

29 July 2019

## IXUP Fourth Quarter FY19 Update and Appendix 4C

**IXUP Limited (ASX: IXU)** (“**IXUP**” or the “**Company**”), the secure data analytics company, today lodges its Appendix 4C Report and provides a review of the Company’s progress for the fourth quarter ended 30 June 2019 (Q4).

### Q4 Highlights

- Execution of agreement with **Deloitte** Australia to resell IXUP’s data analytics platform to its clients and partners;
- Implementation of partnership program with **Tech Mahindra** to provide multi-party collaboration for its partners and customers;
- Approved supplier to the Australian Commonwealth **Government** through inclusion on the Digital Transformation Agency’s new and updated Cloud Services Panel;
- Increasing brand and product differentiation, and awareness both in Australia and internationally.

IXUP is redefining the way organisations interpret, analyse or collaborate on vast amounts of valuable data. The Company’s world-leading encrypted data collaboration platform enables the sharing and analysis of data sets from multiple sources with 100% control, security and privacy, thereby overcoming the systemic risk highlighted every day by privacy and data breaches.

Given the size of the Company’s global market opportunity and differentiated value proposition, IXUP’s strategy remains focused on simultaneous technology platform development and client/partnership engagement. The Company’s partnership agreements continue to build a diversified and expanded targeted pipeline of sales opportunities, and management remain focused on converting this growing pipeline into new clients in FY20 and beyond.

### Partnerships Update

In April 2019, IXUP announced its Reseller Agreement with Deloitte Touche Tohmatsu Australia (Deloitte). Deloitte’s consulting services division is a market leader in Australia. IXUP continues to work with Deloitte to provide clients with a single access point for advanced analytics service offerings, and expects to make further announcements regarding its agreement with Deloitte in due course.

During the quarter, the Company also announced its partnership with Tech Mahindra, the multinational provider of information technology and networking technology solutions. The agreement allows Tech Mahindra’s clients to leverage IXUP’s technology to connect multiple data sets in a fully encrypted analytics environment. This partnership demonstrates the unique value of IXUP’s secure and governed platform to set the standard in data collaboration.

IXUP's existing strategic partnerships, including Servian, also continue to strengthen, with joint-marketing initiatives generating strong awareness and demand for IXUP's secured data analytics platform. The Company will continue to update the market as its partnerships and reseller agreements progress.

### **Approved Supplier to Government**

In June 2019, the Company announced its inclusion on the Australian Government's Digital Transformation Agency's (DTA) Cloud Services Panel. IXUP's inclusion in the DTA Panel as a pre-approved supplier simplifies the sales process and shortens the sales cycle of government departments, with all levels of government now able to procure IXUP's product suite via the DTA Panel portal. The Company's inclusion further validates the platform's security, data privacy and governance, and extends IXUP's addressable market to include government agencies requiring approved supplier status.

### **SaaS Market Update**

IXUP recently expanded its go-to-market strategy with the introduction of a software-as-a-service (SaaS) user model. The SaaS model provides IXUP with an opportunity for additional growth in the small to medium enterprise space, while larger clients can still benefit from the Company's existing platform-as-a-service (PaaS) deployments or the new SaaS model. Early engagement with our partners and their clients has been positive regarding the Company's SaaS product offering.

Technology analyst firm IDC recently found that revenue from cloud services in Australia reached A\$4.01 billion in 2018, representing a 30.6% year-on-year growth. SaaS products represented 65.8% of that spend, with the SaaS market predicted to be the largest category of cloud computing growth over the next five years.<sup>1</sup> IXUP's SaaS distribution model ensures the Company is well positioned to take advantage of this shift towards subscription-based cloud models and offers clients greater agility and convenience in the way they choose to use IXUP's analytics platform.

***IXUP CEO Peter Leihn said: "With our unique technology and expanding solution distribution model, IXUP continues to scale for growth. The Company's compelling value proposition is gaining ongoing market traction and our sales pipeline continues to develop strongly."***

*During FY19, IXUP has established new deployment and revenue models to respond to both client and market demand. We are very pleased with the level of technology and product we have now, and we continue to activate more strategic growth channels. Our key company objective is to deliver growth in both the number of clients and resultant revenue throughout FY20, and we are confident that we are well positioned to achieve this."*

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<sup>1</sup> Idc.com, *SaaS Market Continues to Capture the Lions Share of Australian Public Cloud Services Revenue*, July 2019.

### **Further Operational Highlights**

Following quarter-end, IXUP announced changes to the Board, which included the appointment of Mr Peter Leihn as Managing Director, and Mr Scott Wilkie and Ms Freya Smith as Non-Executive Directors. The Company recognises the importance of undergoing a regular process of Board renewal to provide IXUP with the benefit of new input. The Company believes that the new appointments will provide the Board with an appropriate mix and diversity of skills, professional experience and personal background that will allow the directors individually, and the Board collectively to drive the strategic direction and growth of IXUP.

### **Financial Update**

Cash receipts for the quarter were \$0.05 million. Total cash outflows for the quarter were \$1.36 million, compared to the estimate of \$1.40 million. Management estimates Q1FY20 expenditure to total \$1.45 million. Whilst IXUP actively manages its cash expenditure, it has been prioritising investment in platform development to capture evolving market demand with its unique and differentiated product. The Company continues to carefully manage spend in line with its forward sales pipeline and product roadmap. The Company's cash balance as at 30 June 2019 was \$2.00 million (excluding a further \$0.25 million in a term deposit secured against an unused overdraft of \$0.20 million). The Company expects that the Australian Government R&D Tax Incentive for FY19 will be in line with the quantum of the previous financial year's payment (FY18 receipt \$712,498) and will lodge its claim as soon as practical.

IXUP will provide further financial details in its preliminary full-year result announcement in late August, 2019.

-ENDS-

Investor enquiries:  
Philippa Daly, FCR  
Tel: +61 (02) 8264 1008  
[p.daly@fcr.com.au](mailto:p.daly@fcr.com.au)

### **About IXUP**

IXUP Limited (pronounced 'eyes up') is a listed technology company (ASX: IXU) that secures data analytics and delivers insights within a governance framework. The platform encrypts and connects data from multiple sources, solving the problems of data loss and misuse by enabling data owners to remain in complete control of their data. IXUP was listed in 2017. For more information visit [www.ixup.com](http://www.ixup.com)

## Appendix 4C Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity: <b>IXUP Ltd</b>	
ABN: <b>85 612 182 368</b>	Quarter ended ("current quarter"): <b>Jun-19</b>

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	49,500	198,000
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(37,653)	(330,876)
(d) leased assets	(57,650)	(244,258)
(e) staff costs	(920,209)	(3,899,623)
(f) administration and corporate costs	(345,156)	(2,019,313)
1.3 Dividends received (see note 3)		
1.4 Interest received	15,303	150,259
1.5 Interest and other costs of finance paid	(1,198)	(7,778)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	875,130
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,297,062)</b>	<b>(5,278,458)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(849)	(94,831)
(b) businesses (see item 10)		
(c) investments / other financial assets (term deposits greater than 3 month maturity as at 30 June 2019)	(250,000)	(250,000)
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments / other financial assets (term deposits) - Correction to 1/7/2018 cash balance to agree to FY18 Audited Cashflow Statement (reduction of \$500,000 in comparative)		6,052,356
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(250,849)</b>	<b>5,707,525</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
Cash and cash equivalents at beginning of quarter/year to date - Correction to 1/7/2018 cash balance to agree to FY18 Audited Cashflow Statement (increase in opening cash balance of \$500,000 in comparative)		
4.1	3,553,105	1,576,127
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,297,062)	(5,278,458)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(250,849)	5,707,525
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>2,005,194</b>	<b>2,005,194</b>

<b>5 Reconciliation of cash and cash equivalents</b>		<b>Current quarter</b>	<b>Previous quarter</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>\$A</b>	<b>\$A</b>
5.1	Bank balances	2,005,194	3,553,105
5.2	Call deposits	0	-
5.3	Bank overdrafts		
5.4	Other (provide details)		-
<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above).</b>			
<b>As at 30 June 2019 IXUP has \$250k in Term Deposits maturing 29/6/2020.</b>			
<b>Total cash on hand, on call deposit and in term deposits at end of current quarter totals \$2,255,194</b>		<b>2,005,194</b>	<b>3,553,105</b>

<b>6 Payments to directors of the entity and their associates</b>		<b>Current quarter</b>
		<b>\$A</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	(93,934)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7 Payments to related entities of the entity and their associates</b>		<b>Current quarter</b>
		<b>\$A</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8 Financing facilities available</b>		<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
<i>Add notes as necessary for an understanding of the position</i>		<b>\$A</b>	<b>\$A</b>
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)	200,000	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.	Bank Overdraft secured by term deposit	

<b>9 Estimated cash outflows for next quarter</b>		<b>\$A</b>
9.1	Research and development	0
9.2	Product manufacturing and operating costs	0
9.3	Advertising and marketing	(65,000)
9.4	Leased assets	(60,000)
9.5	Staff costs	(950,000)
9.6	Administration and corporate costs	(375,000)
9.7	Other - Capital expenditure on computer equipment	0
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(1,450,000)</b>

<b>10 Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>		<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

#### Compliance statement

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

Sign here:  (Director/Company secretary)

Date: 29 July 2019

Print name: Andrew Whitten

#### Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly 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 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.
- 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.