

1. Company details

Name of entity:	IXUP Limited
ABN:	85 612 182 368
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	52.3% to	17,877
Loss from ordinary activities after tax attributable to the shareholders of IXUP Limited	down	15.0% to	(1,664,845)
Loss for the half-year attributable to the shareholders of IXUP Limited	down	15.0% to	(1,664,845)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,664,845 (31 December 2019: \$1,958,533).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.27	0.54

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim report.

11. Attachments

Details of attachments (if any):

The Interim report of IXUP Limited for the half-year ended 31 December 2020 is attached.

12. Signed



Signed

Julian Babarczy

Date: 24 February 2021

IXUP Limited

ABN 85 612 182 368

Interim report - 31 December 2020

Directors

Dean Joscelyne (Executive Director)
Grant Paterson (Chairman and Non-Executive Director) (Resigned 8 November 2020)
Freya Smith (Non-Executive Director)
Scott Wilkie (Non-Executive Director) (Resigned 31 July 2020)
Peter Leihn (Managing Director) (Resigned 31 July 2020)
Marcus Gracey (Executive Director Appointed 22 October 2020 and appointed
CEO/Managing Director 11 November 2020)
Julian Babarczy (Non- Executive Chairman) (Appointed 10 November 2020)

Company secretary

Andrew Whitten

Registered office

Level 3
5-7 Ross St
Parramatta NSW 2150

Principal place of business

Level 3
5-7 Ross St
Parramatta NSW 2150

Share register

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

Auditor

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

Solicitors

Automic Legal Pty Ltd (An Automic Group company)

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

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 half-year ended 31 December 2020.

Directors

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

Dean Joscelyne
Grant Paterson

Freya Smith
Scott Wilkie
Peter Leihn
Marcus Gracey

Julian Babarczy

Executive Director
Chairman and Non-Executive Director (Resigned 8 November 2020)
Non-Executive Director
Non-Executive Director (Resigned 31 July 2020)
Managing Director (Resigned 31 July 2020)
Executive Director (Appointed 22 October 2020 and appointed CEO/Managing Director 11 November 2020)
Non-Executive Chairman (Appointed 10 November 2020)

Result of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,664,845 (31 December 2019: \$1,958,533).

Review of operations

During the half year period IXUP extended the features offered across the IXUP privacy preserving analytics platform through the release of three 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 half-year include:

- Further strengthened the working capital base of the Company via the completion of a \$2.2 million fully underwritten entitlement offer (before costs) and a \$1.5 million fully underwritten placement (before costs) in quarter 1 followed by a successful \$5.75 million capital raising (before costs), fully underwritten by Cygnet Capital in quarter 2;
- Appointment of new Managing Director/CEO Marcus Gracey and new Non-Executive Chairman Julian Babarczy;
- Strategic Collaboration with Tekkorp Capital to assess opportunities within the international digital gaming and wagering sector;
- New initiatives with potential customers/partners utilizing IXUP's core data analytics technology being pursued, with a focus on opportunities within the international gaming and wagering sector as well as the international sports marketing and sports sponsorship sectors;
- Continued building of the opportunity pipeline for IXUP technology;
- Release of platform update version 4.1 – extending capabilities and features and reducing operating costs;
- \$47,156 in Export Market Development Grants (EMDG) scheme received;
- The Company lodged its 2019-20 R&D claim during the half-year. In January 2021 (subsequent to balance date), the company received a rebate from the Australian Tax Office under the R&D tax incentive program of \$0.56 million related to the costs of research and development during the 2020 financial year.

COVID-19

IXUP is continuing to monitor and respond to the effects of the COVID-19 virus which represents a material uncertainty in the wider business environment. IXUP has taken a number of steps to reduce the cash outflows and extend its cash operating runway.

Specific actions included:

- Staff hours and fixed remuneration were reduced with a focus on maintaining core sales and technical support functions. Staff are all now back to full time hours;
- Successful application for the Federal Governments JobKeeper Wage Subsidy (Round 1) for all eligible staff;
- Reduction in costs relating to essential services and infrastructure cost.

These actions reflect the continued focus of the Board and Management on preserving cash and long-term shareholder value while maintaining focus on service of existing and prospective customers and conversion of IXUP's sales pipeline.

Capital raise

On 30 July 2020, the Company completed a 1-for-1 non-renounceable, pro rata rights issue to raise \$2,228,401 (before costs) via the issue of 222,840,158 fully paid ordinary shares at an issue price of \$0.01 per Share.

Given the strong interest in the Entitlement Offer and the ongoing economic uncertainty created by the COVID-19 pandemic, the Company agreed with Cygnet, that the total number of Shares to be allocated by Cygnet pursuant to the Top-Up Right should be increased to 150,000,000 Shares at \$0.01 per Share to raise up to \$1.5 million (before costs), subject to shareholder approval (Placement).

In November 2020, in order to accelerate the commercialization of IXUP's proprietary platform and position the company in the pursuit of an extension of its encrypted data analytics business, the company secured a capital raising of \$5.75 million (before costs) commitment with Cygnet Capital Pty Ltd.

Board appointments

On 22 October 2020 IXUP announced the appointment of Marcus Gracey as an Executive Director. Following the appointment of Mr. Marcus Gracey as an Executive Director, the Board agreed to appoint Marcus Gracey as Chief Executive Officer and Managing Director of the Company effective 11 November 2020. Mr Gracey is an experienced Executive with a diverse background spanning technology, innovation, law and business. Mr Gracey's extensive international experience in developing and commercializing emerging products and technologies will strengthen the existing skill set of the Board and boost Management capacity to identify, assess and prosecute opportunities for commercialization of IXUP's unique proprietary platform.

On 10 November 2020, Mr. Julian Babarczy was appointed as Non-Executive Chairman following the resignation of Grant Paterson. Mr. Babarczy brings over 20 years finance and investment industry experience to the IXUP Board, having spent almost two-thirds of his career as a key member of the portfolio and leadership team of one of Australia's most successful hedge funds, Regal Funds Management (Regal). Regal has been a long-term shareholder in IXUP.

Strategic Collaboration Agreement

Tekcorp Capital LLC

Consistent with the Company's expanded industry focus for its technology within the global digital gaming and wagering sector, IXUP announced on 11 November 2020 that it had executed a Strategic Collaboration Agreement (Agreement) with Tekcorp Capital LLC (Tekcorp Capital), a US-based digital gaming company founded by Mr. Matthew Davey. Tekcorp Capital provides specialist advisory services in relation to the international digital sports gaming and wagering sector and pursuant to the Agreement, Tekcorp Capital was engaged to provide sector specific services to IXUP, that included the following:

- Identification and assessment of applications and opportunities for the Company's core technology;
- Formulation of strategy and facilitation of strategic meetings with industry stakeholders and participants in order to assess and progress identified opportunities; and
- Identification, assessment and recommendation of complementary technologies, partnerships, commercial opportunities and products (including consumer facing products) that align with IXUP's technology, operations and growth strategy.

Since executing the Agreement, and consistent with its objectives, IXUP and Tekcorp Capital have taken significant steps to progress the assessment of various opportunities for IXUP's technology within the international digital sports gaming and wagering sector. In this regard, IXUP and Tekcorp Capital are presently progressing a number of industry level consultations and discussions in relation to potential opportunities for IXUP's technology in addition to associated opportunities presented as a result of the Tekcorp Capital relationship.

New Initiatives in the International Digital Sports Gaming and Wagering Sector & Sports Marketing and Sponsorship Sectors

During the half-year, IXUP has been actively pursuing potential new global customer/partner initiatives that would utilise IXUP's core data analytics technology, with a focus on opportunities within the international digital sports gaming and wagering, sports marketing and sports sponsorship sectors. These sectors are considered a prime focus of the Company due to the large number of potential identified use cases of IXUP's core data analytics technology. These sectors also reflect high growth rates underpinned by the deregulation of the US sports betting sector and the increase in gaming and wagering activity during global lockdowns and work from home scenarios, which is expected to continue into the future.

Market Opportunity Pipeline

The Company is continuing to work with its channel partners to extend the sales pipeline opportunities in new sectors, including health and the government sector.

IXUP technology enhancements

IXUP has successfully completed a significant upgrade of its technology platform through the development of its custom column-based data storage and retrieval mechanism that has significantly improved its performance and scalability while reducing the operating costs by 90%. Incremental improvements to the overall useability of the platform based on client feedback were also included in this upgrade

Financial position

The company continues to invest in its technology platform and at 31 December 2020 had cash and term deposits (with less than 3 months maturity) balance of \$9.2 million. In addition the Company held one term deposit (with greater than 3 months maturity) of \$0.1 million. The Board and management remain focussed on disciplined cash management and tightening of operational expenses to position IXUP to capitalise on opportunities and deliver growth.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Other than as discussed in this report, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

At the Extraordinary General Meeting held on 29 January 2021 the shareholders passed the following resolutions, noting that items 4-9 were issued on 4 February 2021:

- (1) Ratification of prior issue of 44,977,424 Placement shares issued on 20 November 2020 under ASX Listing Rule 7.1;
- (2) Ratification of prior issue of 59,568,031 Placement shares issued on 20 November under ASX Listing Rule 7.1A;
- (3) Ratification of prior issue of 10,000,000 options to Marcus Gracey on 22 October 2020;
- (4) Approval of the issue and allotment of up to 52,272,727 Placement options, each exercisable at \$0.10 per Placement Option and expiring two years from the date of issue, to sophisticated and institutional investors who participated in the Placement;
- (5) Approval of issue of 20,000,000 unlisted options, each exercisable at \$0.10 per Option and expiring two years from the date of issue, to Cygnet Capital Pty Ltd as Lead Manager to the Placement;
- (6) Approval of issue of 40,000,000 unlisted options to Tekkorp Capital LLC (or its nominee) as consideration for services delivered under the Strategic Collaboration Agreement;
- (7) Approval of issue of 4,000,000 unlisted options to Julian Babarczy as part of his appointment;
- (8) Approval of issue of 6,000,000 performance rights to Julian Babarczy as part of his appointment;
- (9) Approval of issue of 18,000,000 performance rights to Marcus Gracey as part of his appointment;
- (10) Adoption of new constitution.

On 7 January 2021 a payment of \$121,667 was made to Destria Pty Limited for consulting services reducing the related party payable balance of \$130,126 (refer note 10) at 31 December 2020 to \$8,459 as at the date of this report.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Julian Babarczy
Chairman

24 February 2021

**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 half-year ended 31 December 2020 there have been:

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

William Buck

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

Amar Nathwani

Amar Nathwani
Director

Dated this 24th day of February, 2021

ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

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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:

Level 3
5-7 Ross St
Parramatta NSW 2150

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 24 February 2021.

Corporate Governance Statement

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

IXUP Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



		Consolidated	
	Note	31 December 2020	31 December 2019
		\$	\$
Revenue			
Revenue		17,877	37,500
Cost of sales	3	-	(2,741)
Gross profit		17,877	34,759
Other income	2	196,156	-
Interest revenue calculated using the effective interest method		4,325	4,185
Research & Development Tax rebate		-	932,782
Expenses			
Employee benefits expense	3	(644,474)	(1,693,079)
Other Personnel costs (Share-based costs)	3	(558,547)	(275,540)
Depreciation and amortisation expense	3	(36,151)	(37,779)
Occupancy cost	3	(11,561)	(89,656)
Administration costs	3	(629,813)	(828,394)
Finance costs	3	(2,657)	(5,811)
Loss before income tax expense		(1,664,845)	(1,958,533)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the shareholders of IXUP Limited		(1,664,845)	(1,958,533)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the shareholders of IXUP Limited		(1,664,845)	(1,958,533)
		Cents	Cents
Basic earnings per share	11	(0.31)	(1.16)
Diluted earnings per share	11	(0.31)	(1.16)

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

IXUP Limited
Consolidated statement of financial position
As at 31 December 2020



		Consolidated	
		31 December	30 June 2020
	Note	2020	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		9,209,587	1,537,365
Trade receivables		63,833	109,400
Other financial assets	4	100,000	-
Prepayments		70,279	29,240
Total current assets		<u>9,443,699</u>	<u>1,676,005</u>
Non-current assets			
Property, plant and equipment		2,226	18,442
Right-of-use assets		-	19,936
Total non-current assets		<u>2,226</u>	<u>38,378</u>
Total assets		<u>9,445,925</u>	<u>1,714,383</u>
Liabilities			
Current liabilities			
Trade and other payables		303,728	292,705
Lease liabilities	5	-	22,634
Provisions		145,165	148,720
Total current liabilities		<u>448,893</u>	<u>464,059</u>
Non-current liabilities			
Provisions		77,750	52,257
Total non-current liabilities		<u>77,750</u>	<u>52,257</u>
Total liabilities		<u>526,643</u>	<u>516,316</u>
Net assets		<u>8,919,282</u>	<u>1,198,067</u>
Equity			
Issued capital	6	27,073,333	18,611,718
Equity Settled Reserves	7	9,193,778	8,442,017
Accumulated losses		<u>(27,347,829)</u>	<u>(25,855,668)</u>
Total equity		<u>8,919,282</u>	<u>1,198,067</u>

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

IXUP Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Issued capital \$	Equity settled reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	16,038,325	7,840,393	(22,297,960)	1,580,758
Adjustment for change in accounting policy	-	-	(4,850)	(4,850)
Balance at 1 July 2019 - restated	16,038,325	7,840,393	(22,302,810)	1,575,908
Loss after income tax expense for the half-year	-	-	(1,958,533)	(1,958,533)
Total comprehensive loss for the half-year	-	-	(1,958,533)	(1,958,533)
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Issue of shares	3,168,872	-	-	3,168,872
Share issue costs	(255,979)	-	-	(255,979)
Issue of options as part of capital raising	(342,400)	342,400	-	-
Share-based payments	-	275,540	-	275,540
Transfer relating to options and rights expired and/or forfeited	-	(196,245)	196,245	-
Balance at 31 December 2019	<u>18,608,818</u>	<u>8,262,088</u>	<u>(24,065,098)</u>	<u>2,805,808</u>

Consolidated	Issued capital \$	Equity settled reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	18,611,718	8,442,017	(25,855,668)	1,198,067
Loss after income tax expense for the half-year	-	-	(1,664,845)	(1,664,845)
Total comprehensive loss for the half-year	-	-	(1,664,845)	(1,664,845)
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Issue of shares	9,478,402	-	-	9,478,402
Share issue costs	(650,889)	-	-	(650,889)
Issue of options as part of capital raising	(365,898)	365,898	-	-
Share-based payments (note 8)	-	558,547	-	558,547
Transfer relating to options and rights forfeited	-	(172,684)	172,684	-
Balance at 31 December 2020	<u>27,073,333</u>	<u>9,193,778</u>	<u>(27,347,829)</u>	<u>8,919,282</u>

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

IXUP Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020



	Consolidated	
	31 December 2020	31 December 2019
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	45,950	15,000
Payments to suppliers and employees	(1,265,109)	(2,835,769)
Interest received	6,931	4,185
Tax R&D benefit received	-	932,783
Government grants and tax incentives (JobKeepers Rebate, Cash boost, EMD Grant)	232,156	-
Net cash used in operating activities	(980,072)	(1,883,801)
Cash flows from investing activities		
Payments for property, plant and equipment	1,240	(6,261)
Payments for investments in term deposits	(975,000)	-
Proceeds from expiry of term deposits	875,000	-
Net cash used in investing activities	(98,760)	(6,261)
Cash flows from financing activities		
Proceeds from issue of shares	6 9,478,402	3,168,872
Payment for share issue transaction costs	(704,049)	(238,002)
Interest and other finance costs paid	(665)	(2,554)
Repayment of lease liabilities	(22,634)	(16,862)
Net cash from financing activities	8,751,054	2,911,454
Net increase in cash and cash equivalents	7,672,222	1,021,392
Cash and cash equivalents at the beginning of the financial half-year	1,537,365	2,005,194
Cash and cash equivalents at the end of the financial half-year	<u>9,209,587</u>	<u>3,026,586</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

There have been no changes to the financial statements arising from 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.

Note 2. Other income

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Government grants	47,156	-
ATO COVID-19 Cashflow Boost	50,000	-
ATO COVID-19 JobKeeper Subsidy	99,000	-
	<hr/>	<hr/>
Other income	196,156	-
	<hr/>	<hr/>

Note 3. Expenses

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	-	2,741
<i>Depreciation</i>		
Depreciation	36,151	37,779
<i>Administrative Costs</i>		
Professional adviser and legal costs	365,112	272,461
Consulting costs paid to entities related to directors	28,089	94,160
Recruitment costs	-	22,667
Advertising and promotion	8,059	114,584
Travel and accommodation	3,956	68,868
Software licences	22,097	41,544
Other	202,500	214,110
	629,813	828,394
<i>Employee benefits expense</i>		
Personnel costs	644,474	1,693,079
<i>Occupancy costs</i>		
Occupancy costs	11,561	89,656
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	665	2,810
Other finance costs	1,992	3,001
Finance costs expensed	2,657	5,811
<i>Share-based payments expense</i>		
Share-based payments expense	558,547	275,540

Note 4. Current assets - other financial assets

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Term deposits	100,000	-

Term deposits have maturity dates of more than 3 months but less than 12 months.

Note 5. Current liabilities - lease liabilities

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Lease liability	-	22,634

This balance relates to the application of the new AASB 16 in effect from 1 July 2019.

Note 6. Equity - issued capital

	Consolidated			
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	700,225,771	222,840,158	27,073,333	18,611,718

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 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
Share issue costs		-	(650,889)
Issue of unlisted options to Cygnet Capital as fees		-	(365,898)
Balance	31 December 2020	700,225,771	27,073,333

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.

Note 7. Equity - Equity Settled Reserves

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Other Equity-settled reserves	1,839,662	1,839,662
Options reserve	7,354,116	6,602,355
	9,193,778	8,442,017

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.

Note 7. Equity - Equity Settled Reserves (continued)

	Other Equity-settled reserve \$	Options reserve \$	Total \$
Consolidated			
Balance at 1 July 2019	1,839,662	6,000,731	7,840,393
Share based payments	-	481,358	481,358
Transfer relating to options and rights expired and/or cancelled	-	(222,134)	(222,134)
Issue of options as part of capital raising	-	342,400	342,400
Balance at 30 June 2020	1,839,662	6,602,355	8,442,017
Share based payments	-	558,547	558,547
Transfer relating to options and rights forfeited	-	(172,684)	(172,684)
Issue of options as part of capital raising	-	365,898	365,898
Balance at 31 December 2020	1,839,662	7,354,116	9,193,778

Options

Details	Date	Options
Balance	30 June 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 director	10 November 2020	4,000,000
Cancelled due to forfeiture during the period		(750,000)
Balance		116,451,469

During the half year ended 31 December 2020:

- On 30 July 2020 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 \$0.0091 per Unlisted Option which is \$145,738 recognised during the half-year ended 31 December 2020 as part of Capital raising costs.
- On 9 September 2020 IXUP issued 8,000,000 Unlisted Options to Cygnet Capital with an exercise price of 4.5 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 half-year ended 31 December 2020 as part of Capital raising costs.
- On 22 October 2020 IXUP issued 10,000,000 Unlisted Options to Marcus Gracey 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 is \$101,507 recognised during the half-year ended 31 December 2020 as part of Share based payments.
- On 3 February 2021 IXUP issued 4,000,000 Unlisted Options to Julian Babarczy with an exercise price of 10 cents and an expiry date of 3 February 2023. As Julian Babarczy began rendering his services from his date of appointment (10 November 2020) under paragraph IG4 in AASB 2 *Share based payment*, the Unlisted Options have been valued and brought into account at 31 December 2020. 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 \$176,341 recognised during the half-year ended 31 December 2020 as part of Share based payments.
- \$5,454 was recognised relating to Plan Options issued in 2017 to employees and directors.
- \$9,711 was recognised relating to Plan Options issued in 2018 to employees and directors.
- \$4,133 was recognised relating to Plan Options issued in 2019 to employees and directors.
- \$2,364 was recognised relating to Plan Options issued in 2020 to employees and directors.
- 750,000 Plan Options were forfeited relating to employees and directors who left the Company and did not meet vesting conditions.

Note 7. Equity - Equity Settled Reserves (continued)

Performance Rights

Details	Date	Performance Rights
Balance	30 June 2020	14,750,000
Issue of performance rights to directors	22 October 2020	18,000,000
Issue of performance rights to directors	10 November 2020	6,000,000
Cancelled due to forfeiture during the period		(6,750,000)
Balance		<u>32,000,000</u>

During the half-year ended 31 December 2020:

- On 3 February 2021 IXUP issued 18,000,000 Performance Rights to Marcus Gracey with nil exercise price. As Marcus Gracey began rendering his services from his date of appointment (22 October 2020) under paragraph IG4 in AASB 2 *Share based payment*, the Performance Rights have been valued using the Monte Carlo simulation methodology with reference to market price, adjusted for probability of vesting between 50% to 90% and an expense of \$134,465 has been recognised during the half-year ended 31 December 2020 as part of Share based payments.
- On 3 February 2021 IXUP issued 6,000,000 Performance Rights to Julian Babarczy with nil exercise price. As Julian Babarczy began rendering his services from his date of appointment (10 November 2020) under paragraph IG4 in AASB 2 *Share based payment*, the Performance Rights have been valued using the Monte Carlo simulation methodology with reference to market price, adjusted for probability of vesting between 50% to 90% and an expense of \$35,857 has been recognised during the half-year ended 31 December 2020 as part of Share based payments.
- \$27,465 was recognised relating to Performance Rights issued in 2018.
- \$61,250 was recognised relating to Performance Rights issued in 2020.
- 6,750,000 Performance Rights were cancelled relating to directors who left the Company and did not meet the vesting conditions.

Note 8. Contingent liabilities

There are no contingent liabilities as at the date of signing this report.

Note 9. Related party transactions

Parent entity

IXUP Limited is the parent entity.

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 ultimate controlling party of Vaucluse Property Pty Ltd

Mr Marcus Gracey is ultimate controlling party of Add Ventures Pty Ltd

Note 9. Related party transactions (continued)

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:

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Payment for goods and services:		
Payment/Accrual to Destria Pty Ltd for consulting services	130,126	-
Payment/Accrual to YDCJ Pty Ltd aff YDCJ Unit Trust as landlord for company premises	-	84,194
Payment/Accrual to Mr Dean Joscelyne as landlord for company premise and office services	32,889	34,625
Payment to GTP Legal for consulting services (from date of appointment of Mr Paterson)	-	31,434
Payment/Accrual to Vaucluse Property Pty Ltd for consulting services	9,117	-
Payment/Accrual to Add Ventures Pty Ltd for consulting services	19,801	-

Receivable from and payable to related parties

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

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Amounts owed to related parties:		
Mr Dean Joscelyne	-	73,487
Vaucluse Property Pty Ltd	5,500	-
Payment/Accrual to Destria Pty Ltd for consulting services	130,126	-

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 10. Events after the reporting period

At the Extraordinary General Meeting held on 29 January 2021 the shareholders passed the following resolutions, noting that items 4-9 were issued on 4 February 2021:

- (1) Ratification of prior issue of 44,977,424 Placement shares issued on 20 November 2020 under ASX Listing Rule 7.1;
- (2) Ratification of prior issue of 59,568,031 Placement shares issued on 20 November under ASX Listing Rule 7.1A;
- (3) Ratification of prior issue of 10,000,000 options to Marcus Gracey on 22 October 2020;
- (4) Approval of the issue and allotment of up to 52,272,727 Placement options, each exercisable at \$0.10 per Placement Option and expiring two years from the date of issue, to sophisticated and institutional investors who participated in the Placement;
- (5) Approval of issue of 20,000,000 unlisted options, each exercisable at \$0.10 per Option and expiring two years from the date of issue, to Cygnet Capital Pty Ltd as Lead Manager to the Placement;
- (6) Approval of issue of 40,000,000 unlisted options to Tekkorp Capital LLC (or its nominee) as consideration for services delivered under the Strategic Collaboration Agreement;
- (7) Approval of issue of 4,000,000 unlisted options to Julian Babarczy as part of his appointment;
- (8) Approval of issue of 6,000,000 performance rights to Julian Babarczy as part of his appointment;
- (9) Approval of issue of 18,000,000 performance rights to Marcus Gracey as part of his appointment;
- (10) Adoption of new constitution.

Note 10. Events after the reporting period (continued)

On 7 January 2021 a payment of \$121,667 was made to Destria Pty Limited for consulting services reducing the related party payable balance of \$130,126 (refer note 10) at 31 December 2020 to \$8,459 as at the date of this report.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 11. Earnings per share

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Loss after income tax attributable to the shareholders of IXUP Limited	<u>(1,664,845)</u>	<u>(1,958,533)</u>
	Cents	Cents
Basic earnings per share	(0.31)	(1.16)
Diluted earnings per share	(0.31)	(1.16)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>533,533,233</u>	<u>169,545,486</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>533,533,233</u>	<u>169,545,486</u>

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Julian Babarczy
Chairman

24 February 2021

Independent auditor's review report

To the shareholders of IXUP Limited

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of IXUP Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IXUP Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

Amar Nathwani

Amar Nathwani
Director

Dated this 24th day of February, 2021