

# 2021 ANNUAL REPORT DIGITALX LIMITED



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## LETTER FROM THE CHAIR

Dear Shareholders,

I am pleased to present this Annual Report to our Shareholders for the year ended 30 June 2021.

The outcome of the 2021 Financial Year is a result of the decisions made by the Board in the previous year, and the commitment to execution by the Company's team.

The Company operates at the intersection of finance and technology, to provide shareholders with exposure to both the value uplift from the technology and the price appreciation of the new digital asset class and as such, our aligned businesses of funds management and the utilisation of new technologies to develop and build new age regulatory and compliance products complement one another.

Backed by strong growth in the digital asset markets and the ongoing wider adoption and acknowledgement of the potential of digital assets, the Company's 'Drawbridge' suite of regtech products continues to grow both in its utility and by number of users. The goal with Drawbridge remains the same: to be the standard for governance and compliance products globally. I continue to believe that any ASX listed company that has any form of director or employee trading should be using Drawbridge, not only as an immutable record of those trades, but also to protect all directors and employees from trading in periods where they shouldn't. We will continue to push this message at every opportunity.

Finally, I would like to acknowledge our team for all their commitment and work this year. Like many businesses, they have faced challenges as a result of COVID, but they have continued to work to execute the business plan and build wealth for shareholders. As a team, we all look forward to what the next year can present for DigitalX.

Yours sincerely,



**Toby Hicks**  
*Non-Executive Chair*

## DIRECTORS' REPORT

Your Directors present their report together with the financial report on the consolidated entity (referred to hereafter as the **Group** or **Consolidated entity**) consisting of DigitalX Limited (**DigitalX** or the **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2021. Information contained within this report and the financial report is presented in Australian Dollars (\$AUD).

### Directors

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

<p><b>Mr Toby Hicks</b> Non-Executive Chairman</p> <hr/> <p><b>Term of Appointment</b> Appointed 10 July 2019</p> <p><b>Status</b> Independent Non-Executive</p> <p><b>Current Directorships</b> None</p> <p><b>Previous Directorships of Listed Entities within past 3 years</b> None</p>	<p><b>Experience</b> Mr Hicks is a Partner of Steinepreis Paganin Lawyers &amp; Consultants with over 18 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.</p> <p>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.</p> <p>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).</p> <p><b>Interests in securities held as at the date of the report</b></p> <ul style="list-style-type: none"> <li>○ 8,350,792 fully paid ordinary shares; and</li> <li>○ 2,500,000 unlisted options exercisable at \$0.10 each expiring on 30 June 2024.</li> </ul>
<p><b>Mr Peter Rubinstein</b> Non-Executive Director</p> <hr/> <p><b>Term of Appointment</b> Appointed 15 September 2017</p> <p><b>Status</b> Non-Independent Non-Executive</p> <p><b>Current Directorships</b> Genetic Technologies Limited <i>Since 31 January 2018</i></p> <p><b>Previous Directorships of Listed Entities within past 3 years</b> None</p>	<p><b>Experience</b> 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.</p> <p>Mr Rubinstein has had significant exposure to the creation, launch and management of a diverse range of technology companies including in biotech, digital payments and renewable energy.</p> <p>Mr Rubinstein is also Chairman of unlisted company EasyPark ANZ, an early adopter in the "Smart City" opportunities for digital parking.</p> <p><b>Interests in securities held as at the date of the report</b></p> <ul style="list-style-type: none"> <li>○ 36,334,372 fully paid ordinary shares;</li> <li>○ 1,000,000 unlisted options exercisable at \$0.22 each expiring on 10 December 2023;</li> <li>○ 1,500,000 unlisted options exercisable at \$0.25 each expiring on 10 December 2023; and</li> <li>○ 2,000,000 unlisted options exercisable at \$0.30 each expiring on 10 December 2023.</li> </ul>

**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**

○ Nil

**Mr Leigh Travers**

Executive Director

**Term of Appointment**Appointed 24 July 2016  
Resigned 6 August 2021**Status**Non-Independent  
Executive**Current Directorships**

None

**Previous Directorships of Listed Entities within past 3 years**

None

**Experience**

Mr Leigh Travers has enjoyed a decade of building relationships in financial and technology markets through his experience with fintech and investment advisory companies. He is a current Director of Blockchain Australia, the industry body for blockchain businesses in Australia.

Mr Travers previously worked for seven years at Australian wealth management firm Euro Securities as an Investment Advisor. His clients included high net worth, institutions and listed companies as he provided trading advice and assisted with company buybacks and sell downs and capital raising services.

Mr Travers holds a Bachelor of Commerce and Communications from the University of Western Australia and has completed a Fintech Certification from the Massachusetts Institute of Technology and Certificate in Blockchain Strategy from RMIT.

**Company Secretary**

Mr Joel Ives is an experienced Chartered Accountant (CAANZ) that provides CFO, accounting, and company secretarial services for ASX listed and private companies across various industries.

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

Mr Ives was appointed on 6 August 2021.

Ms Shannon Coates has over 20 years' experience in corporate law and compliance. She is currently named company secretary to a number of public unlisted and listed companies; having provided company secretarial and corporate advisory services to boards across a variety of industries, including financial services, manufacturing and technology both in Australia and internationally. Ms Coates is a qualified lawyer, Chartered Secretary and graduate of the AICD's Company Directors course. Ms Shannon Coates was appointed Company Secretary of DigitalX on 8 December 2016 and resigned on 6 August 2021.

## Principal activities

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

- Blockchain consulting & development; and
- Funds under management.

Refer to the [Operating and Financial Review](#) for further information about each of the activities.

## Environmental regulation

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

## Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- During the course of the financial year the Group's contributed equity increased by \$AUD8,306,823 (from \$AUD50,489,288 to \$58,796,111) primarily as a result of a A\$8.8m (before costs) capital raising in March 2021 to sophisticated U.S. investors. The changes for the year are disclosed in Note F1.
- As a result of the capital raising, digital asset acquisitions by the funds and the year-on-year increase in digital asset prices, the Group's cash and digital asset position increased by \$AUD32,011,731 (from \$AUD10,837,883 to \$AUD42,849,614).
- In addition to the above, 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 <sup>1</sup>	Link <sup>2</sup>
29-Jun-21	DigitalX recognises A\$8.33m in revenue for advisory services	<a href="#">Revenue</a> <a href="#">Contract Asset</a>	<a href="#">Link</a>
21-May-21	Strategic investment into Bitcoin and digital asset market	<a href="#">Cash</a> <a href="#">Investments</a>	<a href="#">Link</a>
9-Mar-21	Successful completion of A\$8.8 million capital raising	<a href="#">Cash</a> <a href="#">Equity</a>	<a href="#">Link</a>
18-Jan-21	Follow-on investment to Bullion Asset Management	<a href="#">Cash</a> <a href="#">Investments</a>	<a href="#">Link</a>
24-Nov-20	First RegTech product for publicly traded entities launched	<a href="#">Intangible Assets</a>	<a href="#">Link</a>

<sup>1</sup> Refer to the relevant section of the Report for the impact of the change.

<sup>2</sup> 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 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.

## Subsequent events

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those set out below.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Date of event	Details of event																				
21 July 2021	On 21 July 2021, the Company announced that Executive Director, Mr Leigh Travers, had tendered his resignation.																				
3 August 2021	<p>On 3 August 2021, the Company announced that Mr Greg Dooley had been appointed as a Non-Executive Director of the Company.</p> <p>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.</p>																				
6 August 2021	On 6 August 2021, the Company announced that Ms Shannon Coates had resigned as Company Secretary and has been replaced by Mr Joel Ives.																				
26 August 2021	<p>On 26 August 2021, the Company provided a progress update to the market and noted:</p> <ul style="list-style-type: none"> <li>- Mr Jonathon Carley had been appointed Acting Chief Operating Officer for the Company; and</li> <li>- The Company had recognised a material uplift in the value of its Human Protocol (HMT) holding to A\$18,750,000 following its listing on leading exchanges FTX and Coinlist. The value of the right at 30 June 2021 was A\$8,335,434.</li> </ul>																				
16 September 2021	On 16 September 2021 the Company announced it had entered into an agreement to acquire leading online share sales business, Sell My Shares, for upfront cash consideration of \$1,640,000 and up to \$250,000 deferred consideration subject to satisfaction of various performance milestones.																				
27 September 2021	Due to the volatile nature and the materiality of the digital assets held, we disclose the value of material digital assets held by the Group, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 27 September.																				
	<table border="1"> <thead> <tr> <th>Coin Symbol</th> <th>Coin Amount</th> <th>\$AUD Price at 30 June</th> <th>\$AUD Spot Price at 27 Sept</th> <th>\$AUD Balance</th> </tr> </thead> <tbody> <tr> <td>BTC</td> <td>215.95</td> <td>\$46,585</td> <td>\$58,070</td> <td>\$12,540,217</td> </tr> <tr> <td>HMT</td> <td>12,500,000</td> <td>\$0.665</td> <td>\$1.29</td> <td>\$16,125,000</td> </tr> <tr> <td><b>Total</b></td> <td>-</td> <td>-</td> <td>-</td> <td><b>\$28,665,217</b></td> </tr> </tbody> </table>	Coin Symbol	Coin Amount	\$AUD Price at 30 June	\$AUD Spot Price at 27 Sept	\$AUD Balance	BTC	215.95	\$46,585	\$58,070	\$12,540,217	HMT	12,500,000	\$0.665	\$1.29	\$16,125,000	<b>Total</b>	-	-	-	<b>\$28,665,217</b>
Coin Symbol	Coin Amount	\$AUD Price at 30 June	\$AUD Spot Price at 27 Sept	\$AUD Balance																	
BTC	215.95	\$46,585	\$58,070	\$12,540,217																	
HMT	12,500,000	\$0.665	\$1.29	\$16,125,000																	
<b>Total</b>	-	-	-	<b>\$28,665,217</b>																	

## OPERATING & FINANCIAL REVIEW

### Operating results

The result for the year ended 30 June 2021 was a consolidated profit attributable to members of the Group of \$AUD6,756,954 (2020: loss of \$AUD6,838,813). Following a transitional year in 2020, DigitalX is pleased to see the systematic approach taken over the past 18 months begin to deliver early results for shareholders at the end of the financial year.

DigitalX's corporate strategy is centred on creating solutions at the intersection of finance and technology, to provide shareholders with exposure to both the value uplift from the technology and the price appreciation of the new digital asset class, utilising its teams experience in the assessment of new technologies and the investment and development of those technologies.

### Highlights

- Increase of liquid assets year on year from A\$10.84m to A\$42.85m.
- Completion of \$A8.8m (before costs) capital raising to fund further investments into the digital asset space and to accelerate future development opportunities.
- The growth of the funds management division over the period in terms of both capabilities and funds under management.
- Launch of RegTech division led by Drawbridge, a digital governance solution built on the latest blockchain technology with the potential to integrate with the ASX's DLT and Chess Replacement application.
- Pleasing progress from investments and services undertaken by DigitalX, including Bullion Asset Management, the strategic investment made in the DigitalX Digital Asset Fund and the Human Protocol Foundation.
- Blockchain innovation activities set to continue headlined by the \$60m Digital Finance CRC.

### Overview

Throughout the year, DigitalX remained focused on growing three core areas to the company's operations, which are strategically aligned to key aspects of the growing blockchain economy in order to deliver returns for shareholders.

DigitalX Funds Management	Growing access to Bitcoin and other digital assets for wholesale investors
Blockchain Product Development	Commercialisation of distributed ledger products such as Drawbridge
DigitalX Corporate Treasury	Investment in blockchain and digital finance projects to generate returns

### Digital Asset Funds Management



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

The DigitalX Funds provide exposure to a growing, yet volatile asset class and are presented to investors from the perspective of a long term investment horizon. With volatility over the period continuing, it was pleasing to see both funds under management increase as well as the division maintaining a high level of investor retention, key indicators that the division is growing sustainably. The funds under management of the division grew to a peak of \$32m over the period with the business posting funds under management of \$22.14m at year end.





The volatility during the period provided a strategic investment opportunity for DigitalX as the Company doubled its initial investment into the DigitalX Digital Asset Fund over May and June during the lows for 2021.

Despite this softer period for the digital asset market, the DigitalX Bitcoin Fund and the DigitalX Fund closed the financial year with impressive 12-month performance (net of fees) of 253.99% and 387.20% respectively.

The strong performance was noted by the Australian Financial Review (AFR)<sup>1</sup>, which saw DigitalX noted as the manager of the second-best performing fund per Morningstar. The DigitalX Fund achieved superior returns over the Eureka Crypto Hedge Fund (ECHF) Index despite having a lower-risk mega-cap, liquid investment strategy. The DigitalX Fund has now seen outperformance during both bear and bull market periods and has out-performed more traditional asset classes by a significant margin since inception.

Over the period, the quality of the funds management team was bolstered by the addition of new hires covering funds management, funds operation and digital asset research. The additional experience and expertise has enabled the strategy to evolve to a more active investment strategy which aligns with the growing maturity of the marketplace. The strategy enables the funds management team to deliver greater risk adjusted performance for investors and provide a further key differentiator to future competitors seeking to introduce passive digital asset investment products. The funds management divisions key assets of team, wealth management platform listings, CPD education materials and growing brand have set the business up well for future growth over the 2022 financial year.

## Blockchain Product Development

### Launch of Drawbridge



During the year the Company launched Drawbridge, its first distributed ledger app for global securities market exchanges. Drawbridge helps executives of publicly listed companies build trust and improve reliability in how their organisation is governed, through the use of new technologies that enhance the

standard of systems and processes for achieving good governance outcomes. The vision for Drawbridge is to become the digital governance standard for publicly listed companies globally.

As a first step in pursuit of this vision, Drawbridge was released to a select set of listed companies through an early adopter programme focused on growing initial traction in the market. The first version of Drawbridge supports listed companies to transition away from manual and error prone processes typically used to manage insider trading risks through a Securities Trading Policy, and overhauls this by providing a digital solution for both company executives and staff. Key to Drawbridge is its use of the Digital Asset Modelling Language (DAML), which is set to provide future benefits for accessing listed company data through global securities exchanges. To this end, the Drawbridge application has been one of the first given access to the ASX's test DLT environment.

### Drawbridge Market Traction & Roadmap

Drawbridge's early marketing strategy has focused on building relationships with key stakeholders within its target market of listed company governance executives. This has included the sponsorship of industry conferences such as the Governance Institute's Governance and Risk Management Forum, email and digital marketing campaigns to over 4,000 identified prospects, and successful lead generation activities such as the release of a free VWAP calculation service for target customers.

Early market interest in Drawbridge has gained momentum throughout the year, with more listed company employees onboarded to the Drawbridge app, and a growing pipeline of new customers engaged through product demonstrations and proposals. The Company has taken an iterative approach to strengthening the product's strategy and market positioning in response to direct market feedback from customers. This has seen improvements in the product's pricing model and refinement of the product roadmap for additional features and solutions designed to provide greater value to customers and therefore opportunities for increased revenues.

<sup>1</sup> <https://www.afr.com/chanticleer/secrets-of-a-top-crypto-fund-20210616-p581kk>

In line with Drawbridge's strategic roadmap, the Company signed an MoU with leading off-market share sale provider, Sell My Shares, to assess the delivery of trade execution services so that employees of listed companies may execute trades upon receiving approval via Drawbridge's Share Trading Policy app. Additional proposed development areas included a submission to the Australian Securities Investment Commission (ASIC) in response to their industry regtech challenge.

The Company's submission seeks to expand Drawbridge by assessing the technical and commercial feasibility of developing a solution to assist ASIC and listed companies in better monitoring instances of poor market disclosure. The outcome of the submission process is currently pending.

### Digital Finance CRC

## DIGITAL FINANCE CRC

During the year the Company became a partner to a successful proposal to the Australian Federal Government for funding for a Cooperative Research Centre (CRC) to undertake research and commercialisation activities in the emerging digital asset sector, which saw the award of \$60M of

Government funding. The establishment of the CRC is a pleasing sign for the Company as a strong indication of the growth and maturity of the blockchain and digital asset industry. The vision of the Digital Finance CRC is to be a global leader in the development and exploitation of the opportunities arising from the universal digitisation of all assets. The CRC is supported by other partners that include major retail and central banks, global financial markets technology companies, and Australian universities. Combined, the group is taking a commercially focused, internationally connected approach with world-class researchers undertaking vital, long-term, collaborative projects. The Company expects to define the exact scope of activities with the CRC and partners beginning in early 2022.

### DigitalX Treasury Holdings & Investments

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

As at 30 June 2021, the Group held the following major digital asset and investment related assets:

- Investment in Bullion Asset Management (See Note D5);
- Investment in DigitalX BTC Fund and DigitalX Fund (See Note D5);
- Direct holding in Bitcoin and other digital assets (See Note D4);
- Rights to Human Protocol Tokens (See Note C3); and
- Other Digital Assets (See note D4).

### Bitcoin and DigitalX Bitcoin Fund Unit

The Company continued its decision to hold its 215.95 Bitcoin and DigitalX Bitcoin Fund units through FY2021. Throughout the year the Company commenced assessments into methods for realising a yield from its digital asset holdings. The outcome of this assessment process is ongoing with an objective to identify options which achieve a satisfactory risk and return profile for the company's holdings.

### DigitalX Digital Asset Fund

As announced to the market on 21 May 2021, the company made a decision to invest a further A\$750,000 in its Digital Asset Fund in response to a downturn in the digital asset market. The Company continues to monitor this position and is pleased with the subsequent market rebound.

**Bullion Asset Management Services Pte Ltd (BAM)**

The equity investment and services provided to Bullion Asset Management Services Pte Ltd (BAM), a bullion and digital asset business saw pleasing results over the period with the launch of xbullion, a gold bullion backed digital asset. DigitalX provided technical development resources to enable the launch of xbullion and its foundations for future growth, such as a silver bullion backed digital asset and digital dollar products. BAM has achieved sales of US\$2M and has attracted investments from leading digital asset investment firms, family offices and a publicly listed gold developer.

**The Human Protocol (HMT)**

In June of 2021, DigitalX provided an update on a material digital asset position in the Human Protocol Foundation. The update related to the significant progress of the Human Protocol Foundation as well as the revenue recognition of \$8.33m in relation to advisory services undertaken by DigitalX.

The Human Protocol Foundation completed a US\$60m token sale on Coinlist that saw over 50,000 participants during June. The Human Protocol Foundation is the owner of the digital product hCaptcha, which protects millions of websites globally from bots as well as provides data labelling services to machine learning companies.

**Corporate****Capital Raising**

During the period the Company completed a placement to U.S institutional investors to raise A\$8,816,684 (before costs). The use of proceeds from the placement are to accelerate growth in its business, including the ongoing promotion of its Bitcoin and digital asset investment funds and the rollout of its new RegTech product for publicly traded companies and general working capital purposes.

The Company issued 97,963,164 shares at a price of \$0.09. In addition to the new shares, the Company issued 55,839,003 warrants. 48,981,582 warrants have been issued to investors in the Placement, exercisable at \$0.10 each and expiring on 9 March 2024. A further 6,857,421 warrants were issued as part consideration for capital raising services in relation to the Placement, exercisable at \$0.1125 each and expiring on 9 March 2024.

**Change of currency**

As foreshadowed in the Company's June 2020 quarterly report, effective from 1 July 2020 the Company changed its functional currency from US dollars to Australian dollars.

Consistent with this change, the presentation currency also changed to Australian Dollars, which means that financial information in this Annual Report (including comparatives) are presented in Australian dollars. Refer to Note B2 for additional details.

This decision was made as a result of the focus on Australian markets through the Company's digital asset funds, consulting activities and the new product development combined with a reduction in staff in the United States. Furthermore, the Company notes that the sourcing of reliable pricing in Australian dollars for its cornerstone asset, Bitcoin, has also improved.

**COVID-19**

The Company made key financial decisions in the prior year to manage its working capital during this uncertain time, which included the deferral of all Director fees and the reduction in salaries for all senior executives. These temporary measures have now ended as the Company's financial performance during this period has been strong and is reflected in the profit for the period and the strong uplift in the Company's balance sheet. However, the Company continues to monitor the COVID-19 situation and may make further adjustments as required.

### Future Developments

With the three areas of Funds Management, Product Development, and Corporate Treasury seeing growth over the 2021 financial year and the pipeline of opportunities for the Company continuing to develop, the outlook going forward is undoubtedly positive.

The funds management business of DigitalX was a key driver of the growth that saw a cash flow positive fourth quarter. The business grew funds under management, its capabilities, and the pipeline of new investors, and is well placed to continue growing its product distribution and investment offering on the back of a strong outlook for the asset class.

A strategic decision was taken a year ago to develop a regtech business which leveraged distributed ledger technologies, DigitalX is now executing on an ambitious vision for Drawbridge to become the digital governance standard for the world's publicly listed companies. During the year, DigitalX saw adoption of the product by publicly listed companies in Australia through its commercialisation plan and pursued the ongoing development of additional products for Drawbridge to offer into this marketplace. The inclusion of DigitalX as a DLT solutions provider by the ASX in the FY21 Financial Results Presentation is an example of how the business has quickly built a brand in a compliance and governance marketplace that requires trust and transparency using enhanced technologies.

With multiple avenues to provide shareholder value through delivering DigitalX's blockchain expertise to market, the Company expects significant blockchain innovation to continue over the financial year.

## REMUNERATION REPORT (AUDITED)

### 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 2021.

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 Limited's Directors and its Executives.

The Remuneration Report has been set out under the following main headings:

- A. Key Management Personnel
- B. Remuneration policy, including the relationship between remuneration policy and Company performance
- C. Key terms of employment contracts
- D. Remuneration of Directors and Executives
- E. Share options and performance rights granted to Directors
- F. Shareholdings of Directors
- G. Related party transactions
- H. Future remuneration developments
- I. Definitions

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

### A. KEY MANAGEMENT PERSONNEL

The Key Management Personnel (KMP) of the Group consist of the Board and Executives. This is the case due to the size and scale of the Group'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 Rubinstein	Non-Executive Director	Non-Executive KMP	Full Year
Leigh Travers	Executive Director	Executive KMP	Full Year
Jonathon Carley	Chief Financial Officer	Executive KMP	Full Year
David Beros	Chief Product Officer	Executive KMP	Full Year

### B. REMUNERATION POLICY

For the year ended 30 June 2021 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.

*The Board aims to ensure that executive rewards satisfied the following key criteria for good reward governance practices:*

- *Competitiveness and reasonableness;*
- *Acceptability to shareholders;*
- *Performance linked;*
- *Transparency; and*
- *Capital management.*

## IMPLEMENTATION OF REMUNERATION STRATEGY IN RESPONSE TO COVID-19 REVIEW

As announced on 29 April 2020, each of the Company's Non-Executive Directors has agreed to defer their Director fees for up to 12 months and to convert those fees into shares in the Company, subject to the receipt of all shareholder approvals, expected to be put to shareholders at the Company's Annual General Meeting (AGM) in November 2020. In addition, the Company's Executive Director, Mr Leigh Travers agreed to the deferral of the same amount of his salary as the Non-Executive Directors on the same terms. The deferrals were in effect from April 2020 to March 2021.

In addition to the above the Company's senior executives agreed to a reduction in salaries ranging from 10% to 25%. The deferrals were in effect from April 2020 till October 2020.

## ELEMENTS OF REMUNERATION

### 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)

#### *Executive Director*

To align the remuneration of the Executive Director and the performance of the Company, the Executive Director is issued STI in the form of performance rights that vest on the achievement of certain performance hurdles. The STI for the year ended 30 June 2021 were approved by shareholders at the Annual General Meeting held on 21 November 2019.

#### *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.




### Long term incentives (LTI)


There were no LTI issued for the year ended 30 June 2021.




### Performance Metrics

At the 2020 AGM the Board set the following performance metrics for 30 June 2021 year for the Executive Director as part of the issue of 9,000,000 performance rights (STI).

The table below sets out the performance against those metrics and where applicable, commentary made on the progress towards the performance targets.

Key	
	Target achieved
	Work in progress
	Target not met

Metric	Milestone Issued	Met?	Progress made
Company achieving NPAT of USD\$5,000,000	2018		The Company notes that it has made progress on its strategy around building a sustainable funds under management business and the launch of the Company's regtech product, Drawbridge. In addition to this the Company recognised A\$8.33m in revenue from services delivered to Human Protocol.

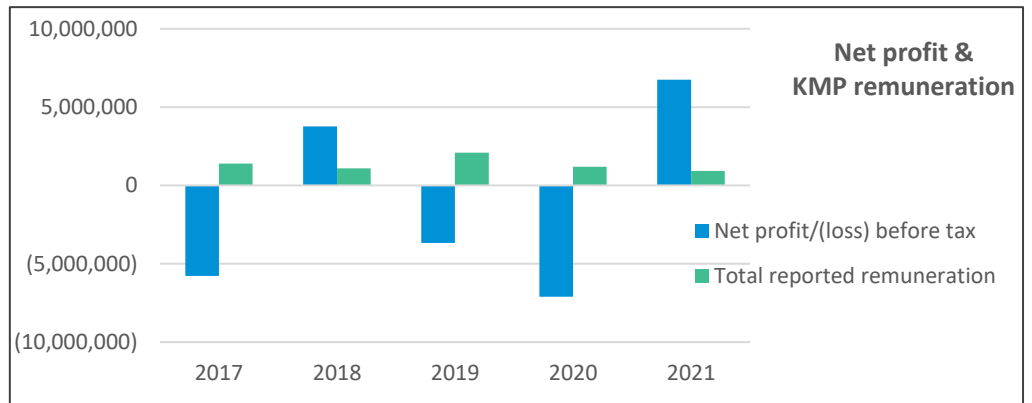
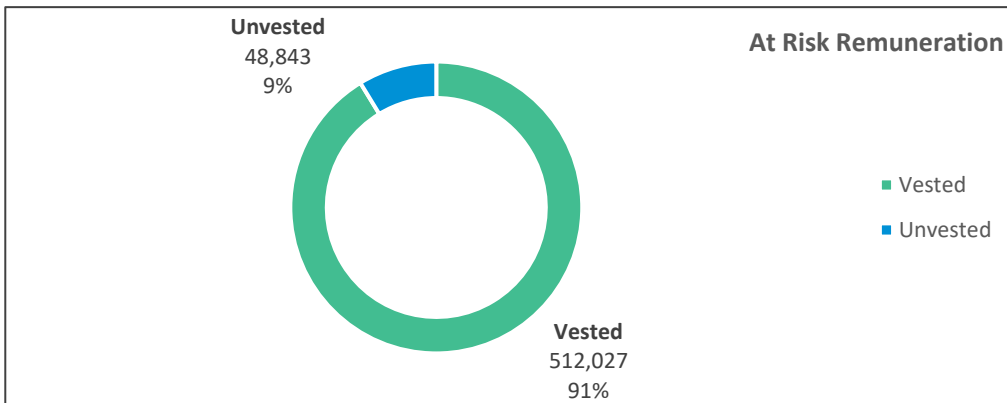
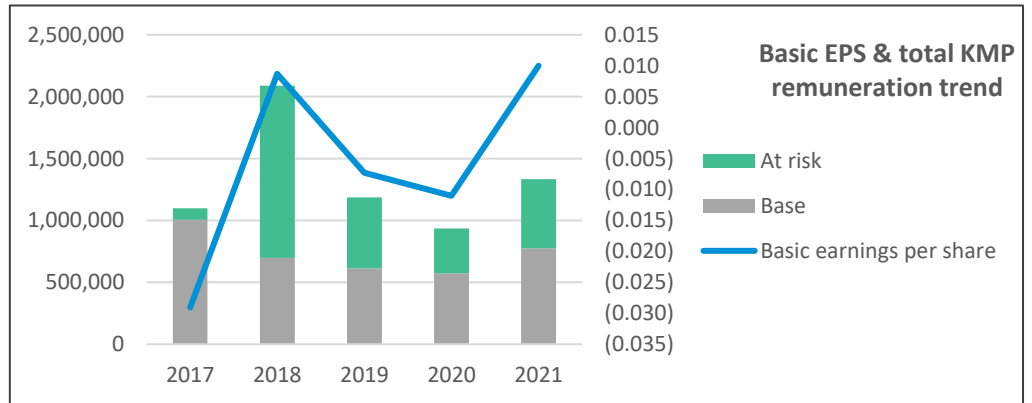
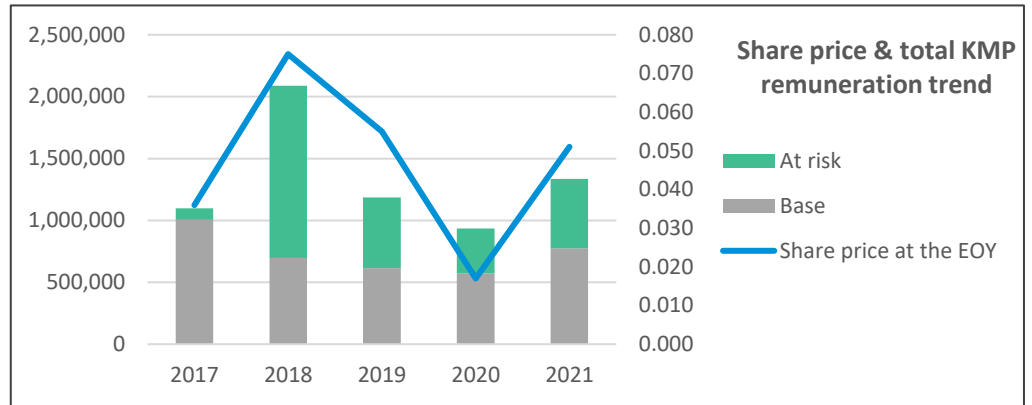
<p>Company's Shares closing at a price equal to or greater than \$0.25 on five consecutive trading days over the term of the Performance Rights</p>	<p>2018</p>		<p>Over the course of the year there was a 200% increase in the share price from \$0.017 to \$0.051 as a result of the Company's progress on its strategy around building a funds under management business and the launch of the Company's regtech product, Drawbridge. In addition to this the Company's balance sheet grew by \$32m as a result of a \$A8.8 capital raising and an improved digital asset market.</p>
<p>Company's Shares closing at a price equal to or greater than \$0.30 on five consecutive trading days over the term of the Performance Rights</p>	<p>2018</p>		<p>Consistent with the commentary above.</p>
<p>Company's Shares closing at a price equal to or greater than \$0.09 on fifteen consecutive trading days over the term of the Performance Rights</p>	<p>2019</p>		<p>This hurdle was satisfied during the period as announced to market. Refer to Note E1 and E2 for the impact.</p>

### RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

As noted in Sections A & B, 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 2021 the total remuneration is reflective of the remuneration strategy with adjustments made to reflect the current state of the Group and the change in performance from the previous year, this is evident from the relationship between:

- Total KMP reported remuneration increased 43% from \$934,692 to \$1,334,879 primarily reflective of an increase in vested performance-based remuneration. Total base remuneration (including other benefits) was up 35% from \$574,173 to \$774,008 due to an increase in the number of KMP and at-risk remuneration was up 56% from \$360,519 to \$560,871 in line with the financial performance of the Company;
- The overall remuneration trend is also consistent with the share price performance and earnings per share (EPS) performance as evident in the graphs to the right;
- Increase in vested at risk remuneration to \$512,027 (91%) in line with satisfaction of performance right milestones; and
- In April 2020 as a response to COVID-19 and capital management, the Board deferred the cash fees for Non-Executive Directors. The deferral ended 31 March 2021.

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





## RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE – FIVE YEAR DATA TABLE

The table below includes the remuneration and performance data from the preceding five (5) financial years used to analyse the linkage between remuneration and performance in the section above.

	(Restated) 30 June 2017 \$AUD	(Restated) 30 June 2018 \$AUD	(Restated) 30 June 2019 \$AUD	(Restated) 30 June 2020 \$AUD	30 June 2021 \$AUD	
Revenue & other income from all operations	11,680,716	14,389,647	3,711,552	554,210	9,985,893	↑
Net profit/(loss) before tax	(5,772,735)	3,770,812	(3,666,683)	(7,108,771)	6,756,954	↑
Total reported in remuneration report	1,098,167	2,088,661	1,180,152	934,692	1,334,879	↑
Remuneration - Base	1,004,495	697,064	607,590	574,173	774,008	↑
Remuneration - At risk	93,672	1,391,597	572,562	360,519	560,871	↑
Basic earnings/(loss) per share	(0.029)	0.009	(0.007)	(0.011)	0.010	↑
Diluted earnings/(loss) per share	(0.029)	0.007	(0.007)	(0.011)	0.009	↑
Share Price at the start of year	0.135	0.036	0.075	0.055	0.017	-
Share price at the end of year	0.036	0.075	0.055	0.017	0.051	↑
Final dividend	-	-	-	-	-	

## C. KEY TERMS OF EMPLOYMENT CONTRACTS

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### Executives

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#### Mr Leigh Travers

Executive Director

Under an Executive Employment Agreement entered into between Mr Travers and DigitalX, Mr Travers is appointed as Executive Director, in effect from 28 November 2017. The employment will be ongoing until it is terminated in accordance with Mr Travers' Executive Employment Agreement. The employment may be terminated by either party giving 6 months' written notice (although less than 6 months' notice is required by DigitalX in certain circumstances such as Mr Travers' illness, absence, material breaches or misconduct in which case Mr Travers will not be entitled to receive any payment in lieu or compensation as set out below). On termination of his employment and where DigitalX elects to make payment in lieu of notice, the Company must pay Mr Travers a payment equal to his salary for the remainder of the notice period. Mr Travers will be under restraint and non-solicitation clauses for up to 24 months after the termination of his employment.

Mr Travers' current salary is \$AUD210,633 per annum (exclusive of superannuation) subject to annual salary reviews and his reasonable expenses will also be paid by the Company.

On 29 April 2020 the Company announced the Mr Travers had agreed to defer up to \$AUD50,000 of his remuneration for up to 12 months in line with the deferral taken by Non-Executive Directors.

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#### Mr Jonathon Carley

Acting Chief Operating Officer & Chief Financial Officer

Under an amended Employment Agreement entered into between Mr Carley and DigitalX, Mr Carley was appointed as Chief Financial Officer, in effect from 1 July 2019. The employment will be ongoing until it is terminated in accordance with Mr Carley's Employment Agreement. The employment may be terminated by either party giving 1 months' written notice (although less than 1 months' notice is required by DigitalX in certain circumstances such as Mr Carley's illness, absence, material breaches or misconduct in which case Mr Carley will not be entitled to receive any payment in lieu or compensation as set out below). On termination of his employment and where DigitalX elects to make payment in lieu of notice, the Company must pay Mr Carley a payment equal to his salary for the remainder of the notice period. Mr Carley will be under restraint and non-solicitation clauses for up to 12 months after the termination of his employment.

Mr Carley's current salary is \$AUD200,000 per annum (exclusive of superannuation). During the year Mr Carley also accepted a 25% reduction due to COVID-19, the reduction ceased in October 2020. Mr Carley is subject to annual salary reviews and his reasonable expenses will also be paid by the Company.

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#### Mr David Beros

Chief Product Officer

Under an Employment Agreement entered into between Mr Beros and DigitalX, Mr Beros was appointed as Chief Product Officer, in effect from 1 July 2019. The employment will be ongoing until it is terminated in accordance with Mr Beros's Employment Agreement. The employment may be terminated by either party giving 1 months' written notice (although less than 1 months' notice is required by DigitalX in certain circumstances such as Mr Beros's illness, absence, material breaches or misconduct in which case Mr Beros will not be entitled to receive any payment in lieu or compensation as set out below). On termination of his employment and where DigitalX elects to make payment in lieu of notice, the Company must pay Mr Beros a payment equal to his salary for the remainder of the notice period. Mr Beros will be under restraint and non-solicitation clauses for up to 12 months after the termination of his employment.

Mr Beros' current salary is \$AUD180,000 per annum (exclusive of superannuation). During the year Mr Beros also accepted a 25% reduction due to COVID-19, the reduction ceased in October 2020. Mr Beros is subject to annual salary reviews and his reasonable expenses will also be paid by the Company.

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

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#### **Non-Executive Directors**

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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 2021, all Non-Executive Directors received a base fee of \$AUD50,000 exclusive of entitlements. On 29 April 2020, the Company announced the Non-Executive Directors agreed to defer their fees for up to 12 months and to convert those fees into shares in the Company, subject to receipt of all shareholder approvals which were received on 25 November 2020. The deferrals ended on 31 March 2021.

Amounts payable to Director controlled entities for services provided by Directors for the year ending 30 June 2021 is detailed in the following table of this report. The Group may carry out consulting activities with the Directors on an arm's length basis in the normal course of business.

**D. REMUNERATION OF DIRECTORS AND EXECUTIVES**

The compensation for each Director and executive for the period is contained in the following table:

Year ended 30 June 2021

Name	Short-term employee benefits			Post-employment benefits	Share-based payment		Total \$AUD	At Risk %
	Salary & Fees \$AUD	Director Fees \$AUD	Other Benefits \$AUD	Superannuation \$AUD	Shares \$AUD	Options and performance rights <sup>1</sup> \$AUD		
<b>Non-Executive Directors</b>								
Toby Hicks	-	50,000 <sup>2</sup>	-	4,750	-	186,252 <sup>3</sup>	241,002	77.3%
Peter Rubinstein	-	50,000 <sup>4</sup>	-	4,750	-	45,946 <sup>5</sup>	100,696	45.6%
<b>Executive Directors</b>								
Leigh Travers	210,416 <sup>6</sup>	-	14,435	19,167	-	198,190 <sup>7</sup>	442,209	44.8%
<b>Other KMP</b>								
Jonathon Carley	193,788	-	11,119	18,410	41,983 <sup>8,9</sup>	-	265,301	15.8%
David Beros	175,385	-	5,125	16,662	88,500	-	285,671	31.0%
<b>Total</b>	<b>579,589</b>	<b>100,000</b>	<b>30,680</b>	<b>63,739</b>	<b>130,483</b>	<b>430,388</b>	<b>1,334,879</b>	<b>42.0%</b>

<sup>1</sup> Refer to Sections E & F of the Remuneration Report for additional details.

<sup>2</sup> Included in this total is an amount of \$37,500 which related to Director's fees to be paid in shares in lieu of cash under a deed entered into by the Company and Mr Hicks on 23 April 2020. The fair value of the 850,792 shares received at the time of issuance was \$78,669.

<sup>3</sup> 100% of the total relates to share-based payment expense for performance rights issued and vested.

<sup>4</sup> Included in this total is an amount of \$37,500 which related to Director's fees to be paid in shares in lieu of cash under a deed entered into by the Company and Mr Rubinstein on 23 April 2020. The fair value of the 850,792 shares received at the time of issuance was \$78,669.

<sup>5</sup> 100% of the total relates to share-based payment expense for performance rights issued and vested.

<sup>6</sup> Included in this total is an amount of \$37,500 which related to salary to be paid in shares in lieu of cash under a deed entered into by the Company and Mr Travers on 23 April 2020. The fair value of the 832,146 shares received at the time of issuance was \$75,379.

<sup>7</sup> Included in the total is \$149,347 relating to the share-based payment expense for performance rights issued and vested. The remaining amount \$48,843 relates to performance rights issued but not vested.

<sup>8</sup> Included in the total is a reversal of prior period accrued of \$67,029 relating to a performance hurdle satisfied in a prior period for which shares were not issued until the current period.

<sup>9</sup> 100% of the total relates to share-based payment expense for shares issued and vested.

## Year ended 30 June 2020 (Restated)

Name	Short-term employee benefits			Post-employment benefits	Share-based payment		Total \$AUD	At Risk %
	Salary & Fees <sup>1</sup> \$AUD	Director Fees <sup>1</sup> \$AUD	Other Benefits <sup>2</sup> \$AUD	Superannuation <sup>3</sup> \$AUD	Shares \$AUD	Options and performance rights <sup>11</sup> \$AUD		
<b>Non-Executive Directors</b>								
Toby Hicks <sup>8</sup>	-	34,901	-	4,494	-	218,666	258,061	84.7%
Peter Rubinstein	-	36,352	-	14,407	-	30,445	81,204	37.5%
Sam Lee <sup>7</sup>	-	-	-	-	-	-	-	-
Stephen Roberts <sup>9</sup>	-	-	-	-	-	-	-	-
<b>Executive Directors</b>								
Leigh Travers	216,347	-	(4,558)	21,737	-	111,399	344,925	32.3%
<b>Other KMP</b>								
Jonathon Carley	190,414	-	6,498	18,090	-	-	215,002	-
Neel Krishnan <sup>10</sup>	30,263	-	4,169	1,059	-	-	35,492	-
<b>Total</b>	<b>437,024</b>	<b>71,253</b>	<b>6,109</b>	<b>59,787</b>		<b>360,510</b>	<b>934,684</b>	<b>38.6%</b>

<sup>1</sup> Amounts paid in Australian Dollars are converted to United States Dollars at time of payment.

<sup>2</sup> Other benefits include movements in employee benefits.

<sup>3</sup> Superannuation or equivalent (i.e 401k, social security).

<sup>4</sup> Included in the total is \$AUD98,899 relating to the share-based payment expense for performance rights issued but not vested. \$AUD12,500 relates to deferred Directors' fees to be issued in shares.

<sup>5</sup> Included in the total is \$AUD90,498 relating to the share-based payment expense for performance rights issued but not vested. \$AUD12,500 relates to deferred Directors' fees to be issued in shares.

<sup>6</sup> Included in the total is \$AUD17,955 relating to the share-based payment expense for performance rights issued but not vested. \$AUD12,500 relates to deferred Directors' fees to be issued in shares.

<sup>7</sup> Sam Lee resigned effective 8 July 2019.

<sup>8</sup> Toby Hicks was appointed on 10 July 2019.

<sup>9</sup> Stephen Roberts resigned effective 4 July 2019.

<sup>10</sup> Mr Krishnan ceased being a KMP on 5 September 2019.

<sup>11</sup> Refer to Sections E & F of the Remuneration Report for additional details.

**E. SHARE OPTIONS AND PERFORMANCE RIGHTS GRANTED TO KEY MANAGEMENT PERSONNEL**

Name	Options			
	Opening balance	Granted as compensation	Exercised during the period	Closing balance <sup>A</sup>
<b>2021</b>				
Toby Hicks	2,500,000	-	-	2,500,000
Peter Rubinstein	4,500,000	-	-	4,500,000
<b>Total</b>	<b>7,000,000</b>	<b>-</b>	<b>-</b>	<b>17,000,000</b>

<sup>1</sup> 7,000,000 options are fully vested but remain unexercised at 30 June 2021.

Name	Performance Rights			
	Opening balance	Granted as compensation	Exercised during the period	Closing balance <sup>A</sup>
<b>2021</b>				
Toby Hicks	7,500,000	-	<sup>1</sup> 7,500,000	-
Leigh Travers	18,000,000	-	<sup>2</sup> 9,000,000	<sup>4</sup> 9,000,000
Peter Rubinstein	3,000,000	-	<sup>3</sup> 3,000,000	-
<b>Total</b>	<b>28,500,000</b>	<b>-</b>	<b>19,500,000</b>	<b>9,000,000</b>

<sup>1</sup> Mr Hicks was issued with 7,500,000 performance rights on the terms and conditions set out in the 2019 notice of annual general meeting and approved at the Company's AGM on 21 November 2019. During the year the performance hurdles were satisfied, and 7,500,000 rights (100% of the allocation) were vested on 19 February 2021. The fair value at time of exercise was \$547,500.

<sup>2</sup> Leigh Travers was issued with 9,000,000 performance rights on the terms and conditions set out in the notice of 2019 annual general meeting and approved at the Company's AGM on 21 November 2019. During the year the performance hurdles were satisfied, and 7,500,000 rights (100% of the allocation) were vested on 19 February 2021. The fair value at time of exercise was \$657,000.

<sup>3</sup> Mr Rubinstein was issued with 3,000,000 performance rights on the terms and conditions set out in the 2019 notice of annual general meeting and approved at the Company's AGM on 21 November 2019. During the year the performance hurdles were satisfied, and 3,000,000 rights were vested on 19 February 2021. The fair value at time of exercise was \$219,000.

<sup>4</sup> 9,000,000 rights remain unvested at 30 June 2021 relating to rights issued at the 2018 Annual General Meeting. These rights lapsed subsequent to 30 June 2021.

**F. SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL**

Directors	Opening Balance 1 July 2020	Granted as compensation	Conversions & vesting	Net Other changes <sup>1</sup>	Closing balance 30 June 2021 <sup>A</sup>
Peter Rubinstein	25,466,296	850,792	6,400,000	3,617,284	36,334,372
Leigh Travers	5,000,000	832,146	9,000,000	358,974	15,191,120
Toby Hicks	-	850,792	7,500,000	-	8,350,792
<b>KMP</b>					
David Beros	123,550	1,500,000	-	-	1,623,550
Jonathon Carley	25,000	2,136,634	-	(325,000)	1,836,634
<b>Total</b>	<b>30,614,846</b>	<b>6,170,364</b>	<b>22,900,000</b>	<b>3,651,258</b>	<b>63,336,468</b>

<sup>1</sup> Net changes include initial holdings, final holdings and on-market sales as reported to the market per the respective Appendix 3X, 3Y, and 3Z.

A – Only KMP with balances or movements have been included. If a KMP is not shown above then this denotes a nil balance.

## G. RELATED PARTY TRANSACTIONS

### Year ended 30 June 2021

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, \$AUD39,613 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.

### Year ended 30 June 2020

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, \$AUD60,056 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.

## H. 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.

## I. DEFINITIONS

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### Key management personnel

Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

### Remuneration of an officer or employee of a corporation

A benefit given to an officer or employee of a corporation is remuneration if and only if the benefit, were it received by a director of the corporation, would be remuneration of the director for the purposes of an accounting standard that deals with disclosure in companies' financial reports of information about directors' remuneration.

### Remuneration committee

A committee of the board of directors of the company; and has functions relating to the remuneration of key management personnel for the company.

### Remuneration consultant

A person:

- a) Who makes a remuneration recommendation under a contract for services with the company to whose key management personnel the recommendation relates; and
- b) Who is not an officer or employee of the company.

### A remuneration recommendation

A recommendation about either or both of the following:

- a) For one or more members of the key management personnel for a company;
  - i. how much the remuneration should be;
  - ii. what elements the remuneration should have; or
- b) A recommendation or advice about a matter or of a kind prescribed by the regulations.

*ASIC may by writing declare that s.9B(1) of the Corporations Act 2001 above does not apply to a specified recommendation or specified advice but may do so only if ASIC is satisfied that it would be unreasonable in the circumstances for the advice or recommendation to be a remuneration recommendation. The declaration has effect accordingly. The declaration is not a legislative instrument.*

What is **not** a remuneration recommendation?

None of the following is a remuneration recommendation (even if it would otherwise be covered by subsection (1)):

- a) Advice about the operation of the law (including tax law);
- b) Advice about the operation of accounting principles (for example, about how options should be valued);
- c) Advice about the operation of actuarial principles and practice;
- d) The provision of facts;
- e) The provision of information of a general nature relevant to all employees of the company;
- f) A recommendation, or advice or information, of a kind prescribed by the regulations.

### AGM

Means an annual general meeting of a company that section 250N requires to be held.

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## END OF AUDITED REMUNERATION REPORT



**Directors' meetings**

Given the size and scale of operations of the Company, the full Board undertook the responsibilities of the Audit and Risk Committee, Remuneration Committee and Nomination Committee. The Directors attendances at Board meetings held during the financial year were:

Director	Board Meetings	
	Number eligible to attend	Number attended
Toby Hicks	12	12
Peter Rubinstein	12	12
Leigh Travers	12	12

**Shares under options and warrants**

As at the date of this report, there are 81,107,385 options and warrants to subscribe for unissued ordinary shares in the Company, comprising:

Date granted	Vesting Date	Class	Exercise price	Expiry date	Number of shares under option/warrant
10 December 2018	10 December 2018	Unlisted Option	\$0.22	10 December 2023	2,000,000
10 December 2018	10 December 2018	Unlisted Option	\$0.25	10 December 2023	3,000,000
10 December 2018	10 December 2018	Unlisted Option	\$0.30	10 December 2023	4,000,000
17 May 2019	17 May 2019	Unlisted Option	\$0.0847	17 May 2022	2,768,382
11 July 2019	11 July 2019	Unlisted Option	\$0.10	30 June 2024	2,500,000
10 September 2020	-	Unlisted Option	\$0.10	9 September 2023	10,000,000
18 December 2020	18 December 2020	Unlisted Option	\$0.10	18 December 2024	1,000,000
9 March 2021	9 March 2021	Unlisted Warrant	\$0.10	9 March 2024	48,981,582
9 March 2021	9 March 2021	Unlisted Warrant	\$0.1125	9 March 2024	6,857,421

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

**Shares issued on exercise of options**

During the financial year, and to the date of this report, the Company issued 10,413,580 Ordinary Shares, on exercise of options.

Date	Details	Issue Price A\$	Number of Shares
31 August 2020	Unlisted	0.0324	5,251,852
10 September 2020	Unlisted	0.0324	2,561,728
21 September 2020	Unlisted	0.0324	2,600,000

**Shares under convertible notes**

As at the date of this report, there are no convertible notes issued that are convertible to ordinary shares in the Company.

**Shares issued on conversion of convertible notes**

During the financial year there were no shares issued on conversion of Convertible notes.

### Indemnification 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 Group, 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

Amounts of \$AUD14,743 were paid to the auditor for non-audit, tax compliance services provided during the period. No amounts are payable as at the date of this report. Full details of amounts paid to the auditor, BDO Audit (WA) Pty Ltd, are set out in Note C3.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as noted above, did not compromise the auditor independence requirements of the Corporations Act 2001 none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27.

### Auditor

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

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 Board of Directors.



**Toby Hicks**

Chair

Perth, 28 September 2021

## DIRECTORS' DECLARATION

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

- (a) The financial statements, notes and the additional disclosures of the consolidated entity set out on pages 26 to 76 are in accordance with the Corporations Act 2001 including:
  - (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the period then ended; and
  - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001, and other mandatory professional requirements.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards, as stated in [Note B1](#) to the financial statements.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 30 June 2021.

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

On behalf of the Directors.



**Toby Hicks**  
Chair  
Perth, 28 September 2021

## AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor of DigitalX Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

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

Phillip Murdoch  
Director

**BDO Audit (WA) Pty Ltd**  
Perth  
Perth, 28 September 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

## AUDITOR'S REPORT



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## 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 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2021 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.

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## AUDITOR'S REPORT



## Accounting for Digital Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>DigitalX have holdings in a number of digital assets currently held as intangible assets as disclosed in Note D4 of the financial report.</p> <p>There is no specific accounting standard which 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.</p> <p>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.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Understanding the control environment through which digital assets are held;</li> <li>• Assessing management's recognition and presentation of the digital assets as intangible assets against accounting principles;</li> <li>• Confirming the number of digital assets held to third party support and assessing their related control environment, where applicable;</li> <li>• Confirming existence and control of the digital assets held at year-end;</li> <li>• Agreeing inputs used to determine the digital assets fair value to external market information; and</li> <li>• Assessing the adequacy of the disclosures in Note D4 to the financial report.</li> </ul>

## 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 2021, 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

## AUDITOR'S REPORT



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](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 12 to 23 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of DigitalX Limited, for the year ended 30 June 2021, 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  
A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch  
Director

Perth, 28 September 2021

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

	Note	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Revenue from operations	C2	9,709,745	421,882
Net gain/(loss) on digital assets	C2	-	(3,388,159)
Other Income	C2	276,148	132,328
Professional and consultancy fees	C3	(687,522)	(647,856)
Corporate expenses		(75,771)	(62,230)
Advertising, media and investor relations		(271,419)	(90,896)
Employee benefit expenses		(1,414,723)	(1,799,302)
Share based payments – employee benefits		(662,936)	(216,321)
Depreciation		(337,477)	(247,963)
Realised and unrealised foreign exchange losses		129,159	(202,927)
Fair value movement of financial assets		433,670	(167,168)
Finance costs		(100,270)	(55,051)
Other expenses	C3	(716,430)	(761,491)
Equity accounted share of profit/(loss) from joint venture		-	(23,618)
(Increase)/decrease in net assets attributable to unit holders	D6	474,780	269,959
<b>Profit/(Loss) before tax</b>		<b>6,756,954</b>	<b>(6,838,813)</b>
Income tax benefit/(expense)	C4	-	-
<b>Profit/(Loss) for the period attributable to members of DigitalX</b>		<b>6,756,954</b>	<b>(6,838,813)</b>

The above statement should be read in conjunction with the accompanying notes.



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

	Note	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Profit/(Loss) for the period</b>		<b>6,756,954</b>	<b>(6,838,813)</b>
<b>Other comprehensive income for the period</b>			
<i>Items that may be reclassified to profit or loss</i>			
Fair value increase/(decrease) in digital asset holdings		14,930,756	-
Exchange differences on translation of operations		(42,359)	(972)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>14,888,397</b>	<b>(972)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>21,645,351</b>	<b>(6,839,784)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Members of the parent entity		21,645,351	(6,839,784)
		<b>21,645,351</b>	<b>(6,839,784)</b>
<b>Profit/(Loss) per share attributable to the ordinary equity holders of the parent:</b>			
<b>Basic earnings/(loss) per share</b>			
Earnings per share from continuing operations	C5	0.01	(0.011)
<b>Total</b>		<b>0.01</b>	<b>(0.011)</b>
<b>Diluted earnings/(loss) per share (cents)</b>			
Earnings per share from continuing operations	C5	0.01	(0.011)
<b>Total</b>		<b>0.01</b>	<b>(0.011)</b>

The above statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD	(Restated) 1 July 2019 \$AUD
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	D3	10,369,645	3,975,690	7,496,623
Trade and other receivables	C2	158,825	196,946	240,379
Digital assets	D4	32,479,969	6,862,193	10,336,075
Contract assets	C2	8,335,434	-	-
Other current assets		104,021	104,535	146,705
<b>Total Current Assets</b>		<b>51,447,894</b>	<b>11,139,364</b>	<b>18,219,782</b>
<b>NON-CURRENT ASSETS</b>				
Investments	D5	2,471,036	1,496,960	752,922
Investments – Equity accounted		-	-	23,618
Property, plant and equipment	E1	148,339	330,680	432,146
Right of use asset	E2	239,283	424,241	-
Intangible assets	E3	268,772	-	-
<b>Total Non-Current Assets</b>		<b>3,127,430</b>	<b>2,251,881</b>	<b>1,208,686</b>
<b>TOTAL ASSETS</b>		<b>54,575,324</b>	<b>13,391,245</b>	<b>19,428,468</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	C3	742,515	482,830	1,496,050
Contract liabilities		-	22,424	273,413
Lease liabilities	E2	126,169	133,412	-
Distributions payable to unit holders		2,740,471	-	-
Net assets attributable to unit holders	D6	8,257,054	670,909	861,140
<b>Total Current Liabilities</b>		<b>11,866,209</b>	<b>1,309,575</b>	<b>2,630,603</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	E2	176,422	355,990	-
<b>Total Non-Current Liabilities</b>		<b>176,422</b>	<b>355,990</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>12,042,631</b>	<b>1,665,565</b>	<b>2,630,603</b>
<b>NET ASSETS</b>		<b>42,532,693</b>	<b>11,725,680</b>	<b>16,797,865</b>
<b>EQUITY</b>				
Contributed equity	F1	58,796,111	50,489,288	48,899,231
Reserves	F2	17,970,289	2,227,053	2,011,703
Retained earnings/(losses)		(34,233,707)	(40,990,661)	(34,113,069)
<b>TOTAL EQUITY</b>		<b>42,532,693</b>	<b>11,725,680</b>	<b>16,797,865</b>

The above statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b><i>Cash flows from operating activities</i></b>			
Receipts from customers		1,260,078	294,363
Payments to suppliers and employees		(3,289,965)	(3,515,628)
Other income		212,963	37,876
Interest paid		-	-
<b>Net cash provided by/(used in) operating activities</b>		<b>(1,816,924)</b>	<b>(3,183,389)</b>
<b><i>Cash flows from investing activities</i></b>			
Payment for intellectual property		(283,522)	-
Acquisition of property plant and equipment		(18,374)	(15,845)
Payment for investments		(1,071,863)	-
Net payment for digital assets in funds		(5,050,519)	(122,671)
<b>Net cash used in investing activities</b>		<b>(6,424,278)</b>	<b>(138,516)</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issue of equity securities		9,154,085	-
Net proceeds from issue of units in fund		6,349,172	156,956
Payments for share issue costs		(842,963)	(7,157)
Principal elements of lease payments		(164,933)	(157,579)
<b>Net cash (used in)/provided by financing activities</b>		<b>14,495,361</b>	<b>(7,780)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,254,159</b>	<b>(3,329,686)</b>
Cash and cash equivalents at beginning of period		3,975,690	7,496,623
Foreign exchange movement in cash		139,796	(191,247)
<b>Cash and cash equivalents at end of period</b>	D3	<b>10,369,645</b>	<b>3,975,690</b>

The above statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

## Reconciliation of operating cash flows to net profit

	Note	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Profit/(loss) after income tax</b>		<b>6,756,954</b>	<b>(6,838,813)</b>
<i>Non-cash flows in profit/(loss)</i>			
Net fair value (gain)/ loss on digital assets	C2	-	3,388,159
Shares received in lieu of cash	-	(214,866)	-
Depreciation	E1	199,636	106,550
Employee share issue	F1 & F2	662,936	216,321
Fair value adjustment of investments		(433,670)	167,168
Finance costs		47,259	55,051
Equity account share of profit/(loss) from joint venture		-	23,618
Amortisation of right of use asset under AASB16	E2	185,821	141,413
(Increase)/decrease in net assets attributable to unit holders	D6	(474,780)	(269,959)
Other non-cash items including foreign exchange		(393,969)	167,279
		<b>6,335,321</b>	<b>(2,843,212)</b>
<i>Change in assets and liabilities, net the effects of purchase of subsidiaries</i>			
Decrease/(increase) in trade and other receivables	C2	(38,635)	85,603
Decrease/(increase) in contract asset	C2	(8,335,434)	-
(Decrease)/increase in trade payables and accruals	C3	237,261	(174,923)
(Decrease)/increase in contract liabilities	C3	(15,437)	(250,858)
(Decrease)/increase in tax payable	C4	-	-
<b>Net cash provided by/(used in) operating activities</b>		<b>(1,816,924)</b>	<b>(3,183,389)</b>

**Non-cash investing and financing activities**

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

**Current year**

- Shares issued in lieu of cash for services performed for Bullion Asset Management – [Note D5](#).
- Shares issued on conversion of options – [Note F1](#).
- Movement in prices of digital assets – [Note D4](#).
- Shares issued to advisors for capital raising and corporate advisory services – [Note F2](#).

**Prior Year**

- Shares issued to Bullion Asset Management – [Note F1 & Note D5](#).
- Shares issued on conversion of options – [Note F1](#).
- Movement in prices of digital assets – [Note D4](#).
- Seeding of the bitcoin fund – [Note D4](#).
- Adoption of new accounting standard (AASB 16) – [Note E2](#).

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Contributed Equity \$AUD	Reserves <sup>1</sup> \$AUD	Retained Earnings/(Losses) \$AUD	Total \$AUD
<b>Balance at 30 June 2020 (Restated)<sup>3</sup></b>	<b>50,489,288</b>	<b>2,227,053</b>	<b>(40,990,661)</b>	<b>11,725,680</b>
Profit/(Loss) for the year	-	-	6,756,954	<b>6,756,954</b>
Other comprehensive income	-	14,888,397	-	<b>14,888,397</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>14,888,397</b>	<b>6,756,954</b>	<b>21,645,351</b>
Shares issued during the period <sup>2</sup>	9,473,215	-	-	<b>9,473,215</b>
Share issue costs	(1,166,392)	-	-	<b>(1,166,392)</b>
Share based payment expense	-	854,839	-	<b>854,839</b>
<b>Balance at 30 June 2021</b>	<b>58,796,111</b>	<b>17,970,289</b>	<b>(34,233,707)</b>	<b>42,532,693</b>

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

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

<sup>3</sup> Refer to Note B2 for details of change in accounting policy.

The above statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Consolidated Group	Contributed Equity \$AUD	Reserves <sup>1</sup> \$AUD	Retained Earnings/(Losses) \$AUD	Total \$AUD
<b>Balance at 30 June 2019 (Restated)</b>	<b>48,899,231</b>	<b>2,011,703</b>	<b>(34,113,069)</b>	<b>16,797,866</b>
Change in accounting policy	-	-	(38,780)	(38,780)
<b>Balance at 1 July 2019 (Restated)</b>	<b>48,899,231</b>	<b>2,011,703</b>	<b>(34,151,848)</b>	<b>16,759,086</b>
Profit/(Loss) for the year	-	-	(6,838,813)	(6,838,813)
Other comprehensive income	-	(971)	-	(971)
<b>Total comprehensive income for the period (Restated)</b>	<b>-</b>	<b>(971)</b>	<b>(6,838,813)</b>	<b>(6,839,784)</b>
Shares issued during the period <sup>2</sup>	1,600,263	-	-	<b>1,600,263</b>
Share issue costs	(10,206)	-	-	<b>(10,206)</b>
Share based payment expense	-	216,321	-	<b>216,321</b>
<b>Balance at 30 June 2020 (Restated)</b>	<b>50,489,288</b>	<b>2,227,053</b>	<b>(40,990,661)</b>	<b>11,725,680</b>

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

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

The above statement should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR END 30 JUNE 2021

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

- A. Legend
- B. Basis for preparation (B1)
- C. Key operating & financial results (C1 to C5)
- D. Capital & risk management (D1 to D6)
- E. Financial position (E1 to E2)
- F. Equity (F1 to F2)
- G. Group structure (G1 to G3)
- H. Other disclosures (H1 to H4)

## [A – LEGEND]

**CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in developing and applying accounting policies**

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

- Note C2 – Revenue recognition
- Note D4 – Digital assets
- Note D4 – Fair value of digital assets
- Note G1 – Consolidation of DigitalX Funds
- COVID19 - Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the services offered, farm-in partners, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Key sources of estimation uncertainty**

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

- Note F2 – Valuation of share-based payments
- Note D4 – Valuation of unlisted and low volume trading digital assets

**KEY AUDIT MATTER**

Item is a key audit matter referenced in the Auditor's Report on Page 28.

**ADDITIONAL COMMENTARY**

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

**[B - BASIS FOR PREPARATION]****CORPORATE INFORMATION**

The consolidated historical financial statements of DigitalX Limited and its controlled entities (collectively, the **Consolidated Entity or Group**) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 28 September 2021.

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

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure is provided in Note G1. Information on other related party relationships is provided in Note H1.

The Company's Corporate Governance Statement for the 2021 financial year can be accessed at:

<https://DigitalX.com/investor-centre>.

**B1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of preparation**

The 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 United States Dollars, unless otherwise noted.

**Compliance with IFRS**

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

**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.

**Comparative information**

Other than the change to policy noted below in Note B2 the comparative balances for the year ending 30 June 2020 have been presented consistently.

**Going concern**

At the date of this report the Consolidated Entity's has a strong working capital position and its cash flow forecast indicates that it expects to be able to meet its minimum commitments and working capital requirements for the twelve-month period from the date of signing the financial report. The Group also notes subsequent to the end of the financial year that its working capital has increased materially due to the increase in the price of its digital assets.

**Presentation and functional currency**

The consolidated financial report is presented in Australian Dollars. Refer to Note B2 for details of change in presentational currency for the year ended 30 June 2021 and the corresponding comparatives.

**Functional currency**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$AUD'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

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.

■ As signalled in its Annual Report for the year ended 30 June 2020, the Group indicated it would report in AUD for all future reporting periods. The Group has determined \$AUD is the most appropriate currency for the Group's reporting as the



predominant currency for revenue generating activities has been \$AUD combined with the material expenditure in AUD for the financial year combined with digital asset pricing now primarily in \$AUD.

#### Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/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 Group 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 Group classifies all other liabilities as non-current.

## B2 - CHANGES TO ACCOUNTING POLICIES

As previously disclosed, the Group identified a number of factors which indicated a review of its functional and reporting currency was appropriate, these included:

- Significant reduction in expenditure incurred in US dollars following a reduction in the staffing levels in the United States and associated activities.
- Maturity of the Australian digital asset market and the ability to source reliable pricing for the Company's cornerstone asset, Bitcoin, in Australian dollars.

As a result of this review, the Group has changed its functional<sup>2</sup> and reporting<sup>3</sup> currency from US dollars to Australian dollars in the current year effective from 1 July 2020.

All other accounting policies are consistent with those adopted in the annual financial report for the year ended 30 June 2020.

The financial information included in the interim financial report for the year ended 30 June 2020 (including comparatives at 1 July 2019), previously reported in US dollars, has been restated to Australian dollars using the procedures outlined below:

- Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Financial Position have been translated into Australian Dollars using the conversion rate of \$1.45264<sup>4</sup> representing the closing rate at the end of the period 30 June 2020.
- Earnings per share and Net Tangible Asset disclosures have also been restated to Australian dollars to reflect the change in reporting currency.

<sup>2</sup> In accordance with AASB 121: The Effects of Changes in Foreign Exchange Rates, the change in functional currency to Australian Dollars has been applied prospectively from 1 July 2020, being the effective date of the change.

<sup>3</sup> Under AASB 121: The Effects of Changes in Foreign Exchange Rates, a change in reporting currency is considered a voluntary change and applied retrospectively. The Group have considered this position and have determined that the change in reporting currency has not been a voluntary change and is necessitated by a change in the Group's functional currency in order to provide useful and relevant information to the users of the financial statements. As a result, the translation of prior period balances, as disclosed above, was completed using the same principles of a change in functional currency being the closing rate prior to the date of the change. This treatment is consistent with guidance published by a major international accounting firm. The effect of the difference between the exchange rates used compared to the actual prevailing rates would not have had a material impact on comparative financial information if the change were applied retrospectively as the difference in the rates is less than 1%.

<sup>4</sup> Rate per xe.com

## [C - KEY OPERATING & FINANCIAL RESULTS]

The section below includes information regarding how the Group performed during the financial year including segment analysis and detailed breakdowns of items in the Statement of Profit or Loss and Other Comprehensive Income.

**This section includes the following disclosures:**

**C1** Segment Information (Page 42)

**C2** Revenue & Receivables (Page 45)

**C3** Expenses, Payables & Other Payables (Page 47)

**C4** Income Tax (Page 48)

**C5** Earnings Per Share (Page 51)

**C1 - SEGMENT INFORMATION****Segment reporting**

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

Based on the information used for internal reporting purposes by the Chief Operating Decision Maker (CODM), being the Board, which makes strategic decisions, at 30 June 2021 the Group operated three segments, blockchain consulting and development, asset management and other. In the previous corresponding period (period ended 30 June 2020) the Group operated three segments, Blockchain consulting and development, Asset Management and Other.

**Segment description****BLOCKCHAIN DEVELOPMENT & CONSULTING (BDC)**

The Group develops its own blockchain & regtech products ([www.opendrawbridge.io](http://www.opendrawbridge.io)) as well as providing consulting, technical due diligence, solution design and development to businesses by utilising distributed ledger solutions and best of blockchain technologies.

**ASSET MANAGEMENT (AM)**

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

**OTHER**

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

## SEGMENT PERFORMANCE

Segment reporting (\$AUD)	BLOCKCHAIN DEVOPMENT & CONSULTING		ASSET MANAGEMENT <sup>2</sup>		OTHER		TOTAL	
	30 June 2021	(Restated) 30 June 2020	30 June 2021	(Restated) 30 June 2020	30 June 2021	(Restated) 30 June 2020	30 June 2021	(Restated) 30 June 2020
<b>Results</b>								
Segment revenue	8,655,500	300,837	862,969	41,079	191,276	79,966	9,709,745	421,882
Intersegment revenue	-	-	-	-	-	-	-	-
<b>Revenue from external customers</b>	<b>8,655,500</b>	<b>300,837</b>	<b>862,969</b>	<b>41,079</b>	<b>191,276</b>	<b>79,966</b>	<b>9,709,745</b>	<b>421,882</b>
<i>Revenue recognition timing – point in time</i>	-	203,801	-	-	-	-	-	203,801
<i>Revenue recognition timing – over time</i>	8,655,500	97,036	862,969	41,079	191,276	79,965	9,709,745	218,080
<b>Segment result</b>	<b>8,137,513</b>	<b>(313,884)</b>	<b>204,417</b>	<b>(840,553)</b>	<b>(1,622,010)</b>	<b>(5,627,703)</b>	<b>6,719,921</b>	<b>(6,782,140)</b>
Income tax expense/(benefit)	-	-	-	-	-	-	-	-
<b>Segment result after tax</b>	<b>8,137,513</b>	<b>(313,884)</b>	<b>204,417</b>	<b>(840,553)</b>	<b>(1,622,010)</b>	<b>(5,627,703)</b>	<b>6,719,921</b>	<b>(6,782,140)</b>
<b>Reconciliation to profit/loss after tax</b>							<b>6,719,921</b>	<b>(6,782,140)</b>
Equity accounted share of profit from joint venture							-	(23,618)
Interest							(100,270)	(55,051)
Depreciation							(337,477)	(247,963)
Amortisation & impairment							-	-
Taxation							-	-
(Increase)/decrease in net assets attributable to unit holders							474,780	269,959
<b>Profit/(loss) after income tax</b>							<b>6,756,954</b>	<b>(6,838,813)</b>

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

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

## SEGMENT POSITION

Segment reporting (\$AUD)	BLOCKCHAIN DEVELOPMENT & CONSULTING		ASSET MANAGEMENT		OTHER		TOTAL	
	30 June 2021	(Restated) 30 June 2020	30 June 2021	(Restated) 30 June 2020	30 June 2021	(Restated) 30 June 2020	30 June 2021	(Restated) 30 June 2020
<b>Assets</b>								
Segment assets	8,706,490	44,000	955,867	67,578	44,912,967	13,279,667	54,575,324	13,391,245
<b>Total assets</b>	<b>8,706,490</b>	<b>44,000</b>	<b>955,867</b>	<b>67,578</b>	<b>44,912,967</b>	<b>13,279,667</b>	<b>54,575,324</b>	<b>13,391,245</b>
<b>Liabilities</b>								
Segment liabilities	22,935	7,700	74,735	24,310	11,944,961	1,633,555	12,042,631	1,665,565
<b>Total liabilities</b>	<b>22,935</b>	<b>7,700</b>	<b>74,735</b>	<b>24,310</b>	<b>11,944,961</b>	<b>1,633,555</b>	<b>12,042,631</b>	<b>1,665,565</b>

**C2 - REVENUE & RECEIVABLES****Policy - Revenue recognition**

Revenue is recognised when the benefit from the service provided is received by the Customer and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable; taking into account contractually defined terms of payment, if any, and excluding taxes or duty.

Revenue is recognised when the specific recognition criteria described below have been met.

**A. Advisory**

Revenue from advisory services is recognised as a point in time obligation when its services have been fully rendered under contract and the Group no longer has any continuing involvement in the sale of digital assets by its customers and the consideration becomes payables. If the Group is entitled to consideration on a pro rata basis or for works complete, then the Group shall recognise revenue over time by reference to the work completed.

**Transaction Price – Digital Assets**

Where the contract provides for payment in the customers digital assets, the digital asset's fair value is determined:

- by referencing publicly available pricing data from digital asset exchanges; or
- for those digital assets not yet listed on exchanges, by referencing the results of the sale (i.e. the unit price of a digital asset can be measured by dividing the dollar amounts raised in the sale by the number of units issued in the sale).

The Group measures advisory revenue including the receipt of digital assets at the fair value of consideration received.

**B. Consulting**

Revenue from consulting services for a fixed fee or time and material is recognised when or as the Group transfers control of the assets to the customer. Revenue is recognised over time as the work is performed as costs are generally incurred uniformly as the work progresses and are considered to be proportionate to the entity's performance.

**C. Funds Management**

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 Group expects to be entitled in exchange for those services. This method corresponds directly with the delivery of performance obligations by the Group 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 Group's entitlement to a performance fee for any given performance period is dependent on outperforming certain hurdles.

**D. Licensing**

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.

**E. Contract Asset**

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to the amount of consideration are unconditional, in which case the Group recognises a receivable.

**F. Contract Liability**

When a customer pays consideration before performance obligation is satisfied, the Group presents the contract as a contract liability.

**G. Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group 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 impair any amounts that are more than 90 days past due.

**H. Interest revenue**

Interest income is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Revenue</b>		
Advisory	8,384,002	-
Consulting	269,498	299,648
Asset Management Fees	862,969	45,848
Licensing	191,276	76,386
Product revenue	2,000	-
<b>Total revenue<sup>1</sup></b>	<b>9,709,745</b>	<b>421,882</b>

**Contract Asset**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Contract Asset <sup>1</sup>	8,335,434	-

<sup>1</sup> Contract asset relates to amount recognised on completion of revenue recognition obligation for the Human Protocol agreement as [announced](#) to the market on 29 June 2021.

**Trade and other receivables**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Trade receivables (gross) <sup>1,2</sup>	82,073	67,106
Loss allowance	-	-
<b>Trade receivables – Net</b>	<b>82,073</b>	<b>67,106</b>

**Other receivables**

Deposits	76,751	82,649
Other	-	47,190
<b>Total trade and other receivables</b>	<b>158,825</b>	<b>196,946</b>

**Other Income**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Interest received	90,242	32,272
Other income	185,906	100,056
	<b>276,148</b>	<b>132,328</b>

**Net fair value gain on digital assets held<sup>1</sup>**

	-	<b>(3,388,159)</b>
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<sup>1</sup> For the prior corresponding period movements in the fair value of digital assets as a result of revaluation were treated in accordance with AASB102 and recognised in the consolidated statement of profit or loss. For the current period movements in the fair value of digital assets, unless impaired, are recognised in the asset revaluation reserve in accordance with AASB138

**C3 - EXPENSES, PAYABLES & OTHER PAYABLES****Policy - Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Policy - Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

**Policy - Employee benefits***Short-term and long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave,

**(A) Professional and Consultancy fees**

Legal fees	
Consulting fees	
Tax consulting fees	
Audit fees	
<b>Total professional and consultancy fees</b>	

and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**Policy - Goods and services, Value Added Tax, or Sales Tax**

Amounts are recognised net of the amount of associated GST or VAT, except:

- where the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST or VAT.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST or VAT component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
	49,510	184,678
	525,768	327,344
	31,873	58,087
	80,371	77,747
	<b>687,522</b>	<b>647,856</b>



**(C) Other expenses**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Regulatory and compliance	440,849	462,924
Occupancy	167,933	137,277
Other expenses	107,648	161,290
<b>Total other expenses</b>	<b>716,430</b>	<b>761,491</b>

**Current liabilities – trade & other payables**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Trade payables	467,049	327,784
Accrued expenses	242,800	129,711
PAYG withholding payable	32,666	25,335
<b>Total trade &amp; other payables</b>	<b>742,515</b>	<b>482,830</b>

**Remuneration of Auditors**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Remuneration of the auditors of the Company for: <i>BDO Audit (WA) Pty Ltd</i>		
Audit and review of financial reports	80,371	77,747
Non-audit services – tax compliance	14,743	16,299
	<b>95,114</b>	<b>94,045</b>

**C4 - INCOME TAX****Policy - Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income or tax loss based on the applicable income tax rate for each jurisdiction.

**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 Group'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 Group 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 Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

#### **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**

The Company and its wholly-owned Australian tax resident entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidated group is DigitalX Limited. Digital CC Holdings joined the DigitalX Limited tax consolidation 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 & Judgement – Taxation**

#### **Income taxes**

The Group operates in a newly emerging industry and the application of taxation laws in Australia, the United States, Hong Kong and previously Iceland (the principal countries in which the Group currently operates) in relation to the Group'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 Group'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 Group, 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 2020 in relation to these assets. The Group will continue to assess the performance and may in the future recognise some or all of these assets.

The Group 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 trading operations are taxable in the United States in addition to certain employee costs incurred in the United States plus an appropriate mark-up.

## A. Income tax expense

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Current tax expense / (benefit)	-	-
Deferred tax expense / (benefit)	-	-
<b>Total income tax (benefit) in profit or loss</b>	<b>-</b>	<b>-</b>

## B. Numerical reconciliation of tax expense to prima facie tax payable

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Profit/(Loss) before tax from continuing operations	6,756,954	(6,838,813)
Profit/(Loss) before tax from discontinued operations	-	-
<b>Profit/(Loss) before tax</b>	<b>6,756,954</b>	<b>(6,838,813)</b>

Tax at the Group's statutory income tax rate of Australia: 27.5% (2020: 27.5%)	1,858,162	(1,880,673)
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Tax effect of amounts which are not deductible or assessable (taxable) in calculating taxable income:

Non-deductible share-based payment	171,995	69,801
Profit from equity accounted investments	-	6,495
Fair value adjustment of investments	(119,259)	-
Other	(16,346)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	26,576	70,393
Unrealised gain on foreign exchange	-	53,219
Effect of timing expenses that are not deductible	(34,313)	(50,610)
Deferred tax assets not recognised	<sup>1</sup> 85,861	1,572,340
Deferred tax assets not recognised - Trusts	-	158,806
Previously unrecognised tax losses now recouped to reduce tax expense	(1,972,675)	-
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>

Income tax expense/(benefit) is attributable to:

Profit/(Loss) from continuing operations	-	-
Profit/(Loss) from discontinued operations	-	-
	<b>-</b>	<b>-</b>

<sup>1</sup> Current year amount relates to tax losses incurred in US operations that cannot be applied to profits generated in Australia or entities outside the tax consolidated group.

**C. Current tax assets and liabilities**

Current tax liability	-	-
Income tax payable	-	-
<b>Total current tax liability</b>	<b>-</b>	<b>-</b>

**D. Deferred tax assets and liabilities**

As at 30 June 2021 the Group has tax losses available to be applied in the future periods in the United States and Australia estimated to be \$AUD4.62 million and \$USD4.7 million respectively. The losses in respect of the Group's operations in Hong Kong are immaterial. In addition, the Group has gross capital losses in Australia estimated at \$AUD1.54 million at 30 June 2021.

The Group reviews the recoverability of tax losses each reporting period by reviewing the continuity of ownership test (COT) or Same Business Test (SBT) and no adjustments have been made for the year ended 30 June 2021. Other than those noted above and tax losses there are no other material temporary differences.

**E. Other tax information**

The tax rate used for the reconciliation above is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law for entities with gross consolidated turnover of less than \$AUD25,000,000.

Franking Account	-	-
Amounts recognised directly in equity	-	-

**Future Developments**

No material future developments.

**C5 - EARNINGS PER SHARE (EPS)****Earnings per share***Basic earnings per share*

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

*Diluted earnings per share*

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

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Basic earnings/(loss) per share</b>		
From continuing operations	0.01	(0.011)
<b>Total</b>	<b>0.01</b>	<b>(0.011)</b>
<b>Diluted earnings/(loss) per share</b>		
From continuing operations	0.01	(0.011)
<b>Total</b>	<b>0.01</b>	<b>(0.011)</b>

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

From continued operations	6,756,954	(6,838,813)
From discontinued operations	-	-

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

	<b>652,503,531</b>	<b>602,105,566</b>
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Adjustments for calculation of diluted EPS

Options	25,268,382	32,848,977
Performance rights	9,000,000	28,500,000
Warrants	55,839,003	-

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

	<b>742,610,916</b>	<b>665,954,543</b>
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<sup>1</sup> Potential ordinary shares in the form of share options and rights are not considered to be dilutive. As the Group made a loss for the prior period, diluted earnings per share is the same as basic earnings per share for that period.

## [D - CAPITAL & RISK MANAGEMENT]

The section below includes information regarding how the Group manages its capital assets including the positions at year end as well as outlining the risks arising from market, price, liquidity and credit exposures. Finally, the section covers how the Group manages its equity position and movements during the year.

**The section includes the following disclosures:**

**D1** Capital management (Page 54)

**D2** Financial risk management (Page 54)

**D3** Cash and cash equivalents (Page 58)

**D4** Digital assets (Page 59)

**D5** Investments (Page 61)

**D6** Net assets attributable to unit holders (Page 62)

## D1 - CAPITAL MANAGEMENT

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## D2 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Policy - Financial Instruments

#### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group 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.

#### 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:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss (FVTPL);
- debt instruments at fair value through other comprehensive income (FVOCI); and
- equity instruments at fair value through other comprehensive income (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 Group'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 FVPL. 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 D4.

#### 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.

**Impairment of financial assets**

AASB 9's impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader 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.

**Trade and other receivables and contract assets**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group 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 impair any amounts that are more than 90 days past due.

**Financial assets at fair value through other comprehensive income**

The Group 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 small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group 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 Group 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 Group 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 Group recognises for this instrument or class of instruments the lifetime expected credit losses.

**Classification and measurement of financial liabilities**

The Group'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 Group 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.

**Risk Management**

The Group's activities expose it to a variety of financial risks including but not limited to:

- Foreign exchange risk;
- Liquidity risk;
- Interest rate risk;
- Credit risk; and
- Digital asset price risk.



The Group's and the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risks to which it is

exposed. The method used is sensitivity analysis for each of foreign exchange risk, liquidity risk and interest rate risk.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group holds the following financial assets and financial liabilities:

#### Financial Assets

Cash and cash equivalents<sup>AC</sup>

Investments<sup>FV</sup>

Trade receivables<sup>AC</sup>

#### Financial liabilities

Trade and other payables<sup>AC</sup>

Finance Liabilities<sup>AC</sup>

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
	10,369,645	3,975,690
	2,471,036	1,496,961
	158,825	67,106
	<b>12,999,506</b>	<b>5,539,757</b>
	742,515	327,784
	302,589	489,402
	<b>1,045,104</b>	<b>817,186</b>

AC – Amortised Cost

FV – Fair value through profit or loss

#### Foreign exchange risk

The Group and the parent entity 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 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 of 30 June 2021, the Group had exposure to foreign currency risk within its recognised assets and liabilities. The cash and cash equivalents held \$USD5,986 (2020: \$USD20,349) in bank accounts. The Group has no derivative liabilities in \$USD (2020: \$nil) and nil \$USD in finance liabilities (2020: \$USD nil).

#### Group sensitivity – Foreign exchange risk

Based upon the financial instruments held as at 30 June 2021, had the Australian dollar weakened/strengthened 10% against the US dollar with all other variables held constant, the following impact on profit and or loss is noted:

	Fluctuation	
	+10% \$AUD	-10% \$AUD
Impact on profit of loss – 2021	(340)	340
Impact on profit or loss – 2020 (Restated)	(768,496)	768,496

#### Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest.

The Group's exposure to interest rates on financial assets and liabilities is detailed in the liquidity risk management section of this note.

#### Interest rate sensitivity

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

### Liquidity risk management

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

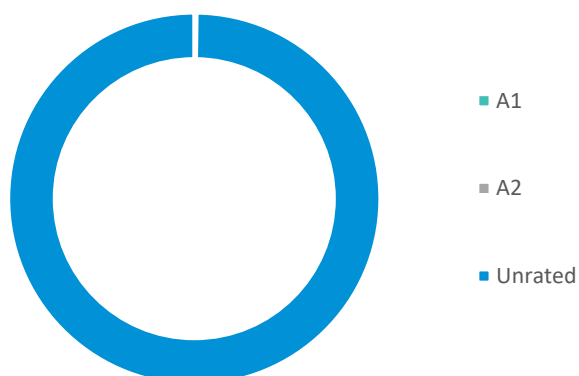
The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

	Weighted average effective interest rate %	Less than 1 month Interest bearing - variable \$AUD	1 to 3 months Interest bearing - variable \$AUS	More than 3 months Interest bearing \$AUD	Less than 1 month Non-interest bearing \$AUD	1 to 3 months Non-interest bearing \$AUD	More than 3 months Non-interest bearing \$AUD
<b>2021</b>							
Cash and cash equivalents	-	-	-	-	10,369,645	-	-
Convertible note	10	-	249,600	-	-	-	-
Other receivables	-	-	-	76,751	82,073	-	-
Other payables	-	-	-	-	(742,515)	-	-
Finance liability	8.8	-	-	(252,337)	-	-	-
<b>2020 (Restated)</b>							
Cash and cash equivalents	0.25	3,975,690	-	-	-	-	-
Convertible note	10	-	-	245,923	-	-	-
Other receivables	-	-	-	-	67,106	-	-
Other payables	-	-	-	-	(327,784)	-	-
Finance liability	8.8	-	-	(549,423)	-	-	-

The liquidity and interest rate risk table above has been drawn up based on the undiscounted cash flow (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated cash will occur in a different period.

### 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 Group aims to hold deposit with independently rated parties with a rating of 'A2' or above based on Moody's ratings. From time to time the Group may hold deposits with unrated institutions (i.e. exchanges) after trading in digital assets. The Group's credit risk exposure is set out below. Due to the nature of the customers the Group 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 2021 no customers had a published credit rating.



Rating	\$AUD
A1	5,638
A2	437,243
Unrated (with no prior defaults)	9,926,764
<b>Total</b>	<b>10,369,645</b>

**Fair value measurement**

The Group 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.

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 Group. 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 Group 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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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 Group 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 2021 all assets carried at fair value are deemed to be level 1 based on observable prices in an active market with the exception of:

- Convertible note receivable – Note D5
- Investment in Bullion Asset Management – Note D5
- Unlisted Digital Assets – Note D4

**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.

**D3 CASH AND CASH EQUIVALENTS****Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held with 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 Group's holdings of digital assets which are classified as intangible assets (refer to D4).

Cash at bank

Cash deposits at call<sup>1</sup>

**Total cash and cash equivalents**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
	10,369,645	3,975,690
	-	-
	<b>10,369,645</b>	<b>3,975,690</b>

<sup>1</sup>Cash deposits at call include cash balances on exchanges. The balance originates following a liquidation of digital assets. Refer to Note D2 for information on liquidity and credit risk.

**D4 - DIGITAL ASSETS****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 Group 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 inventory methodology**

For digital assets that meet the criteria of AASB102: Inventory, the Group measures digital assets at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Amounts are derecognised when the Group has transferred substantially all the risks and rewards of ownership. As a result of the various blockchain protocols, costs to sell are immaterial in the current period and no allowance is made for such costs.

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

**Digital Assets – Accounted for using intangible asset methodology**

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

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

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

**Digital Assets – Accounted for using financial asset methodology**

Refer to [Note D2](#) for financial asset accounting policy and treatment.

**Estimates & 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 Group has considered its position for the year ending 30 June 2021 and has determined that the Group's digital assets fall into 3 categories:

- Inventory method (historical method used by the Group)
- 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 – See Note D2)

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.

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

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](http://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 Group with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

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

**(A) Reconciliation of Digital Assets**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Bitcoin <sup>1,2</sup>	28,297,002	5,905,840
Other listed digital assets <sup>1,3</sup>	4,182,967	759,450
Non-listed digital assets <sup>4</sup>	-	196,902
<b>Total Digital Assets</b>	<b>32,479,969</b>	<b>6,862,193</b>

**(B) Reconciliation by Class**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Inventory method	-	-
Intangible asset method	32,478,065	6,737,545
Financial asset method	1,904	124,648
<b>Total Digital Assets</b>	<b>32,479,969</b>	<b>6,862,193</b>

<sup>1</sup> Digital assets were measured at fair value using at 30 June 2021. Refer to Note H1 for prices at the date of this report.

<sup>2</sup> The amount includes \$AUD16,268,003 held by the DigitalX BTC Fund and \$AUD1,823,409 held by the DigitalX Fund.

<sup>3</sup> Includes all tokens that are not bitcoin that are listed on an exchange. The amount includes \$AUD3,561,848 held by the DigitalX Fund.

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

**(C) Movements by Class**

	Inventory Method	Intangible Asset	Financial Asset	Total
<b>Opening Balance 1 July 2020 (Restated)</b>	-	<b>6,737,545</b>	<b>124,648</b>	<b>6,862,193</b>
Net trading activity <sup>1</sup>	-	5,050,519	-	<b>5,050,519</b>
Revaluation <sup>2</sup>	-	20,690,001	(122,744)	<b>20,567,257</b>
Impairment	-	-	-	-
<b>Closing Balance</b>	-	<b>32,478,065</b>	<b>1,904</b>	<b>32,479,969</b>

<sup>1</sup> Net trading activity is the net purchase and sale of digital assets and includes monthly rebalance for the DigitalX Fund and DigitalX BTC Fund.

<sup>2</sup> Revaluation is inclusive of fair value movement attributable to the Company (refer Note E2) and the unit holders in the DigitalX Fund and DigitalX BTC Fund.

**(C) Digital Assets by Fair Value Hierarchy**

Level	Description	\$AUD
<b>Level 1</b>	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.	\$32,479,969
<b>Level 2</b>	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 exist 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.	-
<b>Level 3</b>	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.	-

**D5 – INVESTMENTS****Investments in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

Investment in Bullion Asset Management Pte Ltd<sup>A</sup>  
 Convertible note receivable  
 Investment in DigitalX Funds<sup>B</sup>

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
	2,221,436	1,251,037
	249,600	245,923
	-	-
	<b>2,471,036</b>	<b>1,496,960</b>

**A. Investment in BAM**

Opening balance (restated)  
 Additional investment in Bullion Asset Management Pte Ltd<sup>1</sup>  
 Additional shares received in lieu of services  
 Fair value increase

	Year ended 30 June 2021 \$AUD
	1,251,036
	321,863
	214,867
	433,670
	<b>2,221,436</b>

<sup>1</sup> As [announced](#) to market on 18 January 2021.

**B. Investment in DigitalX Funds**

The Group has provided seed capital to the DigitalX Fund (a unit trust) and DigitalX BTC Fund (a unit trust) for the purpose of investing in and generating returns digital assets., however, as DigitalX also provides fund management services for the fund it is deemed that the Group meets the definition of control under AASB10: *Consolidated Financial Statements* and as a result, the fund has been included in the Group's consolidated financial statements. The Group will continue to assess its position with respect to control of the fund at each reporting period and there has been no changes to the Group's assessment for the year ended 30 June 2021.

During the period the Group invested a further A\$750,000 in to the DigitalX Fund.

The net asset value (NAV) of the Group's units in the funds at 30 June 2021 were \$AUD 1.37 (2020: \$0.50) and \$AUD4.45. respectively.

At 30 June 2021, DigitalX's holding in the DigitalX BTC fund and DigitalX Fund was 59.64% and 40.72% respectively.

**D6 - NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS**

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

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Opening Balance</b>	<b>670,910</b>	<b>861,140</b>
Profit/(Loss) for the period attributable to non-controlling interests	(474,780)	(269,959)
Other comprehensive income	4,244,533	-
Impact of foreign exchange	-	195)
Taxable distributions paid	(357,460)	-
Taxable distributions payable	(1,410,441)	-
Gain/(loss) on change in ownership	(427,159)	-
Net change in units on issue	6,011,451	79,924
<b>Closing Balance</b>	<b>8,257,054</b>	<b>670,909</b>

## [E - FINANCIAL POSITION]

The section below includes information regarding the financial position of the Group (excluding non-operating assets & liabilities covered under Section C and Working Capital covered under Section D).

**The section includes the following disclosures:**

**E1** Property, plant and equipment (Page 64)

**E2** Non-current assets – Right of use asset (Page 65)

**E3** Non-current assets - Intangible assets (Page 66)



**E1 - PROPERTY, PLANT AND EQUIPMENT****Policy**

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight-line basis at rates based upon their expected useful lives as follows:

- Computer equipment – 3 years
- Leasehold improvements – 5 years

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives. The estimated residual value of plant and equipment has been assessed to be zero. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

**Property Plant & Equipment**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Cost	528,766	511,472
Accumulated depreciation	(380,427)	(180,791)
<b>Net Carrying amount</b>	<b>148,339</b>	<b>330,680</b>
<i>Reconciliation</i>		
Carrying amount at beginning of period	330,681	432,146
Additions	17,294	10,154
Disposals	-	(9,070)
Depreciation charge for the period	(199,636)	(102,549)
<b>Net carrying amount at end of period</b>	<b>148,339</b>	<b>330,680</b>

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with their carrying amount.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**E2 - NON-CURRENT ASSETS – RIGHT OF USE****(A) Change of accounting policy**

On 1 July 2019, the Group adopted the new leasing standard, *AASB16: Leases*, which replaced the existing standard, *AASB117: Leases*.

Under the new standard, leases are no longer classified as operating leases or finances leases as they had been previously under AASB 117.

In applying AASB16 from 1 July 2019 the Group has adopted the new standard retrospectively but has not restated comparatives for the 2018 or 2019 reporting comparatives, as permitted under the transitional provisions of the new standard.

The reclassifications and impact of the new standard are therefore recognised in the opening statement of financial position on 1 July 2019.

Right of use asset  
Accumulated amortisation

**Net Carrying amount***Reconciliation*

Carrying amount at beginning of period  
Initial recognition of right of use asset under AASB16  
Partial de-recognition of lease – net  
Depreciation charge for the period  
**Net carrying amount at end of period**

Carrying amount at beginning of period  
Initial recognition of lease liability  
Interest expense  
Lease payments  
Partial de-recognition of lease – net  
Foreign exchange effect  
**Net carrying amount at end of period**

Current  
Non-Current

**(B) Adjustments recognised on adoption of AASB16**

At the time of the change, the Group only had one lease classified as an operating lease, being the lease for the Blockchain Centre entered in to in July 2018 for a term of 5 years, that was required to be recognised:

**(C) Lease liability**

The lease liabilities were recognised at the present value of remaining lease payments, discounted using the Group's incremental borrowing rate (8.8%) at the time of the adoption.

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
	598,207	697,477
	(358,924)	(273,236)
	<b>239,283</b>	<b>424,241</b>
	424,241	-
	-	697,477
	863	-
	(185,821)	(273,236)
	<b>239,283</b>	<b>424,241</b>

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
	489,402	-
	-	604,489
	32,870	45,435
	(164,138)	(157,579)
	(55,545)	-
	-	(2,943)
	<b>302,589</b>	<b>489,402</b>
	126,169	133,412
	176,421	355,990
	<b>302,589</b>	<b>489,402</b>

**E3 - NON-CURRENT ASSETS - INTANGIBLE ASSETS****Internally generated intangible assets - Research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Capitalisation of development costs**

The development activities are part of an internal project, with costs incurred both by an internal software development team

and through the outsourcing of development activities to external contractors. The total cost capitalised on the project at 30 June 2021 is \$AUD2,928,793.

An intangible asset arising from the development phase of an internal project shall be recognised if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Company has evaluated the criteria required to be satisfied for an intangible asset arising from the development phase of an internal project to be recognised and concluded that all conditions required to recognise an intangible asset generated from development of an internal project have been demonstrated.

The Company has evaluated the future economic benefit by modelling the expected future cash flows to estimate a value of the asset.

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
Cost	3,197,565	2,928,793
Accumulated Amortisation	-	-
Provision for impairment	(2,928,793)	(2,928,793)
<b>Net Carrying amount</b>	<b>268,772</b>	<b>-</b>

■ Additions for the year primarily relate costs capitalised for the development of the Drawbridge regtech product.

The Company has previously raised a \$AUD2,928,793 impairment provision against the costs capitalised for its AirPocket intangible asset as a result of a lack of historical data with respect to the estimates used in determining the fair value of AirPocket. The provision is to be reassessed at the next reporting date with anticipation that more information will be available to assess the recoverable amount of the asset.

## [F – EQUITY]

The section below includes information regarding the Group's equity structure including movements in contributed equity from share transactions and movements in reserves.

**The section includes the following disclosures:**

**F1** Contributed Equity (Page 68)

**F2** Reserves & Non-Controlling Interest (Page 69)

**F1 – CONTRIBUTED EQUITY****(a) Issued and paid-up capital**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Fully paid ordinary shares – 739,675,657 (2020: 605,628,549)	58,796,111	50,489,288

**(b) Movement in Ordinary Share Capital**

Date	Details <sup>1</sup>	Number of Shares	Issue Price A\$	\$AUD <sup>2</sup>
30-Jun-20	Closing Balance (Restated)	605,628,549		50,489,288
1-Sep-20	Issue of Shares on exercise of options	5,251,852	0.0324	170,160
1-Sep-20	Issue of shares to employees	1,136,634	0.0440	50,012
3-Sep-20	Share issue costs			(2,582)
10-Sep-20	Issue of Shares on exercise of options	2,561,728	0.0324	83,000
11-Sep-20	Share issue costs			(1,922)
21-Sep-20	Issue of Shares on exercise of options	2,600,000	0.0324	84,240
22-Sep-20	Share Issue costs			(1,922)
4-Dec-20	Issue of shares to directors in lieu of fees	2,029,914	0.0480	97,436
7-Dec-20	Share Issue costs			(2,465)
9-Mar-21	Issue of shares from capital raising	97,963,164	0.0900	8,816,685
9-Mar-21	Share issue costs			(791,232)
9-Mar-21	Share issue costs - Warrants to issued to Corporate Advisor			(336,014)
10-Mar-21	Share issue costs			(20,832)
22-Mar-21	Issue of shares on conversion of performance rights	19,500,000	0.0900	-
23-Mar-21	Share issue costs			(7,094)
21-May-21	Issue of shares to directors in lieu of fees	503,816	0.0480	24,183
21-May-21	Issue of shares to employees	2,500,000	0.0590	147,500
24-May-21	Share issue costs			(2,329)
30-Jun-21	Closing Balance	739,675,657		58,796,111

Date	Details <sup>1</sup>	Number of Shares	Issue Price A\$	(Restated) \$AUD
30-Jun-19	Closing Balance	571,525,427		48,899,231
1-Jul-19	Issue of Shares on exercise of options	24,691,358	0.0324	809,025
2-Jul-19	Share issue costs			(5,042)
15-Nov-19	Issue of Shares under Bullion Asset Management agreement	9,411,764	0.0850	791,238
18-Nov-19	Share issue costs			(5,162)
30-Jun-20	Closing Balance (Restated)	605,628,549		50,489,288

<sup>1</sup> Refer to the corresponding Appendix 3B for full details of each issue.<sup>2</sup> Refer to Note H1 for any issues subsequent to the end of the reporting period

**Rights Attaching to Shares**

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

**Dividends**

There are no dividends paid or declared during the period.

**F2 – RESERVES****Nature of reserves**

Option premium and share-based payment reserve	Reserve is established to record balances pertaining to share options and performance rights granted for services provided to the Company by employees and vendors.
Convertible note reserve	Reserve is established to record amounts required to be recognised in equity for convertible notes that meet the definition of compound instruments.
Foreign Exchange Reserve	Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Note	Option premium and share-based payment reserve <sup>1</sup>	Convertible Note Reserve	Asset Revaluation Reserve	Foreign Exchange Reserve
<b>30 June 2020 (Restated)</b>		<b>2,105,857</b>	<b>91,051</b>	-	<b>30,144</b>
Share based payment expense		1854,839	-	-	-
Conversion of foreign operations		-	-	-	(42,359)
Revaluation of digital assets		-	-	14,930,756	-
<b>30 June 2021</b>		<b>2,960,697</b>	<b>91,051</b>	<b>14,930,756</b>	<b>(12,215)</b>

	Note	Option premium and share-based payment reserve <sup>1</sup>	Convertible Note Reserve	Foreign Exchange Reserve
<b>30 June 2019 (Restated)</b>		1,889,536	<b>91,051</b>	<b>31,116</b>
Share based payment expense		216,321	-	-
Conversion of foreign operations		-	-	(972)
<b>30 June 2020 (Restated)</b>		<b>2,105,857</b>	<b>91,051</b>	<b>30,144</b>

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

<sup>2</sup> Included in the balance is an amount of \$339,404 recognised directly in equity.

**Share based payments**

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

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition.

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

### Valuation of options

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

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

Item	Tranche 1
Volatility (%)	109%
Risk-free interest rate (%) – range	0.25%
Expected life of option (years)	3
Exercise price per terms & conditions	\$AUD0.05
Underlying security spot price	\$AUD0.04
Valuation date	1 Sep 2020
Expiry date	9 Sep 2023
Valuation per option	\$0.02
Valuation methodology	Black-Scholes
Number of options issued	10,000,000

### Options issued to Corporate Advisor

Item	Tranche 1
Volatility (%)	116.95%
Risk-free interest rate (%) – range	0.35%
Expected life of option (years)	4
Exercise price per terms & conditions	\$AUD0.12
Underlying security spot price	\$AUD0.09
Valuation date	7 Dec 2020
Expiry date	7 Dec 2024
Valuation per option	\$AUD0.073
Valuation methodology	Black-Scholes
Number of options issued	1,000,000

### Warrants issued to Corporate Advisor for Capital Raising

Item	Tranche 1
Volatility (%)	103.65%
Risk-free interest rate (%) – range	0.77%
Expected life of option (years)	3
Exercise price per terms & conditions	\$AUD0.113
Underlying security spot price	\$AUD0.085
Valuation date	9 March 2021
Expiry date	8 March 2024
Valuation per option	\$AUD0.049
Valuation methodology	Black-Scholes
Number of warrants issued	6,857,421

**Valuation of performance rights**

The fair value of performance rights with market-based conditions at grant date are determined using a Monte-Carlo simulation method that takes into account the market conditions, the term of the vesting period, the share price at grant date and expected volatility of the underlying share across a number of simulations. There were no performance rights issued during the period,

**Options, warrants, and performance rights on issue or owed as at 30 June 2021**

Date granted	Vesting Date	Class	Exercise price	Expiry date	Number of shares under option/warrant
10 December 2018	10 December 2018	Unlisted Option	\$0.22	10 December 2023	2,000,000
10 December 2018	10 December 2018	Unlisted Option	\$0.25	10 December 2023	3,000,000
10 December 2018	10 December 2018	Unlisted Option	\$0.30	10 December 2023	4,000,000
17 May 2019	17 May 2019	Unlisted Option	\$0.0847	17 May 2022	2,768,382
11 July 2019	11 July 2019	Unlisted Option	\$0.10	30 June 2024	2,500,000
10 September 2020	-	Unlisted Option	\$0.10	9 September 2023	10,000,000
18 December 2020	18 December 2020	Unlisted Option	\$0.10	18 December 2024	1,000,000
9 March 2021	9 March 2021	Unlisted Warrant	\$0.10	9 March 2024	48,981,582
9 March 2021	9 March 2021	Unlisted Warrant	\$0.1125	9 March 2024	6,857,421

Date performance rights	Vesting Date	Class	Expiry date of options	Number of rights	Number of rights unvested
10 December 2018	-	Unlisted	10 December 2023	9,000,000	9,000,000



**[G - GROUP STRUCTURE]**

The section below includes information regarding the Group organisational structure and information related to the parent entity as required by the Corporations Act 2001.

**G1 - PRINCIPLES OF CONSOLIDATION**

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of DigitalX Limited (Company or Parent Entity) 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 Group or 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 Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**G2 - 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 G1. All controlled entities are included in the consolidated annual final report. 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.

Name of Controlled Entity	Place of Incorporation	% of Shares Held 2021	% of Shares Held 2020
Digital CC Management Pty Ltd	Australia	100%	100%
Digital CC Trading Pty Ltd	Australia	100%	100%
Digital CC IP Pty Ltd	Australia	100%	100%
Digital CC Limited	Hong Kong	100%	100%
Digital CC IP Limited	Hong Kong	100%	100%

Name of Controlled Entity	Place of Incorporation	% of Shares Held 2021	% of Shares Held 2020
Digital CC Holdings USA Inc	United States	100%	100%
Digital CC USA LLC	United States	100%	100%
Digital CC USA Services LLC	United States	100%	100%
Digital CC Ventures Pty Ltd	Australia	100%	100%
Pass Petroleum Pty Ltd	Australia	100%	100%
Airpocket International Pty Ltd	Australia	100%	100%
AirPocket LLC	United States	100%	-
DigitalX Funds Management Pty Ltd	Australia	73%	73%
DigitalX Fund Unit Trust	Australia	41%	46%
DigitalX Bitcoin Fund Unit Trust	Australia	60%	93%
DigitalX Asset Management Pty Ltd	Australia	100%	100%
DigitalX New Tech Fund Inc.	Panama	-	100%
DigitalX (BVI) Limited	British Virgin Isles	-	100%
Digital Asset Administration Cayman Limited	British Virgin Isles	-	100%

#### Year ended 30 June 2021

There were no changes to the controlled entities during the year ended 30 June 2021 except for those noted below:

- DigitalX New Tech Fund Inc. (de-registered through normal course of business);
- DigitalX (BVI) Limited (de-registered through normal course of business); and
- Digital Asset Administration Cayman Limited (de-registered through normal course of business).

All of the entities above were incorporated as part of the ongoing development and execution of the Group's asset management strategy. The results for the entities above are immaterial for the period.

#### Year ended 30 June 2020

There were no changes to the controlled entities during the year ended 30 June 2020 except for those noted below:

- AirPocket LLC (de-registered through normal course of business); and
- DigitalX Bitcoin Fund Unit Trust (refer to Note D5 for additional details).

All of the entities above were incorporated as part of the ongoing development and execution of the Group's asset management strategy. The results for the entities above are immaterial for the period.

### G3 - 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. Refer to Summary Note B1 for a summary of the significant accounting policies relating to the Group.

#### Parent entity financial information

The financial information for the parent entity, DigitalX Limited, disclosed below has been prepared on the same basis

as 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 DigitalX Limited.

**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.

**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.

**(a) Summary of financial information**

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
<b>Financial position</b>		
Assets		
Current assets	28,307,422	7,153,173
Non-Current assets	14,256,058	5,517,978
<b>Total Assets</b>	<b>42,563,480</b>	<b>12,671,151</b>
<b>Liabilities</b>		
Current liabilities	(868,740)	(945,471)
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>(868,740)</b>	<b>(945,471)</b>
<b>Equity</b>		
Contributed Equity	110,455,124	102,148,300
Retained earnings/(losses)	(92,501,033)	(98,381,065)
Reserves		
- Share based payment	8,718,842	7,867,394
- Intangible asset reserve	14,930,755	-
- Convertible note	91,051	91,051
<b>Total equity</b>	<b>41,694,740</b>	<b>11,725,680</b>
<b>Financial performance</b>		
Profit/(loss) for the year and other comprehensive income/(loss)	21,801,836	(26,833,034)
<b>Total comprehensive income/(loss)</b>	<b>21,801,836</b>	<b>(26,833,034)</b>

**(b) Guarantees, Commitments and Contingent Liabilities of the parent**

The parent entity did not have any contingent liabilities or commitments, as at 30 June 2021 other than those disclosed below in Note H2.

There were no guarantees entered into by the parent entity other than those disclosed in Note H2.

## [H - OTHER DISCLOSURES]

The section below includes information regarding other disclosures relevant to users of the financial statement in understanding other transactions and the impact of future standards or events that may impact the Group.

The section includes the following disclosures:

H1 Related Party Transactions (Page 76)

H2 Commitments and contingents (Page 76)

H3 New Accounting Standards and Interpretations (Page 77)

H4 Post balance date events (Page 80)

**H1 - RELATED PARTY TRANSACTIONS****(a) Subsidiaries**

Interests in subsidiaries are set out in Note G2. 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.

**(b) Transactions with Key Management Personnel**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Short term employee benefits</b>		
Salaries and fees	579,590	437,024
Director fees	100,000	71,253
Other benefits	30,680	6,835
<b>Post-Employment Benefits</b>		
<i>Superannuation</i>	63,739	59,788
<b>Share-based payments</b>		
Shares granted	130,483	-
Options and performance rights <sup>1</sup>	430,388	360,519
<b>Total Remuneration</b>	<b>1,334,879</b>	<b>934,692</b>

<sup>1</sup> Refer to Note F2 for details of the events relating to performance rights and options effecting key management personnel.

**(c) Transactions with Director related entities****Year ended 30 June 2021**

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, \$AUD39,613 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.

**Year ended 30 June 2020**

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, \$AUD60,056 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.

**H2 – COMMITMENTS AND CONTINGENCIES****Commitments of the Group**

During the 2018 financial year entered into a 5-year lease for premises at 66 Kings Park Road, West Perth, WA ("The Blockchain Centre"). At 30 June the amount due within 12 months was \$130,974 and the committed between 12 months and 5 years was \$287,514. There were no commitments greater than 5 years.

The Group did not have any commitments (other than those set out in note D2 & D5) and above, as at 30 June 2021 (2020: Nil).

**Guarantees entered into by the Group**

There were no guarantees entered into by the Group as at 30 June 2021 other than for the lease noted above (2020: Nil).

**Contingent Liabilities of the Group**

The Group did not have any contingent liabilities as at 30 June 2021 (2020: Nil).

**H3 - NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

**Standards and Interpretations in issue not yet adopted**

The following table lists Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective and have not been early adopted by the Company for the reporting period ended 30 June 2021. These particular standards are considered relevant to the entity based on the balances and transactions presented within these financial statements.

Management are in the process of determining the potential impact of the initial application of the Standards and Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

New / revised pronouncement	Superseded pronouncement	Nature of the change	Effective date	Likely impact on initial application
<b><i>AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 Requires that for-profit private sector entities</i></b>	None	<p>This Standard amends the Standards to help entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements.</p> <p>As a result of these amendments, an entity:</p> <ul style="list-style-type: none"> <li>a) will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;</li> <li>b) will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and</li> <li>c) will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.</li> </ul>	1 January 2021	When these amendments are first adopted for the year ending 30 June 2022, there will be no material impact on the financial statements.
<b><i>AASB 2020-3 Annual Improvements to IFRS Standards 2018–2020 and Other Amendments</i></b>	None	<p>This standard amends:</p> <ul style="list-style-type: none"> <li>a) the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;</li> <li>b) AASB 3 to update references to the Conceptual Framework for Financial Reporting;</li> <li>c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;</li> <li>d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;</li> <li>e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and</li> <li>f) AASB 141 to align the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</li> </ul>	1 January 2022	When these amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.

<b>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</b>	None	Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability). The mandatory application date of the amendment has been deferred by 12 months to 1 January 2023 by AASB 2020-6.	1 January 2023	When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.
<b>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</b>	None	<p>This Standard amends:</p> <ul style="list-style-type: none"> <li>a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity’s financial statements;</li> <li>b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;</li> <li>c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;</li> <li>d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and</li> <li>e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</li> </ul>	1 January 2020	When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.



**H4 - EVENTS AFTER THE REPORTING DATE**

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years other than those set out below.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Date of event	Details of event																				
21 July 2021	On 21 July 2021, the Company announced that Executive Director, Mr Leigh Travers, had tendered his resignation.																				
3 August 2021	On 3 August 2021, the Company announced that Mr Greg Dooley had been appointed as a Non-Executive Director of the Company.  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.																				
6 August 2021	On 6 August 2021, the Company announced that Ms Shannon Coates had resigned as Company Secretary and has been replaced by Mr Joel Ives.																				
26 August 2021	On 26 August 2021, the Company provided a progress update to the market and noted: <ul style="list-style-type: none"> <li>- Mr Jonathon Carley had been appointed Acting Chief Operating Officer for the Company</li> <li>- The Company had realised a material uplift in the value of its Human Protocol holding to A\$18,750,000 following its listing on leading exchanges FTX and Coinlist. The value of the right at 30 June 2021 was A\$8,335,433.</li> </ul>																				
16 September 2021	On 16 September 2021 the Company announced it had entered into an agreement to acquire leading online share sales business, Sell My Shares, for upfront cash consideration of \$1,640,000 and up to \$250,000 deferred consideration subject to satisfaction of various performance milestones.																				
27 September 2021	Due to the volatile nature and the materiality of the digital assets held, we disclose the value of material digital assets held by the Group, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 31 August.																				
	<table border="1"> <thead> <tr> <th>Coin Symbol</th> <th>Coin Amount</th> <th>\$AUD Price at 30 June</th> <th>\$AUD Spot Price at 27 Sept</th> <th>\$AUD Balance</th> </tr> </thead> <tbody> <tr> <td>BTC</td> <td>215.95</td> <td>\$46,585</td> <td>\$58,070</td> <td>\$12,540,217</td> </tr> <tr> <td>HMT</td> <td>12,500,000</td> <td>\$0.665</td> <td>\$1.29</td> <td>\$16,125,000</td> </tr> <tr> <td><b>Total</b></td> <td>-</td> <td>-</td> <td>-</td> <td><b>\$28,665,217</b></td> </tr> </tbody> </table>	Coin Symbol	Coin Amount	\$AUD Price at 30 June	\$AUD Spot Price at 27 Sept	\$AUD Balance	BTC	215.95	\$46,585	\$58,070	\$12,540,217	HMT	12,500,000	\$0.665	\$1.29	\$16,125,000	<b>Total</b>	-	-	-	<b>\$28,665,217</b>
Coin Symbol	Coin Amount	\$AUD Price at 30 June	\$AUD Spot Price at 27 Sept	\$AUD Balance																	
BTC	215.95	\$46,585	\$58,070	\$12,540,217																	
HMT	12,500,000	\$0.665	\$1.29	\$16,125,000																	
<b>Total</b>	-	-	-	<b>\$28,665,217</b>																	

There were no other reportable subsequent events.

## CORPORATE DIRECTORY

### Directors

Toby Hicks

*Non-Executive Chairman*

Greg Dooley

*Non-Executive Director*

Peter Rubinstein

*Non-Executive Director*

### Company Secretary

Joel Ives

### ABN

59 009 575 035

### Registered Office and Principal Place of Business

Suite 1, Level 2

66 Kings Park Road

West Perth WA 6005

Tel: +61 (8) 9322 1587

### Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

SUBIACO WA 6008

Tel: +61 (8) 6382 4600

[www.bdo.com.au](http://www.bdo.com.au)

### Stock Exchange Listing

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

### Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth WA 6000

GPO Box D182

Perth WA 6840

Telephone: +61 (8) 9323 2000

Facsimile: +61 (8) 9323 2096

Email: [perth.services@computershare.com.au](mailto:perth.services@computershare.com.au)

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

## AUSTRALIAN SECURITIES EXCHANGE INFORMATION

The following information is current as at 27 September 2021.

### EXCHANGE LISTING

DigitalX Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is DCC.

### DISTRIBUTION OF SHAREHOLDERS

The number of shareholders, by size of holding, are:

Range	Number of Holders	Number of Shares
1–1,000	210	44,554
1,001–5,000	2,451	7,249,289
5,001–10,000	1,745	14,030,852
10,001–100,000	3,723	131,996,477
100,001 and over	826	586,354,485
<b>Total</b>		<b>739,675,657</b>

### UNMARKETABLE PARCELS

Holdings of less than a marketable parcel of ordinary shares:

Holders: 3,360

Shares: 7,463

### UNQUOTED SECURITIES

For each class of unquoted securities, if a person holds 20% or more of the securities in a class, the name of the holder and number of securities held is disclosed.

### UNLISTED OPTIONS

#### Unlisted Options exercisable at \$0.087 each on or before 17 May 2022

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	2,768,382
<b>Total</b>	<b>1</b>	<b>2,768,382</b>

*Melshare Nominees Pty Ltd holds 2,768,382/0,000 comprising 100% of this class.*

#### Unlisted Options exercisable at \$0.22 each on or before 10 December 2023

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2 <sup>1-2</sup>	2,000,000
<b>Total</b>	<b>2</b>	<b>2,000,000</b>

<sup>1</sup> *Irwin Biotech Nominees Pty Ltd holds 1,000,000 Options comprising 50% of this class.*

<sup>2</sup> *Blockchain Global Ltd holds 1,000,000 Options comprising 50% of this class.*

**Unlisted Options exercisable at \$0.25 each on or before 10 December 2023**

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2 <sup>1-2</sup>	3,000,000
<b>Total</b>	<b>2</b>	<b>2,000,000</b>

<sup>1</sup> Irwin Biotech Nominees Pty Ltd holds 1,500,000 Options comprising 50% of this class.

<sup>2</sup> Blockchain Global Ltd holds 1,500,000 Options comprising 50% of this class.

**Unlisted Options exercisable at \$0.30 each on or before 10 December 2023**

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2 <sup>1-2</sup>	4,000,000
<b>Total</b>	<b>2</b>	<b>4,000,000</b>

<sup>1</sup> Irwin Biotech Nominees Pty Ltd holds 2,000,000 Options comprising 50% of this class.

<sup>2</sup> Blockchain Global Ltd holds 2,000,000 Options comprising 50% of this class.

**Unlisted Options exercisable at \$0.05 each on or before 9 September 2023**

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1 <sup>1</sup>	10,000,000
<b>Total</b>	<b>1</b>	<b>10,000,000</b>

Matthew Robert Harry holds 10,000,000 options comprising 100% of this class. Vesting of this class is subject to the funds management division reaching AU\$100m in funds under management.

**Unlisted Options exercisable at \$0.10 each on or before 30 June 2024**

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	2,500,000
<b>Total</b>	<b>1</b>	<b>2,500,000</b>

Emboodhu Pty Ltd <TA and EL Hicks Family A/C> holds 7,500,000 Performance Rights comprising 100% of this class.

## Unlisted Options exercisable at \$0.10 each on or before 18 December 2024

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2 <sup>1-2</sup>	1,000,000
<b>Total</b>	<b>2</b>	<b>1,000,000</b>

<sup>1</sup> Shaw and Partners Limited holds 500,000 options comprising 50% of this class.

<sup>2</sup> Pareto Nominees Pty Ltd holds 500,000 options comprising 50% of this class.

## WARRANTS

## Unlisted warrants exercisable at \$0.10 each on or before 9 March 2024

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	3 <sup>1-3</sup>	46,981,582
<b>Total</b>	<b>3</b>	<b>46,981,582</b>

<sup>1</sup> Armistice Capital Master Fund Ltd holds 33,725,006 warrants comprising 68.9% of this class.

<sup>2</sup> Lind Global Macro Fund LP holds 9,423,243 warrants comprising 19.2% of this class.

<sup>3</sup> Iroquois Master Fund Ltd holds 5,833,333 warrants comprising 11.9% of this class.

## Unlisted Options exercisable at \$0.1125 each on or before 9 March 2024

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	1	68,574
100,001 and over	3	6,788,847
<b>Total</b>	<b>14</b>	<b>6,857,421</b>

<sup>1</sup> H.C. Wainwright & Co (or its staff and nominees) holds 6,857,421 comprising 100% of this class.

**LISTING OF 20 LARGEST SHAREHOLDERS**

The names of the twenty largest registered holders of quoted ordinary shares are:

Name	Number of Shares	Percentage of Shares
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	75,219,731	10.17
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	26,532,209	3.59
CITICORP NOMINEES PTY LIMITED	17,231,771	2.33
NRB INTERNATIONAL LLC	15,223,785	2.06
ATCHO SUPER PTY LTD <ATCHESON SUPER FUND A/C>	12,000,000	1.62
IRWIN BIOTECH NOMINEES PTY LTD	11,196,296	1.51
MR LEIGH DANIEL TRAVERS	9,532,146	1.29
IRWIN BIOTECH NOMINEES P/L <BIOA A/C>	8,626,348	1.17
ACL INVESTMENT AUSTRALIA PTY LTD <ACL FAMILY A/C>	8,397,221	1.14
EMBOODHU PTY LTD <TA AND EL HICKS FAMILY A/C>	8,194,444	1.11
BNP PARIBAS NOMS(NZ) LTD<DRP>	7,961,632	1.08
VALUEADMIN COM PTY LTD	7,200,000	0.97
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	6,800,000	0.92
MR HING WA CHAN	6,555,817	0.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,040,236	0.82
BNP PARIBAS NOMS PTY LTD <DRP>	5,700,213	0.77
MR RICHARD JAMES ANSELL	5,239,905	0.71
LEETHAL PTY LTD	5,000,000	0.68
YAMI FAMILY PTY LTD <YAMI FAMILY SUPERFUND A/C>	4,253,258	0.58
MR DUNCAN JOHN HEAZLEWOOD + MRS JANE LOUISE HEAZLEWOOD	4,070,000	0.55
<b>TOTAL</b>	<b>250,975,012</b>	<b>33.93</b>

**SUSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)**

There were no substantial shareholders holding 5% or more of the voting shares in the Company as at 27 September 2021.

**VOTING RIGHTS**

All ordinary shares carry one vote per share without restriction. No voting rights are attached to Options.

**ON MARKET BUY BACK**

There is no current on-market buy-back.

**CORPORATE GOVERNANCE STATEMENT**

The Company's Corporate Governance Statement for the 2021 financial year can be accessed at:

<https://digitalx.com/investor-centre>

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