

Registered number: 10864928

**RDX WORKS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



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**RDX WORKS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D Hughes S Klein P Ridyard
<b>Registered number</b>	10864928
<b>Registered office</b>	7 Bell Yard London WC2A 2JR
<b>Independent auditor</b>	MHA MacIntyre Hudson 2 London Wall Place London EC2Y 5AU

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**RDX WORKS LIMITED**

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## RDX WORKS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

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#### Introduction

The directors present their strategic report of RDX Works Limited (the "Company") and subsidiaries (together the "Group") for the year ended 31 March 2022.

#### Principal activity

The principal activity of the Group and Company is the provision of services for the development of the Radix public ledger. The Company also acts as a holding company for Group's subsidiaries.

#### Business review

The Group's revenue for the year amounted to £4.38m (2021: £0.36m (unaudited)). Profit before tax for the same period amounted to £12.91m (2021: £3.45m (unaudited)). The directors are satisfied with the performance of the business during the year.

The Group continues to support the development of the Radix public ledger by providing development services to the owner of the ledger. The Radix ledger is a trust-less peer-to-peer distributed network which is represented by the Radix Code and the Radix Protocol capable of determining the order of events within a distributed system, agnostic to its operating environment based on a structured architecture.

The Group is committed to providing the highest level of customer service in the industry and is continually carrying out initiatives to improve the customer experience.

#### Going concern

See note 2.3 for the details on going concern.

#### Principal risks and uncertainties

The Group has exposure to four main areas of risk: valuation of intangible assets, liquidity risk, foreign exchange currency exposure and credit risk.

##### *Valuation of intangible assets*

The Group's intangible assets comprise of digital currency assets. The price of the digital currency assets is subject to market movements. In the recent past there has been volatility in this market. The Group's ability to realise these digital currency assets for a gain is dependent on market movements. Management continually monitors the market and aim to ensure that the timing of disposal of digital currency assets is advantageous to the business.

##### *Liquidity risk*

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group seeks to manage this risk by focusing on the timely collections from debtors and regularly reviewing forecast inflows and outflows due in day-to-day business and investing cash assets safely and profitably. Rolling cash flow forecasts are used by the Group to monitor liquidity requirements to ensure it has sufficient cash to meet operational needs.

##### *Foreign exchange transactional currency exposure*

The Group is exposed to currency exchange rate risk as the Group is involved in the foreign currency transactions. The Group's risk management policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as the Group's currency exposure is not considered significant enough to warrant this.

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## RDX WORKS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

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#### Principal risks and uncertainties (continued)

##### **Credit risk**

The group offer credit terms to its customers which allow payment of the debt after delivery of services. The Group is at risk to the extent that a customer may be unable to pay the debt on a specified due date. This risk is mitigated by maintaining strong on-going customer relationships.

##### **Post balance sheet events**

See note 28 for information on post balance sheet events.


Following the Russian invasion of Ukraine in February 2022 and the subsequent sanctions levied against Russia, the Board conducted a detailed review into the implications for the Company and Group and concluded that neither the war nor the sanctions would impact the operations.

##### **Key performance indicators**

The Group's financial key performance indicators are revenue, gross profit and loss before tax.

	2022	2021
	£'m	Unaudited £'m
Turnover	4.38	0.36
Gross profit	0.89	0.03
Profit before tax	12.91	3.45

This report was approved by the board on 31<sup>st</sup> March 2023 and signed on its behalf.

  
x \_\_\_\_\_

Signatory: Piers Ridyard

Email of signatory: piers@rdx.works

Timestamp: Friday, 31 March 2023 21:03 UTC

**P Ridyard**  
Director

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## **RDX WORKS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their report and the financial statements for the year ended 31 March 2022.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £9.92m (2021 - £3.45m (unaudited)).

The directors declared a dividend in the year of 75 million XRD tokens. The value these were recognised at in the relevant accounts (under section 845(1)(a) of Companies Act 2006) was £nil, and consequently the value of the dividend recognised in these accounts is £nil. See note 13 for further information.

#### **Directors**

The directors who served during the year and after the year end were:

D Hughes (appointed 13 July 2017)  
S Klein (appointed 14 February 2020)  
P Ridyard (appointed 14 February 2019)

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group and Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## RDX WORKS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### Future developments

The Group continues to support the development of the Radix public ledger with the next major release expected in Q3 2023. Further, see post year end developments in note 28.

#### Disclosure of information to auditor


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### Auditor

MHA MacIntyre Hudson were appointed as auditor during the year and will be proposed for reappointment.

This report was approved by the board on 31<sup>st</sup> March 2023 and signed on its behalf.

  
x \_\_\_\_\_

Signatory: Piers Ridyard

Email of signatory: piers@rdx.works

Timestamp: Friday, 31 March 2023 21:03 UTC

**P Ridyard**  
Director

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## **RDX WORKS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDX WORKS LIMITED**

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#### **Opinion**

We have audited the financial statements of RDX Works Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other matters**

The financial statements for the year ended 31 March 2021 have not been audited.



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## **RDX WORKS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDX WORKS LIMITED (CONTINUED)**

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#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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## RDX WORKS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDX WORKS LIMITED (CONTINUED)

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#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater susceptibility to fraud;
- Performing targeted journal entry testing based on identified characteristics that the audit team considered to be indicative of fraud;
- Critically assessing areas of the financial statements which include judgement and estimates, as set out in note 3 of the financial statements;
- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and parent company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and relevant tax compliance regulations; and
- We understood how the company are complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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## RDX WORKS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDX WORKS LIMITED (CONTINUED)

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#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Gandell, FCA, Senior Statutory Auditor  
for and on behalf of MHA MacIntyre Hudson, Statutory Auditor  
London, United Kingdom  
Date:

*Andrew Gandell*  
X \_\_\_\_\_

Signatory: Andrew Gandell

Email of signatory: Andrew.Gandell@mhlp.co.uk

Timestamp: Friday, 31 March 2023 21:37 UTC

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**RDX WORKS LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

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	Note	2022 £	Unaudited 2021 £
Turnover	4	4,375,083	361,948
Cost of goods sold		(3,483,186)	(334,123)
<b>Gross profit</b>		<b>891,897</b>	<b>27,825</b>
Administrative expenses		(6,863,872)	(3,637,772)
Other income		18,858,904	7,063,755
<b>Operating profit</b>	6	<b>12,886,929</b>	<b>3,453,808</b>
Interest receivable and similar income	10	24,241	390
Interest payable and similar expenses	11	(2,071)	-
<b>Profit before taxation</b>		<b>12,909,099</b>	<b>3,454,198</b>
Taxation	12	(2,991,901)	-
<b>Profit and other comprehensive income for the financial year</b>		<b><u>9,917,198</u></b>	<b><u>3,454,198</u></b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £nil).

The notes on pages 16 to 41 form part of these financial statements.

**RDX WORKS LIMITED**  
**REGISTERED NUMBER: 10864928**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	2022 £	Unaudited 2021 £
<b>Fixed assets</b>			
Intangible assets	14	15,353,201	5,678,411
Tangible assets	15	80,944	19,773
Investments	16	-	41,997
		<u>15,434,145</u>	<u>5,740,181</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	6,045,093	964,702
Cash at bank and in hand	18	714,464	1,494,247
		<u>6,759,557</u>	<u>2,458,949</u>
Creditors: amounts falling due within one year	19	(4,258,060)	(290,660)
<b>Net current assets</b>		<u>2,501,497</u>	<u>2,168,289</u>
<b>Total assets less current liabilities</b>		<u>17,935,642</u>	<u>7,908,470</u>
Creditors: amounts falling due after more than one year	20	(1,932,980)	(1,932,980)
<b>Net assets</b>		<u>16,002,662</u>	<u>5,975,490</u>
<b>Capital and reserves</b>			
Called up share capital	23	2,062	2,062
Share premium account	24	6,407,768	6,407,768
Other reserves	24	119,844	9,960
Retained earnings	24	9,472,988	(444,300)
		<u>16,002,662</u>	<u>5,975,490</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31<sup>st</sup> March 2023.

*Piers Ridyard*

Signatory: Piers Ridyard

Email of signatory: piers@rdx.works

Timestamp: Friday, 31 March 2023 21:03 UTC

**P Ridyard**  
Director

The notes on pages 15 to 38 form part of these financial statements.

**RDX WORKS LIMITED**  
**REGISTERED NUMBER: 10864928**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	2022 £	Unaudited and restated 2021 £
<b>Fixed assets</b>			
Intangible assets	14	12,091,487	5,678,411
Tangible assets	15	80,944	19,773
Investments	16	5,368,868	42,097
		<u>17,541,299</u>	<u>5,740,281</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	5,806,643	964,601
Cash at bank and in hand	18	701,127	1,494,247
		<u>6,507,770</u>	<u>2,458,848</u>
Creditors: amounts falling due within one year	19	(3,959,166)	(279,777)
<b>Net current assets</b>		<u>2,548,604</u>	<u>2,179,071</u>
<b>Total assets less current liabilities</b>		<u>20,089,903</u>	<u>7,919,352</u>
Creditors: amounts falling due after more than one year	20	(1,932,980)	(1,932,980)
<b>Net assets</b>		<u><u>18,156,923</u></u>	<u><u>5,986,372</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	2,062	2,062
Share premium account	24	6,407,768	6,407,768
Other reserves	24	119,844	9,960
Retained earnings	24	11,627,249	(433,418)
		<u><u>18,156,923</u></u>	<u><u>5,986,372</u></u>

The Group has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the parent company income statement. The Company's profit after tax for the year was £12.1m (2021: £3.5m (unaudited and restated)).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31<sup>st</sup> March 2023.

*Piers Ridyard*

**P Ridyard**  
**Director**

Signature: Piers Ridyard  
Email of signatory: piers@rdx.works  
Timestamp: Friday, 31 March 2023 21:03 UTC

The notes on pages 15 to 38 form part of these financial statements.

**RDX WORKS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Share premium account	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
<b>At 1 April 2020 (unaudited)</b>	2,017	6,407,768	9,960	(3,898,498)	2,521,247
<b>Comprehensive income for the year</b>					
Profit for the year (unaudited)	-	-	-	3,454,198	3,454,198
<b>Total comprehensive income for the year</b>	-	-	-	3,454,198	3,454,198
<b>Contributions by and distributions to owners</b>					
Shares issued during the year (unaudited)	45	-	-	-	45
<b>Total transactions with owners</b>	45	-	-	-	45
<b>At 1 April 2021 (unaudited)</b>	2,062	6,407,768	9,960	(444,300)	5,975,490
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	9,917,288	9,917,288
<b>Contributions by and distributions to owners</b>					
Share based payments (note 25)	-	-	109,884	-	109,884
<b>Total transactions with owners</b>	-	-	109,884	-	109,884
<b>At 31 March 2022</b>	<u>2,062</u>	<u>6,407,768</u>	<u>119,844</u>	<u>9,472,988</u>	<u>16,002,662</u>

The notes on pages 15 to 38 form part of these financial statements.

# **RDX WORKS LIMITED**

## **COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Share premium account	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
<b>At 1 April 2020 (unaudited)</b>	2,017	6,407,768	9,960	(3,898,499)	2,521,246
<b>Comprehensive income for the year</b>					
Profit for the year (unaudited and restated)	-	-	-	3,465,080	3,465,080
<b>Total comprehensive income for the year</b>	-	-	-	3,465,080	3,465,080
<b>Contributions by and distributions to owners</b>					
Shares issued during the year (unaudited and restated)	45	-	-	-	45
<b>Total transactions with owners (unaudited and restated)</b>	45	-	-	-	45
<b>At 1 April 2021</b>	<b>2,062</b>	<b>6,407,768</b>	<b>9,960</b>	<b>(433,419)</b>	<b>5,955,371</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	12,060,668	12,060,668
<b>Total comprehensive income for the year</b>	-	-	-	12,060,668	12,060,668
<b>Contributions by and distributions to owners</b>					
Employee share option reserve	-	-	109,884	-	109,884
<b>Total transactions with owners</b>	-	-	109,884	-	109,884
<b>At 31 March 2022</b>	<b>2,062</b>	<b>6,407,768</b>	<b>119,844</b>	<b>11,627,249</b>	<b>18,156,923</b>

The notes on pages 15 to 38 form part of these financial statements.



**RDX WORKS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £	Unaudited 2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	9,917,198	3,454,198
<b>Adjustments for:</b>		
Impairment (reversal)/charge of intangible assets	(53,451)	53,451
Impairment of fixed asset investments	41,997	-
Depreciation of tangible fixed assets	24,608	9,220
Share based payment charge	109,884	-
Interest payable	2,071	-
Interest receivable	(24,241)	(390)
Taxation charge	2,991,901	-
Gain on sale of XRD and eXRD tokens	(18,858,904)	(7,063,755)
Increase in debtors	(4,894,688)	(884,883)
Increase in creditors	865,478	254,380
Corporation tax (paid)/received	(75,667)	405,421
<b>Net cash used in operating activities</b>	<b>(9,953,814)</b>	<b>(3,772,358)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(18,725,762)	-
Sale of intangible assets	9,104,424	(4,769,114)
Purchase of tangible fixed assets	(86,205)	(15,537)
Sale of tangible fixed assets	627	-
Purchase of investments	-	(41,997)
Interest received	24,241	390
Sale of XRD and eXRD tokens	18,858,904	7,063,755
<b>Net cash flow from investing activities</b>	<b>9,176,229</b>	<b>2,237,497</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	45
Interest paid	(2,071)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(2,071)</b>	<b>45</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(779,656)</b>	<b>(1,534,816)</b>
Cash and cash equivalents at beginning of year	1,494,247	3,029,063
<b>Cash and cash equivalents at the end of year</b>	<b>714,591</b>	<b>1,494,247</b>

The notes on pages 15 to 38 form part of these financial statements.

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## **RDX WORKS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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#### **1. General information**

RDX Works Limited (the Company or parent) is a limited company by shares and incorporated in England and Wales. The Company was incorporated on 13 July 2017 and the consolidated financial statements are prepared for the year-ended 31 March 2022. The address of the registered office is 7 Bell Yard, London, England, WC2A 2JR.

The principal activity of the company is that of providing services for development of a digital asset platform to facilitate the coding and trade of XRD and eXRD tokens. Information on the Group's structure is provided in Note 16.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The consolidated financial statements have been prepared using the going concern basis of accounting. The directors continually monitor the ability of the Group to continue to operate as a going concern.

As at 31 March 2022, the Group had cash resources of £0.7m (2021: £1.5m (unaudited)) and, net current assets of £2.5m (2021: £2.2m (unaudited)). The Group has no external loans or borrowings. In the year ended 31 March 2022, the group made a profit before tax of £12.8m (2021: £3.5m (unaudited)).

The business has a contract with its key customer which extends until at least the end of April 2024. The trading for the year ended 31 March 2023 is in line with the budget and the cash position has significantly improved since the year-ended 31 March 2022. In addition, the Group also holds XRD and eXRD tokens which can be sold, respecting the market volatility, to generate additional cashflows. The directors do not rely on the sale of tokens in assessing the going concern position.

The Group's forecasts and projections, taking in to account the reasonable possibility of changes in trading performance, show that the Group is able to operate within the level of its current resources. After making enquiries of the shareholders, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

During the year the Group generated revenue through the provision of services for development of the Radix public ledger. Revenue was recognised in respect of these services based on when the services were provided.

##### 2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.9 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

##### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.12 Intangible assets

Intangible assets include digital currencies such as Bitcoin, Ethereum, USDC, XRD's and eXRD's. These intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

##### 2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Office equipment including computer equipment	- 2 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### 2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

In the Consolidated Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

##### ***Valuation of intangible assets (note 14)***

Management determines whether an impairment provision is required against the value of intangible assets. In respect of digital currency assets recognised at cost, management obtain the market price at the year end to determine whether an impairment is required. The directors are satisfied that no provision for impairment is required as at 31 March 2022.

##### ***Sale of Radix Ledger***

The Group being the founder of the Radix ledger is allowed a founder's retention of 2.4bn XRD tokens (being 10% of total tokens that can be generated by Radix ledger) on the instantiation of the Radix ledger. The Radix ledger was sold by the Group in the prior year and was not fully operational at the time of sale. Management determined that, at the time of the sale, the fair value of XRD tokens was £nil given the uncertainty around the successful launch of the Radix ledger and that there was no active market for these tokens at that time. The eXRD tokens were received subsequently by the Group at no cost and thus management determines the fair value of eXRD and XRD tokens to be £nil.

##### ***Sale of tokens to Exosphere Limited (note 16)***

The Parent Company during the year has transferred 275m eXRD tokens to Exosphere Limited for exchange of shares in the newly incorporated subsidiary. The 275m tokens included 96m unlocked tokens and 179m locked tokens. The unlocked tokens are valued at 40% discount to the fair value on the date of transfer to reflect the lack of liquidity. Management considers that the illiquidity discount of 40% is reasonable given the number of tokens exceed the recent trades in a day or most recent weeks. The 179m locked tokens are valued using a probability weighted valuation in reference to the value of unlocking schedule applicable to Radix ledger. The directors are satisfied that the fair value of the 275m eXRD tokens is £5.37m. The 179m locked tokens are unlocked subsequent to the year-end.

##### ***Entities under common control***

As set out in note 2.2, these financial statements consolidate RDX Works Limited and all of its subsidiaries. The directors also considered whether the group of companies headed by the Radix Foundation should be consolidated on the basis of common control. The directors are satisfied that the Radix Foundation Group does not meet the requirements to be consolidated with the RDX Works Limited group of companies primarily due to the fact that ownership structures and the people in charge of the strategic and operational direction of the businesses are not identical.

##### ***Valuation of investments (note 16)***

Management determines whether an impairment provision is required against the investment in subsidiaries. Management's assessment is based on the financial position and performance of the entities, including the ability of the subsidiaries to generate profits. The directors are satisfied that there is no impairment required in relation to investment in the subsidiaries.

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty  
(continued)**

***Share based payments (note 25)***

Share based payments are valued using a Black Scholes option pricing model. The model requires assumptions to be used, which are set out in note 25. Management determines these assumptions, using a combination of company specific and market data.

***Recognition of deferred tax assets (note 17 & 22)***

Management have recognised a deferred tax asset as at 31 March 2022 on the basis that the XRD and eXRD tokens available as of year-end have higher base cost for tax purposes and are recognised at £nil in the financial statements being valued at cost. Management determines whether an impairment provision is required against the deferred tax asset. Management's assessment is based on the Group having future taxable profit to utilise the deferred tax asset. The directors are satisfied that there is no impairment required in relation to deferred tax asset.

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2022</b>	Unaudited
	<b>£</b>	<b>2021</b>
		<b>£</b>
Services revenue	<b>4,375,083</b>	361,948
	<b><u>4,375,083</u></b>	<u>361,948</u>

All turnover is derived through the Group's principal activity and is delivered to entities outside of the United Kingdom.

**5. Other operating income**

	<b>2022</b>	Unaudited
	<b>£</b>	<b>2021</b>
		<b>£</b>
Other operating income	<b>18,858,904</b>	7,063,755
	<b><u>18,858,904</u></b>	<u>7,063,755</u>

Other operating income represents the profits earned by the entity on the sale of XRD and eXRD tokens during the year. The Company carries these at nil value being the cost of token and any amount received on sale of these token is considered as other income.

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**6. Operating profit**

The operating profit is stated after charging:

	<b>2022</b>	Unaudited <b>2021</b>
	<b>£</b>	<b>£</b>
Research & development charged as an expense	<b>127,051</b>	16,225
Exchange differences	<b>272,091</b>	164,573
Impairment charge	<b>(11,454)</b>	53,451
Other operating lease rentals	<b>60,792</b>	<b>87,314</b>

**7. Auditor's remuneration**

	<b>2022</b>	Unaudited <b>2021</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>87,750</b>	-

**Fees payable to the Group's auditor and its associates in respect of:**

Preparation of financial statements	<b>5,000</b>	-
	<b>5,000</b>	-

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**8. Employees**

Staff costs were as follows:

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Wages and salaries including bonus	3,602,472	880,939	3,597,253	880,939
Social security costs	171,337	112,448	171,337	112,448
Pension costs	74,742	58,059	74,742	58,059
	<u>3,848,551</u>	<u>1,051,446</u>	<u>3,843,332</u>	<u>1,051,446</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022 No.	Unaudited Group 2021 No.	Company 2022 No.	Unaudited Company 2021 No.
Employees	<u>25</u>	<u>16</u>	<u>25</u>	<u>16</u>

**9. Directors' and key management personnel remuneration**

The total remuneration paid to directors, during the year amounted to £503,501 (2021: £329,495 (unaudited)). Directors are only considered as key management personnel.

The highest paid director received remuneration of £265,101 (2021 - £178,905 (unaudited)).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,697 (2021 - £12,640 (unaudited)).

**10. Interest receivable**

	2022 £	Unaudited 2021 £
Other interest receivable	24,241	390
	<u>24,241</u>	<u>390</u>

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**11. Interest payable and similar expenses**

	2022 £	Unaudited 2021 £
Interest payable	2,071	-
	<u>2,071</u>	<u>-</u>

**12. Taxation**

	2022 £	Unaudited 2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	3,176,324	-
Adjustments in respect of prior periods	1,280	-
	<u>3,177,604</u>	<u>-</u>
<b>Total current tax</b>	<u>3,177,604</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing difference	(73,211)	-
Effect of tax rate changes	(44,569)	-
Adjustments in respect of prior periods	(67,923)	-
<b>Total deferred tax</b>	<u>(185,703)</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,991,901</u>	<u>-</u>

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	Unaudited 2021 £
Profit on ordinary activities before tax	<u>12,909,099</u>	<u>3,454,198</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,452,729	656,298
<b>Effects of:</b>		
Gain on disposal of capital assets	485,733	-
R&D enhanced deduction	(316,150)	(249,690)
Expenses not deductible for tax purposes	4,246	20,668
Adjustments to prior periods – deferred tax	(67,923)	-
Adjustments to prior periods – current tax	1,280	-
Utilisation of brought forward losses	-	(428,010)
Tax on intra-group transfers and overseas tax	476,555	950
Effect of tax rate changes	(44,569)	-
Overseas tax	-	(216)
<b>Total tax charge for the year</b>	<u><u>2,991,901</u></u>	<u><u>-</u></u>

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill (on 3 March 2021). These include an increase of the main rate to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these consolidated financial statements.

**13. Dividends**

On 14 March 2022 the Company declared a dividend in specie of 75 million (60.75 million tokens after net of tax @19%) XRD tokens. Of 60.75 million tokens, 48.74 million tokens were paid during the year and 12.01 million tokens yet to be paid as of year-end. The XRD tokens are distributed at their book value of £nil. The XRD tokens paid per share of 2.537 tokens.

RDX WORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

14. Intangible assets

Group

	Bitcoin £	Ethereum £	USDC £	eXRD tokens £	Others £	Total £
<b>Cost</b>						
At 1 April 2021 (unaudited)	460,056	423,161	1,533,480	3,261,714	-	5,678,411
Additions	430,812	-	18,259,557	-	35,393	18,725,762
Disposals	-	(5,220)	(9,099,204)	-	-	(9,104,424)
At 31 March 2022	890,868	417,941	10,693,833	3,261,714	35,393	15,299,749
<b>Amortisation</b>						
Reversal of prior year impairment charge	-	-	53,451	-	-	53,451
At 31 March 2022	-	-	53,451	-	-	53,451
<b>Net book value</b>						
At 31 March 2022	<u>890,868</u>	<u>417,941</u>	<u>10,747,284</u>	<u>3,261,714</u>	<u>35,393</u>	<u>15,353,200</u>
At 31 March 2021 (unaudited)	<u>460,056</u>	<u>423,161</u>	<u>1,533,480</u>	<u>3,261,714</u>	<u>-</u>	<u>5,678,411</u>

The Group recognises purchases of digital currency assets at cost and disposal are valued on FIFO basis. The eXRD tokens amounting to £3.2m were purchased by the Group from contributors in November 2020. The contributor is a person who has made a contribution in money or money's worth to the development of the Radix technology and Radix ledger.

In addition to the above, the Group also holds 196.13m eXRD tokens and 2.36 billion XRD tokens which are held at cost. The directors deem this cost to be immaterial and have recorded the tokens at £nil value in these financial statements.



RDX WORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

14. Intangible assets (continued)

Company	Bitcoin £	Ethereum £	USDC £	eXRD Tokens £	Others £	Total £
<b>Cost</b>						
At 1 April 2021 (unaudited)	460,056	423,161	1,533,480	3,760,291	-	6,176,988
Prior year adjustment	-	-	-	(498,577)	-	(498,577)
At 1 April 2021 (unaudited and restated)	460,056	423,161	1,533,480	3,261,714	-	5,678,411
Additions	430,812	-	18,259,557	-	35,393	18,275,762
Intra-group transfers	-	-	-	(3,261,714)	-	(3,261,714)
Disposals	-	(5,220)	(9,099,204)	-	-	(9,104,424)
At 31 March 2022	890,868	417,941	10,693,833	-	35,393	12,038,035
<b>Amortisation and impairment</b>						
Impairment charge for the year	-	-	53,451	-	-	-
At 31 March 2022	-	-	53,451	-	-	-
<b>Net book value</b>						
At 31 March 2022	<u>890,868</u>	<u>417,941</u>	<u>10,747,284</u>	<u>-</u>	<u>35,393</u>	<u>12,091,486</u>
At 31 March 2021 (unaudited and restated)	<u>460,056</u>	<u>423,161</u>	<u>1,533,480</u>	<u>3,261,714</u>	<u>-</u>	<u>5,678,411</u>

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**15. Tangible fixed assets**

**Group and Company**

	Office equipment including computer equipment £
<b>Cost or valuation</b>	
At 1 April 2021 (unaudited)	75,150
Additions	86,205
Disposals	(792)
At 31 March 2022	<u>160,563</u>
<b>Depreciation</b>	
At 1 April 2021 (unaudited)	55,377
Charge for the year	24,407
Disposals	(165)
At 31 March 2022	<u>79,619</u>
<b>Net book value</b>	
At 31 March 2022	<u><u>80,944</u></u>
At 31 March 2021 (unaudited)	<u><u>19,773</u></u>

All of the Group's tangible fixed assets are held in the Parent Company.

The directors are satisfied that no impairment is required to the value of tangible fixed assets as at 31 March 2022.

# RDX WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 16. Fixed asset investments

#### Group

	Other fixed asset investments £
At 1 April 2021 (unaudited)	41,997
Provision for impairment	(41,997)
At 31 March 2022	-

During the year, the Company has fully provided for and written off the investment in Stakehound S.A, start-up entity given that the Company was dissolved in the year. Stakehound S.A was involved in providing upgrades to the Ethereum network.

#### Company

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2021 (unaudited)	100	41,997	42,097
Additions	5,368,768	-	5,368,768
Disposals	-	(41,997)	(41,997)
At 31 March 2022	<u>5,368,868</u>	<u>-</u>	<u>5,368,868</u>

During the year, the Company transferred 275m eXRD tokens to Exosphere Limited for exchange of shares in the newly incorporated subsidiary. The fair value of eXRD tokens on the date of transfer is £5.37m.

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Registered office	Class of shares	Holding
Metaverse (Radix) Limited	Jersey	First Floor, La Chasse Chambers, Ten La Chasse, St Helier JE2 4UE	Ordinary	100 %
Exosphere Limited	Jersey	First Floor, La Chasse Chambers, Ten La Chasse, St Helier JE2 4UE	Ordinary	100 %
Metabridge Limited	United Kingdom	7 Bell Yard, London, England, WC2A 2JR	Ordinary	100 %

Metabridge Limited, subsidiary of the Group, is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A-C of the Act.

**RDX WORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**17. Debtors**

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Trade debtors	3,350,353	536,336	2,817,299	536,336
Amounts owed by group undertakings	-	100	341,855	-
Other debtors	412,881	246	407,893	246
Prepayments and accrued income	2,096,156	428,020	2,053,893	428,019
Deferred taxation	185,703	-	185,703	-
	<u>6,045,093</u>	<u>964,702</u>	<u>5,806,643</u>	<u>964,601</u>

Management expects to recover all the trade debtors. Accordingly, no provision is made against as of year-end.

**18. Cash and cash equivalents**

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Cash at bank and in hand	714,464	1,494,247	701,127	1,494,247
	<u>714,464</u>	<u>1,494,247</u>	<u>701,127</u>	<u>1,494,247</u>

There are no digital currency assets included within cash and cash equivalents.

**19. Creditors: Amounts falling due within one year**

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Trade creditors	314,985	63,685	240,607	63,685
Amounts owed to group undertakings	-	100	451	100
Corporation tax	3,101,924	-	3,101,924	-
Other taxation and social security	91,403	169,285	90,799	169,285
Other creditors	536,875	57,590	326,764	46,707
Accruals and deferred income	212,873	-	198,621	-
	<u>4,258,060</u>	<u>290,660</u>	<u>3,959,166</u>	<u>279,777</u>

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**20. Creditors: Amounts falling due after more than one year**

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Other creditors	1,932,980	1,932,980	1,932,980	1,932,980
	<u>1,932,980</u>	<u>1,932,980</u>	<u>1,932,980</u>	<u>1,932,980</u>

Other creditors represent the loan from a director. There is no fixed term for repayment of this loan, and it is not interest bearing.

**21. Financial instruments**

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
<b>Financial assets at amortised cost</b>				
Financial assets at amortised cost	5,626,259	964,702	5,430,072	853,030
Cash and equivalents	714,464	1,494,247	701,127	1,494,247
	<u>6,340,723</u>	<u>2,458,949</u>	<u>6,131,199</u>	<u>2,347,277</u>

**Financial liabilities at amortised cost**

Financial liabilities at amortised cost	<u>964,733</u>	<u>121,378</u>	<u>766,443</u>	<u>110,492</u>
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Financial assets at amortised cost comprises of trade debtors, amounts owed from group undertakings, other debtors and cash and cash equivalents.

Financial liabilities at amortised cost comprise of trade payables, other payables, accruals and amounts owed to group undertakings.

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**RDX WORKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**22. Deferred taxation (continued)**

**22. Deferred taxation**

**Group and company**

	2022 £
Credit to profit or loss	185,703
	<u>185,703</u>
	<b>Group and Company 2022 £</b>
Fixed assets	13,937
Gains on XRD	171,766
	<u>185,703</u>

**23. Share capital**

	2022 £	Unaudited 2021 £
<b>Allotted, called up and fully paid</b>		
15,258,387 (2021 - 15,258,387) Ordinary shares of £0.0001 each	1,526	1,526
5,361,533 (2021 - 5,361,533) Preference shares of £0.0001 each	536	536
	<u>2,062</u>	<u>2,062</u>

Ordinary shares and preference shares carry voting and dividend rights.

The directors have considered the classification of preference shares and are satisfied that they bear the characteristics of equity and specifically do not carry a mandatory redemption date or a preferential dividend.

## RDX WORKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

#### 24. Reserves

##### Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

##### Other reserves

Other reserves represent contributions made by the Group in respect of share-based compensation.

##### Retained earnings

The retained earnings represent cumulative profits and losses, net of dividends and other adjustments.

#### 25. Share based payments

The Group has a share option scheme which is open to all employees of the Company at the discretion of the Board. Options are exercisable at a price determined by the Company on the date of the grant. In the Scheme the options vest over 4 – 6 years and are exercisable at the option holders discretion and should the options remain unexercised they lapse after 10 years from the date of the grant. The options also lapse following the employee leaving the Group and various other conditions set out in the Scheme rules.

	Number	
	2022	2021
Outstanding at the beginning of the year	1,502,431	648,075
Granted during the year	541,224	891,836
Exercised during the year	(383,321)	-
Lapsed during the year	(256,999)	(37,480)
Outstanding at year-end	1,403,335	1,502,431

Options were valued using the Black Scholes option pricing model. No performance conditions were included in the fair value calculations. The model inputs for the current period option grants were as follows

	2022
Expected option life (years)	10
Weighted exercise price (pence)	110
Risk-free rate (%)	0.1-0.75%
Expected volatility	22.7%
Dividend yield (%)	-
Leaver rate	70%

	2022	Unaudited 2021
	£	£
Share based payment expense	109,884	-
	109,884	-

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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 26. Pension commitments

The Group operates a defined contributions pension scheme. The net assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Group to the fund amounted to £74,742 (2021: £58,059 (unaudited)). Contributions totalling to £22,713 (2021: £46,607 (unaudited)) were payable to the fund at the reporting date and are included in creditors.

#### 27. Related party transactions

Compensation of key management personnel and full details of Director's remuneration are disclosed in note 9.

Related party	Relationship	2022	Receivable	Unaudited	Receivable
		Revenue £		2021 Revenue £	
Radix Tokens (Jersey) Limited	Common directors	4,203,354	3,175,772	361,448	509,735
Metapass (Radix) Limited	Common directors	170,998	162,481	-	-
		<b>4,374,352</b>	<b>3,338,253</b>	<b>361,448</b>	<b>509,735</b>

In addition to the above, the Group and Company has recorded accrued income of £1,863,025 (2021: £361,448) with Radix Tokens (Jersey) Limited. The receivable balances are disclosed under trade debtors.

The Company has taken advantage of the exemption in paragraph 33.1A of FRS102 not to disclose transactions with wholly owned group companies.

#### 28. Post balance sheet events

Subsequent to the year-end, the Group has incorporated RDX Resources Limited and RDX Finance Limited. RDX Resources Limited is a UK company that was formed to consolidate all of the Group's intellectual property into one legal entity. RDX Finance Ltd is a company incorporated in Jersey that was formed to hold the Group's native cryptocurrency assets, to ring fence these assets other Group companies. RDX Works Ltd continues to focus on its role as provider of technology development services.

On 11 March 2023, the Company entered into and Asset Transfer Agreement with RDX Finance Ltd to sell all XRD and eXRD tokens for £6,770,890, the consideration to be left as intercompany debt.

The loan payable to director as of 31 March 2022 amounting to £1.9m is converted into equity in March 2023.

#### 29. Controlling party

The ultimate controlling party is Daniel Hughes.



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## RDX WORKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 30. Restatements

There were several prior year restatements required in the parent Company standalone financial statements for the year-ended 31 March 2021.

Intangible assets, debtors: amounts falling due within one year, creditors: amounts falling due within one year, creditors: amounts falling due after more than one year, share premium account, and retained earnings were understated, whilst cash at bank and in hand, called up share capital and other reserves were overstated.

The primary reasons for these prior year restatements were:

- Change in accounting policy for recognising additions to intangible assets at cost, disposals using FIFO method and recognition of impairment.
- Reclassification of intangible assets previously grouped under cash at bank and in hand.
- Recognition of additional revenue as per the terms of the contract with customers in the prior year.
- Reclassification of VAT receivable from creditors to debtors.
- Reclassification from called up share capital to correctly split between share premium and other reserves.
- Reclassification of directors' loan included in the called up share capital to creditors: amounts falling due after more than one year.

The respective figures for 2021 and the restated figures are shown below:

- Intangible assets was updated from £4,607,488 to £5,678,411, an increase of £1,070,923.
- Debtors: amounts falling due within one year was updated from £524,967 to £964,702, an increase of £439,705.
- Creditors: amounts falling due within one year was updated from £218,994 to £290,663, an increase of £71,669.
- Creditors: amounts falling due after one year was updated from £nil to £1,932,980, an increase of £1,932,980.
- Share premium account was updated from £nil to £6,407,768, an increase of £6,407,768.
- Retained earnings was updated from £(500,863) to £(444,300), an increase of £56,563.
- Cash at bank and in hand was updated from £3,053,828 to £1,494,247, a decrease of £1,559,581.
- Called up share capital was updated from £8,352,526 to £2,062, a decrease of £8,350,464.
- Other reserves was updated from £177,395 to £9,960, a decrease of £167,435.