

DIGITALX LTD - APPENDIX 4D

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Authorised for release by the Board of DigitalX Ltd on 27 February 2023

### A. Reporting Period

Financial period 31 December 2022.

### B. Previous Corresponding Period (PCP)

The previous corresponding period for the Group is the period end 31 December 2021.

### C. Results

	% change from financial period ended 31 Dec 2021	\$AUD
Revenue from ordinary activities	↓ 18%	969,388
Profit/(loss) from ordinary activities after tax attributable to members	↓ 671%	(\$6,535,088)
Profit/(loss) for the period attributable to members	↓ 671%	(\$6,535,088)

### D. Net tangible asset per ordinary share

2022	2021
\$AUD/share	\$AUD/share
0.022	0.072

### E. Dividends paid or recommended

No dividends have been paid or declared for payment during the period (Prior period: Nil).

### F. Entities over which control has been lost during the period

Not applicable.

### G. Entities over which control has been gained during the period

Not applicable.

### H. Associates and joint venture entities

- DigitalX Fund Unit Trust
- DigitalX BTC Fund Unit Trust

### I. Auditor Review

The financial statements were subject to a review by the auditors, BDO Audit (WA) Pty Ltd, and the review report is included as part of the Interim Financial Report



# Interim Financial Report

For the Half-Year Ended  
31 December 2022

[www.digitalx.com](http://www.digitalx.com)

ASX:DCC

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## CORPORATE DIRECTORY

Directors  
Toby Hicks  
*Non-Executive Chairman*

Greg Dooley  
*Non-Executive Director*

Peter Rubinstein  
*Non-Executive Director*

Chief Executive Officer  
Lisa Wade

Company Secretary  
Joel Ives

ABN  
59 009 575 035

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Stock Exchange Listing  
DigitalX Limited shares are listed on the Australian Securities  
Exchange (ASX Code: DCC)

Share Registry  
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## DIRECTORS' REPORT

Your Directors present their report together with the financial report on the consolidated entity (referred to hereafter as the Group or Consolidated entity) consisting of DigitalX Limited (DigitalX or the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2022. Information contained within this report and the financial report is presented in Australian dollars (\$AUD).

Directors & Company Secretary

The following persons were Directors of DigitalX Limited during the period and up to the date of this report:

- Toby Hicks, Non-Executive Chair;
- Peter Rubinstein, Non-Executive Director; and
- Greg Dooley, Non-Executive Director
- Joel Ives, Company Secretary

## OPERATING RESULTS & REVIEW OF OPERATIONS

DigitalX continued to progress on its business strategy of growing its funds management division as well as developing applications utilising Distributed Ledger Technology (DLT), giving it a presence in both the financial and technology aspects of the Bitcoin and Blockchain industries. The Company has a unique skill set and experience within the industry and seeks to provide investors with exposure to both high-growth markets.

The highlights for the 6-month period ended 31 December 2022 included:

### Highlights

- Total volume of Sell My Shares transactions hit \$100 million since acquisition in October 2021
- Appointment of experienced finance executives Jeremy Balding as Head of Funds Management, Frances Cranston as Head of Risk and Christopher Alexander as Interim Chief Financial Officer.
- Executing key revenue enhancement objectives, including T+0 and deceased estates.
- Binding referral agreement signed with Automic Group - expected to deliver additional SMS revenue growth from Q3 FY23
- Release of maiden baseline ESG disclosure report comparing the Company's measurements against World Economic Forum metrics
- Purchase of Betacarbon token (BCAU) representing Australian Carbon Credit Units (ACCUs) with Indigenous co-benefits, partially offsetting carbon liabilities associated with digital asset treasury
- Drawbridge development and expansion continuing as planned, with Synfini DLT platform unaffected by ASX decision to suspend CHES Replacement Project
- Funds Management team identified risks with FTX/FTT early, selling the portfolio holding in the FTT token prior to collapse
- Active Treasury asset management to optimise future investment opportunities
- Announced the establishment of the Real World Asset Tokenisation Fund in 2023.

## Operating results

Pleasingly we are seeing increases in month-on-month revenue for the Sell My Shares business which is in line with the Group's strategy to focus on increasing revenue streams from its existing business lines. With this momentum, new initiatives such as the introduction of our (T+0) offering and a focused marketing campaign into the deceased estates market we are looking forward to the new year positively.

The operating results for the period ended 31 December 2022 have been largely influenced by attributable decreases in the value of the Group's digital asset holdings from 30 June 2022 (Refer to Note D2 for further details) as well as a review and fair value adjustment on historical investments (Refer to Note D3). The consolidated loss attributable to members of the Group after providing for income tax amounted to AUD\$(6,535,088) (2021: AUD\$847,362) with the total comprehensive loss of AUD\$(8,569,246) (2021: AUD\$13,024,930). Noting however, since these results, the digital asset market has rebounded with gains in the market recovering a significant portion of the unrealised losses applied during this period.

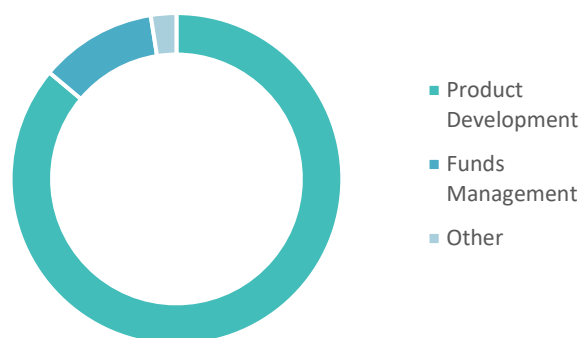
Whilst the Group notes a 18% decrease in revenue on the previous corresponding period (PCP) revenue generated from the Sell My Shares Business continues to grow generating \$834,641 for the half-year. The reduction is due to performance fees earned or paid in the period and a reduction in Management Fees from the Funds management business due to the volatility in the digital asset market means the decrease in revenue was expected.

The Group had net assets of AUD\$18,688,543 (30 June 2022: net assets of AUD\$27,083,463) representing a decrease of 45% since 30 June 2022.

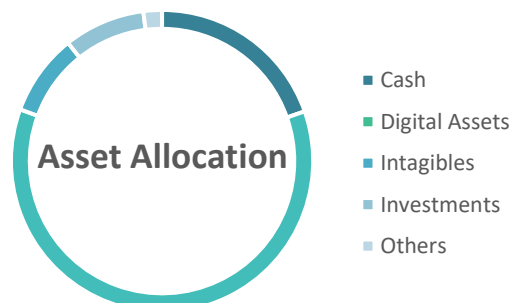
The decrease in assets for the period is primary attributable to a decrease in the value of the Group's digital asset holdings from 30 June 2022 (Refer to Note C1 for additional details) with the bitcoin price falling from A\$28,784 to A\$24,584 as at 31 December 2022. There was also a decrease in the value of the Company's investments due to a fair value adjustment of our holding in Bullion Asset Management and a decrease in value and subsequent sale of our holding in the Human Protocol Tokens in October, 2022.

Despite volatility in the digital asset markets for the period to December 2022 the balance sheet remains strong heading into the second half of FY2023.

### Segment revenue



### Asset Allocation



## PRODUCT DEVELOPMENT

DigitalX's product objective is to develop and operate scalable fintech and regtech solutions which leverage the unique characteristics of blockchain technologies to deliver more open, transparent and efficient services to customers.

The Company's two core products - Drawbridge and Sell My Shares – continue to be well positioned for growth through the transition of technology improvements and scaling up through the adoption of distributed ledger technologies within major financial securities markets such as the ASX. Moreover, during the period the Company executed a binding partnership agreement with Automic Group, one of Australia's largest registry companies, allowing access to Automic's registry clients to sell their shares directly through the Sell My Shares platform via a link from Automic's website. Further synergies between DigitalX and Automic are being discussed with a number of exciting opportunities building momentum.

Additionally, the Company is actively investigating the development of a number of new initiatives utilising blockchain technology development, both internally and with key development partners. One such initiative near to completion is the development of

proprietary validation mechanisms and infrastructure around the tokenisation of real world assets. Tokenisation refers to the process of creating a 'digital twin' of a real world asset. Tokenisation enables the fractionalisation of that asset, allowing for a wider range of investors to participate and benefit from the digitisation of common asset classes as well as creating new classes from otherwise illiquid asset classes which are normally not available to a large section of investors.

These early-stage concepts, will be a key USP with the launch of the Real World Asset Tokenisation Fund which is planned before the end of the financial year. This fund will be the first of its kind in Australia and one we consider to be the beginning of a new era of investing.

## Drawbridge



During the period, the strategic focus for Drawbridge was on working to add additional and scalable enhancements to the platform as we secure a pipeline of strategic partnerships.

The Drawbridge mobile app currently provides directors and employees with a share trading feature, so that they can easily buy and sell shares subject to their internal trading policy. The feature was released after development work to integrate the app with Sell My Shares. As a result, Drawbridge users can now execute trades in-market upon receiving compliance approval. Importantly, this feature provides a monetisation strategy which is centred on driving transactional brokerage revenues beyond software as a service subscription fees. Additional features are being developed in discussions with strategic partners which would enable Drawbridge to acquiring a large number of new Drawbridge users at scale.

Development work also progressed through design and planning discussions with the ASX for becoming one of the first applications to integrate with Synfini - the ASX's distributed ledger technology platform. Despite the ASX pausing the unrelated CHES project we are confident that Drawbridge is well placed to integrate with other financial based applications on similar digital ecosystems in the future. We continue to liaise with the ASX and other key stakeholders in the program whilst the ASX reviews its next steps of integration into the digital infrastructure as it evolves.

## Sell My Shares



Sell My Shares is Australia's leading provider of online share sales for customers seeking to complete a one-off share sale without the need to open a brokerage account. Common customer use cases include finding and selling shares that are lost, acquired via IPO or demutualisation, or needing to be sold by executors of a deceased estate. The Company acquired the business in September 2021, for

\$1.64m plus \$0.25m deferred consideration, due to its ability to be integrated with Drawbridge, as well as its strategic potential to benefit from the expected upside of increased digitisation within Australia's financial securities market.

During the period the Company reached the significant milestone of processing over \$100 million worth of trades since acquisition, as well as delivered an innovative new feature for customers to eliminate settlement wait times. The same-day settlement service (T+0) enables customers to avoid the standard two-day wait period for settlement of ASX trades by receiving funds for their share sales on the same day for an increased service fee. Following an initial testing phase, the service has been successfully generating revenue from early customer adoption adding additional margin to the business. The Company is now reviewing opportunities to offer the service at scale for wider application.

In addition to the same day settlement service, the Company has now rolled out enhancements to the functionality of the platform and initiated the first phase of a marketing program directed at lawyers specialising in deceased estates, which has progressed since the last periods report. The enhancements have made this service smoother and easier to transact to improve the processes of selling shares from an estate. These initiatives have proved successful with the business seeing an increase in deceased estate transactions making up >25% of daily volumes. Further targeted marketing programs and technology enhancements are the priority for the remainder of the year.

Finally, in December 2022, the Company signed a partnership agreement with Automic Group to provide additional share sales via an exclusive link to the Automic website. The partnership is expected to deliver new brokerage revenues for both parties and is an example of the continued execution of DigitalX's growth strategy for the Sell My Shares business.

Total revenue from the Sell My Share Business during the period has been \$834,641 (2021: \$431,411 for the 2 months period).

## Digital Finance Cooperative Research Centre (CRC)

Following the successful establishment of the Digital Finance CRC (DFCRC) in 2021, with over \$60M of grant funding received by the DFCRC, DigitalX has hired a PhD candidates to undertake research on industry initiatives in partnership with DigitalX, focused on digital governance and asset tokenisation as part of its role in the DFCRC.

The primary research which has been agreed between the DFCRC and DigitalX is focused on research and testing of risk and investment management strategies for realising a return from digital assets on corporate balance sheets, and how emerging digital organisational models such as decentralised autonomous organisations (DAOs) can be used for coordination of real-world investment decisions. This work continues whilst future proposals are expected to be developed later in the year for consideration in allocating additional funding to specific projects between other industry partners as well as DigitalX.

## **DIGITALX ASSET MANAGEMENT**

DigitalX Asset Management, the 100% owned subsidiary of DigitalX, is the investment manager of digital asset investment products that provide qualified investors with a secure and traditional method to invest into the digital asset sector. DigitalX Asset Management operates two professionally managed wholesale funds, the DigitalX Bitcoin Fund and the Digital Asset Fund, a diversified basket of leading digital assets. The DigitalX funds solve the technical and administrative challenges of investing in this emerging asset class.

### **Fund Performance**

At the end of the period funds under management had reduced to \$11,848,073 representing a period-on-period decrease of 11.4% due to the continued volatility in digital asset prices continuing into the first half of the financial year. Redemptions in the funds has been minimal despite the market conditions with only one redemption recorded during the period.

The DigitalX Bitcoin Fund and the DigitalX Fund saw losses for the period (net of fees) of -15.40% and -4.10% respectively. This takes the 12-month returns (net of fees) to -62.86% and -70.40% for the two funds.

Despite the negative performance, the DigitalX Fund continues to achieve superior returns over the Eureka Crypto Hedge Fund (ECHF) Index and Crypto20 Index, (returning -8.69% and -52.51% respectively) despite having a lower-risk mega-cap, liquid investment strategy.

### **Ratings and Milestone**

The Bitcoin Fund maintained its investment grade rating and remains the only Digital Asset Fund in Australia to do so. As part of the research rating process, the Fund was reviewed on a number of key areas including strategy, team, performance, governance and compliance, fees and expenses, liquidity, and risks. Following this external assessment of the Fund's credentials, the investment grade rating provides institutional investors with increased confidence for investing in the Company's Bitcoin Fund.

Further, the DigitalX Fund will be coming up to its 5 year track record in the June quarter of 2023. This is another first for a digital asset fund and an important milestone for inclusion into a number of wholesale investor platforms and due diligence markers for investors.

### **Business Development**

A number of key distribution relationships have been signed during the period, with the funds being included on the Mason Stevens platform and a number of independent distribution channels focused on HNW clients. With the addition of a two highly experience finance and operations executives in the Corporate parent DigitalX, a significant amount of work has been done in building more robust investment and operational processes to an institutional standard. This is required to facilitate allow large institutional investors to invest with confidence into a sector that is at the tipping point of becoming a mainstream asset class. We are actively targeting these investors as digital assets become more developed and which these investors will be required to allocate.

In addition to the scaling up to operational excellence, two key hires were made into the funds team during the period, Jeremy Balding the new Head of Funds Management and Hannah Pham as analyst on the Real World Asset Token Fund. Both hires bolstered the experience of the funds team with 26 years and 14 years of industry experience respectively.

## **CORPORATE**

At the beginning of the financial year Lisa Wade, the Chief Executive Officer, released the Company's strategy refresh presentation to market which incorporates the short-term focus on maximising revenue growth with setting a long-term strategic vision for the business by laying strong foundations to charter the next five years in building a sustained increase in shareholder value.

As part of the new strategic vision a number of experienced executives have joined the business to provide greater accountability to execution with a core focus on building strict financial and operational processes and procedures as a foundation to supporting this strategy.

Key hires during the period are the addition of a dedicated Risk Officer and Director of Operations as well as an Interim Chief Financial Officer to replace Jonathan Carley, who left the Company in November 2022.

Each of the new executives brings +20 years of institutional experience to DigitalX from working both internationally and in Australia for large blue chip financial institutions and each have a strong background in operational, financial, treasury and risk compliance roles throughout their careers.

### **Environment, Social, and Governance (ESG) Framework**

DigitalX continues to follow a course to build resilience and enhance our social licence through a greater commitment to long-term, sustainable value creation that embraces the wider demands of people, planet and shared prosperity.

With the company adopting the World Economic Forum (WEF) ESG framework and metrics in 2021, management has set up an impact measurement plan for each sustainability area which includes, but is not limited to, governance, anti-corruption practices, ethical behaviour, human rights, carbon emissions, land use, ecological sensitivity, water consumption, diversity and inclusion, pay equality and tax payments.

As part of that commitment the Company released its initial baseline disclosure report through the impact monitoring technology platform Socialsuite in the first quarter of the financial year. This is an innovative partner who are able to streamline the disclosure and ongoing ESG reporting process. Further to the release of our inaugural report, in July 2022 the Company used XAUD (Australian Dollar Stablecoin) to buy 230,000 Australian Carbon tokens (BCAU) as part of its strategy to begin to offset its carbon footprint from holding Bitcoin. Each BCAU is notionally backed by a delivered Australian Carbon Credit Unit (ACCU) held in the Australian National Register of Emissions Units and represents 1kg of carbon captured or avoided.

Additional information as well as the most up to date report are available on the Company's website <https://www.digitalx.com/esg>.

### **BAM and xbullion**

Bullion Asset Management Pte Ltd (BAM), is a Singapore based bullion technology business utilising blockchain technology and is a strategic investment for the Company as part of its blockchain venture strategy. DigitalX currently holds 15% of BAM.

Xbullion the business operating under BAM, allows investors to acquire digitally transferable ownership of physical gold and silver bullion that is vaulted, audited and insured for a fraction of the cost of traditional gold ownership. DigitalX was responsible for building the core technical infrastructure of Xbullion which enabled the product to go live to the market.

As part of XBullions strategy, BAM entered into a joint venture with Leonie Hill Ai Pte Ltd for the development of an Australian dollar backed stablecoin (XAUD) which was launched successfully and which DigitalX provided the initial seed funding to back the stablecoin which it currently holds as an investment on the Company's balance sheet. Each (XAUD) stablecoin is backed by \$1 of AUD, which is held in an independent trust account, audited and verified and is available for withdrawal back to DigitalX upon request.

At the end of the year as a result of the sustained volatility in the digital asset markets and further challenges finding support for its recent capital raising program, BAM agreed with the support of DigitalX and its other major shareholders, to put the business into hibernation, although the platform remain open and operational with key staff still with the business. This decision was made to allow BAM time to review a number of restructuring options as it awaits more favourable conditions to resume its capital raise activities. We still see significant potential in the infrastructure behind the platform as well as the development of (XAUD) and believe that with a sustained focus on revenue generation and a return to normal market volatility, BAM remains as a considered investment for DigitalX.

Given the decision of the BAM to scale back its operations of the business the Board have made the decision to write back the valuation by approximately 47% whilst we work with BAM and their other major investors on support initiatives.

### **Future Developments**

With an experienced executive team, coupled with a robust balance sheet and strong financial and operational processes now in place, the Company is able to focus on executing its new strategy through its digital asset funds management business, digital finance products and blockchain ventures at pace.



## Subsequent events

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those set out below.

Date of event	Details of event
20 February 2023	The Company announced it has invested up to \$500,000 via the Bricklets platform into a number fractionalised “bricklets” which represents equity ownership in residential property investments. These initial investments will form part of a larger program of investment through the Real World Asset Tokenisation Fund which is due to be launched in late Q3 or early Q4 of FY2023. Further, these investments form part of a signed partnership agreement between DigitalX and Bricklets a digital platform providing innovative equity solutions using blockchain technology which will provide additional revenue to DigitalX Ltd in addition to an Option to earn up to 6% of equity in Bricklets Ltd upon reaching agreed funding hurdles.
27 February 2023	Due to the volatile nature and the materiality of the digital assets held, we disclose the impact of changes in the value of digital assets held by the Group, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 27 February.

Coin Symbol	\$AUD Spot Price at 31 December	\$AUD Spot Price at 27 February	\$AUD Impact
BTC	\$24,584	\$35,680	\$2,005,087

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the Corporations Act 2001.

**On behalf of the Board of Directors.**

A handwritten signature in black ink, appearing to be 'T. Hicks', with a small dot at the end.

**Toby Hicks**  
**Non-Executive Chair**  
**Perth, 27 February 2023**

## DIRECTORS' DECLARATION

In the opinion of the Directors of DigitalX Limited (the 'Company'):

- (a) The financial statements, notes and the additional disclosures of the consolidated entity set out on pages 14 to 32 are in accordance with the Corporations Act 2001 including:
  - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
  - (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

**On behalf of the Directors**



**Toby Hicks**  
**Non-Executive Chair**  
**Perth, 27 February 2023**

# AUDITOR'S INDEPENDENCE DECLARATION



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## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF DIGITALX LIMITED

As lead auditor for the review of DigitalX Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DigitalX Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Murdoch', with a long horizontal flourish extending to the right.

**Phillip Murdoch**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 27 February 2023

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# AUDITOR'S REVIEW REPORT



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DigitalX Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of DigitalX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's *Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the audit of the annual 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 the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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## AUDITOR'S REVIEW REPORT (CONTINUED)



### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line. Above the signature, the letters 'BDO' are handwritten in a smaller, lighter script.

Phillip Murdoch

Director

Perth, 27 February 2023

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	<i>N o t e</i>	Half-year ended 31 December 2022 \$AUD	Half-year ended 31 December 2021 \$AUD
Revenue from operations		969,388	1,143,123
Net gain/(loss) on digital assets		-	-
Other Income		12,272	66,914
Professional and consultancy fees		(964,085)	(504,867)
Corporate expenses		(152,169)	(105,185)
Advertising, media and investor relations		(362,998)	(220,953)
Employee benefit expenses		(2,059,752)	(818,303)
Share based payments – employee benefits		(175,743)	(49,311)
Depreciation		(117,661)	(180,481)
Fair value movement in digital assets		(2,315,032)	-
Realised and unrealised foreign exchange losses		(11,532)	(2,033)
Fair value movement of financial assets	D3	(1,081,227)	71,542
Finance costs		(16,610)	(81,536)
Other expenses		(319,909)	(435,839)
(Increase)/decrease in net assets attributable to unit holders	D4	59,970	269,567
<b>Profit/(Loss) before tax</b>		<b>(6,535,088)</b>	<b>(847,362)</b>
Income tax benefit/(expense)		-	-
<b>Profit/(Loss) for the half-year attributable to members of Digital X</b>		<b>(6,535,088)</b>	<b>(847,362)</b>

*The accompanying notes form part of these financial statements.*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME (CONTINUED)

		Half-year ended 31 December 2022 \$AUD	Half-year ended 31 December 2021 \$AUD
<b>Profit/(Loss) for the period</b>		<b>(6,535,088)</b>	<b>(847,362)</b>
Other comprehensive income for the period			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of operations		1,449	(2,030)
<i>Items that will not be reclassified to profit or loss</i>			
Fair value increase/(decrease) in digital assets	F2	(2,035,607)	13,874,321
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>(8,569,246)</b>	<b>13,872,291</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(8,569,246)</b>	<b>13,024,930</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Members of the parent entity		(8,569,246)	13,024,930
		<b>(8,569,246)</b>	<b>13,024,930</b>
<b>Profit/(Loss) per share attributable to the ordinary equity holders of the parent:</b>			
Basic earnings/(loss) per share	C4		
Earnings per share from continuing operations		(0.009)	(0.001)
<b>Total</b>		<b>(0.009)</b>	<b>(0.001)</b>
Diluted earnings/(loss) per share	C4		
Earnings per share from continuing operations		(0.009)	(0.001)
<b>Total</b>		<b>(0.009)</b>	<b>(0.001)</b>

*The accompanying notes form part of these financial statements.*



## CONSOLIDATED BALANCE SHEET

	<i>N o t e</i>	<b>31 December 2022 \$AUD</b>	<b>30 June 2022 \$AUD</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	<i>D1</i>	5,077,628	6,278,410
Trade and other receivables	<i>C3</i>	280,288	293,412
Digital assets	<i>D2</i>	15,969,523	23,568,863
Other current assets		257,090	201,884
<b>Total Current Assets</b>		<b>21,584,529</b>	<b>30,342,569</b>
<b>NON-CURRENT ASSETS</b>			
Investments	<i>D3</i>	1,209,691	2,290,994
Property, plant and equipment		59,770	41,095
Right of use asset		59,821	119,642
Intangible assets	<i>E1</i>	2,232,839	2,278,051
<b>Total Non-Current Assets</b>		<b>3,562,121</b>	<b>4,729,782</b>
<b>TOTAL ASSETS</b>		<b>25,146,650</b>	<b>35,072,351</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>C3</i>	716,765	1,556,555
Lease liabilities		106,807	176,421
Distributions payable to unit holders	<i>D4</i>	-	43,522
Net assets attributable to unit holders	<i>D4</i>	5,633,892	6,211,747
<b>Total Current Liabilities</b>		<b>6,457,464</b>	<b>7,988,245</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		644	643
<b>Total Non-Current Liabilities</b>		<b>644</b>	<b>643</b>
<b>TOTAL LIABILITIES</b>		<b>6,458,543</b>	<b>7,988,888</b>
<b>NET ASSETS</b>		<b>18,688,543</b>	<b>27,083,463</b>
<b>EQUITY</b>			
Contributed equity	<i>F1</i>	59,122,476	59,028,586
Reserves	<i>F2</i>	3,174,312	5,128,053
Retained earnings/(losses)		(43,608,245)	(37,073,176)
<b>TOTAL EQUITY</b>		<b>18,688,543</b>	<b>27,083,463</b>

*The accompanying notes form part of these financial statements.*

## CONSOLIDATED STATEMENT OF CASH FLOWS

	N o t e	Half-year ended 31 December 2022 \$AUD	Half-year ended 31 December 2021 \$AUD
<b><i>Cash flows from operating activities</i></b>			
Receipts from customers		918,928	788,005
Payments to suppliers and employees		(4,717,736)	(2,469,147)
Other income		1,122,961	194,017
Other expense		(47,430)	(68,038)
<b>Net cash provided by/(used in) operating activities</b>		<b>(2,723,277)</b>	<b>(1,555,163)</b>
<b><i>Cash flows from investing activities</i></b>			
Payment for intellectual property		-	(159,342)
Acquisition of property plant and equipment		(44,274)	(4,780)
Acquisition of business		-	(1,890,000)
Net (payment)/proceeds for digital assets in funds		1,539,739	(2,515,539)
Repayment of Convertible Note by Issuer		-	250,000
Other		(21,782)	-
<b>Net cash used in investing activities</b>		<b>1,473,683</b>	<b>(4,319,661)</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issue of equity securities		-	234,842
Net proceeds from issue of units in fund		119,512	3,894,256
Payments for share issue costs		(1,435)	(1,103,144)
Principal elements of lease payments		(69,613)	(73,356)
<b>Net cash (used in)/provided by financing activities</b>		<b>48,464</b>	<b>2,952,598</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(1,201,130)</b>	<b>(2,922,226)</b>
Cash and cash equivalents at beginning of period		6,278,410	10,369,645
Foreign exchange movement in cash		348	(17,442)
<b>Cash and cash equivalents at end of period</b>	D2	<b>5,077,628</b>	<b>7,429,977</b>

### Non-cash investing and financing activities

In addition to the above, the Group also had the following non-cash investing and financing activities that impacted on the Statement of Profit or Loss and Other Comprehensive Income and the Balance Sheet.

#### Current period

- Shares issued to employees – Note F2.
- Movement in prices of investments – Note D3.
- Movement in prices of digital assets – Note D2.
- Movement in unit holder liability – Note D4.

#### Comparative period

- Shares issued on conversion of options – Note F1.
- Movement in prices of investments – Note D3.
- Movement in prices of digital assets – Note D2.
- Movement in unit holder liability – Note D4.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Contributed Equity \$AUD	Reserves <sup>1</sup> \$AUD	Retained Earnings/(Losses) \$AUD	Total \$AUD
Balance at 30 June 2022	59,028,586	5,128,053	(37,073,157)	27,083,482
Profit/(Loss) for the half-year	-	-	(6,535,088)	(6,535,088)
Other comprehensive income	-	(2,034,158)	-	(2,034,158)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(2,034,158)</b>	<b>(6,535,088)</b>	<b>(8,569,246)</b>
Shares issued during the period <sup>2</sup>	95,325	-	-	95,325
Share issue costs	(1,435)	-	-	(1,435)
Share-based payment expense	-	80,417	-	80,417
<b>Balance at 31 December 2022</b>	<b>59,122,476</b>	<b>3,174,312</b>	<b>(43,608,245)</b>	<b>18,688,543</b>

<sup>1</sup> Refer to Note F2 for reconciliation of reserve balances.

<sup>2</sup> Refer to Note F1 for details of shares issued during the year.

*The accompanying notes form part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR END 31 DECEMBER 2022

The notes to the financial statements have been set out under the following main headings:

- A. Legend
- B. Basis for preparation
- C. Key operating & financial results
- D. Capital & risk management
- E. Financial position
- F. Equity (F1 to F2)
- G. Group structure (G1)
- H. Other disclosures (H1 to H3)

### [A – LEGEND]



#### CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in developing and applying accounting policies

The following are the critical judgements, apart from those involving estimations (see Notes below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

- Revenue recognition
- Note D2 – Digital assets
- Note D2 – Fair value of digital assets
- Note D3 – Consolidation of DigitalX Funds

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Note F2 – Valuation of share-based payments
- Note D2 – Valuation of unlisted and low volume trading digital assets



#### ADDITIONAL COMMENTARY

Additional management commentary on the item has been provided above what is required under legislation or accounting standards for stakeholders to understand the financial report.

**[B - BASIS FOR PREPARATION]****B1 - SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

The half year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report which can be located [here](#).

**Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost except for the revaluation of certain assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The half year financial report is presented in Australian dollars unless stated otherwise.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those disclosed in the Group's Annual Report for the Financial Year Ended 30 June 2022 other than those disclosed below.

**Going concern**

At the date of this report the Consolidated Entity's has a strong working capital position and its cash flow forecast indicates that it expects to be able to meet its minimum commitments and working capital requirements for the twelve-month period from the date of signing the financial report except as noted below.

**[C - KEY OPERATING & FINANCIAL RESULTS]****C1 SIGNIFICANT CHANGES DURING THE REPORTING PERIOD**

In addition to the commentary set out in the Directors' Report, the financial position and performance of the Group was particularly affected by the following events and transactions during the half-year ended 31 December 2022.

Event	Description of impact	Impact
Change in digital asset market	Over the half-year the price of bitcoin fell by 14.6% from AUD\$28,784 to a closing pricing of AUD\$24,584 at 31 December 2022. Given the Group's bitcoin treasury holdings and the consolidation of the DigitalX and DigitalX BTC Funds the results for the period were materially impacted by the decrease in fair value with a movement of (\$2,034,158) recognised in other comprehensive income and \$(2,315,032) recognised through the profit & loss.	Note D2

**C2 SEGMENT INFORMATION****Segment reporting**

AASB 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

Based on the information used for internal reporting purposes by the Chief Operating Decision Maker (CODM), being the Board, which makes strategic decisions, at 31 December 2022 the Group operated three segments, Product Development, Asset Management and Other.

**Segment description**

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**PRODUCT DEVELOPMENT (PD)**

The Group develops its own blockchain & RegTech products as well as providing consulting, technical due diligence, solution design and development to businesses by utilising distributed ledger solutions and best of blockchain technologies.

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**ASSET MANAGEMENT (AM)**

The asset management division was setup in 2018 to give high net worth and institutional investors access to a portfolio of digital assets. DigitalX, through DigitalX Asset Management operates two funds focussed on digital assets, the DigitalX Fund ([www.digitalx.fund](http://www.digitalx.fund)) and the DigitalX BTC Fund.

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**OTHER**

Amounts disclosed in the segment primarily relates to Group-level functions including governance, finance, legal, risk management, company secretarial and management of the corporate entity.

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### SEGMENT PERFORMANCE

Segment reporting (\$AUD)	PRODUCT DEVELOPMENT		ASSET MANAGEMENT <sup>2</sup>		OTHER		TOTAL	
	Half-year ended	Half-year ended	Half-year ended	Half-year ended	Half-year ended	Half-year ended	Half-year ended	Half-year ended
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Results								
Segment revenue	834,641	449,331	110,628	520,982	24,120	172,810	969,388	1,143,123
Intersegment revenue	-	-	-	-	-	-	-	-
<b>Revenue from external customers</b>	<b>834,641</b>	<b>449,331</b>	<b>110,628</b>	<b>520,982</b>	<b>24,120</b>	<b>172,810</b>	<b>969,388</b>	<b>1,143,123</b>
<i>Revenue recognition timing – point in time</i>	<i>834,641</i>	<i>449,331</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>834,641</i>	<i>449,331</i>
<i>Revenue recognition timing – over time</i>	<i>-</i>	<i>-</i>	<i>110,628</i>	<i>520,982</i>	<i>24,120</i>	<i>172,810</i>	<i>134,748</i>	<i>693,792</i>
<b>Segment result</b>	<b>(616,370)</b>	<b>(500,156)</b>	<b>(806,336)</b>	<b>27,356</b>	<b>(2,723,048)</b>	<b>(382,111)</b>	<b>(4,145,754)</b>	<b>(854,911)</b>
<b>Income tax expense/(benefit)</b>								
<b>Segment result after tax</b>	<b>(616,370)</b>	<b>(500,156)</b>	<b>(806,336)</b>	<b>27,356</b>	<b>(2,723,048)</b>	<b>(382,111)</b>	<b>(4,145,754)</b>	<b>(854,911)</b>
<b>Reconciliation to profit/loss after tax</b>							<b>(4,145,754)</b>	<b>(854,911)</b>
Equity accounted share of profit from joint venture							-	-
Interest							(16,610)	(81,536)
Depreciation							(117,662)	(180,481)
Amortisation & impairment							(2,315,032)	-
Taxation							-	-
(Increase)/decrease in net assets attributable to unit holders							59,970	269,567
<b>Profit/(loss) after income tax</b>							<b>(6,535,088)</b>	<b>(847,362)</b>

<sup>1</sup>Revenue earned from external customers by geography and major customer information is not able to be disclosed as the information is not available to the Group.

<sup>2</sup> For the purpose of segment reporting the Funds Under Management segment does not include the operating results, segment assets or segment liabilities of the DigitalX Fund & DigitalX BTC Fund as CODM reviews the fund on a fair value basis of the Group's interest in the fund.

### SEGMENT POSITION

Segment reporting (\$AUD)	PRODUCT DEVELOPMENT		ASSET MANAGEMENT		OTHER		TOTAL	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022	31 December 2022	30 June 2022	31 December 2022	30 June 2022
<b>Assets</b>								
Segment assets	2,843,048	3,385,151	116,903	1,513,769	22,186,699	30,173,431	25,146,651	35,072,351
<b>Total assets</b>	<b>2,843,048</b>	<b>3,385,151</b>	<b>116,903</b>	<b>1,513,769</b>	<b>23,186,699</b>	<b>30,173,431</b>	<b>25,146,651</b>	<b>35,072,351</b>
<b>Liabilities</b>								
Segment liabilities	(27,777)	(75,186)	(11,223)	(69,650)	(6,419,108)	7,844,052	(6,458,107)	(7,988,888)
<b>Total liabilities</b>	<b>(27,777)</b>	<b>(75,186)</b>	<b>(11,223)</b>	<b>(69,650)</b>	<b>(6,419,108)</b>	<b>7,844,052</b>	<b>(6,458,107)</b>	<b>(7,988,888)</b>



**C3 – PROFIT & LOSS INFORMATION****(A) Receivables and Payables****Trade and other receivables**

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$AUD</b>	<b>\$AUD</b>
Trade receivables (gross)	172,216	191,660
Loss allowance	-	-
<b>Trade receivables – Net</b>	<b>172,216</b>	<b>191,660</b>
Other receivables		
Deposits	30,600	101,752
Other	77,472	-
<b>Total trade and other receivables</b>	<b>280,288</b>	<b>293,412</b>

**Trade and other payables**

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$AUD</b>	<b>\$AUD</b>
Trade payables	174,451	495,486
Accrued expenses	120,412	360,862
Employee entitlements	436,290	373,403
Statutory payables	(14,388)	126,774
Fund applications <sup>1</sup>	-	200,000
<b>Total trade and other payables</b>	<b>716,765</b>	<b>1,556,555</b>

<sup>1</sup> Relates to monies received by the fund for units that have not yet been issued.

**C4 - EARNINGS PER SHARE (EPS)****Earnings per share****Basic earnings per share**

Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued or cancelled during the period.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Half-year ended 31 December 2022 \$AUD	Half-year ended 31 December 2021 \$AUD
Basic earnings/(loss) per share		
From continuing operations	(0.009)	(0.001)
<b>Total</b>	<b>(0.009)</b>	<b>(0.001)</b>
Diluted earnings/(loss) per share		
From continuing operations <sup>1</sup>	(0.009)	(0.001)
<b>Total</b>	<b>(0.009)</b>	<b>(0.001)</b>

The earnings/(loss) used in the calculation of basic and diluted loss per share are as follows:

From continued operations	(6,535,088)	(847,362)
<b>Weighted average number of ordinary shares on issue during the period used in the calculation of basic EPS</b>	<b>744,516,322</b>	<b>740,442,980</b>
Adjustments for calculation of diluted EPS		
Options	112,525,732	80,839,003
Performance rights	5,357,141	-
<b>Weighted average number of ordinary shares on issue during the period used in the calculation of diluted EPS</b>	<b>862,399,195</b>	<b>821,281,983</b>

<sup>1</sup> Potential ordinary shares in the form of share options and rights are not considered to be dilutive. As the Group made a loss for the prior period, diluted earnings per share is the same as basic earnings per share for that period.

## [D – CAPITAL]

### D1 CASH AND CASH EQUIVALENTS

#### Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held with digital asset exchanges, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents do not include the Group's holdings of digital assets which are classified as intangible assets (refer to Note D2).

	31 December 2022 \$AUD	30 June 2022 \$AUD
Cash at bank	4,587,628	5,778,410
Cash deposits at call <sup>1</sup>	490,000	500,000
<b>Total cash and cash equivalents</b>	<b>5,077,628</b>	<b>6,278,410</b>

<sup>1</sup> Cash deposits at call include cash balances on exchanges. The balance originates following a liquidation of digital assets.

**D2 - DIGITAL ASSETS****Digital Assets – Accounted for using intangible asset methodology**

The Group consider that any digital asset that does not fall under the inventory or financial asset methodology and meet the recognition criteria (identifiable, controllable and capable of generation future economic benefits) are considered to intangible assets.

For digital assets that meet the criteria of AASB138: Intangible Assets, the Group measures digital assets at its fair value less costs to sell in accordance with the revaluation model (provided there is an active market), with increase in fair value being recognised in OCI and credited to a revaluation reserve, unless it reverses a revaluation deficit of the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Digital assets classified as intangible assets are considered to be indefinite life intangible assets given their nature.

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset.

**Estimates & Judgements****(a) Treatment of Digital assets**

Management note that the topic of digital assets and the accounting for digital assets continues to be considered by the International Accounting Standards Board (IASB) and continues to monitors new comments and interpretations released by the Board and other standard setters from around

the world. There has been no change in treatment for the half-year ended 31 December 2022.

In line with this, the Group has considered its position for the half-year ending 31 December 2022 and has determined that the Group's digital assets fall into 2 categories:

- Intangible asset method (the method noted by the IASB in its most recent deliberations)

Management notes that under the 2 methods noted above, the treatment continues to be to measure digital assets at fair value (unless otherwise disclosed and provided certain conditions are met) under the respective accounting standards.

**(b) Fair value of Digital Assets**

Digital assets are measured at fair value using the quoted price in United States dollars from a number of different sources with the primary being Coin Market Cap ([www.coinmarketcap.com](http://www.coinmarketcap.com)) and the Bitcoin Liquid Index (BLX) at closing Coordinated Universal Time. Management considers this fair value to be a Level 1 input under the AASB 13 *Fair Value Measurement* fair value hierarchy as the price on the quoted price (unadjusted) in an active market for identical assets.

Management uses a number of exchanges including Binance, Bitgo, Independent Reserve and others in order to provide the Group with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

Unlisted digital assets are fair valued using a combination of Level 2 and Level 3 techniques. Refer to the table below for the break-down of fair value levels.

**(A) Reconciliation of Digital Assets**

Bitcoin<sup>1,2</sup>

Other listed digital assets<sup>1,3</sup>

Non-listed digital assets<sup>4</sup>

**Total Digital Assets**

31 December 2022 \$AUD	30 June 2022 \$AUD
13,906,700	17,506,895
1,894,544	5,642,503
168,279	419,465
<b>15,969,523</b>	<b>23,568,863</b>

<sup>1</sup> Digital assets were measured at fair value using quoted prices as at 31 December 2022. Refer to Note H3 for prices at the date of this report.

<sup>2</sup> The amount includes \$8,321,845 held by the DigitalX BTC Fund and \$1,195,861 held by the DigitalX Fund

<sup>3</sup> Includes all tokens that are not bitcoin that are listed on an exchange. The amount includes \$1,641,546 held by the DigitalX Fund.

<sup>4</sup> Includes all tokens not listed on an exchange.

During the period the Group sold its 12,500,000 Human Protocol tokens in October 22 via a Token Purchase Agreement for USD853,125 at \$0.06825 USD per token.

**(B) Reconciliation by Class**

	31 December 2022 \$AUD	30 June 2022 \$AUD
Intangible asset method	15,969,523	23,568,863
Financial asset method	-	-
<b>Total Digital Assets</b>	<b>15,969,523</b>	<b>23,568,863</b>

**D3 – INVESTMENTS**

	31 December 2022 \$AUD	30 June 2022 \$AUD
Investment in Bullion Asset Management Pte Ltd <sup>A</sup>	1,209,691	2,290,918
	<b>1,209,691</b>	<b>2,290,918</b>

**A. Investment in Bullion Asset Management Pte Ltd (BAM)**

	31 December 2022 \$AUD	30 June 2022 \$AUD
Opening balance	2,290,918	2,221,436
Additional investment in BAM	-	-
Additional shares received in lieu of services	-	-
Increase/(decrease) in fair value <sup>1</sup>	(1,081,227)	69,482
	<b>1,209,691</b>	<b>2,290,918</b>

<sup>1</sup> Given the decision of the BAM to scale back its operations of the business the Board have made the decision to apply a fair value adjustment to the valuation by approximately 47% whilst we work with BAM and their other major investors on support initiatives.

**B. Investment in DigitalX Funds**

The Group has provided seed capital to the DigitalX Fund (a unit trust) and DigitalX BTC Fund (a unit trust) for the purpose of investing in and generating returns on digital assets. As noted in Note C2 the Board reviews the performance of the funds at fair value based on the reported fund net asset value (NAV) each period. However, as DigitalX also provides fund management services for the fund it is deemed that the Group meets the definition of control under *AASB10: Consolidated Financial Statements* and as a result, the financial position and performance of the DigitalX funds have been included in the Group's consolidated financial statements.

The Group will continue to assess its position with respect to control of the fund at each reporting period and there has been no changes to the Group's assessment for the half-year ended 31 December 2022.

The net asset value (NAV) of the Group's units in the funds at 31 December 2022 were \$AUD0.6217 (2022: \$AUD0.6483) for the DigitalX Fund and \$AUD2.2453 (2022: \$AUD2.6539) for the DigitalX BTC Fund respectively.

**D4 - NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS**

In accordance with AASB: 132 Financial Instruments, certain instruments are classified as equity in the separate financial statements of a subsidiary or other entity controlled by the Group which represent non-controlling interests in the consolidated financial statements are classified as liabilities in the consolidated financial statements of the Group to the extent which the non-controlling interest has a preferential claim to the net assets of the subsidiary over shareholders of the parent. Changes in the net assets are recognised in the profit or loss except for distributions to unit holders and subscription of units.

	31 December 2022 \$AUD	30 June 2022 \$AUD
<b>Opening Balance</b>	<b>6,211,747</b>	<b>8,257,054</b>
Profit/(Loss) for the period attributable to non-controlling interests	(60,183)	(341,497)
Other comprehensive income attributable to non-controlling interests	(612,552)	(5,975,227)
Distribution Payable	-	(43,523)
Gain/(loss) on change in ownership	-	154,154
Other	(24,560)	-
Net change in units on issue	119,440	4,160,786
<b>Closing Balance</b>	<b>5,633,892</b>	<b>6,211,747</b>

## [E - FINANCIAL POSITION]

### E1 - NON-CURRENT ASSETS - INTANGIBLE ASSETS

At 31 December 2022	Development at Cost	Goodwill	Total
Cost	3,369,369	1,888,304	5,257,673
Accumulated amortisation	(103,904)	-	(103,904)
Provision for Impairment	(2,920,930)	-	(2,920,930)
<b>Net Carrying amount</b>	<b>344,535</b>	<b>1,888,304</b>	<b>2,232,839</b>

	Development at Cost	Goodwill	Total
Opening net book amount at 30 June 2022	389,747	1,888,304	2,278,051
Additions	-	-	-
Amortisation	(45,212)	-	(45,212)
Impairment charge	-	-	-
<b>Net Carrying amount</b>	<b>344,535</b>	<b>1,888,304</b>	<b>2,232,839</b>

## [F – EQUITY]

## F1 – CONTRIBUTED EQUITY

## Issued and paid up Capital

	31 December 2022 \$AUD	30 June 2022 \$AUD
Fully paid ordinary shares – 745,519,039 (2022: 742,444,039)	59,122,476	59,028,586

## Movement in Ordinary Share Capital

Date	Details <sup>1</sup>	Number of Shares	Issue Price	\$AUD
30-Jun-22	Closing Balance	742,444,039		59,028,586
29-Aug-22	Issue of Employee Shares <sup>2</sup>	3,075,000	0.03	95,325
30-Aug-22	Employee incentive scheme – share issues cost			(1,435)
31-Dec-22	Closing Balance	745,519,039		59,122,476

Date	Details <sup>1</sup>	Number of Shares	Issue Price	\$AUD
30-Jun-21	Closing Balance	739,675,657		58,796,110
10-Nov-21	Issue of Shares on conversion of options	2,768,382	0.0847	234,482
11-Nov-21	Share issue costs			(2,007)
31-Dec-21	Closing Balance	742,444,039		59,028,585

<sup>1</sup> Refer to the corresponding Appendix 3B for full details of each issue.

<sup>2</sup> Shares issued to employees, Share Based Payments note on next page for further information

## Rights Attaching to Shares

The rights attaching to fully paid ordinary shares arise from a combination of the Company's constitution, statute and general law. Fully paid ordinary shares carry one vote per share and carry a right to dividend.

## Dividends

There are no dividends paid or declared during the period.

**F2 – RESERVES**

## Nature of reserves

<b>Share-based payment reserve</b>	Reserve is established to record balances pertaining to share options and performance rights granted for services provided to the Company by employees and vendors.
<b>Convertible note reserve</b>	Reserve is established to record amounts required to be recognised in equity for convertible notes that meet the definition of compound instruments.
<b>Asset revaluation reserve</b>	Reserve is established to record amounts required to be recognised in equity for movements in the fair value of assets measured at fair value. For the Group this primarily relates to the revaluation of digital assets.
<b>Foreign Exchange Reserve</b>	Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Share-based payment reserve <sup>1</sup>	Asset revaluation reserve	Convertible Note Reserve	Foreign Exchange Reserve	Total
<b>30 June 2022</b>	<b>3,013,855</b>	<b>2,035,607</b>	<b>91,051</b>	<b>(12,460)</b>	<b>5,128,053</b>
Share based payment expense	80,417	-	-	-	80,417
Conversion of foreign operations	-	-	-	1,449	1,449
Fair value movement of digital assets <sup>2</sup>	-	(2,035,607)	-	-	(2,029,011)
<b>31 December 2022</b>	<b>3,094,272</b>	<b>-</b>	<b>91,051</b>	<b>(11,011)</b>	<b>3,180,908</b>

<sup>1</sup> Ordinary share issues treated as share-based payments that have no vesting conditions are recognised directly in equity.

<sup>2</sup> Refer to Note C1 for commentary on movement in digital assets.

**Share based payments**

Employees and consultants of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition.

These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

**Valuation of performance rights**

The fair value of performance rights with non-market-based conditions at grant date are assessed at fair value and then adjusted for the probability of hitting the baseline target to then determine the expected number of instruments to vest.

The following tables list the inputs to the model used for valuation of the performance right:

**Performance Rights issued to CEO Lisa Wade**

Item	Tranche 1	Tranche 2	Tranche 3
Volatility (%)	0%	0%	0%
Risk-free interest rate (%) – range	0%	0%	0%
Expected life of performance right (years)	8 Months	8 Months	8 Months
Exercise price per terms & conditions	\$AUD0.0	\$AUD0.0	\$AUD0.0
Price at issue date	\$AUD0.033	\$AUD0.033	\$AUD0.033
Grant Date	10/10/2022	10/10/2022	10/10/2022
Expiry date	30/06/2023	30/06/2023	30/06/2023
Valuation per right	\$AUD0.033	\$AUD0.033	\$AUD0.033
Number issued	1,964,285	1,964,285	1,428,571
Probability (%)	0%	0%	100%
Vesting conditions	Non-market, Performance  Revenue greater than \$5.5m	Non-market, Performance  The Company holding funds of not less than \$90m	Non-market, Performance  Achievement of eNPS (employee net promoter score) not less than 30

**Shares Issued during the period**

There was 3,075,000 shares issued during the period, of these 1,800,000 were issued to the following KMP's; Jonathon Carley (650,000), David Beros (650,000) and Lisa Wade (500,000).

## [G - GROUP STRUCTURE]

### G1 - CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the subsidiaries in accordance with the accounting policy described in Note G1 in the Annual Report for the year end 30 June 2022.

There were no changes to the controlled entities during the half-year ended 31 December 2022 except for those noted below:

## [H - OTHER DISCLOSURES]

### H1 - RELATED PARTY TRANSACTIONS

There were no changes to the nature of related party transactions disclosed in the Annual Report for the half-year ended 31 December 2022.

Shares were issued to Jonathon Carley, Lisa Wade and David Beros (refer equity/SBP note F2). In addition to this performance rights were issued to Lisa (refer SBP note F2).

### H2 – COMMITMENTS AND CONTINGENCIES

There were no material changes to the commitments, contingencies, or guarantees for the half-year ended 31 December 2022 from those disclosed in the Annual Report.



**H3 - EVENTS AFTER THE REPORTING DATE**

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those set out below.

Date of event	Details of event
<b>20 February 2023</b>	The Company announced it has invested up to \$500,000 via the Bricklets platform into a number fractionalised "bricklets" which represents equity ownership in residential property investments. These initial investments will form part of a larger program of investment through the Real World Asset Tokenisation Fund which is due to be launched in late Q3 or early Q4 of FY2023. Further, these investments form part of a signed partnership agreement between DigitalX and Bricklets a digital platform providing innovative equity solutions using blockchain technology which will provide additional revenue to DigitalX Ltd in addition to an Option to earn up to 6% of equity in Bricklets Ltd upon reaching certain funding hurdles.
<b>27 February 2023</b>	Due to the volatile nature and the materiality of the digital assets held, we disclose the impact of changes in the value of digital assets held by the Group, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 27 February.

Coin Symbol	\$AUD Spot Price at 31 December	\$AUD Spot Price at 27 February	\$AUD Impact
BTC	\$24,584	\$35,680	\$2,005,087



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