

29 October 2021

IXUP First Quarter FY22 Update and Appendix 4C

IXUP Limited (ASX: IXU) (“IXUP” or the “Company”), an innovative technology company focused on secure data collaboration technologies, today lodged its Appendix 4C Report and provided a review of the Company’s progress for the first quarter ended 30 September 2021 (“Q1”).

Q1 and Post Reporting Period Highlights

- Completion of the acquisition of DataPOWA Limited to strategically position IXUP for accelerated growth within the global sports data markets.
- Execution of Pilot Collaboration Agreement with Conscious Gaming and GeoComply Solutions Inc.
- Development completion of POWA index 2.0, the next generation POWA index product recently upgraded to include the functionality and capability of the IXUP’s secure data collaboration technology and IXUP’s secure data market.

DataPOWA Limited Acquisition

On 4 August 2021, the Company completed its acquisition of DataPOWA Limited (“DataPOWA”), concluding IXUP’s first business acquisition in the exciting global sports data/sponsorship industry.

On 19 May 2021 IXUP announced that it entered into a binding Share Purchase Agreement (“SPA”) to acquire UK-based sports technology company DataPOWA Limited (“DataPOWA”), for a maximum purchase price of A\$12 million on a cash-free, debt-free basis (“Acquisition”).

The DataPOWA transaction was approved by shareholders at an Extraordinary General Meeting (EGM), which was held on Friday, 30 July 2021. The formal completion of the transaction subsequently occurred on the evening of Tuesday, 3 August 2021.

For more details on this acquisition please refer to the previous Appendix 4C for the 30 June 2021 quarter and the ASX releases.

This acquisition strategically repositions IXUP and its technology in the lucrative sports sponsorship and sports data markets with notable adjacency to the fast-growing US digital sports gaming and wagering markets.

Execution of Pilot Collaboration Agreement with Conscious Gaming and GeoComply Solutions Inc.

During the quarter, the Company also announced that it had executed a Pilot Collaboration Agreement with Conscious Gaming and GeoComply Solutions Inc to leverage IXUP’s secure data collaboration technologies within the U.S. online gaming and sports wagering markets (the Collaboration). The focus of the Collaboration is to initially support ethical gaming and sports integrity and to deliver functionality for self-exclusion and the exclusion of impermissible bettors to sports betting operators, major sports leagues and regulators across States in the U.S.

The Collaboration involves incorporating IXUP technology within GeoComply’s market-leading “PlayPause” multi-state self-exclusion product in order to add further functionality, encryption based data security and product scalability. The enhanced IXUP-powered “PlayPause” product is then to be tested in proof of concept trials (POC) with key market participants in the U.S., and subject to successful POC testing, will then be jointly commercialised by GeoComply and IXUP, noting the significant total addressable market in the U.S. and internationally for this product.

The final IXUP enhanced “PlayPause” product is intended to be deployed as a distributed, fully encrypted, and highly secure cloud platform to enable Impermissible Bettors to be registered and queried in a privacy preserving manner. The platform will use a blend of military grade encryption techniques (including homomorphic encryption) to ensure data is protected and controlled by data

owners at all times, yet still enable the data to be searched to identify an Impermissible Bettor. The scalability of the cloud platform will ensure the solution can support the growing size of the sports betting market and the significant amount of data that will need to be queried in real time as a result.

This initiative is also a meaningful opportunity to apply IXUP's technology to solve important social and ethical challenges being faced within this sector, while at the same time presenting a significant potential commercial opportunity to deliver value for IXUP shareholders.

POWA index 2.0

An exciting initiative of the last few months has been the development of POWA index 2.0, an advanced AI sports sponsorship technology platform now also powered by the IXUP's secure data collaboration technology.

POWA index 2.0 provides sporting clubs with the ability to encrypt their own 1st party data and enrich it with anonymized demographic data from third party enrichment data providers such as Acxiom, (the world's leader in global demographic data), to create insights to better understand and engage with customers, maximise investments and create personalised customer experiences. The current phase sees the DataPOWA team conducting product demonstration to collate feedback, as well as generate revenue through sales and the expansion of its customer base.

The productisation of POWA index 2.0 to include IXUP's secure data collaboration functionality and capabilities along with IXUP's new Secure Data Market is a significant milestone and a world first product in the sporting world. The addition of IXUP's secure data market now provides large data owners with the opportunity to commercialise their data through IXUP's technology platform in a safe a unique way that has not previously been available in the market.

We expect this new functionality to be attractive to data owners as a new path to market as well as to users of POWA index 2.0 as a way to enrich their own data without the need to collaborate with additional parties. The ability of IXUP to secure these sources of data and securely provide that data to IXUP customers also presents a new potential opportunity for additional revenue for IXUP particularly as additional data sources are secured and become available to our customers.

Q4 Financial Update

Net cash outflows from operations were \$2.80 million for the quarter. Receipts from customers for the quarter totalled \$233,334 comprising revenue from both of our recent acquisitions. The material expense items of Staff Costs and Administration & Corporate Costs, being \$1.10 million and \$1.74 million respectively.

As detailed earlier, the Company commenced an expansion of its staffing and office infrastructure during the quarter to meet the requirements of the acquisitions and to service the increased commercialisation opportunities through these acquisitions. Staff costs during the quarter included a new Head of Engineering, seven new Engineers and a new Customer Success Manager.

The increase in Administrative and Corporate Costs for the quarter reflects transaction and advisor costs associated with the Data Republic technology assets acquisition and the DataPOWA acquisition.

Net cash outflows from investing activities were \$3.03 million for the quarter, with \$3.25 million being payment for the acquisition of DataPOWA Limited net of a GST refund for the acquisition of the technology assets of Data Republic as disclosed in the June 2021 quarter.

Net cash inflows from financing activities were \$4.48 million for the quarter, with \$4.44 million being proceeds from exercise of options.

Directors, being related parties of the Company, were paid remuneration in the amount of \$110,626 during the September quarter. No other related party payments were made.



The Board and Management remains focussed on disciplined cash management as IXUP seeks to capitalise on opportunities and deliver growth through its recent strategic acquisitions.

-ENDS-

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IXUP

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About IXUP

IXUP Limited (ASX:IXU) (pronounced 'eyes up') is a pioneering technology company with a world class suite of software products that facilitate secure data collaboration and analysis of sensitive information using advanced technology. The Company's Secure Data Collaboration Suite of products represent is the missing 'key' to organisations 'unlocking' their information assets previously unable to be shared or commercialised due to concerns around privacy, cyber security, and compliance considerations. These data collaboration products are being commercialised at a crucial junction when the need to share and drive revenue from sensitive data and dormant data assets is becoming more important yet more difficult to achieve.

To learn more, please visit: www.ixup.com. IXUP's registered address is Level 3, 223 Liverpool Street, Darlinghurst, Sydney, NSW 2010.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

IXUP Ltd

ABN

85 612 182 368

Quarter ended ("current quarter")

Sep-21

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	233,334	233,334
1.2 Payments for		
(a) research and development	(119,427)	(119,427)
(b) product manufacturing and operating costs	(35,820)	(35,820)
(c) advertising and marketing	(10,508)	(10,508)
(d) leased assets	(33,019)	(33,019)
(e) staff costs	(1,100,710)	(1,100,710)
(f) administration and corporate costs	(1,737,790)	(1,737,790)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	203	203
1.5 Interest and other costs of finance paid	(627)	(627)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(2,804,364)	(2,804,364)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(3,250,000)	(3,250,000)
(c) property, plant and equipment	(3,661)	(3,661)
(d) investments (Term Deposits with maturity of 3 months or greater)	(100,000)	(100,000)
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments (Term Deposits with maturity of 3 months or greater realised during quarter)	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (\$300k GST Refund on payment for the acquisition of Data Republic technology assets (purchased in June 2021 quarter) and \$27k cash balance from purchase of DataPOWA Limited)	327,208	327,208
2.6 Net cash from / (used in) investing activities	(3,026,453)	(3,026,453)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	4,440,705	4,440,705
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(26,598)	(26,598)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(1,805)	(1,805)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	70,616	70,616
3.10 Net cash from / (used in) financing activities	4,482,918	4,482,918

Consolidated statement of cash flows		Current quarter \$A	Year to date (3 months) \$A
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,824,960	4,824,960
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,804,364)	(2,804,364)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,026,453)	(3,026,453)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,482,918	4,482,918
4.5	Effect of movement in exchange rates on cash held	(6,516)	(6,516)
4.6	Cash and cash equivalents at end of period	3,470,545	3,470,545

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1	Bank balances	3,470,545	4,724,960
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits maturing before 31 Dec 2021)	-	100,000
5.5	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above). As at 30 September 2021 IXUP has \$100k in Term Deposits maturing 08/04/2022. Total cash on hand and in term deposits at end of current quarter totals \$3,470,545.	3,470,545	4,824,960

6.	Payments to related parties of the entity and their associates	Current quarter \$A
6.1	Aggregate amount of payments to these parties included in item 1.2	(100,626)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

"Notes

6.1 Directors, being related parties of the Company, were paid remuneration in the amount of \$100,626 during the September quarter. No other related party payments were made."

7.	Financing facilities	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
7.1	Loan facilities	47,006	47,006
7.2	Credit standby arrangements	-	-
7.3	Other (Term Deposits maturing after 31 December 2021)	100,000	-
7.3	Other (provide details if material)	-	-
7.4	Total financing facilities	147,006	47,006
7.5	Unused financing facilities available at quarter end		100,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>St George Term Deposit \$100,000, interest rate 0.20% p.a., maturity date 08/04/2022. This Term Deposit secures credit card facilities.</p> <p>Loan Facility is with NatWest in the UK, 100% is secured by the UK government under the Bounce Back Loan Scheme and is repayable in 2026. No repayments or interest are charged in the first year, after which interest is charged at 1.5% p.a.. Repayments began in June 2021.</p>		

8.	Estimated cash available for future operating activities	\$A
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,804,364)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,470,545
8.3	Unused finance facilities available at quarter end (item 7.5)	100,000
8.4	Total available funding (item 8.2 + item 8.3)	3,570,545
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.27
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer:</p> <p>Operating costs in the September 2021 quarter included significant transaction costs in relation to the Data Republic technology assets acquisition and the DataPOWA acquisition.</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, through the continued exercise of options. During the quarter we have noted approximated \$4.5 million cash inflow from the exercise of options. The company expects further funds from exercising of options during the upcoming quarter, such additional inflows would increase the estimated quarters of funding (as calculated in Section 8.5 above) to above 2 quarters.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, the company had forecast its operations and business objectives taking in consideration the likely exercising of “in the money” options. In conjunction with its corporate and strategic advisors, the company expects to be able to fund its current operations and business objectives as it progresses the commercialisation of these as outlined in detail in recent ASX releases.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:29 October 2021

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [name of board committee – eg Audit and Risk Committee]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.