity has also classified a portion of its cryptocurrencies as long-term crypto assets (see Note 26).

Note 17 Inventories

	31 December	
	2023	**2022**
	$	**$**
Trading cryptocurrencies	**157,814,551**	195,319,804

Under *AASB 102 Inventories*, inventory does not require to be in a physical form, but inventory should consist of assets that are held for sale in the ordinary course of business.

The consolidated entity has quantified that part of its extensive holdings of cryptocurrencies it holds for sale in the ordinary course of business. The consolidated entity actively trades certain cryptocurrencies and purchases cryptocurrencies with a view to reselling the cryptocurrencies in the near future and generating a profit from fluctuations in the price or traders' margin.

The trading cryptocurrencies held at the balance date include both stablecoins as well as more volatile cryptocurrencies. Applying the commodity broker-traders exemption under AASB102, the consolidated entity had accounted the trading cryptocurrencies as fair value less cost to sell at the balance date, with changes in fair value recognised in profit or loss during the financial year ended 31 December 2023 of the changes.

Note 18 Other financial assets

	31 December 2023 $	31 December 2022 $
Current financial assets		
Mandatorily at fair value through profit or loss		
Listed equity securities	**1,608,038**	-
Simple Agreements for Future Equity (SAFE Agreements)	**73,099**	369,004
Convertible notes	**219,298**	221,402
Treasury bills	**349,076,864**	-
	350,977,299	590,406
Non-current financial assets		
Mandatorily at fair value through the profit or loss		
Simple Agreements for Future Equity (SAFE Agreements)	**34,148,314**	56,082,385
Simple Agreements for Future Tokens and Equity (SAFTEs)	**1,578,465**	6,095,433
Convertible notes	**3,815,744**	4,094,956
Derivatives	**10,529,520**	-
Unlisted preferred securities	**188,769,935**	280,673,000
Unlisted limited partnerships	**21,743,016**	60,592,993
Unlisted equity securities	**15,520,118**	51,653,845
	276,105,112	459,192,612
Total current and non-current financial assets at fair value through profit or loss	**627,082,411**	**459,783,018**
Non-current financial assets		
Designated at fair value through other comprehensive income		
Listed equity securities	**-**	848,400
Unlisted equity securities	**5,597,218**	15,106,326
Unlisted preferred securities	**-**	4,428,037
Unlisted limited partnerships	**4,506,251**	4,506,251
Total non-current financial assets at fair value through other comprehensive income	**10,103,469**	24,889,014
Total non-current financial assets	**286,208,581**	484,081,626
Total financial assets	**637,185,880**	484,672,032
Amounts recognised as		
Fair value loss through profit or loss	**(226,422,987)**	(153,156,129)
Fair value loss through other comprehensive income	**(14,387,729)**	(27,425,379)
Opening balance	**484,672,032**	225,867,036
Exchange fluctuation	**(9,304,783)**	22,047,254
Investments acquired for the year	**438,471,557**	479,567,819
Investments disposed for the year	**(18,940,051)**	(54,148,791)
Investments transferred to other reserves	**(11,751,355)**	-
Fair value adjustment	**(240,810,716)**	(180,581,508)
Other movements	**(5,150,804)**	(8,079,778)
	637,185,880	484,672,032

During the financial year ended 31 December 2023, total investments acquired for the year amounted to A$438,471,557, in which A$435,643,690 was paid in cash, and the remaining A$2,827,867 was settled by issuance of shares.

Financial assets mandatorily at fair value through the profit or loss
During the financial year ended 31 December 2023, the consolidated entity recognised a fair value loss of A$226,422,987 (2022: A$153,156,129) on financial assets classified as mandatorily at fair value through the profit or loss.

The financial assets accounted for on this basis represent:

- Treasury bills
  US Treasury Notes issued by the US Government are recognised as financial assets at fair value through profit or loss ("FVPL") under AASB 9. On initial recognition, they are measured at fair value, with transaction costs expensed immediately in profit or loss.

  Subsequent to initial recognition, US Treasury Notes are remeasured at fair value at each reporting date. All changes in fair value, including realised and unrealised gains and losses, and interest income calculated using the contractual coupon, are recognised in profit or loss within 'Net trading gain/(loss)' or 'Investment income', as appropriate.

  The US Treasury Notes are classified as FVPL as they are not subject to the expected credit loss impairment model and the credit risk is reflected directly in fair value changes recognised in profit or loss.

- Convertible notes
  A specific number of Convertible notes held by the consolidated entity are recognised as financial assets at FVPL under AASB 9. On initial recognition, convertible notes are measured at fair value, with transaction costs expensed immediately in profit or loss.

  Subsequent to initial recognition, convertible notes are remeasured at fair value at each reporting date. All changes in fair value, including realised and unrealised gains and losses, and any interest income determined using the contractual terms, are recognised in profit or loss as investment income.

  The Convertible notes are classified at FVPL as they are not subject to the expected credit loss impairment model and credit risk and other market factors are reflected directly in fair value changes recognised in profit or loss.

- Unlisted preference securities
  Unlisted preference securities held by the consolidated entity represent investments in preference shares issued by other entities. These instruments are financial assets under AASB 9 and, from the perspective of the consolidated entity, are treated as equity instruments of other entities and not investments in controlled entities, associates or joint ventures).

  The consolidated entity classifies these unlisted preference securities as financial assets at FVPL because they are managed on a fair value basis and/or are held for investment and trading purposes. On initial recognition, they are measured at fair value, with transaction costs expensed immediately in profit or loss.

Unlisted preference securities are remeasured at fair value at each reporting date. All changes in fair value (realised and unrealised), together with any dividends received, are recognised in profit or loss within investment income as the unlisted preference shares are classified as FVPL equity investments because they are not subject to the expected credit loss impairment model; and therefore the credit risk and other market factors are reflected directly in fair value changes recognised in profit or loss.

- Unlisted limited partnerships
  Unlisted limited partnership interests held by the consolidated entity represent investments in partnership interests issued by other entities. These interests give the consolidated entity contractual rights to share in profits, distributions and residual net assets of the partnership and therefore meet the definition of financial assets under AASB 9.

  The consolidated entity classifies its unlisted limited partnership interests as financial assets at FVPL because they are managed on a fair value basis and/or held for investment and trading purposes and are not designated at fair value through other comprehensive income. On initial recognition, they are measured at fair value with transaction costs expensed immediately in profit or loss.

  Subsequent to initial recognition the unlisted limited partnership interests are remeasured at fair value at each reporting date using appropriate valuation techniques where observable market prices are not available. All changes in fair value (realised and unrealised), together with any distributions received from the partnerships, are recognised in profit or loss within investment income. Because the unlisted limited partnerships are classified as FVPL financial assets are not subject to the expected credit loss impairment model under AASB 9 as credit, market and other risks are reflected directly in fair value changes recognised in profit or loss.

- Simple Agreements for Future Equity
  SAFE instruments held by the consolidated entity are contracts with investee companies that give the consolidated entity the right to receive equity instruments (shares or other ownership interests) of the investee at a future date following specified trigger events (such as a priced equity round, liquidity event or maturity-type event). These rights are contingent and often result in a variable number of shares and therefore the SAFE instruments do not meet the solely payments of principal and interest (SPPI) test for debt instruments and are equity-linked derivatives from the perspective of the consolidated entity.

  SAFE instruments are therefore recognised and measured as financial assets at FVPL under AASB 9. On initial recognition, SAFE instruments are measured at fair value, with transaction costs expensed immediately in profit or loss.

  Subsequent to initial recognition, SAFE instruments are remeasured at fair value at each reporting date using appropriate valuation techniques that consider the terms of the agreement, expected timing and probability of conversion events, and relevant market inputs. All changes in fair value (realised and unrealised) are recognised in profit or loss within fair value changes through the profit or loss. The SAFE instruments are not subject to the expected credit loss impairment model; credit, market and other risks as these changes are reflected directly in fair value changes recognised in profit or loss.

  When a SAFE instrument converts into equity of the investee, the carrying amount of the SAFE instrument is derecognised and the newly acquired equity instruments are recognised at their fair value on the conversion date in accordance with AASB 9 “equity-type financial assets” measured at FVPL when held for trading purposes.

During the financial year ended 31 December 2023, the consolidated entity disposed of certain treasury bills, unlisted equity securities and unlisted limited partnership assets for a total amount of A$18,940,051 (2022: A$54,148,791). A gain of A$2,895,006 (2022: nil) and loss of A$7,139,036 (2022: nil) attributable to these divestments was recognised in the consolidated statement of profit or loss.

Financial assets designated at fair value through other comprehensive income
During the financial year ended 31 December 2023, the consolidated entity recognised a fair value loss of A$14,387,729 (2022: A$27,425,379) on financial assets classified as designated at fair value through other comprehensive income.

The financial assets accounted for on this basis represent:

- Unlisted equity securities
  Unlisted equity securities held by the consolidated entity represent investments in unlisted shares issued by the investees. These instruments are financial assets under AASB 9 and, from the perspective of the consolidated entity, are treated as equity instruments of other entities and not investments in controlled entities, associates or joint ventures.

  These financial assets were designated at fair value through other comprehensive income represent that the consolidated entity intends to hold for the long term due to their strategic nature to the business activities of the consolidated entity and the relationship between the consolidated entity and the investees. The classification is determined on an instrument-by-instrument basis. On initial recognition, these financial assets are measured at fair value, including transaction costs expensed. Transaction costs are recognised in other comprehensive income as part of the change in fair value at the next remeasurement and are never reclassified into profit or loss.

  Unlisted equity securities are remeasured at fair value at each reporting date. Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established.

- Unlisted limited partnerships
  Unlisted limited partnership interests held by the consolidated entity represent investments in partnership interests issued by other entities. These interests give the consolidated entity contractual rights to share in profits, distributions and residual net assets of the partnership and therefore meet the definition of financial assets under AASB 9.

  These financial assets were designated at fair value through other comprehensive income represent that the consolidated entity intends to hold for the long term due to their strategic nature to the business activities of the consolidated entity and the relationship between the consolidated entity and the investee. The classification is determined on an instrument-by-instrument basis. On initial recognition, these financial assets are measured at fair value, including transaction costs expensed. Transaction costs are recognised in other comprehensive income as part of the change in fair value at the next remeasurement and are never reclassified into profit or loss.

  Unlisted limited partnership interests are remeasured at fair value at each reporting date. Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established.

Fair value measurement

Financial assets are measured at fair value in the consolidated statement of the financial position of the consolidated entity into three levels of the fair value hierarchy. The three levels are as follows:

Level 1

The fair value of financial instruments traded in active markets (i.e., publicly traded derivatives and equity instruments) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

Level 2

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market information and rely as little as possible on entity-specific estimates.

Level 3

The fair value of financial instruments under this level represents outcomes that occur if one or more of the significant inputs is not based on observable market information.

In determining fair value of financial instruments categorised within Level 3, the operating level and business plans of those investees, macroeconomic and geopolitical uncertainty, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered.

Note 19 Other current assets

	31 December	
	2023	**2022**
	$	**$**
Deposits	**3,120,791**	4,629,904
Minimum guarantees	**2,966,761**	-
Prepayments	**5,193,036**	10,689,436
Other	**6,761,719**	3,946,205
	18,042,307	19,265,545

Note 20 Simple Agreements for Future Tokens (SAFTs)

	31 December 2023 $	31 December 2022 $
Opening balance	**65,491,699**	65,066,853
Investments acquired for the year	**12,868,658**	60,506,606
Investments disposal for the year	**-**	(24,537,363)
Reclassification to inventories or long-term crypto assets	**(11,422,295)**	(26,602,450)
Impairment	**(61,522,445)**	(12,377,985)
Other movements	**(48,540)**	(1,079,599)
Exchange fluctuation	**1,100,045**	4,515,637
	6,467,122	65,491,699
Current	**607,287**	65,491,699
Non-current	**5,859,835**	-
	6,467,122	65,491,699

During the financial year ended 31 December 2022, the consolidated entity entered a Share Purchase Agreement that resulted in the disposal of certain SAFTs for a total value of A$24,537,363. These SAFTs were disposed of at cost, with no gain or loss recognised.

The consolidated entity entered a number of SAFTs during the financial year ended 31 December 2023 to subscribe for the future cryptocurrencies. The consolidated entity is entitled to receive SAFTs tokens based on the achievement by the issuer of specific goals at a discount to the proposed issue price of the token generating event date. During the financial year ended 31 December 2023, the consolidated entity settled various SAFT arrangements on the successful token generation events of the issuers with a total value of A$11,422,295 (2022: A$26,602,450). These tokens were subsequently reclassified to inventories or long-term crypto assets following an assessment of management's intent regarding the utilisation and holding period of these digital assets.

Note 21 Investment in an associate

	31 December 2023 $	31 December 2022 $
Opening balance	**-**	-
Acquisition of equity interest	**-**	487,140
Addition	**694,709**	-
Share of net loss	**(49,062)**	-
Impairment	**(645,647)**	(468,499)
Exchange fluctuation	**-**	(18,641)
	-	-

Animoca Capital Sub-Advisor Limited
The consolidated entity executed an internal restructuring of its ownership interest in Animoca Capital HK Advisor Limited by transferring the shares of Animoca Capital Hong Kong Advisor Limited to Animoca Capital Sub Advisor Limited, an associate of the Company. Following the restructuring, the consolidated entity held a 30% equity interest in both Animoca Capital HK Advisor Limited and Animoca Capital Sub Advisor Limited.

OliveX Holdings Limited
On 24 August 2020, OliveX Holdings Limited was listed on the New Securities Exchange in Sydney, Australia. Up until 30 June 2020, the consolidated entity accounted for OliveX Holdings Limited and its controlled entities as a controlled entity with the consolidated entity holding 78% of the shares on issue. Following the listing of OliveX Holdings Limited, the consolidated entity holds 33% of the shares on issue and accordingly has accounted for Olive Holdings Limited as an associate entity under AASB 128.

During the financial year ended 31 December 2022, the consolidated entity further increased its equity to 34.4% in OliveX Holdings Limited following its subscription to new shares for A$487,140.

OliveX voluntarily delisted from the NSX on 21 July 2023 due to combination of factors including a lack of liquidity on the exchange for investors; the compromise of its DOGE token and the emergence of a dispute between the vendors of Six-to-Start Limited and OliveX. OliveX downsized its business in Hong Kong during the course of 2023 and resolved the dispute with the vendors of STS in 2025. The Company impaired its investment in OliveX Holdings Limited in full.

On 19 November 2025, OliveX Holdings Limited announced a proposed strategic restructure under which the net assets will be transferred to HealthID Limited in exchange for shares to be distributed in-specie to OliveX shareholders. The proposed strategic restructure was approved by the shareholder on 8 April 2026 which will result in OliveX selling its net assets to HealthID, a newly incorporated entity in Hong Kong, and receiving shares in HealthID for eventual *in specie* distribution to its shareholders.

OliveX will enter voluntary liquidation following the in-specie distribution.

Note 22 Investment in joint ventures

Summarised financial information of joint ventures and the Company's share of results and net assets are as follows:

	31 December 2023 $	31 December 2022 $
Cost	-	960
Share of loss in joint ventures	-	(936)
Exchange fluctuation	-	(24)
	-	-
During the financial year ended 31 December 2023 and 2022		
Total income	-	-
Total expenses	-	(9,347)
Loss and total comprehensive loss for the year	-	(9,347)
Consolidated entity's share of loss and total comprehensive loss	-	(936)
At the balance date of 31 December 2023 and 2022		
Total assets	-	3,008
Total liabilities	-	(10,804)
Net liabilities	-	(7,796)

	Principal Activities	Country of Incorporation	31 December 2023 Group effective interest	31 December 2022 Group effective interest
Directly held				
Meta-iCon Limited	Investment Holding	Hong Kong	51.0%	51.0%
Indirectly held				
Meta Hollywood Limited	Investment Holding	Hong Kong	30.6%	30.6%

The consolidated entity had discontinued the recognition of its share of losses of joint ventures because the share of losses of joint ventures had exceeded its interests in the entity and the consolidated entity did not incur legal or constructive obligations or make payments on behalf of the joint ventures.

Note 23 Plant and equipment

	31 December 2023 $	31 December 2022 $
Plant and equipment owned by the consolidated entity		
Cost		
Opening balance	**5,660,855**	1,811,348
Acquired through business combinations	**385,289**	492,544
Additions	**5,012,662**	4,092,245
Disposals	**(646,320)**	(4,629)
Impairment	**(576,403)**	(951,389)
Exchange fluctuation	**(234,733)**	220,736
	9,601,350	5,660,855
Accumulated depreciation		
Opening balance	**(2,031,874)**	(1,032,622)
Acquired through business combinations	**-**	-
Depreciation for the year	**(2,005,558)**	(926,794)
Disposals	**269,941**	1,053
Exchange fluctuation	**88,554**	(73,511)
	(3,678,937)	(2,031,874)
Net carrying value	**5,922,413**	3,628,981
Plant and equipment leased by the consolidated entity		
Cost		
Opening balance	**10,984,129**	4,524,115
Acquired through business combinations	**-**	695,519
Acquired during the financial year ended 31 December 2023 and 2022	**9,921,552**	6,235,591
Other movements	**277,898**	-
Impairment	**-**	(695,520)
Exchange fluctuation	**(391,595)**	224,424
	20,791,984	10,984,129
Accumulated depreciation		
Opening balance	**(4,263,233)**	(2,404,195)
Depreciation during the financial year ended 31 December 2023 and 2022	**(3,249,449)**	(1,663,216)
Disposal	**-**	-
Other movements	**4,989**	-
Exchange fluctuation	**75,966**	(195,822)
	(7,431,727)	(4,263,233)
Net carrying value	**13,360,257**	6,720,896
Net carrying value of owned and leased plant and equipment	**19,282,670**	10,349,877

The consolidated entity had identified twelve arrangements that satisfied the definition of Leases under AASB 16, and these leases relate to Animoca Brands Limited, Animoca Brands K.K., Blowfish Studios, the Meta Global Group, GMG, Be Media, and TinyTap.

Note 24 Intellectual property

	31 December 2023 $	31 December 2022 $
Cost		
Opening balance	**19,833,364**	17,645,715
Intellectual property acquired during the financial year	**1,352,260**	788,626
Acquired from business combination	**-**	1,449,939
Impairment	**(1,352,260)**	(62,799)
Exchange fluctuation	**-**	11,883
	19,833,364	19,833,364
Amortisation		
Opening balance	**(19,833,364)**	(17,645,715)
Amortisation charge for the year	**-**	(2,187,649)
	(19,833,364)	(19,833,364)
Net carrying value	**-**	-

Note 25 Goodwill on acquisition

	31 December 2023 $	31 December 2022 $
Opening balance	**-**	-
Goodwill on acquisition	**13,364,850**	215,962,729
Impairment	**(13,364,850)**	(215,962,729)
	-	-

The consolidated entity recognised total A$13,364,850 of goodwill on acquisition of WePlay and Azarus, and their controlled entities (see Note 4). A strategic review of these acquisitions has resulted in the consolidated entity discontinuing game development and publishing as future cash flows projected for these entities were not likely to exceed the fair value of consideration paid to the sellers and therefore, it was decided to fully impair the goodwill recognised at date of acquisition.

Note 26 Long-term crypto assets

	31 December 2023 $	31 December 2022 $
Fungible tokens	**39,770,838**	27,671,003
Non-fungible tokens	**-**	8,802,233
	39,770,838	36,473,236

The crypto assets that have been recorded as long-term crypto assets under *AASB 138 Intangible Assets* are the fungible and non-fungible tokens held by the consolidated entity for strategic purposes and have been valued at cost and are adjusted for any impairment.

Crypto assets of A$26,755,698 (2022: A$95,910,736) which have been classified as long-term crypto assets were written off during the financial year ended 31 December 2023.

Note 27 Other non-current assets

	31 December 2023 $	31 December 2022 $
Opening balance	**3,254,859**	2,055,126
Expenditure capitalised during the financial year ended	**2,090,865**	2,133,997
Expenditure released to consolidated statement of profit or loss	**-**	(1,134,356)
Impairment	**(5,471,539)**	-
Exchange fluctuation	**125,815**	200,092
	-	3,254,859

The consolidated entity purchased software under a licence agreement, which was amortised to the profit or loss over its estimated useful life of three years. The software was fully impaired to the profit or loss during the financial year ended 31 December 2023 as the recoverability of the economic benefits from the arrangement were deemed impaired.

Note 28 Trade and other payables

	31 December 2023 $	31 December 2022 $
Current		
Trade payables	**129,700,831**	122,756,193
Non-trade payables	**65,865,550**	71,516,167
Accruals	**46,715,558**	38,336,805
	242,281,939	232,609,165
Non-current		
Trade payables	**-**	21,142
Non-trade payables	**45,298**	45,036
Accruals	**27,028**	20,856
	72,326	87,034
	242,354,265	232,696,199

Trade payables are non-interest bearing and are normally extinguished or settled within an average 30 days of receipt of the invoice.

	31 December 2023 $	31 December 2022 $
Fugu Raw Pty Ltd	**-**	3,598,819
Darewise Entertainment SAS	**-**	3,718,828
Be Media by Animoca Brands Pty Ltd	**-**	740,894
	-	8,058,541

The consolidated entity has accrued earn-outs payable to vendors pursuant to Share Purchase Agreements at the balance date of 31 December 2022. The earn-outs payable to Fugu Raw Pty Ltd was settled by way of issue of a total number of 2,272,727 fully paid ordinary shares on 16 October 2023 and the balance by way of cash in December 2023. The earn-outs payable to Darewise Entertainment SAS was settled by way of cash on 25 May 2023. The earn-outs payable to Be Media by Animoca Brands Pty Ltd was settled by way of cash on 16 May 2023.

Note 29 Deferred revenue

	31 December 2023 $	31 December 2022 $
Opening balance	**366,260,054**	434,727,338
Addition recorded during the financial year ended 31 December 2023 and 2022, net	**199,615,923**	421,660,386
Revenue released to consolidated statement of profit or loss	**(415,447,384)**	(515,720,288)
Other movements	**2,010,896**	(5,194,140)
Exchange fluctuation	**2,581,207**	30,786,758
	155,020,696	366,260,054
Current	**118,687,715**	247,246,324
Non-current	**36,332,981**	119,013,730
	155,020,696	366,260,054

Note 30 Loans from related entities

	31 December 2023 $	31 December 2022 $
Loans from related entities		
Outblaze Limited	**(4,036,725)**	(14,760,148)
Brisk Thrive International Limited	**(5,061,952)**	-
Zeroth SPC	**(1,598,541)**	(1,629,579)
Asyla Investments Limited	**(307,519)**	-
	(11,004,737)	(16,389,727)

	31 December 2023 $	31 December 2022 $
Opening balance	**16,389,727**	1,521,555
Net (repayments)/drawdowns	**(5,541,949)**	14,394,653
Interest expenses	**174,498**	-
Transfer from other loans (Note 34 (b))	**307,519**	-
Exchange fluctuation	**(325,058)**	473,519
	11,004,737	16,389,727
Current	**1,906,060**	1,629,579
Non-current	**9,098,677**	14,760,148
	11,004,737	16,389,727

Outblaze Limited
Animoca Brands Limited had also entered a Loan Agreement with Outblaze Limited, an entity related to Mr Yat Siu, for A$14,760,148 (US$10,000,000). The loan is unsecured and incurs interest at a rate of 1% per annum. The Company has also advanced money to Outblaze Limited and the net amount outstanding between the Company and Outblaze Limited at the balance date of 31 December 2023 was A$4,036,725.

The specific terms of the loan arrangement are still under negotiation between the Board of Directors and Mr Yat Siu.

Brisk Thrive International Limited
During the financial year ended 31 December 2023, Animoca Brands Limited, a controlled entity of the Company, entered into a Loan Agreement with Brisk Thrive International Limited ("Brisk Thrive"), an entity related to Mr Yat Siu. Under the Loan Agreement, Brisk Thrive advanced a A$5,267,870 (US$3,500,000) loan in USDT to Animoca Brands Limited. The stablecoin loan carries an interest rate of 1% per annum.

Zeroth SPC
Venture Classic Limited, a controlled entity of Animoca Brands Limited in which it has a 67% equity interest, is the manager of Zeroth SPC, a special purpose vehicle incorporated in the Cayman Islands to undertake investments in accelerator opportunities.

Venture Classic Limited is solely responsible for all the business and investment decisions of Zeroth SPC and each of its segregated portfolios pursuant to the Management Services Agreement, dated 27 September 2020. Venture Classic Limited holds all the Management Shares on the issue in Zeroth SPC. Under the Memorandum of Association, the management shares entitle Venture Classic to a 30% carried interest in profits and losses of the segregated portfolios held by Zeroth SPC.

During the course of 2019, Venture Classic Limited was advanced funds by Zeroth SPC to evaluate new opportunities for investment. The consolidated entity does not believe that this amount will be ultimately payable; however, at the balance date of 31 December 2023 the basis on which the consolidated entity will be relieved of payment has yet to be finalised by Venture Classic Limited and Zeroth SPC.

Asyla Investments Limited
At the balance date of 31 December 2022, the consolidated entity held other loans balance of A$325,000. This balance comprised an unsecured loan of A$225,000 from Asyla Investments Limited, an entity related to Mr Yat Siu and A$100,000 in loans from third parties. Both arrangements were unsecured, repayable on demand, and bore interest at 8% per annum. To enhance presentation and align with related party disclosure requirements, the A$225,000 loan from *Asyla Investments Limited* has been reclassified to "Loans from related entities".

Note 31 Provisions

	31 December 2023 $	31 December 2022 $
Employee entitlements	**21,509,379**	34,844,108
Other	**683,630**	789,843
	22,193,009	35,633,951
Current	**21,262,246**	35,633,951
Non-current	**930,763**	-
	22,193,009	35,633,951

As the balance date of 31 December 2023, 204,998,287 (2022: 333,620,596) SAND tokens were unvested. The SAND tokens were granted to employees and contractors over varying vesting dates from 14 August 2020. The Company accounts for the tokens as an employee benefit and amortises the fair value of the tokens to the profit or loss over the vesting period of the tokens issued to employees and contractors.

On the vesting of the tokens, the value of the tokens is transferred to deferred revenue and amortises over the expected period that performance obligations are expected to be provided.

Note 32 Other financial liabilities

(a) Convertible Notes – conversion features

	31 December 2023 $	31 December 2022 $
Opening balance	**81,270,023**	175,712,701
Recognition of other derivative financial instruments arising from accounting for borrowings and other financial instruments on an amortised cost basis (Note 35)	**8,737,881**	85,501,091
Fair value changes in other derivative financial instruments	**(17,864,371)**	(7,646,874)
Conversion of convertible notes	**-**	(168,370,715)
Exchange fluctuation	**40,070**	(3,926,180)
	72,183,603	81,270,023
Current	**68,698,507**	81,270,023
Non-current	**3,485,096**	-
	72,183,603	81,270,023

No convertible notes were converted into fully paid ordinary share during the financial year ended 31 December 2023 (2022: A$168,370,715).

(b) Simple Agreement for Future Equity (SAFE)

	31 December 2023 $	31 December 2022 $
Opening balance	**3,727,085**	654,631
Drawdowns	**50,356,780**	3,025,978
Other movement	**(701,107)**	-
Exchange fluctuation	**(1,471,344)**	46,475
	51,911,414	3,727,084
Present value	**51,911,414**	3,727,084
Interest expense to be charged to the consolidated statement of profit or loss and other comprehensive income	**-**	-
Future value	**51,911,414**	3,727,084
Current liabilities	**49,681,873**	3,727,084
Non-current liabilities	**2,229,541**	-
	51,911,414	3,727,084

SAFE

- no maturity date;
- no interest rate;
- automatic conversion on any priced share issue, and
- a valuation cap (the maximum value to which the SAFE will convert)

In exchange for the investment, an investor receives the right to purchase stock in a future equity round (when one occurs) subject to certain parameters set out in the SAFE. The SAFE satisfied the definition of a financial liability and the consolidated entity has determined that the rights attaching the SAFE instruments issued by below subsidiary provide the investor with an opportunity to convert the SAFE instrument into fully paid ordinary shares at a discount to the listing price and accordingly, the discount to the listing price represents the cost to the consolidated entity.

During the financial year ended 31 December 2023, the consolidated entity entered SAFE with sophisticated and professional investors with total consideration of A$50,356,780 (2022: A$3,025,978).

Morristown Global Limited
During the financial year ended 31 December 2023, Morristown Global Limited (“Morristown”), a controlled entity of the Company, raised A$44,343,873 (US$29,462,300) via various SAFE agreements. Morristown raised A$32,039,635 (US$21,287,300) from SAFE agreements under which, subscribers to the SAFE agreements were entitled to receive a total of number of 7,431,080 at a fair value of A$4.50 per share in the Company six months after the date of the SAFE agreements.

The investors in these SAFEs agreements also entered MOCA Token Warrant agreements issued by Morristown which entitled the subscribers to the SAFE agreements for a nominal consideration, to receive a total number of 756,881,783 MOCA tokens with a face value of US$0.028125 per MOCA token.

Zeroth Fano Ventures Limited
Zeroth Fano Ventures Limited, a wholly owned controlled entity of the Company, entered into Investment and Nominee Service Agreements with sophisticated and professional investors as defined by the Corporations Act 2001 (Cth) during the financial year ended 31 December 2023. Zeroth Fano Ventures Limited acquired A$1,461,988 (US$1,000,000) of financial instruments issued by Fano Labs Limited and sought sophisticated and professional investors to purchase a participating interest in the Fano Labs Limited financial Instrument.

Zeroth Fano Ventures Limited secured from sophisticated and professional investors A$694,444 (US$475,000) in funds under the Investment and Nominee Service Agreements which entitled these investors to a participating 47.5% of the Fano Labs Limited financial instruments held by Zeroth Fano Ventures Limited.

Under the Investment and Nominee Service Agreement, the investors agreed that Zeroth Fano Ventures Limited:

- remain the registered holder of the Fano Labs Limited financial instruments;

- hold the investment for and on behalf of the investors; and

- upon conversion of the Fano Labs Limited financial instruments into equity securities, assist the investors in registering the equity securities in the name of the investors.

The investors agreed to indemnify Zeroth Fano Ventures Limited for any and all losses or liabilities incurred in the execution of its duties as a nominee for the investors.

During the financial year ended 31 December 2023, two of the investors were repaid for the principals of total A$219,298 (US$150,000) and the gain of A$16,447 (US$11,250). The remaining portion of balance of A$701,107 (US$460,000) was transferred to other payables.

(c) Market-making loans

The consolidated entity has entered various market-making arrangements with several counterparties during the financial year ended 31 December 2023. Under the terms of these agreements, the consolidated entity is entitled to receive up to a specified percentage of the total supply of the respective crypto assets, carrying at zero interest rate, minted by the counterparties. At the balance date of 31 December 2023, the fair value at drawdown date of these market making loans was A$40,806,863 and then based on the fair value of the underlying tokens represented by the market making loan the consolidated entity recognised a fair value charge to the profit or loss of $4,026,093 during the financial year ended 31 December 2023.

	31 December 2023 $	31 December 2022 $
Opening balance	**-**	-
Drawdowns	**40,806,863**	-
Fair value change charged to the consolidated statement of profit or loss	**4,026,093**	-
Repayment	**(550,696)**	-
Exchange fluctuation	**(1,268,570)**	-
	43,013,690	-
Current liabilities	**43,013,690**	-
Non-current liabilities	**-**	-
	43,013,690	-

Note 33 Simple agreement with future tokens liabilities ("SAFT" Liability)

	31 December 2023 $	31 December 2022 $
Opening balance	-	-
Reclassification from trade and other payables	**2,014,760**	-
Issuance of SAFTs	**12,105,422**	-
Exchange fluctuation	**(373,106)**	-
	13,747,076	-
Current liabilities	**859,162**	-
Non-current liabilities	**12,887,914**	**-**
	13,747,076	-

Ga Mee Limited, Morristown and Sandbox Group Corp, controlled entities of the Company issued SAFT instruments to investors for a total value of A$12,105,422 (2022: nil).

Under the term of these agreements, the investors have the right to receive
- 61,450,000 units of EDU token;
- 9,476,923 units of earth money token;
- 11,000,000 units of GMEE token; and
- 5,396,825 units of SAND token,

based on specific milestones arising on a defined token generating event ("TGE").

On initial recognition, SAFTs liabilities were recorded at cost. Following the occurrence of successful TGE, the SAFT liabilities are subsequently transferred to deferred revenue as tokens are distributed to investors over the vesting period. The deferred revenue is then amortised to profit and loss over the period during which the performance obligations are expected to be satisfied.

Note 34 Borrowings

(a) Bank loans

	31 December 2023 $	2022 $
Opening balance	**3,655,188**	982,848
Acquisition of a controlled entity	**-**	4,801,492
Drawdowns	**-**	75,761
Interest expense	**199,146**	242,287
Repayment	**(2,009,286)**	(2,554,352)
Exchange fluctuation	**59,751**	107,152
	1,904,799	3,655,188
Present value	**1,904,799**	3,655,188
Interest expense to be charged to the consolidated statement of profit or loss	**78,735**	132,378
Future value	**1,983,534**	3,787,566
Current liabilities	**1,585,594**	2,445,598
Non-current liabilities	**319,205**	1,209,590
	1,904,799	3,655,188

Following the acquisition of Stryking Entertainment on 18 September 2020, the consolidated entity assumed borrowings – recorded at that time by Stryking Entertainment comprising a A$942,240 (€600,000) borrowing from the government sponsored Investitions Bank Berlin (“IBB”).

The IBB loan is unsecured, repayable in equal instalments of A$47,112 (€30,000) per month. The IBB facility comprises two tranches – Tranche 1 A$352,947 (€224,750) and Tranche 2 A$589,293 (€375,250) with a fixed interest rate of 3.50% per annum.

The Company has held discussions with IBB and has agreed to a repayment period from April 2019 to July 2025.

Following the acquisition of Darewise on 14 April 2022, the consolidated entity assumed eight borrowings totalling A$4,801,492 (€3,150,229) between Darewise and various French institutions supporting digital gaming startups. The Company assumed unsecured borrowings with maturity dates ranging from 27 June 2023 to 21 November 2025, with fixed interest rates of between 0.00% to 5.28% per annum.

During the financial year ended 31 December 2023, the Company repaid A$208,807(€120,000) of the IBB loan, A$1,771,810 (€1,120,708) of the Darewise institutional loans; and A$28,669 of other loans.

(b) Other loans

	31 December 2023 $	31 December 2022 $
Opening balance	**339,000**	425,000
Drawdowns	**18,154,063**	-
Interest expense	**650,583**	22,000
Repayments	**-**	(108,000)
Transfer to loan from related entities (Note 30)	**(307,519)**	-
Exchange fluctuation	**(625,326)**	-
	18,210,801	339,000
Present value	**18,210,801**	339,000
Interest expense to be charged to the consolidated statement of profit or loss	**1,346,315**	-
Future value	**19,557,116**	339,000
Current liabilities	**114,000**	339,000
Non-current liabilities	**18,096,801**	-
	18,210,801	339,000

During the financial year ended 31 December 2023, total drawdowns from other loans amounted to A$18,154,063, with A$11,136,428 received by way of cash proceeds, and the balance by way of cryptocurrency amounting to A$7,017,635.

Animoca Brands Corporation Limited
At the balance date of 31 December 2022, the consolidated entity held other loans balance of A$325,000. This balance comprised an unsecured loan of A$225,000 from Asyla Investment Limited, an entity in which Mr Yat Siu is a director; and A$100,000 in loans from third parties. Both arrangements were unsecured, repayable on demand, and bore interest at 8% per annum. To enhance presentation and align with related party disclosure requirements, the A$225,000 loan from Asyla Investment Limited has been reclassified to “Loans from related entities”.

Animoca Brands Limited
During the financial year ended 31 December 2023, Animoca Brands Limited, a controlled entity of the Company, entered three loan arrangements with a number of counterparties.

Animoca Brands Limited entered a loan arrangement with Totally Apps Holdings Limited to borrow A$7,713,666 (US$5,125,000). The loan carried a standard interest rate of 5% per annum with maturity in two years.

Animoca Brands Limited also entered a digital asset loan arrangement to borrow A$6,076,944 (equivalent to 7,000,000 units of SAND token at price of A$0.87 per token) from Imeson Limited. The SAND-based loan carries an interest rate of 1% per annum with maturity date of 31 December 2025.

Under the terms of the agreement, the lender retains the right to be repaid the SAND-based loan either in fiat currency or SAND token depending on which outcome generates the maximum return to the lender.

Animoca Brands Limited entered a second loan agreement with Imeson Limited for A$3,422,762 (€2,000,000). The loan carried an interest rate of 2% per annum with maturity date on 30 June 2025.

Sunshine Tree Limited
On 15 May 2023, Sunshine Tree Limited, a controlled entity of the Company, entered a 48-month financing agreement with Dynamic Charm Group Limited. Under the terms and conditions of this agreement Sunshine Tree Limited received a total of A$940,691 (US$625,000) in USDT.

The arrangement included an initial 24-month restricted period from the date of the agreement, during which no principal or interest were payable. At balance date, the equivalent of A$1,461,988 (US$1,000,000) is payable in USDT over a period of 24 monthly instalments following the restriction period on 1 January 2026.

Note 35 Convertible notes

(a) Azarus Convertible Notes

During the financial year ended 31 December 2023, Azarus, a controlled entity of the Company, issued A$1,549,822 (US$1,059,648) in convertible notes ("Azarus Convertible Notes") with a coupon rate of 5% per annum and with a maturity date of 4 years from the date of issue of the notes.

The consolidated entity has accounted for the Azarus Convertible Notes in accordance with *AASB 9 Financial Instruments* and *AASB 132 Financial Instruments-Presentation*. The conversion feature has been separated and measured at fair value through profit or loss, with the host debt component measured at amortised cost.

	31 December 2023 $	2022 $
Opening balance	**-**	-
Drawdowns	**1,594,822**	-
Interest expense	**106,139**	-
Conversion feature transferred to other financial liabilities (Note 32 (a))	**(924,846)**	-
Exchange fluctuation	**(22,235)**	-
	753,880	-
Present value	**753,880**	-
Interest expense to be charged to the consolidated statement of profit or loss	**1,926,002**	-
Future value	**2,679,882**	-
Current liabilities	**-**	-
Non-current liabilities	**753,880**	-
	753,880	-

The fair value of the conversion feature of the Azarus Convertible Notes was determined by applying a Black-Scholes model with the following inputs:

	31 December 2023 $	2022 $
Fair value recognised at inception	**898,352**	-
Fair value changes in other derivative financial instruments	**(47,947)**	-
Conversion feature		
Spot price (cents)	**450**	-
Exercise price (cents)	**450**	-
Risk free rate	**3.93%**	-
Time (years)	**3.59**	-
Volatility	**74%**	-

The amounts charged to the profit or loss on the Azarus Convertible Notes were:

	31 December 2023 $	2022 $
Profit or loss:		
Amortised cost	**106,139**	-
Fair value changes in other derivative financial instruments	**(47,947)**	-
Net charge to profit or loss	**58,192**	-

(b) BGL Convertible Notes

During the financial year ended 31 December 2023, Bacasable Global Limited (“BGL”), a controlled entity of the Company, issued A$15,063,748 (US$10,008,432) in convertible notes (“BGL Convertible Notes”) with a coupon rate of 10% per annum with a maturity date of 2 years from the date of issue of the convertible notes.

The consolidated entity has accounted for BGL Convertible Notes in accordance with *AASB 9 Financial Instruments* and *AASB 132 Financial Instruments-Presentation*. The conversion feature has been separated from the host debt and measured at fair value through profit or loss, with the host debt component measured at amortised cost.

	31 December 2023 $	2022 $
Opening balance	**-**	-
Drawdowns	**15,063,748**	-
Interest expense	**1,712,904**	-
Conversion feature transferred to other financial liabilities (Note 32 (a))	**(3,485,753)**	-
Exchange fluctuation	**(380,748)**	-
	12,910,151	-

	31 December 2023 $	31 December 2022 $
Present value	**12,910,151**	-
Interest expense to be charged to the consolidated statement of profit or loss	**5,021,430**	-
Future value	**17,931,581**	-
Current liabilities	**-**	-
Non-current liabilities	**12,910,151**	-
	12,910,151	-

The fair value of the conversion feature of the BGL Convertible Notes was determined by applying a binomial option pricing model with the following inputs:

	31 December 2023 $	31 December 2022 $
Fair value recognised at inception	**3,385,895**	-
Fair value changes in other derivative financial instruments	**(774,772)**	-
Conversion feature		
Spot price US dollars	**52.30**	-
Exercise price US dollars	**79.13**	-
Risk free rate	**4.63%**	-
Time (years)	**1.36**	-
Volatility	**74%**	-

The exercise price of the instrument is determined under two distinct operational scenarios:

Qualified Financing Scenario
On the occurrence of a Qualified Financing event (defined as an arm's-length equity financing generating gross proceeds of at least US$40,000,000), the conversion price is equal to the lesser of:

(i) 80% of the cash price per share paid by new investors in the round, or
(ii) a capped price, which is calculated by dividing the US$1,000,000,000 Valuation Cap by the fully diluted fully paid ordinary shares outstanding immediately prior to the financing closing.

Non-Qualifying Financing Scenario
If a Qualified Financing does not occur prior to the maturity date, the holder of the BGL Convertible Note may voluntarily elect to convert the outstanding principal and accrued interest into Series B Preference Shares at a fixed conversion price calculated by dividing the US$1,000,000,000 Valuation Cap by the fully diluted fully paid ordinary shares.

The amount charged to the profit or loss on the BGL Convertible Note was:

	31 December 2023 $	31 December 2022 $
Profit or loss:		
Amortised cost	**1,712,904**	-
Fair value changes in other derivative financial instruments	**(774,772)**	-
Net charge to profit or loss	**938,132**	-

(c) 2023 Convertible Notes

For the financial year ended 31 December 2023, the Company issued A$7,536,931 (US$5,000,000) in convertible notes ("2023 Convertible Notes") with coupon rates of 10% per annum with a maturity date of 3 years from the date of issue of the notes.

The Company has accounted for the 2023 Convertible Notes in accordance with *AASB 9 Financial Instruments* and *AASB 132 Financial Instruments-Presentation*. The conversion feature has been separated from the host debt and measured at fair value through profit or loss using a binomial option pricing, with the host debt component measured at amortised cost.

The holders of the 2023 Convertible Notes were entitled to warrants with an aggregate face value of A$3,471,000 (US$2,500,000) and at a fair value of A$4.50 per share (see Note 36).

At inception date, the conversion features have been calculated at a USD/AUD exchange rate of 1.3883 and the changes in the fair value of the conversion features have been recorded as FVPL.

	31 December 2023 $	31 December 2022 $
Opening balance	**-**	-
Drawdowns	**7,536,931**	-
Interest expense	**675,936**	-
Conversion feature transferred to other financial liabilities (Note 32 (a))	**(4,327,282)**	-
Fair value of warrant transferred to warrant liabilities (Note 36 (a))	**(1,975,307)**	-
Exchange fluctuation	**(62,832)**	-
	1,847,446	-
Present value	**1,847,446**	-
Interest expense to be charged to the consolidated statement of profit or loss	**7,884,509**	-
Future value	**9,731,955**	-
Current liabilities	**1,847,446**	-
Non-current liabilities	**-**	-
	1,847,446	-

The fair value of the conversion feature of 2023 Convertible Notes was determined by applying a binomial option pricing model with the following inputs:

	31 December 2023 $	31 December 2022 $
Fair value recognised at inception	**4,327,282**	-
Fair value changes in other derivative financial instruments	**(638,925)**	-
Conversion feature		
Spot price (cents)	**450**	-
Exercise price (cents)	**450**	-
Risk free rate	**4.14%**	-
Time (years)	**2.39**	-
Volatility	**74%**	-

The amount charged to the profit or loss during the financial years ended 31 December 2023 and 2022 was:

	31 December 2023 $	31 December 2022 $
Profit or loss:		
Amortised cost	**675,936**	-
Fair value changes in other derivative financial instruments	**(638,925)**	-
Fair value changes in warrant liabilities	**(244,243)**	-
Net charge to profit or loss	**(207,232)**	-

(d) 2022 Convertible Notes

During the financial year ended 31 December 2022, the Company issued A$165,570,870 in convertible notes ("2022 Convertible Notes") with coupon rates of 10% per annum with a maturity date of 3 years from the date of issue of the convertible notes.

The Company has accounted for the 2022 Convertible Notes in accordance with *AASB 9 Financial Instruments* and *AASB 132 Financial Instruments-Presentation*.

The holders of the 2022 Convertible Notes were entitled to warrants with an aggregate face value of A$79,966,000 (US$57,600,000), to subscribe for fully paid ordinary shares of the Company at a fair value of A$4.50 per share (see Note 36). At inception date, the conversion features have been calculated at a USD/AUD exchange rate of 1.3883, and the changes in conversion features have been recorded as fair value through profit or loss.

	31 December 2023 $	31 December 2022 $
Opening balance	**51,370,420**	-
Drawdowns	**-**	165,570,870
Interest expense	**39,890,432**	9,819,372
Conversion feature transferred to other financial liabilities (Note 32 (a))	**-**	(85,501,091)
Fair value of warrant transferred to warrant liabilities (Note 36 (b))	**-**	(39,191,698)
Exchange fluctuation	**(1,517,000)**	672,967
	89,743,852	51,370,420
Present value	**89,743,852**	-
Interest expense to be charged to the consolidated statement of profit or loss	**134,480,396**	-
Future value	**224,224,248**	-
Current liabilities	**89,743,852**	51,370,420
Non-current liabilities	**-**	-
	89,743,852	51,370,420

The fair value of the conversion feature of the 2022 Convertible Notes was determined by applying a binomial option pricing model with the following inputs:

	31 December 2023 $	31 December 2022 $
Fair value recognised at inception	**-**	-
Fair value changes in other derivative financial instruments	**(16,317,737)**	(7,237,728)
Conversion feature		
Spot price (cents)	**450**	450
Exercise price (cents)	**450**	450
Risk free rate	**4.46%**	4.32%
Time (years)	**1.63**	2.63
Volatility	**76%**	74%

The amount charged to the profit or loss during the financial years ended 31 December 2023 and 2022 was:

	31 December 2023 $	31 December 2022 $
Profit or loss:		
Amortised cost	**39,890,432**	9,819,372
Fair value gain on embedded derivatives	**(16,317,737)**	(7,237,728)
Fair value gain on warrant liabilities	**(4,000,184)**	(2,600,234)
Net charge to profit or loss	**19,572,511**	(18,590)

(e) 2021 & 2020 Convertible Notes

During the financial year ended 31 December 2021 and 2020, the Company entered a series of convertible notes with third parties.

In 2020, the Company issued A$7,550,136 in convertible notes ("2020 Convertible Notes") with coupon rates of between 2% and 9% with a maturity date of between 1 and 2 years from the date of issue of the convertible notes. In 2021, the consolidated entity issued A$1,296,512 in convertible notes ("2021 Convertible Notes") with coupon rates of 7.50% with a maturity date of 2 years from the date of issue of the convertible notes.

The Company has accounted for 2020 & 2021 Convertible Notes in accordance *with AASB 9 Financial Instruments* and *AASB 132 Financial Instruments-Presentation*.

The convertible notes issued during the financial year ended 31 December 2020 were converted into fully paid ordinary shares during the financial year ended 31 December 2020. The fair value of the convertible notes was A$168,370,715 and resulted in the Company issuing 38,952,584 fully paid ordinary shares on 6 July 2022, 1,815,493 fully paid ordinary shares on 9 November 2022, and 3,062,417 fully paid ordinary shares on 30 December 2022 at a fair value of A$4.50 per share.

	31 December 2023 $	31 December 2022 $
Opening balance	**73,801**	6,972,377
Interest expense	**-**	1,266,313
Conversion	**-**	(7,833,210)
Other movements	**-**	(146,750)
Exchange fluctuation	**(701)**	(184,929)
	73,100	73,801
Present value	**73,100**	-
Interest expense to be charged to the consolidated statement of profit or loss	**-**	-
Future value	**73,100**	-
Current liabilities	**73,100**	73,801
Non-current liabilities	-	-
	73,100	73,801

The fair value of the conversion feature of 2020 & 2021 Convertible Notes was determined by applying a Black-Scholes model with the following inputs.

	31 December 2023 $	31 December 2022 $
Fair value recognised at inception	**-**	-
Fair value changes in other derivative financial instruments	**(84,990)**	(409,146)
Conversion feature		
Spot price (cents)	**450**	450
Exercise price (cents)	**18**	18
Risk free rate	**4.46%**	4.32%
Time (years)	**0.20**	1.20
Volatility	**74%**	74%

The amount charged to the profit or loss during the financial years ended 31 December 2023 and 2022 was:

	31 December 2023 $	31 December 2022 $
Profit or loss:		
Amortised cost	**-**	1,266,313
Fair value changes in other derivative financial instruments	**(84,990)**	(409,146)
Net charge to profit or loss	**(84,990)**	857,167

Summary of Convertible notes

The following table summarised the movement of convertible notes during the financial years ended 31 December 2023 and 2022.

	31 December	
	2023	**2022**
	$	**$**
Opening balance	**51,444,221**	6,972,377
Drawdowns	**24,195,501**	165,570,870
Interest expense	**42,385,411**	11,085,685
Conversion feature transferred to other financial liabilities (Note 32 (a))	**(8,737,881)**	(93,334,301)
Fair value of warrant transferred to warrant liabilities	**(1,975,307)**	(39,191,698)
Other movements	**-**	(146,750)
Exchange fluctuation	**(1,983,516)**	488,038
	105,328,429	51,444,221
Current liabilities	**91,664,398**	51,444,221
Non-current liabilities	**13,664,031**	-
	105,328,429	51,444,221

Note 36 Warrant liabilities

(a) 2023 Convertible Notes

For the financial year ended 31 December 2023, the holders of the 2023 Convertible Notes (see Note 35) were entitled to warrants with an aggregate face value of A$3,471,000 (US$2,500,000). Each warrant is exercisable into fully paid ordinary shares at a fair value of A$4.50 per share with capacity for the warrants to be adjusted based on the following events:

Initial public offering ("IPO") of the Company
Upon the listing of the shares of the Company, or a direct or indirect holding company of the Company which owns all or substantially all of the assets of the consolidated entity, on the SEHK, NYSE, NASDAQ or any other securities exchange, the warrant exercise price is adjusted to be the lower of the IPO price or at a fair value of A$4.50 per share.

Occurrence of a liquidation event
Upon the occurrence of
(i) sale, lease, transfer or other disposition of all or substantially all of the assets of the consolidated entity;
(ii) a merger, consolidation or reorganisation involving the Company in which the shareholders immediately prior to such merger, consolidation or reorganization no longer hold more than 50% of the voting shares of the Company; or
(iii) a sale, transfer or disposal of more than 50% of the voting shares of the Company, liquidation event is deemed to be triggered;

the subscription price is adjusted to be the lower of price per fully paid ordinary share of the Company based on the pre-money valuation of the Company of such liquidation event or at a fair value of A$4.50 per share.

Conversion during exercise period
On delivery of a formal Exercise Note during the exercise period, the warrant exercise price is adjusted to be the lower of lowest price per share of the Company issued in any equity financing round after the date of this document and before conversion of the relevant note; and at a fair value of A$4.50 per share.

The rights attaching to the warrants issued to Mitsui& Co., Ltd. can be exercisable from the date of the issuance of the 2023 Convertible Notes until the maturity date.

The fair value of the warrants at initial recognition was A$1,975,307 (US$1,310,419) and there were no warrants exercised for the financial year ended 31 December 2023.

	31 December	
	2023	**2022**
	$	**$**
Opening balance	-	-
Recognition of derivative financial instruments arising from accounting for borrowings and other financial instruments on an amortised cost basis (Note 35 (c))	**1,975,307**	-
Change in fair value for the year	**(244,243)**	-
Exchange fluctuation	**(52,134)**	-
	1,678,930	-
Current	**1,678,930**	-
Non-current	-	-
	1,678,930	-

The following table listed the inputs to the binomial option pricing model used to determine the fair value of the warrants at the balance date of 31 December 2023.

	31 December	
	2023	**2022**
Spot price (cents)	**450**	-
Exercise price (cents)	**450**	-
Risk free rate	**4.14%**	-
Time (years)	**2.39**	-
Volatility	**74%**	-

The amount charged to the profit or loss during the financial years ended 31 December 2023 and 2022 was:

	31 December	
	2023	**2022**
	$	**$**
Profit or loss:		
Fair value changes in warrant liabilities	**(244,243)**	-

(b) 2022 Convertible Notes

In 2022, the holders of the 2022 Convertible Notes (see Note 35) were entitled to warrants with an aggregate face value of A$79,966,000 (US$57,600,000). Each warrant carries the right to exercise the warrant into fully paid ordinary shares at a fair value of A$4.50 per share and is subject to adjustments upon occurrence of the following adjustment events:

IPO of the Company
Upon the listing of the shares of the Company, or a direct or indirect holding company of the Company which owns all or substantially all of the assets of the consolidated entity, on the SEHK, NYSE, NASDAQ or any other securities exchange, the warrant exercise price is adjusted to be the lower of the IPO price or at a fair value of A$4.50 per share.

Occurrence of a liquidation event
Upon the occurrence of:

(i) sale, lease, transfer or other disposition of all or substantially all of the assets of the consolidated entity;
(ii) a merger, consolidation or reorganisation involving the Company in which the shareholders immediately prior to such merger, consolidation or reorganization no longer hold more than 50% of the voting shares of the Company; or
(iii) a sale, transfer or disposal of more than 50% of the voting shares of the Company, liquidation event is deemed to triggered;

the subscription price is adjusted to be the lower of price per fully paid ordinary share of the Company based on the pre-money valuation of the Company of such liquidation event and at a fair value of A$4.50 per share.

Conversion during exercise period
On delivery of a formal Exercise Notice during the exercise period, the warrant exercise price is adjusted to be the lower of lowest price per share of the Company issued in any equity financing round after the date of this document and before conversion of the relevant note or at a fair value of A$4.50 per share.

The exercise rights attaching to the warrants can be exercisable from the date of the issuance of 2022 Convertible Notes until the maturity date.

The fair value of the warrants at initial recognition were A$39,191,698 (US$27,268,587) and there were no warrants exercised during the financial year ended 31 December 2023.

	31 December	
	2023	**2022**
	$	**$**
Opening balance	**37,412,799**	-
Recognition of derivative financial instruments arising from accounting for borrowings and other financial instruments on an amortised cost basis (Note 35 (d))	**-**	39,191,698
Change in fair value for the year	**(4,000,184)**	(2,600,234)
Exchange fluctuation	**(170,969)**	821,335
	33,241,646	37,412,799
Current	**33,241,646**	37,412,799
Non-current	**-**	-
	33,241,646	37,412,799

The fair value of the warrants of 2022 Convertible Notes was determined by applying a binomial option pricing model with the following inputs:

	31 December 2023	31 December 2022
Spot price (cents)	**450**	450
Exercise price (cents)	**450**	450
Risk free rate	**4.46%**	4.32%
Time (years)	**1.63**	2.63
Volatility	**76%**	74%

The amount charged to the profit or loss for the financial years ended 31 December 2023 and 2022 was:

	31 December 2023 $	31 December 2022 $
Profit or loss:		
Fair value changes in warrant liabilities	**(4,000,184)**	(2,600,234)

(c) Token warrants attached to Series B Preference Shares

SVF II APAC Aggregator (DE) LLC (“SVF II APAC”) subscribed to A$34,500,000 (US$25,000,000) in Series B Preference Shares under the Series A and Series B Preference Shares Subscription Deed.

On 2 November 2021, the consolidated entity, through Bacasable Global Limited, a controlled entity of the Company, entered a Warrant Agreement whereby SVF II APAC was granted 76,335,870 units of SAND token warrants. The SAND token warrants vested over five years and the warrant agreement expired in ten years after the date of grant with the SAND token warrant having an exercise price of 46 US cents per SAND token warrant.

During the financial year ended 31 December 2023, SVF II APAC has exercised its rights to 2,175,072 SAND tokens (2022: 6,753,432 SAND tokens) at US$0.61 (2022: US$0.82) per token.

The consolidated entity has accounted for the subscription by SVF II APAC to the Series B Preference Shares in Bacasable Global Limited as a derivative under *AASB* 9 *Financial Instruments: Presentation* and valued under *AASB 13 Fair value measurement*.

SAND Token Warrants issued by a controlled entity

Vesting date	Exercise date	No of token warrants granted	No of token warrants exercised	No of token warrants to be vested	Token warrants vested but not exercised
2 May 2022	1 November 2022	7,633,587	(7,633,587)	-	-
2 November 2022	1 November 2022	7,633,587	(7,633,587)	-	-
2 May 2023	2 May 2023	7,633,587	(7,633,587)	-	-
2 November 2023	To be exercised	7,633,587	-	-	7,633,587
2 May 2024	To be exercised	7,633,587	-	7,633,587	-
2 November 2024	To be exercised	7,633,587	-	7,633,587	-
2 May 2025	To be exercised	7,633,587	-	7,633,587	-
2 November 2025	To be exercised	7,633,587	-	7,633,587	-
2 May 2026	To be exercised	7,633,587	-	7,633,587	-
2 November 2026	To be exercised	7,633,587	-	7,633,587	-
		76,335,870	(22,900,761)	45,801,522	7,633,587

During the financial year ended 31 December 2023, 7,633,587 SAND token warrants (2022: 15,267,174 options) have been exercised. At the balance sheet date, the spot price of SAND token was US$0.60 per token compared to US$0.38 per token in the previous year. The consolidated entity recorded a loss on the SAND token warrants of A$8,333,302 during the financial year ended 31 December 2023, compared to a gain of A$62,286,750 in the previous year.

The consolidated entity adopted the binomial option pricing model to determine the fair value of the token warrant liabilities on initial recognition and at the end of the balance date.

	31 December 2023 $	31 December 2022 $
Opening balance	**31,132,543**	94,595,278
Exercise of token warrant	**(1,664,310)**	(6,154,402)
Change in fair value for the year	**8,333,302**	(62,286,750)
Exchange fluctuation	**(486,899)**	4,978,417
	37,314,636	31,132,543
Current	**15,991,987**	7,783,136
Non-current	**21,322,649**	23,349,407
	37,314,636	31,132,543

The following table listed the inputs to the binomial option pricing model used to determine the fair value of the token warrant liabilities at the balance date of 31 December 2023 and 31 December 2022.

	31 December 2023	31 December 2022
SAND token warrants	**53,435,109**	61,068,696
Spot price US cents	**59.55**	38.30
Exercise price US cents	**45.85**	45.85
Risk-free rate	**3.88%**	3.87%
Volatility	**79.37%**	108.65%

The amount charged to the profit or loss during the financial years ended 31 December 2023 and 2022 was:

	31 December	
	2023	**2022**
	$	**$**
Profit or loss:		
Fair value changes in token warrant liabilities	**8,333,302**	(62,286,750)

Summary of Warrant liabilities

The following table summarised the movement of warrant liabilities during the financial years ended 31 December 2023 and 2022.

	31 December	
	2023	**2022**
	$	**$**
Opening balance	**68,545,342**	94,595,278
Recognition of derivative financial instruments arising from accounting for borrowings and other financial instruments on an amortised cost basis	**1,975,307**	39,191,698
Exercise of token warrants	**(1,664,310)**	(6,154,402)
Change in fair value for the year	**4,088,875**	(64,886,984)
Exchange fluctuation	**(710,002)**	5,799,752
	72,235,212	68,545,342
Current	**50,912,563**	45,195,935
Non-current	**21,322,649**	23,349,407
	72,235,212	68,545,342

Note 37 Lease obligations

	31 December 2023 $	31 December 2022 $
Opening balance	**7,865,122**	2,326,733
Additions	**9,921,552**	6,081,184
Interest expense	**1,031,019**	298,901
Acquisition of controlled entities	**-**	1,147,639
Repayments	**(3,568,907)**	(2,280,175)
Other movements	**258,164**	-
Exchange fluctuation	**(298,754)**	290,840
Closing balance	**15,208,196**	7,865,122
Current liabilities	**2,605,394**	1,888,564
Non-current liabilities	**12,602,802**	5,976,558
	15,208,196	7,865,122
Present value	**15,208,196**	7,865,122
Interest expense to be charged to the Consolidated statement of profit or loss and Other Comprehensive Income	**665,002**	344,906
Future value	**15,873,198**	8,210,028

The consolidated entity has identified twelve arrangements that satisfied the definition of Leases under AASB 16 for the financial year ended 31 December 2023, and these leases relate to Animoca Brands Limited, Animoca Brands K.K., Blowfish Studios, the Meta Global Group, GMG, Be Media, and TinyTap.

Monthly payments are due under the terms and conditions of lease agreements and have been discounted at an effective interest rate with of between 4.50% - 10.00% (2022: 6.00% - 10.00%). Interest expense was charged to profit or loss, and lease payments were recorded as a reduction in the presentation of lease obligations.

Note 38 Ordinary capital

		31 December 2023 Number	31 December 2022 Number
Shares on issue at beginning of financial year		**1,852,816,874**	1,646,517,416
Shares issued during the financial year			
4 January 2022	a	-	7,713,162
31 January 2022	b	-	63,304,964
17 February 2022	c	-	8,611,221
14 March 2022	d	-	40,498,442
26 April 2022	e	-	2,629,634
5 May 2022	f	-	2,439,686
12 May 2022	g	-	2,314,590
7 June 2022	h	-	(2,274,147)
6 July 2022	i	-	41,150,308
13 July 2022	j	-	23,237,058
13 October 2022	k	-	200,000
9 November 2022	l	-	8,560,817
12 December 2022	m	-	14,221
30 December 2022	n	-	7,899,502
4 January 2023	o	**30,545,798**	-
23 February 2023	p	**73,210**	-
6 March 2023	q	**2,123,087**	-
14 March 2023	r	**732,099**	-
22 March 2023	s	**292,840**	-
4 April 2023	t	**398,086**	-
11 April 2023	u	**146,420**	-
20 April 2023	v	**146,420**	-
24 April 2023	w	**598,086**	-
26 April 2023	x	**897,128**	-
2 May 2023	y	**5,318,506**	-
9 May 2023	z	**2,804,585**	-
12 May 2023	aa	**1,355,634**	-
24 May 2023	ab	**10,729,841**	-
24 May 2023	ac	**408,497**	
14 June 2023	ad	**4,450,192**	-
16 June 2023	ae	**158,889**	-
10 August 2023	af	**98,338**	-
6 September 2023	ag	**426,304**	-
9 September 2023	ah	**84,838**	-
28 September 2023	ai	**690,000**	-
16 October 2023	aj	**4,557,760**	-
9 November 2023	ak	**1,020,083**	-
31 December 2023	al	**1,326,700**	-
		69,383,341	206,299,458
Shares on issue at end of financial year		**1,922,200,215**	1,852,816,874

		31 December	
		2023	**2022**
		$	**$**
Paid-up capital at the beginning of financial year		**1,414,563,825**	581,458,663
Capital raising during the financial year			
4 January 2022	a	-	14,267,035
31 January 2022	b	-	276,309,829
17 February 2022	c	-	38,602,281
14 March 2022	d	-	182,242,989
26 April 2022	e	-	11,833,353
5 May 2022	f	-	7,928,345
12 May 2022	g	-	10,415,656
7 June 2022	h	-	(226,050)
6 July 2022	i	-	162,053,904
13 July 2022	j	-	104,566,756
13 October 2022	k	-	220,000
9 November 2022	l	-	24,967,729
12 December 2022	m	-	24,006
30 December 2022	n	-	14,045,322
4 January 2023	o	**24,104,590**	-
23 February 2023	p	**80,531**	-
6 March 2023	q	**2,335,741**	-
14 March 2023	r	**805,309**	-
22 March 2023	s	**322,124**	-
4 April 2023	t	**437,895**	-
11 April 2023	u	**161,062**	-
20 April 2023	v	**161,062**	-
24 April 2023	w	**657,895**	-
26 April 2023	x	**986,842**	-
2 May 2023	y	**5,850,357**	-
9 May 2023	z	**3,085,044**	-
12 May 2023	aa	**1,491,197**	-
24 May 2023	ab	**11,802,825**	-
24 May 2023	ac	**1,838,237**	-
14 June 2023	ad	**4,895,211**	-
16 June 2023	ae	**715,001**	-
10 August 2023	af	**442,520**	-
6 September 2023	ag	**1,918,357**	-
9 September 2023	ah	**66,425**	-
28 September 2023	ai	**3,105,000**	-
16 October 2023	aj	**6,609,924**	-
9 November 2023	ak	**524,783**	-
31 December 2023	al	**5,970,150**	-
		78,368,082	847,251,155
Transaction costs		**(524,783)**	(14,145,993)
Paid-up capital at the end of financial year		**1,492,407,124**	1,414,563,825

Notes on the issue of share capital:

- *(a) Issue of shares for acquisition for a strategic transaction and issue of shares for payment to director in lieu of services approved at the annual general meeting*
- *(b) Issue of shares to institutional and sophisticated investors and issue of shares to an advisor*
- *(c) Issue of shares to institutional and sophisticated investors and issue of shares to an advisor*
- *(d) Equity raising*
- *(e) Issue of shares to institutional and sophisticated investors*
- *(f) Exercise of options over fully paid ordinary shares and issue of shares to institutional and sophisticated investors*
- *(g) Issue of shares for strategic transactions*
- *(h) Cancellation of shares issued to an institutional investor*
- *(i) Exercise of options under LTIP over fully paid ordinary shares, conversion of the convertible note, and equity raising, issue of shares for services*
- *(j) Equity raising*
- *(k) Exercise of options over fully paid ordinary shares*
- *(l) Exercise of options over fully paid ordinary shares, conversion of the convertible note, issue of shares for strategic transactions and for services*
- *(m) Exercise of options over fully paid ordinary shares*
- *(n) Exercise of options over fully paid ordinary shares, conversion of the convertible note and loan*
- *(o) Shares were issued for advisory services and for strategic investments*
- *(p) Shares were issued for exercise of options*
- *(q) Shares were issued for exercise of options*
- *(r) Shares were issued for exercise of options*
- *(s) Shares were issued for exercise of options*
- *(t) Shares were issued for exercise of options*
- *(u) Shares were issued for exercise of options*
- *(v) Shares were issued for exercise of options*
- *(w) Shares were issued for exercise of options*
- *(x) Shares were issued for exercise of options*
- *(y) Shares were issued for exercise of options*
- *(z) Shares were issued for exercise of options*
- *(aa) Shares were issued for exercise of options*
- *(ab) Shares were issued for exercise of options*
- *(ac) Shares were issued for cash subscriptions*
- *(ad) Shares were issued for exercise of options*
- *(ae) Shares were issued for strategic investments*
- *(af) Shares were issued for the acquisition of tokens and for consultancy services*
- *(ag) Shares were issued for staff performance, advisory service and as retention bonus to nWay executives*
- *(ah) Shares were issued for payments in lieu of obligations to advisors*
- *(ai) Shares were issued to employees of portfolio company*
- *(aj) Shares were issued to strategic and institutional investors and for exercise of options*
- *(ak) Shares were issued for advisory service on equity raising*
- *(al) Shares were issued for a cash subscription*

Composition of capital raised for the financial years ended 31 December 2023 and 2022

	31 December 2023 $	31 December 2022 $
Cash proceeds	**41,898,759**	603,175,696
Non-cash issue of shares for various purposes including acquisitions, investments, settlement of amounts due to vendors, convertible bond and loan conversion	**36,469,323**	244,075,459
	78,368,082	847,251,155

Under the Corporations Act 2001 (Cth) the concepts of authorised capital and par value of shares were abolished and accordingly, the Company does not have authorised capital or par value of shares in respect of the shares on issue. Each fully paid ordinary share carries one vote and carries rights to dividends (in the event a dividend is declared by the Board of Directors).

Capital management

Capital management policy

As an unlisted disclosing entity, the Company has limited access to capital markets other than by way of raising new equity to sophisticated and professional investors and using its equity to participate in acquisitions and other business transactions.

Capital markets during the financial year ended 31 December 2023 were very favourable in the gaming/tokenisation market and investors participated in equity raising in both the IPO market and the unlisted entity market. These favourable conditions for the gaming sector slowed in subsequent years; however, the Company has used other capital equity initiatives to raise funds such as convertible notes to ensure its working capital position is maintained.

Working capital ratio

The current ratio for the consolidated entity at the balance date of 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023 Number	31 December 2022 Number
Ratio	**0.96**	1.13

Working capital position
The working capital position of the consolidated entity at the balance date of 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023 $	31 December 2022 $
Cash and cash equivalents	**73,740,263**	254,156,476
Current portion of trade and other receivables	**54,042,182**	37,968,822
Income tax receivable	**1,238,159**	2,383,329
Short-term crypto assets	**14,587,126**	225,330,075
Inventories	**157,814,551**	195,319,804
Current portion of other financial assets	**350,977,299**	590,406
Other current assets	**18,042,307**	19,265,545
Simple agreements for future tokens	**607,287**	65,491,699
Trade and other payables	**(242,281,939)**	(232,609,165)
Current portion of deferred revenue	**(118,687,715)**	(247,246,324)
Current portion of loans from related entities	**(1,906,060)**	(1,629,579)
Income tax payable	**(4,050,922)**	(3,817,444)
Provisions	**(21,262,246)**	(35,633,951)
Current portion of other financial liabilities	**(161,394,070)**	(84,997,107)
Current portion of borrowings	**(1,699,594)**	(2,784,598)
Current portion of lease obligations	**(2,605,394)**	(1,888,564)
Current portion of warrant liabilities	**(50,912,563)**	(45,195,935)
Current portion of simple agreement for the future tokens liabilities	**(859,162)**	-
Current portion of convertible notes	**(91,664,398)**	(51,444,221)
Net working capital (deficit)/surplus	**(26,274,889)**	93,259,268

Note 39 Preference Capital

	2023 $	2022 $
Series A and Series B Preference Shares	**39,203,451**	39,203,451

On 27 October 2021, the Company issued, through a controlled entity, Series A and Series B Preference Shares raising A$39,203,451. Under the terms and conditions of the preference share issue, the preference shares are convertible into fully paid ordinary shares of the controlled entity, if either:

- the Company secures a sale of its fully paid ordinary shares to the public at a price no less than US$93.83 per share (being two times the issue price of the Series A and Series B Preference Shares and subject to appropriate adjustment in the event of any dividends, share splits, combination or other similar capitalisation with respect to the fully paid ordinary shares), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the United States Securities Act 1933, as amended, resulting in a raising of no less than US$100,000,000 of proceeds, net of the underwriting discount and commissions, to the controlled entity and in connection with such offering of fully paid ordinary shares is listed for trading on the National Market of the NASDAQ, the New York Stock Exchange or marketplace approved by the Board of Directors of the controlled entity, with the nominated director of SVF II APAC Aggregator (DE) LLC voting in favour of the specific exchange;

- the Company secures a date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders of Series A and Series B Preference Shares (either consolidated entity or SVF II APAC Aggregator (DE) LLC).

The holders of the Series A and Series B Preference Shares accrued additional benefits under the Subscription Agreement. Specifically, on the occurrence of a Liquidation Event (being an unsolicited offer by a party to acquire the controlled entity), the preference shareholders are entitled to full repayment of the face value of the Preference Shares; and, if there are remaining assets available for distribution, the remaining assets must be distributed among preference and fully paid ordinary shareholders on a diluted pro rata basis by treating for this purpose the preference shares as converted into fully paid ordinary shares.

The terms and conditions of the Preference Shares do not specifically provide capacity for the holders of the Preference Shares to demand redemption or repayment by the controlled entity. The terms and conditions only set out a basis for conversion into fully paid ordinary shares and a process for participation in a Liquidation Event. In such circumstances, the Company has accounted for the Preference Shares as equity.

Note 40 Other contributed equity

	2023 $	2022 $
Other contributed equity	**714,080**	-

The balance represents the issuance of shares that have not been made at the balance date of 31 December 2023 and 31 December 2022. It will be transferred to paid-up capital following the allotment of shares.

At the balance date of 31 December 2022, there were no other contributed equity.

Note 41 Reserves

	31 December 2023 $	 2022 $
Financial assets	**(36,251,195)**	(21,863,466)
Share-based payments	**190,853,114**	171,201,445
Other reserves	**18,981,753**	32,215,037
Translation	**49,972,293**	55,043,365
	223,555,965	236,596,381

Note 42 Accumulated losses

	31 December 2023 $	31 December 2022 $
Opening balance	**(1,252,315,399)**	(741,388,585)
Net loss for year after tax	**(410,783,415)**	(510,926,814)
	(1,663,098,814)	(1,252,315,399)

Note 43 Non-controlling interests

	31 December 2023 $	31 December 2022 $
Paid-up capital	**53,567,657**	50,912,595
Reserves	**(6,594,854)**	(4,904,760)
Retained earnings/(accumulated losses)	**25,207,007**	(24,127,291)
Others	**19,465**	19,465
	72,199,275	21,900,009

Controlled entities	**Equity interest held by consolidated entity** 2023	2022
Meta Global Limited and its controlled entities	**70%**	70%
Fuel Powered Inc and its controlled entity	**60%**	60%
Animoca Brands K.K.	**58%**	58%
Venture Classic Limited	**67%**	67%
TinyTap Ltd. and its controlled entity	**90%**	92%
Be Media by Animoca Brands Pty Ltd and its controlled entities	**67%**	67%
Pixelynx, Inc.	**54%**	54%
Darewise Entertainment SAS and its controlled entity	**70%**	70%
Animoca Capital Investment Holdings Limited and its controlled entities	**80%**	80%
Motorverse Corporation	**51%**	51%
Azarus, Inc.	**75%**	-

Note 44 Reconciliation of net loss after tax with net cash flows used in operating activities

	31 December 2023 $	31 December 2022 $
Net loss after tax	**(359,051,677)**	(519,095,544)
Adjusted for:		
Non-cash token advisory revenue	**(357,059)**	(108,069,341)
Impairments	**82,933,144**	230,518,921
Depreciation and amortisation	**5,255,007**	3,724,366
Amortisation of intellectual property	**-**	2,187,649
Allowance for doubtful debts	**2,691,381**	144,338
Interest expense	**43,590,928**	11,085,685
Other non-cash expenses	**29,900,327**	-
Share-based payments (Note A)	**19,651,670**	23,142,244
Share of net loss in joint ventures	**-**	936
Write-off of long-term crypto assets	**26,755,698**	95,910,736
Write-off of receivables	**2,378,337**	829,429
Net trading (gain)/loss on digital assets	**(100,747,673)**	135,091,449
Deferred revenue	**(211,239,358)**	(68,467,284)
Exchange fluctuation	**(8,227,491)**	(11,098,304)
Fair value changes in financial assets recognised through the profit and loss	**226,422,987**	153,156,129
Fair value changes in other financial liabilities	**(13,838,278)**	(7,646,874)
Fair value changes in warrant liabilities	**4,088,875**	(64,886,984)
Other	**49,061**	(7,150,488)
Changes in other current assets and current liabilities:		
Receivables	**(22,807,389)**	(4,335,343)
Other current assets	**1,223,238**	(11,048,113)
Short-term crypto investments	**311,847,681**	155,979,608
Inventories	**80,216,886**	(61,368,660)
Payables	**13,401,808**	58,217,152
Provisions	**(13,440,942)**	16,544,718
Income tax receivable and payable	**1,378,648**	1,434,115
Deferred tax liabilities	**25,749,036**	3,074,132
Net cash flows used in operating activities	**147,824,845**	27,874,672

Note A: Share-based payments comprise of performance rights of A$19,651,670 (2022: A$19,651,670) with no residual amount (2022: $3,490,574) representing payments made to employee benefits, consultants and contractors for services.

Note 45 Share-based payments

Options over fully paid ordinary shares

	2023 Number	2022 Number
Unlisted options over fully paid ordinary shares outstanding	**2,450,637**	2,479,968

There were no options granted to employees under Employee Shares Option Plan for the financial year ended 31 December 2023.

The Company issued 42,860 options with an exercise price at a fair value of A$4.50 per share and an expiry date of five years for the financial year ended 31 December 2022. The fair value of the options over fully paid ordinary shares of A$173,985 was charged to profit or loss.

The fair value of the options was determined by applying a Black-Scholes model with the following inputs:

	31 December 2023	31 December 2022
Issue date	-	1 April 2022
Expiry date	-	Perpetual
Share price at measurement date	-	450 cents
Expected volatility	-	100%
Risk-free rate	-	3.00%
Exercise price	-	450 cents
Value per share	-	405.94 cents
Number of options	-	42,860
Total value	-	173,985

	31 December 2023		31 December 2022	
	Number of options	Weighted Average Price (cents)	Number of options	Weighted Average Price (cents)
Opening balance	**2,479,968**	**23.31**	2,817,614	17.19
Options				
Granted	**-**	**-**	42,860	405.94
Forfeited	**(29,331)**	**(96.98)**	(359,087)	(17.75)
Exercised	**-**	**-**	(21,419)	(77.07)
	2,450,637	**22.43**	2,479,968	23.31

Performance rights

In 2021, the Company awarded the Executive Chairman 89,364,270 performance rights and the Group President 42,471,504 performance rights. The performance rights result in the conversion into fully paid ordinary shares on a combination of performance milestones and continuation of employment.

The performance milestones are:

- Tranche 1
  the market capitalisation of the Company greater than A$3.5 billion (US$2.5 billion) via a material capital raising
- Tranche 2
  the market capitalisation of the Company greater than A$6.9 billion (US$5.0 billion) via a material capital raising
- Tranche 3
  The market capitalisation of the Company greater than A$13.9 billion (US$10 billion) via a material capital raising
- Tranche 4
  The market capitalisation of the Company greater than A$27.7 billion (US$20 billion) via a material capital raising or continuation of employment for five years from the date of awarding of the performance rights

The terms and conditions of the performance rights were approved by shareholders at the general meeting on 22 December 2021. At the balance date of 31 December 2023, the performance milestones of Tranche 1 and Tranche 2 had been achieved but shares have not been issued at the date of this report.

The performance rights have been valued using the Parisian Barrier1 Model based on the following assumption.

	31 December	
	2023	**2022**
Issue date	**22 Dec 2021**	22 Dec 2021
Expiry date	**22 Dec 2026**	22 Dec 2026
Share price at measurement date	**$2.00**	$2.00
Expected volatility	**125%**	125%
Risk-free rate	**1.28%**	1.28%
Exercise price	**Zero**	Zero
Value per performance rights		
Tranche 1	**$1.94**	$1.94
Tranche 2	**$1.86**	$1.86
Tranche 3	**$1.73**	$1.73
Tranche 4	**$1.57 or $2.00**	$1.57 or $2.00
Number of performance rights	**131,835,774**	131,835,774
Total value ($)	**247,489,194**	247,489,194

	31 December 2023		**31 December 2022**	
	Number of Performance Rights	**Weighted Average price $**	**Number of Performance Rights**	**Weighted Average price $**
Opening balance	**53,151,562**	**1.85**	53,151,562	1.85
Performance rights awarded	**-**	**-**	-	-
Performance milestones achieved	**-**	**-**	-	-
Closing balance	**53,151,562**	**1.85**	53,151,562	1.85
Amount charged to profit or loss	**$**		$	
Tranche 1 and Tranche 2	**-**		-	
Tranche 3 and Tranche 4	**19,651,669**		19,651,669	
	19,651,669		19,651,669	

Executive Employee Incentive Plan

On 10 November 2023, 83,150,000 performance rights granted to key members of the executive team were approved, subject to a continuous employment milestone. On 24 September 2024, the Board of Directors approved an extension of the expiry date from 5 years to 10 years from the original grant date. The ultimate allocation to key members of the executive team was not finalised until January 2024 and amortisation will commence on that date.

Note 46 Directors' remuneration

The names and positions held by Directors are as follows:

Yat Siu	Executive Chairman
David Lloyd Brickler	Non-executive Director (resigned on 11 December 2025)
Christopher Paul Whiteman	Non-executive Director

The totals of Directors' remuneration paid/payable during the financial years ended 31 December 2023 and 2022 were as follows:

	31 December	
	2023 $	**2022 $**
Short-term employee benefits	**474,108**	352,752
Share-based payments in equity	**212,220**	549,638
Share-based payments in performance rights	**11,908,923**	11,908,923
	12,595,251	12,811,313

Note 47 Related party transactions

At the balance date of 31 December 2023, the following amounts were due to Directors A$1,115,108 (2022: A$838,691), with A$761,858 settled by way of the issue of shares on 28 August 2024 and the remaining balance by way of cash.

	31 December 2023 $	31 December 2022 $
Yat Siu	**228,776**	-
David Brickler	**132,971**	164,042
Chris Whiteman	**753,361**	674,649
	1,115,108	838,691

A number of transactions were undertaken between the consolidated entity and entities related to Mr Yat Siu as follows:

Other transactions related to entities associated with Mr Yat Siu. Animoca Brands Limited, a controlled entity of the Company, entered into a Service and Management Services Agreement with Outblaze Limited, an entity in which Mr Yat Siu is a director. Under this agreement, Outblaze Limited provides the following services:

- Use of telephones, facsimile machines, broadband internet connection, photocopiers and printers at the principal office for Cyberport, Hong Kong; and

- Use of computer workstations, information systems, furniture and fittings, fixtures, office equipment and pantry supplies.

Both Animoca Brands Limited, a controlled entity of the Company, and Outblaze Limited are joint signatories to the lease agreement for the principal business premises at Cyberport, Hong Kong. The growth of the Animoca business has resulted in Animoca being responsible for 67% of the lease agreement and Outblaze Limited being responsible for the balance.

	31 December 2023 $	31 December 2022 $
Service fees		
Outblaze Limited	**867,376**	616,737
Interest expenses		
Asyla Investments Limited	**82,519**	-
Brisk Thrive International Limited	**18,626**	-
Outblaze Limited	**155,871**	-
	257,016	-
Expenses (paid by)/on behalf of related parties		
Outblaze Limited	**22,016**	-
Outblaze Limited	**(113,185)**	-
	(91,169)	-
Receivables/(payables)		
Outblaze Limited	**-**	(2,707,663)
Loan from		
Asyla Investments Limited	**(307,519)**	(225,000)
Outblaze Limited	**(4,036,725)**	(14,760,148)
Brisk Thrive International Limited	**(5,061,952)**	-
	(9,406,196)	(14,985,148)

Asyla Investments Limited
On 16 December 2019, Mr Yat Siu contributed A$225,000 and entitled to accrued interest of 8% per annum from 1 January 2020. Shareholders approved the participation by Mr Yat Siu in this unsecured loan raising on 22 December 2021, and the payment of interest to Mr Yat Siu for the monies loaned at 8%.

On 22 December 2021, shareholders approved a resolution that enabled Mr Yat Siu to receive interest payments on the loan monies he had advanced as part of the unsecured loan agreement.

Outblaze Limited
On 19 December 2022, Outblaze Limited, an entity in which Mr Yat Siu is a director, advanced the Company A$14,760,148 (US$10,000,000) at an interest rate of 1% per annum. The Company has also advanced money to Outblaze Limited and the net amount outstanding between the Company and Outblaze Limited at the balance date of 31 December 2023 was A$4,036,725.

The specific terms of the loan arrangement are still under negotiation between the board of directors and Mr Yat Siu.

Brisk Thrive International Limited
On 23 August 2023 and 28 August 2023, Brisk Thrive International Limited, an entity in which Mr Yat Siu is a director, advanced the Company A$5,267,870 (US$3,500,000) at an interest rate of 1% per annum. During the financial year ended 31 December 2023, A$75,255 (US$50,000) has been repaid.

Note 48 Commitments

At the balance date, the total future minimum lease payments payable by the consolidated entity under non-cancellable operating leases are as follows:

	31 December 2023 $	31 December 2022 $
Commitments < 1 year	-	5,976,991
Commitments > 1 year < 5 years	-	-
	-	5,976,991

In April 2022, Simply Mighty Limited, a controlled entity of the Company, entered a Subscription Agreement with Animoca Ventures SPC for a subscription amount of A$810,939 (US$549,411) which was subsequently settled on 3 January 2023.

In September 2022, Animoca Brands Limited, a controlled entity of the Company, entered a Membership Purchase Agreement to acquire 100% of the equity interest in WePlay Media Holdings LLC. The total consideration of A$5,116,959 (US$3,500,000) was to be settled as several conditions' precedent had not been met at the balance date of 31 December 2022.

Following the acquisition of WePlay, Animoca Brands Limited disposed of 75% of its equity interest on 20 March 2025.

Note 49 Contingent assets and contingent liabilities

At the balance date of 31 December 2023 and 31 December 2022, the consolidated entity has retained advisors to review its policies and procedures for compliance with various tax jurisdictions on such matters as transfer pricing, the transfer of ownership of shares in controlled entities, intellectual property and other issues. Additional analysis is required at this time to quantify any tax exposures, if any, on transactions undertaken.

Two controlled entities of the Company, TSBMV Global Limited and TSB Gaming Limited, which are incorporated in Cayman Islands and Malta respectively, are currently subject to a tax audit by the French Tax Authorities who have requested information covering the period from 2018 to 2024.

As at the date of these financial statements, the audit is in a preliminary stage, and no formal notice of assessment or correspondence has been received from the French Tax Authorities subsequent to the provision of information. As a result, it is not currently practicable to estimate the financial effect, if any, of this matter. Accordingly, no provision has been recognized in these financial statements.

There were no other contingent assets and liabilities reported as at balance date.

Note 50 Auditors remuneration

	31 December 2023 $	31 December 2022 $
Hall Chadwick (NSW)	**687,135**	674,539
Other auditor	**2,233,918**	2,255,351
	2,921,053	2,929,890

The amounts payable to other auditor represented the audit fee charged by the auditor of Animoca Brands Limited, a controlled entity of the Company, for the financial years ended 31 December 2023 and 31 December 2022.

Note 51 Parent entity disclosures

a. *Financial position of Animoca Brands Corporation Limited*

	31 December 2023 $	31 December 2022 $
Assets		
Current assets	**394,802**	2,454,687
Non-current assets	**375,185,699**	633,792,381
	375,580,501	636,247,068
Liabilities		
Current liabilities	**203,707,844**	5,846,758
Non-current liabilities	**6,891,576**	170,452,043
	210,599,420	176,298,801
Net assets	**164,981,081**	459,948,267
Equity		
Paid-up capital	**1,492,407,124**	1,414,563,825
Other contributed equity	**714,080**	-
Reserves	**190,892,808**	171,241,139
Accumulated losses	**(1,519,032,931)**	(1,125,856,697)
Net surplus	**164,981,081**	459,948,267

b. Financial assets of Animoca Brands Corporation Limited

	31 December 2023 $	31 December 2022 $
Advances to controlled entities	**1,401,188,936**	1,316,261,154
Shares in controlled entities	**15,000,000**	15,000,000
Other financial assets	**195,489**	3,479,938
	1,416,384,425	1,334,741,092
Diminution in value	**(1,041,198,726)**	(700,948,711)
	375,185,699	633,792,381

c. Financial performance of Animoca Brands Corporation Limited

	31 December 2023 $	31 December 2022 $
Loss	**(393,176,234)**	(378,478,355)
Total comprehensive loss	**(393,176,234)**	(378,478,355)

d. Guarantees entered by Animoca Brands Corporation Limited for the debts of its controlled entities

The parent entity has not guaranteed any debts of its controlled entities at the balance date of 31 December 2023 (2022: Nil).

e. Contingent assets and contingent liabilities of Animoca Brands Corporation Limited

The parent entity does not have any contingent assets or contingent liabilities at the balance date of 31 December 2023 (2022: Nil).

f. Commitments of Animoca Brands Corporation Limited

The parent entity does not have any commitments at the balance date of 31 December 2023 (2022: Nil).

Note 52 Subsequent events

Partnership with Hi.com
On **26 March 2024**, the Company issued 5,122,688 fully paid ordinary shares at a fair value of A$4.50 per share to complete its investment in a Hi.com SAFE instrument. This investment was made pursuant to a Memorandum of Understanding initially entered on **27 July 2023** by Animoca Brands Limited, a controlled entity of the Company.

Conversion of MOCA SAFEs
On **16 August 2024**, the Company issued a total of 7,456,091 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Darewise disposal
On **16 October 2024**, the Company disposed 26.32% of its ownership interest in Darewise Entertainment SAS ("Darewise") by way of transferring shares acquired in Darewise to its founders for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Issue of shares to advisor
On **26 November 2024**, the Company approved the issue of 1,500,000 shares at a fair value of A$4.50 per share to Significant Singular Limited for advisory services, with the shares being issued on **2 February 2026**.

Conversion of MOCA SAFEs
On **19 December 2024**, the Company issued a total of 4,575,101 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Conversion of MOCA SAFEs
On **21 February 2025**, the Company issued a total of 568,571 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended of 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Grease Monkey Games disposal
On **6 March 2025,** the Company disposed of 55% of its ownership interest in Grease Monkey Games Pty Ltd ("Grease Monkey Games") by way of transferring the shares acquired in Grease Monkey Games to its founders for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Leade.rs disposal
On **6 March 2025**, the Company disposed of 55% of its ownership interest in Leade.rs Inc. ("Leade.rs") for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Disposal of WePlay
On **20 March 2025**, the Company disposed of 75% of its equity interest in WePlay, which was initially acquired on **28 March 2023**, for a total consideration of A$73,800 (US$50,000).

The Company had, on acquisition, impaired the value of its investment, in full.

Purchase of preference shares from and issuance of convertible notes to SVF II APAC Aggregator (DE) LLC

On **18 April 2025**, the Company entered into a Share Purchase Agreement with SVF II APAC Aggregator (DE) LLC, through its controlled entity, Acheson Investments Limited, to purchase all the Series B Preference Shares held by SVF II APAC Aggregator (DE) LLC in Bacasable Global Limited.

In consideration for the Share Purchase Agreement between Acheson Investments Limited and SVF II APAC Aggregator (DE) LLC, the Company agreed to issue convertible notes to SVF II APAC Aggregator (DE) LLC under a Note Subscription Agreement. The fair value of the convertible notes was A$39,203,451 (US$25,000,000) with maturity three years from the date of issue and a coupon rate of 10% per annum.

Investment in zkME Labs

On **25 April 2025**, Crowd Education Limited, a controlled entity of the Company, entered a Share Purchase Agreement to acquire a 20% equity interest in zkME Labs. The consideration for the acquisition consisted of a combination of MOCA tokens and 1,514,622 fully paid ordinary shares at a fair value of A$4.50 per share. The first tranche of 499,826 shares was subsequently issued by the Company on **26 August 2025**.

Issuance of shares under Executive Employee Incentive Plan ("EEIP")

On **26 May 2025**, the Company issued a total of 4,468,750 fully paid ordinary shares at an exercise price from A$0.85 to A$1.08 to pursuant to terms and conditions set out in the EEIP.

Disposal of Azarus

On **27 June 2025**, the Company entered a Sale and Purchase Agreement for disposing 25.10% of its equity interest in Azarus by way of transferring shares acquired in Azarus to its founders for a consideration of A$146 (US$100).

The Company had, on acquisition, impaired the value of its investment, in full.

Consolidation of ownership in The Sandbox

On **3 July 2025**, the Company entered a Master Share Purchase Agreement to redeem the Preference A Shares issued by Bacasable Global Limited, a controlled entity of the Company, from True Global Ventures 4 Plus Fund Pte. Ltd. The transaction was subsequently settled on **2 February 2026** through an aggregate issuance of 15,000,000 fully paid ordinary shares at a fair value of A$4.50 per share.

On **13 July 2025**, the Company entered into a Share Purchase Agreement with Mr Arthur Madrid and a Share Contribution Agreement with Mr Sebastien Borget, the founders of The Sandbox, to acquire the 30% equity interest that they held in Meta Global Limited (the parent entity of The Sandbox companies) through the issuance of 41,000,000 fully paid ordinary shares in the Company at a fair value of A$4.50 per share with the shares were being issued on **30 September 2025**. Subsequent to the completion of transaction, the Company's ownership interest in Meta Global Limited increased from 70% to 100%.

Founders' management services agreement

On **13 July 2025**, the Company entered a Management Services Agreement with Mr Arthur Madrid who resigned as an Executive Director of the The Sandbox; however, will continue to act as Non-Executive Chairman of Bacasable Global Limited, a controlled entity of the Company. As part of the management services agreement, the Company agreed to issue Mr Madrid 7,631,607 fully paid ordinary shares in recognition of his past performance between 2018 and 2020.

Conversion of Convertible Notes

The Company redeemed the convertible notes issued during the financial years ended 31 December 2022 and 2023 by way of cash settlement. The principal and interests paid on redemption were A$179,385,965 and A$64,066,851, respectively.

On **3 August 2025,** the holder of the A$16,374,056 convertible note, comprising both principal and interest, converted the convertible note in the Note Subscription Agreement into 15,600,000 fully paid ordinary shares.

Establishment of Stablecoin joint venture
On **8 August 2025,** Animoca Brands Limited, a controlled entity of the Company, announced that it had entered into a joint venture, Anchorpoint Financial Limited, with Standard Chartered Bank (Hong Kong) Limited and Hong Kong Telecom. The joint venture seeks to build a business model focused on the issuance and advancement of licensed stablecoins. On 10 April 2026, the joint venture successfully secured its stablecoin issuer licence from the Hong Kong Monetary Authority.

Issuance of shares under the EEIP
On **26 August 2025**, the Company issued a total of 5,662,500 fully paid ordinary shares at an exercise price from A$0.90 to A$0.99 to key executives pursuant to the terms and conditions of the EEIP.

Investment in KLKTN
On **26 August 2025**, the Company entered a Share Purchase Agreement and a SAFE Subscription Agreement with KLKTN Limited ("KLKTN"), whereby the Company purchased shares in KLKTN for A$9,121,621 (US$6,000,000) and subscribed to A$18,573,966 (US$12,217,500) in SAFE instruments. The investment in KLKTN was undertaken by way of the issue of 5,835,317 fully paid ordinary shares at a fair value of A$4.50 per share. On **17 November 2025,** the Company issued a further 228,041 fully paid ordinary shares at a fair value of A$4.50 per share.

On **3 June 2026**, the Company entered a Share Purchase Agreement with Taing & Co Pty Ltd to sell 1,336,585 shares in KLKTN, representing a 51% of the shares on issue in KLKTN, for a consideration of A$146 (US$100).

Conversion of MOCA SAFEs
On **26 August 2025**, the Company issued a total of 77,821 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered into during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company.

Note subscription agreement
On **11 September 2025**, the Company entered a Note Subscription Agreement with one of the 2022 convertible note holders, which had an original maturity date on 21 August 2025. The outstanding principal amount of A$14,760,140 (US$10,000,000) has been rolled over at an interest rate of 10% per annum, with a new maturity date on 16 September 2028. In addition, the Company entered a Warrant Deed with the convertible note holder whereby the convertible note holder has the right to subscribe for up to 10,256,000 fully paid ordinary shares at the exercise price of A$1.125 with a maturity date on 16 September 2028.

Advisory services from LayerZero Labs
On **28 Oct 2025**, Bayonne Global Limited, a controlled entity of the Company, entered an Advisor Agreement with LayerZero Labs Limited. The consideration for the advisory services consisted of 1,740,000 fully paid ordinary shares at a fair value of A$4.50.

Proposed reverse merger with Currenc Group Inc. ("Currenc")
On **3 November 2025**, the Company entered a non-binding term sheet ("Term Sheet") with Currenc in relation to a potential transaction with Currenc where Currenc would acquire 100% of the fully paid ordinary shares of the Company by way of the scheme of arrangement.

The exclusivity period of the proposed transaction has been extended to 30 June 2026.

Capital Raising via Share Issuance
On **4 December 2025**, MOCA SAFE holders entered Note Subscription Agreements which granted the SAFE holders the right to convert their entitlement of MOCA Tokens into fully paid ordinary shares in the Company. The SAFE holders elected to convert their tokens into fully paid ordinary shares and the Company issued 6,162,965 fully paid ordinary shares on **2 February 2026**.

Changes of the Board of Directors
On **10 December 2025**, Mr John Madden was appointed as a non-executive director of the Company and on **11 December 2025**, Mr David Brickler resigned as a non-executive director of the Company. Mr John Madden, a part-time Company Secretary, is retained on a contractual basis and will continue in that role whilst a non-executive director.

Conversion of MOCA SAFEs
On **2 February 2026**, the Company issued a total of 33,038 fully paid ordinary shares at a fair value of A$4.50 per share to various sophisticated and professional investors on the conversion of MOCA SAFE instruments. The underlying MOCA SAFE instruments were entered during the financial years ended 31 December 2023 and 2024 by Morristown Global Limited, a controlled entity of the Company. As at the date of this report, a total of 12,710,622 fully paid ordinary shares at a fair value of A$4.50 per share were issued to various sophisticated and professional investors upon the conversion of MOCA SAFE instruments.

Disposal of Ga Mee Global Limited ("Ga Mee")
On **19 March 2026**, Animoca Brands Limited, a controlled entity of the Company, entered a Sale and Purchase Agreement with AlphaTON Capital Corp for the disposal of 60% of its equity interest in Ga Mee. The transaction also included 51% of the GAMEE (GMEE) and Watcoin (WAT) tokens held within the GMEE treasury for a total consideration of A$5,117,000 (US$3,500,000), comprising A$2,193,000 (US$1,500,000) by way of cash and A$2,924,000 (US$2,000,000) by way of shares. The controlled entity was also entitled to maximum earn-out payment of A$10,965,000 (US$7,500,000), subjected to the achievement of milestones.

Investment in NUVA Digital
On **27 April 2026**, the Company entered a Share Subscription Agreement with NUVA Digital to subscribe for 42.72% of ownership interest in NUVA Digital. NUVA Digital has developed the "NUVA" platform, which is a vault marketplace for tokenised or otherwise on-chain versions of various institutional-grade real-world assets.

The "NUVA" platform was subsequently launched on **14 May 2026**.

Disposal of Blowfish Studios
On **29 April 2026**, the Company entered a Sale and Purchase Agreement for the disposal of its 65% equity interest in Blowfish Studios by way of transferring shares acquired in Blowfish Studios to its founder for zero consideration.

The Company had, on acquisition, impaired the value of its investment, in full.

Change to strategy direction
As stated above, the Company's strategy is transitioning from digital game/platform developments and the acquisition of entities to convert from Web2 to Web3 through blockchain/tokenisation to being a digital asset trading, tokenisation advisory service and portfolio investor.

Since the reporting date 31 December 2023, the Company has shut down its Quidd business and reduced its equity interests in Azarus, Blowfish Studios, Darewise, Ga Mee, Grease Monkey Games and WePlay. The Company has fully impaired its investment in all these entities in previous years with the exception of WePlay and Azarus as these entities were impaired, in full, during the financial year ended 31 December 2023.

Summary table of equity issues

The following table sets out the number of shares issued, and the equity raised since 31 December 2023 up to the date of this report:

		Number	$
Balance as at 31 December 2023		1,922,200,215	1,492,407,124
Date of issue:			
15 January 2024	a	500,000	550,000
19 January 2024	b	444,117	1,998,527
19 February 2024	c	168,888	760,000
19 March 2024	d	110,558	497,511
19 March 2024	e	31,440	141,480
19 March 2024	f	415,665	74,820
26 March 2024	g	5,122,688	23,052,096
06 May 2024	h	67,141	302,134
06 May 2024	i	210,392	946,764
31 May 2024	j	15,720	70,740
27 June 2024	k	101,590	457,155
10 July 2024	l	183,333	824,999
16 August 2024	m	7,456,091	33,552,410
28 August 2024	n	499,671	549,638
24 September 2024	o	44,949	149,998
24 September 2024	p	250,674	1,128,033
04 November 2024	q	417,403	1,878,314
19 December 2024	r	34,104	153,468
19 December 2024	s	4,575,101	20,587,939
23 December 2024	t	51,249	230,621
21 February 2025	u	204,073	918,329
21 February 2025	v	568,571	2,558,568
14 April 2025	w	277,776	50,000
15 April 2025	x	750,000	390,000
26 May 2025	y	4,468,750	4,035,625
13 July 2025	z	7,631,607	7,631,607
03 August 2025	aa	15,600,000	15,600,000
26 August 2025	ab	45,508	204,786
26 August 2025	ac	5,662,500	5,296,875
26 August 2025	ad	499,826	2,249,217
26 August 2025	ae	5,835,317	26,258,927
26 August 2025	af	460,074	2,070,333
26 August 2025	ag	77,821	350,195
30 September 2025	ah	41,000,000	184,500,000
16 October 2025	ai	750,000	810,000
17 November 2025	aj	1,740,000	7,830,000
17 November 2025	ak	244,708	1,101,186
18 December 2025	al	34,256	154,152
02 February 2026	am	(16,667)	(75,002)
02 February 2026	an	1,500,000	6,750,000
02 February 2026	ao	375,000	1,687,500
02 February 2026	ap	281,250	1,265,625
02 February 2026	aq	15,000,000	67,500,000
02 February 2026	ar	6,162,965	27,733,343
02 February 2026	as	33,038	148,671
26 March 2026	at	(158,889)	(715,001)
26 March 2026	au	125,000	81,250
26 March 2026	av	160,000	180,000
05 May 2026	aw	500,000	280,000
05 May 2026	ax	63,528	285,876
05 May 2026	ay	386,489	1,739,200
01 June 2026	az	33,334	150,003
01 June 2026	ba	287,500	181,750
		131,284,109	**457,109,662**
		2,053,484,324	**1,949,516,786**

The issue of shares on the above dates relates to the following:

a	*Shares were issued for the exercise of options*
b	*Shares were issued for consultancy services*
c	*Shares were issued for strategic investments*
d	*Shares were issued for consultancy services*
e	*Shares were issued for directors' service*
f	*Shares were issued for the conversion of convertible bonds*
g	*Shares were issued for strategic investments*
h	*Shares were issued for strategic investments*
i	*Shares were issued for acquisition of controlled entity*
j	*Shares were issued for directors' service*
k	*Shares were issued for consultancy services*
l	*Shares were issued for strategic investments*
m	*Shares were issued for conversion of MOCA SAFEs*
n	*Shares were issued for directors' service*
o	*Shares were issued for consultancy services*
p	*Shares were issued for strategic investments*
q	*Shares were issued for strategic investments*
r	*Shares were issued for strategic investments*
s	*Shares were issued for conversion of MOCA SAFEs*
t	*Shares were issued for directors' service*
u	*Shares were issued for strategic investments*
v	*Shares were issued for conversion of MOCA SAFEs*
w	*Shares were issued for advisory service*
x	*Shares were issued for executive equity incentive plan*
y	*Shares were issued for executive equity incentive plan*
z	*Shares were issued for consultancy services*
aa	*Shares were issued for the conversion of convertible bonds*
ab	*Shares were issued for consultancy services*
ac	*Shares were issued for executive equity incentive plan*
ad	*Shares were issued for strategic investments*
ae	*Shares were issued for strategic investments*
af	*Shares were issued for strategic investments*
ag	*Shares were issued for conversion of MOCA SAFEs*
ah	*Shares were issued for 30% equity interest of Meta Global Limited*
ai	*Shares were issued for executive equity incentive plan*
aj	*Shares were issued for consultancy services*
ak	*Shares were issued for strategic investments*
al	*Shares were issued for directors' service*
am	*Correction of issuance of shares*
an	*Shares were issued for consultancy services*
ao	*Shares were issued for consultancy services*
ap	*Shares were issued for executive equity incentive plan*

aq *Shares were issued for strategic investments*

ar *Shares were issued for the conversion of convertible bonds*

as *Shares were issued for conversion of MOCA SAFEs*

at *Correction of issuance of shares*

au *Shares were issued for executive equity incentive plan*

av *Shares were issued for the conversion of convertible bonds*

aw *Shares were issued for executive equity incentive plan*

ax *Shares were issued for strategic investments*

ay *Shares were issued for the conversion of convertible bonds*

az *Shares were issued for strategic investments*

ba *Shares were issued for executive equity incentive plan*

Composition of capital raised after the financial year ended 31 December 2023

	Number	$
Cash proceeds from issue of shares	**8,221,898**	**35,298,529**
Non-cash issue of shares for various purposes including shares issues for acquisitions investments and advisors and consultants, and cryptocurrencies	**123,062,211**	**421,811,133**
	131,284,109	**457,109,662**

In accordance with a resolution of the Board of Directors of Animoca Brands Corporation Limited, I state that:

In the opinion of the Board of Directors:

(a) the consolidated financial statements, the accompanying notes to the consolidated financial statements and the additional disclosures set out in the Directors' report are in accordance with the *Corporations Act 2001 (Cth)*, including:

(i) giving a true and fair view of the consolidated entity's financial position at the balance date of 31 December 2023 and of their performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*;

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board, as disclosed in Note 1a; and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Yat Siu	John Michael Madden	Christopher Paul Whiteman
Executive Chairman	Non-executive director	Non-executive director
Date 17 July 2026	Date 17 July 2026	Date 17 July 2026

HALL CHADWICK
Chartered Accountants & Business Advisors

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANIMOCA BRANDS CORPORATION LIMITED

Opinion

We have audited the financial report of Animoca Brands Corporation Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Animoca Brands Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a)(iii) in the financial statements, which indicates the group incurred a loss after tax attributable to the owners of the group during the year ended 31 December 2023. As stated in Note 1(a)(iii) these events or conditions, along with other matters as set forth in Note 1(a)(iii), indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

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

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
Level 9	Level 4	Level 1	Level 14	Level 11	Level 40
50 Pirie Street	240 Queen Street	48-50 Smith Street	440 Collins Street	77 St Georges Tce	2 Park Street
Adelaide SA 5000	Brisbane QLD 4000	Darwin NT 0800	Melbourne VIC 3000	Perth WA 6000	Sydney NSW 2000
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HALL CHADWICK (NSW)

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANIMOCA BRANDS CORPORATION LIMITED

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

HALL CHADWICK (NSW)

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANIMOCA BRANDS CORPORATION LIMITED

direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 17 July 2026

ANIMOCA BRANDS CORPORATION LIMITED
Top 20 Registered Shareholders
17 July 2026

	Holder Name	Holding	% IC
1	KINGSWAY FCI CO-INVESTMENT SPC SEGREGATED PORTFOLIO SEVEN	102,153,144	4.97%
2	SIGNIFICANT SINGULAR LIMITED	60,652,034	2.95%
3	LCV 2021 14 LLC	58,923,998	2.87%
4	ALPHA WAVE VENTURES II LP	56,304,624	2.74%
5	FCI CO INVESTMENT SPC SEGREGATED PORTFOLIO EIGHT	50,545,489	2.46%
6	MR PAUL JOHN PHEBY	47,757,993	2.33%
7	CITICORP NOMINEES PTY LIMITED	46,508,789	2.26%
8	KOTTER GLOBAL LIMITED	38,331,776	1.87%
9	ASYLA INVESTMENTS LIMITED	37,603,243	1.83%
10	APPS BETA LIMITED	36,183,510	1.76%
11	LCV SPV 2 LLC	34,522,369	1.68%
12	PRIME PROVIDENCE CORP	33,960,410	1.65%
13	BITGO BANK & TRUST NA <REPUBLIC INVESTMENT SERVICES LLC>	33,293,758	1.62%
14	LCV FUND VIII LP	28,286,392	1.38%
15	PS STRATEGIC INVESTMENT LIMITED	28,015,844	1.36%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,113,497	1.32%
17	OUTBLAZE ASIA INVESTMENTS LIMITED	26,790,012	1.30%
18	SECONDARY MARKET TRADING PTY LTD	26,629,997	1.30%
19	HARBOUR RAINBOW LIMITED	25,750,000	1.25%
20	OBOE DEVELOPMENT TRADING LIMITED	25,729,731	1.25%
	Top 20 shareholders	**825,056,610**	**40.15%**
	Remaining shareholders	**1,228,427,714**	**59.85%**
	Total number of shares on issue	**2,053,484,324**	**100.00%**