



DigitalX Limited (ASX: DCC)

August 1, 2016
Target Price: A\$0.20
Recent Price: A\$0.09

Market Data

Fiscal Year	June
Industry	Blockchain/Financial Services
Market Cap	A\$16.0M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	2.9x
Price/Sales (ttm)	0.3x
Top 20 Holder%	69.9%
Shares Outstanding	178.1M
Equity Float	58.9M
Avg. Volume (3 mo.)	698,704

As of July 29, 2016

Income Statement Snapshot

	TTM
Revenue	US\$39.8M
Net Operating Cash Flow	(US\$0.5M)

Balance Sheet Snapshot

	MRQ
Cash	US\$1.0M
Debt	\$0.0M

Company Websites

www.airpocket.com/

digitalx.com/

Initial AirPocket Marketing Campaign Underway; Reducing Price Target to A\$0.20 on Likely Near-Term Stock Price Pressure

AirPocket launched in June; initial marketing campaign with Telefónica has commenced; in final negotiations with multiple partners in the U.S. and Latin America. DCC's money and value transfer app, AirPocket, was officially launched in June throughout Latin America with its partner Telefónica for mobile recharge transactions. This launch will involve a direct marketing campaign to 230 million Telefónica mobile devices. The launch has initially only been to a small number of devices as DCC sharpens its marketing message. DCC will update the market with key statistics in September 2016. We note that the initial reviews on AirPocket have been positive, with an overall rating of 4.5/5 stars (on 4 reviews) in the Google Play store. We expect more downloads and more reviews once a more extensive marketing campaign is launched.

DCC is also in final negotiations with global telecom and remittance companies for AirPocket for payments and fund transfers. Additional partnerships would likely accelerate the reach and usage of AirPocket.

Trading activity revenue of over \$16 million in 4QFY16; increase of 185% QoQ. Trading activity revenue has now grown for five consecutive months. The revenue increase was primarily due to an increase in bitcoin demand, which has driven up bitcoin prices in recent months. The trading desk has been profitable, and cash flow from this business segment should provide funds to help with the initial launch of AirPocket.

Chairman Zhenya Tsvetnenko has resigned; DCC is currently conducting a search for a new Chairman. On July 25, 2016, DCC announced that Chairman Zhenya Tsvetnenko resigned from DCC's board of directors to focus on personal interests. According to DCC, Mr. Tsvetnenko has not held any operational responsibilities over the past year and the events that caused Mr. Tsvetnenko's resignation do not have anything to do with DigitalX and DigitalX's operations. DCC also stated that key strategic partnerships and new partnerships that DCC have been pursuing are unaffected by Mr. Tsvetnenko's resignation. DCC is currently searching for a new Chairman for the Company to help further its international growth with AirPocket.

Reducing target price from A\$0.65 to A\$0.20. DCC continues to make strong progress with the launch of AirPocket, and significant long-term potential exists in the \$2.8 trillion mobile payments market and the \$600 billion global money remittance market. However, we believe that the resignation of the Chairman will likely put pressure on the stock over the near-term. We believe that the stock could regain upward momentum if positive events are announced, such as a strong Chairman hiring, positive results from DCC's marketing campaign with Telefónica (initial results expected in Sept 2016), or the announcement of new AirPocket partnerships. Positive events would cause us to reevaluate our target price.

Additional Information

Auditor: Deloitte Touche Tohmatsu

Transfer Agent: Computershare Investor Services Pty Limited

[AirPocket Website](#)

[Company Website](#)

[Company Information](#)

About RedChip Company Profiles

This Company Profile contains information about DigitalX Limited and its products – AirPocket and DigitalX Direct as of August 1, 2016. The information in this Company Profile is of general background and does not purport to be complete. It should be read in conjunction with the Company’s other periodic disclosure announcements filed with the Australian Securities Exchange, which are available at www.asx.com.au. This Company Profile is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. RedChip has prepared this Company Profile based on information available to it at the time of preparation including information provided by the Company. Neither the Company nor RedChip makes any representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this Company Profile. To the maximum extent permitted by law, neither the Company nor RedChip, their related bodies corporate (as that term is defined in the Corporations Act) and their respective officers, directors, employees, advisers and agents of those entities accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of this Company Profile or its contents or otherwise arising in connection with it.

Certain statements made in this Company Profile are forward-looking statements. These forward-looking statements are not historical facts but rather are based on RedChip’s and/or the Company’s current expectations, estimates, assumptions, and projections about the industry in which the Company operates. Material referred to in this document that use the words, without limitation, ‘estimate’, ‘project’, ‘intend’, ‘expect’, ‘plan’, ‘believe’, ‘guidance’, and similar expressions are intended to identify forward-looking statements and should be considered an at-risk statement. These forward-looking statements are not a guarantee of future performance and involve known and unknown risks and uncertainties, some of which are beyond control or which are difficult to predict, which could cause the actual results, performance, or achievements of the Company to be materially different from those which may be expressed or implied by these statements. These statements are based on RedChip’s and/or the Company’s current expectations and are subject to a number of uncertainties and risks that could change the results described in the forward-looking statements. Risks and uncertainties include, but are not limited to, the risk that AirPocket will not reach commercial acceptance, general industry conditions and competition, general economic factors, the impact of industry developments, the risk of additional regulations in Australia, the United States and in other countries that AirPocket is conducting, or plans to conduct, business in, and challenges inherent in new product development. Investors should be aware that there are no assurances that results will not differ from those projected and are cautioned not to place undue reliance on these forward-looking statements, which reflect the view of RedChip and/or the Company only as of the date of this presentation. Neither RedChip nor the Company is under a duty to update any forward-looking statement as a result of new information, future events or otherwise, except as required by law or by any appropriate regulatory authority.

RedChip's investor awareness services and programs are designed to help small-cap companies communicate information to the public including about their industries, products, competition and strategies to capture market share through the preparation of research or company profile(s), multimedia marketing, and other awareness services. DigitalX is a client of RedChip and has agreed to pay RedChip a monthly cash fee for three (3) months of RedChip investor services including for the preparation and publication of this Company Profile.

RedChip Companies and its affiliates may buy and sell shares of securities or options of the issuers mentioned on its website at any time.

Stock market investing is inherently risky. RedChip Companies is not responsible for any gains or losses that result from the opinions expressed in this Company Profile, on its website, in any other of its Company Profiles or in other investor relations materials or presentations that it publishes electronically or in print. RedChip Companies Inc. is not promoting the sale or purchase of securities in DigitalX Limited (DCC).

We strongly encourage all investors to conduct their own research before making any investment decision. For more information on stock market investing, visit the Australian Securities Exchange at www.asx.com.au and the Securities and Exchange Commission ("SEC") at www.sec.gov.

Company Contact Info:

DigitalX Limited
25 Recreation Park Drive, Suite 108
Hingham, MA 02043
617-544-3150

Investor Contact Info:

RedChip Companies, Inc.
1017 Maitland Center Commons Blvd.
Maitland, FL 32751
(407) 644-4256
www.redchip.com