

19 May 2021

ACQUISITION OF DATAPOWA TO STRATEGICALLY POSITION IXUP FOR ACCELERATED GROWTH WITHIN THE GLOBAL SPORTS DATA MARKET

HIGHLIGHTS:

- Binding Share Purchase Agreement signed for IXUP to acquire 100% of UK-based SaaS technology company DataPOWA Limited for maximum consideration of \$12M (“Acquisition”).
- The Acquisition follows on from collaboration initiatives between DataPOWA and IXUP which have led to the recent commercial deployment of the ‘POWA Index 2.0’ product, which combines DataPOWA’s revolutionary AI-driven sports sponsorship asset valuation tool (the “POWA Index”) with IXUP’s secure data collaboration engine (the “IXUP Secure Data Engine”).
- The Acquisition has been structured to secure maximum value for IXUP shareholders from the value to be unlocked by the imminent commercialisation of the POWA index, the deployment of IXUP’s technology through DataPOWA, as well as providing a clear path to market for IXUP’s technology within the sports data market.
- The Acquisition will be subject to IXUP shareholder approval. An Extraordinary General Meeting will be convened as soon as possible and details and a timeline for the shareholder vote will be announced shortly.
- Highlights the value of IXUP’s Secure Data Engine as a valuable ‘key’ to unlocking value in the sports data market for all participants who have information assets that they are unable to share or commercialise due to concerns around privacy, compliance and/or cyber security.
- IXUP’s strategic repositioning within the large and lucrative sports data market is expected to deliver significant product integration and new product development opportunities and will be strategically guided by a world class team of partners and incentivised advisors.
- The timing of the Acquisition is highly strategic, as:
 - it enables IXUP to acquire a synergistic and complementary business with associated domain expertise that is poised for accelerated revenue and customer growth;
 - it accelerates IXUP’s commercialisation plans; and
 - the sports data market notably intersects the international digital sports betting market, which is rapidly growing due to the deregulation of the US markets which in turn is increasing the value of, and need for, sports data.

IXUP Limited (“**IXUP**” or “the **Company**”) (ASX:IXU) is pleased to announce it has entered into a binding Share Purchase Agreement (“**SPA**”) to acquire UK-based sports technology company DataPOWA Limited, for a maximum purchase price of A\$12 million (“**Acquisition**”) on a cash-free, debt-free basis.

Details of the material terms of the SPA are included in **Appendix A** to this announcement.

Anticipated benefits of the Acquisition

The Acquisition is expected to provide numerous valuable benefits for IXUP and its shareholders. Notably the Acquisition:

- serves as a beach-head transaction to position IXUP squarely in the high-growth international sports data market;
- provides IXUP with ownership of, and access to, DataPOWA’s valuable and complementary technology, existing client list, domain expertise, and an expressway to market for IXUP’s Secure Data Engine;
- Creates an opportunity for IXUP’s Secure Data Engine to be deployed to existing and future customers with, or integrated into, DataPOWA’s innovative POWA Index;
- Is expected to generate several operational synergies, including a streamlined technology development process for the further development and commercialisation of the jointly-developed POWA Index 2.0 (which features IXUP’s Secure Data Engine and which, as announced, recently secured its first commercial customer, the prominent international FIFA sporting confederation Concacaf); and
- Provides ideal positioning for IXUP to fully capitalise on its strategy to further penetrate the sports data market, as well as the digital sports betting market, which is set to grow by USD\$134 Billion during the next four years.



Speaking today in relation to this exciting development for the Company, IXUP's Managing Director, Mr. Marcus Gracey, commented:

“DataPOWA was originally introduced by our strategic advisor Tekkorp Capital, and progressing to an Acquisition was a logical next step from our collaboration announced in February this year. It quickly became clear while working with DataPOWA, that we had a strong cultural alignment and that a combination of IXUP's Secure Data Engine and DataPOWA's POWA index could create a market-leading sports sponsorship valuation platform with valuable deep analytics capabilities, creating a new compelling product within the sports market. I am encouraged that the sports market has already confirmed our view – including via the marquee FIFA Confederation Concacaf's adoption of the POWA Index 2.0 – and we are working towards further commercial agreements in the near term to further verify demand and market appetite.”

“Our recent strategic review of the Company highlighted a number of opportunities for IXUP within the sports data market and confirmed that an Acquisition of DataPOWA was the best means of pursuing strong shareholder returns. Given the potential for our Secure Data Engine to become the missing 'key' required to 'unlock' the trillions of dollars of information assets previously unable to be commercialised by organisations due to concerns around privacy, cyber security and compliance, we intend to leverage this technology to unlock this dormant value in the large and lucrative sports data market, which is currently being fueled by the significant demand for sports data from the US sports betting markets which are deregulating.”

“Acquiring DataPOWA now not only enables IXUP to benefit from the expected accelerated growth of the business and its customer base, it also delivers to IXUP shareholders the benefit of 100% of expected associated revenues and provides IXUP with maximum control over the important initial market deployment of its technology.”

“We are excited by the potential of this strategic initiative for IXUP and consider the Acquisition to be the first of many strategic opportunities we will actively pursue.”

Michael Flynn, the founder and CEO of DataPOWA, added:

“Merging DataPOWA's unique AI driven sponsorship data platform for the sports industry and IXUP's Secure Data Engine creates a world first product offering in the sports data sector. By seamlessly incorporating our proprietary POWA index platform with IXUP's industry-leading secure data sharing and analytics technology, we will be able to deliver rich insights across datasets not previously capable of being shared and analysed in a safe, secure and compliant manner.”

“As data becomes increasingly important in the world of sports business, rights holders and sponsor brands will now be able to optimise and track their sponsorships and investments in new, relevant and highly effective ways.”

“We are excited to be working with the IXUP team to focus on the aggressive commercialisation of the POWA index and POWA index 2.0, our joint technology offering, which is already gaining market traction, adoption and interest with key international customers”.

Summary of Acquisition commercial terms

The Acquisition will constitute a change in scale of IXUP's activities for the purposes of Chapter 11 of the ASX Listing Rules and will accordingly be subject to IXUP shareholder approval. The Board intends to convene an Extraordinary General Meeting as soon as possible in that regard and further details and a timeline for the shareholder vote will be announced shortly.

Should the Acquisition be approved by IXUP shareholders, IXUP will pay a maximum consideration of A\$12 million to acquire all the issued shares in DataPOWA, with the consideration structured to ensure a strong alignment between the DataPOWA vendors (“**Vendors**”) and the ultimate commercial success of the DataPOWA business. Consideration for the Acquisition will be structured as follows:

Upfront consideration

On completion of the Acquisition (anticipated to occur as soon as possible after IXUP shareholder approval), IXUP will make a cash payment to the Vendors of A\$3.25 million and will issue to the Vendors a total of 47,872,340 new fully paid ordinary shares (being shares to the value of A\$4,500,000, based on a deemed issue price of \$0.094 per share, which was the price of IXUP shares at the time acquisition discussions commenced). Those shares will be subject to voluntary escrow for a period of 12 months after completion.

Deferred consideration

Subject to the future performance of DataPOWA's business, the Vendors will, in addition, be entitled to further benefits in the form of two instalments of deferred consideration (each of which is linked to the achievement of revenue milestones which reflect the targets set by DataPOWA in its current business plan and financial model). The maximum value of the deferred consideration is A\$4.25 million, to be issued in the form of new fully paid ordinary shares in IXUP (subject to the terms of the SPA as detailed further in **Appendix A**). The applicable revenue milestones which the DataPOWA business needs to achieve for the maximum instalment values set out below to become payable are:

- £549,000 revenue in the 12-month period to 28 February 2022 (A\$1.875 million worth of IXUP shares based on a deemed issue price of \$0.094 per share); and
- £2,000,000 revenue in the 12-month period to 28 February 2023 (A\$1.875 million worth of IXUP shares, plus a further A\$500,000 worth of IXUP shares as a bonus for achieving the milestone, in each case, at a deemed price per share equal to the VWAP during the 15 ASX trading days immediately prior to the Relevant Date (as defined)).

If either of the above revenue targets is not met within the stated 12-month timeframes, the value of the applicable deferred consideration instalment will be pro-rated to reflect the percentage achievement of those milestones (and as regards the second instalment, the A\$500,000 bonus will neither be payable nor counted in the relevant pro rata calculation).

As part of the Acquisition, DataPOWA's key personnel will each enter into new Executive Service Agreements which will ensure that IXUP retains the existing institutional knowledge, relationships and associated domain expertise to assist with and drive key growth metrics and operations.

About DataPOWA Limited

DataPOWA is a UK headquartered business offering specialist data and technology services to the global sports sponsorship data market. DataPOWA employs 5 staff in London and has an 8 person offshore development team.

DataPOWA was founded in 2017 by Michael Flynn, who has more than 30 years of sports sponsorship and digital marketing experience, including negotiating and directing Carling's multi-award-winning Premier League sponsorship. Michael saw an opportunity to develop a modern SaaS based valuation tool utilizing fan and valuation data that draws from social and digital channels, as well as television audience data.

DataPOWA has historically focused on product development and refinement, with only a recent move towards commercialisation and monetization. DataPOWA launched version 1 of the POWA Index in 2019, a SaaS deployed measurement of sponsorship power, AI valuation, predictive analysis & ranking system, which covers over 2,500 teams, leagues and events from 46 different sports tracked in real time. Commercialisation of the POWA Index has only recently commenced.

The POWA Index provides for real-time effective decision making for rights holders, agencies and brands alike, measuring auditable datapoints relevant to the digital age, in virtually real time.

DataPOWA operates a license fee SaaS model, with an initial focus on sporting clubs, leagues and rights holders. The business also has broader applications, including sponsors and brands, advertising agencies and media outlets. Future target markets include the entertainment, music, fashion and automotive industries, including many others.

Once contracted under a recurring SaaS arrangement, DataPOWA can also generate additional revenue streams from its customers, including through bespoke projects and reports based on AI driven



sponsorship property valuations and predictive analysis. The DataPOWA business model also includes potential for future sponsorship sales commissions.

DataPOWA has an existing client list that is currently utilising the POWA Index product under a low or no fee arrangement, which it expects to convert progressively to full paying customers and to POWA Index 2.0 over the course of 2021 and beyond.

IXUP Strategic Advisors

In addition to the sports data market experience and expertise being integrated through the Acquisition, IXUP has also assembled an enviable team of strategic advisors with world class experience and positioning within the international digital sports betting market. These advisors will assist with strategy development and execution and assist the Company with its ongoing repositioning towards the sports data and sports betting markets. This team is purposely geographically located in the major target markets of the USA and the United Kingdom/Europe, is incentivised to deliver, and includes:

- Matt Davey (Las Vegas, USA Based)
 - o [US-based Australian-born online wagering entrepreneur](#)
 - o Non-Executive Director/major shareholder, BetMakers Technology Group Limited (ASX:BET)
 - o Director & Chief Executive Officer – Tekkorp Digital Acquisition Corp (NASDAQ: TEKK)
 - o President/Founder Tekkorp Capital LLC
 - o Founded NYX Gaming in 2011, which he successfully built and sold to Scientific Games for US\$630m
 - o Renowned investor and advisor in the US gaming industry
 - o Sponsor of 2 wagering focused SPACs
 - o Provides valuable commercialization insights and strategic M&A opportunities to IXUP for US-focused opportunities
 - o Introduced DataPOWA opportunity to IXUP

- Ian Penrose (United Kingdom Based)
 - o UK-based online gaming and wagering entrepreneur, executive and director
 - o Experienced CEO of London Stock Exchange (LSE) listed sports, media and wagering related businesses
 - o Previous CEO of global wagering technology business Sportech plc
 - o Current Non-Executive Director of LSE-listed Playtech plc, the largest sports betting and gaming software company in the world
 - o Chairman of DataPOWA Limited
 - o Provides significant European network to assist with commercialization and strategic acquisition opportunities
 - o Strategic consultant to IXUP

(Note: The engagement of Ian Penrose as a strategic advisor to IXUP is not associated in any way with the Acquisition)

This announcement has been approved for release by the Board of IXUP.

-ENDS-

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About IXUP

IXUP Limited (ASX:IXU) (pronounced 'eyes up') is a pioneering technology company that specialises in analytics over data that remains encrypted. IXUP's privacy preserving analytics platform can help solve important research, business and policy problems by allowing data sets from different parties to be combined and analysed in a secure environment with full control. While conventional encryption techniques protect data when it is stored or in transit, they fail to protect data when it is in use. The IXUP platform uses advanced encryption and compute techniques including homomorphic encryption, that enables analytics over data without ever needing to decrypt it, preventing data from being vulnerable to loss and misuse.

To learn more, please visit: www.ixup.com. IXUP's registered address is Level 3, 5-7 Ross Street, Parramatta NSW 2150.

Appendix A

Acquisition of DataPOWA Limited – Material terms of Share Purchase Agreement (“SPA”)

Item	Description
Parties	The parties to the SPA are IXUP (“ Purchaser ”), DataPOWA Limited (“ Company ”) and each of the Company’s shareholders, who comprise 26 natural persons in total (“ Vendors ”)
Acquisition	Purchaser will acquire from the Vendors 100% of the issued shares in DataPOWA, being 18,790,003 fully paid ordinary shares of £0.0001 each in the capital of the Company (DataPOWA Shares).
Consideration	<p>The consideration payable to the Vendors comprises the Upfront Consideration and, subject to the future performance of DataPOWA’s business, the Deferred Consideration.</p> <p><u>Upfront Consideration</u></p> <p>(a) The total consideration payable to the Vendors at completion of the acquisition is:</p> <ul style="list-style-type: none"> (i) a total aggregate cash payment of \$3,250,000 (Cash Consideration), subject to adjustment as set out in paragraph (b) below; and (ii) the issue of a total of 47,872,340 Shares, being shares to the value of \$4,500,000 based on a deemed issue price of \$0.094 per Share (Consideration Shares). <p>(b) The exact Cash Consideration to be paid to the Vendors will be calculated by:</p> <ul style="list-style-type: none"> (i) first, taking a Base Price of \$12,000,000 (being the price the Purchaser would be willing to pay to acquire the DataPOWA Shares free from encumbrances and on the basis that DataPOWA is debt-free and cash-free) and deducting \$4,250,000 (being the component of the Base Price notionally allocated to the Deferred Consideration as set out below); and (ii) secondly, adjusting the resultant value of \$7,750,000 based on the total amount of cash and overall debt position of DataPOWA (including all amounts standing to the credit of DataPOWA as well as any relevant debt-like items) – with the Cash Consideration to be increased to the extent the financial position shows a positive overall amount, or reduced to the extent the financial position shows a negative overall amount. <p><u>Deferred Consideration</u></p> <p>Depending on the financial performance of the DataPOWA business following Completion, the Vendors will be entitled to receive (in aggregate) up to \$4,250,000 worth of additional shares (Deferred Consideration Shares) as follows:</p> <p>(a) If the DataPOWA business achieves revenue of £549,000 (First Revenue Target) within the 12-month period between 1 March 2021 and 28 February 2022, the Purchaser will issue to the Vendors (in aggregate) 19,946,808 Shares (being Shares to the value of \$1,875,000, based on a deemed issue price of \$0.094 per Share which has been agreed in the SPA).</p> <p>To the extent that:</p> <ul style="list-style-type: none"> (i) the DataPOWA business has not achieved the First Revenue Target as at 28 February 2022, the quantity of Shares to be issued by the Purchaser to the Vendors will be reduced pro-rata to reflect the amount of revenue actually achieved by the DataPOWA business during the 12-month period between 1 March 2021 and 28 February 2022; and (ii) any Shares in relation to the First Revenue Target are issued prior to the first anniversary of Completion, they will be subject to voluntary escrow until that date. <p>(b) If the DataPOWA business achieves revenue of £2,000,000 (Second Revenue Target) within the 12-month period between 1 March 2022 and 28 February 2023, the Purchaser will issue to the Vendors (in aggregate):</p> <ul style="list-style-type: none"> (i) \$1,875,000 worth of Shares; and (ii) a further \$500,000 worth of Shares as a bonus for having achieved the Second Revenue Target (Second Revenue Target Bonus), <p>in each case at a deemed price per Share equal to the VWAP during the 15 ASX trading days immediately prior to the Relevant Date (as defined in paragraph (c) below).</p> <p>To the extent the DataPOWA business has not achieved the Second Revenue Target as at 28 February 2023:</p>

Item	Description
	<p>(iii) the Second Revenue Target Bonus will not be payable; and</p> <p>(iv) the quantity of Shares to be issued by the Purchaser to the Vendors under paragraph (b)(i) above will be reduced pro-rata to reflect the amount of revenue actually achieved by the DataPOWA business during the 12-month period between 1 March 2022 and 28 February 2023.</p> <p>(c) The Purchaser will issue each instalment of Shares comprising the Deferred Consideration as soon as possible after the applicable Relevant Date (being either the date set out above for achievement of the relevant milestone or such earlier date as that milestone is actually satisfied), and in any event within 5 days after the Purchaser has definitively determined, by reference to the relevant management accounts for the DataPOWA business, the amount of revenue achieved by the DataPOWA business as at that applicable Relevant Date.</p> <p>(d) Notwithstanding the above if, as at an applicable Relevant Date, Shareholder approval is required in order for the Purchaser to be able to issue any Shares to the Vendors in connection with the First Revenue Target or Second Revenue Target (as the case may be), then:</p> <p>(i) the Purchaser will issue to the Vendors such quantity of Shares as it is capable of issuing without such Shareholder approval, in accordance with paragraph (c) above;</p> <p>(ii) the Purchaser will as soon as practicable after the applicable Relevant Date convene a general meeting of Shareholders seeking approval to the issue of the residual Shares to which the Vendors have then become entitled (and, pending such approval being obtained, the Purchaser will not be liable to issue those Shares to the Vendors);</p> <p>(iii) if Shareholder approval is obtained at the meeting then the Purchaser will, immediately after obtaining such approval, issue to the Vendors the quantity of Shares whose issue has been approved at that meeting; and</p> <p>(iv) to the extent the Purchaser is unable to obtain the necessary Shareholder approval within 60 days after the applicable Relevant Date, the Purchaser will satisfy its obligations as regards the relevant instalment of Deferred Consideration by way of an immediate payment to the Vendors of the relevant shortfall amount in cash (in lieu of Shares).</p> <p>(e) In addition, the maximum number of Shares which the Purchaser will be liable to issue to the Vendors in connection with the Second Revenue Target will be 40,000,000 (and the parties agree that, to the extent the Vendors become entitled to an amount of Deferred Consideration in connection with the Second Revenue Target which exceeds the total value of those 40,000,000 Shares (as calculated in accordance with paragraph (b) above), then the Purchaser will pay the relevant shortfall amount to the Vendors in cash).</p>
<p>Escrow</p>	<p>The Consideration Shares will be subject to a 12-month voluntary escrow commencing on the date of Completion and expiring at 5.00pm (Sydney time) on the first anniversary of that date.</p>
<p>Conditions precedent</p>	<p>Completion is subject to and conditional on satisfaction (or waiver, if applicable) of the following (each being a Condition):</p> <p>(a) the Vendors having provided to the Purchaser, and the Purchaser having approved, a plan to reduce the debt attributable to DataPOWA to nil as at Completion;</p> <p>(b) no material adverse condition having occurred or arisen in relation to DataPOWA since the date of execution of the SPA (Execution Date);</p> <p>(c) each of Michael Flynn, Tom Smith and Stephen O'Malley (each a Key Employee) entering into a new employment agreement with the Purchaser or an entity designated by it, which agreement must be:</p> <p>(i) on terms and conditions approved by the Purchaser and acceptable to the Key Employee (acting reasonably);</p> <p>(ii) on terms that are no less favourable overall than the employment arrangements for the Key Employee existing as at the Execution Date;</p> <p>(iii) for an indefinite term; and</p> <p>(iv) subject to and conditional on Completion occurring (and taking effect as at the date of Completion);</p> <p>(d) no changes being made to the capital structure, and/or debt capital structure of DataPOWA (other than in relation to debt repayments, or as occurs in the normal course of its business), without the approval of the Purchaser; and</p>

Item	Description
	<p>(e) the Purchaser obtaining Shareholder approval for the purposes of Chapter 11 of the ASX Listing Rules to enable it to proceed with the Acquisition.</p> <p>The Conditions in paragraphs (a) to (d) (inclusive) above are for the benefit of the Purchaser and may be waived by the Purchaser.</p>
Timing	<p>Completion will occur on the date which is 1 Business Day after the last remaining Condition is satisfied (or, if applicable, waived), or such other date as agreed by the parties.</p>
Conduct prior to Completion	<p>The SPA imposes requirements on the part of the Vendors in the period between the Execution Date and the date of Completion to procure that DataPOWA (amongst other things):</p> <ul style="list-style-type: none"> (a) conducts its business in the ordinary course and in the same manner as it was conducted prior to the Execution Date; (b) takes all steps to preserve and maintain its assets and goodwill; (c) observes its obligations under any contract it is party to, and consults with the Purchaser as to any proposed material alteration to any contract or other arrangement or obligation undertaken by the business; (d) does not issue any shares or other securities, nor any other rights or interests in relation to such shares; and (e) does not incur any liability other than in the ordinary course of business, nor create any material encumbrance over the business or any of its assets.
Working Capital	<p>Following Completion, the Purchaser will support the DataPOWA business by providing £1.84m in working capital funding during the 12-month period commencing on the date of Completion (which will be provided incrementally through drawdown requests to correspond with the anticipated needs of the business, consistent with a financial model provided by the Vendors to the Purchaser prior to the Execution Date).</p>
Warranties and indemnities	<p>The Vendors have given certain representations, warranties, undertakings and indemnities in relation to DataPOWA, its business, assets and the DataPOWA Shares, as is customary with these types of arrangements.</p> <p>The Purchaser's rights to claim for a breach of warranty may be set-off against the Vendors' right to receive the Deferred Consideration (subject to certain requirements being met).</p>