

DigitalX Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: DigitalX Limited
ABN: 59 009 575 035
Reporting period: For the half-year ended 31 December 2023
Previous period: For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	31.8% to	1,277,475
Loss from ordinary activities after tax attributable to the owners of DigitalX Limited	down	60.9% to	(2,554,371)
Loss for the half-year attributable to the owners of DigitalX Limited	down	60.9% to	(2,554,371)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$2,554,371 (31 December 2022: \$6,535,088).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>3.40</u>	<u>2.92</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

- DigitalX Fund Unit Trust
 - DigitalX BTC Fund Unit Trust
 - DigitalX Asset Reference Token Fund
-

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of DigitalX Limited for the half-year ended 31 December 2023 is attached.

11. Signed

Authorised for release by the Board of DigitalX Ltd on 26 February 2024

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DIGITAL X

DigitalX Limited

ABN 59 009 575 035

Interim Report – 31 December 2023

digitalx.com

ASX:DCC

DigitalX Limited
Corporate directory
31 December 2023

Directors	Toby Hicks Greg Dooley Peter Rubinstein
Company secretary	Mark Licciardo (appointed 1 December 2023)
Registered office and principal place of business	Suite 2, Level 4, 66 Kings Park Road West Perth, WA 6005
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney, NSW 2000
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2, 5 Spring Street Perth, WA 6000
Bankers	National Australia Bank
Stock exchange listing	DigitalX Limited shares are listed on the Australian Securities Exchange (ASX code: DCC)
Website	digitalx.com/

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DigitalX Limited
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of DigitalX Limited (referred to hereafter as the 'company', 'DigitalX' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of DigitalX Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Toby Hicks
Greg Dooley
Peter Rubinstein

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

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

Dividends

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

Operating results and review of operations

DigitalX continued to progress on its business strategy of growing revenue and profitability through its sell my shares business and generating performance fees from its Funds Management Division whilst building on its 5 year track record in funds management. The company's Bitcoin Fund and DigitalX Fund ranked as the first and third best performing Australian funds for 1 year returns by Morningstar. The DigitalX Bitcoin Fund also closed out the year as SQM research's top performing fund for 1 year returns and second best performing fund for 3 year annualised returns. The company has also developed key strategic partnerships with Canadian-regulated asset manager 3iQ and ASX-listed K2 Asset Management to lodge its own spot Bitcoin ETF on the ASX that provides retail capability.

The highlights for the half-year ended 31 December 2023 included:

Highlights

- 31.8% increase in revenue on previous corresponding period and an increase in Net Assets of 15% from 30 June 2023.
- Total volume of Sell My Shares transactions hit \$275 million since acquisition in October 2021.
- The DigitalX Bitcoin Fund and the DigitalX Fund saw gains over the period (net of fees) of 35.0% and 42.5% respectively.
- The DigitalX Bitcoin Fund and DigitalX Fund concluded the calendar year ending 31 December 2023, ranked the first and third best performing Australian funds by Morningstar, for 1 year returns.
- DigitalX's Bitcoin Fund closed out two consecutive quarters over the period, ranking as SQM Research's top performing fund for 1 year returns.
- DigitalX Asset Management announced that it had signed a non-binding Memorandum of Understanding ("MoU") with Canadian-regulated digital asset fund manager 3iQ.
- DigitalX announced that it would investigate and undertake the work to launch a spot Bitcoin ETF on the ASX with K2 Asset Management to act as the responsible entity.
- Sell My Shares in October transitioned from brokerage services to Morrisons with margin improvements greater than 10%.
- DigitalX executed an atomic trade of the DxART Fund on the ASX Synfini test platform, powered by Canvas, as a means to explore a Web3 sales channel.
- Executing key revenue enhancement objectives, including T+0 and deceased estates, and continued development of the Real World Asset Tokenisation Fund.
- On 15 December 2023, DigitalX Limited announced a Share Purchase Plan to eligible shareholders closing 25 January 2024.

Operating results

For the period ended 31 December 2023, loss for the consolidated entity after providing for income tax amounted to \$2,554,371 (31 December 2022: \$6,535,088), reflecting a 60.9% decrease in loss after tax from the prior corresponding period. Total comprehensive income of \$3,448,205 compared to a loss in previous corresponding period (31 December 2022: loss of \$8,569,246) primarily attributable to an increase in the fair value of the consolidated entity's digital asset holdings from 30 June 2023 (refer to note 5 for further details).

The consolidated entity reported a 31.8% increase in revenue on the previous corresponding period ('PCP'), consistent with its strategy of growing revenue by implementing a number of strategic initiatives. This was primarily driven by a 32% increase in revenue generated from the Sell My Shares business to \$1,103,219 for the half-year, with a 58% increase in revenue from the Funds management business to \$174,256.

The consolidated entity had net assets as at 31 December 2023 of \$27,464,744 (30 June 2023: net assets of \$23,937,582), representing an increase of 15% since 30 June 2023. The increase for the period is primarily attributable to an increase in the value of the consolidated entity's digital asset holdings from 30 June 2023 (refer to note 5 for further details) with the bitcoin price increasing from AUD\$45,753 to AUD\$62,139. Despite volatility in the digital asset markets, the balance sheet remains strong heading into the second half of FY2024.

CORPORATE

Treasury

The fair value of the company's Bitcoin held in treasury increased approximately 5% over the half-year ended 31 December 2023, to the approximate fair value of \$7.2 million. In September 2023, DigitalX sold down a portion of its treasury Bitcoin holdings into cash to continue to fund operations. There were no additional sales of Bitcoin throughout the remainder of the period. As at the close of the calendar year, 31 December 2023, the company held 114.9 Bitcoin in treasury.

Share purchase plan

On 15 December 2023, the company announced its intention to offer a share purchase plan to eligible shareholders (the Plan'). Under the Plan, eligible shareholders had the opportunity to purchase up to \$30,000 worth of ordinary shares at \$0.046 per share, irrespective of the size of their shareholding in the company, without incurring brokerage or transaction costs. The Plan closed at 5:00pm (AEDT) on Thursday, 25 January 2024. A total of \$1,885,108.10 was raised under the Plan, with 40,980,513 new DigitalX Limited fully paid ordinary shares ('New Shares') having been issued to eligible applicants at an issue price of \$0.046 per New Share.

Changes in leadership

As part of the company's broader strategic vision a number of experienced professionals have joined the business to provide greater accountability to execution with a core focus on building strict financial and operational processes and procedures as a foundation to supporting this strategy.

Key hires during the period are the addition of a dedicated Finance Business Partner, as well as a Business Development Manager, and a new General Manager of Decentralised Finance to head up the company's Asset Reference Token Fund and lead the development of the Smartlist and Playlist.

Environment, Social, and Governance ('ESG') framework

DigitalX continues to follow a course to build resilience and enhance our social licence through a greater commitment to long-term, sustainable value creation that embraces the wider demands of people, planet and shared prosperity.

With the company adopting the World Economic Forum ('WEF') ESG framework and metrics in 2021, management has set up an impact measurement plan for each sustainability area which includes, but is not limited to, governance, anti-corruption practices, ethical behaviour, human rights, carbon emissions, land use, ecological sensitivity, water consumption, diversity and inclusion, pay equality and tax payments.

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

Mt Gox

Mt Gox began payments to investors in January of 2024 and that is expected to roll out. In its September 2023 Quarterly Report, the company noted that the determination of the company's Bitcoin summary judgement is still reserved, with no time frame provided by the Australian Federal Court and no subsequent mediation date set. As at the date of this report, there is still no decision on the summary judgement from the Australian Federal Court.

DIGITALX ASSET MANAGEMENT

DigitalX Asset Management, the 100% owned subsidiary of DigitalX Limited, is the investment manager of digital asset investment products that provide qualified investors with a secure and traditional method to invest into the digital asset sector. DigitalX Asset Management operates three professionally managed wholesale funds, the DigitalX Bitcoin Fund, the Digital Asset Fund, and the DigitalX Asset Reference Token Fund (collectively, the 'DigitalX funds'). The DigitalX funds solve the technical and administrative challenges of investing in this emerging asset class.

Fund performance

At the conclusion of the period, funds under management increased to \$26.8m representing a period-on-period increase of 33.0% due to the continued volatility in digital asset prices continuing into the first half of the financial year.

The DigitalX Bitcoin Fund and the DigitalX Fund saw gains over the period (net of fees) of 35.0% and 42.5% respectively. This takes the 12-month returns (net of fees) to 149.0% and 116.1% for the two funds as at the conclusion of the half-year.

Total revenue for the period increased 57.52% to \$174,256 compared to the PCP (31 December 2022: \$110,628)

The DigitalX Fund continued to achieve sustained returns over the half-year starting 1 July 2023.

Ratings and milestone

The DigitalX Bitcoin Fund maintained its investment grade rating with SQM Research. As part of the research rating process, the DigitalX Bitcoin Fund was reviewed on a number of key areas including strategy, team, performance, governance and compliance, fees and expenses, liquidity, and risks. Following this external assessment of the DigitalX Bitcoin Fund's credentials, the investment grade rating provides institutional investors with increased confidence for investing in the company's Bitcoin Fund.

Further, the DigitalX Bitcoin Fund and DigitalX Fund concluded the calendar year ended 31 December 2023, ranked the first and third best performing Australian funds by Morningstar, for 1 year returns. Similarly, the Bitcoin Fund ranked as SQM Research's best performing fund for 1 year returns, and second best performing fund for 3 year annualised returns.

Business development

A number of key strategic partnerships were entered into during the period, with DigitalX Asset Management announcing that it had signed a non-binding Memorandum of Understanding ('MoU') with Canadian-regulated digital asset fund manager 3iQ to work on the distribution of its digital asset investment products and to investigate and undertake the work to launch a spot Bitcoin ETF on the Australian Securities Exchange ('ASX'). The company later announced, following the close of the half-year, that it had successfully lodged an application with the ASX for a spot Bitcoin ETF.

DigitalX is also working with ASX-listed K2 Asset Management ('K2AM') to act as the responsible entity for the Bitcoin ETF, leveraging their many years of experience in managing ASX-listed ETFs, compliance systems and Australian financial services license requirements.

As part of the company's new strategic initiatives, Sell My Shares in October transitioned from brokerage services to Morrison Securities. The transition to Morrison Securities has resulted in margin improvements of >10% to date.

DxART Fund

The product team continues assisting with identifying and prototyping distribution options for the company's DxART Fund. This is to support scaling customer access for the target customer segments and asset classes selected by the funds business.

During the period, surveys were distributed to a leading Australian Digital Asset Exchange's customers. Due diligence was also conducted on an offshore distribution platform, which may present more favourable commercial opportunities than purely Australian-based channels. The team also supported the DigitalX Bitcoin ETF product development with project processes and tooling, and providing key inputs to the product marketing plan.

In late December, a test of an atomic trade of the DxART Fund was executed on the ASX Synfini test platform, powered by Canvas. The test trade was used as a pathway to explore a possible Web3 sales channel for the DxART Fund.

PRODUCT DEVELOPMENT

Investment process automation - DigitalX Playlist

The product team continued implementation work for the automation of DigitalX's investment due diligence process, in support of the DxART Fund. A portion of the workflow has been digitised and provided to the funds team as an internal app for assessing relevant asset attributes (asset data) and determining the investability score. This part of the investment process is called the "Smartlist" and initial development has focused on the residential property asset class, which is the first pool in the DxART Fund. The team has started work with Blockfold as a partner to create a template expanding the range of asset types that can be accommodated by the same process.

The team has been exploring and prototyping decentralised alternatives to traditional methods of portfolio construction, sourcing and analysis of asset data. The development is being conducted internally and with partners, including the Digital Finance CRC Limited ('DFCRC'). This approach presents opportunities for comparative assessment, synergies, and differentiation across DigitalX product offerings. Feedback will be obtained from potential institutional and retail users over the coming year. It may also provide additional revenue opportunities that are complementary to traditional funds under management models.

Drawbridge



The company continues its review of the product and technology roadmap for Drawbridge, which includes redefining the product market fit with strategic partners such as Synfina (the ASX's distributed ledger technology-as-a-service platform) to adjust the offering. While this occurs, the team continues technical support for Drawbridge and its existing customers, including maintaining the code base at supported levels.

Sell My Shares



Sell My Shares is Australia's leading provider of online share sales for customers seeking to complete a one-off share sale without the need to open a brokerage account. Common customer use cases include finding and selling shares that are lost, acquired via IPO or demutualisation, or needing to be sold by executors of a deceased estate.

Revenue generation

Sell My Shares continued its growing revenue trend over the period, completing more than 3,300 trades. Total volume of Sell My Shares transactions hit \$275 million since acquisition in October 2021. Total revenue for the period increased 32.18% to \$1,103,219 compared to the previous corresponding period (31 December 2022: \$834,641). Overall, the four strategic initiatives executed by current management have contributed approximately 37% to Sell My Shares revenue. In addition, a referral link to our partner, Raiz, has gone live via the Sell My Shares website and email correspondence with customers, which generates income through a commission arrangement.

Future developments

With an experienced executive team, coupled with a robust balance sheet and strong financial and operational processes now in place, the company is able to focus on executing its new strategy through its digital asset funds management business, digital finance products and blockchain ventures at pace.

On 11 January 2024, DigitalX announced that it had lodged an application with the ASX for an ETF that will have direct exposure to Bitcoin. The application proposes ASX-listed K2 Asset Management ('K2AM') as the responsible entity for the ETF. K2AM is authorised under its Australian Financial Services Licence to offer retail investors direct exposure to digital assets. DigitalX will also be leveraging its recently announced partnership with Canadian-regulated digital asset fund manager 3iQ to work on the distribution of the ETF and its existing digital asset investment products. As at the time of writing, the ASX has not yet indicated whether it will grant or reject the company's application nor have they provided a timeline for a potential approval.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**DigitalX Limited
Directors' report
31 December 2023**

Matters subsequent to the end of the financial half-year

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future years other than those set out below.

Date of event	Details of event
25 January 2024	The company announced the closure of its share purchase plan, raising a total of \$1,885,108.10 from the issuance of 40,980,513 new fully paid ordinary shares at an issue price of \$0.046 per share. These fully paid ordinary shares were issued on 2 February 2024.
2 February 2024	The company announced the issue of 800,000 fully paid ordinary shares to Lisa Wade under the employee incentive plan at a price of \$0.047 per share.
26 February 2024	Due to the volatile nature and the materiality of the digital assets held, we disclose the value of material digital assets held by the consolidated entity, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 26 February 2024.

	Number of coins held at 31 December 2023	\$AUD Spot price at 31 December 2023	\$AUD Spot price at 26 February 2024	\$AUD Pro-forma impact
Coin				
BTC	114.90	62,139	78,567	Fühäuée

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Toby Hicks
Chair

26 February 2024

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

As lead auditor for the review of DigitalX Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

26 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DigitalX Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DigitalX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor’s responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 26 February 2024

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DigitalX Limited
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31 December 2023

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General information

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

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

The consolidated interim financial statements of the consolidated entity as at and for the period from 1 July 2023 to 31 December 2023 comprise DigitalX Limited and its subsidiaries (together referred to as the 'consolidated entity').

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2024. The directors have the power to amend and reissue the financial statements.

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DigitalX Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 December 2023	31 December 2022
		\$	\$
Revenue		1,277,475	969,388
Other income		40,730	12,272
Expenses			
Advertising, media and investor relations		(406,452)	(362,998)
Corporate expenses		(102,905)	(152,169)
Decrease in net assets attributable to unit holders		91,632	59,970
Depreciation and amortisation expense		(97,482)	(117,661)
Employee benefits expense		(1,803,568)	(2,059,752)
Fair value movement in digital assets		-	(2,315,032)
Fair value movement of financial assets		-	(1,081,227)
Finance costs		(19,719)	(16,610)
Other expenses	3	(905,145)	(714,408)
Professional and consultancy fees		(546,077)	(569,586)
Realised and unrealised foreign exchange losses		(3,903)	(11,532)
Share-based payments	11	(78,957)	(175,743)
Loss before income tax expense		(2,554,371)	(6,535,088)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of DigitalX Limited		(2,554,371)	(6,535,088)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value increase/(decrease) in digital asset holdings		5,975,182	(2,035,607)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of operations		27,394	1,449
Other comprehensive income for the half-year, net of tax		6,002,576	(2,034,158)
Total comprehensive income for the half-year attributable to the owners of DigitalX Limited		<u>3,448,205</u>	<u>(8,569,246)</u>
		Cents	Cents
Basic earnings per share	10	(0.34)	(0.88)
Diluted earnings per share	10	(0.34)	(0.88)

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

DigitalX Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents	4	2,058,701	3,380,080
Trade and other receivables		136,023	381,737
Digital assets	5	34,459,194	27,173,520
Other current assets		496,308	247,133
Investments		497,720	497,720
Total current assets		<u>37,647,946</u>	<u>31,680,190</u>
Non-current assets			
Investments		240,000	240,000
Property, plant and equipment		43,020	52,291
Right-of-use assets		325,015	362,517
Intangibles		2,143,275	2,188,364
Total non-current assets		<u>2,751,310</u>	<u>2,843,172</u>
Total assets		<u>40,399,256</u>	<u>34,523,362</u>
Liabilities			
Current liabilities			
Trade and other payables		829,083	1,110,550
Lease liabilities		61,345	57,029
Net assets attributable to unit holders	6	11,766,312	9,108,506
Total current liabilities		<u>12,656,740</u>	<u>10,276,085</u>
Non-current liabilities			
Lease liabilities		277,129	309,052
Deferred tax		643	643
Total non-current liabilities		<u>277,772</u>	<u>309,695</u>
Total liabilities		<u>12,934,512</u>	<u>10,585,780</u>
Net assets		<u>27,464,744</u>	<u>23,937,582</u>
Equity			
Issued capital	7	59,120,476	59,120,476
Reserves		15,556,564	9,475,031
Accumulated losses		(47,212,296)	(44,657,925)
Total equity		<u>27,464,744</u>	<u>23,937,582</u>

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

DigitalX Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	59,028,586	5,128,053	(37,073,157)	27,083,482
Loss after income tax expense for the half-year	-	-	(6,535,088)	(6,535,088)
Other comprehensive income for the half-year, net of tax	-	(2,034,158)	-	(2,034,158)
Total comprehensive income for the half-year	-	(2,034,158)	(6,535,088)	(8,569,246)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	93,890	-	-	93,890
Share-based payments (note 11)	-	80,417	-	80,417
Balance at 31 December 2022	<u>59,122,476</u>	<u>3,174,312</u>	<u>(43,608,245)</u>	<u>18,688,543</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	59,120,476	9,475,031	(44,657,925)	23,937,582
Loss after income tax expense for the half-year	-	-	(2,554,371)	(2,554,371)
Other comprehensive income for the half-year, net of tax	-	6,002,576	-	6,002,576
Total comprehensive income for the half-year	-	6,002,576	(2,554,371)	3,448,205
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 11)	-	78,957	-	78,957
Balance at 31 December 2023	<u>59,120,476</u>	<u>15,556,564</u>	<u>(47,212,296)</u>	<u>27,464,744</u>

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

DigitalX Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023	31 December 2022
Note	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	985,120	918,928
Payments to suppliers and employees (inclusive of GST)	<u>(3,811,166)</u>	<u>(4,705,065)</u>
	(2,826,046)	(3,786,137)
Interest received	-	12,060
Sale of Human Protocol Tokens	-	1,110,901
Receipts from/(payments for) security deposits	38,174	(47,430)
Interest and other costs of finance paid	(5,062)	(6,728)
Interest paid on lease liability	<u>(15,291)</u>	<u>(5,943)</u>
Net cash used in operating activities	<u>(2,808,225)</u>	<u>(2,723,277)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(44,274)
Payments for establishment of fund	(167,798)	-
Net proceeds for sale of digital assets	2,303,663	1,539,739
Other	<u>40,132</u>	<u>(21,782)</u>
Net cash from investing activities	<u>2,175,997</u>	<u>1,473,683</u>
Cash flows from financing activities		
Net (redemptions)/proceeds from issue of units in funds	(661,418)	119,512
Payments for share issue costs	-	(1,435)
Principal elements of lease payments	<u>(27,609)</u>	<u>(69,613)</u>
Net cash (used in)/from financing activities	<u>(689,027)</u>	<u>48,464</u>
Net decrease in cash and cash equivalents	(1,321,255)	(1,201,130)
Cash and cash equivalents at the beginning of the financial half-year	3,380,080	6,278,410
Effects of exchange rate changes on cash and cash equivalents	<u>(124)</u>	<u>348</u>
Cash and cash equivalents at the end of the financial half-year	<u>4</u> <u>2,058,701</u>	<u>5,077,628</u>

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

Note 1. 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 adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. The financial statements comprise the financial statements of the consolidated entity.

The principal accounting policies adopted in the preparation of the financial report have been consistently applied to all the periods presented, unless otherwise stated. The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the consolidated entity’s annual financial report for the year ended 30 June 2023, except as discussed in the “New or amended Accounting Standards and Interpretations adopted” section below.

Statement of compliance

The financial report complies with AASB 134 which ensures compliance with International Financial Reporting Standard (“IFRS”) IAS 34 “*Interim Financial Reporting*” as issued by the International Accounting Standards Board. In the current period, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are mandatory for the current annual reporting period. There was no impact arising from the new and revised standards. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the reporting period ended 31 December 2023. Those which may be relevant to the consolidated entity are set out in the table below, but these are not expected to have any significant impact on the consolidated entity’s financial statements:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

Application Date of Standard - 1 January 2024

Application Date for consolidated entity - 1 July 2024

AASB 2022-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date

Application Date of Standard - 1 January 2024

Application Date for consolidated entity - 1 July 2024

Note 2. Operating segments

Identification of reportable operating segments

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

Based on the information used for internal reporting purposes by the Chief Operating Decision Maker (CODM), being the Board, which makes strategic decisions, at 31 December 2023 the consolidated entity operated three segments, Product Development, Asset Management and Other. There have been no changes to operating segments from the corresponding periods.

Note 2. Operating segments (continued)

Segment description

Product Development ('PD')

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

Asset Management ('AM')

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

Note that on 30 June 2023, the consolidated entity launched the DigitalX Asset Reference Token Fund, however this is yet to be seeded and therefore, has not been factored into the financial results.

Other

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

Segment performance and position

Consolidated - 31 December 2023	Product development \$	Asset management \$	Other \$	Total \$
Revenue				
Segment revenue	1,103,219	174,256	-	1,277,475
Total revenue	<u>1,103,219</u>	<u>174,256</u>	<u>-</u>	<u>1,277,475</u>
Segment result	(192,906)	(886,475)	(1,449,421)	(2,528,802)
Interest expense				(19,719)
Depreciation and amortisation				(97,482)
Decrease in net assets attributable to unit holders				91,632
Loss before income tax expense				<u>(2,554,371)</u>
Income tax expense				-
Loss after income tax expense				<u>(2,554,371)</u>
Assets				
Segment assets	2,588,546	186,727	37,623,983	40,399,256
Total assets				<u>40,399,256</u>
Liabilities				
Segment liabilities	6,083	95,755	12,832,674	12,934,512
Total liabilities				<u>12,934,512</u>

Note 2. Operating segments (continued)

	Product development \$	Asset management \$	Other \$	Total \$
Consolidated - 31 December 2022				
Revenue				
Segment revenue	834,641	110,628	24,119	969,388
Total revenue	834,641	110,628	24,119	969,388
Segment result				
Interest expense				(16,610)
Depreciation and amortisation				(117,661)
Impairment				(2,315,032)
Decrease in net assets attributable to unit holders				59,970
Loss before income tax expense	(616,370)	(806,336)	(2,723,049)	(4,145,755)
Income tax expense				-
Loss after income tax expense				(6,535,088)
Consolidated - 30 June 2023				
Assets				
Segment assets	3,307,917	261,208	30,954,237	34,523,362
Total assets				34,523,362
Liabilities				
Segment liabilities	71,559	22,097	10,492,124	10,585,780
Total liabilities				10,585,780

Revenue earned from external customers by geography and major customer information is not able to be disclosed as the information is not available to the consolidated entity.

For the purpose of segment reporting, the Funds Under Management segment does not include the operating results, segment assets or segment liabilities of the DigitalX Fund and DigitalX BTC Fund as the CODM reviews the fund on a fair value basis of the consolidated entity's interest in the fund.

Note 3. Other expenses

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Regulatory, licensing and compliance	568,236	394,498
Occupancy	127,303	185,766
Other expenses	209,606	134,144
	905,145	714,408

Note 4. Cash and cash equivalents

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Cash at bank	2,058,701	2,890,080
Cash deposits at call	-	490,000
	2,058,701	3,380,080
	2,058,701	3,380,080

Note 5. Digital assets

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Bitcoin ^{1,2}	30,307,015	24,095,777
Other listed digital assets ^{1,3}	4,152,179	3,077,622
Non-listed digital assets ⁴	-	121
	34,459,194	27,173,520
	34,459,194	27,173,520

Digital assets were measured at fair value using quoted prices as at 31 December 2023. Refer to note 9 for prices at the date of this report.

² The amount includes \$AUD19,982,639 held by the DigitalX BTC Fund and \$AUD3,184,562 held by the DigitalX Fund.

³ Includes all tokens that are not Bitcoin that are listed on an exchange. The amount includes \$AUD43,712 held by the DigitalX BTC Fund and \$AUD3,712,217 held by the DigitalX Fund.

⁴ Includes all tokens not listed on an exchange.

All digital assets have been recognised using the intangible asset method detailed in the accounting policy within the 30 June 2023 annual report.

	Intangible asset \$
Opening balance at 1 July 2023	27,173,520
Net trading activity	(2,303,663)
Revaluation	9,589,337
Closing balance at 31 December 2023	34,459,194

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

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DigitalX Limited
Notes to the financial statements
31 December 2023

Note 5. Digital assets (continued)

Level	Description	31 December 2023 \$	30 June 2023 \$
Level 1	Level 1 fair value digital assets are those assets that are actively traded on a digital asset exchange or decentralised exchange for which there is an active market with sufficient volume.	34,459,194	27,173,399
Level 2	Level 2 fair value digital assets are those assets measured at fair value but the market prices are not actively quoted and determined using a market matrix approach (AASB13.B7). This is most common for digital assets where an active trading pair does not 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.	-	121
Level 3	Level 3 fair value digital assets are those assets carried at fair value where fair value has been determined by reference to the entity's own data and financial data provided by the project such as comparable projects, financial forecasts and equity transactions.	-	-

Note 6. Net assets attributable to unit holders

	Consolidated 31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Net assets attributable to unit holders	<u>11,766,312</u>	<u>9,108,506</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening balance	9,108,506	6,211,747
Loss for the year attributable to non-controlling interests	(94,539)	(131,950)
Other comprehensive income attributable to non-controlling interests	3,424,651	3,318,020
Net change in units on issue	(660,799)	(260,477)
Other	(11,507)	(28,834)
Closing balance	<u>11,766,312</u>	<u>9,108,506</u>

In accordance with the trust deed for the DigitalX BTC Fund and DigitalX Fund if there is taxable income at 31 December 2023 it must be distributed to the unit holders. At 31 December 2023, no amount was payable.

Note 7. Issued capital

	31 December 2023 Shares	30 June 2023 Shares	Consolidated 31 December 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	<u>745,519,039</u>	<u>745,519,039</u>	<u>59,120,476</u>	<u>59,120,476</u>

There are no dividends paid or declared during the period.

DigitalX Limited
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31 December 2023

Note 7. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	745,519,039		59,120,476
Balance	31 December 2023	<u>745,519,039</u>		<u>59,120,476</u>

Note 8. Dividends

Dividends

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

Note 9. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future years other than those set out below.

Date of event	Details of event			
25 January 2024	The company announced the closure of its share purchase plan, raising a total of \$1,885,108.10 from the issuance of 40,980,513 new fully paid ordinary shares at an issue price of \$0.046 per share. These fully paid ordinary shares were issued on 2 February 2024.			
2 February 2024	The company announced the issue of 800,000 fully paid ordinary shares to Lisa Wade under the employee incentive plan at a price of \$0.047 per share.			
26 February 2024	Due to the volatile nature and the materiality of the digital assets held, we disclose the value of material digital assets held by the consolidated entity, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 26 February 2024.			
Coin	Number of coins held at 31 December 2023	\$AUD Spot price at 31 December 2023	\$AUD Spot price at 26 February 2024	\$AUD Pro-forma impact
BTC	114.90	62,139	78,567	1,887,554

Note 10. Earnings per share

	Consolidated 31 December 2023 \$	Consolidated 31 December 2022 \$
Loss after income tax attributable to the owners of DigitalX Limited	<u>(2,554,371)</u>	<u>(6,535,088)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	745,519,039	744,516,322
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>745,519,039</u>	<u>744,516,322</u>
	Cents	Cents
Basic earnings per share	(0.34)	(0.88)
Diluted earnings per share	(0.34)	(0.88)

DigitalX Limited
Notes to the financial statements
31 December 2023

Note 10. Earnings per share (continued)

Options, warrants and performance rights outstanding would decrease the loss per share reported above and hence, have been treated as antidilutive. The number of options outstanding at 31 December 2023 would convert to 26,286,729 ordinary shares if exercised. The number of performance rights outstanding at 31 December 2023 would convert to 15,820,732 ordinary shares if exercised. The number of warrants outstanding at 31 December 2023 would convert to 55,839,003 ordinary shares if exercised.

Refer to note 11 for details on options, performance rights and warrants outstanding at 31 December 2023.

Note 11. Share-based payments

As at 31 December 2023, there are 26,286,729 options, 15,820,732 performance rights and 55,839,003 warrants to subscribe for unissued ordinary shares in the company.

Options

Set out below are summaries of options granted and outstanding at the end of the financial half-year:

31 December
2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
10/12/2018	10/12/2023	\$0.220	2,000,000	-	-	(2,000,000)	-
10/12/2018	10/12/2023	\$0.250	3,000,000	-	-	(3,000,000)	-
10/12/2018	10/12/2023	\$0.300	4,000,000	-	-	(4,000,000)	-
11/07/2019	30/06/2024	\$0.100	2,500,000	-	-	-	2,500,000
06/12/2021	30/06/2024	\$0.100	2,500,000	-	-	-	2,500,000
11/04/2022	11/04/2027	\$0.091	1,415,094	-	-	-	1,415,094
11/04/2022	11/04/2027	\$0.118	1,470,588	-	-	-	1,470,588
11/04/2022	11/04/2027	\$0.153	1,530,612	-	-	-	1,530,612
11/04/2022	11/04/2027	\$0.199	1,630,435	-	-	-	1,630,435
05/07/2022	29/08/2025	\$0.110	5,240,000	-	-	-	5,240,000
12/05/2023	12/05/2027	\$0.100	9,000,000	-	-	-	9,000,000
18/12/2020	18/12/2024	\$0.100	1,000,000	-	-	-	1,000,000
			<u>35,286,729</u>	<u>-</u>	<u>-</u>	<u>(9,000,000)</u>	<u>26,286,729</u>

Performance rights

Set out below are summaries of performance rights granted and outstanding at the end of the financial half-year:

31 December
2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
10/10/2022	29/09/2023	\$0.000	1,964,285	-	-	(1,964,285)	-
10/10/2022	29/09/2023	\$0.000	1,964,285	-	-	(1,964,285)	-
10/10/2022	29/09/2023	\$0.000	1,428,571	-	-	(1,428,571)	-
02/11/2023		\$0.000	-	2,500,000	-	-	2,500,000
30/11/2023	30/06/2024	\$0.000	-	6,392,509	-	-	6,392,509
30/11/2023	30/06/2024	\$0.000	-	6,392,509	-	-	6,392,509
30/11/2023	30/06/2024	\$0.000	-	535,714	-	-	535,714
			<u>5,357,141</u>	<u>15,820,732</u>	<u>-</u>	<u>(5,357,141)</u>	<u>15,820,732</u>

Note 11. Share-based payments (continued)

Set out below are the details of performance rights issued during the half-year to key management personnel:

Performance rights issued to Chief Executive Officer

Item	Tranche 1*	Tranche 2*	Tranche 3*
Volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%) – range	N/A	N/A	N/A
Expected life of option	7 months	7 months	7 months
Exercise price per terms & conditions	\$0	\$0	\$0
Underlying security spot price	\$0.048	\$0.048	\$0.048
Grant date	30/11/2023	30/11/2023	30/11/2023
Expiry date	30/06/2024	30/06/2024	30/06/2024
Valuation per right	\$0.048	\$0.048	\$0.048
Number issued	2,410,713	2,410,713	535,714
Vesting condition	Non-market, performance. The consolidated entity achieving a normalised cashflow positive run rate by 30 June 2024.	Non-market, performance. The consolidated entity holding funds under management of not less than \$100m at 30 June 2024.	Non-market, performance. Achievement of eNPS (employee net promoter score) higher than 30 June 2023.

* Probability of rights vesting is deemed less than highly likely, therefore nil expense has been recorded as a vesting charge during the half-year ended 31 December 2023.

Valuation of performance rights

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

Warrants

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

2023		Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
Grant date	Expiry date						
09/03/2021	09/03/2024	\$0.100	48,981,582	-	-	-	48,981,582
09/03/2021	09/03/2024	\$0.113	6,857,421	-	-	-	6,857,421
			55,839,003	-	-	-	55,839,003

Shares issued during the period

There were no shares issued during the half-year.

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DigitalX Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Toby Hicks
Chair

26 February 2024

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