



ABAXX TECHNOLOGIES INC.

**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2024, AND 2023
(EXPRESSED IN CANADIAN DOLLARS)**

Abaxx Technologies Inc.
Condensed Interim Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	Note	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 34,584,671	\$ 25,164,176
Member margin deposit and guaranty funds	3	2,751,087	-
Short term investments	4	57,905	56,291
Other receivables		483,183	391,708
Prepaid and other assets		1,227,163	681,165
Convertible note receivables	5	786,851	760,349
		39,890,860	27,053,689
Non-current assets			
Investments at fair value	6	1,452,635	1,718,132
Investment in associate	7	17,886,313	19,931,307
Total Assets		\$ 59,229,808	\$ 48,703,128
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 4,581,611	\$ 5,818,395
Margin deposits and guaranty funds	3	2,751,087	-
Total liabilities		\$ 7,332,698	\$ 5,818,395
Shareholders' equity			
Share capital - common shares	9	122,441,853	101,173,100
Preferred shares	9	6,097,500	-
Contributed surplus	10	14,464,900	13,482,338
Cumulative other comprehensive income		2,189,655	651,297
Deficit		(86,546,525)	(66,609,246)
Total equity of Abaxx Technologies Inc.		58,647,383	48,697,489
Non-controlling interest		(6,750,273)	(5,812,756)
Total shareholders' equity		51,897,110	42,884,733
Total Shareholders' equity and liabilities		\$ 59,229,808	\$ 48,703,128

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Approved on behalf of the Board:

"Joshua Crumb", Director

"Scott Leckie", Director

Abaxx Technologies Inc.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Note	For the three months ended		For the six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Royalty income	7	\$ 428,571	\$ 215,510	\$ 428,571	\$ 215,510
Operating expenses					
Research and development		\$ 3,120,207	\$ 3,019,387	\$ 6,419,558	\$ 5,645,536
Salaries and wages		2,337,417	1,348,976	4,185,663	3,212,669
Professional fees		1,122,141	209,154	1,564,781	568,057
Travel, marketing and promotion		577,170	186,739	1,220,917	418,275
General and administrative		382,525	588,384	1,197,715	1,308,536
Share-based compensation	10	3,213,366	633,656	3,644,640	1,263,445
Regulatory expenses		-	-	271,569	-
Total operating expenses		10,752,826	5,986,296	18,504,843	12,416,518
Operating loss for the period		(10,324,255)	(5,770,786)	\$ (18,076,272)	\$ (12,201,008)
Foreign exchange gain (loss)		(97,514)	222,762	(39,498)	(21,922)
Investment and interest income	4	31,456	-	47,607	334
Gain on fair value of short term investments	4	-	(13,847)	-	288,741
Other income		70,828	78,007	178,286	153,557
Gain (loss) on investment under equity method	7	1,688,129	21,287,097	(2,675,739)	21,287,097
Loss on investments at fair value	6	(309,180)	(72,775)	(309,180)	(343,744)
Fair value loss on convertible note receivable	5	-	58,441	-	58,441
Net (loss) profit for period		\$ (8,940,536)	\$ 15,788,899	\$ (20,874,796)	\$ 9,221,496
Net (loss) gain attributable to:					
Shareholders of the Company		(8,454,615)	16,219,340	(19,937,279)	10,097,185
Non-controlling interest		(485,921)	(430,441)	(937,517)	(875,689)
Net (loss) profit for period		\$ (8,940,536)	\$ 15,788,899	\$ (20,874,796)	\$ 9,221,496
Cumulative translation adjustment		566,588	(340,041)	1,538,358	(349,251)
Comprehensive (loss) gain for the period		\$ (8,373,948)	\$ 15,448,858	\$ (19,336,438)	\$ 8,872,245
Comprehensive loss attributable to:					
Shareholders of the Company		\$ (7,888,027)	\$ 15,879,299	\$ (18,398,921)	\$ 9,747,934
Non-controlling interest		\$ (485,921)	\$ (430,441)	\$ (937,517)	\$ (875,689)
Comprehensive (loss) gain for the period		\$ (8,373,948)	\$ 15,448,858	\$ (19,336,438)	\$ 8,872,245
Basic & diluted net (loss) profit per share	11				
Basic		\$ (0.26)	\$ 0.66	\$ (0.60)	\$ 0.41
Diluted		\$ (0.26)	\$ 0.63	\$ (0.60)	\$ 0.39
Basic & diluted weighted avg. number of common shares ¹	11				
Basic		33,133,904	24,544,139	33,068,827	24,489,050
Diluted		33,133,904	25,793,114	33,068,827	25,738,025

1. The number of common shares for the comparative year was restated to reflect the one for three share consolidation in the year ended December 31, 2023

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Abaxx Technologies Inc.
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Note	For the three months ended		For the six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Cash provided by (used in):					
Operating Activities					
Net (loss) profit for period		\$ (8,940,536)	\$ 15,788,899	\$ (20,874,796)	\$ 9,221,496
Adjustment for:					
Share-based compensation	10	3,213,366	633,656	3,644,640	1,263,445
Foreign exchange (gain) loss		(174,658)	(227,937)	(702,544)	21,922
Fair value adjustment on convertible note receivables	5	-	(58,441)	-	(58,441)
Change in fair value of short term investments	4	-	13,847	-	(288,741)
Loss on investment under equity method	7	(1,688,129)	(21,287,097)	2,675,739	(21,287,097)
Loss on investments at fair value	6	309,180	72,775	309,180	343,744
Changes in operating assets and liabilities:					
Member margin deposit and guaranty funds	3	(2,751,087)	-	(2,751,087)	-
Margin deposits and guaranty funds	3	2,751,087	-	2,751,087	-
Other receivables		12,256	(38,634)	(91,475)	(1,950)
Prepaid expenses		(36,653)	(290,748)	(545,998)	(163,193)
Accounts payable and accrued liabilities		252,531	249,120	(1,236,784)	547,678
Loan payable to shareholder		-	(194,624)	-	914,305
Net cash used in operating activities		(7,052,643)	(5,339,184)	(16,822,038)	(9,486,832)
Investing Activities					
Sale of short term investments	4	-	-	-	4,804,316
Net cash provided in investing activities		-	-	-	4,804,316
Financing Activities					
Proceeds from equity financing (net of issuance costs)	9	-	1,669,798	17,457,279	1,669,798
Proceeds from preferred shares issuance (net of issuance costs)	9	-	-	6,097,500	-
Proceeds from exercise of options	9	1,049,968	10,001	1,149,396	131,024
Net cash provided by financing activities		1,049,968	1,679,799	24,704,175	1,800,822
(Decrease) increase in cash and cash equivalents		(6,002,675)	(3,659,385)	7,882,137	(2,881,694)
Change in cash related to foreign exchange		566,588	(340,041)	1,538,358	(349,251)
Cash and cash equivalents, beginning of period		40,020,758	5,349,349	25,164,176	4,580,868
Cash and cash equivalents, end of period		\$ 34,584,671	\$ 1,349,923	\$ 34,584,671	\$ 1,349,923

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Abaxx Technologies Inc.
Condensed Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)
Unaudited

	Number of Shares ¹	Common shares	Preferred Shares	Contributed surplus	Cumulative other comprehensive income (loss)	Warrants	Deficit	Non- Controlling interest	Shareholders' Equity
Balance, December 31, 2022	24,411,662	\$ 60,197,678	\$ -	\$ 5,899,244	\$ 1,759,091	\$ 3,881,098	\$ (56,978,202)	\$ (3,956,626)	\$ 10,802,283
Net loss and comprehensive loss for the period	-	-	-	-	(9,210)	-	(6,122,155)	(445,248)	(6,576,613)
Exercise of options	48,977	233,346	-	(112,323)	-	-	-	-	121,023
Stock based compensation	-	-	-	629,789	-	-	-	-	629,789
Balance, June 30, 2023	24,460,639	\$ 60,431,024	\$ -	\$ 6,416,710	\$ 1,749,881	\$ 3,881,098	\$ (63,100,357)	\$ (4,401,874)	\$ 4,976,482
Balance, December 31, 2023	31,375,986	\$ 101,173,100	\$ -	\$ 13,482,338	\$ 651,297	\$ -	\$ (66,609,246)	\$ (5,812,756)	\$ 42,884,733
Net loss and comprehensive loss for the period	-	-	-	-	1,538,358	-	(19,937,279)	(937,517)	(19,336,438)
Shares issued through equity financing	1,437,500	17,457,278	-	-	-	-	-	-	17,457,278
Preferred shares issuance	-	-	6,097,500	-	-	-	-	-	6,097,500
Exercise of options	164,413	1,928,995	-	(779,598)	-	-	-	-	1,149,397
Settlement of RSUs	173,368	1,882,480	-	(1,882,480)	-	-	-	-	-
Share-based compensation	-	-	-	3,644,640	-	-	-	-	3,644,640
Balance, June 30, 2024	33,151,267	\$ 122,441,853	\$ 6,097,500	\$ 14,464,900	\$ 2,189,655	\$ -	\$ (86,546,525)	\$ (6,750,273)	\$ 51,897,110

1. The number of common shares for the comparative year was restated to reflect the one for three share consolidation in the year ended December 31, 2023

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements
For the three month and six months ended June 30, 2024, and 2023
(Expressed in Canadian Dollars)

1. Nature of operations

Abaxx Technologies Inc. ("Abaxx" or the "Company") is a company incorporated under the Alberta Business Corporations Act. Its corporate headquarters is 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4, and its registered office is at 1250, 639 – 5th Avenue S.W., Calgary, AB T2P 0M9. The Company's common shares are listed on the Cboe Canada Exchange under the trading symbol "ABXX".

Abaxx is a technology company engaged in developing and deploying trust-enabling internet protocols.

The Board of Directors approved the condensed interim consolidated financial statements on August 14, 2024.

2. Material accounting policies

These condensed interim consolidated financial statements apply the same accounting policies as those disclosed in the notes to the annual consolidated financial statements for the period ended December 31, 2023.

New standards and amendments to standards are effective for annual years beginning on January 1, 2024. The Company has adopted the new and amended standards in preparing these condensed interim consolidated financial statements. The new and amended standards are not expected to significantly impact the Company's consolidated financial statements

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2024, were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34), and do not include all the information required for full annual financial statements. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023.

They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

(b) Basis of presentation

These consolidated financial statements have been prepared using historical cost, except for certain of the Company's financial instruments, which are using historical cost, except for certain of the Company's financial instruments, which are measured at fair value.

The functional currency of the Company is the Canadian dollar which is also the presentation currency of the condensed interim consolidated financial statements.

(c) Accounting standards not yet adopted

A new standard and amendments to standards is effective for annual years beginning after January 1, 2025, and earlier application is permitted; however, the Company has not early adopted the new and amended standard in preparing these condensed interim consolidated financial statements.

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements For the three month and six months ended June 30, 2024, and 2023 (Expressed in Canadian Dollars)

The following new and amended standards are not expected to significantly impact the Company's condensed interim consolidated financial statements.

- Lack of exchangeability (Amendments to IAS 21)

3. Member margin deposit and guaranty funds

The Company, through its subsidiary Abaxx Clearing, operates a clearing house, which acts as a central counterparty that becomes the buyer to every seller and the seller to every buyer for its clearing members or participants. Through this central counterparty function, the clearing house provides financial security for each transaction for the duration of the position by limiting counterparty credit risk. The clearing house is responsible for providing clearing services to its exchange.

Guaranty Funds

The clearing house requires each clearing member to make deposits to a fund known as the guaranty fund. The guaranty funds, main purpose is to provide partial protection in the event of a clearing member default.

4. Short term investments

The Company held short-term investments at the year-end and the balances are as follows:

	June 30, 2024	December 31, 2023
Guaranteed Investment Certificate ("GIC")	\$57,905	\$56,291
Total short-term investments	\$57,905	\$56,291

During the three and six months period ended June 30, 2024, the Company recognized investment income of \$412 and \$878 (three and six months ended June 30, 2023, \$nil and \$334) in its consolidated statement of operations and comprehensive loss. The GIC has an interest rate of 2.85% and matures on October 1, 2024.

5. Convertible note receivables

The following schedule presents the changes in the convertible note receivables:

	Smart Crowd	Privacy Code	Total
December 31, 2022	\$594,700	\$695,421	\$1,290,121
Fair value adjustments	28,062	(573,550)	(545,488)
Foreign exchange adjustments	-	15,716	15,716
December 31, 2023	\$622,762	\$137,587	\$760,349
December 31, 2023	\$622,762	\$137,587	\$760,349
Foreign exchange adjustments	21,706	4,796	26,502
June 30, 2024	\$644,468	\$142,383	\$786,851

(i) Smart Crowd Holding Limited.

In September 2018, the Company purchased an unsecured convertible note from an arms-length party, Smart Crowd Holding Limited ("SCHL"), in the amount of USD \$140,000 (\$181,888).

The note matures on the earlier of i) a liquidity event ii) or the optional conversion date of December 31, 2023.

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements For the three month and six months ended June 30, 2024, and 2023 (Expressed in Canadian Dollars)

The liquidity event is defined as any of the following events:

- i) SCHL entered into a binding agreement with an arm's length third party to acquire beneficial ownership of 50% or more of the voting shares of SCHL;
- ii) SCHL entered into a binding agreement to dispose of assets comprising more than half the value of the assets;
- iii) SCHL resolves to amalgamate with any other company, in a transaction that is in substance the same as those described above; and
- vi) SCHL enters into a listing agreement with a recognized stock exchange.

The convertible note receivable is measured at fair value through profit or loss. As of June 30, 2024, it was valued at \$644,468 (December 31, 2023, \$622,762). There was no change in the fair value recognized during the three and six months period ended June 30, 2024 (three and six months ended June 30, 2023, \$28,062 and \$28,062, respectively). The convertible note has not been repaid or converted into shares as of June 30, 2024.

(ii) PrivacyCode Inc.

On October 22, 2021, the Company through its wholly owned subsidiary Abaxx Technologies Corp. purchased rights to certain preferred shares from an arm's length party, PrivacyCode Inc ("PrivacyCode") in the amount of USD \$500,000 (\$622,400).

The convertible note matures on the earlier of i) the liquidity event ii) or the if there is an equity financing the note will automatically convert to preferred shares. The liquidity event is defined as a change of control, a direct listing, or an Initial Public Offering.

The convertible note receivable is measured at fair value through profit or loss. As of June 30, 2024, it was valued at \$142,383 (December 31, 2023, \$137,587). There was no change in the fair value recognized during the three and six months period ended June 30, 2024 (three and six months ended June 30, 2023, \$nil and \$nil, respectively). The convertible note has not been repaid or converted into shares as of June 30, 2024.

6. Investments at fair value

The following schedule presents the changes in the investments at fair value:

	Pasig & Hudson	AirCarbon	Total
December 31, 2022	\$1,967,894	\$167,021	\$2,134,915
Loss on investment at fair value (i)	(511,064)	-	(511,064)
Foreign exchange adjustments	100,141	(5,860)	94,281
December 31, 2023	\$1,556,971	\$161,161	\$1,718,132
December 31, 2023	\$1,556,971	\$161,161	\$1,718,132
Loss on investment at fair value (i)	(309,180)	-	(309,180)
Foreign exchange adjustments	38,066	5,617	43,683
June 30, 2024	\$1,285,857	\$166,778	\$1,452,635

(i) Pasig and Hudson

Pasig and Hudson, a Singapore company, is a private company that provides consulting, advisory, and development services in blockchain and other non-traditional banking solutions.

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements For the three month and six months ended June 30, 2024, and 2023 (Expressed in Canadian Dollars)

During the year ended December 31, 2018, the Company purchased 2,699,410 common stock of Pasig and Hudson Private Limited ("P&H"), representing 18% of the outstanding common stock, for a total consideration of USD \$600,000 in cash and 1,250,000 of common shares of the Company at a fair value of \$500,000.

The Company reports the interest in P&H at fair value, with changes in fair value recorded through the Company's consolidated statement of operations and comprehensive loss. As of June 30, 2024, the fair value of the Company's investment in P&H was estimated at \$1,285,857 (December 31, 2023, \$1,556,971). During the three and six months period ended June 30, 2024, the Company record a change in the fair value of its investment \$309,180 and \$309,180, respectively (three and six months ended June 30, 2023, \$nil and \$270,969, respectively).

(ii) AirCarbon Pte. Ltd

On February 11, 2021, the Company through its wholly owned subsidiary Abaxx Technologies Corp. acquired 673,360 Class C preference shares, representing a 2.68% equity voting stake in AirCarbon Pte. Ltd ("AirCarbon") for total consideration of USD \$500,000 (\$635,600). As at December 31, 2023, the Company owned 0.39% of Air Carbon.

The Company reports the interest in AirCarbon at fair value with changes in fair value recorded through the Company's consolidated statement of operations and comprehensive loss. As at June 30, 2024, the fair value of the Company's investment in AirCarbon was estimated at \$166,778 (December 31, 2023, \$161,161). During the three and six months period ended June 30, 2024, the Company did not record any change in the fair value of its investment (three and six months ended June 30, 2023, \$nil and \$nil, respectively).

7. Investment in associate

Base Carbon Inc.

Base (for the Benefit of Air, Sea, Earth) Carbon Inc. ("Base Carbon") is a globally diversified asset development firm in the business of sourcing, financing, developing, and trading carbon credits. Base Carbon's mandate is to be the preferred carbon project partner for financing, streaming, technology, and access to markets. Base Carbon is an early-stage business with revenue streams that are still being developed as the business was recently launched. Abaxx Technology Corp. was a founding shareholder of Base Carbon and at June 30, 2024, held approximately 16.8% (December 31, 2023, 16.4%) of shares outstanding that were acquired for \$2,490,695. The quoted market value for these shares in Base Carbon at June 30, 2024, was \$9,283,022. This value has not been adjusted on the balance sheet due to IFRS equity accounting as an investment in associate.

The Base Carbon Royalty provides that Base Carbon would pay Abaxx a 2.5% royalty for the usage of software it developed. The royalty is indefinite in term and Base Carbon has the right to buy back the royalty upon the payment of US\$150,000,000 (above or in excess of any royalty already paid) to Abaxx. As of June 30, 2024, \$428,571 (June 30, 2023, \$215,510) has been accrued under the royalty agreement. The royalty payment is conditional on Base Carbon having a positive EBITDA (earnings before interest, taxes, depreciation, and amortization) and for the period ended June 30, 2024, Base Carbon had a positive EBITDA.

Base Carbon continues to be classified as an associate and accounted for under the equity method of accounting as the Company retains significant influence over the financial and operating matters of the associated company.

During the three and six months period ended June 30, 2024, the Company recorded a share of the operating results of Base Carbon. The Company recorded a gain of \$1,688,129 in Q2 2024, and loss of \$2,675,739 in Q1 2024, (three and six months ended June 30, 2023, \$nil and \$21,287,097, gain, respectively).

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements For the three month and six months ended June 30, 2024, and 2023 (Expressed in Canadian Dollars)

During the year ended December 31, 2023, the Company received an unsecured arm's length loan from Base Carbon Corp. for \$750,000. This loan was repayable by October 15, 2023, and it incurred interest at 9% per annum.

During the period ended June 30, 2024, the Company repaid the loan by applying the amount receivable from Base Carbon Corp. under the royalty agreement and paying the remaining balance in cash.

8. Accounts payable and accrued liabilities

	June 30, 2024	December 31, 2023
Accounts payable	\$2,373,576	\$2,466,161
Accrued liabilities	2,208,035	2,770,987
Due to related party	-	581,247
Total accounts payable and accrued liabilities	\$4,581,611	\$5,818,395

9. Share capital

Common shares

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

	Number of common shares ¹	Amount
Balance, December 31, 2022	24,411,662	\$60,197,678
Shares issued through the ATM program	229,233	1,669,798
Exercise of stock options	52,311	250,126
Settlement of RSUs	2,355	23,102
Balance, June 30, 2023	24,695,561	\$62,140,704
Balance, December 31, 2023	31,375,986	\$101,173,100
Shares issued through equity financing	1,437,500	17,457,278
Exercise of stock options	164,413	1,928,995
Settlement of RSUs	173,368	1,882,480
Balance, June 30, 2024	33,151,267	\$122,441,853

1. The number of common shares for the comparative year was restated to reflect the one for three share consolidation that occurred in the year ended December 31, 2023.

Preferred shares

The preferred shares are non-cumulative preferred shares of Abaxx Singapore Pte. The preferred shares do not have a par value. All issued preferred shares are fully paid. The preferred shareholders are not entitled to a cash dividend. These preferred shares are convertible at the option of the preferred shareholders into ordinary shares of Abaxx Singapore Pte.

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of Abaxx Singapore Pte or defined Liquidation Event, the holders of outstanding Preferred Shares shall be entitled to be paid out of the assets of Abaxx Singapore Pte available for distribution before any payment made to the holders of common shares. The Abaxx Singapore Pte's Board of Directors must approve any deemed Liquidation Event.

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements
For the three month and six months ended June 30, 2024, and 2023
(Expressed in Canadian Dollars)

The Conversion Price for the Preferred Shares is subject to appropriate adjustment in the event of any share dividend, share split, combination or other similar recapitalization. The Preferred Shares also contain 'down-round' anti-dilution adjustments to the conversion ratio. No adjustments have been required to date under these provisions.

The preferred shares issued are as follows:

	Number of common shares ¹	Amount
Balance, June 30, 2023	-	\$-
Balance, December 31, 2023	-	\$-
Preferred shares issuance	953,787	6,097,500
Balance, June 30, 2024	953,787	\$ 6,097,500

10. Contributed surplus

Stock options:

The Company had the following stock option transactions for the period ended June 30, 2024, and June 30, 2023:

	Number of stock options ¹	Weighted average exercise price
Balance, December 31, 2022	1,891,161	\$5.78
Exercised	(52,310)	\$2.50
Balance, June 30, 2023	1,838,851	\$6.25
Balance, December 31, 2023	1,689,308	\$8.21
Exercised	(164,413)	\$8.13
Granted	921,670	\$13.10
Cancelled	(61,278)	\$9.89
Balance, June 30, 2024	2,385,287	\$8.22

1. The number of stock options for the comparative year was restated to reflect the one for three share consolidation that occurred in the year ended December 31, 2023.

Abaxx Technologies Inc.

Notes to Condensed Interim Consolidated financial statements
For the three month and six months ended June 30, 2024, and 2023
(Expressed in Canadian Dollars)

The following table reflects the stock options issued and outstanding as of June 30, 2024:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding ¹	Number of options exercisable ¹
24-Aug-24	\$10.95	0.15	276,667	276,667
13-Dec-24	\$10.95	0.45	138,333	138,333
1-Apr-25	\$2.04	0.75	37,157	37,157
1-Apr-25	\$3.71	0.75	8,989	8,989
1-May-25	\$4.50	0.84	8,333	8,333
1-Jun-25	\$2.97	0.92	27,430	27,430
18-Sep-27	\$7.55	3.22	16,667	-
18-Sep-27	\$7.50	3.22	280,000	186,668
27-Sep-27	\$7.15	3.24	125,000	125,000
22-Nov-27	\$7.19	3.40	177,702	57,702
31-Dec-27	\$7.50	3.50	367,339	241,465
1-Apr-27	\$7.19	3.40	522,170	219,273
11-Jun-27	\$7.50	3.50	399,500	133,167
			2,385,287	1,460,183

1. The number of stock options for the comparative year was restated to reflect the one for three share consolidation that occurred in the year ended December 31, 2023.

Restricted share units:

The Company established a restricted stock unit plan ("RSU Plan") which was approved by the Company's shareholders. The RSU Plan, which is administered by the Board of Directors, is intended to provide an incentive and retention mechanism to foster the interest of eligible directors, officers, employees and consultants of the Company in the success of the Company.

Awards granted under the RSU Plan shall be settled at the sole discretion of the Company, either: (i) through the issue from treasury of the number of RSU shares represented by such vested award; or (ii) in the case of awards in respect of RSU shares that are common shares, through the purchase on the secondary market by the Company of the number of RSU shares represented by such vested award and delivery to such RSU holder.

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Balance, December 31, 2022 ¹	321,490
Granted (i) to (ii)	6,987
Settlement in common shares	(2,355)
Balance, June 30, 2023 ¹	326,122

Balance, December 31, 2023	405,820
Granted (iii) to (iv)	655,273
Settlement in common shares	(173,367)
Balance, June 30, 2024	887,726

1. The number of RSUs for the comparative year was restated to reflect the one for three share consolidation that occurred in the year ended December 31, 2023.

- (i) In March 2023, the Company granted 3,461 restricted stock units to two employees of the Company. This grant of RSUs vested on grant at June 30, 2023. Each vested RSU entitles the holder to acquire one common share of the Company. The shares issued upon such RSU settlement shall be issued as fully paid and non-assessable shares, each RSU was valued on the grant date at the market price of \$6.93 per share.
- (ii) In June 2023, the Company granted 3,526 restricted stock units to two employees of the Company. This grant of RSUs vested on grant at June 30, 2023. Each vested RSU entitles the holder to acquire one common share of the Company. The shares issued upon such RSU settlement shall be issued as fully paid and non-assessable shares, each RSU was valued on the grant date at the market price of \$7.52 per share.
- (iii) In April 2024, the Company granted 297,611 restricted stock units to employees and consultants of the Company. This grant of RSUs vested one-third on grant, one-third on April 2025, and one-third on April 2026. Each vested RSU entitles the holder to acquire one common share of the Company. The shares issued upon such RSU settlement shall be issued as fully paid and non-assessable shares, each RSU was valued on the grant date at the market price of \$13.78 per share.
- (iv) In April 2024, the Company granted 322,505 restricted stock units to employees and directors of the Company. This grant of RSUs vested one-quarter on grant, one-quarter in June 2024, one-quarter in September 2024 and one-quarter in December 2024. Each vested RSU entitles the holder to acquire one common share of the Company. The shares issued upon such RSU settlement shall be issued as fully paid and non-assessable shares, each RSU was valued on the grant date at the market price of \$13.78 per share.
- (v) In June 2024, the Company granted 35,158 restricted stock units to employees and consultants of the Company. This grant of RSUs vested one-third on grant, one-third on June 2025, and one-third on June 2026. Each vested RSU entitles the holder to acquire one common share of the Company. The shares issued upon such RSU settlement shall be issued as fully paid and non-assessable shares, each RSU was valued on the grant date at the market price of \$12 per share.

During the three and six months period ended June 30, 2024, share-based compensation totaling \$3,213,366 and \$3,644,640 (three and six months period ended June 30, 2023, \$633,656 and \$1,263,445) was recognized in the statement of operations and comprehensive income in connection with stock options and RSUs.

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11. Loss per share

For the periods ended June 30, 2024, and 2023, basic and diluted loss per share have been calculated based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. Diluted loss per share did not include the effect of stock options and restricted share units, as they are anti-dilutive.

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023 ⁽¹⁾	June 30, 2024	June 30, 2023 ⁽¹⁾
Basic (loss) profit per common share				
Net loss attributable to common shareholders	\$ (8,454,615)	\$ 16,219,340	\$ (19,937,279)	\$ 10,097,185
Weighted average number of common shares outstanding	33,133,904	24,544,139	33,068,827	24,489,050
Basic (loss) profit per common share	\$ (0.26)	\$ 0.66	\$ (0.60)	\$ 0.41
Diluted (loss) profit per common share				
Net loss attributable to common shareholders	\$ (8,454,615)	\$ 16,219,340	\$ (19,937,279)	\$ 10,097,185
Weighted average number of common shares outstanding	33,133,904	25,793,114	33,068,827	25,738,025
Adjustments to average shares due to share-based options and others	-	-	-	-
Weighted average number of diluted common shares outstanding	33,133,904	25,793,114	33,068,827	25,738,025
Diluted (loss) profit per common share	\$ (0.26)	\$ 0.63	\$ (0.60)	\$ 0.39

1. The number of common shares for the comparative year was restated to reflect the one for three share consolidation that occurred in the year ended December 31, 2023.

12. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholders, return through enhancing the share value.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general.

The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, reserves, non-controlling interest, cumulative other comprehensive income, and deficit, which totaled \$51,897,110 as of June 30, 2024, (December 31, 2023, \$42,884,733).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. There were no changes in the Company's approach to capital risk management during the period ended June 30, 2024, and the Company is not subject to any externally imposed capital requirements.

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Notes to Condensed Interim Consolidated financial statements
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13. Related party transactions

The Company considers key management to be officers and directors. During the three and six months period ended June 30, 2024, \$89,150 and \$113,124 (three and six months June 30, 2023, \$89,150 and \$178,300) of fees were incurred from key management and companies controlled by or related to key management.

Key management and directors received \$471,618 and \$294,772, respectively, in share-based compensation during the period ended June 30, 2024 (June 30, 2023, \$140,982 and \$126,111, respectively).

14. Commitments

Royalty Payments

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("Royalty") with its subsidiary Abaxx Singapore. The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019, continuing in perpetuity until the obligation is relinquished by the Company.
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of USD\$25,000,000 in a calendar year.
- There is no interest accrued on royalty payments accrued and not yet paid.

As of June 30, 2024, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the consolidated financial statements.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for USD\$10,000,000 by December 2025.

As of June 30, 2024, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

The Company has a royalty agreement with Base Carbon that would pay Abaxx a 2.5% royalty on gross revenue for previous financial assistance and the usage of software it developed. The royalty is indefinite in term and Base Carbon has the right to buy back the royalty upon the payment of US\$150,000,000 to Abaxx.

Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("Exchange Technology").

During the year ended December 31, 2019, the Company entered into a Master Licensing Agreement ("MLA") with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company was assigned exclusive title rights of use as well as the sub-license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub-licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

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- An amount equal to 20% of revenues on the first USD\$2,000,000
- An amount equal to 10% of revenues on the next USD\$3,000,000
- An amount equal to 5% of revenue on any excess revenue

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of June 30, 2024, no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

As of June 30, 2024, this agreement does not impact the Company's condensed interim consolidated financial statements.

Contingency

The Company is a party to the claims & litigation arising in the normal course of business. Due to the inherent uncertainties of litigation and/or the early stage of certain proceedings, the final outcomes of all ongoing litigation and claims cannot be predicted with certainty and the amount of any potential losses cannot be estimated reliably. The resolution of any future matters could materially affect the Company's financial position, results of operations or cash flows.

The Company took on a legacy legal claim as part of the December 14, 2020, reverse takeover with New Millennium Iron Corp. ("NML"). A former NML consultant filed this lawsuit, and the Company settled the claim in April 2024. The settlement amount was accrued in the June 30, 2024, condensed interim consolidated financial statements.

15. Segment information

The Company operates in a single segment, being the development and deployment of trust enabling Internet protocols. As at June 30, 2024, and 2023, the Company's core assets, intellectual property, and development work, are conducted in Singapore.