

DIGITALX LTD - APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Authorised for release by the Board of DigitalX Ltd on 25 February 2022

A. Reporting Period

Financial period 31 December 2021.

B. Previous Corresponding Period (PCP)

The previous corresponding period for the Group is the period end 31 December 2020.

C. Results

	% change from financial period ended 31 Dec 2020	\$AUD
Revenue from ordinary activities	↑ 305.5%	1,143,123
Profit/(loss) from ordinary activities after tax attributable to members	↓ 16.5%	(\$847,362)
Profit/(loss) for the period attributable to members	↓ 16.5%	(\$847,362)

D. Net tangible asset per ordinary share

2021 \$AUD/share	2020 \$AUD/share
0.072	0.037

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

- Sell My Shares Pty Ltd – Refer to Note G1 & E3.

H. Associates and joint venture entities

- DigitalX Fund Unit Trust
- DigitalX BTC Fund Unit Trust

I. Auditor Review

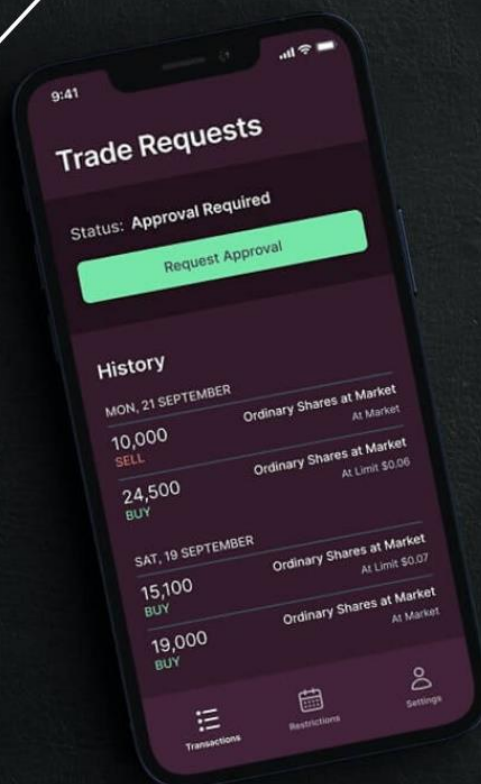
The financial statements were subject to a review by the auditors, BDO Audit (WA) Pty Ltd, and the review report is included as part of the Interim Financial Report



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Interim Financial Report

For the Half-Year Ended 31
December 2021



CONTENTS

DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	9
AUDITOR'S REVIEW REPORT	10
CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME	12
CONSOLIDATED BALANCE SHEET	14
CONSOLIDATED STATEMENT OF CASHFLOWS	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
NOTES TO THE FINANCIAL STATEMENTS	18

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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www.digitalx.fund

www.opendrawbridge.io

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Auditor

BDO Audit (WA) Pty Ltd

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PERTH WA 6000

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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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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 2021. 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 (appointed 3 August 2021); and
- Leigh Travers, Executive Director (resigned 6 August 2021);
- Joel Ives, Company Secretary (appointed 6 August 2021); and
- Shannon Coates, Company Secretary (resigned 6 August 2021).

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 2021 included:

Highlights

- ✕ Successful acquisition and integration of leading online share execution business, Sell My Shares, to accelerate Drawbridge commercialisation and enable compliant employee share trading.
- ✕ 305% increase in revenue on previous corresponding period due to growth in revenue from funds management, Sell My Shares, and Drawbridge.
- ✕ Appointment of Lisa Wade, former Head of Digital Innovation and Sustainability at National Australia Bank, as the Company's new Chief Executive Officer.
- ✕ Appointment of Greg Dooley, former Managing Director of Computershare Issue Services, as a Non-Executive Director.
- ✕ 73% increase in funds under management since 30 June 2021.
- ✕ 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.

Operating results

For the period ended 31 December 2021, the consolidated loss attributable to members of the Group after providing for income tax amounted to AUD\$847,362 (2020: AUD\$1,014,650), a decrease in loss after tax of 16.5% from the prior period. Total comprehensive income of AUD\$13,024,930 (2020: AUD\$9,637,036), an increase of 35.2% on the prior period and primarily attributable to an increase in the value of the Group's digital asset holdings from 30 June 2021 (Refer to Note D2 for further details).

[3] DIGITALX LTD - INTERIM FINANCIAL REPORT

The Group is pleased to note a 305% increase in revenue on the previous corresponding period (**PCP**) consistent with its strategy of growing revenue.

This is primarily driven by a 382% increase in funds management revenue to \$520,982 for the half-year, in line with the growth with assets under management (101% increase on PCP).

There has also been a 494% increase in revenue from Product Development (inclusive of consulting activities, Drawbridge and Sell My Shares) to \$449,331, in line with a full period of Drawbridge and the acquisition of Sell My Shares in September 2021.

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\$55,836,018 (30 June 2021: net assets of AUD\$42,532,693) representing an increase of 31.3% since 30 June 2021.

The increase for the period is primary attributable to an increase in the value of the Group's digital asset holdings from 30 June 2021 (Refer to Note C1 for additional details) with the bitcoin price increasing from A\$46,738 to A\$63,743 and recognition of the Group's right to Human Protocol tokens at fair value. There was also an increase in intangible assets (goodwill) of \$1.88m from the acquisition of Sell My Shares.

Despite volatility in the digital asset markets in December 2021 the balance sheet remains strong heading into the second half of FY2022.

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 - 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).

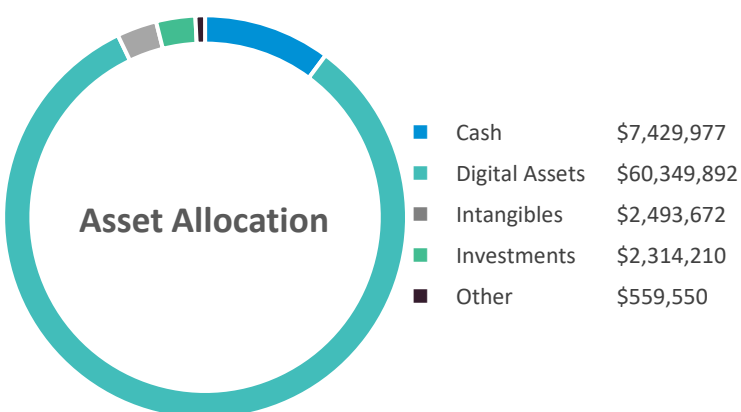
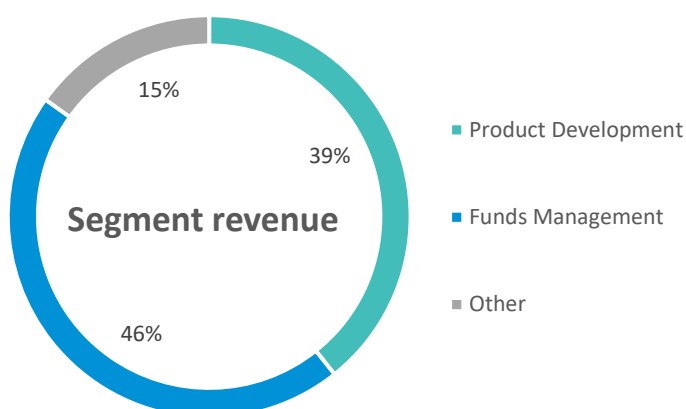
Drawbridge



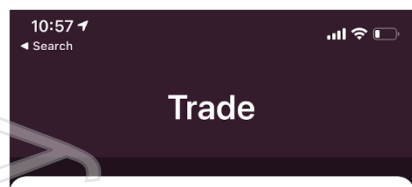
Drawbridge

Drawbridge experienced continued growth during the half-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.



[4] DIGITALX LTD - INTERIM FINANCIAL REPORT



Place your trade

Buy
15,000
Shares at Market
Fee: 0.22% or \$12.10 minimum

Concierge Service

Enter your contact preference below and a member of our team will personally contact you to arrange the authorisation and information needed to trade your shares.

☐ Mobile

☒ Email

You will be contacted via your email
david+demo@digitalx.com

Submit Trade

How will my trade be processed? ▾

users at scale.

Sell My Shares

sellmyshares.com.au
Australia's No. 1 in share sales

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 CHESS replacement system.

The priority for the period 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. Actual revenue was 19% higher compared to the acquisition's milestones based on seasonally adjusted forecasts. Total share sales for the period was \$27.7m.

Following Sell My Shares' migration to DigitalX, the Company has begun planning a development roadmap to grow the business through technology improvements and new service offerings to customers. Development has been prioritised to 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 will be gradually rolled out over the coming months and will provide a solid technical foundation for new service offerings to be brought to market later in 2022.

The Company has recruited Peter Hume to the role of Product Owner to oversee the planning and implementation of these activities. Mr Hume has a strong track record in bringing financial markets technology products to market, having previously worked in similar roles at Chevron, Corporate Governance Risk Pty Ltd, micro-investment app Bamboo, and share market information website Market Index.

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 is 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.

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 quarter, receiving a feature in ASX Ltd's Annual Report Presentation as a highlighted DLT app.

Additionally, the Company has commenced discussions with a share registry provider to consider the integration of Drawbridge as a solution to internal share trading compliance for their existing listed entity clients. Strategically, this would enable Drawbridge to potentially adopt a significant partner channel for acquiring a number of new Drawbridge

The financial report for the period ended 31 December 2021 for Sell My Shares only includes results from 30 September 2021 onwards

Digital Finance Cooperative Research Centre (CRC)

DIGITAL FINANCE CRC

Following the successful establishment of the Digital Finance CRC (**DFCRC**) 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.

DIGITALX ASSET MANAGEMENT

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. The Company operates two professionally managed wholesale funds, the DigitalX Bitcoin Fund and the Digital Asset Fund, a diversified basket of leading digital assets. The DigitalX digital asset 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 grown to \$33.59m representing a period-on-period increase of 73.1% (and 12-month increase of 149.54%) due to an improvement in digital asset prices from 30 June 2021 to 31 December 2021 and new funds raised for the period of \$3.57m.

The DigitalX Bitcoin Fund and the DigitalX Fund saw gains for the period (net of fees) of 36.24% and 54.67% respectively. This takes the 12-month gains (net of fees) to 68.01% and 238.28% for the two funds.

The DigitalX Fund continues to achieve superior returns over the Eureka Crypto Hedge Fund (ECHF) Index and Crypto20 Index, despite having a lower-risk mega-cap, liquid investment strategy.

Bitcoin Fund Secures Australian First investment grade rating

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 is the first research-rated digital asset fund in Australia.

As part of the research rating process, the Fund has been 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.

Business Development

During the half-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 Funds Management team continues to expand with the hiring of a new funds management operation executive, investment analyst, and an additional business development executive.

CORPORATE

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 half-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.

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>.

OTCQB Listing

During the half-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 15% 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 half-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.

[7] DIGITALX LTD - INTERIM FINANCIAL REPORT

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**).

Future Developments

With a 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.

Subsequent events

No other matter or circumstance has arisen since 31 December 2021 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.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Date of event	Details of event								
25 January 2022	The Company announced it was selected for funding of \$100k from the Department of Industry under the Business Research and Innovation Initiative (BRII) into the use of regulatory technologies by the Australian Securities and Investments Commission (ASIC).								
25 February 2022	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 24 February.								
<table><tr><th>Coin Symbol</th><th>\$AUD Spot Price at 31 December</th><th>\$AUD Spot Price at 24 February</th><th>\$AUD Impact</th></tr><tr><td>BTC</td><td>\$63,743</td><td>\$49,291</td><td>(\$3,107,180)</td></tr></table>		Coin Symbol	\$AUD Spot Price at 31 December	\$AUD Spot Price at 24 February	\$AUD Impact	BTC	\$63,743	\$49,291	(\$3,107,180)
Coin Symbol	\$AUD Spot Price at 31 December	\$AUD Spot Price at 24 February	\$AUD Impact						
BTC	\$63,743	\$49,291	(\$3,107,180)						

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 9.

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.


Toby Hicks

Non-Executive Chair

Perth, 25 February 2022

DIRECTORS' DECLARATION

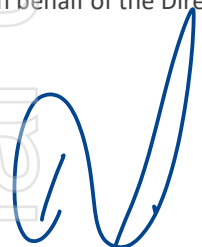
In the opinion of the Directors of DigitalX Limited (the 'Company'):

- (a) The financial statements, notes and the additional disclosures of the consolidated entity set out on pages 10 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 2021 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 2021.

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, 25 February 2022

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 2021, 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', is written over a horizontal line.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 25 February 2022

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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 2021, 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 2021 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 2021 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.

Phillip Murdoch

Director

Perth, 25 February 2022

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

	Note	Half-year ended 31 December 2021 \$AUD	Half-year ended 31 December 2020 \$AUD
Revenue from operations		1,143,123	281,875
Net gain/(loss) on digital assets		-	-
Other Income		66,914	199,824
Professional and consultancy fees		(504,867)	(87,092)
Corporate expenses		(105,185)	(38,773)
Advertising, media and investor relations		(220,953)	(108,112)
Employee benefit expenses		(818,303)	(681,458)
Share based payments – employee benefits		(49,311)	(481,609)
Depreciation		(180,481)	(173,329)
Intangible asset impairment		-	-
Realised and unrealised foreign exchange losses		(2,033)	5,218
Fair value movement of financial assets		71,542	370,668
Finance costs		(81,536)	(20,404)
Other expenses		(435,839)	(331,532)
(Increase)/decrease in net assets attributable to unit holders	D4	269,567	50,074
Profit/(Loss) before tax		(847,362)	(1,014,650)
Income tax benefit/(expense)		-	-
Profit/(Loss) for the half-year attributable to members of DigitalX		(847,362)	(1,014,650)

The accompanying notes form part of these financial statements.

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

	Note	Half-year ended 31 December 2021 \$AUD	Half-year ended 31 December 2020 \$AUD
Profit/(Loss) for the period		(847,362)	(1,014,650)
Other comprehensive income for the period			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of operations		(2,030)	(91,648)
<i>Items that will not be reclassified to profit or loss</i>			
Fair value increase/(decrease) in digital assets		13,874,321	10,743,334
Other comprehensive income/(loss) for the period, net of tax		13,872,291	10,651,686
Total comprehensive income/(loss) for the period		13,024,930	9,637,036
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		13,024,930	9,637,036
		13,024,930	9,637,036
Profit/(Loss) per share attributable to the ordinary equity holders of the parent:			
Basic earnings/(loss) per share	C4		
Earnings per share from continuing operations		(0.001)	(0.002)
Total		(0.001)	(0.002)
Diluted earnings/(loss) per share	C4		
Earnings per share from continuing operations		(0.001)	(0.002)
Total		(0.001)	(0.002)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 December 2021 \$AUD	30 June 2021 \$AUD
CURRENT ASSETS			
Cash and cash equivalents	D1	7,429,977	10,369,645
Trade and other receivables	C3	392,885	158,825
Digital assets	D2	60,349,892	32,479,969
Contract assets	D2	-	8,335,434
Other current assets		108,104	104,021
Total Current Assets		68,280,858	51,447,894
NON-CURRENT ASSETS			
Investments	D3	2,291,106	2,471,036
Property, plant and equipment		63,099	148,339
Right of use asset	E1	179,462	239,283
Intangible assets	E2	2,314,210	268,772
Total Non-Current Assets		4,847,877	3,127,430
TOTAL ASSETS		73,128,735	54,575,324
CURRENT LIABILITIES			
Trade and other payables	C3	945,592	742,515
Contract liabilities		-	-
Lease liabilities	E1	131,507	126,169
Distributions payable to unit holders	D4	-	2,740,471
Net assets attributable to unit holders	D4	16,105,594	8,257,054
Total Current Liabilities		17,182,693	11,866,209
NON-CURRENT LIABILITIES			
Lease liabilities	E1	109,381	176,422
Deferred tax liabilities	E3	643	-
Total Non-Current Liabilities		110,024	176,422
TOTAL LIABILITIES		17,292,717	12,042,631
NET ASSETS		55,836,018	42,532,693
EQUITY			
Contributed equity	F1	59,028,586	58,796,111
Reserves	F2	31,888,501	17,970,289
Retained earnings/(losses)		(35,081,069)	(34,233,707)
TOTAL EQUITY		55,836,018	42,532,693

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Half-year ended 31 December 2021 \$AUD	Half-year ended 31 December 2020 \$AUD
Cash flows from operating activities			
Receipts from customers		788,005	256,385
Payments to suppliers and employees		(2,469,147)	(1,151,284)
Other income		194,017	147,617
Other expense		(68,038)	-
Net cash provided by/(used in) operating activities		(1,555,163)	(747,282)
Cash flows from investing activities			
Payment for intellectual property		(159,342)	(85,199)
Acquisition of property plant and equipment		(4,780)	(2,889)
Acquisition of business		(1,890,000)	-
Net payment for digital assets in funds		(2,515,539)	(1,491,817)
Repayment of Convertible Note by Issuer		250,000	-
Net cash used in investing activities		(4,319,661)	(1,579,905)
Cash flows from financing activities			
Proceeds from issue of equity securities		234,842	337,400
Net proceeds from issue of units in fund		3,894,256	1,920,575
Payments for share issue costs		(1,103,144)	(7,068)
Principal elements of lease payments		(73,356)	(83,489)
Net cash (used in)/provided by financing activities		2,952,598	2,167,418
Net increase/ (decrease) in cash and cash equivalents		(2,922,226)	(159,769)
Cash and cash equivalents at beginning of period		10,369,645	3,975,690
Foreign exchange movement in cash		(17,442)	7,234
Cash and cash equivalents at end of period	D2	7,429,977	3,823,155

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 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.

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 ¹ \$AUD	Retained Earnings/(Losses) \$AUD	Total \$AUD
Balance at 30 June 2021	58,796,111	17,970,289	(34,233,707)	42,532,693
Profit/(Loss) for the half-year	-	-	(847,362)	(847,362)
Other comprehensive income	-	13,872,291	-	13,872,291
Total comprehensive income for the period	-	13,872,291	(847,362)	13,024,930
Shares issued during the period ²	234,482	-	-	234,482
Share issue costs	(2,007)	-	-	(2,007)
Share-based payment expense	-	45,921	-	45,921
Balance at 31 December 2021	59,028,586	31,888,501	(35,081,069)	55,836,018

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 half-year	-	-	(1,014,650)	(1,014,650)
Other comprehensive income	-	10,651,686	-	10,651,686
Total comprehensive income for the half-year		10,651,686	(1,014,650)	9,637,036
Shares issued during the half-year ²	484,848	-	-	484,848
Share issue costs	(8,892)	-	-	(8,892)
Share-based payment expense	-	481,609	-	481,609
Balance at 31 December 2020	50,965,244	13,360,348	(42,005,311)	22,320,281

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 HALF-YEAR END 31 DECEMBER 2021

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 2021 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 2021.

Event	Description of impact	Impact
Acquisition of Sell My Shares	On 30 September 2021 the Group acquired the business assets of Sell My Shares for \$1.89m. Sell My Shares is a leading online share sale execution business which generates material revenues from brokerage.	Note E3
Change in digital asset market	Over the half-year the price of bitcoin rose by 36.3% from AUD\$46,738 to a closing pricing of AUD\$63,743 at 31 December 2021. 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 increase in fair value with a movement of \$13,874,321 recognised in other comprehensive income.	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 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 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.

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	
	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020
Results								
Segment revenue	449,331	75,700	520,982	108,073	172,810	98,102	1,143,123	281,875
Intersegment revenue	-	-	-	-	-	-	-	-
Revenue from external customers	449,331	75,700	520,982	108,073	172,810	98,102	1,143,123	281,875
Revenue recognition timing – point in time	-	-	-	-	-	-	-	-
Revenue recognition timing – over time	449,331	75,700	520,982	108,073	172,810	98,102	1,143,123	281,575
Segment result	(500,156)	(243,832)	27,356	(167,500)	(382,111)	(459,659)	(854,911)	(870,991)
Income tax expense/(benefit)	-	-	-	-	-	-	-	-
Segment result after tax	(500,156)	(243,832)	27,356	(167,500)	(382,111)	(459,659)	(854,911)	(870,991)
Reconciliation to profit/loss after tax							(854,911)	(870,991)
Equity accounted share of profit from joint venture							-	-
Interest							(81,536)	(20,404)
Depreciation							(180,481)	(173,329)
Amortisation & impairment							-	-
Taxation							-	-
(Increase)/decrease in net assets attributable to unit holders							269,567	50,074
Profit/(loss) after income tax							(847,362)	(1,014,650)

¹ 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.

² 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 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021
Assets								
Segment assets	2,704,190	8,706,490	1,449,586	955,867	68,974,860	44,912,967	73,128,735	54,575,324
Total assets	2,704,190	8,706,490	1,449,586	955,867	68,974,860	44,912,967	73,085,933	54,575,324
Liabilities								
Segment liabilities	53,151	22,935	110,344	74,735	17,129,222	11,944,961	17,292,717	12,042,631
Total liabilities	53,151	22,935	110,344	74,735	17,128,578	11,944,961	17,292,074	12,042,631

C3 – PROFIT & LOSS INFORMATION

(A) Significant Items

Profit/(loss) for the year for the year includes the following items that are unusual because of their size, nature of incidence:

COVID-19 related relief

Half-year ended 31 December 2021 \$AUD	Half-year ended 31 December 2020 \$AUD
-	102,500

(B) Receivables and Payables

Trade and other receivables

Trade receivables (gross)

Loss allowance

Trade receivables – Net

Other receivables

Deposits

Other

Total trade and other receivables

31 December 2021 \$AUD	30 June 2021 \$AUD
316,134	82,073
-	-
316,134	82,073
76,751	76,751
-	-
392,885	158,825

Trade and other payables

Trade payables

Accrued expenses and other payables

Unit applications¹

Total trade and other payables

31 December 2021 \$AUD	30 June 2021 \$AUD
614,708	467,049
185,884	275,466
145,000	-
945,592	742,515

¹ 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.

[24] DIGITALX LTD – INTERIM FINANCIAL REPORT

Basic earnings/(loss) per share

From continuing operations

Total

Diluted earnings/(loss) per share

From continuing operations

Total

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

From continued operations

Weighted average number of ordinary shares on issue during the period used in the calculation of basic EPS

Adjustments for calculation of diluted EPS

Options

Performance rights

Weighted average number of ordinary shares on issue during the period used in the calculation of diluted EPS

Half-year ended 31 December 2021 \$AUD	Half-year ended 31 December 2020 \$AUD
(0.001)	(0.002)
(0.001)	(0.002)
(0.001)	(0.002)
(0.001)	(0.002)

(847,362)	(1,014,650)
740,442,980	612,809,983
80,839,003	46,348,977
-	28,500,000
821,281,983	687,658,960

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]

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).

Cash at bank

Cash deposits at call¹

Total cash and cash equivalents

31 December 2021 \$AUD	30 June 2021 \$AUD
7,429,977	10,369,645
-	-
7,429,977	10,369,645

¹ 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 2021.

(A) Reconciliation of Digital Assets

Bitcoin ^{1,2}
Other listed digital assets ^{1,3}
Non-listed digital assets ⁴
Total Digital Assets

In line with this, the Group has considered its position for the half-year ending 31 December 2021 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)
- Financial asset method (used where the digital asset meets the criteria of a financial asset)

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 on from a number of different sources with the primary being Coin Market Cap (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.

31 December 2021 \$AUD	30 June 2021 \$AUD
39,923,554	28,297,002
19,893,768	3,590,681
532,570	592,286
60,349,892	32,479,969

¹ Digital assets were measured at fair value using as at 31 December 2021. Refer to Note H3 for prices at the date of this report.

² The amount includes \$22,942,078 held by the DigitalX BTC Fund and \$3,254,555 held by the DigitalX Fund

³ Includes all tokens that are not bitcoin that are listed on an exchange. The amount includes \$7,542,549 held by the DigitalX Fund.

⁴ Includes all tokens not listed on an exchange.

Human Protocol Tokens

During the half-year the group recognised a reclassification of its holding in Human Protocol Tokens from contract asset (30 June 2021: \$8,335,434) to digital assets. This reclassification is consistent with the completion of the token sale and tokens commencing trading on a number of digital asset exchanges. The Group's tokens are subject to escrow from 12 months (till June 2022) then a linear unlocking. The Group considers it appropriate to classify its holding in Human Protocol at fair value as there is an active market and the terms of the token agreement allow for the Group to sell its holding prior to the escrow period.

[26] DIGITALX LTD – INTERIM FINANCIAL REPORT

(B) Reconciliation by Class

Intangible asset method

Financial asset method

Total Digital Assets

31 December 2021 \$AUD	30 June 2021 \$AUD
60,349,892	32,478,065
-	1,904
60,349,862	32,479,969

D3 – INVESTMENTS

Investment in Bullion Asset Management Pte Ltd^A

Convertible note receivable

31 December 2021 \$AUD	30 June 2021 \$AUD
2,291,106	2,221,436
-	249,600
2,291,106	2,471,036

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

Opening balance

Additional investment in BAM

Additional shares received in lieu of services

Increase/(decrease) in fair value¹

31 December 2021 \$AUD	30 June 2021 \$AUD
2,221,436	1,251,036
-	321,863
-	214,867
69,670	433,670
2,291,106	2,221,436

¹ Fair value based on reference to most recent capital raising completed in July 2021.

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 2021.

The net asset value (NAV) of the Group's units in the funds at 31 December 2021 were \$AUD2.0987 (2021: \$1.3706) and \$AUD6.0455 (2021: \$AUD4.4671) 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.

[27] DIGITALX LTD – INTERIM FINANCIAL REPORT

Opening Balance

Profit/(Loss) for the period attributable to non-controlling interests	
Other comprehensive income attributable to non-controlling interests	
Taxable distributions paid	
Taxable distributions payable	
Gain/(loss) on change in ownership	
Net change in units on issue	
Closing Balance	

31 December 2021 \$AUD	30 June 2021 \$AUD
8,257,054	670,910
(310,426)	(474,780)
4,189,365	4,244,533
-	(357,460)
-	(1,410,441)
(38,454)	(427,159)
4,008,055	6,011,451
16,105,594	8,257,054

[E - FINANCIAL POSITION]

E1 - NON-CURRENT ASSETS – RIGHT OF USE

Right of use asset	
Accumulated amortisation	
Net Carrying amount	
<i>Reconciliation</i>	
Carrying amount at beginning of period	
Partial de-recognition of lease – net	
Depreciation charge for the period	
Net carrying amount at end of period	

31 December 2021 \$AUD	30 June 2021 \$AUD
598,207	598,207
(418,745)	(358,924)
179,462	239,283
239,283	424,241
-	863
(59,821)	(185,821)
179,462	239,283

Carrying amount at beginning of period	
Interest expense	
Lease payments	
Partial de-recognition of lease – net	
Net carrying amount at end of period	
Current	
Non-Current	

31 December 2021 \$AUD	30 June 2021 \$AUD
302,589	489,402
11,654	32,870
(73,356)	(164,138)
-	(55,545)
240,888	302,589
131,507	126,169
109,381	176,421
240,888	302,589

E2 - NON-CURRENT ASSETS - INTANGIBLE ASSETS

At 31 December 2021

	Intellectual Property	Goodwill	Total \$AUD
Cost	3,354,699	1,888,304	5,243,003
Accumulated amortisation	-	-	-
Provision for Impairment	(2,928,793)	-	(2,928,793)
Net Carrying amount	425,906	1,888,304	2,314,210

	Intellectual Property	Goodwill	Total \$AUD
Opening net book amount at 30 June 2021	268,772	-	268,772
Additions	154,272	-	154,272
Acquisition of business (Refer Note E3)	29,960	1,888,304	1,918,264
Accumulated amortisation	(27,098)	-	(27,098)
Impairment charge	-	-	-
Net Carrying amount	425,906	1,888,304	2,314,210

E3 – 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:

Purchase Consideration

	\$AUD
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 31 December 2021 was A\$250,000.

(iii) Revenue and Profit Contribution

The acquired business contributed revenue to the Group of \$431,410 and profit of \$75,103 for the period 30 September to 31 December.

(iv) Acquisition Related Costs

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

[F – EQUITY]

F1 – CONTRIBUTED EQUITY

(a) Issued and paid up Capital

Fully paid ordinary shares – 742,444,039
(2021: 739,675,657)

31 December 2021 \$AUD	30 June 2021 \$AUD
59,028,586	58,796,111

(b) Movement in Ordinary Share Capital

Date	Details ¹	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		59,028,586

Date	Details ¹	Number of Shares	Issue Price	\$AUD
30-Jun-20	Closing Balance	605,628,549		50,489,287
1-Sep-20	Issue of shares on exercise of options	5,251,852	0.0324	170,160
1-Sep-20	Issue of shares to employees	1,136,634	0.044	50,012
3-Sep-20	Share issue costs			(2,582)
10-Sep-20	Issue of shares on exercise of options	2,561,728	0.0324	83,000
11-Sep-20	Share issue costs			(1,922)
21-Sep-20	Issue of shares on exercise of options	2,600,000	0.0324	84,240
22-Sep-20	Share issue costs			(1,922)
4-Dec-20	Issue of shares in lieu of Directors' fees	2,029,914	0.048	97,436
7-Dec-20	Share issue costs			(2,465)
31-Dec-20	Closing Balance	619,208,677		50,965,244

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

² Refer to Note H3 for any issues subsequent to the end of the reporting period.

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

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.
Asset revaluation reserve	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.
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.

	Share-based payment reserve ¹	Asset revaluation reserve	Convertible Note Reserve	Foreign Exchange Reserve	Total
30 June 2021	2,960,697	14,930,756	91,051	(12,215)	17,970,289
Share based payment expense	45,921	-	-	-	45,921
Conversion of foreign operations	-	-	-	(2,030)	(2,030)
Fair value movement of digital assets ²	-	13,874,321	-	-	13,874,321
31 December 2021	3,006,618	28,805,076	91,051	(14,245)	31,888,501

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

² 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 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.

[31] DIGITALX LTD – INTERIM FINANCIAL REPORT

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

Valuation of performance rights

The fair value of performance rights with market-based conditions at grant date are determined using a Monte-Carlo simulation method that takes into account the market conditions, the term of the vesting period, the share price at grant date and expected volatility of the underlying share across a number of simulations.

There were no performance rights issued during the half-year.

[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 2021.

There were no changes to the controlled entities during the half-year ended 31 December 2021 except for those noted below:

- Incorporation of Sell My Shares Pty Ltd in September 2021 for the purpose of acquiring the business assets of Sell My Shares as set out in Note E3.

[H - OTHER DISCLOSURES]

H1 - RELATED PARTY TRANSACTIONS

Half-year ended 31 December 2021

There were no changes to the nature of related party transactions disclosed in the Annual Report for the half-year ended 31 December 2021 other than Director fees paid to Greg Dooley who was appointed as a Non-Executive Director on 3 August 2021.

H2 - COMMITMENTS AND CONTINGENCIES

There were no material changes to the commitments, contingencies, or guarantees for the half-year ended 31 December 2021 from those disclosed in the Annual Report.

H3 - EVENTS AFTER THE REPORTING DATE

No other matter or circumstance has arisen since 31 December 2021 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.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Date of event	Details of event
25 January 2022	The Company announced it was selected for funding of \$100k from the Department of Industry under the Business Research and Innovation Initiative (BRII) into the use of regulatory technologies by the Australian Securities and Investments Commission (ASIC).
25 February 2022	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 24 February.

Coin Symbol	\$AUD Spot Price at 31 December	\$AUD Spot Price at 24 February	\$AUD Impact
BTC	\$63,743	\$49,291	(\$3,107,180)

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