

**IXUP Limited**

**ABN 85 612 182 368**

**Annual Report - 30 June 2022**

**Directors**

Dean Joscelyne (Non-Executive Director) (Retired 29 July 2022)  
Freya Smith (Non-Executive Director)  
Julian Babarczy (Non-Executive Chairman)  
Marcus Gracey (Executive Director, Director Corporate Development & Strategy)  
Ian Penrose (Non-Executive Director) (Appointed 24 January 2022)

**Company secretary**

David Franks

**Registered office and Principal  
Place of Business**

Tenancy 1004, Building 10  
Fleet Workshops North Sub Base Platypus  
120 High Street  
North Sydney, NSW, 2060

**Share register**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone 1300 554 474  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

**Auditor**

William Buck Audit (WA) Pty Ltd  
Level 3, 15 Labouchere Road  
South Perth WA 6151

**Solicitors**

Murcia Pestell Hillard

**Bankers**

St George Bank Limited

**Stock exchange listing**

IXUP Limited shares are listed on the Australian Securities Exchange. ASX code: IXU

**Website**

[www.ixup.com](http://www.ixup.com)

**Place of Incorporation**

Victoria, Australia

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of IXUP Limited (referred to hereafter as the 'Company', 'parent entity' or 'IXUP') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

### **Directors**

The following persons were directors of IXUP Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dean Joscelyne	Non-Executive Director (Retired 29 July 2022)
Freya Smith	Non-Executive Director
Julian Babarczy	Non-Executive Chairman
Marcus Gracey	Executive Director, Director Corporate Development & Strategy
Ian Penrose	Non-Executive Director (Appointed 24 January 2022)

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Result of operations**

The loss for the consolidated entity after providing for income tax amounted to \$13,662,608 (30 June 2021: \$5,424,785).

### **Review of operations**

During the year IXUP expanded the features offered across the IXUP privacy preserving analytics platform through the release of further platform updates which has strengthened the commercial offering of its technology. This truly unique capability is designed to remove the risk of data loss and misuse, in an environment that is seeing unprecedented remote business activity and increased instances of cyber-attacks. The Company believes that future demand for the IXUP platform will increase due to the exponential increase in data acquisition occurring globally, and a desire to monetise new data assets without risk.

Highlights of the year include:

- Completion of the acquisition of UK based, 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. in the US
- Development completion of POWA index 2.0 (FanPOWA), the next generation POWA index product recently upgraded to include the functionality and capability of IXUP's secure data collaboration technology and IXUP's secure data market
- Entered US online gaming and sports wagering markets
- Entered New Zealand market via partnership with Beyonde Ventures, a subsidiary of Australian loyalty consultancy Ellipsis & Company
- Signed data collaboration agreement with leading global customer data management and consulting company Acxiom
- Completed successful capital raise to fund ongoing commercialisation efforts for IXUP's world-leading data collaboration technologies
- Incorporated US subsidiary (IXUP Inc.) and commenced business operations in the US, including signing a commercial agreement with a large US health insurer to utilise IXUP's technology platform
- Completed Proof of Concept (POC) for US online sports betting initiative using IXUP's encryption-based data collaboration technology
- Appointed experienced CFO and executive team

### **DataPOWA Limited Acquisition**

On 4 August 2021, the Company completed its acquisition of UK-based sports technology company, 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, for a maximum purchase price of A\$12 million on a debt-free basis (DataPOWA Acquisition).

The A\$12 million purchase price included 93,085,107 IXUP shares at a deemed value of \$0.094 being the price of the Company shares at the time acquisition discussions commenced. In accordance with AASB 3 *Business Combinations*, the shares have been valued at their fair value on the date of completion at \$0.155 per share, an increase of \$0.061 per share.

The DataPOWA Acquisition 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.

The DataPOWA 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.**

On 5 October 2021, the Company announced that it had executed a Pilot Collaboration Agreement with Conscious Gaming and GeoComply Solutions Inc. (GeoComply) in the US, to leverage IXUP's secure data collaboration technologies within the US 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 US.

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 planned to be tested via (POC) trials with key market participants in the US, and subject to successful POC testing, will then be jointly commercialised by GeoComply and IXUP, noting the significant total addressable market in the US 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 unique and market leading 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 (FanPOWA)**

During the reporting period DataPOWA in collaboration with IXUP has continued its development of POWA index 2.0 (also known as FanPOWA), 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 anonymised 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 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.

The Company expects 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 IXUP's customers.

#### **Entry into New Zealand market**

On 24 November 2021, the Company announced it had signed a 2-year rolling, partner agreement with Beyonde Ventures Pty Ltd (Beyonde). Beyonde is a subsidiary of Ellipsis & Company, an Australian-owned loyalty consultancy, with a high-profile list of clients with well-known loyalty programs.

Beyonde will establish a New Zealand instance of the IXUP platform to meet any client data sovereignty requirements; will take on the role as IXUP's partner and Master Reseller for the New Zealand market; and will provide a Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) offering of the IXUP secure Data Engine.

#### **New partnership with Axciom to explore commercialisation opportunities**

On 18 November 2021, IXUP announced that it had signed a Data Collaboration Agreement with leading global customer data management and consulting company Axciom.

The agreement will see IXUP and Axciom explore potential opportunities through the combination of the IXUP's leading secure data collaboration technology and Axciom's rich global geo-demographic data sets.

The initiative is significant as it will showcase IXUP's ability to offer its clients data enrichment and collaboration opportunities that generate deeper, more valuable insights whilst at all times preserving the security of the underlying data.

#### **Capital Raise**

On 7 December 2021, the Company successfully completed a capital raise of \$10 million (before costs) via the issue of 71,428,571 fully paid ordinary shares at an issue price of \$0.14 per share. This will be used to fund ongoing commercialisation efforts for IXUP's world-leading data collaboration technologies, as well as related working capital.

The raising, arranged by Cygnet Capital, was significantly oversubscribed and supported by institutional and sophisticated investors, including strong support from existing shareholders.

#### **Board and Management Appointments**

On 9 December 2021, Mr. Matthew Johnson was appointed as Group CFO. Mr. Johnson is an experienced Chartered Accountant and Company Secretary, with experience in private, listed and international organisations, and extensive technology industry experience.

On 24 January 2022, the Company further strengthened its Board with the appointment of Ian Penrose as a Non-Executive Director of the Company. Mr. Penrose is a highly experienced director and global executive with a successful career in the international gaming, technology, sports and leisure industries. His current roles include Chairman of DataPOWA, senior independent director of Playtech plc (LON: PTEC) and Non-Executive Director of Weatherbys Limited.

The Company has been operating with Joint Company Secretaries, being Mr. David Franks and Ms. Victoria-Jane Otavski from the Automic Group. On 28 January 2022, Ms. Otavski resigned as Company Secretary.

#### **Partnerships**

The Company continued selling its services through channel partners during the reporting period. This complements the direct sales model and allows IXUP partners to manage further value added customisation and implementation of the IXUP platform according to client needs. The partnership model provides a cost-effective and faster way for IXUP to implement its technology without the need for a large sales team.

During the year IXUP expanded the relationship with Deloitte Touche Tohmatsu Australia; and signed a new Reseller agreement with emerging analytics platform group Wejugo Pty Ltd.

#### **Proof of Concept Testing Completed in relation to Collaboration Agreement with Conscious Gaming and GeoComply Solutions Inc.**

In the 3<sup>rd</sup> quarter of the financial year ended 30 June 2022, IXUP successfully achieved its POC market testing phase, as contemplated in the Collaboration agreement, with 100% of testing objectives successfully achieved.

With POC testing now completed, discussions have commenced with Industry stakeholders and sporting leagues, securing commitments, finalising a pilot product for customer testing and refining our pricing and business model ahead of a US product launch.

#### **Financial position**

The Company reported sales revenue of \$977,172 (30 June 2021: \$16,750) for the financial year ended 30 June 2022. IXUP is in the early stages of commercialisation with version 4 of the SaaS and PaaS platform released in April 2020. The Company continues to invest in its technology platform and at 30 June 2022 had cash and term deposits of \$4,816,710 (30 June 2021: \$4,824,960).

During the year the Company received an Australian Tax Office R&D tax rebate of \$261,291 (30 June 2021: \$554,598).

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### **Matters subsequent to the end of the financial year**

On the 29<sup>th</sup> of July 2022, the Company announced it had commenced a global Collaboration with Microsoft Research in the quarter, having implemented Microsoft's SEAL homomorphic encryption technology to assist IXUP to solve the challenges of responsible gaming and sports integrity. This collaboration acknowledges IXUP's efforts and focus, which are considered an important ESG initiative to address the challenges of responsible gaming. IXUP is proud to be working with Microsoft on our various commercialisation initiatives.

On the 18<sup>th</sup> of August 2022, the Company announced operational changes to align the company to the strategic focus of the business. A number of important commercialisation milestones are also progressing, the success of which will aid the planned positioning of IXUP as a meaningful player in the global online sports bettering compliance and integrity industry. The changes included the following:

- Marcus Gracey transitioned from the CEO role to Director, Corporate Development & Strategy
- An Advisory Committee has been established to provide strategic, commercial and operational guidance and oversight to the management Team during the transitional period through to appointment of a new CEO
- Appointment of experienced US Online Gaming Executive, Kevin Vonasek, as a US-based consultant to oversee all US commercialisation opportunities
- Senior leadership team at IXUP given enhanced responsibility to deliver successful commercialisation outcomes
- Several key commercialisation initiatives well advanced, including multiple pilots involving major US online operators, regulators and sporting leagues

On the 29<sup>th</sup> of August 2022, the Company announced a capital raise via a pro-rata non-renounceable issue of one (1) New Share for every seven (7) held by eligible shareholders registered at the Record Date at an issue price of \$0.04 per new share. The company has successfully raised \$1,822,355 via the rights issue from current shareholders with the shortfall of \$2,300,000 being taken by current and new shareholders. The remaining \$977,482 of shortfall is intended to be placed within the next 3 months.

No other matters or circumstances have arisen since 30 June 2022 that have significantly affected, or may significantly affect the consolidated Company's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **Likely developments and expected results of operations**

Since the listing, the Company has been focused on building out its team, developing its product, defining its brand and expanding its capability to commercialise the IXUP platform.

The Company continues to progress discussions with potential users of the IXUP platform and to progress discussions with potential partners as well as explore additional opportunities in the market.

The Company continues to monitor developments related to COVID-19, with past actions reflecting the focus of the Board and Management on preserving cash and long-term shareholder value while maintaining focus on service of existing and prospective customer and conversion of IXUP's sales pipeline.

### **Environmental, Social and Governance**

#### *Our environmental commitment*

IXUP is committed to being a responsible and sustainable business. We believe it makes good business sense to have environmental, social and governance (ESG) policies and programs where doing the right thing by our people, our partners, our environment and the communities in which we operate is part of our ethos.

Although the consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth State or Territory law, the Company is seeking to undertake in the future, an analysis of Company objectives that can reduce its environmental footprint.



## Corporate Governance

IXUP's Board of Directors is responsible for the corporate governance of IXUP Limited. The Board guides and monitors the business affairs of the Group on behalf of stakeholders and its activities are governed by the Constitution.

Our Corporate Governance Statement is founded on the ASX Corporate Governance Council's principles and recommendations. The statement is periodically reviewed and, if necessary, revised to reflect the changing nature of the industry.

The responsibilities of the Board of Directors and those functions reserved to the Board, together with the responsibilities of the Chief Executive Officer are set out in our Board Charter. To assist with governance IXUP has established policies.

For copies of policies and charters notes in this section, please visit the IXUP website and navigate to Investors > Corporate governance.

## Information on directors

Name:	Dean Joscelyne
Title:	Non-Executive Director (Retired 29 July 2022)
Experience and expertise:	Dean founded IXUP and is a Non-Executive Director and the Head of Strategy & Innovation. He has over 25 years' experience in business, leading large scale organisational change and is known for innovative thinking and enhancing the customer experience to amplify customer satisfaction and engagement. Dean created IXUP in 2011 because he saw a blind spot and an opportunity to solve universal problems for organisations who needed more powerful data insights, to underpin differentiating growth strategies. Dean's ability to identify problems through a unique lens and apply creative thinking led him to design a novel data collaboration platform.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	31,193,302
Interests in options:	25,200,000
Interests in rights:	Nil

Name:	Freya Smith
Title:	Non-Executive Director
Experience and expertise:	Ms. Freya Smith is currently the Group General Counsel and Company Secretary of Claim Central Consolidated, an Australian headquartered global Insurtech and claims solutions business. Previously Freya was the Chief Legal Officer and Company Secretary of OFX Group Limited and Chair and a Non-Executive Director of the Sydney Fringe Festival. Both as a practicing lawyer and company secretary, Freya has counselled many of Australia's leading and emerging companies on a number of significant matters of ethics, compliance, corporate governance and risk and reputation management.

Ms. Smith holds a Bachelor of Commerce and a Bachelor of Laws (Hons), a Master of Laws (High Distinction) and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. She is also admitted in the High Court of Australia, the Federal Court of Australia and the Supreme Court of New South Wales and is a member of the Association of Corporate Counsel; Fellow of the Governance Institute of Australia; and a member of the Australian Institute of Company Directors.

Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Interests in shares:	Nil
Interests in options:	500,000
Interests in rights:	1,500,000

Name:	Julian Babarczy
Title:	Non-Executive Chairman
Experience and expertise:	Mr. Babarczy is a finance industry professional with a career spanning 22 years, almost two-thirds of which was as a key member of Australia's largest actively managed hedge funds, Regal Funds Management. Julian was a key member of the investment and leadership team at Regal and was instrumental in growing funds under management. Julian undertook a range of roles during his tenure at Regal, including Analyst & Portfolio Manager and Head of Australian Equities and was responsible for investments across a range of sectors, in both listed and unlisted companies. In the latter stages of his career at Regal, Julian transitioned his investment style to include board memberships of listed and unlisted companies, and a more active and hands-on investment style.
Other current directorships:	Mr. Babarczy holds a Bachelor of Business, a Chartered Financial Analyst from CFA Institute and a Graduate Diploma of Mineral Exploration Geosciences from Curtin University.
Former directorships (last 3 years):	Perpetual Resources Limited (ASX: PEC)
Special responsibilities:	nil
Interests in shares:	Member of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Interests in options:	14,297,338
Interests in rights:	6,272,727
Name:	Marcus Gracey
Title:	Director, Corporate Development & Strategy (Executive Director Appointed 22 October 2020, appointed CEO/Managing Director 11 November 2020 and appointed Director, Corporate Development Strategy 18 <sup>th</sup> of August 2022)
Experience and expertise:	Mr. Gracey is an experienced corporate and legal executive with a diverse professional background in law, business, innovation and technology commercialisation, with demonstrated experience that spans numerous industries, sectors and countries in both private and public companies. Previous roles and responsibilities have included regional and global positions in addition to having significant experience as a professional public company director and governance professional.
Other current directorships:	Mr. Gracey holds a Bachelor of Laws and a Bachelor of Economics. He also holds a Master of Laws (Intellectual Property) and an Executive Master of Business Administration (EMBA)
Former directorships (last 3 years):	Nil
Interests in shares:	7,500,000
Interests in options:	10,000,000
Interests in rights:	12,000,000



Name: Ian Penrose  
Title: Non-Executive Director (Appointed 24 January 2022)  
Experience and expertise: Mr. Penrose is a highly experienced board member and global executive who has achieved a successful career focusing on international gaming, technology, leisure and sporting industries. In these roles, Ian has consistently fostered innovation and added to shareholder value, while never losing sight of the importance of maintaining high standards of corporate governance

Mr. Penrose has a Bachelor of Science (Management Sciences) from the University of Manchester. He has been licensed by regulators in several countries and is also a chartered Accountant

Other current directorships: Senior Independent Director of Playtech plc

Former directorships (last 3 years): Nil

Special responsibilities: Chair of the Nomination and Remuneration Committee

Interests in shares: 5,876,827

Interests in options: Nil

Interests in rights: 11,000,000

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

### **Company secretary**

David Franks from the Automic Group acting as Company Secretary.

David Franks is a Principal of the Automic Group. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 30 years' experience in finance, governance and accounting, Mr. Franks has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. Mr. Franks is currently the Company Secretary for the following ASX Listed entities: Applyflow Limited, COG Financial Services Limited, Cogstate Limited, Exopharm Limited, IRIS Metals Limited, JCurve Solutions Limited, Noxopharm Limited, Nyrada Inc, White Energy Company Limited and ZIP Co Limited. He was also a Non-Executive Director of JCurve Solutions Limited from 2014 to 2021.

### **Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Dean Joscelyne	12	12	3	3
Freya Smith	12	12	3	3
Marcus Gracey	12	12	-	-
Julian Babarczy	12	12	3	3
Ian Penrose	6	6	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

### **Remuneration report (audited)**

The remuneration report details the Key Management Personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. In this report "Executive KMP" refers to members of the Executive team that are KMP and includes Mr. Marcus Gracey for the period in which he was Chief Executive Officer for the reporting period and Mr. Matthew Johnson as Chief Financial Officer.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

#### ***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's Executive KMP reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive KMP reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ensures that Executive KMP reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Board is responsible for determining and reviewing remuneration arrangements for its KMP. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align Executive KMP reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- Having economic profit as a core component of plan design;
- Focusing on sustained growth in shareholder wealth, consisting of share price growth and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- Rewarding capability and experience;
- Reflecting competitive reward for contribution to growth in shareholder wealth; and
- Providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

#### ***Non-Executive Director's remuneration***

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. As outlined in the prospectus dated 3 October 2017 released to the ASX on 14 November 2017, the aggregate remuneration of Non-Executive Directors has been set at an amount not to exceed \$500,000 per annum.

#### *Executive KMP remuneration*

The consolidated entity aims to reward Executive KMP based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components and includes:

- Base pay and non-monetary benefits;
- Short-term performance incentives;
- Share-based payments; and
- Other remuneration such as superannuation and long service leave.

The combination of these comprises the Executive KMP's total remuneration.

Fixed remuneration, comprising of base salary, superannuation and non-monetary benefits, is reviewed annually by the Board based on individual and business performance and benchmarking.

Executive KMP may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the company and provides additional value to the Executive KMP.

The short-term incentive ('STI') plan is designed to align the targets of the business with the performance hurdles of Executive KMP. STI is an annual "at risk" opportunity awarded to Executive KMP based on specific annual targets and key performance indicators. Performance conditions are clearly defined and measurable and designed to support the financial and strategic direction of the business and in turn translate to shareholder return. STI is currently awarded to Executive KMP in 100% cash.

The long-term benefits ('LTB') plan includes long service leave and share-based payments. Options and Performance Rights are awarded to Executive KMP over a period of three years based on long-term incentive measures. These include increase in shareholder value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

#### ***Details of remuneration***

##### *Amounts of remuneration*

Details of the remuneration of KMP of the consolidated entity are set out in the following tables.

The KMP of the consolidated entity consisted of the following directors of IXUP Limited:

- Dean Joscelyne - Non-Executive Director (Retired 29 July 2022)
- Freya Smith - Non-Executive Director
- Julian Babarczy - Non-Executive Chairman
- Marcus Gracey - Executive Director and CEO (during the reporting period)
- Ian Penrose - Non-Executive Director (Appointed 24 January 2022)
- Matthew Johnson – CFO (Appointed 9 Dec 2021)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<b>2022</b>							
Dean Joscelyne*	90,274	-	-	1,000	-	-	91,274
Freya Smith	54,795	-	-	5,479	-	-	60,274
Julian Babarczy**	55,000	-	-	-	-	-	55,000
Ian Penrose	20,283	-	-	-	-	308,428	328,711
Marcus Gracey	291,667	-	-	24,248	-	-	315,915
Matthew Johnson	161,538	-	-	16,154	-	29,994	207,686
	<u>673,557</u>	<u>-</u>	<u>-</u>	<u>46,881</u>	<u>-</u>	<u>338,422</u>	<u>1,058,860</u>

\* Paid through Destria Pty Ltd a company associated to Dean Joscelyne. From 1 March 2021 Dean Joscelyne transitioned to a Non-Executive role and he remains a key consultant to the Company.

\*\* Paid through Jigsaw Consulting Pty Ltd a company associated to Julian Babarczy.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<b>2021</b>							
Dean Joscelyne**	140,000	-	-	-	-	-	140,000
Freya Smith	47,945	5,936	-	5,119	-	29,489	88,489
Julian Babarczy***	38,288	-	-	-	-	440,020	478,308
Scott Wilkie	2,283	-	-	217	-	(17,500)	(15,000)
Grant Paterson	-	-	-	-	-	(50,000)	(50,000)
Marcus Gracey	99,669	-	-	9,469	-	724,122	833,260
Peter Leihn****	15,819	-	-	1,385	-	(155,184)	(137,980)
	<u>344,004</u>	<u>5,936</u>	<u>-</u>	<u>16,190</u>	<u>-</u>	<u>970,947</u>	<u>1,337,077</u>

\* Represents share-based payments reversed for options and performance rights that were forfeited on resignation.

\*\* Paid through Destria Pty Ltd a company associated to Dean Joscelyne. From 1 March 2021 Dean Joscelyne transitioned to a Non-Executive role and he remains a key consultant to the Company.

\*\*\* Paid through Jigsaw Consulting Pty Ltd a company associated to Julian Babarczy.

\*\*\*\* Peter Leihn resigned as CEO on 31 July 2020.

The proportion of remuneration paid linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
Dean Joscelyne	100%	100%	-	-	-	-
Freya Smith	100%	60%	-	7%	-	33%
Julian Babarczy	100%	10%	-	-	-	90%
Grant Paterson	-	-	-	-	-	100%
Scott Wilkie	-	(17%)	-	-	-	117%
Marcus Gracey	92%	13%	-	-	8%	87%
Peter Leihn	-	(12%)	-	-	-	112%
Ian Penrose	6%	-	-	-	94%	-
Matthew Johnson	86%	-	-	-	14%	-

### **Service agreements**

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. Details of these agreements are as follows:

Name: Dean Joscelyne  
 Title: Non-Executive Director (Retired 29 July 2022)  
 Term of agreement: The principal terms of Dean Joscelyne's current agreement are as follows:

- (i) Consultancy fees of \$120,000 per annum (exclusive of GST). Services to be provided a minimum of 2 days a week.
- (ii) Entitlement to 25 days leave where the consultant will be paid as if the consultant had been providing consultancy services. Other than these 25 days there is no right of leave accruing or right to any further leave with pay.
- (iii) The agreement has no fixed term and may be terminated:
  - (A) by either party without cause with giving 3 months written notice to the other party.
  - (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct.
- (iv) Other industry standard provisions for a senior executive of a public listed company.

From 29 March 2021, Mr. Joscelyne transitioned to a Non-Executive Director of the company. Mr. Joscelyne will be entitled to NED fees for \$60,000 per annum (inclusive of superannuation) and continuation of his ongoing consulting contract at a rate of \$120,000 per annum.

Name: Marcus Gracey  
 Title: Director, Corporate Development & Strategy  
 Agreement commenced: 22 October 2020, amended 09 December 2021 and amended 17 August 2022  
 Term of agreement: The principal terms of the Executive Director agreement for Mr. Gracey were as follows:

- (i) A base salary of \$320,000 per annum (exclusive of statutory superannuation).
- (ii) Entitlement to participate in employee and executive incentive plans and the Company to provide additional bonus and incentives. Mr. Gracey has been granted 10,000,000 unlisted options pursuant to the Option Plan. Also granted with 18,000,000 Performance Rights.
- (iii) The agreement has a fixed term to 31 December 2022 and may be extended beyond the term.

Name: Matthew Johnson  
 Title: Chief Financial Officer  
 Agreement commenced: 06 December 2021  
 Term of agreement: The principal terms of the Executive agreement for Mr. Johnson were as follows:

- (i) A base salary of \$280,000 per annum (exclusive of statutory superannuation).
- (ii) Entitlement to participate in employee and executive incentive plans and the Company to provide additional bonus and incentives. Mr. Johnson has been granted with 488,717 Performance Rights.
- (iii) The agreement has no fixed term and may be terminated with a 3 month notice by either party.

The Constitution of the Company provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders or, until so, by the Directors. The aggregate remuneration for Non-Executive Directors as outlined in the Prospectus dated 3 October 2017 has been set at an amount not to exceed \$500,000 per annum. The Board has resolved that the Non-Executive Directors' base fee will be \$60,000 per annum for Non-Executive Directors (inclusive of statutory superannuation) and an additional \$10,000 per annum (inclusive of statutory superannuation) for each Board committee that they participate in commencing on Official Quotation. Mr. Babarczy, Mr. Penrose and Ms. Smith are Non-Executive Directors as at the date of this report.

### ***Share-based compensation***

#### *Issue of shares*

There were no shares issued to directors and Executive KMP as part of compensation during the year ended 30 June 2022 or during the year ended 30 June 2021.

#### *Options over equity instruments*

The terms and conditions of each grant of options and performance rights over ordinary shares affecting remuneration of directors and Executive KMP in this financial year or future reporting years are as follows:

Issued in the year ended 30 June 2018

- Dean Joscelyne was issued 25,200,000 unlisted options (Issued 1 September 2017 option holder is entitled to purchase one fully paid share in the Company for \$0.25 per option over the 5-year life of the option to 14 November 2022). In addition, Dean Joscelyne was issued 1,000,000 plan options (Issued 15 November 2017, unlisted and unvested, exercisable at \$0.25 per option, expire 14 November 2022). These plan options were cancelled on 13 July 2018 at Mr. Joscelyne's request.

Issued in the year ended 30 June 2019

- Grant Paterson was issued 750,000 plan options (Issued 20 December 2018, exercisable at 25 cents per option, expire on 20 December 2023).
- Peter Leihn was issued 1,500,000 unlisted options (Issued 2 July 2019, unlisted and unvested, exercisable at 25 cents per option, expire on 10 April 2024). 750,000 options were forfeited on 31 July 2020 upon resignation.

Issued in the year ended 30 June 2020

- Freya Smith was issued 500,000 unlisted options (Issued 2 July 2019, unlisted and unvested, exercisable at 25 cents per option, expire on 14 November 2022).
- Scott Wilkie was issued 500,000 unlisted options (Issued 2 July 2019, unlisted and unvested, exercisable at 25 cents per option, expire on 14 November 2022).



Issued in the year ended 30 June 2021

- Marcus Gracey was issued 10,000,000 unlisted options (Issued 22 October 2020, exercisable at 8 cents per option, expiring on 22 October 2022).
- Julian Babarczy was issued 6,272,727 unlisted options (Issued 3 February 2021 exercisable at 10 cents and expiring on 3 February 2023. 4,000,000 of these unlisted options were issued as part of his appointment as Non-Executive Director & Chairman, and the remaining 2,272,727 options were issued as part of the placement announced by the company on 11 November 2020).

Issued in the year ended 30 June 2022

No options were issued to Directors during the period.

#### *Performance rights*

Performance rights over ordinary shares issued to directors and Executive KMP as part of compensation that were outstanding as at 30 June 2022 are as follows:

Issued in the year ended 30 June 2019

- Grant Paterson was issued 750,000 performance rights on 20 December 2018 (250,000 unlisted and unvested Class A Performance Rights; 250,000 unlisted and unvested Class B Performance Rights and 250,000 unlisted and unvested Class C Performance Rights). 750,000 performance rights were forfeited on 8 November 2020 upon resignation.

Issued in the year ended 30 June 2020

- Freya Smith was issued 1,500,000 performance rights on 2 July 2019 (500,000 unlisted and unvested Class A Performance Rights; 500,000 unlisted and unvested Class B Performance Rights and 500,000 unlisted and unvested Class C Performance Rights).
- Scott Wilkie was issued 1,500,000 performance rights on 2 July 2019 (500,000 unlisted and unvested Class A Performance Rights; 500,000 unlisted and unvested Class B Performance Rights and 500,000 unlisted and unvested Class C Performance Rights). 750,000 performance rights were forfeited on 31 July 2020 upon resignation.
- Peter Leihn was issued 9,000,000 performance rights on 2 July 2019 (3,000,000 unlisted and unvested Class A Performance Rights; 3,000,000 unlisted and unvested Class B Performance Rights and 3,000,000 unlisted and unvested Class C Performance Rights). 6,000,000 performance rights were forfeited on 31 July 2020 upon resignation, being 2,000,000 unlisted and unvested Class A Performance Rights; 2,000,000 unlisted and unvested Class B Performance Rights and 2,000,000 unlisted and unvested Class C Performance Rights.

Issued in the year ended 30 June 2021

- Marcus Gracey was issued 18,000,000 performance rights on 3 February 2021 (6,000,000 Tranche 1 Performance Rights which vest on the last to occur of: 12 months of continuous service from the date of appointment; and (ii) the 20 day VWAP of the Company's shares being equal to or greater than \$0.075; 6,000,000 Tranche 2 Performance Rights which vest on the last to occur of: (i) the date the customer goes live on commercial use of the Company's core technology pursuant to a commercial contract; (ii) the 20 day VWAP of the Company's shares being equal to or greater than \$0.10; and 6,000,000 Tranche 3 Performance Rights which vest on the last to occur of: (i) IXUP achieving revenue in any financial year equal to, or greater than, \$5 million; and (ii) the 20 day VWAP of the Company's shares being equal to or greater than \$0.125.)
- Julian Babarczy was issued 6,000,000 performance rights on 3 February 2021 (2,000,000 Tranche 1 Performance Rights which vest on the last to occur of: 12 months of continuous service from the Appointment Date; and (ii) the 20 day VWAP of the Company's shares being equal to or greater than \$0.075; 2,000,000 Tranche 2 Performance Rights which vest on the last to occur of: (i) the date the customer goes live on commercial use of the Company's core technology pursuant to a commercial contract; (ii) the 20 day VWAP of the Company's shares being equal to or greater than \$0.10; and 2,000,000 Tranche 3 Performance Rights which vest on the last to occur of: (i) IXUP achieving revenue in any financial year equal to, or greater than, \$5 million; and (ii) the 20 day VWAP of the Company's shares being equal to or greater than \$0.125.)

Issued in year ended 30 June 2022

- Ian Penrose was issued 11,000,000 performance rights on 7 October 2021. (5,000,000 Class A Rights where a) 2.5m Rights vest upon introduction and completion of 1 or more transactions that add an aggregate of at least A\$2.5m in revenue to the Group in any Measurement Period; b) 2.5m Rights vest upon introduction and completion of 1 or more transactions that add an aggregate of at least A\$6.5m in revenue to the Group in any Measurement Period; and c) provided that, as soon as the A\$6.5m revenue threshold above is reached or exceeded in a particular Measurement Period as a result of one or more transactions introduced, all 5m Rights vest) (6,000,000 Class B Performance Rights, upon the last to occur of each of a) the VWAP of IXUP shares trading on ASX during any rolling period of 20 continuous trading days meets or exceeds a level which is 33% higher than the closing price for IXUP shares as at the grant date; b) the Group achieves revenue of at least A\$5m in any Measurement Period; and c) the recipient has been engaged by the Group for a continuous period of 3 yrs.)
- Matthew Johnson was issued with 488,717 performance rights on the 23rd of December 2021. All rights will vest in the Measurement Period: 1) Continuous Service and 2) 20 day VWAP of IXUPs shares meeting or exceeding a level 30% higher than the closing price for IXUP shares at the grant date and the board determines, in its discretion, that the recipient contributed to such an increase.

### **Additional information**

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Revenue	977,172	16,750	88,500	158,500	120,000
Profit/(loss) after income tax	(13,662,608)	(5,424,785)	(3,774,992)	(6,588,667)	(8,679,456)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year end (\$)	0.05	0.19	0.01	0.07	0.28
Basic earnings per share (cents per share)	(1.59)	(0.88)	(1.93)	(4.16)	(7.04)

### **Additional disclosures relating to KMP**

#### **Shareholding**

The number of shares in the Company held during the financial year by each director and Executive KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<b>Ordinary shares</b>					
Dean Joscelyne*	31,193,302	-	-	-	31,193,302
Marcus Gracey	1,500,000	-	6,000,000	-	7,500,000
Matthew Johnson	-	-	50,000	-	50,000
Julian Babarczy**	12,297,338	-	2,000,000	-	14,297,338
Ian Penrose	-	-	5,876,827	-	5,876,827
	44,990,640	-	13,926,827	-	58,917,467

\* Dean Joscelyne holds his interests in shares indirectly through the Joscelyne Investments Pty Ltd atf Joscelyne Investments Unit Trust of which he is the ultimate controlling party.

\*\* Julian Babarczy holds his interests in shares indirectly through Vaucluse Investment Holdings of which he is a beneficiary.

#### Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and Executive KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Dean Joscelyne*	25,200,000	-	-	-	25,200,000
Freya Smith	500,000	-	-	-	500,000
Marcus Gracey	10,000,000	-	-	-	10,000,000
Julian Babarczy**	<u>6,272,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,272,727</u>
	<u>41,972,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,972,727</u>

\* Dean Joscelyne holds his interests in shares indirectly through the Joscelyne Investments Pty Ltd atf Joscelyne Investments Unit Trust of which he is the ultimate controlling party.

\*\* Julian Babarczy holds his interests in shares indirectly through Vaucluse Investment Holdings and Jigsaw Investments Holdings both of which he is a beneficiary.

#### Performance rights

The number of performance rights over ordinary shares in the company held during the financial year by each Director and Executive KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights</i>					
Freya Smith	1,500,000	-	-	-	1,500,000
Marcus Gracey	18,000,000	-	-	(6,000,000)	12,000,000
Matthew Johnson	-	488,717	-	-	488,717
Julian Babarczy*	6,000,000	-	-	(2,000,000)	4,000,000
Ian Penrose	<u>-</u>	<u>11,000,000</u>	<u>-</u>	<u>-</u>	<u>11,000,000</u>
	<u>25,500,000</u>	<u>11,488,717</u>	<u>-</u>	<u>(8,000,000)</u>	<u>28,988,717</u>

\* Julian Babarczy holds his interests in shares indirectly through Vaucluse Investment Holdings of which he is a beneficiary.

***This concludes the remuneration report, which has been audited.***

### Shares under option

Unissued ordinary shares of IXUP under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 September 2017	14 November 2022	\$0.25	30,000,000
1 September 2017	14 November 2022	\$0.25	11,426,470
1 September 2017	14 November 2022	\$0.25	2,000,000
15 November 2017	14 November 2022	\$0.25	15,000,000
15 November 2017	14 November 2022	\$0.25	1,140,000
20 December 2018	20 December 2023	\$0.25	3,001,666
10 April 2019	10 April 2024	\$0.25	883,333
2 July 2019	14 November 2022	\$0.25	1,000,000
9 December 2019	30 November 2023	\$0.10	10,000,000
22 October 2020	22 October 2022	\$0.08	10,000,000
29 January 2021	03 February 2023	\$0.10	4,000,000
29 January 2021	03 February 2023	\$0.10	20,000,000
29 January 2021	03 February 2025	\$0.10	40,000,000
03 February 2021	29 January 2023	\$0.10	26,320,611
22 June 2021	30 June 2023	\$0.28	2,000,000
30 July 2021	30 August 2023	\$0.20	25,000,000
			<u>201,772,080</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### Shares under performance rights

Unissued ordinary shares of IXUP under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
20 December 2018	14 November 2022	\$0.00	2,000,000
2 July 2019	14 November 2022	\$0.00	5,250,000
29 January 2021	3 February 2023	\$0.00	16,000,000
13 September 2021	31 December 2023	\$0.00	3,000,000
5 October 2021	31 March 2025	\$0.00	11,000,000
9 December 2021	31 December 2024	\$0.00	50,000,000
21 December 2021	20 December 2024	\$0.00	3,155,649
			<u>90,405,649</u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

### Shares issued on the exercise of options

There were no ordinary shares of IXUP issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

The following ordinary shares of IXUP Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
2 March 2021	\$0.10	29,191
26 March 2021	\$0.10	272,272
21 April 2021	\$0.10	327,869
18 May 2021	\$0.10	272,729
3 June 2021	\$0.10	2,827,869
18 June 2021	\$0.10	40,137
17 August 2021	\$0.00	50,182,045
		<u>53,952,112</u>

#### **Shares issued on the exercise of performance rights**

There were 8,000,000 ordinary shares of IXUP issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

#### **Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

#### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

#### **Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

#### **Officers of the company who are former directors of William Buck Audit (WA) Pty Ltd**

There are no officers of the company who are former directors of William Buck Audit (WA) Pty Ltd.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

#### **Auditor**

William Buck Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Julian Babarczy  
Chairman

30 September 2022



## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF IXUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd

ABN 67 125 012 124

Amar Nathwani

Amar Nathwani

Director

Dated this 30th day of September 2022

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## **General information**

The consolidated financial report covers IXUP Limited (the "Company") and its controlled entities (together the "Consolidated Entity" or "Group").

IXUP Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Tenancy 1004, Building 10  
 Fleet Workshops North  
 Sub Base Platypus  
 120 High Street  
 North Sydney, NSW, 2060

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30<sup>TH</sup> September 2022. The directors have the power to amend and reissue the financial statements.

### **Corporate Governance Statement**

The Corporate Governance Statement is available on the Company's website at <http://www.ixup.com>.

**IXUP Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**



	Note	Consolidated 2022 \$	2021 \$
<b>Revenue</b>			
Revenue	6	977,172	16,750
Cost of sales	7	(436,869)	-
Gross profit		540,303	16,750
Other income	5	-	197,283
Interest revenue calculated using the effective interest method		1,212	4,917
Research & Development Tax rebate		261,291	554,598
<b>Expenses</b>			
Employee benefits expense	7	(6,062,004)	(1,650,564)
Share-based costs		(2,591,332)	(2,191,924)
Depreciation and amortisation expense	7	(1,083,755)	(80,077)
Loss on disposal of assets		(154)	-
Occupancy cost	7	(45,143)	(48,189)
Administration costs	7	(4,670,037)	(2,223,907)
Finance costs	7	(12,989)	(3,672)
<b>Loss before income tax expense</b>		(13,662,608)	(5,424,785)
Income tax expense	8	-	-
<b>Loss after income tax expense for the year attributable to the shareholders of IXUP Limited</b>	25	(13,662,608)	(5,424,785)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive loss for the year attributable to the shareholders of IXUP Limited</b>		<u>(13,662,608)</u>	<u>(5,424,785)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	38	(1.59)	(0.88)
Diluted earnings per share	38	(1.59)	(0.88)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**IXUP Limited**  
**Statement of financial position**  
**As at 30 June 2022**



	Note	Consolidated 2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	4,816,710	4,824,960
Trade and other receivables	10	612,139	407,559
Other financial assets		341,200	-
Prepayments		254,371	35,979
Total current assets		<u>6,024,420</u>	<u>5,268,498</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	36,761	28,153
Right-of-use assets	12	233,151	74,691
Intangibles	13	18,388,152	2,935,245
Deposits	14	52,666	9,725
Total non-current assets		<u>18,710,730</u>	<u>3,047,814</u>
<b>Total assets</b>		<u>24,735,150</u>	<u>8,316,312</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	1,015,739	842,536
Lease liabilities	16	74,566	68,052
Provisions	17	338,472	179,697
Deferred revenue	18	80,229	-
Total current liabilities		<u>1,509,006</u>	<u>1,090,285</u>
<b>Non-current liabilities</b>			
Other financial liabilities	19	2,375,000	-
Borrowings	20	37,295	-
Lease liabilities	21	159,291	5,826
Provisions	22	118,043	88,167
Total non-current liabilities		<u>2,689,629</u>	<u>93,993</u>
<b>Total liabilities</b>		<u>4,198,635</u>	<u>1,184,278</u>
<b>Net assets</b>		<u>20,536,515</u>	<u>7,132,034</u>
<b>Equity</b>			
Issued capital	23	47,821,869	26,530,941
Reserves	24	16,115,343	11,650,987
Accumulated losses	25	(43,400,697)	(31,049,894)
<b>Total equity</b>		<u>20,536,515</u>	<u>7,132,034</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Consolidated**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	18,611,718	8,442,017	(25,855,668)	1,198,067
Loss after income tax expense for the year	-	-	(5,424,785)	(5,424,785)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(5,424,785)	(5,424,785)
Issue of shares	9,855,409	-	-	9,855,409
Issue of options as cost of capital raising	(1,247,605)	1,247,605	-	-
Share issue costs	(688,581)	-	-	(688,581)
Transfer relating to options and rights expired and/or forfeited	-	(230,559)	230,559	-
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Share-based payments (note 39)	-	2,191,924	-	2,191,924
Balance at 30 June 2021	<u>26,530,941</u>	<u>11,650,987</u>	<u>(31,049,894)</u>	<u>7,132,034</u>

**Consolidated**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	26,530,941	11,650,987	(31,049,894)	7,132,034
Loss after income tax expense for the year	-	-	(13,662,608)	(13,662,608)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(13,662,608)	(13,662,608)
Issue of shares	22,258,143	-	-	22,258,143
Share issue costs	(967,215)	-	-	(967,215)
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Share-based payments (note 39)	-	2,591,332	-	2,591,332
Options Exercised	-	(1,311,805)	1,311,805	-
Contingent consideration for DataPOWA acquisition	-	3,091,755	-	3,091,755
Foreign Exchange translation	-	93,074	-	93,074
Balance at 30 June 2022	<u>47,821,869</u>	<u>16,115,343</u>	<u>(43,400,697)</u>	<u>20,536,515</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**IXUP Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2022**



	Note	Consolidated 2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		594,244	45,950
Interest and other finance costs paid		(1,096)	(984)
Payments to suppliers and employees		(11,290,667)	(3,354,228)
Interest received		1,482	9,291
Government grants and tax incentives (R&D Incentive, JobKeepers Rebate, Cash Boost, EMD Grant)		<u>290,305</u>	<u>786,754</u>
Net cash used in operating activities	36	<u>(10,405,732)</u>	<u>(2,513,217)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(28,215)	(26,964)
Payments for intangibles and Business Acquisitions	13	(3,250,000)	(3,271,796)
Payments for investments in term deposits		(142,941)	-
Payments for Investments in Convertible Notes		(341,200)	-
Receipt from asset Acquisition		318,855	-
Cash on Balance from Business Acquisition		<u>8,353</u>	<u>-</u>
Net cash used in investing activities		<u>(3,435,148)</u>	<u>(3,298,760)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		10,000,000	9,855,409
Payment for share and issue transaction costs		(964,408)	(730,445)
Proceeds from issue of options		4,908,545	-
Repayment of borrowings		(9,524)	-
Repayment of lease liabilities		<u>(52,511)</u>	<u>(25,392)</u>
Net cash from financing activities		<u>13,882,102</u>	<u>9,099,572</u>
Net increase in cash and cash equivalents		41,222	3,287,595
Cash and cash equivalents at the beginning of the financial year		4,824,960	1,537,365
Effects of exchange rate changes on cash and cash equivalents		<u>(49,472)</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>4,816,710</u></u>	<u><u>4,824,960</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity 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.

### **Going concern**

The financial report has been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

The Group has incurred a loss of \$13,662,608 (2021: \$5,424,785) and experienced net cash outflows from operating activities of \$10,405,732 (2021: \$2,512,233). As at 30 June 2022, the Group had cash and cash equivalents of \$4,816,710 (2021: \$4,824,960).

The Group's ability to continue as a going concern, to recover the carrying value of its assets and meet its commitments as and when they fall due is dependent on the ability of the Group to raise additional capital or obtain external financing in the next few months. The Board is undertaking a capital raising as at the date of this report.

On the 29<sup>th</sup> of August 2022, the Company announced a capital raise via a pro-rata non-renounceable issue of one (1) New Share for every seven (7) held by eligible shareholders registered at the Record Date at an issue price of \$0.04 per new share. The company has successfully raised \$1,822,355 via the rights issue from current shareholders with the shortfall of \$2,300,000 being taken by current and new shareholders. The remaining \$977,482 of shortfall is intended to be placed within the next 3 months.

Management have prepared a cash flow forecast for a period of 12 months from the date of this report incorporating the factors below:

- The successful capital raise announced on 30<sup>th</sup> September 2022;
- Commercialisation of its intellectual property, to deliver future revenue; and
- Recognising that the priority of the Board and management remains revenue growth and cost reductions.
- A conservative revenue forecast
- The ability to cut expenditure if required

The Directors believe that the Group will be able to continue as a going concern after consideration of the above factors:

Whilst the directors acknowledge there are timing risks associated with the completion of successful capital raisings which the directors believe that this will be successful.

### **Basis of preparation**

IXUP Limited is domiciled in Australia. The consolidated financial statements comprise the results of IXUP Limited ("the Company") and its controlled entities ("the Group"). The consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the valuation of share-based payments.

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

## **Note 1. Significant accounting policies (continued)**

The significant accounting policies adopted in the preparation of these financial statements are presented below.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the IXUP Group are eliminated in full on consolidation.

### **Foreign Currencies**

In preparing the financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

### **Revenue recognition**

All revenue is stated net of the amount of goods and services tax (GST).

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations;
- Step 5: Recognise revenue as the performance obligations are satisfied.

#### *(i) Identification of performance obligations*

The Group has determined that for new software sales, the licenses and implementation services are quoted as separate line items and have separate list prices and therefore are not distinct performance obligations as the customer is purchasing customisable software which requires not only the licenses to be provisioned but the software to be installed by a qualified implementation consultant.

Licensing and technical support which is purchased by software customers to assist with their ongoing use of the software and is separate from the software implementation performance obligation.

#### *(ii) Satisfaction of performance obligations*

The performance obligation for the implemented software is satisfied at the point in time when the software has been installed and is operating materially as contractually required. It is when the customer has full access to and control of the software

The performance obligation for providing software customers with licensing and technical support remains throughout the contract period so is satisfied over the contract period.

In addition to contracts with customers, the Group receives interest income from monies held in its bank accounts. Interest income is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

## Note 1. Significant accounting policies (continued)

The expected future Research and Development incentive, for past qualifying Research and Development expenditure is accrued as other income when it is established that the conditions of the Research and Development incentive have been met and that the expected amount of the incentive can be reliably measured.

### Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and that the grant will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which grants are intended to compensate. If the grant relates to expenses or losses already incurred by the entity, or to provide immediate financial support to the entity with no future related costs, the income is recognised in the period in which it becomes receivable.

### Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### Derivative financial instruments

#### *Hedges of a net investment*

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

### Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### *Financial assets*

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

### Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### *Financial assets*

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

## Note 1. Significant accounting policies (continued)

### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

### **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured using the cost model.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An individual asset will be depreciated in full at the time of purchase if any of the following criteria is met:

- The cost of the asset is less than \$2,000, or
- The asset has an expected useful life of less than 12 months, or
- The asset will become technically obsolete (particularly relating to computer equipment) in less than 12 months.

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Computer equipment	3-5 years

## **Note 1. Significant accounting policies (continued)**

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and included in an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Research and development*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset; and
- how the intangible asset will generate probable future economic benefits.

Amortisation is recognised so as to write off the cost of internally-generated assets over their useful lives, using the straight-line method. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### *Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years.



**Note 1. Significant accounting policies (continued)**

*Trademarks and other intangibles*

Significant costs associated with Trademarks and other intangibles are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8 years.

*Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3.33 years.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**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 wholly 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 at 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 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the notes to the accounts.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate option valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.



## **Note 1. Significant accounting policies (continued)**

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Fair value measurement**

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax liabilities are therefore measured at the amounts expected to be paid to / recovered from the relevant taxation authority.

### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

## Note 1. Significant accounting policies (continued)

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

### Business Combinations

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured at the end of each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date. All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. There are no standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Note 2. Critical accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. Alternatively, if the revision affects both current and future periods, the revision to the accounting estimate is recognised in the period of the revision as well as in future periods.

### Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in note 3, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### Goodwill impairment testing

The Group tests goodwill for impairment by estimating future cashflows which are discounted at an appropriate discount rate. Please refer to note 13.

### Note 3. COVID-19 impact

IXUP is continuing to closely monitor and respond to the effects of the COVID-19 virus, ensuring it adheres with Government advice and recommendations, which represents a material uncertainty in the wider business environment. During the year IXUP took a number of steps to ensure responsible cash management and extend its cash operating runway.

The Company will continue to closely monitor developments related to COVID-19, and take appropriate actions as required.

### Note 4. Operating segments

#### Identification of reportable operating segments

The Group currently operates in one operating segment being the software industry. The Group continues to consider new projects in this sector and others by way of acquisition or investment. The Group operated in three geographic segments that being Australia, UK and US.

The Group determines and presents segments based on information provided by the Board of directors who collectively are the Group's Chief Operating Decision Maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

#### Operating segment information

#### Consolidated - 2022

##### Revenue

Sales to external customers

Interest Income

##### Total revenue

	Australia \$	UK \$	U.S \$	Total \$
Sales to external customers	-	423,945	553,227	977,172
Interest Income	1	-	-	1
<b>Total revenue</b>	<b>1</b>	<b>423,945</b>	<b>553,227</b>	<b>977,173</b>

### Note 5. Other income

Export Market Development Grant

Profit on sale of assets

ATO COVID-19 Cashflow Boost

ATO COVID-19 JobKeeper subsidy

Other income

	Consolidated 2022 \$	Consolidated 2021 \$
Export Market Development Grant	-	47,156
Profit on sale of assets	-	1,127
ATO COVID-19 Cashflow Boost	-	50,000
ATO COVID-19 JobKeeper subsidy	-	99,000
<b>Other income</b>	<b>-</b>	<b>197,283</b>

### Note 6. Revenue

Software revenue

	Consolidated 2022 \$	Consolidated 2021 \$
<b>Software revenue</b>	<b>977,172</b>	<b>16,750</b>

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	(436,869)	-
<i>Depreciation</i>		
Depreciation	136,817	40,962
Amortisation	937,213	39,115
Total depreciation and amortisation	1,074,030	80,077
<i>Administrative Costs</i>		
Professional adviser and legal costs	1,759,644	1,475,161
Consulting costs paid to entities related to the directors	60,000	181,668
Recruitment costs	76,449	36,464
Advertising and promotion	100,415	11,805
Travel and accommodation	160,138	20,662
Software licenses	752,069	112,381
Other	1,761,322	385,766
	4,670,037	2,223,907
<i>Employee benefits expense</i>		
Wages and salaries	5,233,849	1,427,680
Superannuation costs	409,266	128,948
Other employee benefits	418,889	93,936
	6,062,004	1,650,564
<i>Occupancy costs</i>		
Rent (short term lease payments)	20,424	28,333
Other occupancy costs	24,719	19,856
	45,143	48,189
<i>Finance costs</i>		
Interest costs	8,603	2,687
Interest and finance charges paid/payable on lease liabilities	4,386	985
Finance costs expensed	12,989	3,672
<i>Share-based payments expense</i>		
Share-based payments expense	2,591,332	2,191,924

**Note 8. Income tax expense**

	Consolidated 2022 \$	2021 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(13,662,608)	(5,424,785)
Tax at the statutory tax rate of 25% (2021: 26%)	(3,415,652)	(1,410,444)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	647,833	569,900
Non assessable other income	340,093	-
Non assessable Research & Development refund	-	(144,195)
	(2,427,726)	(984,739)
Current year temporary differences not recognized	2,427,726	984,739
Income tax expense	-	-

	Consolidated 2022 \$	2021 \$
<i>Tax losses not recognized</i>		
Unused tax losses for which no deferred tax asset has been recognized	30,365,148	21,012,648
Potential tax benefit at statutory tax rates	7,591,287	5,463,288

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the requirements of the relevant jurisdiction are met..

**Deferred tax assets and liabilities**

	Consolidated 2022 \$	2021 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	31,890	17,390
Entertainment	-	520
Depreciation	4,134	4,701
Payroll accrual	14,825	2,080
Deferred tax assets used to offset deferred tax liabilities	(21,540)	84,983
Tax losses carried forward	7,591,287	5,463,289
Deferred tax assets not brought into account	(7,620,596)	(5,572,963)
Total deferred tax assets recognised	-	-

**Note 8. Income tax expense (continued)**

	Consolidated 2022 \$	2021 \$
Deferred tax liability		
Accrued expenses	(86,161)	326,858
Deferred tax assets used to offset deferred tax liabilities	86,161	(326,858)
	<u>-</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the above items because it is not possible at this stage of development to explicitly confirm the probability that future taxable profit will be available against which the Group can utilise these benefits.

**Note 9. Current assets - cash and cash equivalents**

	Consolidated 2022 \$	2021 \$
Cash at bank	4,716,710	4,724,960
Term deposits	100,000	100,000
	<u>4,816,710</u>	<u>4,824,960</u>

Term deposits have maturity dates of less than 3 months.

**Note 10. Current assets - Trade and other receivables**

	Consolidated 2022 \$	2021 \$
Trade receivables	414,723	-
Other receivables	145,849	6,156
GST	51,567	401,403
	<u>612,139</u>	<u>407,559</u>

*Allowance for expected credit losses*

The consolidated entity has recognised a loss of \$nil (2021: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

**Note 11. Non-current assets - property, plant and equipment**

	Consolidated 2022 \$	2021 \$
Computer equipment - at cost	112,011	79,417
Less: Accumulated depreciation	<u>(78,694)</u>	<u>(53,182)</u>
	33,317	26,235
Office equipment - at cost	13,780	7,791
Less: Accumulated depreciation	<u>(10,336)</u>	<u>(5,873)</u>
	3,444	1,918
	<u>36,761</u>	<u>28,153</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements * \$	Computer equipment \$	Office equipment \$	Total \$
Balance at 1 July 2020	14,574	3,868	-	18,442
Additions	-	25,640	2,154	27,794
Depreciation expense	<u>(14,574)</u>	<u>(3,273)</u>	<u>(236)</u>	<u>(18,083)</u>
Balance at 30 June 2021	-	26,235	1,918	28,153
Additions	-	30,924	3,208	34,132
Additions through business combinations (note 32)	-	7,956	740	8,696
Disposals	-	(12,450)	-	(12,450)
Exchange differences	-	(303)	(13)	(316)
Reversal of depreciation on disposals	-	978	-	978
Depreciation expense	<u>-</u>	<u>(20,023)</u>	<u>(2,409)</u>	<u>(22,432)</u>
Balance at 30 June 2022	<u>-</u>	<u>33,317</u>	<u>3,444</u>	<u>36,761</u>

\* These assets were disposed after they were fully depreciated.

**Note 12. Non-current assets - right-of-use assets**

	Consolidated 2022 \$	2021 \$
Right-of-use asset	350,479	77,635
Less: Accumulated depreciation	<u>(117,328)</u>	<u>(2,944)</u>
	<u>233,151</u>	<u>74,691</u>

The consolidated entity leases an office and a parking space, with lease terms of 1.1 years. Both commenced on 15 June 2021 and will terminate on 31 July 2022. The company has leased new premises with 3 parking spaces, with lease terms of 3.3 years. Both commenced 1 June 2022. Depreciation for the year for the right-of-use asset was \$114,385.



**Note 12. Non-current assets - right-of-use assets (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Right-of-use asset \$	Total \$
Balance at 1 July 2020	19,936	19,936
Additions	77,635	77,635
Depreciation expense	(22,880)	(22,880)
Balance at 30 June 2021	74,691	74,691
Additions	272,845	272,845
Depreciation expense	(114,385)	(114,385)
Balance at 30 June 2022	<u>233,151</u>	<u>233,151</u>

**Note 13. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	15,269,731	-
Developed Software - at cost	1,731,909	1,731,909
Less: Accumulated amortisation	(1,731,909)	(1,731,909)
	-	-
Website - at cost	1,120,389	-
Less: Accumulated amortisation	(342,341)	-
	778,048	-
Intellectual Property	2,974,360	2,974,360
Less: Accumulated amortisation	(633,987)	(39,115)
	<u>2,340,373</u>	<u>2,935,245</u>
	<u>18,388,152</u>	<u>2,935,245</u>

**Note 13. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Goodwill \$	Developed Software \$	Website \$	Intellectual Property \$	Total \$
Balance at 1 July 2020	-	-	-	-	-
Additions	-	-	-	2,974,360	2,974,360
Amortisation expense	-	-	-	(39,115)	(39,115)
Balance at 30 June 2021	-	-	-	2,935,245	2,935,245
Additions through business combinations (note 32)	15,269,731	-	1,120,389	-	16,390,120
Amortisation expense	-	-	(342,341)	(594,872)	(937,213)
Balance at 30 June 2022	<u>15,269,731</u>	<u>-</u>	<u>778,048</u>	<u>2,340,373</u>	<u>18,388,152</u>

The Company reviews its intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Goodwill**

Goodwill and website relate to the acquisition of DataPOWA Ltd in August 2021. Measurement of the assets and liabilities acquired from the acquisition of DataPOWA Ltd may be made to these figures up to 12 months following the date of acquisition if new information is obtained about the facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of the date.

Goodwill is subject to impairment testing on an annual basis or whenever there is an indication of impairment. Capitalised development costs, website and software costs are subject to impairment testing whenever there is an indication of impairment. A review of indicators of impairment relating to all intangible assets was performed at 30 June 2022. This review was determined by using a value-in-use calculation using a discounted cash flow model, based on a 2-year projection approved by management and extrapolated for a further 3 years using a declining rate, together with a terminal value.

The following key assumptions were used in the discounted cash flow for DataPOWA:

- 14% post tax discount rate;
- Terminal year after year 5
- Terminal Growth rate of 5%
- Forecast revenue growth averaging 70% year on year

Based on the strategy presented by management and the early stage of the business the average growth rate is justified.

The Forecast revenue is based on the Directors best estimate based on the Group's sales pipeline.

**Sensitivity**

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- The average revenue growth would need to decrease by 2% before goodwill would need to be impaired, with other assumptions remaining constant
- The discount rate would be required to increase by 1% before goodwill would need to be impaired, with other assumptions remaining constant

As a result of this review, no goodwill impairment was recognised as at 30 June 2022.

**Note 13. Non-current assets - intangibles (continued)**

**Developed Software**

During the year ended 30 June 2022, the gross carrying value of Developed Software equated to \$1,731,909 (2021: \$1,731,909). This asset was originally capitalised at this gross value with effect September 2015 and is being depreciated on a straight-line basis at 30% per annum.

Accumulated depreciation of this Developed software totalled \$1,731,909 (2021: \$1,731,909), giving net written down value of \$nil (2021: \$nil) at financial year end.

**Intellectual Property**

During the year ended 30 June 2021, the company completed the strategic acquisition of the entire intellectual property of Data Republic Pty Ltd. The acquisition is capitalised at cost of \$2,974,360 and is being depreciated on a straight-line basis at 20% per annum.

Accumulated depreciation of this Intellectual Property totalled \$594,872, giving net written down value of \$2,340,373 at financial year end.

Based on the customer contracts for Data Republic, no indicators of impairment were identified as at 30 June 2022.

**Note 14. Non-current assets - Deposits**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Security Deposit	52,666	9,725

This amount represents two security deposits for the office space rented. On termination or cancellation of the rental contract the deposits will be refunded.

**Note 15. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables	478,119	465,388
Accrued expenses	151,114	281,836
PAYG withholding payable	233,754	42,984
Superannuation payable	113,687	42,829
Wages payable	21,962	8,459
Other payables	17,103	1,040
	<u>1,015,739</u>	<u>842,536</u>

Refer to note 27 for further information on financial instruments.

The average credit period allowed by trade creditors to the Group which are not related parties is approximately 24 days.

**Note 16. Current liabilities - lease liabilities**

	Consolidated 2022 \$	2021 \$
Lease liability	74,566	68,052

Refer to note 27 for further information on financial instruments.

The consolidated entity leases an office and a parking space, with lease terms of 1.1 years. Both commenced on 15 June 2021 and will terminate on 31 July 2022. The company has leased new premises with 3 parking spaces, with lease terms of 3.3 years. Both commenced 1 June 2022.

**Note 17. Current liabilities - provisions**

	Consolidated 2022 \$	2021 \$
Annual leave	338,472	179,697

**Note 18. Current liabilities - Deferred revenue**

	Consolidated 2022 \$	2021 \$
Deferred revenue	80,229	-

**Note 19. Non-current liabilities - Other financial liabilities**

	Consolidated 2022 \$	2021 \$
Contingent consideration	2,375,000	-

*Contingent consideration*

The provision represents the obligation to pay contingent consideration following the acquisition of DataPOWA Limited. For more information refer to note 32.

**Note 20. Non-current liabilities - borrowings**

	Consolidated 2022 \$	2021 \$
Bank loans	37,295	-

Refer to note 27 for further information on financial instruments.

**Note 21. Non-current liabilities - lease liabilities**

	Consolidated 2022 \$	2021 \$
Lease liability	159,291	5,826

Refer to note 27 for further information on financial instruments.

**Note 22. Non-current liabilities - provisions**

	Consolidated 2022 \$	2021 \$
Long service leave	118,043	88,167

**Note 23. Equity - issued capital**

	2022 Shares	2021 Shares	Consolidated 2022 \$	2021 \$
Ordinary shares - fully paid	902,076,031	703,995,838	47,821,869	26,530,941

*Movements in ordinary share capital*

Details	Date	Shares	\$
Balance	01 July 2020	222,840,158	18,611,718
Issue of shares	22 July 2020	142,049,018	1,420,490
Issue of shares	30 July 2020	80,791,140	807,912
Issue of shares	9 September 2020	150,000,000	1,500,000
Issue of shares	20 November 2020	104,545,455	5,750,000
Issue of shares		-	(365,898)
Issue of unlisted options to Cygnet Capital as fees	2 March 2021	29,191	2,919
Issue of shares	26 March 2021	272,272	27,227
Issue of shares	21 April 2021	327,869	32,787
Issue of shares	18 May 2021	272,729	27,273
Issue of shares	3 June 2021	2,827,869	282,787
Issue of shares	18 June 2021	40,137	4,014
Share issue costs		-	(688,581)
Issue of unlisted options to Cygnet Capital as fees		-	(881,707)
Balance	30 June 2021	703,995,838	26,530,941
Issue of shares	3 August 2021	47,872,340	7,420,213
Issue of shares	17 August 2021	28,000,000	560,000
Issue of shares	17 August 2021	22,182,045	2,218,205
Issue of shares	30 September 2021	5,000,000	500,000
Issue of shares	30 September 2021	10,000,000	1,000,000
Issue of shares	30 September 2021	1,625,000	162,500
Issue of shares	29 October 2021	3,736,863	373,686
Issue of shares	24 November 2021	235,374	23,537
Issue of shares	7 December 2021	71,428,571	10,000,000
Issue of shares	9 December 2021	8,000,000	-
Share issue costs		-	(967,213)
Balance	30 June 2022	902,076,031	47,821,869

## **Note 23. Equity - issued capital (continued)**

*Options (Refer to note 39 for further information on Options)*

<b>Details</b>	<b>Date</b>	<b>Options</b>	<b>\$</b>
	1 July 2020	75,201,469	-
Issue of unlisted options to Cygnet Capital	30 July 2020	20,000,000	-
Issue of unlisted options to Cygnet Capital	9 September 2020	8,000,000	-
Issue of plan options to employees and directors	22 October 2020	10,000,000	-
Issue of plan options to directors	10 November 2020	4,000,000	-
Cancelled due to forfeiture during the year		(750,000)	-
Issue of unlisted options to sophisticated and institutional investors	3 February 2021	52,272,723	-
Issue of unlisted options to Cygnet Capital	3 February 2021	20,000,000	-
Issue of unlisted options to Tekkorp Capital LLC	3 February 2021	40,000,000	-
Issue of unlisted options to Checkside Ltd	30 June 2021	2,000,000	-
Exercised during the year		(3,770,067)	-
Balance	30 June 2021	226,954,125	-
Issue of unlisted options to Cygnet Capital		25,000,000	-
Options exercised during the year		(70,779,282)	-
Balance	30 June 2022	<u>181,174,843</u>	-

*Performance Rights (Refer to note 39 for further information on Performance Rights)*

<b>Details</b>	<b>Date</b>	<b>Performance Rights</b>	<b>\$</b>
Balance	1 July 2020	14,750,000	-
Issue of performance rights to directors	3 February 2021	24,000,000	-
Cancelled due to forfeiture during the year		(7,500,000)	-
Balance	30 June 2021	31,250,000	-
Issue of performance rights to Advisors	13 September 2021	3,000,000	-
Issue of performance rights to Ian Penrose	5 October 2021	11,000,000	-
Issue of performance rights to Tekkorp Capital LLC	9 December 2021	50,000,000	-
Vesting of performance rights	9 December 2021	(8,000,000)	-
Issue of performance rights to employees	21 December 2021	3,155,649	-
Balance	30 June 2022	<u>90,405,649</u>	-

### *Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### *Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

## Note 23. Equity - issued capital (continued)

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

## Note 24. Equity - reserves

	Consolidated 2022 \$	2021 \$
Foreign currency reserve	93,074	-
Equity-settled reserves	6,208,256	1,839,662
Options reserve	9,814,013	9,811,325
	<u>16,115,343</u>	<u>11,650,987</u>

### Equity-settled reserve

On 19 October 2016, 11,426,470 warrants were issued to Asia Principal Capital Group Pte Ltd as part of a restructure of the IXUP Group. Subject to the terms of the warrant deed, the warrants entitled the holder to subscribe for the number of ordinary shares in the Company equal to 15% of the fully diluted outstanding capital of the Company. These warrants were cancelled and equivalent options were issued in their place on 1 September 2017.

To determine the fair value of the warrants, the IXUP Group engaged the support of a professional adviser, who estimated the fair value of the warrants using a widely accepted valuation methodology and assumptions based on historical data for similar publicly-listed securities.

### Options reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration as part of their compensation for services. It is also used to recognise the value of equity benefits issued to advisors.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve \$	Equity-settled reserve \$	Options reserve \$	Total \$
Balance at 1 July 2020	-	1,839,662	6,602,355	8,442,017
Issue of options as cost of capital raising	-	-	1,247,605	1,247,605
Share based payments as consideration for goods/services	-	-	2,191,924	2,191,924
Transfer relating to options and rights expired and/or cancelled	-	-	(230,559)	(230,559)
Balance at 30 June 2021	-	1,839,662	9,811,325	11,650,987
Foreign currency translation	93,074	-	-	93,074
Contingent consideration for DataPOWA acquisition	-	3,091,755	-	3,091,755
Share based payments	-	-	2,591,332	2,591,332
Transfer relating to options exercised	-	-	(1,311,805)	(1,311,805)
Balance at 30 June 2022	<u>93,074</u>	<u>4,931,417</u>	<u>11,090,852</u>	<u>16,115,343</u>



## Note 25. Equity - accumulated losses

	Consolidated	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(31,049,894)	(25,855,668)
Loss after income tax expense for the year	(13,662,608)	(5,424,785)
Transfer relating to options and rights expired and/or cancelled	1,311,805	230,559
Accumulated losses at the end of the financial year	<u>(43,400,697)</u>	<u>(31,049,894)</u>

## Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 27. Financial instruments

### Financial risk management objectives

The Group's finance function provides services to the business, co-ordinates access to banking facilities, and monitors and manages the financial risks relating to the operations of the Group in accordance with the decisions of the directors.

In the reporting period, the Group was not exposed to material financial risks of changes in foreign currency exchange rates. Accordingly, the Group did not employ derivative financial instruments to hedge currency risk exposures.

	Consolidated	
	2022	2021
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	4,816,710	4,824,960
Other receivables and other assets	145,803	6,156
	<u>4,962,513</u>	<u>4,831,116</u>
<b>Financial liabilities</b>		
Trade and other payables	668,298	756,723
Lease Liabilities	233,857	73,877
	<u>902,155</u>	<u>830,600</u>

### Market risk

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's cash held on term deposit. A sensitivity analysis was performed and the assessment determined that a movement in interest rates is not considered to be material to the group's profit and loss.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have significant credit risk exposure to any single counterparty at the reporting date.

The credit risk on liquid cash funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group is not exposed to credit risk in relation to financial guarantees given to banks, because it has no such guarantees outstanding at the reporting date.

## Note 27. Financial instruments (continued)

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. The consolidated entity has assessed the expected credit losses to trade receivables and concluded that no allowance is required.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which periodically reviews the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities where possible.

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2022</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	478,119	-	-	-	478,119
Other payables	-	190,179	-	-	-	190,179
<i>Interest-bearing - variable</i>						
Lease liability	10.00%	74,566	-	-	-	74,566
Total non-derivatives		742,864	-	-	-	742,864
<b>Consolidated - 2021</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	465,388	-	-	-	465,388
Other payables	-	291,335	-	-	-	291,335
<i>Interest-bearing - variable</i>						
Lease liability	10.00%	68,052	5,825	-	-	73,877
Total non-derivatives		824,775	5,825	-	-	830,600

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

**Note 27. Financial instruments (continued)**

**Capital Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of net cash (there were no material borrowings at year end) as detailed in note 9 and equity (detailed in note 23).

As at reporting date, the Group had net assets of \$20,536,515 (2021: \$7,132,034) and issued capital of \$47,821,869 (2021: \$26,530,941).

**Note 28. Key management personnel disclosures**

*Directors*

The following persons were directors and KMP's of IXUP Limited during the financial year:

Julian Babarczy	Chairman and Non-Executive Director
Dean Joscelyne	Non-Executive Director (Retired 29 July 2022)
Freya Smith	Non-Executive Director
Marcus Gracey	Director Corporate Development & Strategy
Ian Penrose	Non-Executive Director (Appointed 24 January 2022)
Matthew Johnson	CFO (Appointed 9 December 2021)

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	673,557	349,940
Post-employment benefits	46,881	16,190
Share-based payments	338,422	970,947
	<u>1,058,860</u>	<u>1,337,077</u>

**Note 29. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by William Buck Audit (WA) Pty Ltd, the auditor of the Company:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Audit services - William Buck Audit (WA) Pty Ltd		
Audit or review of the financial statements	<u>36,000</u>	<u>33,957</u>

**Note 30. Related party transactions**

*Parent entity*

IXUP Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 34.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

### Note 30. Related party transactions (continued)

#### Transactions with related parties

Mr Dean Joscelyne is the ultimate controlling party of YDCJ Pty Ltd atf YDCJ Unit Trust and Destria Pty Ltd.

Mr Julian Babarczy is one of the ultimate controlling parties of Jigsaw Consulting Pty Ltd.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The following transactions occurred with related parties and are GST inclusive:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payment/Accrual to Destria Pty Ltd for consulting services and Director fees	91,274	201,667
Payment to Mr Dean Joscelyne as landlord for company premise and office services	-	59,797
Payment to Jigsaw Consulting Pty Ltd for consulting services	55,000	38,288

#### Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Amounts owed to related parties:		
Destria Pty Ltd	-	28,459

#### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

#### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

### Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

#### Statement of profit or loss and other comprehensive income

	<b>Parent</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(30,422,850)	(4,162,496)
Total comprehensive loss	(30,422,850)	(4,162,496)

**Note 31. Parent entity information (continued)**

*Statement of financial position*

	Parent 2022 \$	2021 \$
Total current assets	4,734,195	22,471,673
Total assets	18,648,229	31,570,678
Total current liabilities	311,618	805,322
Total liabilities	2,845,909	811,148
Equity		
Issued capital	46,213,460	26,530,942
Equity-settled reserves	2,354,290	1,839,662
Options reserve	9,814,014	9,811,325
Accumulated losses	(37,845,249)	(7,422,399)
Total equity	20,536,515	30,759,530

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 32. Business combinations**

On 4 August 2021, the Company acquired 100% of the ordinary shares of DataPOWA Limited, concluding IXUP's first business acquisition in the exciting global sports data/sponsorship industry.

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.

The acquisition of DataPOWA will enable IXUP to acquire a synergistic and complementary business with associated domain expertise that is poised for accelerated revenue and customer growth, accelerates its commercialisation plans and more importantly provide a clear path for IXUP's technology to the sports data market.

*Upfront consideration*

On completion of the Acquisition, the company made a cash payment to Vendors of \$3.25 million and issued 47,872,340 new fully paid ordinary shares (being shares to the value of \$4,500,000, based on a deemed issue price of \$0.094 per share, which was the price of the Company shares at the time acquisition discussions commenced). Those shares will be subject to voluntary escrow for a period of 12 month after completion. Under AASB 3, the shares have been valued as at acquisition date at a total of \$7,420,213.

**Note 32. Business combinations (continued)**

*Contingent 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 contingent 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 contingent 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). 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 30 June 2022 (A\$1.875 million worth of IXUP shares based on a deemed issue price of \$0.094 per share) which has been recognised at a fair value of \$3,091,755; and
- £2,000,000 revenue in the 12-month period to 30 June 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 contingent 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).

Details of the acquisition are as follows:

	<b>Fair value \$</b>
Cash and cash equivalents	8,353
Trade receivables	176,735
Other receivables	85,062
Plant and equipment	8,696
Website	1,161,124
Trade payables	(476,579)
Revenue received in advance	(47,131)
Bank loans	(49,023)
Acquisition-date fair value of the total consideration transferred	<u>867,237</u>
Representing:	
Cash paid or payable to vendor	3,250,000
IXUP Limited shares issued to vendor	7,420,213
Contingent consideration	<u>5,466,755</u>
	<u>16,136,968</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	16,136,968
Less: contingent consideration	(5,466,755)
Less: shares issued by Company as part of consideration	<u>(7,420,213)</u>
Net cash used	<u>3,250,000</u>

### **Note 33. Fair value measurement**

#### *Fair value hierarchy*

The contingent consideration payable on meeting the £2,000,000 revenue target referred to in note 15 has been reported as a financial liability as it will be paid through the issue of a variable number of shares amounting to a maximum of \$1,875,000 and a bonus of \$500,000.

This financial liability is measured at fair value by applying management's assessment of the probability of the revenue target being met to maximum fair value payable. and therefore, the fair value is deemed to be a level 3 valuation under AASB 13 *Fair Value* as it is based on unobservable inputs. Change in fair value arising from changes in management's assessment of the likelihood of the target being met are recognised in profit and loss. Changes in management's assessment of the likelihood of the targets being met would change the fair value of the consideration payable in accordance with the terms summarised in Note 15.

There was no change in the fair value between the date of acquisition and 30 June 2022.

### **Note 34. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal activities	Principal place of business / Country of incorporation	Parent Ownership interest	Ownership interest
			2022 %	2021 %
IXUP Operations Pty Ltd	Software development	Australia	100%	100%
IXUP IP Pty Ltd	Software patents	Australia	100%	100%
DataPOWA Ltd	Software development	UK	100%	100%
Ixup INC	Software development	US	100%	100%

### **Note 35. Events after the reporting period**

On the 29<sup>th</sup> of July 2022, the Company announced it had commenced a global Collaboration with Microsoft Research in the quarter, having implemented Microsoft's SEAL homomorphic encryption technology to assist IXUP to solve the challenges of responsible gaming and sports integrity. This collaboration acknowledges IXUP's efforts and focus, which are considered an important ESG initiative to address the challenges of responsible gaming. IXUP is proud to be working with Microsoft on our various commercialisation initiatives.

On the 18<sup>th</sup> of August 2022, the Company announced operational changes to align the company to the strategic focus of the business. A number of important commercialisation milestones are also progressing, the success of which will aid the planned positioning of IXUP as a meaningful player in the global online sports bettering compliance and integrity industry. The changes included the following:

- Marcus Gracey transitioned from CEO role to Director, Corporate Development & Strategy
- An Advisory Committee has been established to provide strategic, commercial and operational guidance and oversight to the management Team during the transitional period through to appointment of a new CEO
- Appointment of experienced US Online Gaming Executive, Kevin Vonasek, as a US-based consultant to oversee all US commercialisation opportunities
- Senior leadership team at IXUP given enhanced responsibility to deliver successful commercialisation outcomes
- Several key commercialisation initiatives well advanced, including multiple pilots involving major US online operators, regulators and sporting leagues

On the 29<sup>th</sup> of August 2022, the Company announced a capital raise via a pro-rata non-renounceable issue of one (1) New Share for every seven (7) held by eligible shareholders registered at the Record Date at an issue price of \$0.04 per new share. The company has successfully raised \$1,822,355 via the rights issue from current shareholders with the shortfall of \$2,300,000 being taken by current and new shareholders. The remaining \$977,482 of shortfall is intended to be placed within the next 3 months



**Note 36. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(13,662,608)	(5,424,785)
Adjustments for:		
Depreciation and amortisation	1,074,030	80,077
Share-based payments	2,591,332	2,191,924
Change in operating assets and liabilities:		
(Increase)/decrease in other receivables and other assets	(1,159,574)	(1,096)
Increase in trade and other payables	609,911	574,760
(Decrease)/Increase in provisions	141,177	66,887
Net cash used in operating activities	<u>(10,405,732)</u>	<u>(2,512,233)</u>

**Note 37. Non-cash investing and financing activities**

During the current year, the Group entered into the following non-cash investing and financing activities, which are not reflected in the consolidated statement of cash flows:

During the year ended 30 June 2022, the Group entered into the following non-cash investing and financing activities, which are not reflected in the consolidated statement of cash flows:

(i) The Company issued 25,000,000 Unlisted Options to Cygnet Capital as part of their fees for providing underwriting and offer management services. (ii) The Company issued 3,000,000 Performance Rights to Advisors as part of their fees for professional services.

(ii) The Company issued 50,000,000 Performance Rights to Tekkorp Capital LLC as part of their fees for providing underwriting and offer management services.

During the year ended 30 June 2021, the Group entered into the following non-cash investing and financing activities, which are not reflected in the consolidated statement of cash flows:

(i) The Company issued 48,000,000 Unlisted Options to Cygnet Capital as part of their fees for providing underwriting and offer management services.

(ii) The Company issued 40,000,000 Unlisted Options to Tekkorp Capital LLC pursuant to a strategic collaboration agreement.

(iii) The Company issued 2,000,000 Unlisted Options to Checkside pursuant to a strategic partnering agreement.

During the year ended 30 June 2020, the Group entered into the following non-cash investing and financing activities, which are not reflected in the consolidated statement of cash flows:

(i) The Company issued 20,000,000 Unlisted Options to Cygnet Capital as part of their fees for providing underwriting and offer management services.

**Note 38. Earnings per share**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the shareholders of IXUP Limited	<u>(13,662,608)</u>	<u>(5,424,785)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.59)	(0.88)
Diluted earnings per share	(1.59)	(0.88)

**Note 38. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	857,593,159	616,591,541
Weighted average number of ordinary shares used in calculating diluted earnings per share	857,593,159	616,591,541

**Non-Dilutive Securities**

As at reporting date, 95,201,469 Unlisted Options (which represent 95,201,469 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

**Note 39. Share-based payments and Performance Rights**

During the year ended 30 June 2017 IXUP issued 7,070,000 Plan Options to employees, 3,930,000 of these Plan Options have since been forfeited on resignation of employees. Vesting occurs over 3 years in equal instalments. The Plan Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.134 per Plan Option.

In September 2017 IXUP issued 30,600,000 Unlisted Options to Directors and advisory board members. The Unlisted Options have vested and are escrowed.

In November 2017 IXUP issued 15,000,000 Unlisted Options to Cygnet Capital. The Unlisted Options have vested and are escrowed. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.139 per Unlisted Option which equates to \$2,085,000 and this has been offset against Issued Capital as these options relate to the capital raising.

In September 2017 IXUP converted warrants held by Asia Principal Capital Limited to 10,826,470 Unlisted Options. The strike price of each option is \$0.25 and term is 5 years from the grant date. The remeasurement of the fair value of the unlisted options after the conversion was not taken into account in accordance with AASB 2 Share-based payments as it resulted in a decrease in the fair value of the equity instruments granted.

In September 2017 IXUP issued 5,250,000 Performance Rights to directors and advisory board members. 4,250,000 of these Performance Rights have since been forfeited on resignation of directors. The remaining rights have fully vested.

During the year ended 30 June 2019 IXUP issued 5,685,000 Plan Options to employees. 2,683,333 of these Plan Options have since been forfeited on resignation of employees. Vesting occurs over 3 years in equal instalments. The Plan Options have been valued using the Black Scholes Model by the Company. The calculated Black Scholes Valuation is \$0.047 per Plan Option.

During the year ended 30 June 2019 IXUP issued 1,900,000 Plan Options to employees. 1,016,666 of these Plan Options have since been forfeited on resignation of employees. Vesting occurs over 3 years in equal instalments. The Plan Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.043 per Plan Option.

During the year ended 30 June 2020 IXUP issued 1,000,000 Unlisted Options to directors with an exercise price of 25 cents and an expiry date of 14 November 2022. Vesting occurs over 3 years in equal instalments and have no other vesting conditions besides the holder continuing to act as a director of the Company. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.022 per Unlisted Option.

During the year ended 30 June 2020 IXUP issued 10,000,000 Unlisted Options to Cygnet Capital with an exercise price of 10 cents and an expiry date of 31 November 2023. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.043 per Unlisted Option.

During the year ended 30 June 2021 IXUP issued 10,000,000 Unlisted Options to Directors with an exercise price of 8 cents and an expiry date of 22 October 2022. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0312 per Unlisted Option which equates to \$203,014 recognised during the year ended 30 June 2021 as part of Share-based payments.

During the year ended 30 June 2021 issued 4,000,000 Unlisted Options to Directors with an exercise price of 10 cents and an expiry date of 3 February 2023. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0441 per Unlisted Option which equates to \$176,341 recognised during the year ended 30 June 2021 as part of Share-based payments

During the year ended 30 June 2021 IXUP issued 20,000,000 Unlisted Options to Cygnet Capital with an exercise price of 2 cents and an expiry date of 31 July 2024. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.00911 per Unlisted Option which is \$145,738 recognised during the year ended 30 June 2021 as part of Capital raising costs.

During the year ended 30 June 2021 IXUP issued 8,000,000 Unlisted Options to Cygnet Capital with an exercise price of 2 cents and an expiry date of 31 July 2024. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0344 per Unlisted Option which is \$220,160 recognised during the year ended 30 June 2021 as part of Capital raising costs.

During the year ended 30 June 2021 IXUP issued 20,000,000 Unlisted Options to Cygnet Capital with an exercise price of 10 cents and an expiry date of 3 February 2023. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0441 per Unlisted Option which is \$881,707 recognised during the year ended 30 June 2021 as part of Capital raising costs.

During the year ended 30 June 2021 IXUP issued 40,000,000 Unlisted Options to Tekkorp with an exercise price of 10 cents and an expiry date of 3 February 2025. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0594 per Unlisted Option which is \$788,904 recognised during the year ended 30 June 2021 as part of Share-based payments.

During the year ended 30 June 2021 IXUP issued 2,000,000 Unlisted Options to Checkside with an exercise price of 28 cents and an expiry date of 30 June 2023. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0834 per Unlisted Option which is \$166,726 recognised during the year ended 30 June 2021 as part of Share-based payments.

During the year ended 30 June 2021 750,000 Plan Options were forfeited relating to employees and directors who left the Company and did not meet vesting conditions.

During the year ended 30 June 2022 IXUP issued 25,000,000 Unlisted Options to Cygnet Capital with an exercise price of 20 cents and an expiry date of 30 August 2023. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.0687 per Unlisted Option which is \$1,574,591 recognised during the year ended 30 June 2022.

During the year ended 30 June 2022 \$3,498 was recognised relating to Plan Options issued in 2018 to employees and directors.

During the year ended 30 June 2022 \$1,887 was recognised relating to Plan Options issued in 2019 to employees and directors.

During the year ended 30 June 2022 \$1,742 was recognised relating to Plan Options issued in 2020 to employees and directors.

During the year ended 30 June 2022 \$452,277 was recognised relating to Plan Options issued in 2021 to employees and directors.

During the year ended 30 June 2020 IXUP issued 12,000,000 Performance Rights in July 2019 to directors with nil exercise price. 6,750,000 of these Performance Rights have since been forfeited on resignation of directors. The rights have been valued with reference to market price, adjusted for probability of vesting between 40% to 60%. Vesting occurs in equal instalments subject to revenue targets and tenure conditions being achieved.

During the year ended 30 June 2020 1,250,000 Performance Rights were cancelled relating to directors who left the Company and did not meet the vesting conditions.

During the year ended 30 June 2021 IXUP issued 24,000,000 Performance Rights in February 2021 to directors with nil exercise price. The rights have been valued with reference to market price, adjusted for probability of vesting between 60% to 100% and an expense of \$684,593 has been recognised during the year ended 30 June 2021 as part of Share-based payments. Vesting occurs in equal instalments subject to market-based and non-market-based conditions being achieved.

During the year ended 30 June 2021 750,000 Performance Rights were cancelled relating to directors who left the Company and did not meet the vesting conditions.

During the year ended 30 June 2022 IXUP issued 3,000,000 Performance Rights in September 2021 to advisors with nil exercise price. The rights have been valued with reference to market price, adjusted for probability of vesting of 50% and an expense of \$64,654 has been recognised during the year ended 30 June 2022 as part of Share-based payments. Vesting occurs in equal instalments subject to performance conditions being achieved.

During the year ended 30 June 2022 IXUP issued 11,000,000 Performance Rights in September 2021 to Ian Penrose with nil exercise price and in December 2021 488,717 Performance Rights were issued to Matthew Johnson with a nil exercise price. The rights have been valued with reference to market price, adjusted for probability of vesting between 15% to 40% and a Monte Carlo model to value the tranche subject to market-based vesting conditions. An expense of \$338,422 has been recognised during the year ended 30 June 2022 as part of Share-based payments. Vesting occurs in equal instalments subject to market-based and non-market-based conditions being achieved.

During the year ended 30 June 2022 IXUP issued 50,000,000 Performance Rights in September 2021 to advisors with nil exercise price. The rights have been valued with reference to market price, adjusted for probability of vesting between 25% to 40% and an expense of \$308,428 has been recognised during the year ended 30 June 2022 as part of Share-based payments. Vesting occurs in equal instalments subject to non-market-based conditions being achieved.

During the year ended 30 June 2022 IXUP issued 3,000,000 Performance Rights in September 2021 to advisors with nil exercise price. The rights have been valued with reference to market price, adjusted for probability of vesting between 33% to 50% and an expense of \$64,654 has been recognised during the year ended 30 June 2022 as part of Share-based payments. Vesting occurs in equal instalments subject to market-based and non-market-based conditions being achieved.

Set out below are summaries of options at year end:

2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/09/2017	14/11/2022	\$0.25	10,826,470	-	-	-	10,826,470
01/09/2017	14/11/2022	\$0.25	30,600,000	-	-	-	30,600,000
15/11/2017	14/11/2022	\$0.25	15,000,000	-	-	-	15,000,000
01/09/2017	14/11/2022	\$0.25	2,000,000	-	-	-	2,000,000
15/11/2017	14/11/2022	\$0.25	1,140,000	-	-	-	1,140,000
20/12/2018	20/12/2023	\$0.25	3,001,666	-	-	-	3,001,666
10/04/2019	10/04/2024	\$0.25	883,333	-	-	-	883,333
02/07/2019	14/11/2022	\$0.25	1,000,000	-	-	-	1,000,000
09/12/2019	30/11/2023	\$0.10	10,000,000	-	(5,000,000)	-	5,000,000
23/06/2020	31/07/2024	\$0.02	20,000,000	-	(20,000,000)	-	-
08/09/2020	31/07/2024	\$0.02	8,000,000	-	(8,000,000)	-	-
22/10/2020	22/10/2022	\$0.08	10,000,000	-	-	-	10,000,000
29/01/2021	03/02/2023	\$0.10	4,000,000	-	-	-	4,000,000
29/01/2021	03/02/2023	\$0.10	20,000,000	-	(10,000,000)	-	10,000,000
29/01/2021	03/02/2025	\$0.10	40,000,000	-	-	-	40,000,000
03/02/2021	29/01/2023	\$0.10	48,502,656	-	(27,779,282)	-	20,723,374
22/06/2021	30/06/2023	\$0.28	2,000,000	-	-	-	2,000,000
02/08/2021	30/08/2023	\$0.20	-	25,000,000	-	-	25,000,000
			226,954,125	25,000,000	(70,779,282)	-	181,174,843
Weighted average exercise price			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note the 48,502,656 options granted on 3 February 2021 do not represent share-based payments but have been included in the above table for completeness.

Set out below are summaries of performance rights movements during the year:

2022						
Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	14/11/2022	2,000,000	-	-	-	2,000,000
02/07/2019	14/11/2022	5,250,000	-	-	-	5,250,000
29/01/2021	03/02/2026	24,000,000	-	(8,000,000)	-	16,000,000
13/09/2021	31/12/2023	-	3,000,000	-	-	3,000,000
05/10/2021	31/03/2025	-	11,000,000	-	-	11,000,000
09/12/2021	31/12/2024	-	50,000,000	-	-	50,000,000
21/12/2021	20/12/2024	-	3,155,649	-	-	3,155,649
		31,250,000	67,155,649	(8,000,000)	-	90,405,649

  

2021						
Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	14/11/2022	2,750,000	-	-	(750,000)	2,000,000
02/07/2019	14/11/2022	12,000,000	-	-	(6,750,000)	5,250,000
29/01/2021	03/02/2026	-	24,000,000	-	-	24,000,000
		14,750,000	24,000,000	-	(7,500,000)	31,250,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.5 years (2020: 2.5 years)

For the performance rights granted during the current financial year, a monte carlo model was used to calculate the fair value of performance rights with a market-based performance condition, using a volatility rate of 95% and the share price and risk-free rate at grant date. The tranches with non-market based performance conditions were valued based on the share price at the date of issue and the probability of the vesting conditions being met.

Grant date	Expiry date	Share price at grant date	Vesting T1	Probability of Vesting T2	Vesting T3	Risk-free interest rate	Fair value at grant date
13/09/2021	31/12/2023	\$0.14	50.00%	-	-	2%	\$0.1248
05/10/2021	31/03/2025	\$0.21	40.00%	25.00%	15.00%	2%	\$0.1928
09/12/2021	31/12/2024	\$0.14	40.00%	25.00%	-	2%	\$0.000
21/12/2021	20/12/2024	\$0.135	50%	-	-	2%	\$0.1048

The performance rights have the following vesting conditions with a grant date of 13/09/2021.

T1 – upon introduction by the recipient and subsequent completion of one or more transactions that add an aggregate of at least A\$2.0m in revenue to the IXUP Group of companies in a Measurement Period

T2 – The volume weight average price (VWAP) at which IXUP shares trade on the ASX during the rolling period of 20 continuous trading days meets or exceeds a level which is 33% higher than the closing price for IXUP shares on the ASX as at the grant date and the board determines, in its discretion, that the recipient material contributed to such increase.

The performance rights have the following vesting conditions with a grant date of 05/10/2021.

T1 – 2.5m Rights vest upon the introduction and completion of 1 or more transactions that add an aggregate of at least A\$2.5m in revenue to the Group in any measurement Period.

T2 - 2.5m Rights vest upon the introduction and completion of 1 or more transactions that add an aggregate of at least A\$6.5m in revenue to the Group in any measurement Period.

T3 – a) the VWAP of IXUP shares trading on ASX during any rolling period 20 continuous trading days meets or exceeds a level which is 33% higher than the closing price for the IXUP shares at the grant date; b) the group achieves revenue of at least A\$5m in any Measurement Period; c) the recipient has been engaged by the group for a continuous period of 3 yrs.



The performance rights have the following vesting conditions with a grant date of 09/12/2021.

T1 – 25m will vest upon introduction by the recipient and completion of one or more transactions that add an aggregate of at least A\$5m in revenue to the Group in any Measurement period

T2 – 25m will vest upon introduction by the recipient and completion of one or more transactions that add an aggregate of at least A\$10m in revenue to the Group in any Measurement period

The performance rights have the following vesting conditions with a grant date of 21/12/2021.

T1 – a) Continuous service; b) 20-day volume weighted average price (VWAP) of IXUP's shares meeting or exceeding a level which is 30% higher than the closing price for IXUP shares at the grant date and the Board determines, in its discretion that the recipient contributed to such increase.



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Julian Babarczy  
Chairman

30 September 2022

## IXUP Limited

### Independent auditor's report to members

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of IXUP Limited (the Company and its subsidiaries (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 statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, 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 ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### 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 *Corporations Act 2001* 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.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GOING CONCERN	
Area of focus Refer Note 1	How our audit addressed it
<p>The financial statements have been prepared on a going concern basis as stated in note 1.</p> <p>The Group had incurred a loss of \$13,662,608 and reported a cash outflow from operating activities of \$10,405,732 in the year ended 30<sup>th</sup> June 2022. It reported a working capital surplus of \$4,515,414 as at that date.</p> <p>Calculations supporting management's assessment involve significant judgement.</p> <p>We consider this to be a key audit matter due to the stage of the Group's business and loss and operating cash outflow reported.</p>	<p>Our audit work included, but was not restricted to the following work:</p> <ul style="list-style-type: none"> <li>— Obtaining management's assessment of the going concern basis of preparation;</li> <li>— Obtained management's cash flow forecast and assessed the reasonableness of management's assumptions, including the ability to reduce expenditure if required;</li> <li>— Obtaining confirmation of the firm subscriptions for \$2,300,000 of the shortfall from the Non-Renounceable Entitlement Offer shortfall;</li> <li>— Considering the Group's working capital position at 30 June 2022; and</li> <li>— Checking related disclosures on the financial report.</li> </ul>
BUSINESS COMBINATION	
Area of focus Refer Note 32	How our audit addressed it
<p>On 4 August 2021 the Group acquired DataPOWA Limited for a total consideration of \$16,136,968.</p> <p>We consider this to be a key audit matter due to the judgement involved in determining the value of the consideration paid, identifying the assets acquired and liabilities assumed and the significance of the business combination to the Group's financial report.</p>	<ul style="list-style-type: none"> <li>— We obtained management's basis for the treatment of the acquisition as a business combination and discussed and concurred with the reasons behind their assessment;</li> <li>— Checked management's estimate of the purchase consideration as comprised a mixture of shares, cash and contingent consideration;</li> <li>— Verified the classification of the components of the contingent consideration as financial liability or equity; and</li> <li>— Checked and challenged management's purchase price allocation and assessed the adequacy of disclosures on the financial report.</li> </ul>

GOODWILL	
Area of focus Refer to Note 13	How our audit addressed it
<p>The Group is required to test goodwill for impairment on an annual basis.</p> <p>As of balance sheet date 30 June 2022, the value of goodwill reported was \$15,269,731.</p> <p>We consider this to be a key audit matter due to the judgement involved in estimating value in use based on discounted future cashflows.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Obtaining and understanding the value in use model prepared by management;</li> <li>— Understanding and challenging the assumptions used including forecast revenue growth and discount rates;</li> <li>— Obtaining a copy of the sale pipeline prepared by management and checking a sample of forecast sales to correspondence with third party; and</li> <li>— Checking the related disclosures in the financial report.</li> </ul>

#### Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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, 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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **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 these financial statements is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our independent auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included on pages 9 to 16 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of IXUP Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**William Buck**

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

**Amar Nathwani**

Amar Nathwani  
Director  
Dated this 30<sup>th</sup> day of September 2022

The shareholder information set out below was applicable as at 21 September 2022.

There is one class of quoted securities, fully paid ordinary shares.

### **Distribution of Equitable Securities**

Analysis of number of equitable security holders by size of holding:

#### *Fully Paid Ordinary Shares*

	<b>Ordinary shares Number of holders</b>	<b>Ordinary Shares Number of units</b>	<b>Ordinary shares % Issued Share Capital</b>
1 to 1,000	43	16,517	0.00%
1,001 to 5,000	195	658,989	0.07%
5,001 to 10,000	156	1,297,729	0.14%
10,001 to 100,000	508	21,133,274	2.34%
100,001 and over	424	878,969,522	97.44%
	1,326	902,076,031	100.00%

#### Marketable Parcel

There are 11,905 shareholders with less than a marketable parcel (basis price of \$0.042) as at 21 September 2022.

#### On-Market Buy-Back

There is no on-market buy-back scheme in operation for the Company's quoted shares.

#### *Unlisted Options*

	<b>Unlisted Options Number of holders</b>	<b>Unlisted Options Number of units</b>	<b>Unlisted Options % Issued Share Capital</b>
Unlisted Options at \$0.08, exp 22/10/22 100,001 and over	1	10,000,000	100.00%
Unlisted Options at \$0.25, exp 14/11/22 100,001 and over	12	56,426,470	100.00%
Unlisted Options at \$0.10, exp 30/11/23 100,001 and over	1	5,000,000	100.00%
Unlisted Options at \$0.25, exp 14/11/22 100,001 and over	2	1,000,000	100.00%
Unlisted Options at \$0.25, exp 10/04/24 100,001 and over	1	133,333	100.00%
Unlisted Options at \$0.25, exp 20/12/23 100,001 and over	9	3,001,666	100.00%
Unlisted Options at \$0.25, exp 14/11/22 100,001 and over	7	3,140,000	100.00%
Unlisted Options at \$0.25, exp 31/07/24 100,001 and over	1	750,000	100.00%
Unlisted Options at \$0.28, exp 30/06/23 100,001 and over	3	2,000,000	100.00%
Unlisted Options at \$0.10, exp 01/02/23 100,001 and over	62	34,723,374	100.00%
Unlisted Options at \$0.10, exp 01/02/25 100,001 and over	1	40,000,000	100.00%
Unlisted Options at \$0.20, exp 30/08/23 100,001 and over	2	25,000,000	100.00%

Performance Rights

	Performance Rights Number of holders	Performance Rights Number of units	Performance Rights % Issued Share Capital
Performance Rights 100,001 and over		90,405,649	100.00%

Equity Security Holders

Twenty Largest Quoted Equity Security Holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
JAGGER HOLDINGS PTY LTD	74,050,000	8.21%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	54,194,846	6.01%
WHITE SWAN NOMINEES PTY LTD	41,841,898	4.64%
RANSDALE INVESTMENTS PTY LTD	41,800,000	4.63%
HOLDREY PTY LTD	36,825,000	4.08%
KEA HOLDINGS PTY LTD	36,255,073	4.02%
JOSCELYNE INVESTMENTS PTY LTD	31,193,302	3.46%
MICHAEL FLYNN	24,073,701	2.67%
CITICORP NOMINEES PTY LIMITED	19,428,728	2.15%
MIKONOS INVESTMENTS PTY LTD	17,350,000	1.92%
VISTA GROVE INVESTMENTS PTY LTD	16,842,416	1.87%
KOLLEY PTY LTD	16,000,000	1.77%
KEMBLA NO 20 PTY LTD	16,000,000	1.77%
AUBURY PTY LTD	13,500,000	1.50%
PJP GROUP PTY LTD	12,875,000	1.43%
FNL INVESTMENTS PTY LTD	12,120,000	1.34%
MR DANIEL THOMAS O'BRIEN	10,625,454	1.18%
RACCOLTO INVESTMENTS PTY LTD	10,460,004	1.16%
SL CURTIS PTY LTD	9,500,000	1.05%
FNL INVESTMENTS PTY LTD	9,230,000	1.02%
WALSAL NOMINEES PTY LTD NO2	9,056,000	1.00%
<b>Totals</b>	<b>513,221,422</b>	<b>56.89%</b>
	<b>902,076,031</b>	<b>100.00</b>

Total Issued Capital

Unquoted Equity Securities – Unlisted Options

Holders of more than 20% of unlisted options security holders

	Unlisted Options Number of units	Unlisted Options % Issued Share Capital
<b>Unlisted Options at \$0.08, exp 22/10/22</b>		
ADD VENTURES PTY LTD	10,000,000	100.00%
<b>Unlisted Options at \$0.25, exp 14/11/22</b>		
JOSCELYNE INVESTMENTS PTY LTD	25,200,000	44.66%
<b>Unlisted Options at \$0.10, exp 30/11/23</b>		
KEA HOLDINGS PTY LTD	5,000,000	100.00%
<b>Unlisted Options at \$0.25, exp 14/11/22</b>		
SCOTT WILKIE & SOFIA FORMICA-WILKIE	500,000	50.00%



MS FREYA SMITH	500,000	50.00%
<b>Unlisted Options at \$0.25, exp 10/04/24</b>		
JAMES O'KEEFFE	133,333	100.00%
<b>Unlisted Options at \$0.25, exp 20/12/23</b>		
BROWN BRICKS PTY LTD	750,000	24.99%
<b>Unlisted Options at \$0.25, exp 14/11/22</b>		
PAUL COE	1,000,000	31.85%
RHONA MARKS	1,000,000	31.85%
PENNELOPE LANSER	650,000	20.70%
<b>Unlisted Options at \$0.25, exp 31/07/24</b>		
PETER LEIHN	750,000	100.00%
<b>Unlisted Options at \$0.28, exp 30/06/23</b>		
POINTBREAK INVESTMENTS PTY LTD	850,000	42.50%
CAROSSA HOLDINGS PTY LTD	850,000	42.50%
<b>Unlisted Options at \$0.10, exp 01/02/23</b>		
KEA HOLDINGS PTY LTD	10,000,000	28.80%
<b>Unlisted Options at \$0.10, exp 01/02/25</b>		
TEKKORP CAPITAL LLC	40,000,000	100.00%
<b>Unlisted Options at \$0.20, exp 30/08/23</b>		
POOLSIDE INVESTMENTS PTY LTD	12,500,000	50.00%
KEA HOLDINGS PTY LTD	12,500,000	50.00%

*Unquoted Equity Securities – Performance Rights*

Holders of more than 20% of performance rights security holders

	Performance Rights Number of units	Performance Rights % Issued Share Capital
TEKKORP CAPITAL LLC	50,000,000	55.31%

**Substantial Holders**

Substantial holders in the Company are set out below:

	Number held	Ordinary Shares % of total shares issued	Date of ASX notice
JAGGER HOLDINGS PTY LTD <THE POOLSIDE INVESTMENT A/C>	74,050,000	8.21%	22/07/22
RANSDALE INVESTMENTS PTY LTD <THE VIKING S/F A/C>	52,500,000	8.81%	20/10/20
JONATHAN SAUL ROSHAM	47,067,489	5.21%	16/08/22

**Restricted Securities**

There are no restricted securities on issue.

There are no other classes of equity securities.

**Voting Rights**

*Fully Paid Ordinary Shares*

There are 1,326 holders of ordinary shares. On a show of hands every member present at a meeting in person or by proxy will have one vote and upon a poll each share shall have one vote.

*Unlisted Options*

There are no voting rights attached to Unlisted Options.

*Performance Rights*

There are no voting rights attached to Performance Rights.

**Corporate Governance**

The Company's Corporate Governance Statement as at 30 June 2022 as approved by the Board can be viewed at <https://investors.ixup.com/investor-centre/?page=corporate-governance>

**Stock Exchange on which the Company's Securities are Quoted**

The Company's listed equity securities are quoted on the Australian Securities Exchange

**Review of Operations**

A review of operations is contained in the Directors Report.

**Annual General Meeting**

The Company advises that the Annual General Meeting ('AGM') of the company is scheduled for Friday 25 November 2022.

Further to Listing Rule 3.13.1, Listing Rule 14.3 and clause 6.2(f) of the Company's Constitution, nominations for election of directors at the AGM must be received not less than 35 Business Days before the meeting, being no later than Friday, 7 October 2022.