

ASX ANNOUNCEMENT 16 SEPTEMBER 2021

ACQUISITION OF SELL MY SHARES TO ACCELERATE DRAWBRIDGE

HIGHLIGHTS

- DigitalX signs an agreement to acquire 100% of Sell My Shares, a market leader in online share execution services such as one-off share sales.
- Since 2013, Sell My Shares has helped over **42,000 Australians with over \$300M worth of trades**.
- The acquisition is expected to **accelerate the commercial development of its Drawbridge** product and in line with its strategy to grow profitable fintech and regtech businesses.
- The acquired business will become integrated with Drawbridge to provide a **compliant way for employees of its growing base of listed company customers to trade shares**.
- Sell My Shares represents a **profitable customer acquisition channel** that is positioned for additional growth opportunities from enhanced market clearing and settlement technologies.
- DigitalX will pay **upfront consideration of \$1,640,000**, plus deferred consideration of \$250,000 subject to certain performance milestones. The acquisition is earnings accretive with no capital raising required given the Company's strong cash and digital asset position.

DigitalX Limited (ASX: **DCC**, '**DigitalX**' or 'the **Company**') is pleased to announce it has signed a business and asset sale agreement to acquire 100% of Sell My Shares, a leading online share trade execution business.

The strategic acquisition has been made to accelerate the commercial development of Drawbridge, the Company's platform for listed companies to achieve better governance outcomes, which today provides a digital solution for managing internal share trading policy approvals to reduce insider trading risks.

A strategic fit with Drawbridge positioned for growth

Drawbridge's commercialisation strategy has focused on building relationships with key stakeholders within its target market of listed company governance executives. 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 prospective new customers engaged through tailored marketing channels, 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, which has identified growing demand for an ability to ensure compliant execution and visibility of internal share trading by employees and directors.

Background to the Transaction

A Memorandum of Understanding (MoU) signed between the Company and Sell My Shares, in February 2021, saw the parties investigate how the business's trade execution systems could facilitate the processing of employee trades once approved through the Drawbridge application.

Through this process, a deeper understanding of the Sell My Shares business identified a number of additional growth opportunities through the development of an expanded offering to its existing channel of customers, which resulted in the consideration and negotiation of an offer by the Company to acquire the business.

Transaction details

DigitalX will pay an upfront cash consideration of \$1,640,000 for Sell My Shares, plus a deferred consideration of \$250,000 subject to certain performance milestones. The acquisition is earnings accretive with no capital raising required.

Benefits from the acquisition of Sell My Shares

1. Integration to accelerate the commercialisation of Drawbridge

The integration of Sell My Share's backend trade execution systems to the Drawbridge application opens a pathway to enabling the compliant execution of internal trades for listed company customers, as well as an ability to grow and scale Drawbridge revenues through a brokerage-based business model.



2. Development of additional share market services using distributed ledger technologies.

Sell My Shares receives many customer requests for adjacent share market services such as finding lost shares and liquidating assets from deceased estates. These and other highly process driven areas of securities trading are **set to benefit from the improved capabilities of the ASX Distributed Ledger (DLT) system**, providing a strong base from which to grow new product offerings.

3. Optimisation of existing business and customer experience.

A number of focus areas to improve Sell My Shares' profitability have been identified, including strategies to increase customer conversion rates, and existing synergies for cost reduction that are presently duplicated within the DigitalX business.

Business Migration

Following settlement of the acquisition, the existing Sell My Shares business and team will be migrated to DigitalX with operations expected to transition to new ownership from 1 October 2021.

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The primary short focus is to ensure continuity of the business's existing revenues, with performance milestones in place to manage key operational risks and maximise a successful handover.

A number of strategic growth priorities have been identified to grow the existing Sell My Shares business. The Company looks forward to providing an update on these in due course.

The expected timeline for the transaction is set out below:

Item	Date
Announcement of the acquisition	Thursday, 16 September 16 2021
Satisfaction of conditions precedent	Thursday, 30 September 30 2021
Settlement of the transaction	Thursday, 30 September 30 2021
Integration commences	Friday, 1 October 2021

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About DigitalX

DigitalX Limited (ASX: DCC) is a technology and investment company focused on digital asset funds management, digital fintech and regtech products, and blockchain ventures. DigitalX's product team designs and develops blockchain technology applications for business and enterprise organisations. Through its asset management division, DigitalX provides low-cost traditional asset management products for qualified investors looking to gain exposure to the growing alternative asset class of digital assets, including Bitcoin. DigitalX is currently commercialising Drawbridge, the Company's first regtech solution which is supporting listed companies to better manage their compliance and corporate governance policies. With Drawbridge, companies can manage employee and director share trading approvals in order to safeguard their reputations.

www.digitalx.com | <https://digitalx.fund/> | www.opendrawbridge.io

About Sell My Shares

Sell My Shares is a trusted leader in providing customers with a range of trade execution services, including one-off share sales that avoid the time and expense needed to establish a traditional stockbroking account. Since being established in 2013, Sell My Shares has helped over 42,000 Australians with over \$300M worth of trades. Sell My Shares is an authorised financial services representative (405311) of Barclay Wells Limited (Australian Financial Services Licence 235 070).

www.sellmyshares.com

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Appendix 1 - Key Terms of Business and Asset Sale Agreement

Item	Description
Parties	<p>Riverstone Corporate Pty Ltd trading as Sell My Shares ABN 42 883 208 403 (“Vendor”);</p> <p>Jason Gavin Davis (“Warrantor”);</p> <p>ACN 653 391 943 Pty Ltd, a wholly owned subsidiary of DigitalX Limited (“Purchaser”); and</p> <p>DigitalX Limited ACN 009 575 035 (“Guarantor”).</p>
Acquisition	<p>Purchaser will acquire from Vendor the business and assets required to operate Sell My Shares (Sell My Shares Business).</p>
Consideration	<p>The consideration payable to the vendor comprises the Purchase Consideration and, subject to the future performance of the Sell My Shares Business, the Deferred Consideration as follows:</p> <ul style="list-style-type: none"> (a) A total aggregate cash payment of A\$1,640,000 as settlement (Purchase consideration); and (b) A cash payment up to A\$250,000 to be paid 6 months following settlement for the satisfaction of monthly revenue targets and satisfaction of expense ratio (total revenue divided by advertising spend). For any particular month the performance targets are not satisfied the Deferred Consideration will be decreased on a pro-rata basis for the percentage of under performance (Deferred Consideration)
Conditions Precedent	<ul style="list-style-type: none"> A. the Vendor obtaining from each third party to each Contract all necessary consents (on terms and conditions in all respects reasonably satisfactory to the Purchaser) to the assignment of the benefit of that Contract from the Vendor to the Purchaser with effect on and from Settlement; B. the Purchaser obtaining from the registered holder of the Australian Financial Services License (AFSL) all necessary consents (on terms and conditions in all respects reasonably satisfactory to the Purchaser) to the assignment of the benefit of the AFSL from the Vendor to the Purchaser with effect on and from Settlement or a new authorisation directly with the Purchaser on the same terms and conditions as the existing AFSL;

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	<p>C. No Material Adverse Change has occurred; and</p> <p>D. The Warrantor entering into a minimum 1-year employment or service agreement with the Purchaser on terms acceptable to the Purchaser.</p>
Timing	Settlement will occur 10 business days following satisfaction of the conditions (or such date as may be agreed)
Warranties and indemnities	The Vendor has given certain representations, warranties, undertakings and indemnities in relation to Sell My Shares, its business and assets, as is customary with these types of arrangements.
Conduct prior to settlement	Until Settlement, the Vendor agrees to carry on the Business in the ordinary course unless the Purchaser otherwise agrees in writing.

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