

1. Company details

Name of entity:	IXUP Limited
ABN:	85 612 182 368
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	2,183.7% to	408,256
Loss from ordinary activities after tax attributable to the shareholders of IXUP Limited	up	301.0% to	(6,676,045)
Loss for the half-year attributable to the shareholders of IXUP Limited	up	301.0% to	(6,676,045)

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 \$6,676,045 (31 December 2020: \$1,664,845).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.81	1.27

4. Control gained over entities

Name of entities (or group of entities)	DataPOWA Limited
Date control gained	DataPOWA Limited - 3 August 2021

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(968,041)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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:

All foreign entities are presented in compliance with International Financial Reporting Standards (IFRS).

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 2021 is attached.

12. Signed

Signed



Date: 17 February 2022

IXUP Limited

ABN 85 612 182 368

Interim report - 31 December 2021

Directors

Dean Joscelyne (Non-Executive Director)
Freya Smith (Non-Executive Director)
Julian Babarczy (Non-Executive Chairman)
Marcus Gracey (Executive Director)
Ian Penrose (Non-Executive Director)

Company secretary

David Franks and Victoria-Jane Otavski (Resigned 28 January 2022)

Registered office

Level 3
223 Liverpool Street
Darlinghurst, Sydney, NSW 2010

Principal place of business

Level 3
223 Liverpool Street
Darlinghurst, Sydney, NSW 2010

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 2021.

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	Non-Executive Director
Freya Smith	Non-Executive Director
Julian Babarczy	Non-Executive Chairman
Marcus Gracey	Executive Director
Ian Penrose	Non-Executive Director (Appointed 24 January 2022)

Result of operations

The loss for the consolidated entity after providing for income tax amounted to \$6,676,045 (31 December 2020: \$1,664,845).

Review of operations

During the half 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 half-year include:

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

DataPOWA Limited Acquisition

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

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

The A\$12 million included 93,085,107 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 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.

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

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

On 5 October 2021, the Company announced that it had executed a Pilot Collaboration Agreement with Conscious Gaming and GeoComply Solutions Inc to leverage IXUP's secure data collaboration technologies within the U.S. online gaming and sports wagering markets (the Collaboration). The focus of the Collaboration is to initially support ethical gaming and sports integrity and to deliver functionality for self-exclusion and the exclusion of impermissible bettors to sports betting operators, major sports leagues and regulators across States in the U.S.

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

The final IXUP enhanced "PlayPause" product is intended to be deployed as a distributed, fully encrypted, and highly secure cloud platform to enable Impermissible Bettors to be registered and queried in a privacy preserving manner. The platform will use a blend of military grade encryption techniques (including homomorphic encryption) to ensure data is protected and controlled by data owners at all times, yet still enable the data to be searched to identify an Impermissible Bettor. The scalability of the cloud platform will ensure the solution can support the growing size of the sports betting market and the significant amount of data that will need to be queried in real time as a result.

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

POWA index 2.0

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

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

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

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

Entry into New Zealand market

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

Beyond 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; will provide a Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) offering of the IXUP secure Data Engine.

New partnership with Acxiom 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 Acxiom.

The agreement will see IXUP and Acxiom explore potential opportunities through the combination of the Company's leading secure data collaboration technology and Acxiom'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 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 its 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, Mr Matthew Johnson was appointed as 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 board member 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 NED 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.

COVID-19

IXUP is continuing to closely monitor the developments related to COVID-19. Given the continuing uncertainty of the duration and impact of the COVID-19 pandemic. The impact on operations and control processes to date has been minimal, all staff are able to work remotely and projects and business development activities have continued. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Significant changes in the state of affairs

Other than as noted above, 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 noted above, no other matter or circumstance has arisen since 31 December 2021 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

17 February 2022

For personal use

**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 2021 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 17th day of February 2022

ACCOUNTANTS & ADVISORS

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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
223 Liverpool Street
Darlinghurst, Sydney, NSW 2010

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 17 February 2022.

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 2021



		Consolidated	
	Note	31 December 2021	31 December 2020
		\$	\$
Revenue			
Revenue		408,256	17,877
Cost of sales	3	(423,965)	-
Gross profit		(15,709)	17,877
Other income		-	196,156
Interest revenue calculated using the effective interest method		134	4,325
Expenses			
Employee benefits expense	3	(2,716,202)	(644,474)
Share-based payment expense	3	(1,314,493)	(558,547)
Depreciation and amortisation expense	3	(523,539)	(36,151)
Loss on disposal of assets		(154)	-
Occupancy cost	3	(16,620)	(11,561)
Administration costs	3	(2,082,497)	(629,813)
Finance costs	3	(6,965)	(2,657)
Loss before income tax expense		(6,676,045)	(1,664,845)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the shareholders of IXUP Limited		(6,676,045)	(1,664,845)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign controlled entities		(9,856)	-
Other comprehensive loss for the half-year, net of tax		(9,856)	-
Total comprehensive loss for the half-year attributable to the shareholders of IXUP Limited		<u>(6,685,901)</u>	<u>(1,664,845)</u>
		Cents	Cents
Basic earnings per share	18	(0.82)	(0.31)
Diluted earnings per share	18	(0.82)	(0.31)

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

		Consolidated	
		31 December	30 June 2021
	Note	2021 \$	\$
Assets			
Current assets			
Cash and cash equivalents		9,890,665	4,824,960
Trade receivables		515,006	407,559
Other financial assets	4	100,000	-
Prepayments		270,611	35,979
Total current assets		<u>10,776,282</u>	<u>5,268,498</u>
Non-current assets			
Property, plant and equipment		38,848	28,153
Right-of-use assets		64,064	74,691
Intangibles	5	18,870,128	2,935,245
Deposits		9,725	9,725
Total non-current assets		<u>18,982,765</u>	<u>3,047,814</u>
Total assets		<u>29,759,047</u>	<u>8,316,312</u>
Liabilities			
Current liabilities			
Trade and other payables		763,428	842,536
Lease liabilities	6	64,373	68,052
Provisions	7	268,246	179,697
Total current liabilities		<u>1,096,047</u>	<u>1,090,285</u>
Non-current liabilities			
Other financial liabilities	8	2,375,000	-
Borrowings		44,364	-
Lease liabilities	9	-	5,826
Provisions	10	110,183	88,167
Total non-current liabilities		<u>2,529,547</u>	<u>93,993</u>
Total liabilities		<u>3,625,594</u>	<u>1,184,278</u>
Net assets		<u>26,133,453</u>	<u>7,132,034</u>
Equity			
Issued capital	11	49,133,674	26,530,941
Reserves	12	14,735,574	11,650,987
Accumulated losses		<u>(37,735,795)</u>	<u>(31,049,894)</u>
Total equity		<u>26,133,453</u>	<u>7,132,034</u>

IXUP Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021



Consolidated

	Issued capital \$	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)
Other comprehensive income for the half-year, net of tax	-	-	-	-
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 12)	-	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>

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	26,530,941	11,650,987	(31,049,894)	7,132,034
Loss after income tax expense for the half-year	-	-	(6,676,045)	(6,676,045)
Other comprehensive loss for the half-year, net of tax	-	-	(9,856)	(9,856)
Total comprehensive loss for the half-year	-	-	(6,685,901)	(6,685,901)
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Contingent consideration for DataPOWA acquisition (note 15)	-	3,091,755	-	3,091,755
Foreign Exchange translation	-	(9,856)	-	(9,856)
Issue of shares	22,258,142	-	-	22,258,142
Share issue costs	(967,214)	-	-	(967,214)
Share-based payments (note 12)	-	1,314,493	-	1,314,493
Options exercised	1,311,805	(1,311,805)	-	-
Balance at 31 December 2021	<u>49,133,674</u>	<u>14,735,574</u>	<u>(37,735,795)</u>	<u>26,133,453</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 2021



		Consolidated	
		31 December 2021	31 December 2020
Note		\$	\$
Cash flows from operating activities			
	Interest and other finance costs paid	(931)	-
	Receipts from customers	270,263	45,950
	Payments to suppliers and employees	(6,057,732)	(1,265,109)
	Interest received	253	6,931
	Government grants and tax incentives (JobKeepers Rebate, Cash boost, EMD Grant)	-	232,156
	Net cash used in operating activities	(5,788,147)	(980,072)
Cash flows from investing activities			
	Payments for property, plant and equipment	(16,338)	1,240
15	Payments for business acquisition	(3,250,000)	-
	Payments for investments in term deposits	(100,000)	(975,000)
	Proceeds from expiry of term deposits	-	875,000
	Receipt from asset acquisition	300,000	-
	Cash balance from business acquisition	8,353	-
	Net cash used in investing activities	(3,057,985)	(98,760)
Cash flows from financing activities			
11	Proceeds from issue of shares	10,000,000	9,478,402
	Proceeds from issue of options	4,837,929	-
	Payment for share and issue transaction costs	(933,599)	(704,049)
	Interest and other finance costs paid	-	(665)
	Repayment of borrowings	(4,481)	-
	Repayment of lease liabilities	(52,511)	(22,634)
	Proceeds from exercise of Options	70,616	-
	Net cash from financing activities	13,917,954	8,751,054
	Net increase in cash and cash equivalents	5,071,822	7,672,222
	Cash and cash equivalents at the beginning of the financial half-year	4,824,960	1,537,365
	Effects of exchange rate changes on cash and cash equivalents	(6,117)	-
	Cash and cash equivalents at the end of the financial half-year	9,890,665	9,209,587

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 2021 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 2021 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 impact 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. 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 currently operates in three geographic segments that being Australia, UK and U.S.

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.

Geographic segment information

Consolidated - 31 December 2021	Australia \$	UK \$	U.S. \$	Total \$
Revenue				
Sales to external customers	187,230	37,100	183,926	408,256
Interest income	134	-	-	134
Total revenue	187,364	37,100	183,926	408,390
EBITDA	(4,997,713)	(800,897)	(353,896)	(6,152,506)
Depreciation and amortisation	(363,140)	(160,399)	-	(523,539)
Loss before income tax expense	(5,360,853)	(961,296)	(353,896)	(6,676,045)
Income tax expense				-
Loss after income tax expense				(6,676,045)
Assets				
Segment assets	30,886,374	99,303	(359,393)	30,626,284
Intersegment eliminations				(867,237)
Total assets				29,759,047
Liabilities				
Segment liabilities	3,418,016	206,854	724	3,625,594
Total liabilities				3,625,594

Note 2. Operating segments (continued)

	Australia \$	UK \$	U.S. \$	Total \$
Consolidated - 31 December 2020				
Revenue				
Sales to external customers	17,877	-	-	17,877
Interest income	4,325	-	-	4,325
Total revenue	<u>22,202</u>	<u>-</u>	<u>-</u>	<u>22,202</u>
EBITDA	(1,628,694)	-	-	(1,628,694)
Depreciation and amortisation	(36,151)	-	-	(36,151)
Loss before income tax expense	<u>(1,664,845)</u>	<u>-</u>	<u>-</u>	<u>(1,664,845)</u>
Income tax expense				-
Loss after income tax expense				<u>(1,664,845)</u>
Consolidated - 30 June 2021				
Assets				
Segment assets	8,316,312	-	-	8,316,312
Total assets				<u>8,316,312</u>
Liabilities				
Segment liabilities	1,184,278	-	-	1,184,278
Total liabilities				<u>1,184,278</u>

Note 3. Expenses

Loss before income tax includes the following specific expenses:

	Consolidated 31 December 2021 \$	Consolidated 31 December 2020 \$
<i>Depreciation and amortisation</i>		
Depreciation and amortisation	523,539	36,151
<i>Administrative Costs</i>		
Professional adviser and legal costs	819,020	365,112
Consulting costs paid to entities related to directors	181,668	28,089
Recruitment costs	53,408	-
Advertising and promotion	26,364	8,059
Travel and accommodation	16,093	3,956
Software and Infrastructure Licensing	465,300	22,097
Other	520,644	202,500
	2,082,497	629,813
<i>Employee benefits expense</i>		
Personnel costs	2,716,202	644,474
<i>Occupancy costs</i>		
Occupancy costs	16,620	11,561
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	2,662	665
Other finance costs	4,303	1,992
Finance costs expensed	6,965	2,657
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	154	-
<i>Share-based payments expense</i>		
Share-based payments expense	1,314,493	558,547

Note 4. Current assets - other financial assets

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
Term deposits	100,000	-

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

Note 5. Non-current assets - intangibles

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Goodwill - at cost	15,269,731	-
Development - at cost	1,731,909	1,731,909
Less: Accumulated amortisation	(1,731,909)	(1,731,909)
	-	-
Website - at cost	1,120,683	-
Less: Accumulated amortisation	(155,650)	-
	965,033	-
Intellectual Property - at cost	2,974,360	2,974,360
Less: Accumulated amortisation	(338,996)	(39,115)
	2,635,364	2,935,245
	<u>18,870,128</u>	<u>2,935,245</u>

Reconciliations

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

Consolidated	Goodwill	Development	Website	Intellectual Property	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	-	-	2,935,245	2,935,245
Additions through business combinations (note 15)	15,269,731	-	1,120,683	-	16,390,414
Amortisation expense	-	-	(155,650)	(299,881)	(455,531)
Balance at 31 December 2021	<u>15,269,731</u>	<u>-</u>	<u>965,033</u>	<u>2,635,364</u>	<u>18,870,128</u>

Goodwill and website relate to the acquisition of DataPOWA Ltd in August 2021. The identification and fair value measurement of the assets and liabilities acquired from the acquisition of DataPOWA Ltd are provisional and amendments 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 31 December 2021. As a result of this review, no indicators of impairment were identified that would require a full impairment test to be performed as at 31 December 2021.

Note 6. Current liabilities - lease liabilities

	Consolidated	
	31 December	
	2021	30 June 2021
	\$	\$
Lease liability	64,373	68,052

The consolidated entity leases two offices and a parking space. One of the offices and the parking space have lease terms of 1.1 years. Both commenced on 15 June 2021 and terminate on 31 July 2022. The second office has a lease term of 1 year. It commenced on 12 July 2021 and terminates 31 July 2022. After this initial lease period the leases can be moved to a monthly rent with a 3 month notice for termination.

Note 7. Current liabilities - provisions

	Consolidated	
	31 December	
	2021	30 June 2021
	\$	\$
Annual leave	268,246	179,697

Note 8. Non-current liabilities - other financial liabilities

	Consolidated	
	31 December	
	2021	30 June 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 15.

Note 9. Non-current liabilities - lease liabilities

	Consolidated	
	31 December	
	2021	30 June 2021
	\$	\$
Lease liability	-	5,826

Note 10. Non-current liabilities - provisions

	Consolidated	
	31 December	
	2021	30 June 2021
	\$	\$
Long service leave	110,183	88,167

Note 11. Equity - issued capital

	Consolidated	
	31 December 2021	31 December 2021
	Shares	\$
	30 June 2021	30 June 2021
	Shares	\$
Ordinary shares - fully paid	902,076,031	49,133,674
	703,995,838	26,530,941

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 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	1,311,805
Shares issue costs		-	(967,213)
Balance	31 December 2021	902,076,031	49,133,674

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 12. Equity - Reserves

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Foreign currency reserve	(9,856)	-
Other Equity-settled reserves	4,931,417	1,839,662
Options reserve	9,814,013	9,811,325
	14,735,574	11,650,987

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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 12. Equity - Reserves (continued)

	Foreign currency reserve \$	Other Equity- settled reserve \$	Options reserve \$	Total \$
Consolidated				
Balance at 1 July 2020	-	1,839,662	6,602,355	8,442,017
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)
Issue of options as part of capital raising	-	-	1,247,605	1,247,605
Balance at 30 June 2021	-	1,839,662	9,811,325	11,650,987
Contingent consideration for DataPOWA acquisition (note 15)	-	3,091,755	-	3,091,755
Shared based payments	-	-	1,314,493	1,314,493
Transfer relating to options exercised	-	-	(1,311,805)	(1,311,805)
Translation of financial statements in other currencies	(9,856)	-	-	(9,856)
Balance at 31 December 2021	(9,856)	4,931,417	9,814,013	14,735,574

Options

Details	Date	Options
Balance	30 June 2021	226,954,125
Issue of unlisted options to Cygnet Capital	2 August 2021	25,000,000
Options exercised during the period		(70,779,282)
Balance		181,174,843

During the half year ended 31 December 2021:

- On 2 August 2021 IXUP issued 25,000,000 Unlisted Options to Cygnet Capital with an exercise price of 2 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 \$1,717,736 per Unlisted Option which is \$715,723 recognised during the half-year ended 31 December 2021 as part of Share based payments.
- \$3,498 was recognised relating to Plan Options issued in 2018 to employees and directors.
- \$1,887 was recognised relating to Plan Options issued in 2019 to employees and directors.
- \$871 was recognised relating to Plan Options issued in 2020 to employees and directors.
- \$226,138 was recognised relating to Plan Options issued in 2021 to employees and directors.

Performance Rights

Details	Date	Performance Rights
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 Tekcorp 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		90,405,649

Note 12. Equity - Reserves (continued)

During the half-year ended 31 December 2021:

- On 13 September 2021 IXUP issued 3,000,000 Performance Rights to Advisors with nil exercise price. The Performance Rights have been valued using the Monte Carlo simulation methodology with reference to market price, adjusted for probability of vesting of 50% and an expense of \$23,820 has been recognised during the half-year ended 31 December 2021 as part of Share based payments.
- On 5 October 2021 IXUP issued 11,000,000 Performance Rights to Ian Penrose with nil exercise price. The Performance Rights have been valued using the Black Scholes and Monte Carlo simulation methodology with reference to market price, adjusted for probability of vesting less than 50% therefore no expense has been recognised during the half-year ended 31 December 2021 as part of Share based payments.
- On 9 December 2021 IXUP issued 50,000,000 Performance Rights to Tekkorp Capital LLC with nil exercise price. The Performance Rights have been valued using the Black Scholes simulation methodology with reference to market price, adjusted for probability of vesting less than 50% therefore no expense has been recognised during the half-year ended 31 December 2021 as part of Share based payments.
- On 9 December 2021, 2,000,000 and 6,000,000 Performance Rights (Tranche 1) previously issued to Mr Babarczy and Mr Gracey respectively vested as a result of vesting conditions being met.
- On 21 December 2021 IXUP issued 1,500,000 Performance Rights to employees with nil exercise price. The Performance Rights have been valued using the Monte Carlo simulation methodology with reference to market price, adjusted for probability of vesting of 50% and an expense of \$2,369 has been recognised during the half-year ended 31 December 2021 as part of Share based payments.
- On 21 December 2021 IXUP issued 1,655,649 Performance Rights to employees with nil exercise price. The Performance Rights have been valued using the Monte Carlo simulation methodology with reference to market price, adjusted for probability of vesting less than 50% therefore no expense has been recognised during the half-year ended 31 December 2021 as part of Share based payments.
- \$340,187 was recognised relating to Performance Rights issued in 2021.

Note 13. Contingent liabilities

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

Note 14. 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 Jigsaw Consult Pty Ltd previously known as Vaucluse Property Pty Ltd

Mr Marcus Gracey is ultimate controlling party of Add Ventures 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:

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Payment for goods and services:		
Payment/Accrual to Destria Pty Ltd for consulting services	165,000	130,126
Payment/Accrual to Mr Dean Joscelyne as landlord for company premise and office services	-	32,889
Payment/Accrual to Jigsaw Consult Pty Ltd and Vaucluse Property Pty Ltd for consulting services	33,000	9,117
Payment/Accrual to Add Ventures Pty Ltd for consulting services	-	19,801

Note 14. Related party transactions (continued)

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	30 June 2021
	2021	2021
	\$	\$
Amounts owed to related parties:		
Payment/Accrual to Jigsaw Consult Pty Ltd and Vaucluse Property Pty Ltd for consulting services	-	5,500
Payment/Accrual to Destria Pty Ltd for consulting services	8,549	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 15. 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.

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)).

Note 15. Business combinations (continued)

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).

The acquired business contributed revenues of \$37,103 and loss before tax of \$968,041 to the consolidated entity for the period from 4 August 2021 to 31 December 2021. The values identified in relation to the acquisition of DataPOWA are provisional as at 31 December 2021.

Details of the acquisition are as follows:

	Fair value \$
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)
Net assets acquired	867,237
Goodwill	15,269,731
Acquisition-date fair value of the total consideration transferred	<u>16,136,968</u>
Representing:	
Cash paid or payable to vendor	3,250,000
IXUP Limited shares issued to vendor	7,420,213
Contingent consideration	5,466,755
	<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	(7,420,213)
Net cash used	<u>3,250,000</u>

Note 16. Fair value measurement

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 31 December 2021.

Note 17. Events after the reporting period

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 board member 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 NED 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.

No other matter or circumstance has arisen since 31 December 2021 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 18. Earnings per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss after income tax attributable to the shareholders of IXUP Limited	<u>(6,676,045)</u>	<u>(1,664,845)</u>
	Cents	Cents
Basic earnings per share	(0.82)	(0.31)
Diluted earnings per share	(0.82)	(0.31)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>813,835,551</u>	<u>533,533,233</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>813,835,551</u>	<u>533,533,233</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 2021 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

17 February 2022

Independent auditor's review report

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 2021, 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 the consolidated group 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 2021 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.

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 2021 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*.

ACCOUNTANTS & ADVISORS

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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 17th day of February 2022