

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

DigitalIX Limited

**ABN**

59 009 575 035

**Quarter ended ("current quarter")**

30-June-2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	987	2,642
1.2 Payments for		
(a) research and development	(83)	(165)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(300)	(895)
(d) leased assets	(120)	(437)
(e) staff costs	(767)	(2,729)
(f) administration and corporate costs <sup>1</sup>	(801)	(3,510)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,084)</b>	<b>(5,094)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

*Note 1: Management have reclassified the year-to-date RWAx fund setup costs from 'payments to acquire or for other non-current assets', to 'administration and corporate costs'. This is to align the cashflows to the accounting treatment.*

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets <sup>1</sup>	(1,151)	(1,235)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	1,278	4,842
2.3	Cash flows from loans to other entities	-	40
2.4	Dividends received (see note 3)	-	-
2.5	Other (security deposit)	-	38
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>127</b>	<b>3,685</b>

Note 1: Management have reclassified the year-to-date RWAx fund setup costs from 'payments to acquire or for other non-current assets', to 'administration and corporate costs'. This is to align the cashflows to the accounting treatment.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	31	7,186
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(24)	(456)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Applications/Redemptions from Funds)	(1,036)	(2,647)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,029)</b>	<b>4,083</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	8,040	3,380
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,084)	(5,094)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	127	3,685
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,029)	4,083
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period<sup>2</sup></b>	<b>6,054</b>	<b>6,054</b>

*Note 2: The Group holds Bitcoin, listed digital assets and other unlisted investments not included above, which are considered highly liquid and are readily convertible to cash when required.*

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,284	8,040
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) <sup>3</sup>	770	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,054</b>	<b>8,040</b>

*Note 3: Funds held within an investment cash holding account, readily convertible to cash at 30 June 2024.*

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 <sup>4</sup>	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note 4: Amounts paid to related parties includes Non-Executive Director salaries & superannuation, and related party legal & consulting fees.*

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,084)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,054
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,054
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	5.58
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2024 .....

Authorised by: The Board of DigitalX Limited .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## ASX ANNOUNCEMENT 29 July 2024 JUNE 2024 QUARTERLY REPORT

**DigitalX Limited** (ASX:DCC, OTCQB:DGGXF) ("**DigitalX**" or "**the Company**") is pleased to provide an update on its activities for the quarter ended 30 June 2024, along with its Appendix 4C cash flow report.

### SUMMARY

- **DigitalX Bitcoin ETF** - The Company continued work over the quarter to bring its Bitcoin ETF to market. Please see the outlook section for updates following the conclusion of the reporting period.
- **Capital raising** - As part of the use of proceeds from the recent raises, the Company purchased additional units in its DigitalX Fund, with an additional amount invested to seed the Company's DigitalX Asset Reference Token Fund.
- **Fund performance** - The DigitalX Bitcoin Fund and the DigitalX Digital Asset Fund were ranked the 2nd and 5th top-performing APAC-based cryptocurrency hedge funds in Q1 2024 by Preqin.

The DigitalX Bitcoin Fund also managed to maintain its ranking as the number one performing fund by independent research house SQM Research over both a 1 year and 3 year annualised period.

- **Balance sheet performance** - In line with the price of Bitcoin which decreased 14% over the quarter to AU\$91,490, the Company's digital asset treasury holdings (including fund units) decreased by \$3.04m or (7.98%) over the three-month period, from \$38.09m at the end of March 2024 to \$35.05m at the end of June 2024. No digital assets were disposed of during the quarter.
- **Revenue execution** - Sell My Shares continued its upward revenue trend - quarterly brokerage revenue was \$706k, 2.3% above the previous quarter.

1 Source: SQM Research, as at June 2024. <https://sqmresearch.com.au/funds/>

2 Source: Preqin Insights, as at June 2024. <https://www.preqin.com/insights/research/quarterly-updates/q1-2024-apac>

**Commenting on the Quarter, DigitalX Chief Executive Officer Lisa Wade said:**

*“Although digital asset markets declined over the quarter, the consistent progress of institutions entering the digital assets space continued, with ETFs ending the Quarter with a combined holding of 868,000 BTC or 4.4% of the total Bitcoin supply. This activity is driving the long-term narrative as we see a shift towards Web3 financial rails as we define it.*

*DigitalX continued to execute our strategy and deliver to the market. The Company continued to progress work on the DigitalX Bitcoin ETF, as well as put capital to work by purchasing units in the Company’s DigitalX Fund. Additional capital was also deployed to seed the Company’s Asset Reference Token Fund, which we saw as a step in scaling our funds management business.*

*Although we were disappointed not to launch our Bitcoin ETF before the conclusion of the quarter, we did however complete all of the background work to open this channel, with the Bitcoin ETF listing on ASX in the month of July after the quarter end.*

*It is worth noting that with increased institutions entering the digital asset space, our fund products continue to stand out for their successful investment process and ‘safe pair of hands’ approach. To achieve this the team has embarked on a multi-year journey integrating our investment processes and proprietary investment strategy through the Company’s development team, which has been progressing well.<sup>1</sup>*

*Our partnership strategy has also continued its momentum in the background throughout the quarter, developing ways of working with K2 Asset Management on the launch of the ETF and inking a distribution agreement with 3iQ to assist in promoting and selling their global complementary offerings to Australian investors.*

*SMS revenue continued its positive trajectory as we expanded on our compliance focus and systems building in the business.”*

## INVESTOR WEBINAR

Please join DigitalX Chief Executive Officer Lisa Wade for the June 2024 Quarterly Webinar on 6 August, 2:30pm AEST.

To register for the webinar and for more information on the June 2024 Quarterly Report, please click [here](#).

Investors can submit questions prior to the webinar via the registration link or by emailing [info@digitalx.com](mailto:info@digitalx.com).

## FINANCIAL REVIEW

DigitalX had cash, listed digital assets and unlisted investments (liquid and illiquid) of AU\$41.6m in value as at 30 June 2024.

Name	Value (\$AUD)
Australian Dollars	\$6,054,725
Bitcoin <sup>1</sup>	\$10,502,133
Fund units <sup>2</sup>	\$23,885,171
Other liquid investments <sup>3</sup>	\$662,179
Bricklet property investments	\$497,720
<b>Total</b>	<b>AUD\$41,601,928</b>

<sup>1,3</sup>Total Bitcoin in Treasury at 30 June 2024 was 114.8999 and ETH 128.967.

<sup>2</sup> Includes total units in the DigitalX Bitcoin Fund, DigitalX Fund and DxART Fund based on their respective NAV's at 30 June 2024.

<sup>3</sup> Total excludes amounts for tokens pending listing and/or for which an active market is not observable.

Cash and assets for the quarter decreased by approximately \$5m. The decrease for the quarter was primarily attributable to fund performance compared to last quarter, with a \$1.24m decrease in the value of Fund units, and the decrease in the value of treasury digital assets by \$1.8m. Cash outflows through operations of \$1.08m was \$135k more than



the March 2024 quarter predominantly relating to establishment costs associated with the Bitcoin ETF and operating expenses incurred. Cash inflows through investing activities of \$127k was due to net payments for acquisition of digital assets after DigitalX's applications in the DigitalX Fund and DxART Fund, offset by the proceeds from sales of digital assets in the DigitalX Fund and the DigitalX Bitcoin Fund to facilitate fund running costs and redemptions. Cash outflows through financing of \$1.03m was primarily due to net redemptions in the DigitalX Fund and the DigitalX Bitcoin Fund.

Gross cash receipts from Sell My Shares and DigitalX Asset Management totalled \$1.22m, up \$444k from the prior quarter due to uplift in brokerage and fund management and performance fees. Total revenue for the quarter increased to \$1.1m, down 1% on prior quarter revenue.

Further detail is contained in the accompanying Appendix 4C report for quarter ended 30 June 2024.

Similar to prior quarters, in combination with the focus on sustainably growing revenue, the Company continues to work towards a cash flow positive state.

In accordance with ASX Listing Rule 4.7C.3, \$62k was paid to related parties or their associates during the quarter (prior quarter \$51k), including Non-Executive Director remuneration and legal fees paid to Steinepreis Paganin (of which DigitalX Chair Mr Hicks is a Partner).

## BUSINESS REVIEW

### DIGITALX ASSET MANAGEMENT

Name	Value (\$USD) as at 30 June 2024
Bitcoin	\$60,931
Ethereum	\$3,375

Source: CoinGecko, as at 30 June 2024. <https://www.coingecko.com/>

With the recently approved US-based spot Bitcoin ETFs posting assets under management of up to ~US\$53.5 billion in less than 6 months, the price of Bitcoin managed to surpass US\$72,000 during the quarter, falling short of its all time high of US\$73,000, achieved in March. Both the Company's flagship Funds in the DigitalX Bitcoin Fund ("DXBF") and the DigitalX Fund ("DXF") decreased (12.1%) and (15.5%) however have returned 42.9% and 32.6% respectively calendar year to date. By comparison, the S&P Cryptocurrency Top 10 Equal Weight Index (AUD) decreased (23.2%), AUD gold rose 1.8% and the All Ordinaries Index declined (1.7%) over the 3 month period ended 30 June 2024.

During the quarter DigitalX Asset Management was pleased to announce that the DigitalX Bitcoin Fund and the DigitalX Digital Asset Fund were ranked the 2nd and 5th top-performing APAC-based cryptocurrency hedge funds in Q1 2024 by Preqin. The DigitalX Bitcoin Fund also managed to maintain its ranking as the number one performing fund by independent research house SQM Research over both a 1 year and 3 year annualised period. All DigitalX fund assets are secured with an institutional grade custodian with insurance.

During the quarter, DigitalX also announced an exclusive partnership with Liquidity. The partnership will allow Liquidity members the ability to invest directly through the platform into DigitalX's own wholesale fund products.

## **DigitalX Bitcoin ETF (ASX: BTXX)**

See the outlook section for the latest update post the reporting period.

## **DigitalX Asset Reference Token Fund**

Since launching the DxART Fund in June of 2023, the Company has been focusing on securing cornerstone investors, identifying distribution channels and improving the operational efficiency of the investment selection process. The DxART Fund focuses on the emerging market of real world asset tokenisation, the process of recording rights to all or a portion of a real asset into a digital token that can then be sold, traded or transferred on a blockchain.

Incorporating feedback from various investment groups and financial institutions the DxART Fund has been able to create a portfolio with enhanced returns and liquidity to meet 30-day redemptions. The DxART Fund is now seeded. Discussions are ongoing to expand this Australian-first funds management product that has been established to offer investors exposure to multiple pools of digital tokens backed by different classes of traditional assets, distributed domestically and internationally to investors.

## **SELL MY SHARES**

### **Revenue Generation**

Sell My Shares continues to perform strongly, generating \$706k in revenue over the quarter. This is the highest quarterly revenue figure on record with SMS recording a great start to the new financial year, increasing 2.3% from the previous quarter.

## PRODUCT DEVELOPMENT

### **Investment Process Automation - DigitalX Playlist**

The team continued work on encoding the portfolio composition component of the investment process, which is called the DigitalX “Playlist”. The team is exploring and prototyping decentralised alternatives to traditional methods of portfolio construction, sourcing and analysis of asset data. The development is being conducted internally and with partners, including the DFCRC. This approach presents opportunities for comparative assessment, synergies, and differentiation across DigitalX product offerings. It may also provide additional revenue opportunities that are complementary to traditional Funds Under Management models.

### **Digital Distribution Channels**

The product team continues assisting with identifying and prototyping distribution options for the Company’s DxART Fund. This is to support scaling customer access for the target customer segments and asset classes selected by the Funds business. During the quarter this included creating a roadmap of opportunities and requirements to be able to facilitate offshore and onshore distribution platforms.

### **Retail support**

The team continued to support the DigitalX Bitcoin ETF launch with project processes and tooling. In addition, the product team is participating in a process review of the SMS business with a view to enhancing SMS’s tooling.

## CORPORATE

### Treasury

DigitalX invested \$1m into the DigitalX Fund and \$1m into the DxART Fund during the quarter. In line with the price of Bitcoin which decreased 14% over the quarter to AU\$91,490, the value of the Company's digital asset treasury holdings (including fund units) decreased by \$3.04m or (7.98%) over the three-month period, from \$38.09m at the end of March 2024 to \$35.05m at the close of the June 2024 quarter. The decrease in value can be largely attributed to the depreciation in the price of Bitcoin and broader digital assets due to expected supply shocks from various sources. The defunct Bitcoin exchange Mt. Gox announced plans to distribute around US\$9 billion worth of Bitcoin and Bitcoin cash repayments starting in July, while the US-based spot Bitcoin ETFs experienced seven consecutive days of outflows leading into the conclusion of the month. The Company did not dispose of any of its digital assets during the quarter.

### Use of Proceeds from Company Raises

In Mid-December 2023, DigitalX launched a Share Purchase Plan at \$0.046 that raised a total of \$1,885,108.10. In mid-March 2024, the Company launched a Private Placement which raised a total of \$5,300,000 at \$0.067. As part of the use of proceeds from both raises, the Company purchased up to \$1 million worth of units in its DigitalX Digital Asset Fund. An additional \$1 million was invested to seed the Company's DigitalX Asset Reference Token Fund ("DxART").

### Environment, Social and Governance (ESG)

The ESG Dashboard (provided by ESG technology partner, Socialsuite) provides a snapshot of DigitalX's progress to 30 June 2024. The Company recognises the impact of its activities and is committed to implementing ESG awareness across its activities. The business has a number of assessments to be carried out by SocialSuite over the coming quarter.

## **Mt Gox**

See the outlook section for the latest update post the reporting period.

**Background** - DigitalX is pursuing legal action to secure the rights to Bitcoin that has been recovered by the liquidators of historical crypto exchange, Mt Gox. Mt Gox began payments to investors in January and that is expected to roll out over coming months. In its September 2023 Quarterly Report, the Company noted that the determination of the Company's Bitcoin summary judgement is still reserved, with no time frame provided by the Court and no subsequent mediation date set. After the end of the quarter, the Company announced that the Federal Court of Australia had not granted the Company's application for summary judgement in this matter<sup>1</sup>. The Company is now proceeding with progressing this matter toward a formal hearing.

## **DigitalX Education Hub**

The Company was pleased to announce the launch of the [DigitalX Ed Hub](#) over the quarter. The DigitalX Ed Hub is the Company's brand-new educational platform designed to empower and educate investors about the dynamic world of digital assets.

The initiative was led by the Company's recognition for the importance of providing robust educational resources to support informed investment decisions.

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<sup>1</sup> Refer announcement dated 9 July 2024.

## OUTLOOK

Subsequent to the conclusion of the quarter the following market sensitive updates were released to market.

1. The launch of the DigitalX Bitcoin ETF (ASX: BTXX) - In partnership with K2 Asset Management as the Responsible Entity, DigitalX Asset management successfully launched its flagship spot Bitcoin ETF on the Australian Securities Exchange (ASX). The ETF commenced trading on ASX on 12 July 2024.
2. Mt Gox Update - Following the conclusion of the quarter the Company was notified that its application for summary judgement in this matter was not granted, however Mr Alex Karis has been ordered to provide security for the Company's costs of the proceeding for the period until completion of discovery and court-directed mediation in the amount of \$150,000 by payment to the Court within 28 days of the date of the orders, and his claim against the Company is stayed until payment of that security.

This quarter has shown that the digital assets space is, and will continue to be highly volatile, however it is positive to see the uptake from the broader investment community. The building momentum and understanding of the potential in the real world asset tokenisation space has been promising and the Company sees opportunity in developing these global channels. In the coming quarter we anticipate launching our real world asset tokenisation offering into a number of global channels to boost take up under a new mantle RWAx.

Driving revenue via increasing our TVL (assets under management) continues to be the main strategic focus for the Company. We will continue to develop our distribution strategy accordingly in parallel with educating the market on our offerings, specifically through the development of the education centre.

The Company continues to focus on execution, and on simplifying the business and its message to shareholders.

- Ends-

*Authorised by the Board of DigitalX Limited.*

**For further information, please contact:**

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**About DigitalX Limited (ASX:DCC)**

DigitalX is a technology and investment company focused on growing the blockchain economy through its digital asset funds management business, digital fintech and regtech products, and blockchain ventures.

DigitalX's product team designs and develops blockchain technology applications for business and enterprise organisations.

Through its asset management division, DigitalX provides low-cost traditional asset management products for qualified investors looking to gain exposure to the growing alternative asset class of digital assets, including Bitcoin.

DigitalX is currently commercialising Drawbridge, the Company's first regtech solution which is supporting listed companies to better manage their compliance and corporate governance policies. With Drawbridge, companies can manage employee and director share trading approvals in order to safeguard their reputations.

[www.digitalx.com](http://www.digitalx.com) | [www.digitalx.fund](http://www.digitalx.fund) | [www.opendrawbridge.io](http://www.opendrawbridge.io) | [www.sellmyshares.com.au](http://www.sellmyshares.com.au)