



**Different technology for a
different world**

**Annual
Report
2022**

<https://optf.ngo/>

2022

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Executive Summary

Chris McCabe,
CEO

Soon, more people than ever before will be using end-to-end encrypted messaging, with Meta's Facebook Messenger set to roll out E2EE and other major platforms examining similar implementations. However, we must recognise that privacy means a lot more than encryption. Over the last few years, our changing world has birthed new and more efficient ways for personal data and information to be collected and exploited. Encryption is the most basic tool in our box, but we must adopt a more holistic technological, social, and educational approach in order to protect people's privacy and human rights into the future.

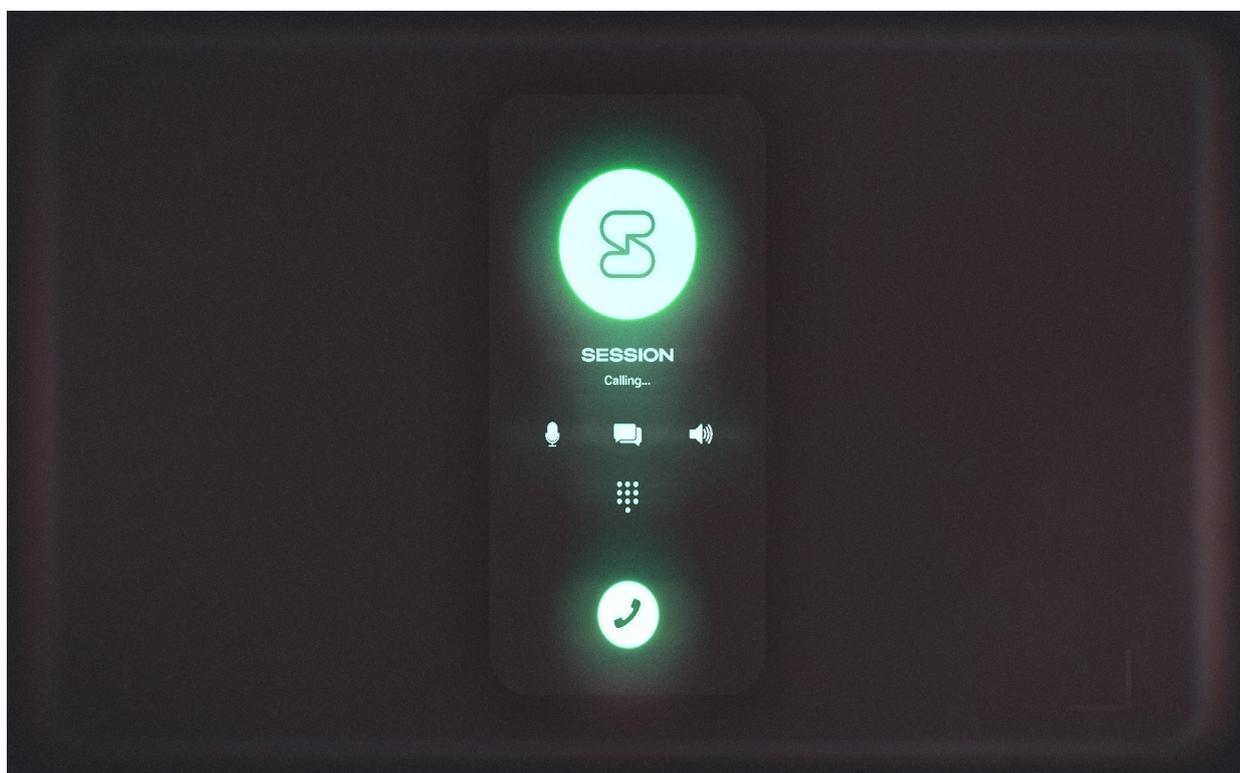
This year our focus has been squared firmly on continuing to develop our decentralised technology ecosystem, championing the cause of privacy, and continuing our role as privacy researchers and educators in the global community. In combination, these initiatives contribute to the upholding of people's right to privacy in Australia and around the world.

Our Oxen Ecosystem, including Session, Oxen, and Lokinet, is continuing to grow in numbers and recognition. Session has now surpassed 300,000 users, and we are anticipating this figure to increase quickly in the coming years through a combination of users in need (in situations of conflict), and users in agreement (that privacy is something they deserve).

I am happy to share some of our key activities the foundation undertook during this busy year in this summary.

Session
300,0

“Soon, more people than ever before will be using end-to-end encrypted messaging”



on has now surpassed
000 users.

Development Update

In 21-22 we continued to focus development resources on improving Session. Additional features, improved usability, and increased reliability are important to ensuring Session reaches the high expectations which modern consumers have of messaging apps. Applications such as Facebook Messenger, WhatsApp, Telegram, and even Signal have established industry standards for messaging app feature sets and performance. Of course, none of these apps grapple with the additional complexity incurred due to decentralisation, additional privacy protections, and pseudonymous user bases. While these are essential elements of Session, they do introduce development challenges which other projects do not face.

Outside of development we also released a Session Lightpaper — an abbreviated version of the whitepaper which offers a more accessible technical overview of Session's design. We are also working on a Session Whitepaper v2 which outlines the significant changes which have been made to Session's design since its inception. Oxen also underwent another successful hardfork, moving to Oxen 10.1 + Wistful Wagyu. Wistful Wagyu offers several upgrades for Service Node Operators, including increasing the amount of possible contributors to a stake and reward batching. This hardfork also included some important upgrades for Lokinet.

Lokinet development is continued and steady. The Lokinet Team was focused on improving stability, cross-platform support, and consistency of performance across platforms. The most major development was a new library, liblokinet, which will allow applications to integrate and use Lokinet without needing to rely on native VPN platform specific API's provided by operating systems. We intend to use this to integrate Lokinet into Session in the future.

Development

“Additional features, improved usability, and increased reliability are important to ensuring Session reaches the high expectations which modern consumers have of messaging apps.”



Kee Jefferys,
CTO

Operations

This period was uniquely challenging from an operations point of view. There was no playbook for managing the issues of logistics and team wellbeing which are involved with COVID-19 lockdowns, but these issues were ultimately navigated successfully. The team transitioned to fully remote work for a period of 71 days while maintaining productivity, and a plan was developed and executed to support mental health and general wellbeing during this difficult period.

The success of the project relies on cultivating a focused, happy and healthy team culture, and there were several initiatives rolled out in order to make sure team culture was the best that it could be this year. Alongside these initiatives, individual wellbeing was prioritised with several measures implemented to support mental health and wellbeing beyond the support which was provided during the COVID-19 lockdown.

The vision that we all share for the Oxen project was also revisited and refined this year. A strong shared vision of what our mission truly is and how we plan to achieve it is of core importance to the team's ability to make decisions and work effectively towards the achievement of our goals. Cross-team outcomes were improved and tangible steps towards key milestones were taken as a result.

Splitting up Chainflip and Oxen also presented many operational difficulties which had the potential to be extremely disruptive to the team. The split was a constantly evolving situation which required the ability to react effectively to unforeseen challenges, but in the end, the process of establishing Chainflip as a standalone project succeeded and the Oxen project maintained its momentum.

This is in part due to efforts to examine and improve our processes and workflows with regards to efficiency and productivity, both in terms of the Melbourne team and team members who work remotely from overseas. The team also grew and expanded in order to meet the needs of the project, thanks to hiring initiatives which were spearheaded by operations.

Conditions both in traditional financial markets and the cryptocurrency market required shrewd budgeting and management of the project's finances. This is obviously key to the success of the project, and our finances were managed effectively during this period despite the challenges we faced due to crypto market downturn and a looming global recession in response to the rise of interest rates and inflation following the unusual financial conditions we saw in response to global COVID-19 lockdowns.

The productivity and efficiency of all the project teams saw strong growth this year, and as we improve our processes, that improvement will continue. Every year presents us with new challenges, and whenever we overcome a challenge we learn and grow and emerge stronger and more capable of tackling new challenges in the future.

All the project teams saw strong growth this year...



Chris McCabe,
CEO

“The productivity and efficiency of all the project teams saw strong growth this year, and as we improve our processes, that improvement will continue.”

Marketing

Session continued to be the main focus of the marketing team, as we looked to capitalise on its unique market position and increasing momentum as a brand and product.

Session's monthly active users (MAU) grew over 470% year-on-year in 2021, and as of 2022 the total MAU was over 300,000. 2022 saw a shift in ethos regarding user acquisition, as we adopted double-barrelled focus: monetisable, privacy-focused markets; needs-based, humanitarian focused applications.

During this period, Session's growth was largely attributed to its growing popularity for citizens during periods of civil unrest. Session experienced high use by activists, journalists, and other human rights defenders due to the education and awareness efforts of the OPTF.



Josh Jesop-Smith,
CMO

At the foundation level, we continued to attend and participate in events wherever possible to both pursue the OPTF's mission of privacy education as well as to inform new groups about the work of our foundation.

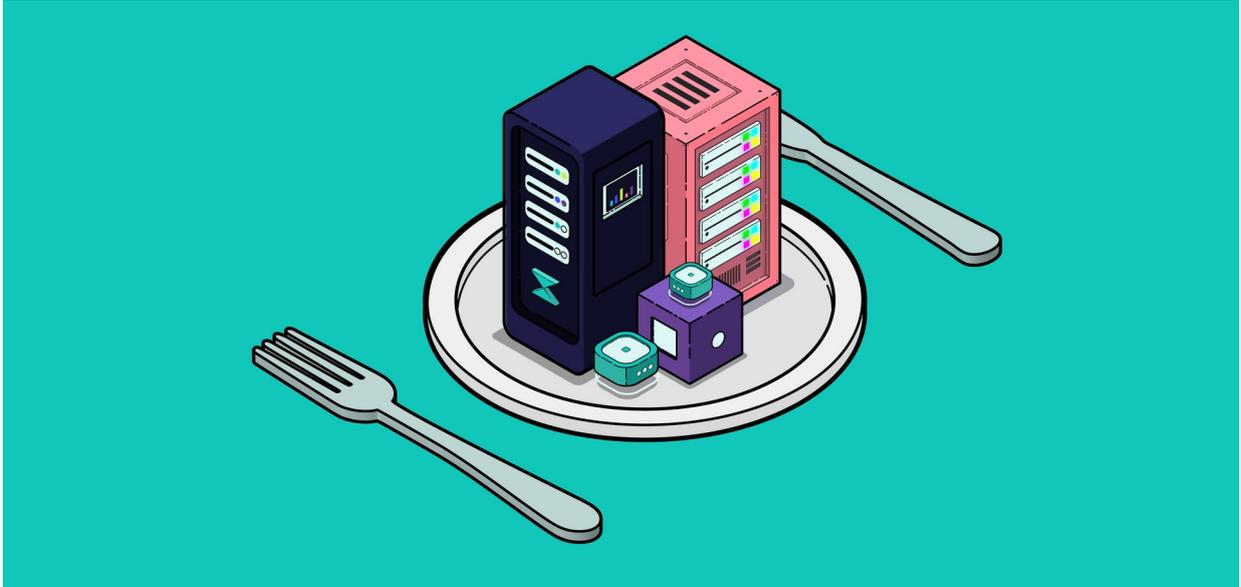
We continue to fulfil our role as strong privacy advocates, both by the thought leadership offered by the OPTF and its brands (primarily Session and Oxen), as well as by championing important privacy events and open letters, such as Global Encryption Day, partnership with the Global Encryption Coalition, partnership at the World Ethical Data Forum, and championing Privacy Awareness Week.

The marketing team continues working to enhance privacy in its work: by increasing the use of our own privacy-enhancing technology, advocating for other privacy-enhancing technology, and providing valuable education to high-impact groups.

Update



Oxen Hardfork



Wistful Wagyu

Wistful Wagyu offers several upgrades for service node operators, including increasing the amount of possible contributors to a stake and reward batching. Notable changes involved allowing up to 10 individuals to stake to a service node, with contributors staking less than 25% required to wait a minimum of 30 days before initiating an unlock.

Session Progress Update

In 21-22 we continued to focus development resources on improving Session. Additional features, improved usability, and increased reliability are important to ensuring Session reaches the high expectations which modern consumers have of messaging apps.

Send

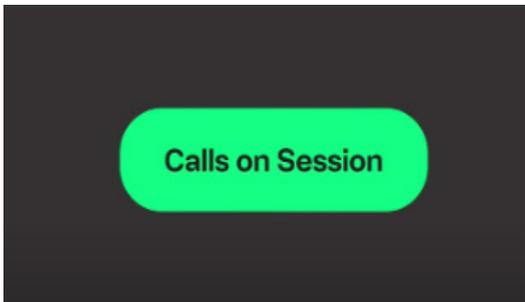
Messages,

Not Metadata.

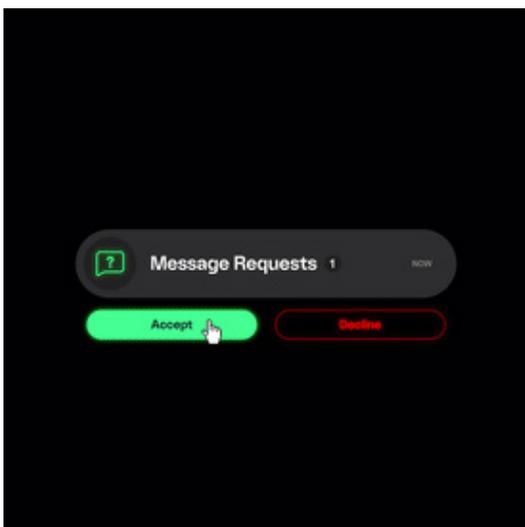
Use Session.

Encrypted

Session Messenger
Session is an end-to-end encrypted
messenger that removes sensitive
metadata collection and is designed
for people who want privacy and freedom
from any forms of surveillance.



By far the most significant development milestone for Session during this period was the release of the voice and video calls beta. Although the current calls implementation uses a peer-to-peer model, this is an important step towards onion-routed calls — which is an important planned update. Onion-routed call implementation will be achieved via Lokinet, and will make Session the safest, most private way to host a call for the average consumer.



During this period we embarked on an anti-spam and anti-harassment project, which included the design, development, and implementation of several new features aimed to increase user safety and satisfaction on Session. Among these features were message requests, ID blinding (which allows users to connect via Communities without exposing their Session ID), and blocking.

Other features of note which were implemented at this time include the ability to unsend messages, global search functionality, self-deleting messages, and ONS resolution. While these features can be found in other consumer messaging applications, it is worth noting the additional challenge of offering this functionality in a decentralised context.



Introducing Global Search



SESSION

Essay Series: Dialogues on digital rights



In our 2021 Ground Safe report, one of our recommendations was to increase awareness of digital threats and vulnerabilities. The OPTF called journalists, researchers, and writers from around the world to propose articles and short essays (approximately 750 to 1500 words) about digital rights, digital privacy, and cyber security issues. We were particularly interested in stories with a personal angle or which cover issues that haven't received mainstream media exposure. Having more stories about digital rights in the public domain will: generate public discourse; further increase awareness about digital rights issues; and encourage action to prevent the use of digital technologies by both state and non-state actors against human rights defenders.

The following articles were published:

Reflections on Nigeria's Twitter ban - **Adenike Fapohunda**

Technologies for Border Surveillance and Control in Italy - **Diego Visintin**

Cyber-surveillance pushed me into exile - **Ray Mwareya**

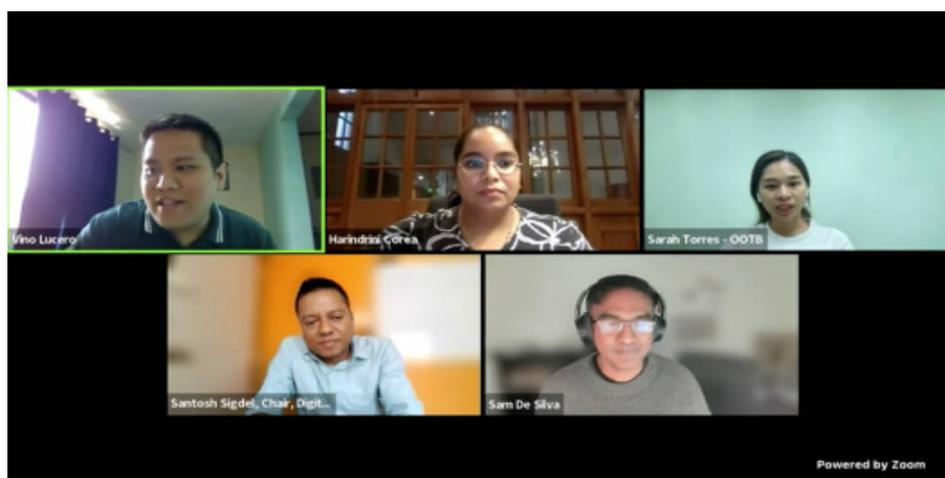
Dialogues on digital rights: On the internet, trust is a noun - **Mallory Knodel**

Teardown of Hong Kong's internet freedom - **Charles Mok**



Privacy, Awareness and Defending Internet Freedom

RightsCon 2022



We attended the world's foremost digital rights conference, Access Now's RightsCon. Multiple team members attended the conference digitally to learn from industry experts and participate in discussions and workshops. The OPTF's Sam de Silva also appeared on a panel discussing digital safety and internet freedom in the Asia Pacific, a key area of research for the OPTF.

Privacy Awareness Week '22: The foundation of trust



In our ongoing commitment to Privacy Awareness Week, the OPTF emphasises the vital link between privacy and trust. Trust in technology demands protection from exploitation and oppression, with expectations that technology enhances lives responsibly. Amid growing concerns over data scandals and privacy violations, the OPTF urges a shift towards privacy-preserving policies, respecting individuals' rights, and rebuilding trust. This Privacy Awareness Week, we advocate for widespread adoption of privacy-by-design approaches, emphasising the proactive protection of essential data.



Featuring the methodology and guidance from



Through The Looking Glass:

Digital Safety and Internet Freedom
in South and Southeast Asia

JUNE 2022

Highlighting country reports by



Digital Safety and Internet Freedom in South and Southeast Asia

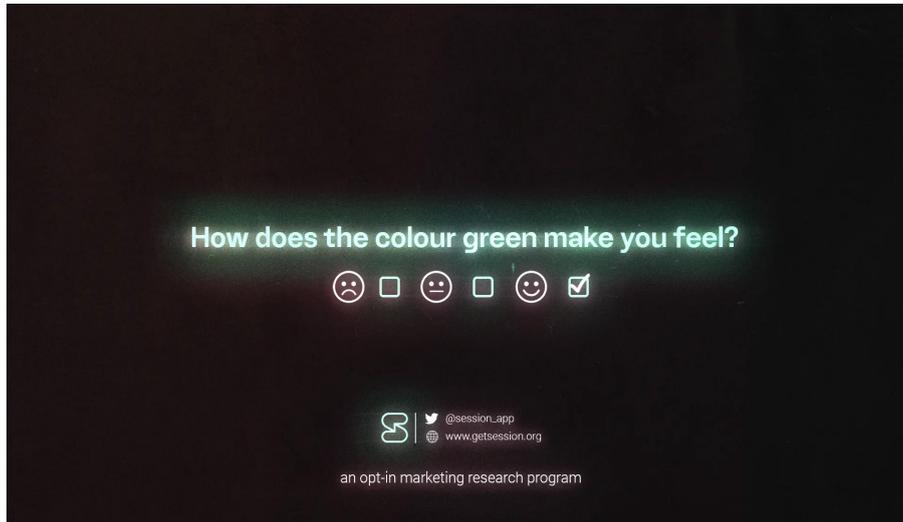
Digital threats and attacks are impacting the work of human rights defenders and members of at-risk communities in South and Southeast Asia. Simultaneously, internet freedom is being undermined by restrictive cyber laws, and further eroded through the policies of telecommunications companies that do not protect privacy rights.

The report titled “Through The Looking Glass: Digital Safety and Internet Freedom in South and Southeast Asia” looks into the current digital safety and internet freedom challenges – and potential interventions or solutions – in select Asia-Pacific countries.

EngageMedia collaborated with the Oxen Privacy Tech Foundation, Ranking Digital Rights, and digital rights organisations in six countries to produce this report that aims to understand internet freedom issues and identify gaps in the digital safety capacity of human rights defenders and at-risk communities, as well as gaps in the public policies of telecommunications companies related to freedom of expression and privacy.

The report consolidates research from Cambodia, Indonesia, the Maldives, Nepal, the Philippines, and Sri Lanka, produced by the following organisations:

Cambodian Center for Independent Media (Cambodia)
The Institute for Policy Research and Advocacy – ELSAM (Indonesia)
Society for Peace and Democracy (Maldives)
Digital Rights Nepal (Nepal)
Out of The Box Media Literacy Initiative Inc. (Philippines)
Hashtag Generation (Sri Lanka)



Opt-in Market Research

In 21-22 we launched an opt-in market research program, where we are able to connect with both existing users of Session as well as users within Session’s target demographics. Using this program, we were able to gain valuable insights into the needs of users, pain-points within Session, and recommendations for how we can better meet user needs.

This program is part of a larger focus on improving both the UI and UX of Session (and of all OPTF projects). The improved accessibility, usability, and consistency across platforms which is brought about by this focus is of great import to both user groups which Session targets.

Global Encryption Day



In reflection of Global Encryption Day 2021, we hosted a pivotal event featuring a live Q&A session on October 21 at 6PM AEDT. The discussion, led by Lucie Kraulcova, Executive Director of Digital Rights Watch, and Kee Jefferys, CTO of Oxen Privacy Tech Foundation, emphasised the critical role encryption plays in safeguarding online security. Participants engaged by submitting questions through a Google Form, and the event was livestreamed on YouTube. As we reflect on this Global Encryption Day, we reaffirm our commitment to advocating for strong encryption and encrypted technologies, believing in their significance for a safer world. Thank you to all who participated in this important initiative.

2022 Financial Report

DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF OPTF LTD

As lead auditor of OPTF Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OPTF Ltd and the entities it controlled during the period.



Geoff Rooney
Director



BDO Audit Pty Ltd
Sydney
23 February 2024

OPTF LTD and controlled entities

ABN: 32 624 664 204

Consolidated Financial Statements

For the Year Ended 30 June 2022

OPTF Ltd and controlled entities

ABN: 32 624 664 204

Consolidated Financial Statements For the Year Ended 30 June 2022

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OPTF LTD
ABN: 32 624 664 204
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue			
Income	2	4,041,466	4,807,100
Other Income	2	18,228	302,032
Expenses			
(Loss)/Gains on sale of Cryptocurrency		(69,080)	1,416,405
Salary and Wages		(1,722,551)	(1,770,288)
Superannuation		(169,131)	(157,191)
Other Employment Costs		(98,795)	(78,105)
Contractors and Bounty Rewards		(423,915)	(545,416)
Impairment of Intangible Assets		-	(299,066)
Advertising		(169,869)	(170,918)
Tokens written off		(141,811)	-
Depreciation		(110,562)	(107,066)
Consulting and Accounting expenses		(81,397)	(23,580)
Computer and Tech Expenses		(72,838)	(50,242)
Liquidity Provisions		(69,236)	(277,009)
Listing Fees		-	(54,161)
Auditor Remuneration		(28,000)	(12,240)
Other expenses		(27,280)	(19,623)
Interest Expense		(3,896)	(7,393)
Legal expenses		(2,971)	(11,428)
Profit for the year		868,362	2,941,811
Other comprehensive income for the year		-	-
Total profit and other comprehensive income for the year		868,362	2,941,811

The accompanying notes form part of these financial statements.

OPTF LTD
ABN: 32 624 664 204
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	768,974	1,232,558
Right of Use Assets	5	38,567	149,130
Other assets	4	378,136	252,860
TOTAL CURRENT ASSETS		1,185,677	1,634,548
NON-CURRENT ASSETS			
Intangible assets	6	7,511,533	6,293,187
TOTAL NON-CURRENT ASSETS		7,511,533	6,293,187
TOTAL ASSETS		8,697,210	7,927,735
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	72,368	89,978
Lease Liability		43,979	153,256
Accrued liabilities		28,000	-
TOTAL CURRENT LIABILITIES		144,347	243,234
TOTAL LIABILITIES		144,347	243,234
NET ASSETS		8,552,863	7,684,501
EQUITY			
Retained earnings		8,552,863	7,684,501
TOTAL EQUITY		8,552,863	7,684,501

The accompanying notes form part of these financial statements.

OPTF LTD
ABN: 32 624 664 204
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Note	Retained Earnings \$	Total \$
Balance at 30 June 2020	4,742,690	4,742,690
Comprehensive Income		
Profit for the year	2,941,811	2,941,811
Total comprehensive income attributable to members of the entity	2,941,811	2,941,811
Balance at 30 June 2021	7,684,501	7,684,501
Comprehensive Income		
Profit for the year	868,362	868,362
Total comprehensive income attributable to members of the entity	868,362	868,362
Balance at 30 June 2022	8,552,863	8,552,863

The accompanying notes form part of these financial statements

OPTF LTD
ABN: 32 624 664 204
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		6,071,175	5,166,222
Payments to Suppliers		(5,247,571)	(3,572,293)
Foreign Currency Gains		(69,040)	1,416,412
Interest received		528	4,226
Net cash from operating activities		755,092	3,014,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement in Investments – Purchases		(1,218,676)	(4,180,808)
Net cash used in investing activities		(1,218,676)	(4,180,808)
Net decrease in cash and cash equivalents		(463,584)	(1,166,241)
Cash and cash equivalents at beginning of the financial period		1,232,558	2,398,799
Cash and cash equivalents at end of the financial period	3	768,974	1,232,558

The accompanying notes form part of these financial statements.

OPTF LTD
ABN: 32 624 664 204
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The financial statements include OPTF Ltd as a consolidated entity (the “Foundation”) consisting of OPTF Ltd and the entities it controlled at the end of, or during the year. The financial statements are presented in Australian dollars, which is OPTF’s functional and presentation currency.

The financial statements were authorised for issue on 23 February 2024 by the directors of the Foundation.

Corporate information

The Foundation has been established to be a charity for purposes beneficial to the community generally and for the advancement of education. It will achieve these purposes through the following activities:

- a) facilitating the development of an open source, highly secure, decentralised data transmission network that allows individuals, business and government to freely transact and communicate without the threat of malicious third-party interference;
- b) ensuring the continuing development of the secure network by funding independent development projects;
- c) providing education and support to developers seeking to build apps utilising the secure network;
- d) ensuring the open source network is developed as a genuinely decentralised system absent any external control or influence to ensure the independence, security and longevity of the network;
- e) raising moneys to fund the activities and charitable objectives of the Foundation, including through the offering of the Oxen cryptocurrency; and
- f) all other such activities as are ancillary or incidental to the above purposes

The Foundation has developed Oxen which provides users with tools to interact online in an anonymous, decentralised, secure, and private way. By combining a private transaction network, the \$OXEN cryptocurrency, and economically incentivised Service Nodes, Oxen has created a trustless, quorum-based onion router called Lokinet. Built into Lokinet is Session — a decentralised, anonymous, and private messaging service. Front end applications, known as Service Node Apps (SNApps), operate on Lokinet, and will allow browser integration and contribution from our open-source community.

The Foundation’s ability to continue as a going concern

The Foundation is of the opinion that it is appropriate for the financials to be prepared using the going concern assumption as its basis, despite the existence of conditions which cast uncertainty on the assumption. The conditions being:

- The Foundation historically conducted its token which has been the primary source of funds for the project. The provision for the Initial Coin Offering (ICO) has been fully released to revenue and the project continues without a significant source of revenue.
- The cash outflow for the development of the project is significant relative to the cash funds available.
- The current market and depth of volume is unlikely to support the consistent sale of the Foundation’s tokens received from the block reward.

The Foundation has implemented the following plans to mitigate the uncertainties caused by the above conditions:

- The Foundation has initiated a future token sale exercise that has secured USD2.4m in sale proceeds as at the time of publication of these financial statements. These proceeds are anticipated to sufficiently fund operational expenses for the development of future revenue-raising activities.

The Foundation has also made the following significant judgment in their going concern assessment:

- The current AUD value of the Foundation’s Stablecoin holdings will support the Foundations operations until a time at which the market can support the ongoing sale of tokens received from the block reward.

OPTF LTD
ABN: 32 624 664 204
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Significant Accounting Policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures issued by the Australian Accounting Standards Board (“AASB”), the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

The Foundation is in the business of digital currencies and is required to make judgments as to the application of AAS and the selection of its accounting policies. The Foundation has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of income as well as significant assumptions and judgments, however, if specific guidance is enacted by the AASB in the future, the impact may result in changes to the Foundation’s earnings and financial position as presented.

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the consolidated financial statements have been rounded to the nearest dollar.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OPTF Ltd ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. OPTF Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPTF LTD
ABN: 32 624 664 204
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

(a) Income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the foundation is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the foundation: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Ongoing Token Sales

Following the ICO, the Foundation has since sold a portion of the Oxen tokens held to interested parties. These amounts have also been included as income and are reported at market value in AUD at the date of sale.

(ii) Income from Governance and Staking Rewards

The Foundation recognises income from the governance reward built into the oxen blockchain as consideration for the foundations services towards the maintenance of the blockchain. In addition the Foundation receives staking rewards for managing service nodes on the oxen network. The Foundation receives digital currency from the blockchain for both of these services which is recorded as income based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt.

There is no specific definitive guidance in the accounting standards for the accounting of staking, governance fees and strategic selling of digital currencies and the Foundation has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from digital currency governance fees and staking rewards.

(iii) Interest Income

Interest income and other income are recognised when received or receivable.

(iv) Grants

Grant revenue is recognised in profit or loss when the foundation satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the foundation is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

(b) Fair value measurement

The Foundation measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Foundation would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after

OPTF LTD
ABN: 32 624 664 204
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the consolidated financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Foundation's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Foundation's normal operating cycle; it is held primarily for the purpose of trading; It is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(e) Income tax

As the foundation is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

(f) Intangible assets

Digital assets consist of Bitcoin, Ethereum, Oxen, USDT and USDC. Digital assets meet the definition of intangible assets in *AAAS 138 - Intangible Assets* as they are identifiable non-monetary assets without physical substance. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an exchange of digital currencies is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Foundation considers digital assets to be intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually.

An impairment describes a permanent reduction in the value of an asset. When testing an asset for impairment the total profit, cash flow, or other benefit expected to be generated by that specific asset is periodically compared with its recorded value. If it is determined that the recorded value of the asset exceeds the future cash flow or benefit of the asset, the difference between the two is written off.

The Foundation considers that for Bitcoin, Ethereum, USDT and USDC holdings an active market exists that allows for a reasonable quoted price as the basis of fair value calculations. For Oxen holdings, the Foundation considers that markets are not active to the extent that a reasonable fair value calculation may be made.

The Foundation's determination to classify its holding of digital assets as non-current assets is based on management's assessment that it is not the intention to sell the holding in the short term.

Where the Foundation is settling a liability for the purchase of goods and services where the price was established in the functional currency, the difference between the liability settled and the fair value of the digital assets transferred is recognised as a gain or loss on sale. Otherwise, the transaction is measured based on the fair value of the digital assets exchanged. Any difference between the fair value of the digital assets exchanged and the carrying amount of the digital assets is recognised in profit and loss.

Token Burning

The Foundation may burn tokens on an ad hoc basis from time to time. Where tokens have been burned and therefore effectively removed from circulation, the recognised expense corresponds to the cost price of tokens within the statement of financial position at the time they were burned.

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(g) Property, plant and equipment

The useful lives of major depreciable asset categories are as follows:

Right of use assets	Unexpired lease term
Leasehold improvements	Unexpired lease term

Leases are entered into to meet the business needs of entities in the Group. Leases are primarily over commercial and retail premises. Where the Group is a lessee, all leases will be recognised on the Balance Sheet as a lease liability and right-of-use asset, unless the underlying asset is of low value or the lease has a term of 12 months or less. Rentals of leases with low value underlying assets or where the lease term is 12 months or less are recognised over the lease term as Operating expenses in the Income Statement.

Right-of-use assets are initially measured at cost comprising the following:

- the initial amount of the lease liability measured at the present value of the future lease payments;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimate of the costs to be incurred upon disassembling or restoring the underlying asset to the condition required by the terms of the lease.

The right-of-use asset is depreciated over the lease term on a straight-line basis within Operating expenses in the Income Statement. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Income Statement if the carrying amount of the right-of-use asset has been fully written down.

(h) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(j) Critical accounting estimates and judgements

The preparation of the Foundation's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Foundation has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Foundation.

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FOR THE YEAR ENDED 30 JUNE 2022

(k) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(l) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(m) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

The significant accounting requirements of *AASB 1058 – Income of Not-for-Profit Entities* are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: *Contributions* Although the directors anticipate that the adoption of AASB 1058 may have an impact on the entity's consolidated financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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	2022	2021
	\$	\$
Note 2 Income		
Income		
Income from Sale of Tokens	2,219,810	3,521,835
Oxen Governance Reward	556,409	462,987
Oxen Staking Rewards	330,858	398,993
Consulting Income	934,389	423,285
Total Income	4,041,466	4,807,100
 Other Income		
Government Grants	7,200	277,500
Other Revenue	10,000	19,199
Interest received	1,028	5,333
Total Other Income	18,228	302,032
 Total Income	4,059,694	5,109,132
 Note 3 Cash and cash equivalents		
	2022	2021
	\$	\$
Cash at Bank	768,974	1,232,558
Total Cash and cash equivalents	768,974	1,232,558
 Note 4 Other assets		
	2022	2021
	\$	\$
GST receivable, net	-	183,647
Advance Payment for Future Chainflip Tokens (Note 14)	53,268	60,017
Office Bond	9,167	9,167
Other Receivables	15,264	29
Accrued Revenue	300,437	-
Total Other Receivables	378,136	252,860

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 5 Right of Use Assets

	Office Lease	Total
	\$	\$
Opening carrying value	149,129	149,129
Additions	-	-
Depreciation	(110,562)	(110,562)
Disposals	-	-
Closing carrying value	38,567	38,567

Note 6 Intangible Assets

Intangible Assets	2022	2021
	\$	\$
Bitcoin Holdings	145,779	1,532,687
Ethereum Holdings	184,626	85,759
Oxen Holdings	2,762,123	2,051,922
Stablecoin Holdings	4,419,005	2,622,819
Total Intangible Assets	7,511,533	6,293,187

	Bitcoin	Ethereum	Oxen	Stablecoins	Total
Opening carrying value	1,532,687	85,759	2,051,922	2,622,819	6,293,187
Additions	73,023	126,075	308,570	4,324,991	4,832,659
Governance and Staking Rewards	-	-	887,267	-	887,267
Burned Oxen	-	-	(141,811)	-	(141,811)
Disposals and Expenses Paid	(1,459,931)	(27,208)	(343,825)	(2,528,805)	(4,359,769)
Closing Carrying Value	145,779	184,626	2,762,123	4,419,005	7,511,533

Note 7 Parent entity information

	2022	2021
	\$	\$
Set out below is the supplementary information about the parent entity		

Statement of profit or loss and other comprehensive income

Profit after income tax and total comprehensive income	1,151,101	3,095,693
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Statement of financial position

Total current assets	1,326,818	1,237,375
Total non-current assets	7,564,800	6,646,559
Total Assets	8,891,618	7,883,934
Total current liabilities	28,000	37,566
Total liabilities	28,000	37,566
Equity	8,863,618	7,846,368
Total Equity	8,863,618	7,846,368

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 8	Trade and Other Payables	2022	2021
		\$	\$
Accounts Payable			
	PAYG Withholdings Payable	57,528	83,060
	Superannuation Payable	14,173	6,906
	Provision for Income Tax	-	12
	GST payable, net	519	-
	Other Accounts Payable	148	-
	Total Accounts Payable	72,368	89,978

Note 9 **Related Party Transactions**

a. Key Management Personnel	2022	2021	
	\$	\$	
The key management personnel of the Foundation are individuals and associated entities that have control or significant influence over the Foundation.			
	Short term employee benefits	444,230	524,440
		444,230	524,440

Note 10 **Contingent Liabilities**

The Group has no contingent liabilities at 30 June 2022 (30 June 2021: Nil).

Note 11 **Cash Flow Information**

	2022
	\$
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus	
Net current year profit	868,362
<i>Adjustment for:</i>	
Depreciation	110,562
(Increase)/decrease in Other Receivables	(125,276)
Increase/(decrease) in Accrued Liabilities	28,000
Increase/(decrease) in Trade and Other Payables	(17,279)
Increase/(decrease) in Lease Liability	(109,277)
Net Cash used during operating activities	755,092

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 12 Group Details

The Foundation was incorporated as LAG Foundation Ltd on 26 February 2018 and changed name to OPTF Ltd before the date of issue of the consolidated financial statements.

The registered office of the entity is:

Level 1 / 452 Flinders Street
Melbourne VIC 3000
Australia

The principal place of business is:

Level 1 / 452 Flinders Street
Melbourne VIC 3000
Australia

Subsidiaries

The following subsidiaries have been included in the consolidated financial report

Name	Principal Activities	Country	% of equity interest	
			2022	2021
Rangeproof Pty Ltd	Software Development	Australia	100	100

Note 13 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the entity. At 30 June 2022 the number of members was 14.

Note 14 Events after the reporting period

The following events have occurred after the reporting period:

- 1) The cryptocurrency market has experienced significant volatility following the end of the reporting period and continues to be volatile. This has affected the value of the cryptocurrency holdings held by the Foundation. At the end of reporting period the market value for 1 Bitcoin was \$29,279.27 AUD and the market value for 1 Oxen was \$0.44 AUD. As at 31 December 2023 with the market value for 1 Bitcoin was \$62,289.09 AUD and the market value for 1 Oxen was \$0.20 AUD.
- 2) The Chainflip Token Generation Event occurred on 23 November 2023, OPTF holds other assets of \$53,268 AUD relating to these tokens that have converted into intangible assets at the time these financials were issued.
- 3) The Foundation has initiated a future token sale exercise that has secured USD2.4m in sale proceeds as at the time of publication of these financial statements. These proceeds are anticipated to sufficiently fund operational expenses for the development of future revenue-raising activities.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

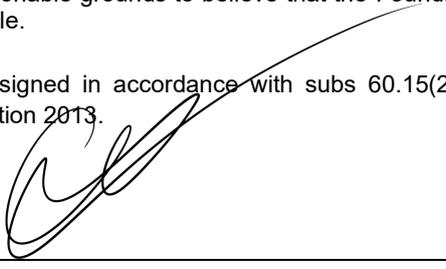
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DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

In the opinion of the directors of OPTF Ltd (the "Foundation"):

- 1 The consolidated financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (a) give a true and fair view of the consolidated financial position of the Foundation as at 30 June 2022 and of its performance for the period ended on that date; and
 - (b) comply with Australian Accounting Standards – Simplified Disclosure Requirements, and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- 2 There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

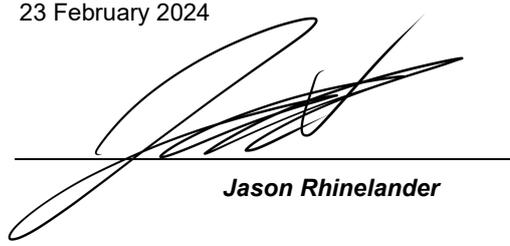
Director



Chris McCabe

Dated 23 February 2024

Director



Jason Rhineland

Dated 23 February 2024

INDEPENDENT AUDITOR'S REPORT

To the members of OPTF LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OPTF Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of OPTF Ltd, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosure requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors of the Company are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Company's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosure requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Group'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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



Geoff Rooney
Director

Sydney, 23 February 2024