

ASX ANNOUNCEMENT 26 AUGUST 2022 APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT

DigitalX Limited (ASX:DCC) (“DigitalX”, “the Company”) is pleased to provide its Appendix 4E and 2022 Preliminary Financial Report as required under ASX Listing Rule 4.3A.

Despite the volatility in digital asset markets, DigitalX finished financial year 2022 in a strong financial position and well placed to execute on its updated long-term strategy for maximising revenue growth and shareholder value under the **leadership of new CEO, Lisa Wade**.

Excluding an \$8.3 million one-off revenue item from Human Protocol advisory recognised in the prior year (FY21), revenue from DigitalX’s core business **streams increased 130% year-on-year**, driven primarily by product revenue from Sell My Shares and Drawbridge.

Other highlights for the year included:

- Appointment of Greg Dooley, former Managing Director of Computershare Issue Services, as a Non-Executive Director.
- Successful acquisition and integration of leading online share execution business, Sell My Shares, to accelerate Drawbridge commercialisation and enable compliant employee share trading.
- DigitalX Bitcoin Fund secured an Australian first with investment grade research rating.
- DigitalX recognised as a dual finalist in Fintech Australia Awards for regtech and wealth management.

- Ends-

Authorised by the Board of DigitalX Limited.

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APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

A. Reporting Period

Financial period 30 June 2022.

B. Previous Corresponding Period (PCP)

The previous corresponding period for the Group is the period end 30 June 2021.

C. Results

	% change from 30 June 2021	\$AUD
Revenue from ordinary activities	↓76% ¹	2,318,132
Profit/(loss) from ordinary activities after tax attributable to members	²	(2,839,468)
Profit/(loss) for the period attributable to members	²	(2,839,468)

¹ Prior period included a one-off amount for Human Protocol advisory of \$8,335,434.

² Prior period result was a profit loss of \$6,756,954 hence no % change calculated.

D. Net tangible asset per ordinary share

2022 (\$AUD per share)	0.033
2021 (\$AUD per share)	0.068

E. Dividends paid or recommended

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

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

None

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

Sell My Shares Pty Ltd

H. Associates and joint venture entities

- DigitalX Bitcoin Fund Unit Trust
- DigitalX Fund Unit Trust

I. Audit Status

This report is based on financial statements which are in the process of being audited.

J. Signed

Authorised on behalf of the Board of Directors

Mr Toby Hicks
Chair
26 August 2022

use only

For personal

**DIGITALX LIMITED
PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



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CORPORATE DIRECTORY

Directors

Toby Hicks

Non-Executive Chairman

Greg Dooley

Non-Executive Director

Peter Rubinstein

Non-Executive Director

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

Computershare Investor Services Pty Limited

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Perth WA 6840

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COMMENTARY ON RESULTS FOR THE PERIOD

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 year-ended 30 June 2022 included:

Highlights

- ✘ Presentation to the Board of the updated long-term strategy for maximising revenue growth and shareholder value by accelerating Sell My Shares new product development, data validation and staking returns on digital asset treasury, new fund products with tokenised real word asset focus, and venture investments and incubation underpinned by a cost conscious and ESG focus. Implementation has commenced.
- ✘ Appointment of Lisa Wade, former Head of Digital Innovation and Sustainability at National Australia Bank, as the Company's new Chief Executive Officer.
- ✘ Successful acquisition and integration of leading online share execution business, Sell My Shares, to accelerate Drawbridge commercialisation and enable compliant employee share trading.
- ✘ Appointment of Greg Dooley, former Managing Director of Computershare Issue Services, as a Non-Executive Director.
- ✘ DigitalX Bitcoin Fund secured an Australian first with investment grade research rating.
- ✘ Execution of Partner Agreement with Digital Finance Cooperative Research Centre (DFCRC).
- ✘ Upgraded the Company's US listing on OTC Markets to the OTCQB.
- ✘ Adoption of World Economic Forum's ESG Framework.
- ✘ DigitalX recognised as a dual finalist in Fintech Australia Awards for regtech and wealth management.
- ✘ Reduction of carbon environmental impact by offsetting 60t of CO2 through innovative non fungible token (NFT) partnership with Metacarbon Inc.

Operating results

For the year ended 30 June 2022, the consolidated loss attributable to members of the Group after providing for income tax amounted to AUD\$2,839,468 (2021: Profit of AUD\$6,756,694). The prior period included a one-off revenue recognition item of \$8,335,434 for Human Protocol advisory and is the primary reason for the change in results year on year.

Total comprehensive loss of AUD\$15,734,861 (2021: Comprehensive Income of AUD\$21,645,351), primarily attributable to a decrease in the value of the Group's digital asset holdings from 30 June 2021 (Refer to Note D2 for further details) as digital asset prices fell as a result of heightened global uncertainty due to rising interest rates, record high inflation and uncertainty around global conflict, as seen across other global financial markets. Specifically with in the digital asset markets we have also seen events like Terra Luna, Three Arrows Capital and Celsius all negatively impacting the market.

The Group is pleased to note an increase in its core revenue streams (excluding a one-off amount recognised in the prior year of \$8,335,434 for Human Protocol advisory) on the previous corresponding period (PCP) primarily through product revenue and the acquisition of Sell My Shares.

Excluding the one-off amount for Human Protocol in the prior year revenue core revenue grew by **130% year on year** primarily driven by the Group’s product revenue (Drawbridge and Sell My Shares).

This is in line with the Group’s strategy to diversify revenue streams from its different business lines.

The Group also had net assets of AUD\$27,083,463 (30 June 2021: net assets of AUD\$42,532,693).

The decrease for the period is primarily attributable to a decrease in the value of the Group’s digital asset holdings from 30 June 2021 with the bitcoin price decreasing from A\$46,738 to A\$28,684. There was also an offsetting increase in intangible assets (goodwill) of \$1.88m from the acquisition of Sell My Shares.

Despite volatility in the digital asset markets the balance sheet remains strong heading into the new financial year.

PRODUCT DEVELOPMENT

DigitalX is growing a portfolio of digital finance products and services to transform the way investors and listed company customers originate, invest, and transact with their assets.

The Company’s two core products - Drawbridge and Sell My Shares - are well positioned for growth opportunities arising from the adoption of distributed ledger technologies within major financial securities markets such as the ASX.

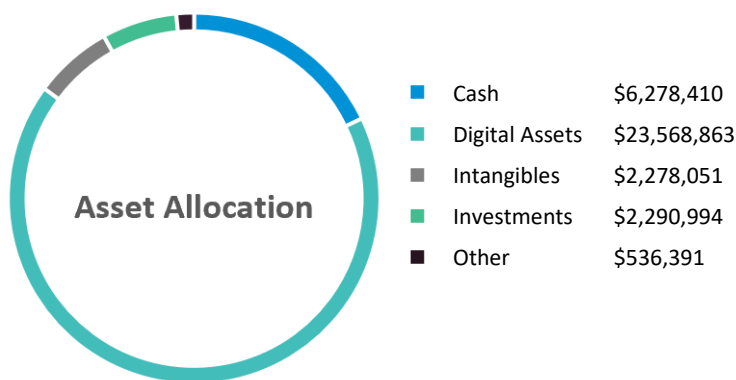
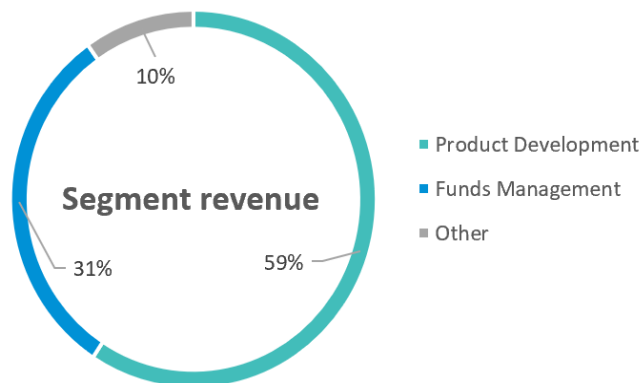
Additionally, the Company is actively investigating the development of new applications at the frontier of blockchain technology development through its partnership with the Digital Finance CRC. Early-stage concepts include the tokenisation of real-world assets, and the development of web3 infrastructure to support emerging internet economies such as distributed autonomous organisations (DAOs).

Drawbridge

Drawbridge Drawbridge experienced continued growth during the year in new listed company clients adopting the application to digitise compliance with their internal share trading policies.

During the period the strategic focus for Drawbridge was on the release of new features designed to service larger listed companies with greater employee numbers, as well as the execution of marketing strategies to acquire and build product awareness among target customers in the corporate governance profession.

Ongoing marketing strategies to acquire additional clients were successfully implemented over the period, with Drawbridge producing and participating in selected industry events, panel webinars, thought leadership content, digital advertising campaigns, and lead generation through free services designed for its target customer base of governance executives. Furthermore, Drawbridge continued to gain industry recognition during the year, receiving a feature in ASX Ltd’s 2021 Annual Report as a highlighted DLT app.



The Drawbridge mobile app now 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, the Company's recently acquired online trade execution business. As a result, Drawbridge users can now execute trades in-market upon receiving compliance approval. Importantly, this feature milestone was the first step in executing the product's monetisation strategy which is centred on driving transactional brokerage revenues beyond software as a service subscription fees.

Development work also progressed through design and planning discussions with ASX for becoming one of the first applications to integrate with Synfini - the ASX's distributed ledger technology platform. This will see the Drawbridge application utilise Synfini to host its cloud based DAML ledger, and enable future integration with other DAML based financial markets applications also within the Synfini ecosystem.

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 hassle of opening an

ongoing 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, because of 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 via the CHES replacement system.

The priority for the year was the successful completion of transitioning Sell My Shares' staff, systems, and office location to DigitalX. The move resulted in no negative impacts on customers and saw significant improvements in revenues.

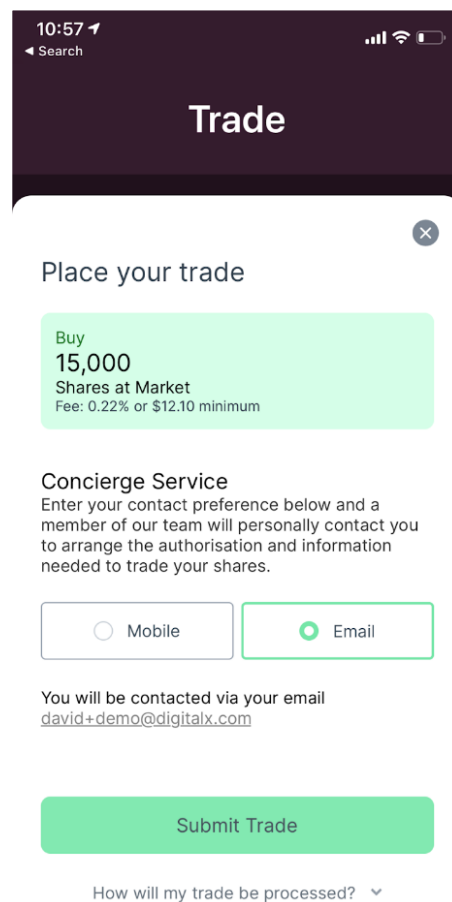
On 20 April 2022 the Company announced that the escrow period for the Sell My Shares acquisition had completed and **actual revenue was 17.9% higher compared to the acquisition's milestones** based on seasonally adjusted forecasts. Total share sales for the period was \$84.8m.

Following Sell My Shares' migration to DigitalX, the Company planned a development roadmap to grow the business through technology improvements and new service offerings to customers. Development prioritised focus on items with the highest near-term impact on revenue first, such as user experience improvements designed to increase customer conversion rates of existing visitors to the site. Improvements have been rolled out over the year including integration with Drawbridge, infrastructure upgrades and a new back-end system system to allow the business to scale quicker. Product development continues with the Company expecting to launch new Sell My Shares products in Q1 and Q2 FY2023 focussed on share sale settlement enhancements and a platform for B2B sales.

The financial report for the period ended 30 June 2022 for Sell My Shares only includes results from 30 September 2021 onwards.

ASIC Regtech Grant

As part of expanding its Drawbridge application, the Company completed its regtech feasibility study in collaboration with ASIC following successful selection for Federal Government funding as previously announced. The study resulted in the discovery and development of a promising approach to efficiently identifying regulatory issues within large volumes of ASX company announcement text using machine learning techniques. Completion of the feasibility study means that DigitalX is one of five grant recipients now eligible for an additional two lots of funding for up to \$1m per recipient. If successful, the use of this grant funding will focus on the further development and commercialisation of the solution to potential customers and regulators such as ASIC. Successful grant recipients are expected to be announced by the Department of Industry within the third quarter of 2022.



Blockchain node development to drive validation revenue

The June 2022 quarter also saw the development team begin testing the deployment and operation of nodes for two blockchain networks. An Ethereum node to generate interest-like returns on the Company's Ethereum (ETH) holdings is the first objective. Returns are generated through the process of staking, where nodes are rewarded for providing computational power to the blockchain validation process while being required to lock or stake a given amount of ETH. The first node was live by the end of July 2022.

The ongoing development of blockchain-based nodes is being used to underpin the Company's ability to be a provider and validator of data about real-world assets on-chain, which is foundational to the digitisation and unlocking of new real-world assets through tokenisation.

Digital Finance Cooperative Research Centre (CRC)

DIGITAL FINANCE CRC

Following the successful establishment of the Digital Finance CRC (**DFCRC**) in late 2021 with over \$60M of grant funding received by the DFCRC, the Company has begun its early-stage scoping activities in defining its project involvement and areas of research focus expected to commence early in 2022. The DFCRC held its inaugural AGM on 20 Dec 2021.

The DFCRC brings together leading university researchers in partnership with industry to solve real world problems using leading technologies. DigitalX has begun the recruitment process for hiring several 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.

Current areas of focus for DigitalX include 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. Future proposals are expected to be developed later in the year for consideration in allocating funding to specific projects between industry partners such as DigitalX.

Additionally, the Company has welcomed its first PhD research student through the DFCRC, who commenced working full-time within the DigitalX team to research and develop initiatives in key focus areas such as asset tokenisation strategies and emerging crypto-native governance models such as Decentralised Autonomous Organisations (DAOs).

DIGITAL ASSET FUNDS MANAGEMENT



DigitalX is the investment manager of digital asset investment products for qualified investors to invest in digital assets through a familiar, secure and regulated structure. The Company operates two professionally managed wholesale funds, the DigitalX Bitcoin Fund and the DigitalX Digital Asset Fund, a diversified basket of leading digital assets. The DigitalX Funds solve the technical and risk management challenges of investing in this emerging asset class for high-net-worth and institutional investors.

The DigitalX Funds provide exposure to a growing, yet volatile asset class and are presented to investors from the perspective of a long term investment horizon. The funds under management of the division grew to a peak of \$40.4m over the period with \$4.4m of new capital inflows with the business posting funds under management of \$13.4m at year end. The pullback in funds under management is attributable to the fall in digital asset prices as a result of heightened global uncertainty due to rising interest rates, record high inflation and uncertainty around global conflict, as seen across other global financial markets.

During the period the Company's Bitcoin Fund (ISIN: AU60BQC79571) received an investment grade research rating from well-known and respected investment research house, SQM Research. The investment grade rating on the Company's Bitcoin Fund represents a significant milestone in that it was one of the first research-rated digital asset fund in Australia.

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 now provides institutional investors with increased confidence for investing in the Company's Bitcoin Fund.

During the year, the Company joined the Alternative Investment Management Association (**AIMA**) and presented at the AIMA Australia Annual Forum. In addition to this, the Company also joined the Financial Planners Association (**FPA**). These memberships provide further opportunities for the Company to promote and present the Company's fund products to its target market.

The Company's Bitcoin Fund and DigitalX Digital Asset Fund were also listed on the Mason Stevens distribution platform during the year further enhancing the distribution channels for the fund.

Over the period, the depth and experience of the funds management team was bolstered by the addition of new hires covering funds management, funds operation and digital asset research. The additional experience and expertise have enabled the strategy to evolve to a more active investment strategy which aligns with the increase in the maturity of the marketplace. The strategy enables the funds management team to deliver greater risk adjusted performance for investors and provide a further key differentiator to future competitors seeking to introduce passive digital asset investment products. The team was further bolstered by the appointment of Jeremy Balding as Head of Funds Management / Portfolio Manager subsequent to the end of the year. Jeremy joins the Company from Morgan Stanley where he spent over 18 years across various roles including most recently as Head of Electronic Trading.

CORPORATE

Strategy

As foreshadowed in the March 2022 Quarterly Report the Company worked on a strategy refresh following the appointment of new CEO, Lisa Wade, and using her extensive experience to build on the foundation of the existing business and strategy.

During the June quarter, the Board approved the strategy refresh incorporating the short-term strategic focus on maximising revenue growth and setting a long-term strategic vision for the business laying the foundation for growth in the next 5 years while generating shareholder value. The short-term strategic focus on maximising revenue centres around:

- Accelerating Sell My Shares new product development and revenue streams;
- Data validation and staking returns on digital asset treasury;
- Leveraging Drawbridge as the Web3 gateway for corporates;
- New fund products with a focus on tokenised real world assets;
- Venture investments and incubation; and
- Underpinning this strategy remains a core focus on ESG and cost consciousness.

Appointment of Chief Executive Officer

After an extensive executive search process, the Company appointed highly experienced finance industry executive Lisa Wade as the Company's new Chief Executive Officer.

Ms Wade has nearly 30 years of finance and financial markets experience working in organisations such as Citigroup, Bendigo Bank and most recently as Head of Digital Innovation and Sustainability at National Australia Bank (NAB). She has a strong background in blockchain project development, having recently led the Project Atom Central Bank Digital Currency project (CBDC), a collaborative research project between the Reserve Bank of Australia, CBA and Perpetual, and Project Carbon, a global strategic alliance tokenising voluntary carbon credits with Latu, CIBC, Natwest and NAB. Ms Wade also has a strong background in funds management.

Prior to her current role, she gained extensive experience managing investment portfolios with a Clean Energy Fund and the ESCOR Group. She has also been a Director at Citigroup where she specialised in arbitrage and derivatives.

Ms Wade commenced in February 2022.

Appointment of Non-Executive Director

During the year the Company appointed Mr Greg Dooley as a Non-Executive Director. Mr Dooley is an experienced corporate executive and was formerly the Managing Director of leading international share registry company, Computershare Investor Services Pty Limited for 13 years before retiring in July 2020. During his time at Computershare Mr Dooley also served as Managing Director of the Computershare Fund Services division, which offered registry services for unlisted funds. Mr Dooley holds a Bachelor of Economics from Macquarie University, a Diploma of Applied Finance and Investment and has completed the Australia Institute of Company Directors' Company Directors course.

Conversion of treasury to XAUD

During the period the Company adopted leading stablecoin¹, XAUD², as part of its ongoing treasury & digital asset management solutions. The Company has converted an initial \$500,000 into XAUD. As the blockchain economy evolves, XAUD provides native integration and settlement in the Web3 ecosystem and the Company is excited to be a part of this evolution.

Existing stablecoin products have focused mostly on US dollars with recent reports suggesting total supply of US dollar stable coins exceeding \$180bn. The development of an Australian dollar stablecoin product provides the same level of functionality but without the foreign exchange risk of holding US dollars. The XAUD token is issued, managed, and secured using blockchain technology, specifically the Ethereum blockchain. The tokens are built to the Ethereum ERC-20 standard for ease of integration with existing industry platforms and applications, whilst harnessing the advantages of Blockchain such as speed, accessibility, security of ownership and transparency. The XAUD reserves are held cash, cash equivalents, Australian bank deposits, Treasury notes, APRA regulated Authorised Deposit-Taking Institution issued hybrids and corporate bonds issued in Australian Dollars with a minimum S&P credit rating of A-.

Environment, Social, and Governance (ESG) Framework

DigitalX is charting 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 this in mind, the Company has adopted the World Economic Forum (WEF) ESG framework and 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.

To ensure that DigitalX can measure, monitor, and report on its ESG disclosure progress, the Company engaged impact monitoring technology platform Socialsuite to streamline the disclosure and ongoing ESG reporting process. The Company's goal is to demonstrate commitment and progress on making ESG disclosures, but more broadly, aims to progress a range of ESG benchmarks as set out by the WEF's ESG White Paper.

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

- The Company followed through on its work around beginning to offset its environmental impact of its corporate activities and bitcoin holding. During the year, the Company offset 60t of carbon dioxide through a unique partnership³ with Metacarbon Inc. whereby the carbon offsets are represented through a non-fungible token (NFT).
- In line with the strategy work and the purpose pillar of the WEF framework, the Company completed an exercise to review and re-define its core purpose. The results of this activity will be communicated in conjunction with the strategy refresh presentation noted above.
- The Company completed its annual board skills matrix update and review in line with the ASX Corporate Governance Principles and the board skills component of the WEF framework. As part of this work ESG factors have been incorporated into the matrix.
- The Company completed the implementation work for its new human resources (HR) system to allow the Company to accurately track, measure and report on the people components of its ESG strategy including better reporting around diversity and training.

¹ A stablecoin is a digital currency that is pegged to a "stable" reserve asset like the U.S. dollar, Australian dollar, or gold. Stablecoins are designed to reduce volatility relative to unpegged cryptocurrencies like Bitcoin.

² www.xaudtoken.io

³ <https://app.carbon-creatures.com/transparency/digitalx-koala>

- The Company completed its annual risk review in line with ASX Corporate Governance Principles and the risk component of the WEF framework. As part of this work ESG factors have been incorporated into the risk register and further uplift in the Company's risk management process have been approved including the appointment of a highly experienced and dedicated risk resource.
- The Company has begun to develop a methodology for quantifying the environmental impact of its bitcoin holding with the view to offsetting the carbon exposure with voluntary carbon offsets;
- Following recent key hires, the Company's gender diversity ratio has improved to 39%;
- Commenced purchasing voluntary offsets for any domestic and international air travel; and
- The Company has also undertaken significant work on its internal systems to track information required under ESG disclosures.

OTCQB Listing

During the year the Company upgraded its US listing with OTC Markets to the OTCQB. Upgrading to the OTCQB offers the Company the opportunity to further build visibility, expand liquidity and further diversify its shareholder base in the US which has shown a deep understanding of blockchain and blockchain related companies with companies like Coinbase (NASDAQ: COIN), Marathon Digital (NASDAQ: MARA), Riot Blockchain (NASDAQ: RIOT) and Microstrategy (NASDAQ: MSTR) all completing significant raisings, like DigitalX, during the last twelve months to further advance their blockchain related business or to acquire digital assets on balance sheet.

BAM and xbullion

Bullion Asset Management Pte Ltd (**BAM**), a Singapore based bullion technology business utilising blockchain technology and is a key investment for the Company as part of its blockchain venture strategy. DigitalX currently holds 16.9% of BAM.

Xbullion 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 measures. DigitalX was responsible for building the core technical infrastructure of xbullion which enabled the product to go live to the market.

During the year, BAM listed the gold (**xbullion**) and silver (**SILV**) token on additional tier one digital asset exchanges (including Bittrex) and raised additional capital from digital asset firm Cadenza Capital Management.

In addition to this, BAM entered into a joint venture with Leonie Hill Ai Pte Ltd for the development of an Australian dollar backed stablecoin (**XAUD**).

DigitalX Treasury Holdings & Investments

The DigitalX corporate treasury provides shareholder's exposure to a variety of digital asset and digital finance projects, which the Company has used its market expertise and skills in identifying, securing and managing on an ongoing basis in order to generate value.

As at 30 June 2022, the company held the following major treasury assets:

- Directly holding in Bitcoin and other digital assets (See Note D2)
- Investment in Bullion Asset Management (See Note D3)
- Investment in DigitalX BTC Fund and DigitalX Fund (See Note D3)
- Investment in Human Protocol (See Note D3)

Recovery actions

The Company notes that it had previously commenced proceedings in the District Court of Massachusetts to secure the rights to Bitcoin that has been recovered by liquidators of historical crypto exchange, Mt Gox. In February 2014, prior to the Company acquiring its Bitcoin mining business and re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Mt Gox Bitcoin Exchange was shut down after it was hacked. As set out in the Company's Prospectus dated 12 May 2014 (2014 Prospectus), one of the subsidiaries acquired by the Company lost access to 351 Bitcoin as part of that hack. The Company became aware that Mr Alex

Karis, a former Director of the Company, had lodged a claim with the bankruptcy trustee of Mt Gox for the 351 Bitcoin in his own name, despite Mr Karis having entered into a deed (Deed) declaring that he holds the bitcoin on trust for the subsidiary of the Company (as referred to in Section 11.17 of the Company's 2014 Prospectus). This matter remains ongoing in the District Court of Massachusetts and the Company will update the market at the appropriate time.

The Company notes that Mr Karis had filed proceedings in the Federal Court of Australia seeking to have the Deed declared void, other related relief, and alleged debts he claims are owing to him by the Company. Following the initial engagement with legal counsel, the Company still asserts that the Deed is binding on Mr Karis and that it does not owe the claimed debts. The Company intends to defend these proceedings to the fullest extent. By the end of the June quarter the matter was still awaiting direction from the Court on the case management process. The Company will provide updates to the market in relation to these matters as appropriate.

Future Developments

With a refreshed strategy, strong team and strong balance sheet, the Company will continue to focus on executing its strategy of digital asset funds management, digital finance products and blockchain ventures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Revenue from operations	C2	2,318,132	9,709,745
Other Income	C2	218,454	276,148
Professional and consultancy fees	C3	(1,107,740)	(687,522)
Corporate expenses		(218,323)	(75,771)
Advertising, media and investor relations		(647,939)	(271,419)
Employee benefit expenses		(2,262,112)	(1,414,723)
Share based payments – employee benefits		(56,547)	(662,936)
Depreciation		(322,976)	(337,477)
Realised and unrealised foreign exchange losses		(4,472)	129,159
Fair value movement of financial assets		56,424	433,670
Finance costs		(169,723)	(100,270)
Other expenses	C3	(984,143)	(716,430)
(Increase)/decrease in net assets attributable to unit holders	D4	341,497	474,780
Profit/(Loss) before tax		(2,839,468)	6,756,954
Income tax benefit/(expense)		-	-
Profit/(Loss) for the period		(2,839,468)	6,756,954

The accompanying notes form part of these financial statements.

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

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Profit/(Loss) for the period	(2,839,468)	6,756,954
Other comprehensive income for the period		
<i>Items that may be reclassified to profit or loss</i>		
Fair value increase/(decrease) in digital asset holdings	(12,895,148)	14,930,755
Exchange differences on translation of operations	(245)	(42,359)
Other comprehensive income for the period, net of tax	(12,895,393)	14,888,397
Total comprehensive income for the period	(15,734,861)	21,645,351
Total comprehensive income/(loss) attributable to:		
Members of the parent entity	(15,734,861)	21,645,351
	(15,734,861)	21,645,351
Profit/(Loss) per share attributable to the ordinary equity holders of the parent:		
Basic earnings/(loss) per share		
Earnings per share from continuing operations	(0.004)	0.01
Total	(0.004)	0.01
Diluted earnings/(loss) per share (cents)		
Earnings per share from continuing operations	(0.004)	0.009
Total	(0.004)	0.009

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2022 \$AUD	30 June 2021 \$AUD
CURRENT ASSETS			
Cash and cash equivalents	D1	6,278,410	10,369,645
Trade and other receivables	C2	293,412	158,825
Digital assets	D2	23,568,863	32,479,969
Contract assets	D3	-	8,335,434
Other current assets		201,884	104,021
Total Current Assets		30,342,569	51,447,894
NON-CURRENT ASSETS			
Investments	D3	2,290,994	2,471,263
Property, plant and equipment		41,095	148,339
Right to use asset	E1	119,642	239,283
Intangible assets	E3	2,278,051	268,772
Total Non-Current Assets		4,729,782	3,127,430
TOTAL ASSETS		35,072,351	54,575,324
CURRENT LIABILITIES			
Trade and other payables	C3	1,556,555	535,290
Lease liabilities	E1	176,421	126,168
Distributions payable to unit holders	D4	43,522	2,740,471
Net assets attributable to unit holders	D4	6,211,747	8,257,054
Total Current Liabilities		7,988,245	11,866,208
NON-CURRENT LIABILITIES			
Lease liabilities	E1	-	176,421
Deferred tax liabilities		643	-
Total Current Liabilities		643	176,421
TOTAL LIABILITIES		7,988,888	12,042,629
NET ASSETS		27,083,463	42,352,693
EQUITY			
Contributed equity	F1	59,028,586	58,796,111
Reserves	F2	5,128,053	17,970,289
Retained earnings/(losses)		(37,073,176)	(34,233,707)
TOTAL EQUITY		27,083,463	42,352,693

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
<i>Cash flows from operating activities</i>		
Receipts from customers	2,230,619	1,260,078
Payments to suppliers and employees	(4,992,185)	(3,343,427)
Other income	38,079	219,962
Other expenses	(68,039)	-
Net cash provided by/(used in) operating activities	(2,791,526)	(1,870,386)
<i>Cash flows from investing activities</i>		
Payment for intellectual property	(159,342)	(283,522)
Acquisition of property, plant and equipment	(27,269)	(18,374)
Acquisition of business	(1,890,000)	-
Payment for investments	-	1,071,863
Repayment of Convertible Note	250,000	-
Net payment for digital assets in funds	(2,285,617)	(5,050,519)
Net cash used in investing activities	(4,112,228)	(6,424,278)
<i>Cash flows from financing activities</i>		
Proceeds from issue of equity securities	-	9,154,085
Proceeds from conversion of options	234,842	-
Net proceeds from issue of units in fund	4,355,524	6,349,173
Distributions payable from the fund	(1,613,588)	-
Payments for share issue costs	-	(842,963)
Principal elements of lease payments	(146,712)	(111,471)
Net cash (used in)/provided by financing activities	2,830,066	14,548,823
Net increase/ (decrease) in cash and cash equivalents	(4,073,688)	6,254,159
Cash and cash equivalents at beginning of period	10,369,645	3,975,690
Foreign exchange movement in cash	(17,547)	139,796
Cash and cash equivalents at end of period	6,278,410	10,369,645

Note

D1

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Contributed Equity \$AUD	Reserves ¹ \$AUD	Retained Earnings/(Losses) \$AUD	Total \$AUD
Balance at 30 June 2021	58,796,112	17,970,289	(34,233,707)	42,532,694
Profit/(Loss) for the year	-	-	(2,839,468)	(2,839,468)
Other comprehensive income	-	(12,895,393)	-	(12,895,393)
Total comprehensive income for the period	-	(12,895,393)	(2,839,468)	(15,895,393)
Shares issued during the period ²	234,482	-	-	234,482
Share issue costs	(2,007)	-	-	(2,007)
Share based payment expense	-	53,157	-	53,157
Balance at 30 June 2022	59,028,586	5,128,053	(37,073,175)	27,083,463

¹ Refer to Note F2 for reconciliation of reserve balances.

² Refer to Note F1 for details of shares issued during the year.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Consolidated Group	(Restated) Contributed Equity \$AUD	(Restated) Reserves ¹ \$AUD	(Restated) Retained Earnings/(Losses) \$AUD	(Restated) Total \$AUD
Balance at 30 June 2020 (Restated)	50,489,288	2,227,053	(40,990,661)	11,725,680
Profit/(Loss) for the year	-	-	6,756,954	6,756,954
Other comprehensive income	-	14,888,397	-	14,888,397
Total comprehensive income for the period	-	14,888,397	6,756,954	21,645,351
Shares issued during the period ²	9,473,216	-	-	9,473,216
Share issue costs	(1,166,392)	-	-	(1,166,392)
Share based payment expense	-	854,839	-	854,839
Balance at 30 June 2021	58,796,112	17,970,289	(34,233,707)	42,532,694

¹ Refer to Note F2 for reconciliation of reserve balances.

² Refer to Note F1 for details of shares issued during the financial year.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR END 30 JUNE 2022

[A – BASIS FOR PREPARATION]**CORPORATE INFORMATION**

DigitalX Limited (the Company or the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied consistently to all periods presented in the financial report excepted as described in the notes or in the Group's interim financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Basis of preparation

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E and does not include all the notes typically included in an annual report.

All amounts are presented in Australian Dollars, unless otherwise noted.

Compliance with IFRS

The Preliminary Financial Report of the Group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) where applicable for satisfying the requirements of ASX Listing Rule 4.3A and does not include all the disclosures typically included in an annual report.

[B - 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 C2)
- Digital assets including (Note D2)
- Fair value of digital assets (Note D2)

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.

- Multijurisdictional taxation of operations
- Valuation of share-based payments (Note F2)

Historical cost convention

The Preliminary Financial Report has been prepared under the historical cost convention, except for digital assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Cost is based on the fair value of the consideration given in exchange for assets.

Going concern

At the date of this report the consolidated entity 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 the financial report.

Presentation and functional currency**Presentation currency**

The consolidated financial report is presented in Australian Dollars.

Functional currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$AUD'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. Due to the nature of these activities for all entities in the Group the functional currency has been determined to be \$AUD.

[C - KEY OPERATING & FINANCIAL RESULTS]**C1 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 30 June 2022 the Group operated three segments, Blockchain consulting and development, Asset Management and Other. In the previous corresponding period (period ended 30 June 2021) the Group operated three segments, Blockchain consulting and development, Asset Management and Other.

Segment description**PRODUCT DEVELOPMENT (PD)**

The Group develops its own blockchain, RegTech (Drawbridge), and FinTech (Sell My Shares) products as well as providing consulting, technical due diligence, solution design and development to businesses by utilising distributed ledger solutions and best of breed blockchain technologies.

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 operates two funds focussed on digital assets, the DigitalX Fund (www.digitalx.fund) and the DigitalX BTC Fund.

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.

SEGMENT PERFORMANCE

Segment reporting (\$AUD)	PRODUCT DEVELOPMENT		ASSET MANAGEMENT ²		OTHER		TOTAL	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Results								
Segment revenue	1,373,620	8,655,500	717,227	862,969	227,285	191,276	2,318,132	9,709,745
Intersegment revenue	-	-	-	-	-	-	-	-
Revenue from external customers	1,373,620	8,655,500	717,227	862,969	227,285	191,276	2,318,132	9,709,745
<i>Revenue recognition timing – point in time</i>	<i>1,373,620</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,373,620</i>	<i>-</i>
<i>Revenue recognition timing – over time</i>	<i>-</i>	<i>8,655,500</i>	<i>717,227</i>	<i>862,969</i>	<i>227,285</i>	<i>191,276</i>	<i>944,512</i>	<i>9,709,745</i>
Segment result	(649,794)	8,137,513	(484,083)	204,417	(1,554,388)	(1,622,010)	(2,688,265)	6,719,920
Income tax expense/(benefit)	-	-	-	-	-	-	-	-
Segment result after tax	(649,794)	8,137,513	(484,083)	204,417	(1,554,388)	(1,622,010)	(2,688,265)	6,719,920
Reconciliation to profit/loss after tax							(2,688,265)	6,719,920
Interest							(169,723)	(100,270)
Depreciation							(322,976)	(337,477)
Amortisation & impairment							-	-
Taxation							-	-
(Increase)/decrease in net assets attributable to unit holders							341,497	474,780
Profit/(loss) after income tax							(2,839,468)	6,756,954

¹Revenue 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.

² For the purpose of segment reporting the Asset Management segment does not include the operating results, segment assets or segment liabilities of the DigitalX 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	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Assets								
Segment assets	3,385,151	8,706,490	1,513,769	955,867	30,173,431	44,912,966	35,072,351	54,575,322
Total assets	3,385,151	8,706,490	1,513,769	955,867	30,173,431	44,912,966	35,072,351	54,575,322
Liabilities								
Segment liabilities	(75,186)	(22,935)	(69,650)	(74,735)	(7,844,052)	(11,944,959)	(7,988,888)	(12,042,629)
Total liabilities	(75,186)	(22,935)	(69,650)	(74,735)	(7,844,052)	(11,944,959)	(7,988,888)	(12,042,629)

C2 - REVENUE & RECEIVABLES

Revenue

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Advisory	-	8,384,022
Consulting	16,420	269,498
Asset Management Fees	717,631	862,969
Licensing	216,587	191,276
Product revenue	2,950	2,000
Brokerage	1,364,545	-
Total revenue	2,318,132	9,709,745

Contract Asset

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Contact Asset ¹	-	8,335,434

¹ Contract asset relates to Human Protocol agreement as announced to the market on 29 June 2021. During the period this amount was reclassified from a contract asset to a digital asset once the entitlement to the token occurred. Refer to Note D2 for balance.

Trade and other receivables

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Trade receivables (gross)	191,660	82,073
Loss allowance	-	-
Trade receivables – Net	191,660	82,073
Other receivables		
Deposits	101,752	82,649
Other	-	47,190
Total trade and other receivables	293,412	196,946

Other Income

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Interest received	113,704	90,242
Other income	104,750	185,906
Total other income	218,454	276,148

C3 - EXPENSES, PAYABLES & OTHER ASSETS

(A) Professional and Consultancy fees

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Legal fees	269,359	49,509
Consulting and funds management expenses	713,459	529,859
Tax consulting fees	40,519	31,873
Audit fees	84,403	76,280
Total professional and consultancy fees	1,107,740	687,522

(B) Other expenses

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Regulatory, licensing and compliance	678,619	440,849
Occupancy	169,028	167,933
Other expenses	136,496	107,649
Total other expenses	984,143	716,431

(C) Current liabilities – trade & other payables

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Trade payables	856,378	467,049
Accrued expenses	-	56,211
Employee entitlements	373,403	-
Statutory payables	126,774	32,666
Fund applications	200,000	-
Total trade & other payables	1,556,555	555,926

C4 - EARNINGS PER SHARE (EPS)

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Basic earnings/(loss) per share		
From continuing operations	(0.004)	0.01
Total	(0.004)	0.01

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Diluted earnings/(loss) per share		
From continuing operations	(0.004)	0.009
Total	(0.004)	0.009
The earnings/(loss) used in the calculation of basic and diluted loss per share		
From continued operations		
From discontinued operations	-	-
Weighted average number of ordinary shares on issue during the period used in the calculation of basic EPS	741,435,286	652,503,531
Adjustments for calculation of diluted EPS		
Options	31,046,729	25,268,382
Performance rights	-	9,000,000
Warrants	55,839,003	55,839,003
Weighted average number of ordinary shares on issue during the period used in the calculation of diluted EPS	828,321,018	742,610,916

¹ 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 & RISK MANAGEMENT]

D1 CASH AND CASH EQUIVALENTS

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Cash at bank	6,278,410	10,369,645
Cash deposits at call ¹	-	-
Total cash and cash equivalents	6,278,410	10,369,645

¹Cash deposits at call include cash balances on exchanges. The balance also includes \$500,000 of XAUD tokens which is an AUD stablecoin backed by cash reserves. The Company considers this to be a cash equivalent on the basis that it is highly liquid and readily convertible to cash inline with the terms of sale and also by virtue of the XAUD token being able to be used for settlement of goods and services.

D2 - DIGITAL ASSETS

At each reporting period the Group reviews its classification and measurement of Digital Assets, taking into account changes in the business, market best practice and up to date guidance from the various accounting and regulatory bodies. There have been no material changes to Group's accounting policy for digital assets during the year.

Bitcoin^{1,2}Other listed digital assets^{1,3}Non-listed digital assets⁴**Total Digital Assets**

Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
17,506,895	28,297,002
5,642,503	3,590,680
419,465	592,286
23,568,863	32,479,969

Intangible asset method

Financial asset method

Total Digital Assets

Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
23,568,863	32,478,065
-	1,904
23,568,863	32,479,969

¹ Digital assets were measured at fair value using at 30 June 2022. Refer to Note H1 for prices at the date of this report.² The amount includes \$AUD11,318,349 held by the DigitalX BTC Fund and DigitalX Fund.³ Includes all tokens that are not bitcoin that are listed on an exchange. The amount includes \$AUD2,099,236 held by the DigitalX Fund.⁴ Includes all tokens not listed on an exchange.**D3 – INVESTMENTS**Investment in Bullion Asset Management Pte Ltd (BAM)^A

Convertible note receivable

Investment in DigitalX Funds^B

Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
2,290,994	2,221,436
-	249,600
-	-
2,290,994	2,471,036

A - Investment in BAM

Opening balance

Fair value increase

Year ended 30 June 2022 \$AUD
2,221,436
69,558
2,290,994

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 digital assets., 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 fund has 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 year ended 30 June 2022.

The net asset value (NAV) of the Group's units in the funds at 30 June 2022 were \$AUD0.6483 (2021: \$1.37) and \$AUD2.6539 respectively.

At 30 June 2022, DigitalX's holding in the DigitalX BTC fund and DigitalX Fund was 60.31% and 34.73% 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.

	30 June 2022 \$AUD	30 June 2021 \$AUD
Opening Balance	8,257,054	670,910
Profit/(Loss) for the period attributable to non-controlling interests	(341,497)	(447,884)
Other comprehensive income attributable to non-controlling interests	(5,975,227)	4,244,533
Distributions payable ^A	(43,522)	(1,767,898)
Gain/(loss) on change in ownership	154,153	(454,055)
Net change in units on issue	4,160,786	6,011,451
Closing Balance	6,211,747	8,257,054

^A In accordance with the trust deed for the DigitalX BTC Fund and DigitalX Fund if there is taxable income at 30 June 2022 it must be distributed to the unit holders. At 30 June 2022, the balances below were payable.

	Total (\$AUD)
Distribution payable to unit holders	28,406
Distribution payable to DigitalX	15,117
Total	43,522

[E - FINANCIAL POSITION]

E1 - NON-CURRENT ASSETS – RIGHT OF USE

	30 June 2022 \$AUD	30 June 2021 \$AUD
Right of use asset	598,207	598,207
Accumulated amortisation	(478,565)	(358,924)
Net Carrying amount	119,642	239,283
<i>Reconciliation</i>		
Carrying amount at beginning of period	239,283	424,241
Partial de-recognition of lease – net	-	863
Depreciation charge for the period	(119,641)	(185,821)
Net carrying amount at end of period	119,642	239,283

	30 June 2022 \$AUD	30 June 2021 \$AUD
Carrying amount at beginning of period	302,589	489,402
Interest expense	20,544	32,870
Lease payments	(146,712)	(164,138)
Partial de-recognition of lease – net	-	(55,545)
Net carrying amount at end of period	176,421	302,589
Current	-	126,169
Non-Current	-	176,421
	176,421	302,589

E2 – BUSINESS COMBINATION & GOODWILL

Acquisition of Sell My Shares

On 30 September 2021, the Company acquired 100% of the business assets of Sell My Shares for consideration of AUD\$1,640,000 upfront plus \$250,000 in deferred consideration subject to revenue and expenditures-based milestones. The strategic acquisition was completed to accelerate Drawbridge commercialisation and enable compliant employee share trading. The acquisition has been earning accretive.

Details of the purchase consideration and net assets acquired are set out below:

	\$AUD
Purchase Consideration	
Cash consideration	1,640,000
Contingent consideration	250,000
Total purchase consideration	1,890,000
	Fair Value (\$AUD)
Property, Plant and Equipment	10,000
Other current assets	4,538
Intangible assets (website and domains)	29,960
Employee entitlements	(42,158)
Net deferred tax	(643)
Net identifiable assets acquired	1,697
Goodwill	1,888,304
Total	1,890,000

(i) Goodwill

Goodwill is attributable to the strong and sustained profitability of the Sell My Shares business in the one-off share sale market over a sustained period of time. There are also synergies with the Company's existing Drawbridge product to facilitate compliant employee share trading.

(ii) Contingent Consideration

A cash payment up to A\$250,000 is to be paid 6 months following settlement for the satisfaction of monthly revenue targets and satisfaction of expense ratio (total revenue divided by advertising spend).

For any particular month the performance targets are not satisfied the Deferred Consideration will be decreased on a pro-rata basis for the percentage of underperformance. Fair value of the consideration at 30 June 2022 was nil as the milestone was met during the period.

(iii) Revenue and Profit Contribution

The acquired business contributed revenue to the Group of \$1,364,545 and profit of \$271,109 for the period 30 September to 30 June 2022.

(iv) Acquisition Related Costs

There were immaterial acquisition related costs (legal fees) for the transaction. These are included in the profit or loss.

E3 – INTANGIBLE ASSETS

	Total (\$AUD)
Opening balance	268,772
Acquisition of Sell My Shares – Refer to Note E2	1,918,264
Additions	145,207
Amortisation	(54,192)
Total	2,278,051
Intangible Assets	389,747
Goodwill	1,888,304
Total	2,278,051

[F – EQUITY]**F1 – CONTRIBUTED EQUITY****(a) Issued and paid up Capital**

	Year ended 30 June 2022 \$AUD	Year ended 30 June 2021 \$AUD
Fully paid ordinary shares – 742,444,039 (2021: 739,675,657)	59,028,586	58,796,111

(b) Movement in Ordinary Share Capital

Date	Details¹	Number of Shares	Issue Price A\$	\$AUD
30-Jun-21	Closing Balance	739,675,657		58,796,111
10-Nov-21	Issued of shares on conversion of options	2,768,382	0.0847	234,482
11-Nov-21	Share issues costs	-	-	(2,008)
30-Jun-22	Closing Balance	742,444,039		59,028,586

¹ Refer to the corresponding Appendix 3B for full details of each issue.

² Refer to Note H1 for any issues subsequent to the end of the reporting period.

F2 - RESERVES

Nature of reserves

Option premium and share-based payment reserve	Reserve is established to record balances pertaining to share options and performance rights granted for services provided to the company by employees and vendors.
Convertible note reserve	Reserve is established to record amounts required to be recognised in equity for convertible notes that meet the definition of compound instruments.
Foreign Exchange Reserve	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.
Non-controlling interest	This reserve is used to record transactions with non-controlling interests that do not result in a loss of control.

Note	Option premium and share-based payment reserve ¹	Convertible Note Reserve	Asset Revaluation Reserve	Foreign Exchange Reserve
30 June 2021	2,957,307	91,051	14,930,755	(12,215)
Share based payment expense	53,157	-	-	-
Conversion of foreign operations	-	-	-	245
Revaluation of digital assets	-	-	(12,895,148)	-
30 June 2022	3,013,854	91,051	2,035,607	(12,460)

Note	Option premium and share-based payment reserve ¹	Convertible Note Reserve	Asset Revaluation Reserve	Foreign Exchange Reserve
30 June 2020	2,105,857	91,051	-	30,144
Share based payment expense	851,449	-	-	-
Conversion of foreign operations	-	-	-	(42,359)
Revaluation of digital assets	-	-	14,930,755	-
30 June 2021	2,957,307	91,051	14,930,755	(12,215)

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

Valuation of options and performance rights

The fair value of the share options and performance rights at grant date are determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Options issued to Non-Executive Director

Item	Tranche 1
Volatility (%)	103.14%
Risk-free interest rate (%) – range	1.03%
Expected life of option (years)	3
Exercise price per terms & conditions	\$AUD0.10
Underlying security spot price	\$AUD0.084
Valuation date	6/12/2021
Expiry date	30 June 2024
Valuation per option	\$AUD0.076
Number of options issued	2,500,000
Vesting condition	Immediate
Valuation methodology	Black-Scholes

Options issued to Chief Executive Officer

Item	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Volatility (%)	112.60%	112.60%	112.60%	112.60%
Risk-free interest rate (%) – range	2.63%	2.63%	2.63%	2.63%
Expected life of option (years)	5	5	5	5
Exercise price per terms & conditions	\$0.091	\$0.118	\$0.153	\$0.199
Underlying security spot price	\$0.075	\$0.075	\$0.075	\$0.075
Valuation date	4 April 2022	4 April 2022	4 April 2022	4 April 2022
Expiry date	11 April 2027	11 April 2027	11 April 2027	11 April 2027
Valuation per option	\$0.059	\$0.057	\$0.054	\$0.052
Number of options issued	1,415,094	1,470,588	1,530,612	1,630,435
Vesting condition	Service based	Service based	Service based	Service based
Valuation Methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

[G - GROUP STRUCTURE]

G1 - CONTROLLED ENTITIES

Year ended 30 June 2022

During the year the Company incorporated Sell My Shares Pty Ltd for the purpose of acquiring the Sell My Shares business as detailed in Note E2. There were no other changes to the controlled entities during the year ended 30 June 2022.

[H - OTHER DISCLOSURES]**H1 - EVENTS AFTER THE REPORTING DATE**

No other matter or circumstance has arisen since 30 June 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. There were no other reportable subsequent events.

Date of event	Details of event																							
	Due to the volatile nature and the materiality of the digital assets held, we disclose 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 26 August.																							
	<table border="1"> <thead> <tr> <th>Coin Symbol</th> <th>Coin Amount</th> <th>\$AUD Spot Price at 30 June</th> <th>\$AUD Spot Price at 26 August</th> <th>\$AUD Balance</th> </tr> </thead> <tbody> <tr> <td>BTC</td> <td>212.68</td> <td>\$28,684</td> <td>\$30,918</td> <td>\$6,575,636</td> </tr> <tr> <td>Altcoins</td> <td>-</td> <td>-</td> <td></td> <td>\$1,803,241</td> </tr> <tr> <td>Total</td> <td>-</td> <td>-</td> <td>-</td> <td>\$8,378,877</td> </tr> </tbody> </table>	Coin Symbol	Coin Amount	\$AUD Spot Price at 30 June	\$AUD Spot Price at 26 August	\$AUD Balance	BTC	212.68	\$28,684	\$30,918	\$6,575,636	Altcoins	-	-		\$1,803,241	Total	-	-	-	\$8,378,877			
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