

# APPENDIX 4E

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

### A. Reporting Period

Financial period 30 June 2021.

### B. Previous Corresponding Period (PCP)

The previous corresponding period for the Group is the period end 30 June 2020.

### C. Results

	% change from 30 June 2020	\$AUD
Revenue from ordinary activities	↑2,202%	9,709,745
Profit/(loss) from ordinary activities after tax attributable to members	<sup>1</sup> -	6,756,954
Profit/(loss) for the period attributable to members	<sup>1</sup> -	6,756,954

<sup>1</sup> Prior period result was a loss of \$6,838,813 hence no % change calculated.

### D. Net tangible asset per ordinary share

2021 (\$AUD per share) 0.068

2020 (\$AUD per share) 0.019

### E. Dividends paid or recommended

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

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

None

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

None

### H. Associates and joint venture entities

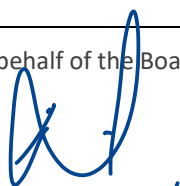
- DigitalX Bitcoin Fund Unit Trust
- DigitalX Fund Unit Trust

### I. Audit Status

An audit of the consolidated financial statements is currently in progress.

### J. Signed

Authorised on behalf of the Board of Directors



Mr Toby Hicks  
Chair  
31 August 2021

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**DIGITALX LIMITED  
PRELIMINARY FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**



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## CORPORATE DIRECTORY

### Directors

Toby Hicks

*Non-Executive Chairman*

Greg Dooley

*Non-Executive Director*

Peter Rubinstein

*Non-Executive Director*

### Company Secretary

Joel Ives

### ABN

59 009 575 035

### Registered Office and Principal Place of Business

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

### Auditor

BDO (WA) Audit Pty Ltd

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Subiaco WA 6008

PO Box 700

West Perth WA 6872

Tel: +61 (8) 6382 4600

Fax: +61 (8) 6382 4601

### Stock Exchange Listing

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

### Share Registry

Computershare Investor Services Pty Limited

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Telephone: +61 (8) 9323 2000

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## COMMENTARY ON RESULTS FOR THE PERIOD

### 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 system 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\$10.81m to A\$42.89m.
- Completion of \$A8.8m 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 the 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 were 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 increase in the maturity of the marketplace. The strategy enables the funds management team to deliver greater risk adjusted performance for investors and provide a further key differentiator to future competitors seeking to introduce passive digital asset investment products. The 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

 **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.

In line with Drawbridge's strategic roadmap, the Company signed an MoU with leading off-market share sale provider, SellMyShares, to assess the delivery of trade execution services so that employees of listed companies may execute trades up 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.

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

### 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 company held the following major treasury assets:

- Investment in Bullion Asset Management (See Note D3)
- Investment in DigitalX BTC Fund and DigitalX Fund (See Note D3)
- Directly holding in Bitcoin (See Note D2)
- Rights to Human Protocol Tokens (See Note C2)
- Other Digital Assets (See note D2)

### 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 Singapore 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 in FY19. 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.

## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

### 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 preliminary financial report (including comparatives) are presented in Australian dollars.

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.

After commencing its strategy a year ago to develop a RegTech business which leveraged distributed ledger technologies, DigitalX is executing on an ambitious vision in 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.

## 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)	(761,490)
Equity accounted share of profit/(loss) from joint venture		-	(23,618)
(Increase)/decrease in net assets attributable to unit holders	D4	474,780	269,959
<b>Profit/(Loss) before tax</b>		<b>6,756,954</b>	<b>(6,838,813)</b>
Income tax benefit/(expense)		-	-
<b>Profit/(Loss) for the period</b>		<b>6,756,954</b>	<b>(6,838,813)</b>

The accompanying notes form part of these financial statements.



## 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)	(971)
<b>Other comprehensive income for the period, net of tax</b>		<b>14,888,397</b>	<b>(972)</b>
<b>Total comprehensive income 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>	C4		
Earnings per share from continuing operations		0.01	(0.011)
<b>Total</b>		<b>0.01</b>	<b>(0.011)</b>
<b>Diluted earnings/(loss) per share (cents)</b>	C4		
Earnings per share from continuing operations		0.009	(0.011)
<b>Total</b>		<b>0.009</b>	<b>(0.011)</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD	(Restated) 1 July 2019 \$AUD
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	D1	10,369,645	3,975,690	7,496,623
Trade and other receivables	C2	158,825	196,946	240,379
Digital assets	D2	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	D3	2,471,036	1,496,960	752,922
Investments – Equity accounted		-	-	23,618
Property, plant and equipment		148,339	330,680	432,146
Right to use asset	E1	239,283	424,241	-
Intangible assets		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	E1	126,169	133,412	-
Distributions payable to unit holders	D4	2,740,471	-	-
Net assets attributable to unit holders	D4	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	E1	176,422	355,990	-
<b>Total 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>42,352,693</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>42,352,693</b>	<b>11,725,680</b>	<b>16,797,865</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Cash flows from operating activities</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>Cash flows from investing activities</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>Cash flows from financing activities</b>			
Proceeds from issue of equity securities		9,154,085	-
Net proceeds from issue of units in fund		6,349,173	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>	D1	<b>10,369,645</b>	<b>3,975,690</b>

The accompanying notes form part of these financial statements.

## 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	6,756,954
Other comprehensive income	-	14,888,397	-	14,888,397
<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	-	-	9,473,215
Share issue costs	(1,166,392)	-	-	(1,166,392)
Share based payment expense	-	854,839	-	854,839
<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 accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Consolidated Group	(Restated) Contributed Equity \$AUD	(Restated) Reserves <sup>1</sup> \$AUD	(Restated) Retained Earnings/(Losses) \$AUD	(Restated) Total \$AUD
Balance at 30 June 2019	48,899,231	2,011,703	(34,113,069)	16,797,866
Change in accounting policy	-	-	(38,780)	(38,780)
Balance at 1 July 2019	48,899,2318	2,011,703	(34,151,848)	16,759,086
Profit/(Loss) for the year	-	-	(68,68,813)	(6,838,813)
Other comprehensive income	-	(971)	-	(971)
Total comprehensive income for the period	-	(971)	(6,838,813)	(6,839,784)
Shares issued during the period <sup>2</sup>	1,600,263	-	-	1,600,263
Share issue costs	(10,206)	-	-	(10,206)
Share based payment expense	-	216,321	-	216,321
Balance at 30 June 2020	-	2,227,053	(40,990,661)	11,725,680

<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 financial year.

The accompanying notes form part of these financial statements.

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

### [A – BASIS FOR PREPARATION]

#### CORPORATE INFORMATION

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

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### Basis of preparation

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

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

##### Compliance with IFRS

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

### [B – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS]

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

#### B1 – CRITICAL JUDGEMENTS IN DEVELOPING AND APPLYING ACCOUNTING POLICIES

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

- Revenue recognition (Note C2)
- Digital assets including (Note D2)
- Fair value of digital assets (Note D2)

- Functional currency

##### Key sources of estimation uncertainty

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

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

##### Historical cost convention

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

##### Going concern

At the date of this report the consolidated entity has a strong working capital position and its cash flow forecast indicates that it expects to be able to meet its minimum commitments and working capital requirements for the twelve-month period from the date of the financial report.

##### Presentation and functional currency

###### Presentation currency

The consolidated financial report is presented in Australian Dollars.

###### Functional currency

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

### 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:

1. 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.
2. 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]

#### 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 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.

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## SEGMENT PERFORMANCE

Segment reporting (\$AUD)	BLOCKCHAIN DEVELOPMENT & CONSULTING		ASSET MANAGEMENT <sup>2</sup>		OTHER		TOTAL	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>Results</b>								
Segment revenue	8,655,500	300,837	862,969	41,079	191,276	79,965	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>79,965</b>	<b>9,709,745</b>	<b>421,882</b>
Revenue recognition timing – point in time	-	203,801	-	-	-	-	-	203,801
Revenue recognition timing – over time	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>(5,627,702)</b>	<b>6,719,920</b>	<b>(6,782,168)</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>(5,627,702)</b>	<b>6,719,920</b>	<b>(6,782,168)</b>
<b>Reconciliation to profit/loss after tax</b>							<b>6,719,920</b>	<b>(6,782,168)</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>6,756,953</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

	BLOCKCHAIN DEVELOPMENT & CONSULTING		ASSET MANAGEMENT		OTHER		TOTAL	
Segment reporting (\$AUD)	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>Assets</b>								
Segment assets	8,706,490	44,000	955,867	67,578	44,912,965	13,279,666	54,575,322	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>44,912,965</b>	<b>13,279,666</b>	<b>54,575,322</b>	<b>13,391,245</b>
<b>Liabilities</b>								
Segment liabilities	(22,935)	7,700	(74,735)	24,310	(11,944,959)	1,633,556	(12,042,629)	1,665,565
<b>Total liabilities</b>	<b>(22,935)</b>	<b>7,700</b>	<b>(74,735)</b>	<b>24,310</b>	<b>(11,944,959)</b>	<b>1,633,556</b>	<b>(12,042,629)</b>	<b>1,668,470</b>

## C2 - REVENUE & RECEIVABLES

### Revenue

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Advisory	8,384,022	-
Consulting	269,498	299,648
Asset Management Fees	862,969	45,848
Licensing	191,276	76,386
Product revenue	2,000	-
<b>Total revenue</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, being completion of the token generation event and public sale, 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)	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>Total other income</b>	<b>276,148</b>	<b>132,328</b>

Net fair value gain on digital assets held<sup>1</sup> - (3,388,159)

<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 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 ASSETS

### (A) Professional and Consultancy fees

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Legal fees	49,510	184,678
Consulting fees	529,859	327,344
Tax consulting fees	31,873	58,087
Audit fees	76,280	77,747
<b>Total professional and consultancy fees</b>	<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	137,276
Other expenses	107,648	161,124
<b>Total other expenses</b>	<b>716,430</b>	<b>761,324</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
Share applications	-	-
<b>Total trade &amp; other payables</b>	<b>742,515</b>	<b>482,830</b>

## C4 - EARNINGS PER SHARE (EPS)

	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>

### Diluted earnings/(loss) per share

From continuing operations	0.009	(0.011)
<b>Total</b>	<b>0.009</b>	<b>(0.011)</b>

## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

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

From continued operations	652,503,531	(6,838,813)
From discontinued operations	-	-

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

652,503,531	602,105,566
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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

742,610,916	665,954,543
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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]

### D1 CASH AND CASH EQUIVALENTS

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
Cash at bank	10,369,645	3,975,690
Cash deposits at call <sup>1</sup>	-	-
<b>Total cash and cash equivalents</b>	<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.

### D2 - DIGITAL ASSETS

At each reporting period the Group reviews its classification and measurement of Digital Assets, taking into account changes in the business, market best practice and up to date guidance from the various accounting and regulatory bodies.

In the prior year, the Group made the determination that due to the nature of the Group's holding and its reduced trading activity it was considered appropriate to classify its Bitcoin holding as an intangible asset under AASB138: Intangible Assets using fair value under the revaluation method. As the Group previously record its Bitcoin holding at fair value under AASB102: Inventory there was no gain or loss on reclassification. There has been no change to this policy for the year ended 30 June 2021.

	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>	3,590,681	759,450
Non-listed digital assets <sup>4</sup>	592,286	196,902
<b>Total Digital Assets</b>	<b>32,479,969</b>	<b>6,862,193</b>

## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

Intangible asset method

Financial asset method

**Total Digital Assets**

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
	32,478,065	6,737,545
	1,904	124,648
	<b>32,479,969</b>	<b>6,862,193</b>

<sup>1</sup> Digital assets were measured at fair value 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.

### D3 – INVESTMENTS

Investment in Coincast - Equity accounted joint venture

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	1,251,036
	249,600	245,924
	-	-
	<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.

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.

#### C - Other

During the prior period the Group [announced](#) that it had terminated the joint ventures with DX Americas LLC, Coincast and Futureedge Capital. The impact to the Group was immaterial and the investments were written down to nil value.

## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

### D4 - NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
<b>Opening Balance</b>	<b>670,910</b>	<b>861,139</b>
Profit/(Loss) for the period attributable to non-controlling interests	(474,780)	269,958
Other comprehensive income attributable to non-controlling interests	4,244,533	(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	79,925
<b>Closing Balance</b>	<b>8,257,054</b>	<b>670,910</b>

In accordance with the trust deed for the DigitalX BTC Fund and DigitalX Fund if there is taxable income at 30 June 2021 it must be distributed to the unit holders. At 30 June 2021, the balances below were payable:

	Total (\$AUD)
Distribution payable to unit holders	1,410,441
Distribution payable to DigitalX	1,330,030
<b>Total</b>	<b>2,740,471</b>

## [E - FINANCIAL POSITION]

### E1 - NON-CURRENT ASSETS – RIGHT OF USE

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
Right of use asset	598,207	697,477
Accumulated amortisation	(358,924)	(273,236)
<b>Net Carrying amount</b>	<b>239,283</b>	<b>424,241</b>
<i>Reconciliation</i>		
Carrying amount at beginning of period	424,241	-
Initial recognition of right of use asset under AASB16	-	697,477
Partial de-recognition of lease – net	(57,044)	-
Depreciation charge for the period	(127,914)	(273,236)
<b>Net carrying amount at end of period</b>	<b>239,283</b>	<b>424,241</b>

## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

	30 June 2021 \$AUD	(Restated) 30 June 2020 \$AUD
Carrying amount at beginning of period	489,402	-
Initial recognition of lease liability	-	604,489
Interest expense	32,870	45,435
Lease payments	(164,933)	(157,579)
Partial de-recognition of lease – net	(55,545)	-
Foreign exchange effect	-	(2,943)
<b>Net carrying amount at end of period</b>	<b>302,589</b>	<b>489,402</b>
Current	126,169	133,412
Non-Current	176,421	355,990
	<b>302,589</b>	<b>489,202</b>

## [F – EQUITY]

### F1 – CONTRIBUTED EQUITY

#### (a) Issued and paid up Capital

	Year ended 30 June 2021 \$AUD	(Restated) Year ended 30 June 2020 \$AUD
<b>Fully paid ordinary shares – 739,675,657 (2020: 605,628,549)</b>	<b>58,796,111</b>	<b>50,493,646</b>

#### (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	605,628,549		50,489,286
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



## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

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			(5,044)
15-Nov-19	Issue of Shares under Bullion Asset Management agreement	9,411,764	0.0850	791,238
18-Nov-19	Share issue costs			(5,164)
30-Jun-20	Closing Balance (Restated)	605,628,549		50,489,286

<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.

## F2 - RESERVES

### Nature of reserves

Option premium and share-based payment reserve	Reserve is established to record balances pertaining to share options and performance rights granted for services provided to the company by employees and vendors.
Convertible note reserve	Reserve is established to record amounts required to be recognised in equity for convertible notes that meet the definition of compound instruments.
Foreign Exchange Reserve	Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.
Non-controlling interest	This reserve is used to record transactions with non-controlling interests that do not result in a loss of control.

Note	Option premium and share-based payment reserve <sup>1</sup>	Convertible Note Reserve	Asset Revaluation Reserve	Foreign Exchange Reserve
30 June 2020 (Restated)	2,105,857	91,051	-	30,144
Share based payment expense	854,839	-	-	-
Conversion of foreign operations	-	-	-	(42,359)
Revaluation of digital assets	-	-	14,930,756	-
30 June 2021	2,960,697	91,051	14,930,756	(12,215)

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

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

## DIGITALX LTD - PRELIMINARY FINANCIAL REPORT

### Valuation of options and performance rights

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

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

#### Options issued to 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
Number of options issued	1,000,000

#### Options issued to Employees

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	\$0.022
Number of options issued	10,000,000

#### 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
Number of warrants issued	6,857,421

## [G - GROUP STRUCTURE]

### G1 - CONTROLLED ENTITIES

#### Year ended 30 June 2021

There were no changes to the controlled entities during the year ended 30 June 2021.

## [H - OTHER DISCLOSURES]

## H1 - 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. There were no other reportable subsequent events.

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 announce 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>

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.

Coin Symbol	Coin Amount	\$AUD Price at 30 June	\$AUD Spot Price at 31 August	\$AUD Balance
BTC	215.95	\$46,585	\$65,007	\$14,037,888
HMT	12,500,000	\$0.665	\$1.54	\$19,250,000
<b>Total</b>	-	-	-	<b>\$33,287,888</b>