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*digital***BTC**

Innovative Digital Currency Solutions



A Digital Payments Company

Investor Presentation  
(ASX: DCC)

March 2015

# DISCLAIMERS

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# OVERVIEW

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World's First Publicly Listed  
Digital Currency Company  
on a major stock exchange  
(ASX: DCC)



Innovative Digital Payments  
company providing investors  
exposure to the disruptive effects  
of digital currencies



Develops software packages  
designed to bring the benefits of  
digital currencies to retail  
and wholesale consumers

# THE DIGITAL CURRENCY REVOLUTION



## STABLE INFRASTRUCTURE

Use of the Internet  
as the backbone

Minimal  
documentation  
needed

Accessible to  
everyone



## LOW FRICTION PAYMENTS

Global and  
decentralized  
network



## SAFE & SECURE

Transactions are  
secure and  
irreversible

No chargebacks

Bitcoin cannot be  
fraudulently created

Total transparency



## INSTANT PAYMENTS

International  
transactions  
confirmed instantly

Verified within  
5-30 minutes

No financial  
intermediary

Allows micro  
currency transfer



## LOW TRANSACTION COSTS

No to minimal  
transaction costs  
for transactions

Supports  
micro-payments

Ideal for  
International  
remittances

Highly divisible

# 2014 BITCOIN YEAR IN REVIEW

## International Corporations accepting Bitcoin

Payments

Electronics

Travel

Gaming

Charity



airBaltic





# BOARD & MANAGEMENT



## Zhenya Tsvetnenko

Executive Chairman

Mr. Tsvetnenko is a highly successful businessman in the sectors of mobile messaging and internet advertising. He is a highly successful entrepreneur and is also the founder of Mpire Media, a privately held global multimedia and online advertising company servicing international clientele.

Awarded the prestigious Ernst and Young, Entrepreneur of the Year 2010 award in Australia (young category) and the Western Australian Business News 40 under 40 award in 2011.

## Alex Karis

Chief Executive Officer

Mr. Karis is President and founder of Karis Marketing Group, one of the leading US digital marketing companies, providing online marketing support services to major US Telecom carriers.

Mr. Karis has over 10 years experience in the online display and mobile content space, managing projects for clients such as Bank of New York Mellon, Martha Stewart Living and AT&T. Holds a bachelor degree in Marketing at The University of Massachusetts Amherst.

## William Brindise

Chief Investment Officer

Mr. Brindise has over 15 years experience in trading energy, metal and grain options and futures. He started his career on the NYMEX working for ZAR trading and after few years started his own trading and brokerage company, BAK. After 4 successful years he moved off the floor when NYMEX trading became digital and took a job working for the hedge fund SHK Management.

He managed \$20 million and returned an annualized rate of 60% on that money. Mr. Brindise will continue to oversee proprietary trading desk operations and is now focusing on trading Bitcoins at digitalBTC. He holds a bachelor degree in Business and Finance from the Boston University.

## Brett Mitchell

Non Executive Director

Mr Mitchell is a corporate finance executive with over 20 years of experience in the finance and resources industries, and has been involved in the founding, financing and management of both private and publicly-listed resource companies.

Mr Mitchell holds a Bachelor of Economics from the University of Western Australia and is a member of the Australian Institute of Company Directors (AICD) and will be involved with the corporate strategy of the business in his new role as a Director.

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# OUR BUSINESS



**digitalBTC™**  
Innovative Digital Currency Solutions



**FinTech  
Products**

digitalX  
**pocket™**

digitalX  
**mintsy™**

digitalX  
**DIRECT™**



**Digital  
Currency  
Operations**

**Liquidity**



**Transaction Verification  
(Mining)**



# FINANCIAL RESULTS

## Financial Performance for the six months ended 31 December 2014:

### Total revenue of \$14.5 million:

Liquidity Desk and digitalX Direct sales of \$9.9 million

Bitcoin transaction verification revenue of \$4.6 million

### EBITDA of \$216,934<sup>1</sup>

Net increase in cash and **equivalents** of \$251,373

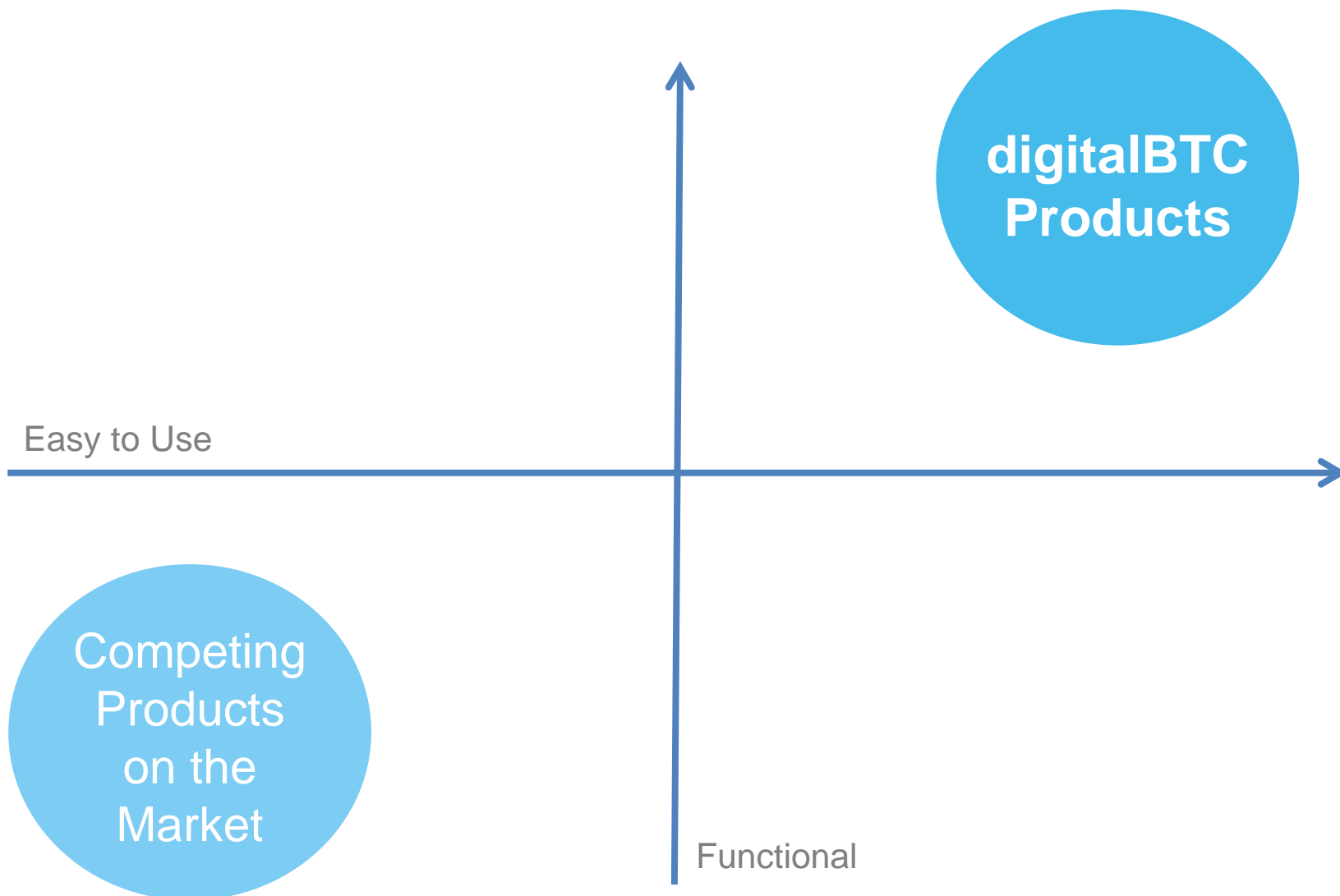
Underlying Net Loss After Tax of \$2.3 million due primarily to non-cash accounting adjustments to the fair value of bitcoin inventory and performance rights and depreciation





# DEVELOPMENT STRATEGY

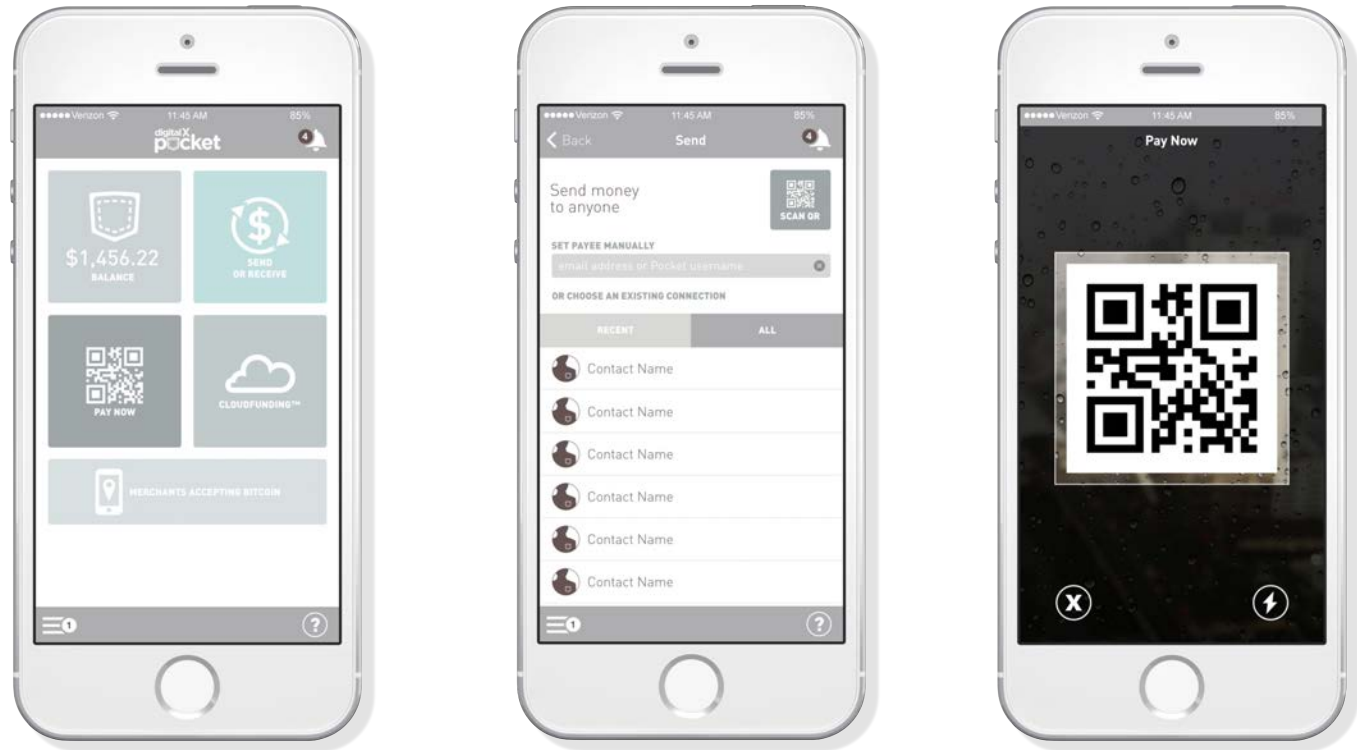
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# PRODUCTS AND SERVICES

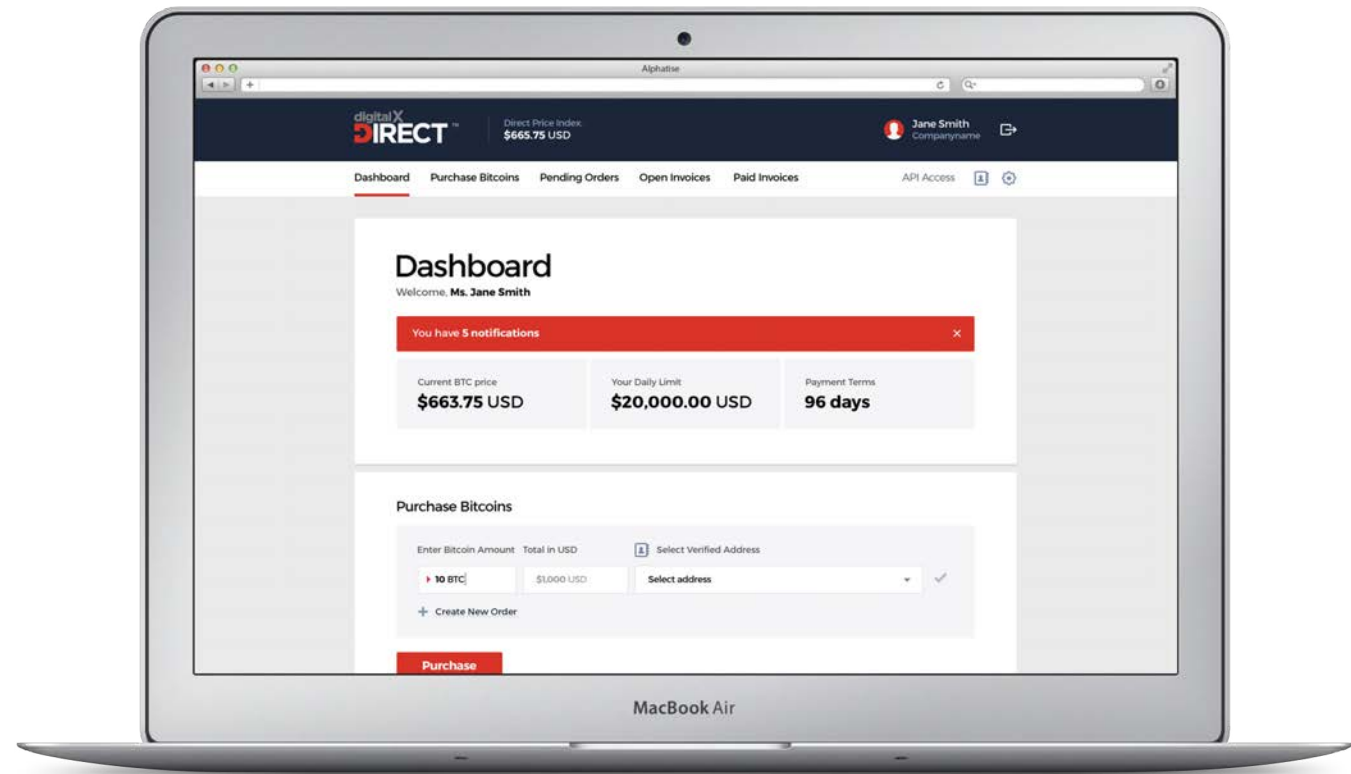
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digitalX  
pocket



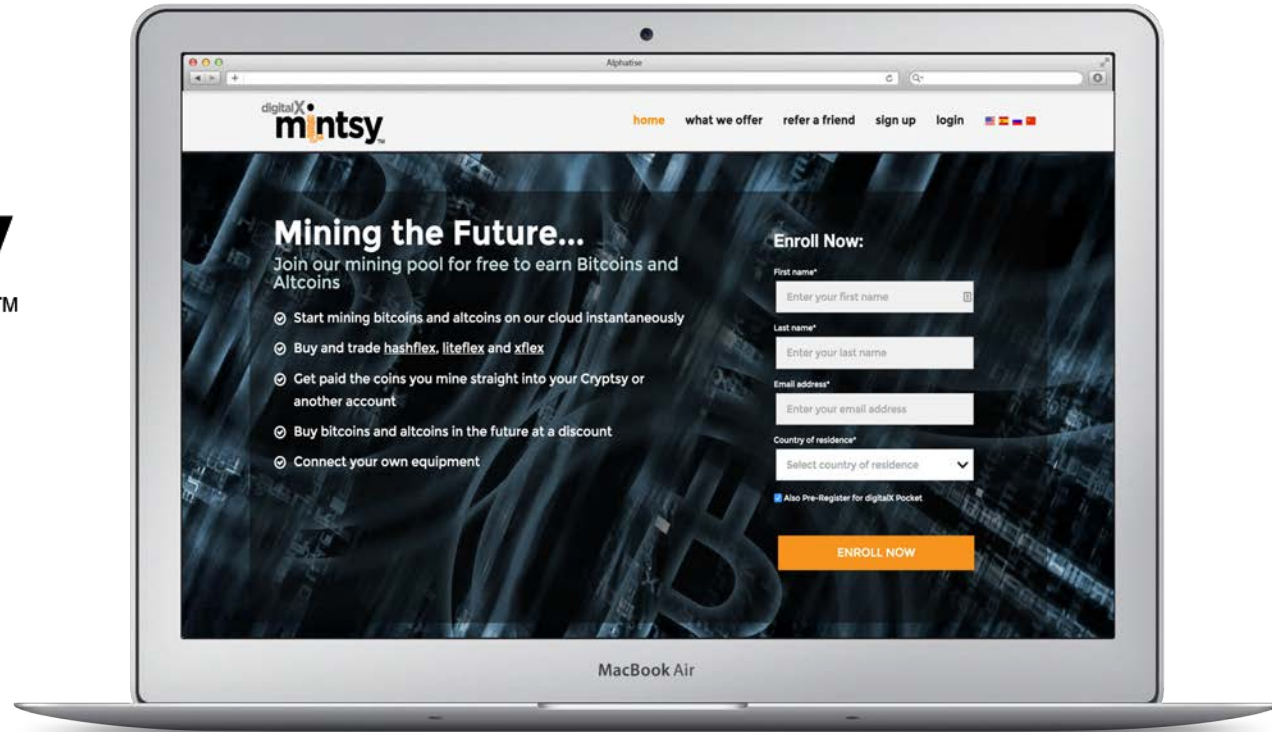
- Pocket is a mobile application that makes financial transactions simple and more secure.
- Allows the instant transfer and settlement of funds anywhere in the world, at anytime
- Leverages the benefits of digital currencies
- A platform to take advantage of the innovations in the digital currency space such as the Blockchain technology
- Launch of product (beta) in 1H 2015 with over 35,000 pre-enrolments since 1 November 2014

# PRODUCTS AND SERVICES



- Software that provides Bitcoin liquidity to market participants
- digitalX Direct liquidates our Bitcoin inventory at a premium to the market rate
- In Beta test with select customers showing significant trading growth
- \$1.2 million turnover in first three months
- Perfect platform for high frequency electronic trading in digital currencies

# PRODUCTS AND SERVICES



- 50%/50% joint venture with one of world's biggest digital currency exchanges – Cryptsy.com
- Allows customers to lease large scale specialised computing power used to verify a range of digital currency transactions – a process called “mining”.
- Customers are able to use the computing power to develop new digital currencies and associated technologies and earn digital currencies through the utilisation of the computing power
- Prior to launch, Mintsy has already had 30,000 consumers pre-enrol into memberships
- Cryptsy will actively market Mintsy's services to its vast member base of 250,000

# PRODUCTS AND SERVICES

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## Bitcoin Transaction Verification



- Bitcoin transaction verification is a process by which the Bitcoin ecosystem maintains its integrity in a decentralised network (this process I also called Bitcoin Mining)
- Fees generated by the issue of new Bitcoins from the Bitcoin network
- \$4.6 million revenue generated for the 6 months ended 31 December 2014
- Total capital invested - ~\$6 million
- digitalBTC has 1.5% market share of the Bitcoin transaction verification market.



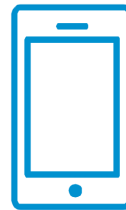
# FUTURE TECHNOLOGIES

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digitalBTC continues to develop software products and features that compliment its current technology foundation.



Advanced  
Remittance services



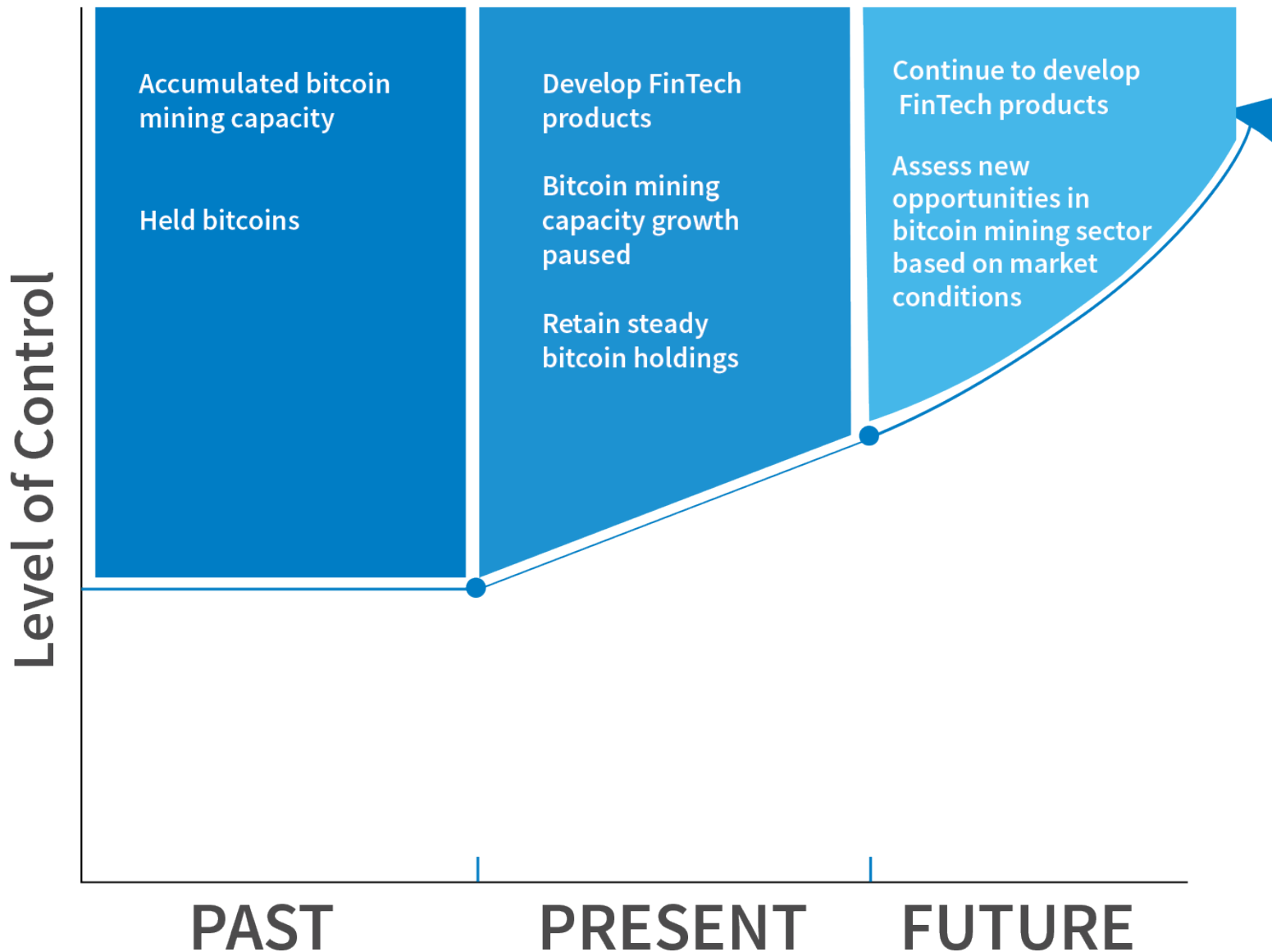
Peer-to-peer  
Lending



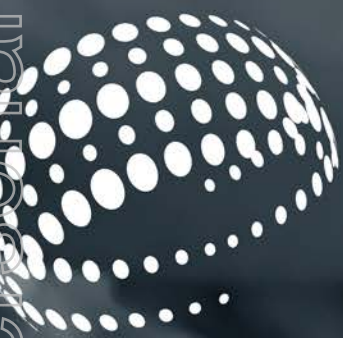
Smart Digital  
Assets



# COMPANY STRATEGY



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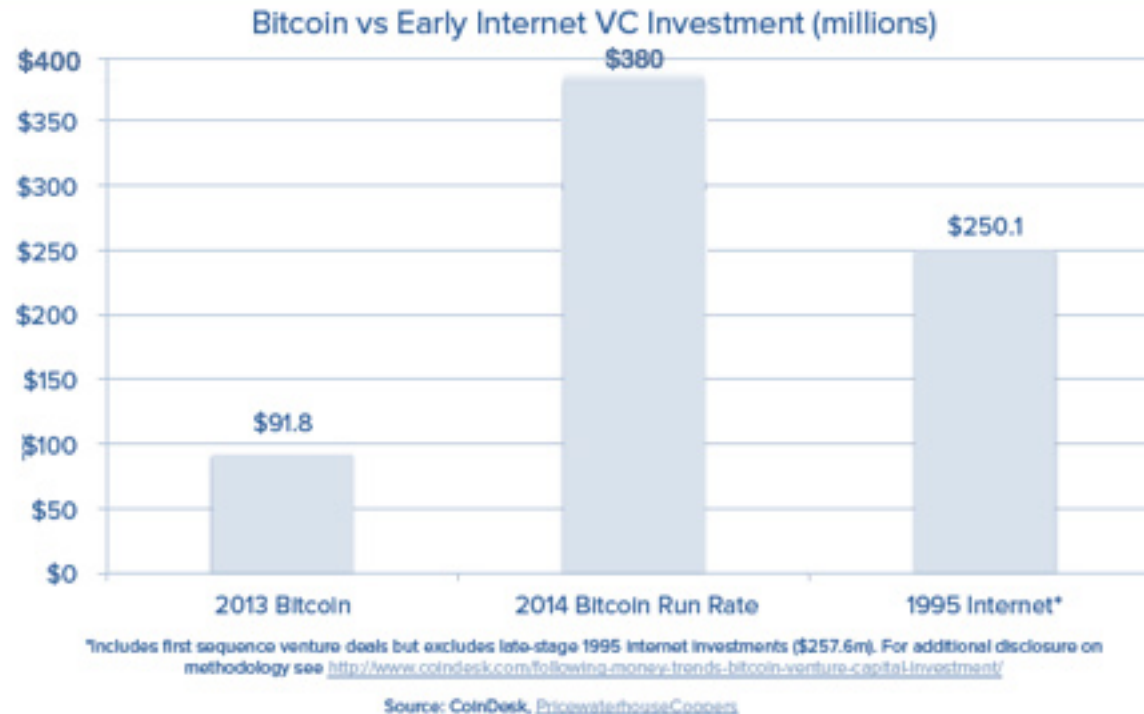
A Digital Payments Company

The Market and Our Opportunities

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

# DIGITAL CURRENCY INVESTMENT LANDSCAPE

## 2014 Bitcoin VC Investment Projected to Surpass Early-Stage Internet Investments



State of Bitcoin Q3 2014

CoinDesk

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\*<http://www.coindesk.com/bitcoin-venture-capital/>

- Bitcoin went “mainstream” approximately 12 months ago
- ~US\$470 million total VC investment in digital currency start-ups to 24 October
- Major merchants now accepting bitcoin– Microsoft, Dell, Expedia, Dish Network etc.
- Price quoted on Bloomberg, Yahoo Finance, Google Finance
- Global regulation emerging in stages
  - Recognised in Australia as personal property
  - General rules for property transactions apply in USA
  - United Kingdom particularly pro digital currencies.

# 2014 BITCOIN YEAR IN REVIEW

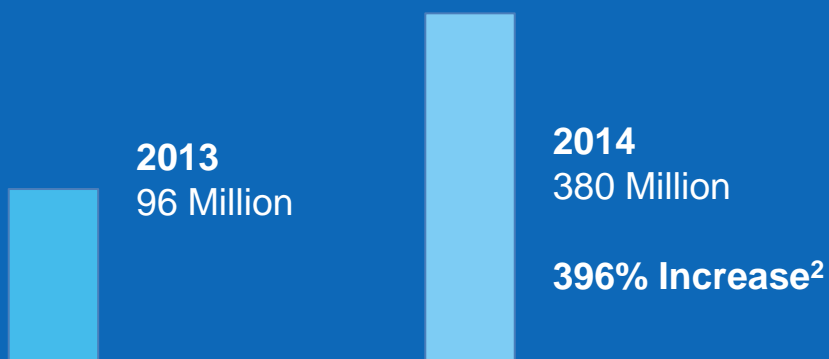


**digitalBTC™**  
Innovative Digital Currency Solutions

## Venture Capital

### Bitcoin Venture Capital

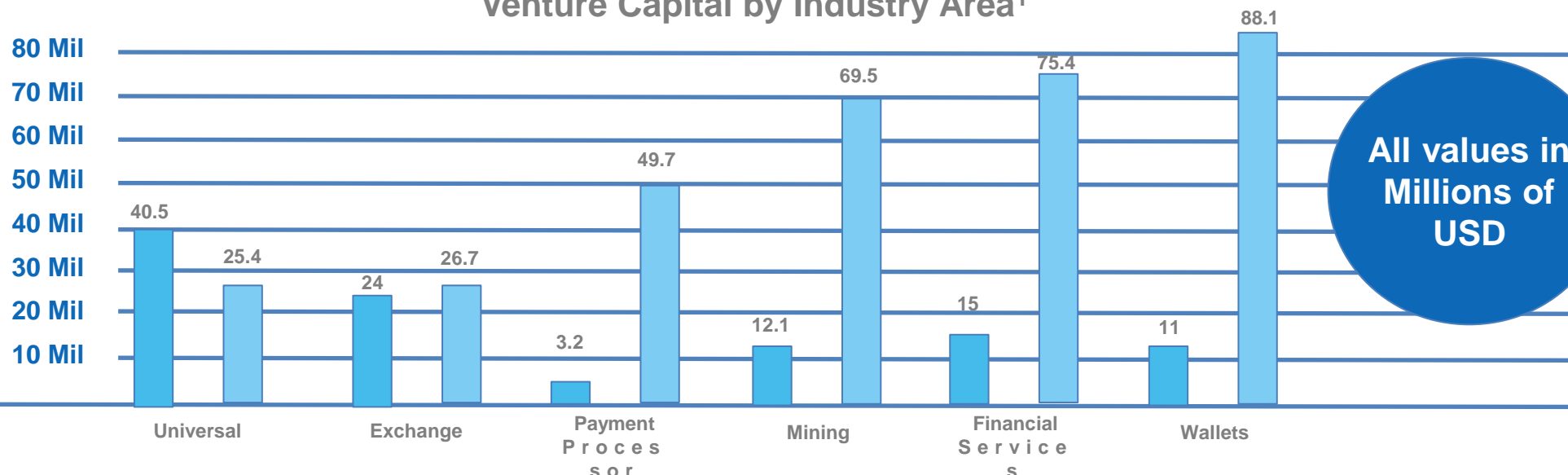
2013 vs. 2014



### Top 4 Biggest VC Deals of 2014 & 2015<sup>2</sup>

<b>coinbase</b>	75 Million USD
<b>xapo</b>	40 Million USD
<b>bitpay</b>	30.5 Million USD
<b>B BLOCKCHAIN</b>	30 Million USD

### Venture Capital by Industry Area<sup>1</sup>



1. Source: Coindesk "State of Bitcoin 2015" 2. Source: BitPay

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# SIGNIFICANT BACKERS

## Who Is Supporting Digital Currencies in Changing The World?

*More money has been invested to date in Digital Currencies technology than the internet in early 1990's*



**Richard Branson**  
Founder of Virgin

“I believe in its potential, the capacity it has to transform global payments is very exciting.”



**Ben Bernanke**  
Chairman of the  
Federal Reserve USA

“[Virtual Currencies] may hold long-term promise, particularly if the innovations promote a faster, more secure and more efficient payment system.”



**Eric Schmidt**  
CEO of Google

“Bitcoin is a remarkable cryptographic achievement and the ability to create something that is not duplicable in the digital world has enormous value.”



**Al Gore**  
Former US Vice President and  
winner of Nobel Peace Prize

“I’m a big fan of Bitcoin ... Regulation of money supply needs to be de-politicized.”



**Bill Gates**  
Microsoft Co-founder

“Bitcoin is a technological tour de force.”

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Appendices

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



# CORPORATE SUMMARY

## Capital Structure

Current Shares on Issue	<b>168,772,977</b>
Options (2016) <sup>1</sup>	<b>12,166,227</b>
Market Cap @ A\$0.10 cps	<b>A\$16.8 million / US\$13.1 million</b>
Cash and coins at 27 February 2015	<b>A\$5.1 million/ US\$4.0 million</b>
Enterprise Value <sup>2</sup>	<b>A\$11.7 million / US\$9.1 million</b>

## Substantial Shareholders

Zhenya Tsvetnenko (Executive Chairman)	25.3%
Alex Karis (CEO)	12.2%
William Brindise (Executive Director)	7.5%
Peernova (Technology IQ)	7.4%
Rod Jones and associates	9.3%
Craig Burton and associates	6.6%

1. The separate classes of Options are as follows: (a) 3,849,517 options exercisable at \$0.286 on or before 30 June 2017; and (b) 8,316,710 options exercisable at \$0.28 on or before 5 June 2016.
2. Enterprise Value calculated as market capitalisation less cash and coins balance

# WHAT ARE DIGITAL CURRENCIES?

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As a Digital Currency, Bitcoin is both a medium of exchange and more importantly a revolutionary payments system

## Digital Currencies

Digital currencies” are a new electronic class of “mediums of exchange”

They perform a similar function to money but exist in a completely digital environment

Think “EFTPOS without the bank” in a consumer setting or “International money transfers without massive fees” in a commercial setting

Digital currencies allow users to send each other value to either store or further send elsewhere, without the need for an intermediary to support the process

Bitcoin is one of the earliest digital currencies

It is now more than five years old

Digital currencies would not exist without the widespread availability of the internet, especially mobile internet  
Smartphones and mobile internet create the environment for adoption

- ✓ Allows transfer of value from one user to another without an intermediary

# BITCOIN OVERVIEW

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## How does Bitcoin Work?

### Peer to Peer Payments

All users create their own individual wallet, similar to opening a traditional bank account. All transactions are initiated by the sender and are broadcast on the bitcoin network. The network is composed of bitcoin “miners” that provide computing power to verify the transactions.

The network is classified as a “cloud” structure.

Users can view the transaction almost immediately once posted. The transactions are then verified by bitcoin miners.

Within about a ten minute timeframe, transactions are permanently signed and are locked away in a public ledger called the Blockchain.

Bitcoin is a “push” rather than “pull” system.

*The payer initiates, not the payee*



# DISRUPTIVE TECHNOLOGY

The most disruptive part of Bitcoin is Peer to Peer payments

## P2P Payments

Solves a long term “Double Spend” problem – how to send value from A to B, and prevent A from also sending the same value to C.

Traditionally solved by putting a bank in the middle – bank makes sure A has the value they are sending to B, debits it from A, then credits it to B (or their bank). Cross border transactions involve additional complexity and further trusted intermediaries.

**ALL of the intermediaries collect a fee.**

Bitcoin enables peer to peer payments with no intermediary and low to no fees.

No trust required – the Bitcoin network provides the “trust” through the immutable power of mathematics and cryptography. All transactions get verified and signed cryptographically by the combined power of the network.

## Potential use cases enabled by bitcoin

**Consumer credit transactions** – Credit Card fees of ~ 2.5% on payments. Merchants using bitcoin currently have about 1% fees on collecting bitcoin.

**International settlements** – serious fees and 24-48 hour lag time to send large sums overseas. Bitcoin is instant and low cost.

**Remittances** – Average global remittance fee of 8.14% per \$200 (\$16.28), Bitcoin is \$0.004. Also alleviates problems with accessing banking services.

# 2014 BITCOIN YEAR IN REVIEW

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## Top 5 Countries Where Bitcoin is Used<sup>1</sup>



United States



United Kingdom



Canada



Germany



Netherlands

## Bitcoin Trading Volume

2013 vs. 2014



**2013**  
15 Billion USD



**2014**  
23 Billion USD

**57% Increase<sup>1</sup>**

## Bitcoin Wallets

2013 vs. 2014



**2013**  
3.19 million  
active wallets



**2014**  
7.95 million  
active wallets

**149% Increase<sup>1</sup>**

1. Source: Coindesk "State of Bitcoin 2015"

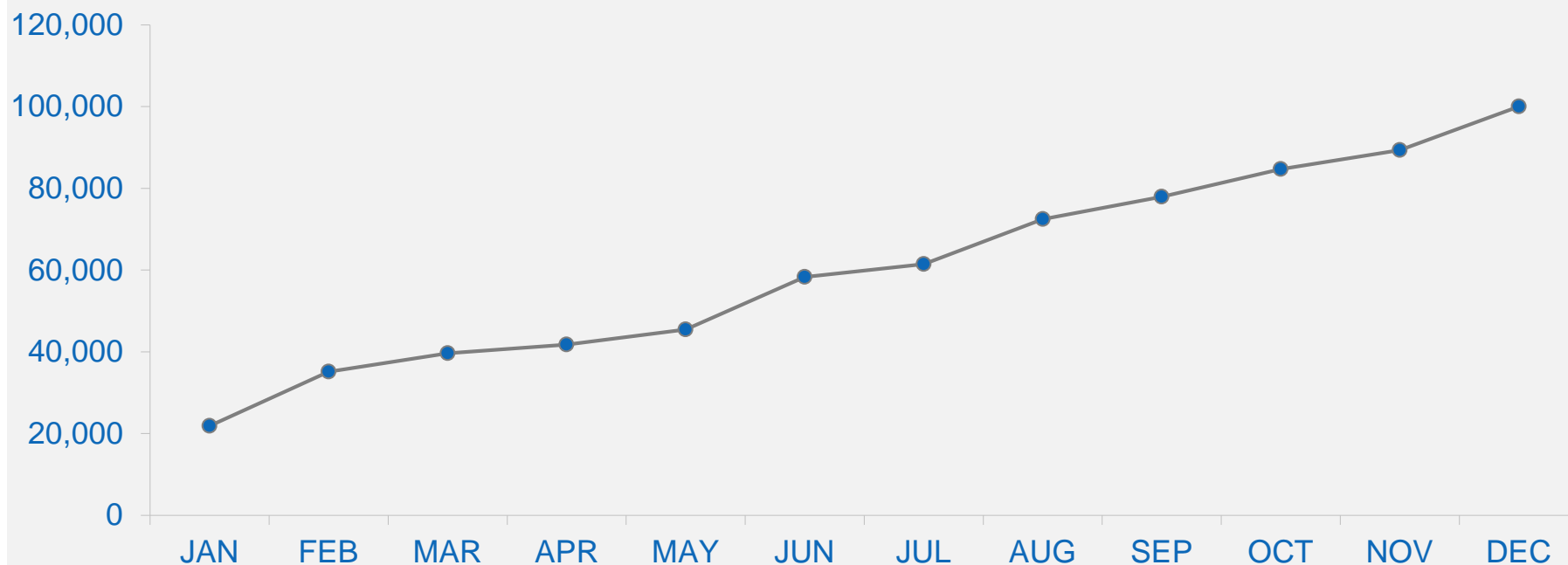


# 2014 BITCOIN YEAR IN REVIEW

**100,000 Merchants Worldwide**<sup>1 2</sup>

During December 2014, we reached the milestone of 100,000 merchants accepting Bitcoin

**Merchants Accepting Bitcoin**



1. Source: Coindesk "State of Bitcoin 2015" 2. Source: BitPay

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# CASE STUDY - REMITTANCES

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## Remittance Industry set for Disruption

- Worldwide, some 200 million migrant workers send more than US\$300 billion a year to their home countries
- Major flows typically from USA to less developed countries. India, China and the Philippines largest recipients.
- Significant issues with current arrangements:
  - Very high fees for typically small payments
  - Global banks retreating from the sector
- Strong possibility to apply proven business models enabled by the “sharing economy” to rapidly building a network backed by digital currency and now readily available mobile internet in target countries
- digitalBTC strongly focussing on servicing this area with digitalX Pocket product

# AUSTRALIAN REGULATORY ENVIRONMENT

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## Australian Taxation Office (ATO)

- ATO currently recognizes Bitcoins (and other digital currencies) as personal property, subject to CGT
- These rules were introduced in August 2014
- There is an existing personal use exemption in GST code for purchases with Bitcoins under \$10k
- Further discussions underway to amend the GST act to treat Bitcoin as currency for GST purposes

## Industry Body

- digitalBTC is a founding member of the Australian Digital Currency Commerce Association (ADCCA), which advocates for a supportive regulatory environment
  - *We have met with numerous stakeholders – ATO, regulators, and political office holders*
  - *Ultimate objective of having Bitcoin classed as “money” for GST and other purposes*
  - *Can be accomplished with minimal legislative changes – definition only*

# RISKS

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## Company Specific

There are a number of specific risks involved for the Company, and consequently its shareholders. These include risks specific to the business and assets of Digital CC, which include the following non-exhaustive list.

- The Company's ability to operate in the future will depend in part on whether it is able to effectively commercialise its potential interests in digital currency and digital currency products. This will depend on successful completion of product development activities, obtaining regulatory approvals and on there being commercial demand for such products which cannot be guaranteed;
- The Directors make no forecast of whether the Company will ever be profitable;
- intellectual property risks as discussed below; and
- additional capital may be required in order to undertake further development activities for the Digital CC business and there is no guarantee that the Company will be able to fund ongoing development.

## Market Risks

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance.

## Key Person Risk

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and Digital CC depends substantially on senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company and Digital CC if one or more of these employees cease their employment or if one or more of the Proposed Directors leaves the Board.

## Regulatory Risks

Digital currencies involve relatively new technology which has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations, security and applications of digital currencies, such as Bitcoin.

## Technology Risks

Securing rights to technologies, and in particular intellectual property, through licensing or otherwise, is an integral part of securing potential product value in the outcomes of digital currency. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

# COMPANY CONTACTS

## For further information please contact:

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