DIGITALX

2023 Annual Report

The builders of global digital finance

digitalx.com

ASX:DCC

Contents

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Letter from the Chair

Dear Shareholders

Financial Year 2023 has been a challenging one for the Company, as evidenced by the results the Company has returned for the year. It was not however without hope that the Company is building a foundation upon which a strong future can be built as the adoption of digital assets continues and the benefits of digital finance and the opportunities it presents continue to become more understood.

Despite strong negative sentiment in the digital asset space, the Company's two fund products continued to perform strongly. While investment interest in digital assets was challenging due to the overall market conditions, the veracity of our Funds team and their ability and willingness to make critical calls during some tumultuous events, including the collapse of crypto exchange FTX, underlines the quality of our team to deliver strong investment returns.

The launch of our third fund product, the Digital Asset Reference Token Fund (DxART Fund), is an exciting initiative that we think can drive the Company forward in the coming years. Real-world asset tokenisation is a concept that is only possible through the tools that are developing in the Web 3.0 space. The launch of the DxART Fund has necessitated a large educational piece around the potential and possibilities of real-world asset tokenisation, and the Company is using a current real-world issue as an example of how real world asset tokenisation can work in the future:

Home ownership in Australia has for a long time been a key foundation of the Australian economy. However, as has been widely reported in the past year, access to home ownership in Australia is decreasing for many tiers of the Australian economy where such access was always just assumed. The HxART investment pool, that has been established within the DxART Fund, is a funding pool intended to enable potential home owners to more easily access the funds needed for a 20% housing deposit, thereby getting them into their own home rather than paying rent, while investors in the DxART Fund benefit from yield on their investment and capital gains on the value of property owned with the DxART Fund. Our job over the coming year is to continue to tell this story as many times as is needed to ensure people understand the investment opportunity.

In addition to our Funds business, our Sell My Shares business has continued to grow from strength to strength. It is a testament to the team that it has been able to roll out new products and grow month-on-month revenues, making it a key contributor to the Company's revenues in the 2023 Financial Year.

The most disappointing event for the Company in the year was the collapse of ASX's CHESS replacement project and its impact on our product development for our Drawbridge governance product. As an active member of the ASX blockchain ecosystem, the collapse of this project has had a negative impact on the Company both in the costs incurred and the opportunity to promote the usage of our Drawbridge product for good corporate governance and management of securities trading policies in public companies. We do continue to be involved within the ASX ecosystem on their Synfini platform, and will continue to be active in this space.

Finally, I would like to thank the Company's CEO, Lisa Wade and her team for their ongoing work in promoting the Company and striving to keep us at the forefront of this evolving space. I would also like to thank Shareholders for their ongoing support and belief in what DigitalX can achieve. The Company's management and Board start Financial Year 2024 with a clear vision and understanding of where the opportunity lies for our Company to grow and achieve the returns that shareholders expect. While some may say it has been a bumpy ride, the reality is simply that the Company works in an ecosystem that continues to develop and that has not yet achieved mainstream acceptance. Our challenge is to continue to be at the front of the line as this continues to change.

Yours Sincerely

Toby Hicks
Non-Executive Chairman

Now,
next and
beyond

Directors' report

Directors

The Company's 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 year ended 30 June 2023. Information contained within this report and the financial report is presented in Australian Dollars ($AUD).

The following persons were Directors of DigitalX during the financial year and up to the date of this report, unless stated otherwise:

Mr Toby Hicks

Non-Executive Chairman

Mr Peter Rubinstein

Non-Executive Director

Mr Greg Dooley

Non-Executive Director

Mr Toby Hicks
Non-Executive Chairman

Term of Appointment
Appointed 10 July 2019

Status
Independent
Non-Executive

Current Directorships
None

Previous Directorships of Listed Entities within past 3 years
None

Experience

Mr Hicks is a Partner of Steinepreis Paganin Lawyers & Consultants with over 20 years' experience advising companies, both public and private, on matters relating to corporate governance, capital raisings and mergers and acquisitions, as well as general commercial and strategic legal advice. He acts for a number of ASX-listed companies.

Mr Hicks holds a Bachelor of Business (Management) and a Bachelor of Laws as well as a Graduate Diploma in Company Secretarial Practice from the Governance Institute and is a Chartered Secretary.

Mr Hicks spent 16 years as a Governor at the University of Notre Dame Australia and served for 14 years on the University's Finance, Audit and Risk Committee and 4 years on the Law School Advisory Board (Fremantle).

Interests in securities held as at the date of the report

- 8,350,792 fully paid ordinary shares; and
- 2,500,000 unlisted options exercisable at $0.10 each expiring on 30 June 2024.

Mr Peter Rubinstein
Non-Executive Director

Term of Appointment
Appointed 10 July 2019

Status
Independent
Non-Executive

Current Directorships
Genetic Technologies Limited
Since 31 January 2018

Previous Directorships of Listed Entities within past 3 years
None

Experience

Mr Peter Rubinstein has over 20 years' experience in early-stage technology commercialisation through to public listings on the ASX. He is a lawyer by training, having worked at one of the large national firms prior to moving in-house at Montech, the commercial arm of Monash University.

Mr Rubinstein has had significant exposure to the creation, launch and management of a diverse range of technology companies including: biotech, digital payments and renewable energy.

Mr Rubinstein is also Chairman of EasyPark ANZ - an early adopter of the "Smart City" opportunities for digital parking, which recently launched in the city of Perth. He is also Chairman of Genetic Technologies Limited - a world leader in Genomics for assessment of risk of serious disease.

Interests in securities held as at the date of the report

- 37,195,604 fully paid ordinary shares;
- 1,000,000 unlisted options exercisable at $0.22 each expiring on 10 December 2023;
- 1,500,000 unlisted options exercisable at $0.25 each expiring on 10 December 2023; and
- 2,000,000 unlisted options exercisable at $0.30 each expiring on 10 December 2023

Mr Greg Dooley
Non-Executive Director

Term of Appointment
Appointed 3 August 2021

Status
Independent
Non-Executive

Current Directorships
None

Previous Directorships of Listed Entities within past 3 years
None

Experience

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.

Interests in securities held as at the date of the report

- 871,428 fully paid ordinary shares; and
- 2,500,000 unlisted options exercisable at $0.10 each expiring on 30 June 2024.

Company Secretary

Mr Joel Ives is an experienced Chartered Accountant (CAANZ) who provides CFO, Accounting and Company Secretarial services for ASX-listed and private companies across various industries.

Mr Ives currently acts as Company Secretary to Kuniko Limited (ASX:KNI), Green Technology Metals Limited (ASX:GT1), and Joint Company Secretary of OD6 Metals Limited (ASX:OD6) and OliveX Holdings Limited (NSX:OLX).

Mr Ives was appointed on 6 August 2021.

Highlights

DigitalX continued to progress its business strategy of growing its revenue through:

- its Sell My Shares (SMS) business;
- management and performance fees from its Funds management division; and
- developing applications utilising Distributed Ledger Technology (DLT).

These business operations give the Company a presence in both the technology and finance aspects of the Bitcoin and blockchain ecosystem. The Company has a unique skill set and experience within the industry and seeks to provide investors with exposure to these markets.

The highlights for the year ended 30 June 2023 included:

Sell My Shares (SMS)

- Three consecutive record-breaking quarters for SMS revenue, with annual revenue up 10% vs the previous year
- Strong execution and successful delivery of the four key strategic initiatives that formed part of SMS' strategic roadmap to deliver revenue uplift. The execution of these four initiatives contributed a total of 29% to annual revenue
- Launch of the new T-Zero initiative, which has contributed over $100,000 to revenue
- Partnership with Automic to provide one-off share sale facilities to Automic clients, leading to a new revenue generation pipeline for Sell My Shares

Funds

- DigitalX Bitcoin Fund increased 56.0% and the DigitalX Fund rose 45.3% over the year
- Launch of DigitalX Asset Reference Token (DxART) Fund, an Australian-first Funds management product offering exposure to real-world assets through digital tokens
    - The "HxART" housing pool is the first investment pool to be included in the fund. The pool consists of tokens that represent a selection of fractionalised, co-owned Australian property as part of a "deposit gap" equity funding arrangement with property technology company, Bricklet
- Commenced execution of distribution and channel development strategy

Product

- Built and tested the Company's first on-chain prototype for tokenised real-world asset investment pools (T0K proof of concept), proving out key Ethereum technology innovations and standards subsequently incorporated into the DxART Fund
- Data validation: for the HxART pool we built a working prototype of the smartllist/playlist in partnership with the University of NSW and DFCRC
- Identified and began testing ideas for digital distribution channels and models for the Funds business
- Pursued growth plans for Drawbridge securities trading approval app, showcasing the product at the Governance Institute national conference
- Launched enhanced functionality for Deceased Estate share sales and integration to Automic
- Launched Australian-domiciled Ethereum validator nodes generating staking revenue from Company treasury assets

Partnerships

- **Blockfold/Fireblocks:** Engaged BlockFold and Fireblocks to build the core technology that will securely bridge the gap between the real-world and digital assets, starting with the tokenisation of residential property
- **Bricklet:** Progress made into real-world asset tokenisation, including:
  - Signing of "deposit gap' equity funding agreement with property technology company, Bricklet; and
  - Funded three residential properties through the Bricklet partnership
- **Digital Finance CRC:** Progressed work with the Digital Finance CRC and partnered with CANVAS on a use case for central bank digital currency with the Reserve Bank of Australia
- **Synfini:** Launched a proof of concept to tokenise units in a managed fund with the ASX on their Synfini Distributed Ledger Technology (DLT) platform

Governance

- Recognising the importance of a strong risk and governance culture, the Board established a Board Risk Committee in August 2022. The committee meets on a quarterly basis
- Over the past two years, and in partnership with Socialsuite, the Company has integrated the World Economic Forum (WEF) ESG Framework into its operations and has successfully implemented impact measurement strategies across various dimensions of sustainability. These dimensions include governance, anti-corruption measures, ethical conduct, human rights, carbon emissions, ecological sensitivity, water stewardship, diversity and inclusivity, fair remuneration, and responsible tax contributions
- Carbon innovation: The Company incurred investing expenditure for the purchase of A$10,000 Betacarbon tokenised carbon credit tokens using XAUD stablecoin. The credits are stored in Fireblocks and can be either retired or divested if the company reaches net zero

Operating and financial review

DigitalX's continued focus is on growing revenues through its existing business units, reducing costs and operating inefficiencies and driving returns for its shareholders.

Principal activities

During the financial year, the principal activities of the Group consisted of:

- Share sales via the Sell My Shares division
- Blockchain product development; and
- Funds under management.

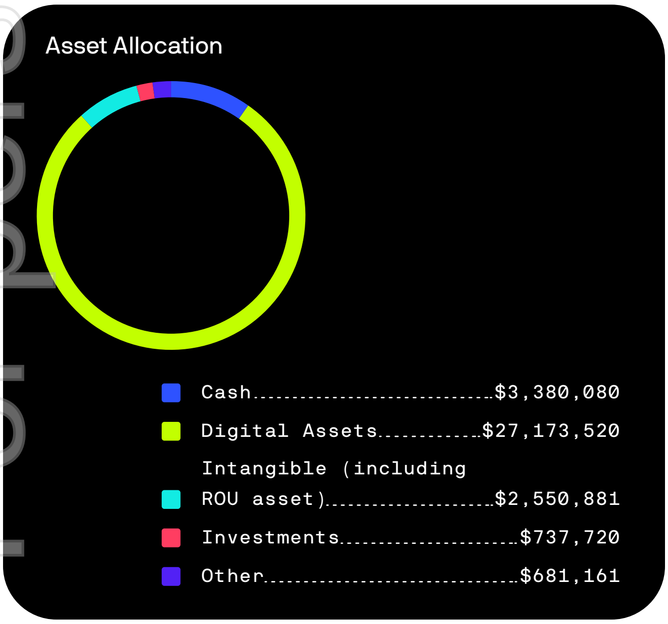
Operating results

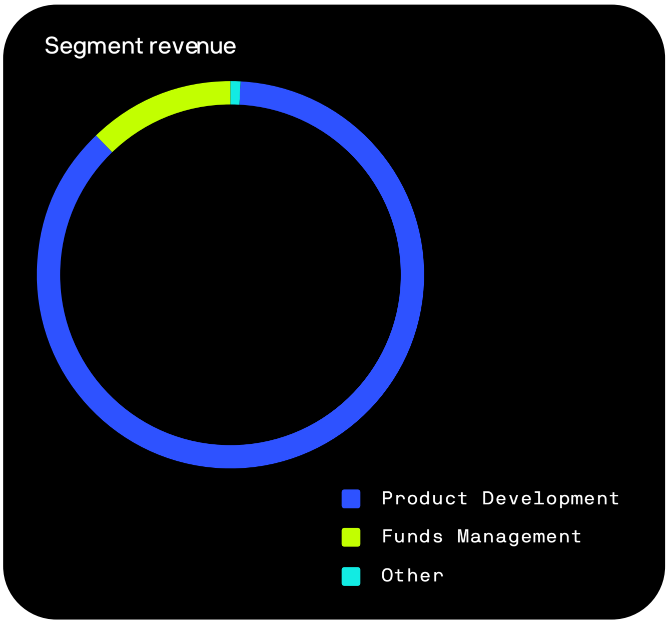
For the year ended 30 June 2023, the consolidated loss attributable to members of the consolidated entity after providing for income tax amounted to AUD$7,584,749 (2022: loss of AUD$2,839,468).

Total comprehensive loss of AUD$3,415,538 (2022: Comprehensive loss of AUD$15,734,861), primarily attributable to a decrease in the value of the consolidated entity's investment in xbullion, as operations of that business are scaled (refer to BAM and xbullion commentary below). Increased operating costs were experienced as a result of proactive investment in key staffing to grow the business, including SMS, which has temporarily contributed to the loss, in addition to heightened focus on regulatory, licensing and compliance expenditure underscoring the Company's dedication to bolstering stringent controls, which is crucial in the digital asset sector.

Whilst the Group notes a 2% decrease in revenue on the previous corresponding period (PCP), revenue generated from the Sell My Shares Business continues to grow generating $1,981,551 for the year, an increase of 45% on PCP. The decline in revenues is in line with expectations, driven by performance fees earned or paid during the period and a decrease in Management Fees from the Funds management business. This reduction can be attributed to the volatility in the digital asset market.

The consolidated entity had net assets of AUD$23,937,582 (30 June 2022: net assets of AUD$27,083,463).





The decrease in assets for the period is primarily attributable to a decrease in the value of the consolidated entity's investments due to a fair value adjustment of the holding in Bullion Asset Management and a decrease in value and subsequent sale of the holding in the Human Protocol Tokens in October 2022, as well as the sale of other digital assets to fund the Company's cash flow.

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

Product development

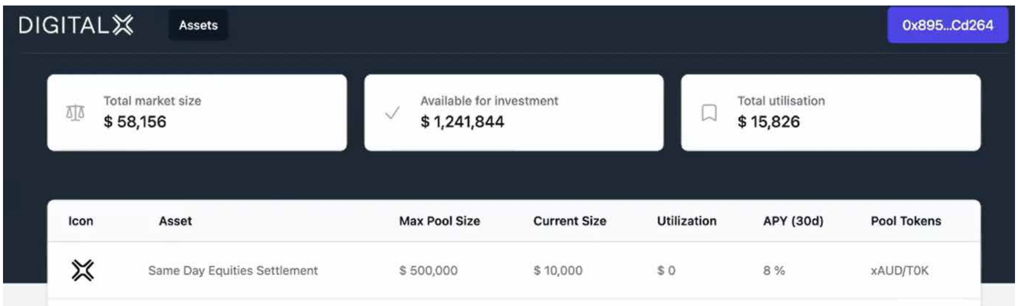
DigitalX is growing a portfolio of digital finance products and services to transform the way investors and listed company customers originate, invest, and transact with their assets.

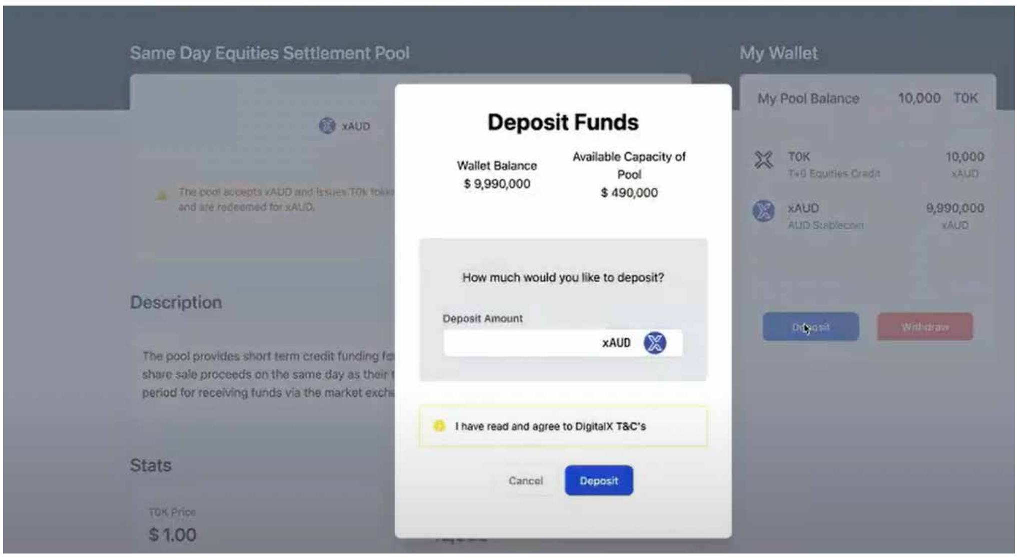
The Product Team develops and supports the underlying technology for the Company's two core products: Sell My Shares and Drawbridge. Both products are well positioned for growth opportunities, arising from transacting with shares and the emerging market for tokenised real-world assets. A core focus for the team has been to drive innovation around distributed ledger technologies (DLTs) and associated application infrastructure, which underpins both Drawbridge and the Company's real-world asset tokenisation initiatives. To achieve this, the team has collaborated and built strong relationships with key DigitalX partners, including: the Digital Finance CRC, the ASX Synfini digital asset platform, and technology providers such as Blockfold and Fireblocks.

The first half of the year was primarily focused on the enhancement of the Sell My Shares technology and business capabilities. Working with SMS customer service colleagues, the Product Team defined and delivered strategic product features and tailored customer experiences which enabled the significant revenue SMS growth seen across the year. This work included the first stage of integration for share sale referrals from Automic. Customer testing of initial Drawbridge integration with SMS continued, along with assessing the potential for Drawbridge to be a value-add to Automic's services. The impact of the ASX's decision to not pursue DAML Distributed Ledger Technology for the replacement of the CHESS system, and focus its DLT capability purely on digital assets, was also assessed. See the following Drawbridge section for more information.

From late Q2, the focus for new product development transitioned to enabling the Company's asset tokenistion strategy. This began with a proof of concept token representing a notional unit in a DigitalX fund created on the ASX's Synfini DAML platform. A second proof of concept for a tokenised investment pool - named T0k - demonstrated how qualified investors could earn a return by providing capital required to fund the settlement of shares on a same-day, or T+0 basis. Key elements of the comprehensive T0k prototype, including the yield-bearing Ethereum Vault standard (ERC4626), were incorporated in the underlying smart contract technology infrastructure of the DxART Fund.

The following images showcase the working prototype of the T0k user interface, built by the Product Team to represent a potential future direct investor experience.





The DxART infrastructure represents a more scalable evolution of the TOK approach. It was built in conjunction with Blockfold, a strategic partner currently developing a platform that simplifies and scales smart contract development for financial services use cases. DigitalX is a foundation member of Blockfold's early adopter program.

In Q4, the Company's Product Team began the design and initial implementation work for the automation of DigitalX's investment due diligence process and principles - i.e. the "Universal Scoring Matrix". This automation is called the "Smartlist". The Smartlist compiles relevant asset attributes (asset data) and determines the universal investment score of each asset by ensuring the digitised qualitative criteria are met. Automating investment due diligence can help to enhance diversification and, over time, has the potential to reduce administration and transaction costs. It also assists in automating the portfolio construction process. The team also continued supporting the exploration of multiple digital distribution options for both the Funds and SMS businesses.

Drawbridge

Drawbridge is a governance tool to a) prevent employees from share trading during blackout periods, and b) assist management in monitoring employee share transactions. The original architecture of Drawbridge built on the ASX Synfini platform was intended to reference the CHESS upgrade.

The ASX's decision to refocus DAML Distributed Ledger Technology purely on the origination and distribution of digital assets provided an opportunity to leverage the Company's Drawbridge technology stack and development expertise into transacting with digital assets. The Company believes the potential for compliance technology over and above the base DLT layer is significant in the regulated digital asset space, albeit still emerging.

Customer testing of the initial Drawbridge integration with SMS trade execution, and the assessment of Automic's need for compliance tools, did not generate a clear value proposition for additional investment in enhancing Drawbridge's capabilities in traditional securities trading. In Q4, DigitalX was notified that it had been unsuccessful in being selected for the second round of funding from the Department of Industry Science and Resources under the Business Research and Innovation Initiative (BRII). The BRII challenge focused on the development of a technology solution to help the Australian Securities and Investments Commission (ASIC) better analyse corporate disclosures. DigitalX had pitched Drawbridge as a potential solution.

Based on the ASIC decision and the ASX's decision to not pursue DAML Distributed Ledger Technology for replacement of the CHESS system, the Company is reviewing the product and technology roadmap for Drawbridge, which will include redefining the product market fit with our strategic distribution channel partners and technology providers and adjusting our offering. This will open up new opportunities in the digital asset space and will not impact existing Drawbridge customers who are currently using the technology for securities trading compliance.

Sell My Shares (SMS)

Sell My Shares continues to be 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. The last three quarters of FY23 saw record-breaking revenue and record-breaking volumes in terms of trade value and number of transactions. The team delivered over $500,000 in revenue each quarter, which had never been achieved prior to DigitalX's acquisition of Sell My Shares.

As part of the SMS strategic roadmap, the team was primarily focused on increasing revenue via the following four avenues: Deceased Estate customers, Automic Partnership, International Share Sales, and T-Zero Settlements. The team successfully delivered on this strategy, with these four initiatives contributing a total of 29% to annual SMS revenue.

The team's additional focus for the year was ensuring staff are sufficiently trained and resourced across the Sell My Shares business. The hiring of a Customer Success Manager has accelerated operational improvement and has, in turn, enabled more of a focus on the strategic future of the business and the exploration of additional revenue opportunities.

Furthermore, the new backend system has allowed for increased operational efficiency across the team. In June, the business started exploring opportunities to partner with Employee Share Scheme administrators to increase revenue by driving more trades through these platforms. Process optimisation was the theme for the year internally, with increasing margins through reviewing partnerships and suppliers strategically also being a high priority.

ethereum

Ethereum staking to drive validation revenue

In August 2022, the Company launched its own Ethereum ("ETH") validator nodes to maximise the utilisation of its digital assets and generate staking revenue. Each Ethereum validator node requires 32 ETH to be staked as a deposit, which then generates a return in exchange for the node's contribution of computational resources needed to run the network.

Over the previous year from August 2022 to June 2023, the four Ethereum validator nodes (requiring 128 ETH) were staked and generated approximately 3.04 ETH in staking revenue. The nodes have been developed following best practices and with robust cyber security principles designed to appropriately manage technical risks associated with staking.

In April, the Company took advantage of the Ethereum Shanghai-Capella network upgrade to undergo important testing of the newly available destaking process. Testing the new procedure saw DigitalX destake the Ethereum ("ETH") in our nodes, transfer the assets directly to our custodian and generate new nodes after extracting the accumulated interest earned in the process. Given the new demand for the nodes, ETH staking yields dropped in the quarter. Although only a small part of revenue, this is foundational infrastructure knowledge for the business and the team will continue to refine the process before expanding the initiative further.

DFCRC THE FUTURE OF FINANCE DIGITAL FINANCE CRC

Digital Finance Cooperative Research Centre (DFCRC)

The DFCRC brings together leading university researchers in partnership with industry to solve real-world problems using leading technologies. The Company continued to evolve its relationship with the DFCRC during the period. This included exploring use cases for Central Bank Digital Currencies (CBDC), culminating in DigitalX submitting a use case for simplifying the matching and settlement of carbon liabilities produced by ASX-listed companies with carbon offset providers. This was provided on a "for research purposes only" basis with no commitment to provide resources for building a pilot at this stage. DigitalX participated as an execution party in the tokenised foreign exchange settlement CBDC use case submitted and piloted by CANVAS.

DigitalX's first PhD candidate continued exploring the crypto-native governance model of Decentralised Autonomous Organisations (DAOs) with academic partners. During the first half of the financial year, a prototype was built for incentivised peer-review and publishing of academic research. In the second half, the work pivoted to explore similar decentralised and algorithmic models for assessing and validating financial investment opportunities in a Web 3.0 context, which the Company believes better aligns with its strategy. This will continue in FY24 as a joint research project under the auspices of DigitalX and Curtin University's School of Engineering. Learnings will be tested against and, where relevant, incorporated into DigitalX's Smartlist and Playlist initiatives for automation of investment due diligence and portfolio management.

DigitalX has also introduced Perth startup Arbela to the DFCRC and is in the process of incorporating them into this research project. Arbela is pursuing a collective intelligence approach to investment validation with attributes similar to DAOs (crowdsourced/decentralised). The Company sees this potentially augmenting and further differentiating its automated due diligence approach in the market.

Additionally, the Company has welcomed its second graduate student from The University of New South Wales UNOVA Research Lab. This partnership has focused on the development of the first iteration of the universal scoring algorithm within the Smartlist, in collaboration with the in-house DigitalX Funds and Products Teams and the Company's technology partners. The initial iteration was in support of asset selection for the launch of the HxART investment pool.

Digital assets funds management

DigitalX Asset Management Pty Ltd (a wholly owned subsidiary of DigitalX Limited) 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 three professionally managed wholesale funds: the DigitalX Asset Reference Token Fund, the DigitalX Bitcoin Fund, and the DigitalX 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 Asset Reference Token Fund ("DxART Fund") was launched at the end of June and is an Australian-first Funds management product that has been established to offer investors exposure to multiple pools of digital tokens backed by different types of real-world assets. The DxART Fund seeks to provide attractive risk-adjusted returns by investing in property, venture capital, private debt, commodities, cash, and bonds. The DxART Fund positions investors to take advantage of the next wave of global digital financial infrastructure. The launch of this fund was a key strategic initiative executed by management.

During the period, the DigitalX Bitcoin Fund and the DigitalX Fund rose 56.0% and 45.3% respectively, outperforming the US S&P Cryptocurrency Top 10 Equal Weight Index (USD) which rose 5.4%, AUD gold (+9.1%), All Ords Index (+9.7%) and S&P 500 (+17.7%). The DigitalX Bitcoin Fund has generated an annualised return of 46.8% since its inception in December 2019 and the DigitalX Fund has risen 11.6% annually since its inception in April 2018. In May, the DigitalX Fund celebrated its 5-year track record.

FY23 was a tale of two halves for the DigitalX Bitcoin Fund and the DigitalX Fund. Both Funds were impacted by the significant volatility arising from the sharp rise in US interest rates followed by the collapse of the FTX exchange in November 2022, and the subsequent fears of contagion from its sister company Alameda Research which on-lent funds to other major participants in the digital asset sector. As a result of the Company's proven asset allocation processes, the Investment Team sold out of FTT tokens prior to its price collapse and did not hold any Funds on the FTX exchange, minimising the financial impact of what is now known to be a major fraud.

Performance of the two Funds grew in the second half of the year with digital asset prices rising as inflationary pressures in the US started to ease, leading to an expected slowdown of further interest rate rises. Bitcoin and Ethereum also rallied following the collapse of a number of regional US banks and the takeover of Credit Suisse by UBS.

After a number of challenging years of raising capital in digital assets, the medium-term outlook is much brighter. In mid-June, BlackRock (the US$9 trillion asset manager) filed for a spot Bitcoin exchange-traded fund (ETF) in the US. Other large traditional asset managers including Fidelity, Van Eck and Invesco followed suit. And in July, a US court case ruled in favour of Ripple over the SEC providing some level of clarity in the debate over the security status of digital assets, and seven applications for Ethereum ETFs were submitted to regulators. These traditional asset managers will bring a much-needed level of maturity, compliance and regulatory oversight into the digital asset sector and open up access to investors looking to gain exposure to this emerging asset class without the complications and security risks of managing their own digital wallets. These fundamental shifts align well with the Bitcoin halving that is expected to occur in April 2024, which historically has led to significant appreciation in the price of Bitcoin.

Given the challenges in digital asset markets, revenue was impacted and it is proving a challenging market for bringing on new investors. During the final quarter of FY23, the team began to focus on new channel opportunities to boost funds under management in 2024.

Corporate

Strategy

DigitalX's objective is to maximise revenue growth while setting a long-term strategic vision for the business. The Company is committed to laying the foundation for the next five years of growth and maximising shareholder value.

Strategic initiatives executed over the 2023 financial year include:

- **Accelerating Sell My Shares new product development and revenue streams:** These four revenue streams contributed a total of 29% to overall group revenue:
  - Deceased Estates, which enables customers to sell shares as part of settling deceased estates
  - T-Zero Settlements, which enables customers to receive the proceeds of their sale on the same day the shares are sold
  - International Sales, which allows people residing outside of Australia to sell their shares that are listed on the ASX
  - Automic Partnership Revenue, where sales are referred via the Automic share registry for any of its customers who want to sell their shares (largely through acquired employee share schemes)
- **Data validation and staking returns on digital asset treasury:** The Company upgrade to undergo important testing of the newly available destaking process. Testing the new procedure saw DigitalX destake the Ethereum ("ETH") in our nodes, transfer the assets directly to our custodian and generate new nodes after extracting the accumulated interest earned in the process.
- **New fund products with a focus on tokenised real-world assets:** After a long development period, the company successfully launched the DxART Fund at the end of the financial year.
- **Venture investments and incubation:** Given the current state of balance sheet assets, this strategy is under review and will be reprioritised once the Funds are in scale.
- **Partnerships:** Accelerating growth via continuous exploration of strategic partnerships.

Going forward, the company aims to focus on the following objectives for the next financial year:

- **Strategic objective of $100m in assets under management,** utilising the following avenues:
- 90-day marketing plan on track and Google Ad words campaign is ready to kick off on time
  - Focus on the go-to-market strategy for the DxART Fund and HxART Investment Pool
  - Progressing new traditional and Web 3.0 Distribution channels
  - Development team working on a client Web 3.0 onboarding journey
- **Establishing a normalised cash flow positive run rate** by the end of the 2024 financial year
- **SMS improving gross margin,** by implementing operational improvements and new strategic partnerships as well as pursuing ongoing revenue growth
- **eNPS (Employee Happiness Score):** an eNPS score 10% higher than the previous financial year

Environment, Social, and Governance (ESG) Framework

DigitalX continues to consider social responsibility as part of its business operations. The Company's commitment to sustainable value creation reflects its deep understanding of the evolving expectations of people, planet, prosperity, and the principles of good governance.

Guided by this mission, DigitalX has integrated the World Economic Forum (WEF) ESG Framework into its operations. Over the past two years, and in partnership with Socialsuite, the Company has successfully implemented impact measurement strategies across various dimensions of sustainability, including governance, anti-corruption measures, ethical conduct, human rights, carbon emissions, ecological sensitivity, water stewardship, diversity and inclusivity, fair remuneration, and responsible tax contributions.

In its ongoing pursuit to ensure accurate tracking, continuous assessment, and transparent reporting of DigitalX's ESG progress, the Company continues to work with Socialsuite, an impact reporting software provider that works with over 100 public companies. This partnership has streamlined the Company's disclosure process and enabled it to provide consistent updates on its ESG journey. DigitalX continues to demonstrate its commitment and progress in making disclosures on ESG topics and looks for opportunities for further transparency on the topics that are material to the business. By integrating ESG metrics into the Company's governance, business strategy, and performance management process, all pertinent risks and opportunities in running the business can be diligently considered.

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

However, here are a few ESG highlights from the year:

- Last financial year (FY22), the Company completed an exercise to review and re-define its core purpose to 'finance for impact'. The results of this have guided business activities over the last year, including a brand redesign, partnering with Bricklet in the HxART asset pool, and launching the 1,000 Faces campaign, which aims to find 1,000 families to be part of the Bricklet ecosystem and close the gap on housing deposits.
- DigitalX continued offsetting the environmental impact of its corporate activities and Bitcoin holding over the financial year. During the period, the Company partnered with Betacarbon to transact $10,000 of Carbon tokens via the XAUD stablecoin.
- After a year of implementing a new human resources (HR) system to allow the Company to accurately track, measure and report on workplace diversity, a solid understanding of DigitalX's people has been established, and an effective and efficient people operations process is now in place.
- With an ongoing and conscious effort to continue to build and maintain a highly diverse talent pool, the Company is pleased to report that its gender diversity ratio has increased to 48% over the last financial year (up 9% from last year's gender diversity ratio of 39%).

BAM and xbullion

Bullion Asset Management Pte Ltd (BAM) is a Singapore-based bullion technology business utilising blockchain technology and has been a long-term investment for the Company as part of its blockchain venture strategy. DigitalX currently holds approximately 16.9% of BAM.

During 2022, xbullion attempted to raise capital from the market, albeit unsuccessfully. DigitalX is working with the other shareholders to incubate the technology and stored assets whilst strategic investors are found. CEO Lisa Wade joined the Board of BAM to support the incubation and fundraising conversation. The Company has decided to write down the fair value of the investment in xbullion to $240,000, resulting in a fair value decrement of $2,050,994 for the financial year ended 30 June 2023.

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.

BAM has a joint venture with Leonie Hill Ai Pte Ltd for the development of an Australian dollar-backed stablecoin (XAUD).

After the end of the Financial Year, Lisa Wade was appointed to the Board of xbullion as a means of providing oversight to protect the Company's investment and to provide any strategic assistance that may enable the investment value and potential in xbullion to be realised.

DigitalX Treasury Holdings & Investments

The DigitalX corporate treasury provides shareholders exposure to a variety of digital assets and digital finance projects. The Company has utilised and continues to utilise its market expertise and skills in identifying, securing and managing these assets and projects in order to generate value.

As at 30 June 2023, the Company held the following major treasury assets:

- Direct holding in Bitcoin and other digital assets (see note 12)
- Investment in Bullion Asset Management (see note 11)
- Investment in DigitalX BTC Fund and DigitalX Fund (see note 11)
- Investment in Bricklets (see note 11)

Recovery actions

Background

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).

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 owed to him by the Company. The Company asserts that it does not owe any amount to Mr Karis. Following initial engagement with legal counsel, the Company continues to assert that the Deed is binding on Mr Karis and that it does not owe the claimed debts, and the Company intends to defend these proceedings to the fullest extent.

Updates

In its September 2022 Quarterly Report, the Company advised that the District Court of Massachusetts had dismissed this claim without prejudice, following the Company filing its counterclaim in the Federal Court of Australia. It was also reported that mediation for the Australian Federal Court proceedings between Mr Karis and the Company for the claimed debts was due to occur in late 2022, and was subsequently postponed when the Judge reserved her decision on the Company's Bitcoin summary judgment application without an expected timeframe for decision. The Company is currently awaiting that decision.

In its June 2023 Quarterly Report, the Company noted that the determination of the Company's Bitcoin summary judgment is still reserved, with no time frame provided by the Court and no subsequent mediation date set.

As at 29th September 2023, there is still no decision on the summary judgment from the Australian Federal Court.

Environmental regulation

The Group is not subject to significant environmental regulation with respect to its operations.

Significant changes in the state of affairs

In addition to the matters noted above in the operating and financial review, the Group also announced the following significant changes and updates to the market during the financial year which contributed to the overall performance and position of the Group at the end of the financial year:

Date	Announcement	Impact	Link[1]
Jun-23	Launch of Digital Asset Reference Token Fund	OFR	Link
Feb-23	DigitalX Commences RWAT Journey with Initial Partnership	Revenue	Link
Feb-23	Automic Referral Partnership Reaches Implementation Stage	OFR	Link
Nov-22	Automic Group Partnership for Share Sale Services	OFR	Link
Oct-22	Sale of Human Protocol Tokens	Revenue	Link

[1] Refer to ASX announcement for full details.

Dividends

No dividends have been paid or declared up to the date of this report. The Directors have not recommended the payment of a dividend in the current financial year.

Any future determination as to the payment of dividends by the Company (and the potential creation of a dividend policy for that purpose) will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and the financial condition of the Company, future capital requirements and general business as well as other factors considered relevant by the Directors.

No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Risk

As a business operating in the digital asset ecosystem, the company considers the risks and uncertainties associated with the digital assets and distributed ledger platforms largely related to technology, safekeeping of digital assets, fluctuation of asset prices, regulatory and compliance, and the continually evolving nature of the digital asset markets.

References made to the DigitalX Bitcoin Fund, DigitalX Digital Asset Fund and DigitalX Asset Reference Token Fund will be herein collectively referred to as the 'Funds'.

Key Risks	Impact	Mitigation
Price Risk Digital Assets	The consolidated entity holds digital assets as a balance sheet asset and manages digital assets on behalf of clients through the funds management business. Price volatility of digital assets may cause impact to the consolidated entity's performance.	Price volatility is inherent to the digital asset markets. The company's position has been as a long-term holder of Bitcoin but as the market has begun to mature the company has started to diversify into other digital asset holdings such as Ethereum. The company will, during periods of heightened volatility, review its core positions from an acquisition or divestment perspective. The funds business will review the holdings monthly as part of the investment committee process and limits exposure to any one asset to 40% in line with the investment memorandum.
Safeguarding of digital assets	Due to the emerging nature of digital assets, there is a heightened risk around the security and management of access to digital assets.	The company and the funds both utilise a best-in-class custodian (Bitgo) to manage the security and management of digital assets with the objective to maximise the amount held in cold storage. The custodian also maintains its own insurance policy over digital asset balances which proportionally covers digital assets held in cold storage.
Blockchain technology	Blockchain technology is a new and nascent technology that continues to evolve from a technological perspective. The company's funds and product development business both utilise blockchain technology.	The company mitigates this risk through a number of different mechanisms such as, hiring staff experienced in digital assets and blockchain technology and supporting ongoing training and development, rigorous deployment processes for products and due diligence and testing on new blockchain technology service providers such as custodians, wallets, exchanges and smart contracting languages.
Regulatory regime around digital assets	Digital assets are an evolving asset class and the regulation regime around digital assets continues to change.	Where applicable, the company maintains an Australian Financial Services Licence authorisations for dealing in digital assets and has done so since 2018. The company continues to monitor ongoing changes in legislation for impacts on the business. Most recently, the company responded to the Treasury Consultation paper on Crypto Asset Secondary Service Providers. During the prior year, as part of the ongoing evolution and uplift in risk practices, the company also implemented a fortnightly financial service compliance meeting, in addition to its quarterly review, and appointed a Chief Risk Officer.

Key Risks	Impact	Mitigation
Impact of climate	The company's current environmental impact is primarily through its physical office locations, travel and technology infrastructure and has limited exposure to physical assets such as plant, machinery and equipment. However, the environmental impact of digital assets continues to be a complex and evolving matter.	During the period the company migrated its core technology infrastructure to a Tier 1 service provider with carbon neutral emissions from its data centres. The consolidated entity has also begun commencing offset the carbon emissions from its Bitcoin holding as disclosed in its ESG Baseline Report. Furthermore, the company has also begun to diversify its digital asset portfolio to assets that utilise lower energy consensus mechanisms such as Ethereum's proof of stake.
Business continuity and cyber	As a technology business focussed on digital assets business continuity with respect to cyber and IT are an increasing risk in the current environment with the ongoing adoption of remote working and adoption of software as a service for key business applications.	To mitigate risks the company has a cloud first approach to managing its technology infrastructure and applications reducing the reliance on physical office locations supported by the use of best practices suitable to the size and nature of the organisation (such as white labelled IP, multifactor authentication etc.). Further to this, each year staff undertake a cyber security refresher led by the company's Chief Technology Officer.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

With an experienced executive team, coupled with a robust balance sheet and strong financial and operational processes, the Company is focusing on executing its strategy through its digital asset Funds management business, digital finance products via Drawbridge and Sell My Shares offerings and seeking potential partners with the goal of innovating and educating.

Refer to the Operating and Financial Review and the CEO Outlook, which form part of the Directors report, for further detail on company performance and further detail on the company's strategic direction.

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Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Message from the board of directors

The directors present this Remuneration report, which forms part of the Directors' report for the financial year ended 30 June 2023.

The directors note that director and executive remuneration continues to be an area that receives stakeholder focus and scrutiny, as such the Remuneration report has been structured in an attempt to provide transparency and clarity to readers around the framework, policies and remuneration of DigitalX's directors and its executives.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
For the year ended 30 June 2023, the Board of Directors ('the Board') as a whole determined and reviewed compensation arrangements for the Executive Director and where applicable the Executive Team. The Board assessed the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high-quality team. The objective of the company's remuneration framework was to ensure reward for performance was competitive and appropriate to the results delivered.

Base pay
Directors and executives are offered a competitive base salary. Base pay for executives is reviewed annually by the Board to ensure that individual executive's pay is competitive with the market and is also reviewed upon promotion or additional responsibilities.

There is no guarantee of base pay increases fixed in any executive or director contracts.

Commission
There is no entitlement to commissions-based remuneration.

Short term incentives (STI)

Chief Executive Officer
To align the remuneration of the CEO and the performance of the company, the CEO was issued STI in the form of performance rights during the financial year under her executive services agreement.

Staff
For the purpose of incentivising and tying the rewarding of the company's staff to the performance of the company, the Board has determined that it may, at its discretion, issue shares or other similar instruments from time to time as a reward. There were no instruments issued during the financial year.

Long term incentives (LTI)
There were no LTI issued for the year ended 30 June 2023.

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Performance metrics
At 30 June 2023, the following STI were in place with performance metrics:

Item	Tranche 1	Tranche 2	Tranche 3
Volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%) – range	N/A	N/A	N/A
Expected life of option (years)	1 year	1 year	1 year
Exercise price per terms & conditions	$0	$0	$0
Underlying security spot price	$0.033	$0.033	$0.033
Grant date	10/10/2022	10/10/2022	10/10/2022
Expiry date	29/09/2023	29/09/2023	29/09/2023
Valuation per right	$0.033	$0.033	$0.033
Number issued	1,964,285	1,964,285	1,428,571
Vesting condition	Non-market, performance. Revenue greater than $5.5m.	Non-market, performance. The consolidated entity holding funds of not less than $90m.	Non-market, performance. Achievement of eNPS (employee net promoter score) of not less than 30.

At 30 June 2023, there were no LTI in place with performance metrics.

Relationship between the remuneration policy and company performance
The Board seeks to align the interests of the Executive Team with those of the shareholders when setting future short and long-term benefits. For the year ended 30 June 2023 the total remuneration is reflective of the remuneration strategy with adjustments made to reflect the current state of the consolidated entity and the change in performance from the previous year, this is evident from the relationship between:

- Total KMP reported remuneration increased 10.8% from $856,560 to $948,977 primarily reflective of an increase in unvested share-based compensation. Total base remuneration (including other benefits) was down 3.4% from $787,965 to $761,480. At-risk remuneration was up 173% from $68,594 to $187,496 in line with the share-based compensation granted during the financial year as noted above;
- Decrease in vested at risk remuneration to $95,325 from $190,000 (50% decrease from the prior year) in line with the grant of options to various employees.

The consolidated entity is not yet at stage of its development where it considers benchmark returns against an ASX peer group (blockchain focused) relevant based on limited inclusions and comparable data.

Non-executive directors
Non-executive directors remuneration arrangements include compensation in the form of annual directors' fees in accordance with their relevant service agreement. The non-executive directors from time to time may receive incentive compensation in the form of share-based payments (as approved by shareholders).

For the year ended 30 June 2023, all non-executive directors received a base fee of $AUD50,000 exclusive of entitlements, the chairman is entitled to an addition $AUD25,000 for fulfilling the duties of the chair.

Amounts payable to director-controlled entities for services provided by directors for the year ending 30 June 2023 is detailed in the 'Details of remuneration' table of this report. The consolidated entity may carry out consulting activities with the directors on an arm's length basis in the normal course of business.

Future remuneration developments
The directors note at last year's annual general meeting the remuneration report passed unanimously on a poll and there were no comments on the remuneration report. There are no future developments planned.

Use of remuneration consultants
During the financial year ended 30 June 2023, the consolidated entity, did not engage the services of a remuneration consultant.

Details of remuneration
Key Management Personnel

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The Key Management Personnel ('KMP') of the consolidated entity consist of the Board and Executives. This is the case due to the size and scale of the consolidated entity's current operations. All the named persons held their current position for the whole or part of the financial year and since the end of the financial year unless otherwise stated.

KMP	Position	Status	Term as KMP
Toby Hicks	Chairman and Non-Executive Director	Non-Executive KMP	Full Year
Peter Rubenstein	Non-Executive Director	Non-Executive KMP	Full Year
Gregory Dooley	Non-Executive Director	Non-Executive KMP	Full Year
Lisa Wade	Chief Executive Officer	Executive KMP	Full Year
Jonathon Carley	Chief Financial Officer	Executive KMP	Ceased 31 October 2022
David Beros	Chief Product Officer	Executive KMP	Ceased 3 February 2023

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
2023	**Cash salary and fees $**	**Cash bonus $**	**Director fees $**	**Other benefits $**	**Super-annuation $**	**Long service leave $**	**Options and performance rights[1] $**	**Total $**
Non-Executive Directors:								
Toby Hicks	-	-	68,750	-	7,219	-	-	75,969
Peter Rubinstein	-	-	45,833	-	4,813	-	-	50,646
Greg Dooley	-	-	54,153	-	4,813	-	-	58,966
Other Key Management Personnel:								
Lisa Wade[5]	300,000	11,538	-	20,942	25,292	-	127,196	484,968
Jonathon Carley[2, 4]	123,679	-	-	(36,880)	9,773	-	20,150	116,722
David Beros[3, 4, 5]	142,020	8,462	-	(24,030)	15,104	-	20,150	161,706
	565,699	20,000	168,736	(39,968)	67,014	-	167,496	948,977

[1] Refer to 'Share options and performance rights granted to key management personnel' and 'Shareholdings of key management personnel' for additional details.
[2] Mr Carley ceased to be an employee of the company on 28 November 2022 and ceased to be a KMP on 31 October 2022.
[3] Mr Beros ceased to be an employee of the company on 3 February 2023 and ceased to be a KMP on that same date.
[4] Other benefits balance relates to reversal of accrued annual and long service leave on ceasing employment with the company. The total amount paid is reflected in salary and fees.
[5] Cash bonuses granted to Ms Wade and Mr Beros determined on a discretionary basis by the directors.

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	**Cash salary and fees $**	**Director fees $**	**Other benefits $**	**Super-annuation $**	**Long service leave $**	**Options and performance rights $**	**Total $**
Non-Executive Directors:							
Toby Hicks	-	68,750	-	6,875	-	-	75,625
Peter Rubinstein	-	50,000	-	5,000	-	-	55,000
Greg Dooley	-	41,665	-	4,604	-	190,000	236,269
Executive Directors:							
Leigh Travers	76,937	-	(43,959)	5,466	-	(148,029)	(109,585)
Other Key Management Personnel:							
Lisa Wade	101,538	-	8,018	7,201	-	26,623	143,380
Jonathon Carley	204,692	-	12,356	20,469	-	-	237,517
David Beros	189,385	-	10,031	18,938	-	-	218,354
	572,552	160,415	(13,554)	68,553	-	68,594	856,560

	30 June 2018 $AUD	**30 June 2019 $AUD**	**30 June 2020 $AUD**	**30 June 2021 $AUD**	**30 June 2022 $AUD**	**30 June 2023 $AUD**
Revenue and other income from operations	14,389,647	3,711,552	554,210	9,985,893	2,536,586	2,293,767
Net profit/(loss) before tax	3,770,812	(3,666,683)	(7,108,771)	6,756,954	(2,839,468)	(7,584,749)
Total reported in remuneration report	2,088,661	1,180,152	934,692	1,334,879	856,560	948,977
Remuneration - base	697,064	607,590	574,173	774,008	787,965	761,481
Remuneration - at risk	1,391,597	572,562	360,519	560,871	68,594	167,496
Basic earnings/(loss) per share	0.009	(0.007)	(0.011)	0.010	(0.004)	0.010
Diluted earnings/(loss) per share	0.007	(0.007)	(0.011)	0.009	(0.004)	0.010
Share price at the start of year	0.036	0.075	0.055	0.017	0.051	0.026
Share price at the end of year	0.075	0.055	0.017	0.051	0.026	0.041

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
Toby Hicks	100%	100%	-	-	-	-
Peter Rubinstein	100%	100%	-	-	-	-
Greg Dooley	100%	20%	-	80%	-	-
Other Key Management Personnel:						
Lisa Wade	71%	81%	29%	19%	-	-
Jonathon Carley	83%	100%	17%	-	-	-
David Beros	82%	100%	18%	-	-	-

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Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Ms Lisa Wade
Title:	Chief Executive Officer
Agreement commenced:	24 February 2022 (amended: 25 July 2023)
Term of agreement:	The employment will be ongoing until it is terminated in accordance with Ms Wade's Contractor Agreement (the 'Agreement'). The Agreement may be terminated by either party giving 3 months' written notice. Ms Wade will be under restraint and non-solicitation clauses for up to 6 months after the termination of the Agreement.
Details:	On 25 July 2023, Ms Wade's contract was varied from an Executive Services Agreement, to a Contractor Agreement. Below covers the key details prior to and post the date of the contract variation. *From 25 July 2023*: Ms Wade's salary is $AUD330,000 per annum (exclusive of GST) and her reasonable expenses, will also be paid by the company. The company is not responsible for superannuation contributions on behalf of Ms Wade. *24 February 2022 to 24 July 2023*: Ms Wade's salary is $AUD300,000 per annum (exclusive of superannuation) subject to annual salary reviews and her reasonable expenses will also be paid by the company.

Under the agreements above, the company, in its absolute discretion acting reasonably, can assign and transfer the employment to any of the company's Related Bodies Corporate.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Shares	Date	Issue price	Fair value $
Lisa Wade	500,000	29 August 2022	$0.045	22,500
Jonathon Carley	650,000	29 August 2022	$0.045	29,250
David Beros	650,000	29 August 2022	$0.045	29,250

Options
Details of options over ordinary shares granted and vested for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Lisa Wade	1,415,094	4 April 2022	4 April 2024	11 April 2027	$0.009	$0.059
Lisa Wade	1,470,588	4 April 2022	4 April 2025	11 April 2027	$0.118	$0.057
Lisa Wade	1,530,612	4 April 2022	4 April 2026	11 April 2027	$0.153	$0.054
Lisa Wade	1,630,435	4 April 2022	4 April 2027	11 April 2027	$0.199	$0.052
Jonathon Carley*	4,000,000	5 July 2022	29 August 2025	29 August 2025	$0.110	$0.012
David Beros*	4,000,000	5 July 2022	29 August 2025	29 August 2025	$0.110	$0.012

*Options issued were forfeited upon termination of employment with the company.

Options granted carry no dividend or voting rights.

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Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date	Expiry date	Fair value per right at grant date
Lisa Wade*	1,964,285	10 October 2022	30 June 2023	29 September 2023	$0.033
Lisa Wade*	1,964,285	10 October 2022	30 June 2023	29 September 2023	$0.033
Lisa Wade*	1,428,571	10 October 2022	30 June 2023	29 September 2023	$0.033

	Total opportunity		Expected to be	
	Share-based compensation **	Cash	Awarded	Forfeited
2023	$	$	%	%
Lisa Wade	176,786	11,538	6%	94%

* Probability of rights vesting is deemed less than likely, therefore nil expense has been recorded as a vesting charge during the year ended 30 June 2023.
** The value at grant date is calculated in accordance with *AASB 2 Share-based Payment* for performance rights granted during the year as part of remuneration. No performance rights granted were exercised during the financial year.

Performance rights granted carry no dividend or voting rights.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2023	Balance at the start of the year	Received as part of remuneration	Additions	Net other changes	Balance at the end of the year
Ordinary shares					
Toby Hicks	8,350,792	-	-	-	8,350,792
Peter Rubinstein	36,334,372	-	1,000,000	(138,768)	37,195,604
Greg Dooley	171,428	-	-	-	171,428
Lisa Wade	-	500,000	-	-	500,000
David Beros[1]	1,623,550	650,000	-	(2,273,550)	-
Jonathon Carley[1]	1,650,000	650,000	-	(2,300,000)	-
Total	48,130,142	1,800,000	1,000,000	(4,712,318)	46,217,824

[1] Net change is the final balance at the time of ceasing to be a KMP.

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Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2023	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Toby Hicks[1]	2,500,000	-	-	-	2,500,000
Peter Rubinstein[1]	4,500,000	-	-	-	4,500,000
Greg Dooley[1]	2,500,000	-	-	-	2,500,000
Lisa Wade	6,046,729	-	-	-	6,046,729
David Beros[2]	-	4,000,000	-	(4,000,000)	-
Jonathon Carley[2]	-	4,000,000	-	(4,000,000)	-
	15,546,729	8,000,000	-	(8,000,000)	15,546,729

[1]All options outstanding to these parties are fully vested but remain unexercised at 30 June 2023.
[2]Options were forfeited upon termination of employment with the company.

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2023	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Lisa Wade	-	5,357,141	-	-	5,357,141
	-	5,357,141	-	-	5,357,141

Other transactions with key management personnel and their related parties
Year ended 30 June 2023:
● During the year, the consolidated entity paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, $AUD47,787 for legal services rendered on various matters.

Year ended 30 June 2022:
● During the year, the consolidated entity paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, $AUD47,337 for legal services rendered on various matters. This amount relates to the period of the financial year that Mr Hicks was a Director of the Company.
●During the year, the consolidated entity paid GAD Consulting Pty Ltd AUD$500, a company of which Greg Dooley is a director for consulting services rendered on various matters. This amount relates to the period of the financial year that Mr Dooley was a Director of the company.

Future remuneration developments
The directors note at last year's Annual General Meeting the Remuneration report passed with 81.19% voting for its adoption and there were no comments on the Remuneration Report. There are no future developments planned.

This concludes the remuneration report, which has been audited.

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Directors' report
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Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and the Risk Committee held during the year ended 30 June 2023, and the number of meetings attended by each director and/or committee member were:

	Full Board		Risk Committee	
	Attended	Held	Attended	Held
Peter Hicks	12	12	-	-
Toby Rubinstein	12	12	-	-
Greg Dooley	12	12	3	3
Lisa Wade	-	-	3	3
Frances Cranston	-	-	3	3
Joel Ives	-	-	3	3

Held: represents the number of meetings held during the time the director or committee member held office.

Shares under option

Unissued ordinary shares of DigitalX Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10/12/2018	10/12/2023	$0.220	2,000,000
10/12/2018	10/12/2023	$0.250	3,000,000
10/12/2018	10/12/2023	$0.300	4,000,000
11/07/2019	30/06/2024	$0.100	2,500,000
18/12/2020	18/12/2024	$0.100	1,000,000
06/12/2021	30/06/2024	$0.100	2,500,000
11/04/2022	11/04/2027	$0.091	1,415,094
11/04/2022	11/04/2027	$0.118	1,470,588
11/04/2022	11/04/2027	$0.153	1,530,612
11/04/2022	11/04/2027	$0.199	1,630,435
05/07/2022	29/08/2025	$0.110	5,240,000
12/05/2023	12/05/2027	$0.100	9,000,000
			35,286,729

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares under performance rights

Unissued ordinary shares of DigitalX Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
10/10/2022	29/09/2023	$0.000	1,964,285
10/10/2022	29/09/2023	$0.000	1,964,285
10/10/2022	29/09/2023	$0.000	1,428,571
			5,357,141

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

DigitalX Limited
Directors' report
30 June 2023

Shares issued on the exercise of performance rights
There were no ordinary shares of DigitalX Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers and auditors
During the financial period, the company paid a premium in respect of a contract ensuring the Directors, secretary and officers of the company and of any related body corporate against a liability incurred as such a Director, Secretary or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The company has executed a Deed of Protection for each of the Directors. The company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit (WA) Pty Ltd
There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

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 immediately after this directors' report.

Auditor
BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

DigitalX Limited
Directors' report
30 June 2023

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors.

Toby Hicks
Chair

29 September 2023
Perth

DigitalX Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Toby Hicks
Chair

29 September 2023
Perth

CEO Outlook

Dear Shareholders,

I am pleased to be able to provide you with this update on the ongoing work being undertaken at DigitalX. At DigitalX, we have long had a vision around the value of digital assets and the emergence of digital finance. We see that Bitcoin, blockchain and real world asset tokenisation are building the foundations of the future financial rails of the world - we know this world as 'Web 3.0'. A cheaper, smarter, faster place to buy/sell/transact and invest. We believe that the transition to Web 3.0 is the greatest economic opportunity of our generation. To participate in this emerging ecosystem, we need to innovate now. As such, our focus largely is on generating opportunities for individuals and organisations to innovate, invest and profit from this future world - or "the next" as we call it - now. THE NEXT, NOW.

Whether it is by embracing our Funds products, or by using Sell My Shares and Drawbridge to safely sell shares, our clients are participating in the initial stages of this future.

As CEO, along with my Chair, I acknowledge that 2022/2023 was a tough year in digital asset markets, that has been reflected in our yearly result being negatively impacted by a drop in fund revenue, along with write-downs of start-ups we have previously supported. We do not shy away from these results, and are determined to ensure we take our learnings into the new financial year, and years ahead.

There are green shoots, however. Our Bitcoin Fund has been rated by SQM as its top performing fund for over the 1 and 3 year periods.[1] In a tough market for digital assets, the fact our foundation fund continues to be recognised in this way, is heartening for our team.

Over the next 12 months, we will continue to focus on execution, and on simplifying our business and message to shareholders.

As a management team, we have priorities and we have challenges.

Our key priorities for the coming year are:

1. **Funds business**
   a. Fund 1,000 Families into homes by finding 2,000 Wholesale Investors who want to invest in Australia's futures to give is our first fund milestone of $100million TVL
   b. Share with wholesale investors the benefits we see in having 5% of their portfolio in digital assets across our 3 products
   c. Partnering to find a cornerstone investor to bring our Funds business to critical mass, allowing the first wave of Australian institutional money to enter our market

2. **Drawbridge / Sell My Shares**
   a. Find product market fit for our Drawbridge offering
   b. Continue our margin improvement drive in this business
   c. Bring in more wholesale clients and Identify adjacent revenue streams

3. **Innovation Partnerships**
   a. Access resources: continue to develop our smartlist and playlist innovations with UNSW and the DFCRC
   b. Educate: Partner with Web 2.0 businesses who wish to understand and benefit from early mover opportunities of Web 3.0
   c. Identify a Web 3.0 partner who can assist in accentuating our vision and strategy

Our Company and our products exist to give our clients **access to the web3 world.**

Our Bitcoin fund has been rated by SQM as the Top performing fund for over 1 and 3 years.[1]

[1] SQM Research - Top 5 Rated Funds (https://sqmresearch.com.au/funds/)

Our key challenges we see in achieving our priorities are:

1. Education - Despite growing interest, we need to play our part in educating Australians about the technology and benefits of Web 3.0
2. Uncertainty over Regulation - we continue to operate in an uncertain regulatory environment around the usage and rules/laws surrounding digital assets
3. Market volatility - Our markets are hugely volatile and this has a direct correlation to the Company's earnings.

Finally, I want to thank our shareholders. In 2023/2024, we are continuing to execute and drive our mission to increase revenue from the transition from web2 to web3. Web 3.0 technology represents a significant inflection point in the digital era, and we are excited to be part of this transformation.

Sincerely,

Lisa Wade
Chief Executive Officer

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Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
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Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of DigitalX Limited for the year ended 30 June 2023, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

29 September 2023

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of DigitalX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DigitalX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Digital Assets

Key audit matter	*How the matter was addressed in our audit*
DigitalX has holdings in a number of digital assets currently held as intangible assets disclosed in Note 12 of the financial report. There is no specific accounting standard that addresses the accounting treatment for digital assets and as a result significant judgement is applied to ensure these digital assets are accounted for in accordance with the Australian Accounting Standards. This was determined to be a key audit matter as it has required significant judgement in determining the recognition and presentation of the digital assets and confirming existence at reporting date.	Our audit procedures included, but were not limited to: • Obtaining an understanding of the control environment through which digital assets are held; • Assessing management's recognition and presentation of the digital assets as intangible assets against accounting principles; • Independently confirming the existence of digital assets held by the custodian; • Assessing control of the digital assets held at year-end; • Agreeing inputs used to determine the digital assets fair value to external market information; and • Assessing the adequacy of the disclosures in Note 12 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of DigitalX Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth

29 September 2023

DigitalX Limited
Contents
30 June 2023

General information

The financial statements cover DigitalX Limited as a consolidated entity consisting of DigitalX Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is DigitalX Limited's functional and presentation currency.

DigitalX Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, Level 4, 66 Kings Park Road
West Perth WA 6005

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2023. The directors have the power to amend and reissue the financial statements.

DigitalX Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Revenue from operations	4	2,268,187	2,318,132
Other income	5	25,580	218,454
Expenses			
Professional and consultancy fees	6	(936,083)	(1,107,740)
Corporate expenses		(235,111)	(218,323)
Advertising, media and investor relations		(784,200)	(647,939)
Employee benefits expense		(3,916,059)	(2,262,112)
Share-based payments	30	(273,092)	(56,547)
Depreciation		(250,269)	(322,976)
Realised and unrealised foreign exchange losses		(14,382)	(4,472)
Fair value movement of financial assets		(2,049,031)	56,424
Finance costs		(33,197)	(169,723)
Other expenses	7	(1,519,042)	(984,143)
Decrease in net assets attributable to unit holders	15	131,950	341,497
Loss before income tax expense		(7,584,749)	(2,839,468)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of DigitalX Limited	18	(7,584,749)	(2,839,468)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value increase/(decrease) in digital asset holdings		4,204,564	(12,895,148)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of operations		(35,353)	(245)
Other comprehensive income for the year, net of tax		4,169,211	(12,895,393)
Total comprehensive loss for the year attributable to the owners of DigitalX Limited		(3,415,538)	(15,734,861)
		Cents	**Cents**
Basic earnings per share	29	(1.02)	(0.38)
Diluted earnings per share	29	(1.02)	(0.38)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

DigitalX Limited
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents	9	3,380,080	6,278,410
Trade and other receivables	10	381,737	293,412
Digital assets	12	27,173,520	23,568,863
Other current assets		247,133	201,884
Investments	11	497,720	-
Total current assets		31,680,190	30,342,569
Non-current assets			
Investments	11	240,000	2,290,994
Property, plant and equipment		52,291	41,095
Right-of-use assets		362,517	119,642
Intangibles	13	2,188,364	2,278,051
Total non-current assets		2,843,172	4,729,782
Total assets		34,523,362	35,072,351
Liabilities			
Current liabilities			
Trade and other payables	14	1,110,550	1,556,555
Lease liabilities		57,029	176,421
Distributions payable to unit holders	15	-	43,522
Net assets attributable to unit holders	15	9,108,506	6,211,747
Total current liabilities		10,276,085	7,988,245
Non-current liabilities			
Lease liabilities		309,052	-
Deferred tax	8	643	643
Total non-current liabilities		309,695	643
Total liabilities		10,585,780	7,988,888
Net assets		23,937,582	27,083,463
Equity			
Contributed equity	16	59,120,476	59,028,586
Reserves	17	9,475,031	5,128,053
Accumulated losses	18	(44,657,925)	(37,073,176)
Total equity		23,937,582	27,083,463

The above statement of financial position should be read in conjunction with the accompanying notes

DigitalX Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2021	58,796,111	17,970,289	(34,233,708)	42,532,692
Loss after income tax expense for the year	-	-	(2,839,468)	(2,839,468)
Other comprehensive loss for the year, net of tax	-	(12,895,393)	-	(12,895,393)
Total comprehensive loss for the year	-	(12,895,393)	(2,839,468)	(15,734,861)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	232,475	-	-	232,475
Share-based payments (note 30)	-	53,157	-	53,157
Balance at 30 June 2022	59,028,586	5,128,053	(37,073,176)	27,083,463

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2022	59,028,586	5,128,053	(37,073,176)	27,083,463
Loss after income tax expense for the year	-	-	(7,584,749)	(7,584,749)
Other comprehensive income for the year, net of tax	-	4,169,211	-	4,169,211
Total comprehensive income for the year	-	4,169,211	(7,584,749)	(3,415,538)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	91,890	-	-	91,890
Share-based payments (note 30)	-	177,767	-	177,767
Balance at 30 June 2023	59,120,476	9,475,031	(44,657,925)	23,937,582

The above statement of changes in equity should be read in conjunction with the accompanying notes

DigitalX Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,269,839	2,230,619
Payments to suppliers and employees (inclusive of GST)		(7,518,708)	(4,992,185)
Other income		18,439	38,079
Other expenses		(55,962)	(68,039)
Net cash used in operating activities	28	(4,286,392)	(2,791,526)
Cash flows from investing activities			
Payment for intellectual property		-	(159,342)
Payments for Bricklets deposit	11	(497,720)	-
Acquisition of property, plant and equipment		(44,554)	(27,269)
Acquisition of business		-	(1,890,000)
Repayment of convertible note		-	250,000
Net proceeds from/(payments for) digital assets in funds		2,658,952	(2,285,617)
Other		(10,000)	-
Net cash from/(used in) investing activities		2,106,678	(4,112,228)
Cash flows from financing activities			
Proceeds from conversion of options		-	234,842
Net (redemptions)/proceeds from issue of units in funds		(542,669)	4,355,524
Distributions paid from the funds		-	(1,613,588)
Principal elements of lease payments		(176,421)	(146,712)
Net cash (used in)/from financing activities		(719,090)	2,830,066
Net decrease in cash and cash equivalents		(2,898,804)	(4,073,688)
Cash and cash equivalents at the beginning of the financial year		6,278,410	10,369,645
Foreign exchange movement in cash		474	(17,547)
Cash and cash equivalents at the end of the financial year	9	3,380,080	6,278,410

The above statement of cash flows should be read in conjunction with the accompanying notes

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 1. Basis of preparation

Corporate information
DigitalX Limited (the 'company') is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: DCC). 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 consolidated entity's interim financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Basis of preparation
The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. All amounts are presented in Australian Dollars, unless otherwise noted.

Compliance with IFRS
The financial report of the consolidated entity also complies with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

Note 2. 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 consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

- Revenue recognition (note 4)
- Digital assets, including fair value of digital assets (note 12)
- Fair value of investments (note 11)
- Consolidation of DigitalX Funds (note 25)

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 (note 8)
- Valuation of share-based payments (note 30)
- Impairment testing of goodwill (note 13) and investments (note 11)

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 signing 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 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 consolidated entity the functional currency has been determined to be $AUD.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Due to the nature of these activities for all entities in the consolidated entity the functional currency has been determined to be $AUD.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Current and non-current classification
An asset is current when it is:
• expected to be realised or intended to be sold or consumed in normal operating cycle;
• held primarily for the purpose of trading;
• expected to be realised within twelve months after the reporting period; or
• cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The consolidated entity classifies all other assets as non-current.

A liability is current when it is:
• expected to be settled in normal operating cycle;
• held primarily for the purpose of trading;
• due to be settled within twelve months after the reporting period; or
• there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The consolidated entity classifies all other liabilities as non-current.

Historical cost convention
The consolidated 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.

Note 3. Operating segments

Identification of reportable operating segments
AASB 8 requires operating segments to be identified based on internal reports about components of the consolidated entity 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 2023 the consolidated entity operated three segments, Product Development, Asset Management and Other. There have been no changes to operating segments from the corresponding period ended 30 June 2022.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 3. Operating segments (continued)

Segment description

Product Development ('PD')
The consolidated entity 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 AM division was setup in 2018 to give high net worth and institutional investors access to a portfolio of digital assets. DigitalX operates two funds focused on digital assets, the DigitalX Fund and the DigitalX BTC Fund.

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

Segment performance and position

Consolidated - 2023	Product development $	Asset management $	Other $	Total $
Revenue				
Segment revenue	1,981,551	262,516	24,120	2,268,187
Total revenue	1,981,551	262,516	24,120	2,268,187
Segment result	(691,823)	(1,544,699)	(5,196,711)	(7,433,233)
Interest expense				(33,197)
Depreciation				(250,269)
Decrease in net assets attributable to unit holders				131,950
Loss before income tax expense				(7,584,749)
Income tax expense				-
Loss after income tax expense				(7,584,749)
Assets				
Segment assets	3,307,917	261,208	30,954,237	34,523,362
Total assets				34,523,362
Liabilities				
Segment liabilities	71,559	22,097	10,492,124	10,585,780
Total liabilities				10,585,780

DigitalX Limited
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Note 3. Operating segments (continued)

Consolidated - 2022	Product development $	Asset management $	Other $	Total $
Revenue				
Segment revenue	1,373,620	717,227	227,285	2,318,132
Intersegment revenue	-	-	-	-
Total revenue	1,373,620	717,227	227,285	2,318,132
Segment result	(649,794)	(484,083)	(1,554,389)	(2,688,266)
Interest expense				(169,723)
Depreciation				(322,976)
Decrease in net assets attributable to unit holders				341,497
Loss before income tax expense				(2,839,468)
Income tax expense				-
Loss after income tax expense				(2,839,468)
Assets				
Segment assets	3,385,151	1,513,769	30,173,431	35,072,351
Total assets				35,072,351
Liabilities				
Segment liabilities	75,186	69,650	7,844,052	7,988,888
Total liabilities				7,988,888

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 consolidated entity.

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 and DigitalX BTC Fund as the CODM reviews the fund on a fair value basis of the consolidated entity’s interest in the fund.

Note 4. Revenue from operations

	Consolidated 2023 $	Consolidated 2022 $
Consulting revenue	-	16,420
Asset management fee revenue	262,516	717,631
Licensing revenue	24,120	216,587
Product revenue	-	2,950
Brokerage fee revenue	1,981,551	1,364,544
Revenue from operations	2,268,187	2,318,132

Accounting policy for revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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Note 4. Revenue from operations (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Asset management fee revenue
Revenue from contracts with clients is recognised when there is a right to invoice the client at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for those services. This method corresponds directly with the delivery of performance obligations by the consolidated entity to its clients.

Management fees are based on a percentage of the portfolio value of the fund and calculated in accordance with the Investment Management Agreement or Constitution.

Performance fee arrangements give rise to variable consideration. An estimate of the variable consideration is recorded when it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The consolidated entity's entitlement to a performance fee for any given performance period is dependent on outperforming certain hurdles.

Licensing revenue
Revenue from licensing is recognised over time as the services provided under licensing contract are provided over time and the customer simultaneously receives and consumes the benefit of the service.

Brokerage fee revenue
Revenue from brokerage is recognised at point time once the sale has been completed.

Note 5. Other income

	Consolidated	
	2023	**2022**
	$	**$**
Interest received	16,064	113,704
Other income	9,516	104,750
Other income	25,580	218,454

Note 6. Professional and consultancy fees

	Consolidated	
	2023	**2022**
	$	**$**
Legal fees	233,414	269,359
Consulting and funds management expenses	528,659	713,459
Tax consulting fees	72,069	40,519
Audit fees	101,941	84,403
	936,083	1,107,740

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Note 7. Other expenses

	Consolidated 2023 $	Consolidated 2022 $
Regulatory, licensing and compliance	897,437	678,619
Occupancy	283,584	169,028
Other expenses	338,021	136,496
	1,519,042	984,143

Note 8. Income tax

	Consolidated 2023 $	Consolidated 2022 $
Income tax expense		
Current tax expense / (benefit)	-	-
Deferred tax expense / (benefit)	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(7,584,749)	(2,839,468)
Tax at the statutory tax rate of 25%	(1,896,187)	(709,867)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible share-based payment	73,398	15,550
Fair value adjustment of investments	270,307	(14,998)
Other	(26,535)	(14,192)
Effect of different tax rates of subsidiaries operating in other jurisdictions	399	3,697
Effect of timing expenses that are not deductible	-	(62,412)
	(1,578,618)	(782,222)
Current year tax losses not recognised	1,578,618	782,222
Distribution to trust beneficiaries	-	-
Previously unrecognised tax losses now recouped to reduce tax expense	-	-
Income tax expense	-	-

	Consolidated 2023 $	Consolidated 2022 $
Provision for income tax		
Provision for income tax	-	-

DigitalX Limited
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Note 8. Income tax (continued)

Deferred tax assets and liabilities

As at 30 June 2023, the consolidated entity has tax losses available to be applied in the future periods in the Australia and the United States estimated to be $AUD13.3 million (2022: $AUD7.9 million) and $USD4.8 million (2022: $USD4.8 million) respectively. The losses in respect of the consolidated entity's operations in Hong Kong are immaterial. In addition, the consolidated entity has gross capital losses in Australia estimated at $AUD1.56 million at 30 June 2023 (2022: $AUD1.54 million). There is an unrecognised deferred tax liability on the fair value adjustments for digital assets which is offset by an unrecognised deferred tax asset for carry forward losses.

The future recovery of these losses is subject to the consolidated entity satisfying the requirements imposed by the regulatory taxation authorities and passing the required continuity of ownership and same business test rules at the time the losses are expected to be utilised.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The consolidated entity's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the consolidated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

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Note 8. Income tax (continued)

Current and deferred tax for the period
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation
DigitalX Limited (the 'head entity') and its wholly-owned Australian tax resident entities are part of a tax-consolidated group under Australian taxation law. Digital CC Holdings joined the DigitalX Limited tax consolidated group on 26 May 2014.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial reports of the members of the tax-consolidated group using the 'separate taxpayer within group's' approach, by reference to the carrying amounts in the separate financial reports of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the wholly-owned entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (or receivable) to (or from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

Estimates and judgement – taxation
Income taxes
The consolidated entity operates in a newly emerging industry and the application of taxation laws in relation to the consolidated entity's activities may change from time to time. Changes in the taxation laws or in assessments or interpretation or decisions in respect of, but not limited to the following, may have a significant impact on the consolidated entity's results:
• Jurisdiction in which and rates at which income is taxed;
• Jurisdiction in which and rates at which expenses are deductible;
• The nature of income taxes levied, for example whether taxes are assessed on the revenue account or on the capital account;
• Requirements to file tax returns; and
• The availability of credit for taxes paid in other jurisdictions, for example through the operation of double taxation treaties.

In recognition of the limited trading and tax history of the consolidated entity, management do not consider there is sufficient evidence of probability of the ability to utilise temporary differences and tax losses and hence no deferred tax asset has been recognised as at 30 June 2023 in relation to these assets. The consolidated entity will continue to assess the performance and may in the future recognise some or all of these assets.

The consolidated entity has taken the approach to calculate income tax expense on the basis that all revenue and expenses attributable to its operations are taxable in Australia and all revenue and expenses attributable to its foreign operations are immaterial.

Note 9. Cash and cash equivalents

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Cash at bank	2,890,080	5,778,410
Cash deposits at call	490,000	500,000
	3,380,080	6,278,410

Cash deposits at call include cash balances on exchanges. The balance originates following a liquidation of digital assets.

DigitalX Limited
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Note 9. Cash and cash equivalents (continued)

Accounting policy for 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 Bitcoin 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 consolidated entity's holdings of digital assets (excluding non-algorithmic stablecoins) which are classified as intangible assets (refer to note 12).

Note 10. Trade and other receivables

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Trade receivables	235,656	191,660
Less: Allowance for expected credit losses	-	-
	235,656	191,660
Other receivables	37,509	-
Deposits	108,572	101,752
	146,081	101,752
	381,737	293,412

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity utilises the simplified approach in accounting for expected credit losses on trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In utilising this practical expedient, the consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The consolidated entity assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The consolidated entity allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and impairs any amounts that are more than 90 days past due.

Refer to note 20 for disclosures on financial instruments.

Accounting policy for other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

DigitalX Limited
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Note 11. Investments

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Investment in Bricklet	497,720	-
Non-current assets		
Investment in Bullion Asset Management Pte Ltd (BAM)	240,000	2,290,994
	737,720	2,290,994

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 $	2022 $
Opening fair value	2,290,994	2,221,436
Additions through Bricklet deposit	497,720	-
Fair value (decrements)/increments through profit or loss	(2,050,994)	69,558
Closing fair value	737,720	2,290,994

Refer to note 21 for further information on fair value measurement.

Investment in Bullion Asset Management Pte Ltd (BAM)
Given the decision of BAM to scale back its operations of the business the Board have made the decision to apply a fair value adjustment to the valuation, whilst we work with BAM and their other major investors on support initiatives. A further fair value decrement has been made since the interim financial statements, reflecting the company's assessment of current market conditions.

Investment in Bricklet
During the financial year, consolidated entity entered into a strategic partnership with Bricklet, a Sydney-based property tech company. The partnership aims to combine technology, expertise, and resources to facilitate home ownership for everyday Australians. Bricklet's blockchain-supported Homeowner Equity Share program enables buyers without a standard 20% home deposit but with sufficient income to purchase residential property. A commitment of up to $500,000 in balance sheet funds was made by DigitalX for Bricklet's property deals as seed capital for the RWAT Fund launch. Three Bricklet property deals were funded during the 2023 financial year, as reflected above.

Investment in DigitalX Funds
The consolidated entity 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 3, the Board reviews the performance of the funds at fair value based on the reported fund net asset value (NAV) each period. However, as the company also provides fund management services for the funds it is deemed that the consolidated entity 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 consolidated entity financial statements. The consolidated entity will continue to assess its position with respect to control of the funds at each reporting period and there have been no changes to the consolidated entity's assessment for the year ended 30 June 2023.

The net asset value (NAV) of the consolidated entity's units in the funds at 30 June 2023 were $AUD0.9417 (30 June 2022: $AUD0.6483) for the DigitalX Fund and $AUD4.1407 (30 June 2022: $AUD2.6539) for the DigitalX BTC Fund respectively.

At 30 June 2023, the company's holding in the DigitalX BTC fund and DigitalX Fund was 60.82% (30 June 2022: 60.31%) and 36.47% (30 June 2022: 34.73%) respectively.

Subsequent to period end, the intention is to transfer the Bricklet deposit into the DigitalX Asset Reference Token Fund. At the date of this report, the transfer mechanism and date of transfer have not been finalised.

DigitalX Limited
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Note 11. Investments (continued)

Accounting policy for investments
Investments are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Note 12. Digital assets

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Bitcoin[1,2]	24,095,777	17,506,895
Other listed digital assets[1,3]	3,077,622	5,642,503
Non-listed digital assets[4]	121	419,465
	27,173,520	23,568,863

[1] *Digital assets were measured at fair value using quoted prices as at 30 June 2023. Refer to note 32 for prices at the date of this report.*
[2] *The amount includes $AUD15,218,490 held by the DigitalX BTC Fund and $AUD2,189,861 held by the DigitalX Fund.*
[3] *Includes all tokens that are not Bitcoin that are listed on an exchange. The amount includes $AUD2,659,408 held by the DigitalX Fund.*
[4] *Includes all tokens not listed on an exchange.*

All digital assets have been recognised using the intangible asset method detailed in the accounting policy note below for all periods presented.

	Intangible asset	**Financial asset**	**Total**
	$	**$**	**$**
Opening balance at 1 July 2021	32,478,065	1,904	32,479,969
Net trading activity	2,285,617	-	2,285,617
Reclassification	8,335,434	-	8,335,434
Revaluation	(19,530,253)	(1,904)	(19,532,157)
Closing balance at 30 June 2022	23,568,863	-	23,568,863
Opening balance at 1 July 2022	23,568,863	-	23,568,863
Net trading activity	(2,658,952)	-	(2,658,952)
Revaluation	6,263,609	-	6,263,609
Closing balance at 30 June 2023	27,173,520	-	27,173,520

Net trading activity is the net purchase and sale of digital assets and includes monthly rebalance for the DigitalX Fund and DigitalX BTC Fund.

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Note 12. Digital assets (continued)

Accounting policy for digital assets

Digital assets are assets such as Bitcoin and Ethereum, which use an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital Assets are an emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the IASB. Management consider it appropriate to group digital assets into a single balance in the Consolidated Financial Statements and providing users with a reconciliation by category in the notes to the Financial Statements. For the purpose of fair value disclosures, the consolidated entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained below.

Digital assets – accounted for using intangible asset methodology

The consolidated entity 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 consolidated entity 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 other comprehensive income 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 consolidated entity disposes of the asset or when the consolidated entity otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset.

Digital assets – accounted for using financial asset methodology

Financial assets, including Digital assets, that are held within a business model other than “hold to collect” or “hold to collect and sell” are categorised at fair value through profit or loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Estimates and judgements
(a) 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.

In line with this, the consolidated entity has considered its position for the year ending 30 June 2023 and has determined that the consolidated entity’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 3 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.

DigitalX Limited
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Note 12. Digital assets (continued)

Digital assets (including Bitcoin inventory) is 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) 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 consolidated entity 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 consolidated entity.

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.

Level	Description	2023 $	2022 $
Level 1	Level 1 fair value digital assets are those assets that are actively traded on a digital asset exchange or decentralised exchange for which there is an active market with sufficient volume.	27,173,399	23,149,398
Level 2	Level 2 fair value digital assets are those assets measured at fair value but the market prices are not actively quoted and determined using a market matrix approach (AASB13.B7). This is most common for digital assets where an active trading pair does not existing with a FIAT currency but may exist for a trading pair such as Ethereum or Bitcoin which can then be measured using the level 1 input.	121	419,465
Level 3	Level 3 fair value digital assets are those assets carried at fair value where fair value has been determined by reference to the entity's own data and financial data provided by the project such as comparable projects, financial forecasts and equity transactions.	-	-

Note 13. Intangibles

	Consolidated 2023 $	Consolidated 2022 $
Goodwill	1,888,304	1,888,304
Less: Impairment	-	-
	1,888,304	1,888,304
Development - at cost	3,432,847	3,369,368
Less: Accumulated amortisation	(148,379)	(58,691)
Less: Accumulated provision for impairment	(2,984,408)	(2,920,930)
	300,060	389,747
	2,188,364	2,278,051

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Note 13. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Development $	Goodwill $	Total $
Balance at 1 July 2021	239,283	-	239,283
Additions	209,155	1,888,304	2,097,459
Amortisation expense	(58,691)	-	(58,691)
Balance at 30 June 2022	389,747	1,888,304	2,278,051
Additions	63,479	-	63,479
Amortisation expense	(89,688)	-	(89,688)
Provision for impairment of assets	(63,478)	-	(63,478)
Balance at 30 June 2023	300,060	1,888,304	2,188,364

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

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Note 13. Intangibles (continued)

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the noncontrolling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

There were no changes to the provisional accounting for the acquisition of Sell My Shares.

Impairment testing
Goodwill acquired through business combinations has arisen entirely due to the acquisition of the Sell My Shares cash generating unit ('CGU').

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Note 13. Intangibles (continued)

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the Sell My Shares CGU:
- 14% (2022: 11.3%) pre-tax discount rate;
- 9% (2022: 20%) per annum projected revenue growth rate;
- 10% (2022: 20%) per annum increase in net profit.

The discount rate of 14% pre-tax reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the Sell My Shares CGU, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 9% revenue growth rate is prudent and justified. Compared to the prior year, management have reduced their estimation of the increase in net profits and revenues as management now have full transparency over a full year of results and the CGU's future outlook.

There were no other key assumptions for the Sell My Shares CGU.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
- Revenue would need to decrease by more than 28% for the Sell My Shares CGU before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 14% for the Sell My Shares CGU before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Sell My Shares CGU's goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the Sell My Shares CGU's goodwill.

Note 14. Trade and other payables

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Trade payables	499,324	495,486
Accrued expenses	168,441	360,892
Employee entitlements	424,591	373,403
Statutory payables	18,194	126,774
Fund applications	-	200,000
	1,110,550	1,556,555

Refer to note 20 for further information on financial instruments and risk management.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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Note 15. Net assets attributable to unit holders

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Net assets attributable to unit holders	9,108,506	6,211,747

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 $	2022 $
Opening balance	6,211,747	8,257,054
Loss for the year attributable to non-controlling interests	(131,950)	(341,497)
Other comprehensive income attributable to non-controlling interests	3,318,020	(5,975,227)
Distributions payable	-	(43,523)
Gain on change in ownership	-	154,154
Net change in units on issue	(260,477)	4,160,786
Other	(28,834)	-
Closing balance	9,108,506	6,211,747

In accordance with the trust deed for the DigitalX BTC Fund and DigitalX Fund if there is taxable income at 30 June 2023 it must be distributed to the unit holders. At 30 June 2023, no amount was payable.

Accounting policy for net assets attributable to unit holders
In accordance with AASB 132 Financial Instruments, specific instruments are categorised as equity in the separate financial statements of a subsidiary or other entity controlled by the consolidated entity. These instruments represent non-controlling interests in the consolidated financial statements, and they are categorised as liabilities in the consolidated financial statements of the consolidated entity to the extent that the non-controlling interest holds 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.

Note 16. Contributed equity

	Consolidated 2023 Shares	Consolidated 2022 Shares	Consolidated 2023 $	Consolidated 2022 $
Ordinary shares - fully paid	745,519,039	742,444,039	59,120,476	59,028,586

Dividends
There are no dividends paid or declared during the period.

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	739,675,657		58,796,110
Issue of shares on conversion of options	10 November 2021	2,768,382	$0.080	234,482
Share issue costs				(2,006)
Balance	30 June 2022	742,444,039		59,028,586
Issue of employee shares	29 August 2022	3,075,000	$0.030	95,325
Share issue costs				(3,435)
Balance	30 June 2023	745,519,039		59,120,476

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Note 16. Contributed equity (continued)

The consolidated entity’s objectives when managing capital are to:
- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

<u>Accounting policy for issued capital</u>
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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Note 17. Reserves

	Consolidated 2023 $	Consolidated 2022 $
Share-based payments reserve	3,191,622	3,013,854
Convertible note reserve	91,051	91,051
Foreign currency reserve	(47,814)	(12,460)
Asset revaluation reserve	6,240,172	2,035,608
	9,475,031	5,128,053

Nature of reserves

Share-based payments 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 currency 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.
Asset revaluation reserve	Reserve is established to record the fair value movement in digital assets.

Note 18. Accumulated losses

	Consolidated 2023 $	Consolidated 2022 $
Accumulated losses at the beginning of the financial year	(37,073,176)	(34,233,708)
Loss after income tax expense for the year	(7,584,749)	(2,839,468)
Accumulated losses at the end of the financial year	(44,657,925)	(37,073,176)

Note 19. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 20. Financial instruments and risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks, including but not limited to:
- Foreign currency risk;
- Digital asset price risk;
- Interest rate risk;
- Credit risk; and
- Liquidity risk.

The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and liquidity risk.

The capital structure of the consolidated entity consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

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Note 20. Financial instruments and risk management (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

The consolidated entity holds the following financial assets and financial liabilities:

	Consolidated 2023 $	Consolidated 2022 $
Financial assets		
Cash and cash equivalents[AC]	3,380,080	6,278,410
Investments[FV]	737,720	2,290,994
Trade receivables[AC]	235,656	191,660
	4,353,456	8,761,064
Financial liabilities		
Trade payables[AC]	499,324	495,486
Lease liabilities[AC]	366,081	176,421
Net assets attributable to unit holders[AC]	9,108,506	6,211,747
	9,973,911	6,883,654

AC – Amortised Cost
FV – Fair value through profit or loss

Market risk

Foreign currency risk
The consolidated entity and the company operate internationally, and during the period were exposed to foreign exchange risk arising from currency exposures, primarily with respect to the USD/AUD dollar rates.

Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the consolidated entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management regularly monitors exposure to foreign exchange risk, but do not have a current hedging policy in place. It is intended that this policy will be continuously assessed in line with funding requirements for each of the investment opportunities.

As at 30 June 2023, the consolidated entity had exposure to foreign currency risk within its recognised assets and liabilities. The cash and cash equivalents held $USD7,637 (2022: $USD19,390) in bank accounts. The consolidated entity has no derivative liabilities in $USD (2022: $nil) and nil $USD in finance liabilities (2022: $USD nil).

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates 2023	Average exchange rates 2022	Reporting date exchange rates 2023	Reporting date exchange rates 2022
Australian dollars				
US dollars	1.4882	1.4236	1.5012	1.4484

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Note 20. Financial instruments and risk management (continued)

Consolidated - 2023	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD weakened % change	AUD weakened Effect on profit before tax
US dollars	10%	(1,146)	10%	1,146

Consolidated - 2022	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD weakened % change	AUD weakened Effect on profit before tax
US dollars	10%	(303)	10%	303

Digital asset price risk
The consolidated entity maintains digital assets as a balance sheet asset and manages them on behalf of clients through its funds management business. It is important to note that the price volatility inherent in digital asset markets may impact the consolidated entity's financial performance.

As a long-term holder of Bitcoin, the consolidated entity has traditionally maintained this position; however, as the digital asset market has matured, the entity has commenced diversifying into other digital assets such as Ethereum. During periods of heightened volatility, the consolidated entity will assess its core positions for potential acquisitions or divestments. The funds business conducts monthly reviews of holdings as part of the investment committee process and adheres to exposure limits, ensuring that no single asset constitutes more than 40% of the portfolio, in accordance with the investment memorandum.

Interest rate risk
The consolidated entity is exposed to interest rate risk as entities in the consolidated entity deposit funds at both short-term fixed and floating rates of interest. The consolidated entity's exposure to interest rates on financial assets and liabilities is detailed in the liquidity risk management section of this note.

A change in interest rates would not have a material impact on the profit and equity for the current and previous periods of the consolidated entity or the company.

Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is managed on a group basis. For banks and financial institutions, the consolidated entity aims to hold deposits with independently rated parties with a rating of 'A2' or above based on Moody's ratings. From time to time the consolidated entity may hold deposits with unrated institutions (i.e. exchanges) after trading in digital assets. The consolidated entity's credit risk exposure is set out below. Due to the nature of the customers the consolidated entity engages with ratings are not commonplace. Credit risk is therefore factored into the transaction price for services often in the form of bonus tokens or a discount to public token sale rate. At 30 June 2023, no customers had a published credit rating.

	Consolidated 2023 $	Consolidated 2022 $
Rating		
A1	5,470	5,610
A2	1,891,526	265,486
Unrated	1,483,084	6,007,314
	3,380,080	6,278,410

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the consolidated entity's funding and liquidity management requirements.

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Note 20. Financial instruments and risk management (continued)

The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

The below table excludes the value of net assets attributable to unit holders on the basis that there is no maturity date.

Consolidated - 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	499,324	-	-	-	499,324
Other payables	-	611,226	-	-	-	611,226
Interest-bearing - variable						
Lease liability	8.80%	86,368	89,823	274,209	-	450,400
Total non-derivatives		1,196,918	89,823	274,209	-	1,560,950

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	495,486	-	-	-	495,486
Other payables	-	1,061,069	-	-	-	1,061,069
Interest-bearing - variable						
Lease liability	8.80%	176,421	-	-	-	176,421
Total non-derivatives		1,732,976	-	-	-	1,732,976

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Accounting policy - financial instruments
Recognition and derecognition
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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Note 20. Financial instruments and risk management (continued)

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:
a) financial assets at amortised cost;
b) financial assets at fair value through profit or loss ('FVTPL');
c) debt instruments at fair value through other comprehensive income ('Debt FVOCI'); and
d) equity instruments at fair value through other comprehensive income ('Equity FVOCI').

Classifications are determined by both:
• The entity's business model for managing the financial asset; and
• The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for the allowance for expected credit loss which is presented within other expenses.

a) Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The consolidated entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

b) Financial assets at fair value through profit or loss ('FVTPL')
Financial assets that are held within a business model other than "hold to collect" or "hold to collect and sell" are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

This includes digital assets classified as financial assets in accordance with note 12.

c) Debt instruments at fair value through other comprehensive income ('Debt FVOCI')
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

d) Equity instruments at fair value through other comprehensive income ('Equity FVOCI')
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

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Note 20. Financial instruments and risk management (continued)

Impairment of financial assets
AASB 9's impairment model uses forward looking information to recognise expected credit losses - the 'expected credit losses ('ECL') model'. The application of the impairment model depends on whether there has been a significant increase in credit risk.

The consolidated entity considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Financial assets at fair value through other comprehensive income
The consolidated entity recognises 12 months expected credit losses for financial assets at FVOCI. As most of these instruments have a high credit rating, the likelihood of default is deemed low. However, at each reporting date the consolidated entity assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the consolidated entity relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The consolidated entity only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the consolidated entity would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the consolidated entity considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the consolidated entity recognises for this instrument or class of instruments the lifetime expected credit losses.

Classification and measurement of financial liabilities
The consolidated entity's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the consolidated entity designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Note 21. Fair value measurement

The consolidated entity measures financial instruments and non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Note 21. Fair value measurement (continued)

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the consolidated entity. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the financial statements on a recurring basis, the consolidated entity determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the consolidated entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

At 30 June 2023 all assets carried at fair value are deemed to be level 1 based on observable prices in an active market with the exception of:
• Investment in Bullion Asset Management – note 11
• Investment in Bricklet – note 11
• Unlisted Digital Assets – note 12

Fair value estimation
The Directors consider that the carrying amount of financial assets and financial liabilities, as recorded in the financial statements, represent or approximate their respective fair values.

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company:

	Consolidated	
	2023	**2022**
	$	**$**
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	101,941	84,403
Other services - BDO Audit (WA) Pty Ltd		
Tax compliance	32,240	10,480
	134,181	94,883

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Note 23. Commitments and contingencies

Commitments of the consolidated entity
The consolidated entity did not have any capital commitments as at 30 June 2023 (2022: none).

Guarantees entered into by the consolidated entity
There were no guarantees entered into by the consolidated entity as at 30 June 2023 (2022: none).

Contingent liabilities of the consolidated entity
The consolidated entity did not have any contingent liabilities as at 30 June 2023 (2022: none).

Note 24. Related party transactions

(a) Parent entity
DigitalX Limited is the parent entity.

(b) Subsidiaries
Interests in subsidiaries are set out in note 26. Balances and transaction between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

(c) Transactions with key management personnel

	Consolidated	
	2023	**2022**
	$	**$**
Short term employee benefits		
Salaries and fees	585,699	572,552
Director fees	168,736	160,415
Other benefits	(39,968)	(13,554)
Post-employment benefits		
Superannuation	67,014	68,553
Share-based payments		
Options and performance rights[1]	167,496	68,594
	948,977	856,560

[1] Refer to note 30 and note 17 for details of the events relating to performance rights and options effecting key management personnel.

Transactions with Director related entities

Year ended 30 June 2023
- During the year, the consolidated entity paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, $AUD47,787 for legal services rendered on various matters.

Year ended 30 June 2022
- During the year, the consolidated entity paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, $AUD47,337 for legal services rendered on various matters. This amount relates to the period of the financial year that Mr Hicks was a Director of the Company.
- During the year, the consolidated entity paid GAD Consulting Pty Ltd AUD$500, a company of which Greg Dooley is a director for consulting services rendered on various matters. This amount relates to the period of the financial year that Mr Dooley was a Director of the company.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

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Note 24. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 26.

Note 25. Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of DigitalX Limited (the company) as at period end and the results of all subsidiaries for the period then ended. DigitalX Limited and its subsidiaries together are referred to as the consolidated entity.

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:
• Has power over the investee;
• Is exposed, or has rights, to variable returns from its involvement with the investee; and
• Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:
• The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• Potential voting rights held by the company, other vote holders or other parties;
• Rights arising from other contractual arrangements; and
• Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the consolidated entity's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

Note 26. Interests in subsidiaries

Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 25. All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event a winding up of any controlled entity. The period end of the controlled entities is the same as that of the parent entity, except for the US companies listed below which use 31 December year end.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 25:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Digital CC Management Pty Ltd	Australia	100.00%	100.00%
Digital CC Trading Pty Ltd	Australia	100.00%	100.00%
Digital CC IP Pty Ltd	Australia	100.00%	100.00%
Digital CC Limited	Hong Kong	100.00%	100.00%
Digital CC IP Limited	Hong Kong	100.00%	100.00%
Digital CC Holdings Pty Ltd*	Australia	100.00%	100.00%
Digital CC Holdings USA Inc	United States	100.00%	100.00%

DigitalX Limited
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Note 26. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Digital CC USA LLC	United States	100.00%	100.00%
Digital CC USA Services LLC	United States	100.00%	100.00%
Digital CC Ventures Pty Ltd	Australia	100.00%	100.00%
Pass Petroleum Pty Ltd	Australia	100.00%	100.00%
Airpocket International Pty Ltd	Australia	100.00%	100.00%
AirPocket LLC	United States	100.00%	100.00%
DigitalX Funds Management Pty Ltd	Australia	73.00%	73.00%
DigitalX Fund Unit Trust	Australia	36.47%	34.73%
DigitalX Bitcoin Fund Unit Trust	Australia	60.82%	60.31%
DigitalX Asset Management Pty Ltd	Australia	100.00%	100.00%
Sell My Shares Pty Ltd	Australia	100.00%	100.00%

**Digital CC Holdings Pty Ltd was omitted in the comparative period financial report. Digital CC Holdings Pty Ltd was incorporated on 28 January 2014, with no change in ownership percentage from the comparative period.*

Year ended 30 June 2023
There were no changes to the controlled entities during the year ended 30 June 2023.

Year ended 30 June 2022
There were no changes to the controlled entities during the year ended 30 June 2023 except for those noted below:

Sell My Shares Pty Ltd was incorporated to acquire the business assets of Sell My Shares.

Judgement for investments in DigitalX Fund Unit Trust and DigitalX Bitcoin Fund Unit Trust (the 'funds')
As detailed in note 11, the company provides fund management services for the funds and it is deemed that the consolidated entity meets the definition of control under AASB10: Consolidated Financial Statements. As a result, the financial position and performance of the DigitalX funds have been included in the consolidated entity financial statements. The consolidated entity will continue to assess its position with respect to control of the funds at each reporting period and there have been no changes to the consolidated entity's assessment for the year ended 30 June 2023.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 $	Parent 2022 $
Loss after income tax	(5,190,534)	(2,521,782)
Total comprehensive loss	(5,190,534)	(2,521,782)

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	9,565,681	13,979,814
Total assets	25,224,696	28,235,872
Total current liabilities	1,310,691	1,262,397
Total liabilities	1,310,691	1,262,397
Equity		
Contributed equity	110,781,489	110,687,599
Reserves	13,345,865	11,308,691
Accumulated losses	(100,213,349)	(95,022,815)
Total equity	23,914,005	26,973,475

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Accounting policy for parent entity information
The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the company.

Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 27. Parent entity information (continued)

Tax consolidation legislation

DigitalX Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, DigitalX Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, DigitalX Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate DigitalX Limited for any current tax payable assumed and are compensated by DigitalX Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to DigitalX Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial period. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023 $	2022 $
Loss after income tax expense for the year	(7,584,749)	(2,839,468)
Non-cash flows in profit/(loss)		
Non-cash interest received (staking)	(10,766)	(75,625)
Depreciation	118,127	203,335
Share-based payments	273,092	56,547
Fair value adjustment of investments	2,049,031	(56,424)
Finance costs	30,001	26,819
Amortisation of right of use asset under AASB16	132,142	119,641
Increase in net assets attributable to unit holder	(131,950)	(341,497)
Other non-cash expenses/(income) including foreign exchange	463,739	(340,304)
Change in assets and liabilities, net the effects of purchase of subsidiaries		
Decrease/(increase) in trade and other receivables	81,505	(134,587)
Increase in contract assets	-	(97,865)
Decrease in prepayments, deposits and other assets	47,915	-
Increase in trade and other payables	245,521	687,902
Net cash used in operating activities	(4,286,392)	(2,791,526)

Non-cash investing and financing activities

In addition to the above, the consolidated entity also had the following non-cash investing and financing activities that impacted on the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Financial Position.

Current year

- Movement in prices of digital assets (note 12)
- Addition of right-of-use asset

Prior year

- Shares issued as compensation (note 16)
- Movement in prices of digital assets (note 12)

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 29. Earnings per share

	Consolidated 2023 $	2022 $
Loss after income tax attributable to the owners of DigitalX Limited	(7,584,749)	(2,839,468)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	745,013,560	741,435,286
Weighted average number of ordinary shares used in calculating diluted earnings per share	745,013,560	741,435,286
	Cents	**Cents**
Basic earnings per share	(1.02)	(0.38)
Diluted earnings per share	(1.02)	(0.38)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of DigitalX Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Options, warrants and performance rights outstanding would decrease the loss per share reported above and hence, have been treated as antidilutive. The number of options outstanding at 30 June 2023 would convert to 35,286,729 ordinary shares if exercised. The number of warrants outstanding at 30 June 2023 would convert to 55,839,003 ordinary shares if exercised. The number of performance rights outstanding at 30 June 2023 would convert to 5,357,141 ordinary shares if exercised.

Refer to note 30 for details on options, warrants and performance rights outstanding at 30 June 2023.

Note 30. Share-based payments

As at 30 June 2023, there are 35,286,729 options, 5,357,141 performance rights and 55,839,003 warrants to subscribe for unissued ordinary shares in the company.

Share-based payments expense for the year ended 30 June 2023 is $273,092, comprised of:
- Ordinary shares issued to key management of $95,325
- Grant date fair value of options, warrants and performance rights, expensed proportionately through to vesting date of $177,767.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 30. Share-based payments (continued)

Options
Set out below are summaries of options granted and outstanding at the end of the financial year under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/12/2018	10/12/2023	$0.220	2,000,000	-	-	-	2,000,000
10/12/2018	10/12/2023	$0.250	3,000,000	-	-	-	3,000,000
10/12/2018	10/12/2023	$0.300	4,000,000	-	-	-	4,000,000
11/07/2019	30/06/2024	$0.100	2,500,000	-	-	-	2,500,000
18/12/2020	18/12/2024	$0.100	1,000,000	-	-	-	1,000,000
06/12/2021	30/06/2024	$0.100	2,500,000	-	-	-	2,500,000
11/04/2022	11/04/2027	$0.091	1,415,094	-	-	-	1,415,094
11/04/2022	11/04/2027	$0.118	1,470,588	-	-	-	1,470,588
11/04/2022	11/04/2027	$0.153	1,530,612	-	-	-	1,530,612
11/04/2022	11/04/2027	$0.199	1,630,435	-	-	-	1,630,435
05/07/2022	29/08/2025	$0.110	-	15,640,000	-	(10,400,000)	5,240,000
05/07/2022	09/09/2023	$0.050	-	10,000,000	-	(10,000,000)	-
12/05/2023	12/05/2027	$0.100	-	9,000,000	-	-	9,000,000
			21,046,729	34,640,000	-	(20,400,000)	35,286,729
Weighted average exercise price			$0.183	$0.090	$0.000	$0.081	$0.151

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/12/2018	10/12/2023	$0.220	2,000,000	-	-	-	2,000,000
10/12/2018	10/12/2023	$0.250	3,000,000	-	-	-	3,000,000
10/12/2018	10/12/2023	$0.300	4,000,000	-	-	-	4,000,000
11/07/2019	30/06/2024	$0.100	2,500,000	-	-	-	2,500,000
18/12/2020	18/12/2024	$0.100	1,000,000	-	-	-	1,000,000
06/12/2021	30/06/2024	$0.100	-	2,500,000	-	-	2,500,000
11/04/2022	11/04/2027	$0.091	-	1,415,094	-	-	1,415,094
11/04/2022	11/04/2027	$0.118	-	1,470,588	-	-	1,470,588
11/04/2022	11/04/2027	$0.153	-	1,530,612	-	-	1,530,612
11/04/2022	11/04/2027	$0.199	-	1,630,435	-	-	1,630,435
			12,500,000	8,546,729	-	-	21,046,729
Weighted average exercise price			$0.230	$0.130	$0.000	$0.000	$0.187

The weighted average share price during the financial year was $0.039 (2022: $0.083).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.25 years (2022: 0.76 years).

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 30. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
10/12/2018	10/12/2023	2,000,000	2,000,000
10/12/2018	10/12/2023	3,000,000	3,000,000
10/12/2018	10/12/2023	4,000,000	4,000,000
11/07/2019	30/06/2024	2,500,000	2,500,000
18/12/2020	18/12/2024	1,000,000	1,000,000
06/12/2021	30/06/2024	2,500,000	2,500,000
		15,000,000	15,000,000

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or any other body corporate or registered scheme.

Options issued
2023

Item	**Issued to employees and key management Tranche 1 - 5 July 2022**	**Issued to employee Tranche 2 - 5 July 2022**	**Issued to employees 12 May 2023**
Volatility (%)	101.19%	93.65%	98.14%
Risk-free interest rate (%) – range	2.98%	3.19%	3.06%
Expected life of option (years)	3 years	1.18 years	3 years
Exercise price per terms and conditions	$0.110	$0.050	$0.100
Underlying security spot price	$0.043	$0.043	$0.043
Grant date	5/07/2022	5/07/2022	12/05/2023
Expiry date	29/08/2025	9/09/2023	12/05/2027
Valuation per option	$0.012	$0.016	$0.019
Number issued	15,640,000*	10,000,000	9,000,000
Vesting condition	Market-based, performance. Market capitalisation of $250,000,000.	Market-based, performance. Funds under management of $100,000,000.	Service condition. Continuous employment for 3 years from grant date.

* Of the 15,640,000 issued, the following were to KMP:
- 4,000,000 options issued to Jonathon Carley. All options were forfeited upon termination of employment during the financial year.
- 4,000,000 options issued to David Beros. All options were forfeited upon termination of employment during the financial year.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 30. Share-based payments (continued)

2022

Item	**Issued to Non-Executive Director 6 December 2021**	**Issued to Chief Executive Officer Tranche 1 - 11 April 2022**	**Issued to Chief Executive Officer Tranche 2 - 11 April 2022**	**Issued to Chief Executive Officer Tranche 3 - 11 April 2022**	**Issued to Chief Executive Officer Tranche 4 - 11 April 2022**
Volatility (%)	103.14%	112.60%	112.60%	112.60%	112.60%
Risk-free interest rate (%) – range	1.03%	2.63%	2.63%	2.63%	2.63%
Expected life of option (years)	3 years	5 years	5 years	5 years	5 years
Exercise price per terms and conditions	$0.100	$0.0091	$0.118	$0.153	$0.199
Underlying security spot price	$0.084	$0.075	$0.075	$0.075	$0.075
Grant date	6/12/2021	4/04/2022	4/04/2022	4/04/2022	4/04/2022
Expiry date	30/06/2024	11/04/2027	11/04/2027	11/04/2027	11/04/2027
Valuation per option	$0.076	$0.059	$0.057	$0.054	$0.052
Number issued	2,500,000	1,415,094	1,470,588	1,530,612	1,630,435
Vesting condition	No vesting conditions. Vested on grant date.	Service condition. Continuous employment for 2 years from grant date.	Service condition. Continuous employment for 3 years from grant date.	Service condition. Continuous employment for 4 years from grant date.	Service condition. Continuous employment for 5 years from grant date.

Performance rights
Set out below are summaries of performance rights granted and outstanding at the end of the financial year under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/10/2022	29/09/2023	$0.000	-	1,964,285	-	-	1,964,285
10/10/2022	29/09/2023	$0.000	-	1,964,285	-	-	1,964,285
10/10/2022	29/09/2023	$0.000	-	1,428,571	-	-	1,428,571
			-	5,357,141	-	-	5,357,141
Weighted average exercise price			$0.000	$0.000	$0.000	$0.000	$0.000

No performance rights are exercisable at the end of the financial year.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 0.25 years (2022: N/A).

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 30. Share-based payments (continued)

Performance rights issued to Chief Executive Officer

Item	**Tranche 1***	**Tranche 2***	**Tranche 3***
Volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%) – range	N/A	N/A	N/A
Expected life of option (years)	1 year	1 year	1 year
Exercise price per terms & conditions	$0	$0	$0
Underlying security spot price	$0.033	$0.033	$0.033
Grant date	10/10/2022	10/10/2022	10/10/2022
Expiry date	29/09/2023	29/09/2023	29/09/2023
Valuation per right	$0.033	$0.033	$0.033
Number issued	1,964,285	1,964,285	1,428,571
Vesting condition	Non-market, performance. Revenue greater than $5.5m.	Non-market, performance. The consolidated entity holding funds of not less than $90m.	Non-market, performance. Achievement of eNPS (employee net promoter score) of not less than 30.

* Probability of rights vesting is deemed less than likely, therefore nil expense has been recorded as a vesting charge during the year ended 30 June 2023.

Valuation of performance rights
For performance rights with non-market conditions, fair value is measured using the closing share price at grant date. Vesting is based on management's best estimate of performance conditions being met.

Warrants
Set out below are summaries of warrants granted and outstanding at the end of the financial year:

2023 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/03/2021	09/03/2024	$0.100	48,981,582	-	-	-	48,981,582
09/03/2021	09/03/2024	$0.113	6,857,421	-	-	-	6,857,421
Weighted average exercise price			$0.100	$0.000	$0.000	$0.000	$0.100

All warrants disclosed above are exercisable at the end of the current and prior financial year.

The weighted average remaining contractual life of warrants outstanding at the end of the financial year was 0.69 years (2022: 1.69 years).

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

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 30. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 31. New accounting standards and interpretations

Standards and Interpretations issued but not yet adopted
The company has reviewed the standards that have been issued but not yet effective and have determined there will be no material impact on adoption of the standards.

Note 32. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future years other than those set out below.

Date of event	**Details of event**
29 September 2023	Due to the volatile nature and the materiality of the digital assets held, we disclose the value of material digital assets held by the consolidated entity, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 29 September 2023.

DigitalX Limited
Notes to the financial statements
30 June 2023

Note 32. Events after the reporting period (continued)

Coin	Number of coins held at 30 June 2023	$AUD Spot price at 30 June 2023	$AUD Spot price at 29 September 2023	$AUD Pro-forma impact
BTC	146.16	45,753	41,497	(622,000)

DigitalX Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 21 September 2023.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	232	0.01	-	-
1,001 to 5,000	2,113	0.84	-	-
5,001 to 10,000	1,482	1.59	-	-
10,001 to 100,000	3,137	14.89	1	0.07
100,001 and over	863	82.67	27	99.93
	7,827	100.00	28	100.00
Holding less than a marketable parcel	4,627	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
BNP Paribas Nominees Pty Ltd Acf Clearstream	56,031,388	7.52
NRB International Llc	32,813,761	4.40
Irwin Biotech Nominees Pty Ltd	25,683,876	3.45
Citicorp Nominees Pty Limited	20,373,127	2.73
BNP Paribas Nominees Pty Ltd 'Ib Au Noms Retailclient Drp'	16,427,446	2.20
Atcho Super Pty Ltd 'Atcheson Super Fund A/C'	12,000,000	1.61
Acl Investment Australia Pty Ltd 'Acl Family A/C'	8,397,221	1.13
Emboodhu Pty Ltd 'Ta And El Hicks Family A/C'	8,194,444	1.10
Hsbc Custody Nominees (Australia) Limited	7,267,552	0.97
Valueadmin Com Pty Ltd	7,200,000	0.97
Mr Hing Wa Chan	6,555,817	0.88
Brixton Capital Pty Ltd	6,132,985	0.82
Mrs Annette Lind & Mr Michael Josef Lind	6,011,914	0.81
Mr Richard James Ansell	5,975,905	0.80
Mr Yi Wang	5,676,681	0.76
Ozstudy Group Pty Ltd	5,263,324	0.71
Mj & A Lind Pty Ltd 'Lind Family S/F A/C'	5,069,369	0.68
Shelley Properties Pty Limited 'Butcher Super Fund A/C'	4,913,207	0.66
Mr Basil Micos	4,161,964	0.56
Mr Duncan John Heazlewood & Mrs Jane Louise Heazlewood 'D & J Heazlewood Family A/C'	4,070,000	0.55
	248,219,981	33.31

Unquoted equity securities

	Number on issue	Number of holders
Options, rights and warrants over ordinary shares issued	96,482,873	28

DigitalX Limited
Shareholder information
30 June 2023

The following person holds 20% or more of unquoted equity securities:

Employee options expiring 12 May 2027: 9,000,000 options, held by:
- Firecat Investments Pty Ltd: 2,976,996 options (33.08%)
- Jaime Underdown: 2,165,088 (24.06%)

Unlisted options exercisable at $0.22 expiring 10 December 2023: 2,000,000 options, held by:
- Blockchain Global Ltd: 1,000,000 options (50.00%)
- Irwin Biotech Nominees Pty Ltd: 1,000,000 options (50.00%)

Unlisted options exercisable at $0.25 expiring 10 December 2023: 3,000,000 options, held by:
- Blockchain Global Ltd: 1,500,000 options (50.00%)
- Irwin Biotech Nominees Pty Ltd: 1,500,000 options (50.00%)

Unlisted options exercisable at $0.30 expiring 10 December 2023: 4,000,000 options, held by:
- Blockchain Global Ltd: 2,000,000 options (50.00%)
- Irwin Biotech Nominees Pty Ltd: 2,000,000 options (50.00%)

Unlisted options exercisable at $0.10 expiring 30 June 2024: 5,000,000 options, held by:
- Mr Gregory Albert Dooley: 2,500,000 options (50.00%)
- Emboodhu Pty Ltd: 2,500,000 options (50.00%)

Unlisted options exercisable at $0.10 expiring 18 December 2024: 1,000,000 options, held by:
- Pareto Nominees Pty Ltd: 500,000 options (50.00%)
- Shaw and Partners Limited: 500,000 options (50.00%)

Unlisted options exercisable at $0.091 expiring 11 April 2027: 1,415,094 options, held by:
- Ms Elisabeth Louse Wade: 1,415,094 options (100.00%)

Unlisted options exercisable at $0.118 expiring 11 April 2027: 1,470,588 options, held by:
- Ms Elisabeth Louse Wade: 1,470,588 options (100.00%)

Unlisted options exercisable at $0.153 expiring 11 April 2027: 1,530,612 options, held by:
- Ms Elisabeth Louse Wade: 1,530,612 options (100.00%)

Unlisted options exercisable at $0.199 expiring 11 April 2027: 1,630,435 options, held by:
- Ms Elisabeth Louse Wade: 1,630,435 options (100.00%)

Unlisted options exercisable at $0.11 expiring 29 August 2025: 5,240,000 options, held by:
- Mr Benjamin Hartnett: 1,200,000 options (22.90%)

Unlisted warrants exercisable at $0.10 expiring 8 March 2024: 48,981,582 warrants, held by:
- Armistice Capital Master Fund: 33,725,006 (68.85%)

Unlisted warrants exercisable at $0.113 expiring 8 March 2024: 6,857,421 warrants, held by:
- Mr Craig Schwabe: 1,534,348 (22.38%)
- Mr Michael Vasinkevich: 4,397,321 (64.12%)

Unlisted performance rights: 5,357,141 performance rights (note 30), held by:
- Ms Elisabeth Louse Wade: 5,357,141 (100.00%)

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
BNP Paribas Nominees Pty Ltd Acf Clearstream	56,031,388	7.52

DigitalX Limited
Shareholder information
30 June 2023

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

There are no restricted securities on issue at the date of this report.

On-market buy back

There is no current on-market buyback.

Annual General Meeting

The company advises that the scheduled date of the Annual General Meeting (AGM) of the company is yet to be determined.

Corporate directory

Directors

Toby Hicks
Greg Dooley
Peter Rubinstein

Company secretary

Joel Ives

ABN

59 009 575 035

Registered office and principle place of business

Suite 2, Level 4, 66 Kings Park Road
West Perth WA 6005

Share register

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney, NSW 2000

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2, 5 Spring Street
Perth WA 6000

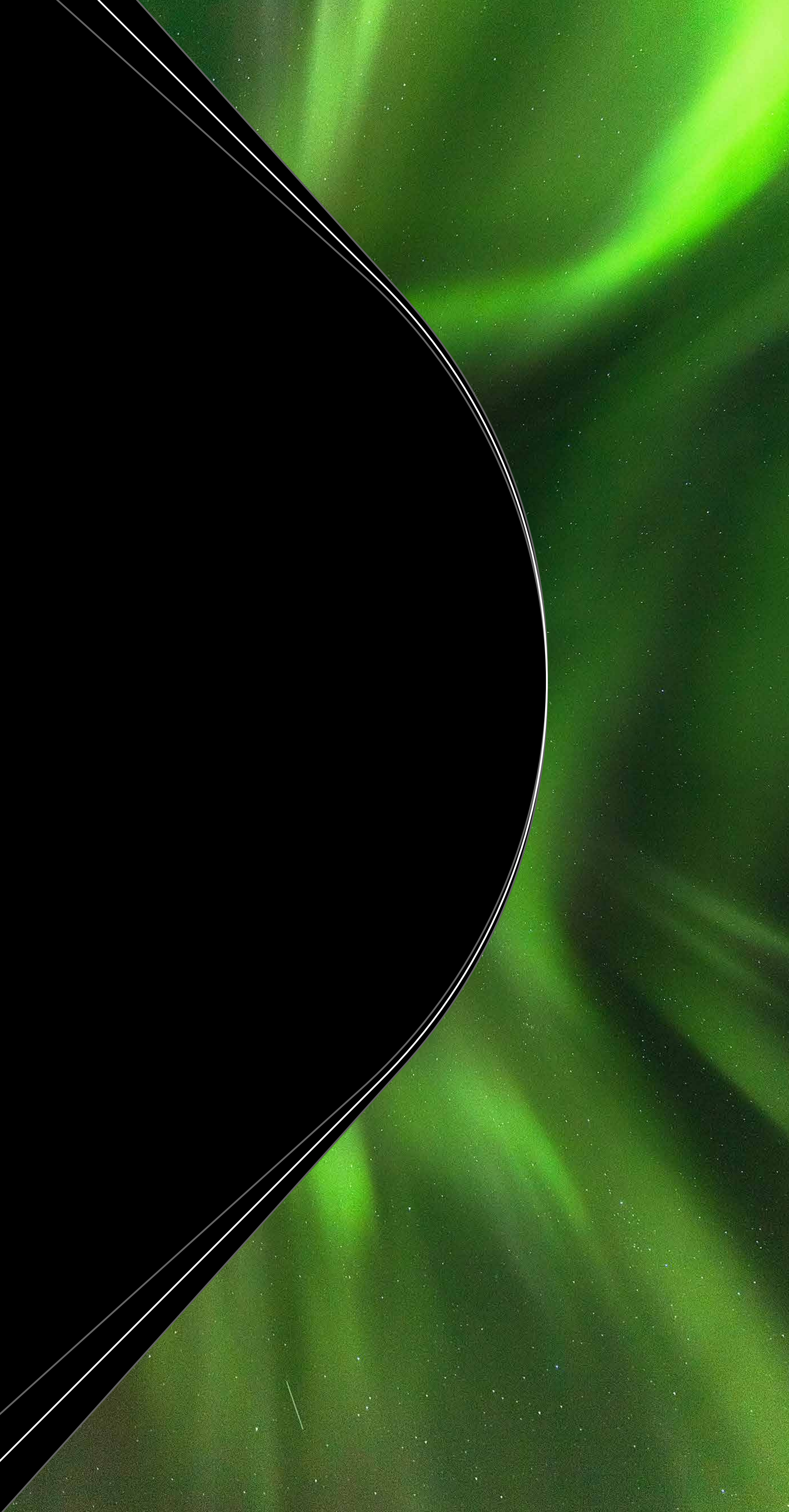
Stock exchange listing

DigitalX Limited shares are listed on the Australian Securities Exchange (ASX code: DCC)

Website

digitalx.com

DIGITALX



digitalx.com

ASX:DCC