

1. Company details

Name of entity:	IXUP Limited
ABN:	85 612 182 368
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	13.9% to	351,682
Loss from ordinary activities after tax attributable to the shareholders of IXUP Limited	up	220.1% to	(21,368,395)
Loss for the half-year attributable to the shareholders of IXUP Limited	up	220.1% to	(21,368,395)

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 \$21,368,395 (31 December 2021: \$6,676,045).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.18</u>	<u>0.81</u>

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.

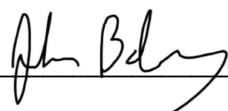
11. Attachments

Details of attachments (if any):

The Interim report of IXUP Limited for the half-year ended 31 December 2022 is attached.

12. Signed

Signed



Date: 23 February 2023

IXUP Limited

ABN 85 612 182 368

Interim report - 31 December 2022

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Directors

Dean Joscelyne (Non-Executive Director) (Retired 29 July 2022)
Freya Smith (Non-Executive Director)
Julian Babarczy (Non-Executive Chairman)
Marcus Gracey (Executive Director) (Retired 2 February 2023)
Ian Penrose (Non-Executive Director)

Company secretary

David Franks

Registered office and Principal
Place of Business

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

Share register

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

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Solicitors

Murcia Pestell Hillard

Bankers

St George Bank Limited

Stock exchange listing

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

Website

www.ixup.com

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 2022.

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 (Retired 29 July 2022)
Freya Smith	Non-Executive Director
Julian Babarczy	Non-Executive Chairman
Marcus Gracey	Executive Director (Retired 2 February 2023)
Ian Penrose	Non-Executive Director

Result of operations

The loss for the consolidated entity after providing for income tax amounted to \$21,368,395 (31 December 2021: \$6,676,045).

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:

- Operational changes to reflect IXUP's strategic focus on emerging compliance and integrity opportunities
- Completed successful capital raise to fund ongoing commercialization efforts for IXUP's world-leading data collaboration technologies
- Acquisition of PlayPause strengthens IXUP position in responsible gaming sector
- Material cost reduction program implemented across the organisation to maximise cash runway and align cost base with commercial opportunity set
- Enters New Product Development & Commercialisation Agreement with Cipher Sports Technology Group
- Further strengthens Team to drive responsible gaming initiatives
- Dean Joscelyne founder and Non-Executive Director retires

Operational Changes

On 18 August 2022, the Company made operational changes to reflect IXUP's strategic focus on emerging compliance and integrity opportunities for its core technology within global online gaming and wagering markets.

The operational changes included, Marcus Gracey transitioning from CEO to Corporate Development & Strategy, key advisor Tekkorp Capital and Matt Davey retained to oversee strategic opportunities and the Appointment of Kevin Vonasek as a US-based consultant to oversee all US commercialisation opportunities.

An Advisory Committee has been formed to provide strategic, commercial and operational guidance and oversight to the management team whilst the recruitment process of a CEO was underway. The committee includes Julian Babarczy (currently the Non-Executive Chairman of IXUP), Ian Penrose (currently a Non-Executive Director of IXUP) and Jonathan Rosham (Founding Director of Cygent Capital and IXUP's Corporate Advisor).

Capital Raise

On 29 August 2022, the Company announced that it was looking to raise \$5.15m via a pro-rata non-renounceable entitlement offer to existing eligible shareholders and supported by Directors and Management. On 30 September, the company announced that it had received \$1.82m from shareholders and \$2.3m firm subscription to the shortfall from Cygnet Capital Pty Ltd. The remaining shortfall was placed on 17 November.

This will be used to fund ongoing commercialisation efforts for its world-leading data collaboration technologies, as well as related working capital.

Acquisition of PlayPause core intellectual property rights related assets

On 30 September 2022, the Company acquired the intellectual property rights and related assets of PlayPause as a key step in position in the US market.

The acquisition will enhance the active discussions and negotiations with various industry stakeholders, including existing compliance related entities, large betting operators and leading state-based regulatory bodies

Material Cost Reduction Program

On 24 October 2022, the Company announced that in response to the downturn in funding markets for earlier stage technology companies and to better align the cost base of the Company to the expected commercialisation timeframe of key initiatives, a Company wide cost reduction program was implemented to ensure cash burn of the business can be appropriately managed, while protecting all key commercial opportunities.

Significant success has been achieved, with monthly cash operating costs across the organization having been reduced by nearly one third, from c.\$900,000 to c.\$650,000. This has further improved to c.\$550,000 by the end of the period.

Enters into New product Development & Commercialisation Agreement with Cipher Sports Technology Group

On 31 October 2022, the Company announced that it had entered into a JV agreement to jointly develop and commercialise several new products for the worldwide gaming and wagering markets. The JVCo will be provided with a license to IXUP's unique and world-leading secure data collaboration platform, with Cipher contributing its product development and sales and marketing expertise to drive rapid commercialisation efforts.

The Company and Cipher have jointly assessed the potential for multi-million dollars per annum of recurring product sales from this initiative, subject to successful product development and commercialisation efforts. The intention is to have these products in market by 1QCY23.

Strengthens Team to Drive Responsible Gaming Initiatives

On 8 December 2022, the Company announced that consultants Mick d'Ancona and Warren Steven with join Kevin Vonasek to drive it's global responsible gaming initiatives. The expansion follows several presentations and follow-up meetings showcasing the Company's planned technology solution at G2E in Las Vegas in October. Following positive feedback, the Company is now in discussions with several stakeholders regarding a US pilot program which is aimed to be conducted in the coming quarters.

Board Changes

On 29 July 2022, the company announced the retirement of founder and Non-Executive Dean Joscelyne to pursue other opportunities. Dean will remain on to advise the board on commercial opportunities. On 2 February 2023, the company announced the retirement of Marcus Gracey. Marcus will continue to consult to the business on strategy, business development and corporate matters.

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 2022 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.

No other matter or circumstance has arisen since 31 December 2022 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

23 February 2023

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Director for the review of the financial statements of IXUP Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick

Mark DeLaurentis

HALL CHADWICK WA AUDIT PTY LTD

MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 23rd day of February 2023

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General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2023.

Corporate Governance Statement

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

IXUP Limited
Condensed Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	Consolidated 31 December 2022 \$	31 December 2021 \$
Revenue			
Revenue		351,682	408,256
Cost of sales		(42,201)	(423,965)
Gross profit		309,481	(15,709)
Other income		32,574	-
Interest revenue calculated using the effective interest method		10,077	134
Expenses			
Employee benefits expense	3	(2,839,444)	(2,716,202)
Other Personnel costs (Share-based costs)	3	(620,718)	(1,314,493)
Depreciation and amortisation expense	3	(538,155)	(523,539)
Loss on disposal of assets		-	(154)
Occupancy cost	3	(19,147)	(16,620)
Administration costs	3	(2,927,977)	(2,082,497)
Finance costs	3	(5,355)	(6,965)
Impairment of Goodwill		(14,769,731)	-
Loss before income tax expense		(21,368,395)	(6,676,045)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the shareholders of IXUP Limited		(21,368,395)	(6,676,045)
Items that may be reclassified to profit or loss			
- Exchange differences in translating foreign operations		19,362	(9,856)
Total comprehensive loss for the half-year attributable to the shareholders of IXUP Limited		<u>(21,349,033)</u>	<u>(6,685,901)</u>
		Cents	Cents
Basic earnings per share	17	(2.25)	(0.82)
Diluted earnings per share	17	(2.25)	(0.82)

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

		Consolidated	
	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents		4,260,317	4,816,710
Trade and other receivables		292,271	612,139
Other financial assets	4	341,200	341,200
Prepayments		249,424	254,371
Total current assets		<u>5,143,213</u>	<u>6,024,420</u>
Non-current assets			
Property, plant and equipment		39,217	36,761
Right-of-use assets		188,966	233,151
Intangibles	5	2,659,761	18,388,152
Deposits		42,941	52,666
Total non-current assets		<u>2,930,885</u>	<u>18,710,730</u>
Total assets		<u>8,074,097</u>	<u>24,735,150</u>
Liabilities			
Current liabilities			
Trade and other payables		1,060,959	1,015,739
Lease liabilities	6	66,903	74,566
Provisions	7	249,774	338,472
Deferred revenue		37,478	80,229
Total current liabilities		<u>1,415,114</u>	<u>1,509,006</u>
Non-current liabilities			
Other financial Liabilities	8	1,875,000	2,375,000
Borrowings		34,155	37,295
Lease liabilities	9	125,422	159,291
Provisions	10	75,893	118,043
Total non-current liabilities		<u>2,110,469</u>	<u>2,689,629</u>
Total liabilities		<u>3,525,583</u>	<u>4,198,635</u>
Net assets		<u>4,548,514</u>	<u>20,536,515</u>
Equity			
Issued capital	11	52,207,182	47,821,869
Equity Settled Reserves	12	15,738,799	16,115,343
Accumulated losses		<u>(63,397,466)</u>	<u>(43,400,697)</u>
Total equity		<u>4,548,514</u>	<u>20,536,515</u>

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

IXUP Limited
Condensed Consolidated statement of changes in equity
For the half-year ended 31 December 2022



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 income 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>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	47,821,869	16,115,343	(43,400,697)	20,536,515
Loss after income tax expense for the half-year	-	-	(21,368,395)	(21,368,395)
Foreign currency translation	-	19,362	-	19,362
Total comprehensive loss for the half-year	-	19,362	(21,368,395)	(21,349,003)
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Expiry of Options	-	-	1,371,626	1,371,626
Issue of shares	5,099,837	-	-	5,099,837
Share issue costs	(714,524)	-	-	(714,524)
Share-based payments (note 12)	-	(395,906)	-	(395,908)
Balance at 31 December 2022	<u>52,207,182</u>	<u>15,738,799</u>	<u>(63,397,466)</u>	<u>4,548,514</u>

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

IXUP Limited
Condensed Consolidated statement of cash flows
For the half-year ended 31 December 2022



	Consolidated	31 December	31 December
Note	2022	2021	2021
	\$	\$	\$
Cash flows from operating activities			
Interest and other finance costs paid	-	(931)	
Receipts from customers	530,644	270,263	
Payments to suppliers and employees	(5,824,780)	(6,057,732)	
Interest received	10,077	253	
Government grants and tax incentives (JobKeepers Rebate, Cash boost, EMD Grant)	32,574	-	
	<u>(5,251,485)</u>	<u>(5,788,147)</u>	
Net cash used in operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment	(11,320)	(16,338)	
Payments for intangibles	(39,955)	(3,250,000)	5
Payments for investments in term deposits	-	(100,000)	
Receipt from asset Acquisition	-	300,000	
Cash balance from business acquisition	-	8,353	
Payments for other non-current assets	9,725	-	
	<u>(41,550)</u>	<u>(3,057,985)</u>	
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares	5,099,837	10,000,000	9
Proceeds from issue of options	-	4,837,929	
Payment for share and issue transaction costs	(341,918)	(933,599)	
Interest and other finance costs paid	-	-	
Repayment of borrowings	(3,247)	(4,481)	
Repayment of lease liabilities	(37,500)	(52,511)	
Proceeds from exercise of Options	-	70,616	
	<u>4,717,172</u>	<u>13,917,954</u>	
Net cash from financing activities			
Net increase in cash and cash equivalents	(575,863)	5,071,822	
Cash and cash equivalents at the beginning of the financial half-year	4,816,710	4,824,960	
Effects of exchange rate changes on cash and cash equivalents	19,470	(6,117)	
	<u>4,260,317</u>	<u>9,890,665</u>	
Cash and cash equivalents at the end of the financial half-year			

The above condensed 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 2022 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 2022 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.

Going concern

The general-purpose financial statements are prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

The Group has incurred a loss for the half year of \$21,368,395 (HY22: \$6,676,045), and experienced net cash outflows from operating activities of \$5,251,485 (HY22: \$5,788,147). As at 31 December 2022, the Group has cash and cash equivalents of \$4,260,317 (HY22: \$9,890,665). The conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity source.

The Group's ability to continue as a going concern, to recover the carrying value of its assets and meet its commitments as and when the fall due is dependent on the ability of the Group to raise additional capital or obtain external financing in the next 12 months.

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

- Commercialisation of its intellectual property, to deliver future revenue; and
- Continued delivery of reduced operating cash burn
- A successful capital raise in the next 12 months

The Directors have prepared a cash flow forecast, which indicates the Company will have sufficient cashflows to meet all its commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecast and other factors referred to above the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

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. 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 other by way of acquisition of 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

	Australia \$	UK \$	US \$	Total \$
Consolidated – 31 December 2022				
Revenue				
Sales to external customers	32,574	48,483	303,199	384,256
Interest income	10,077	-	-	10,077
	<u>42,651</u>	<u>48,483</u>	<u>303,199</u>	<u>394,333</u>
EBITDA	(19,743,343)	(1,326,685)	239,788	(20,830,240)
Depreciation and amortisation	(350,413)	(187,742)	-	(538,155)
Loss before income tax expense	<u>(20,093,756)</u>	<u>(1,514,427)</u>	<u>239,788</u>	<u>(21,368,395)</u>
Income tax expense				-
Loss after income tax expense				<u>(21,368,395)</u>
Assets				
Segment assets	7,263,858	978,913	698,563	8,941,334
Intersegment eliminations				(867,237)
Total Assets				<u>8,074,097</u>
Liabilities				
Segment liabilities	3,317,951	206,854	778	3,525,583
Total Liabilities				<u>3,525,583</u>
Consolidated – 31 December 2021				
Revenue				
Sales to external customers	187,230	37,100	183,926	408,256
Interest income	134	-	-	134
	<u>187,364</u>	<u>37,100</u>	<u>183,926</u>	<u>408,390</u>
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	<u>(5,360,853)</u>	<u>(961,296)</u>	<u>(353,896)</u>	<u>(6,676,045)</u>
Income tax expense				-
Loss after income tax expense				<u>(6,676,045)</u>
Consolidated – 30 June 2022				
Assets				
Segment assets	23,732,093	1,488,012	382,282	25,602,387
Intersegment eliminations				(867,237)
Total Assets				<u>24,735,150</u>
Liabilities				
Segment liabilities	3,777,758	420,115	762	4,198,635
Total Liabilities				<u>4,198,635</u>

Note 3. Expenses

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Depreciation	538,155	523,539
<i>Administrative Costs</i>		
Professional adviser and legal costs	970,861	819,020
Consulting costs paid to entities related to directors	292,053	181,668
Recruitment costs	757	53,408
Advertising and promotion	61,390	26,364
Travel and accommodation	274,325	16,093
Software and Infrastructure Licensing	639,250	465,300
Other	689,341	520,644
	<u>2,927,977</u>	<u>2,082,497</u>
<i>Employee benefits expense</i>		
Personnel costs	2,839,444	2,716,202
<i>Occupancy costs</i>		
Occupancy costs	19,147	16,620
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	5,318	2,662
Other finance costs	36	4,303
Finance costs expensed	<u>5,355</u>	<u>6,965</u>
<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	620,718	1,314,493

Note 4. Current assets - other financial assets

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Convertible note	<u>341,200</u>	<u>341,200</u>

Convertible note in Ziroh Labs Inc. who provides Homomorphic libraries to IXUP. The note bears and interest rate of 5% paid annually with a maturity date of 18 April 2023. As part of participating, IXUP secured a 10 year licence to Homomorphic libraries.

Note 5. Non-current assets - intangibles

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Goodwill - at cost	-	15,269,731
Development - at cost	1,731,909	1,731,909
Less: Accumulated amortisation	(1,731,909)	(1,731,909)
	<u>-</u>	<u>-</u>
Website & Intellectual Property- at cost	1,160,639	1,120,683
Less: Accumulated amortisation	(541,371)	(342,341)
	<u>619,268</u>	<u>778,048</u>
Software - at cost	2,974,360	2,974,360
Less: Accumulated amortisation	(933,868)	(633,987)
	<u>2,040,492</u>	<u>2,340,373</u>
	<u><u>2,659,760</u></u>	<u><u>18,388,152</u></u>

Goodwill and Website relate to the acquisition of DataPOWA in August 2021. The identification and fair value measurement of the assets and liabilities acquired from the acquisition of DataPOWA Ltd have been finalised in these accounts, noting the previous figures provided were provisional based on the information known during the 12-month period after DataPOWA's acquisition. Based on the current market conditions, including interest rates increasing materially and general view on loss making tech businesses the board has taken the conservative view to write off the goodwill in DataPOWA. The business continues to operate and is building and converting a pipeline of new business on its way to breakeven.

For more information refer to note 15.

During the financial period the Company purchased the trademark, URL and other intellectual property of Playpause for \$25,000 USD.

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

Note 6. Current liabilities - lease liabilities

	Consolidated 31 December 2022 \$	30 June 2022 \$
Lease liability	<u>66,903</u>	<u>74,566</u>

The consolidated entity leases an office and a 3 parking spaces, with lease terms of 2.3 years. Both commenced on 1 June 2022.

Note 7. Current liabilities - Provisions

	Consolidated 31 December 2022 \$	30 June 2022 \$
Annual Leave	189,848	338,472
Long Service Leave	59,926	-
Provisions	<u>249,774</u>	<u>338,472</u>

Note 8. Non-Current liabilities – Other financial liabilities

	Consolidated 31 December 2022 \$	30 June 2022 \$
Contingent Consideration	<u>1,875,000</u>	<u>2,375,000</u>

The provision represents the obligation to pay contingent consideration following the acquisition of DataPOWA Limited. Details of which are described in note 15. During the period the bonus milestone was written off due to its unlikelihood of being achieved.

Note 9. Non-current liabilities - lease liabilities

	Consolidated 31 December 2022 \$	30 June 2022 \$
Lease liability	<u>125,422</u>	<u>159,291</u>

Note 10. Non-current liabilities - provisions

	Consolidated 31 December 2022 \$	30 June 2022 \$
Long service leave	<u>75,893</u>	<u>118,043</u>

Note 11. Equity - issued capital

	Consolidated		
	31 December 2022	30 June 2022	31 December 2022
	Shares	Shares	\$
Ordinary shares - fully paid	1,029,571,968	902,076,031	52,207,182
	<u>1,029,571,968</u>	<u>902,076,031</u>	<u>52,207,182</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2022	902,076,031	47,821,869
Issue of shares	30 September 2022	45,558,882	1,822,355
Issue of shares	20 October 2022	51,000,000	2,040,000
Issue of shares	29 November 2022	24,437,055	977,482
Issue of shares	8 December 2022	6,500,000	260,000
Shares issue costs		-	(714,524)
Balance	31 December 2022	<u>1,029,571,968</u>	<u>52,207,182</u>

Ordinary shares

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

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

Note 12. Equity - Reserves

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Foreign currency reserve	112,437	93,074
Equity-settled reserves	4,931,417	6,208,256
Options reserve	10,694,944	9,814,013
	<u>15,738,799</u>	<u>16,115,343</u>

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 2021	-	1,839,662	9,811,325	11,650,987
Foreign currency Translation	112,437	-	-	112,437
Contingent consideration for DataPOWA acquisition	-	3,091,755	-	3,091,755
Share based payments	-	-	2,591,332	2,591,332
Transfer relating to options exercised	-	-	(1,311,805)	(1,311,805)
Balance at 30 June 2022	112,437	4,931,417	11,090,852	16,134,706
Share based payments	-	-	975,718	975,718
Options expired	-	-	(1,371,626)	(1,371,626)
Balance at 31 December 2022	93,074	4,931,417	10,694,944	15,738,798

Options

Details	Date	Options
Balance	30 June 2022	181,174,843
Issue of unlisted options to Related Parties per AGM	16 December 2022	131,000,000
Exercised due to forfeiture during the period		(70,566,470)
Balance		<u>241,608,373</u>

During the half year ended 31 December 2022:

- On 16 December 2022 IXUP issued 131,000,000 Unlisted Options to related parties with an exercise price of 6 cents and an expiry date of 15 December 2024. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$1.86m of which is \$94,075 and \$365,000 recognised as capital raising costs in equity during the half-year ended 31 December 2022 as part of Share-based costs.
- \$194,906 was recognised relating to Plan Options issued in 2021 to employees and directors.
- \$143,145 was recognised relating to Plan Options issued in 2022 to employees and directors.
- \$1,311,804 options expired during the period.

The valuation model assumed a volatility of 90% and risk-free rate of 3.226%.

Performance Rights

Details	Date	Performance Rights
Balance	30 June 2022	90,405,649
Cancelled due to forfeiture during the year		(7,250,000)
Balance		<u>83,155,649</u>

During the half-year ended 31 December 2022:

- \$110,831 was recognised relating to Performance Rights issued in 2021.
- \$77,761 was recognised relating to Performance Rights issued in 2022.
- 7,250,000 Performance Rights were cancelled relating to directors and employees who left the Company and did not meet the vesting conditions.

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 aff 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	Consolidated
	31 December	31 December
	2022	2021
	\$	\$
Payment for goods and services:		
Payment/Accrual to Destria Pty Ltd for consulting services	30,136	165,000
Payment/Accrual to Jigsaw Consult Pty Ltd and Vaucluse Property Pty Ltd for consulting services	41,667	33,000

Receivable from and payable to related parties

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

	Consolidated	Consolidated
	31 December	31 December
	2022	2021
	\$	\$
Amounts owed to related parties:		
Payment/Accrual to Destria Pty Ltd for consulting services	-	8,549

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 3 August 2021 acquired 100% of the ordinary shares of DataPOWA for the total consideration transferred of \$12,000,000 million on a cash-free, debt-free basis (“**Acquisition**”). 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.

This business operates in the global sports data/sponsorship industry division of the consolidated entity.

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 were subject to voluntary escrow for a period of 12 month after completion.

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). 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); 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)).

Based on the current market conditions, where growth technology company valuations have undergone significant reductions in response to interest rates having increased materially, the board have elected to take a prudent and conservative view to write off the goodwill associated with DataPOWA. Despite the goodwill write off, the DataPOWA business is on the path to cash breakeven and is actively delivering on additional new revenue opportunities.

Note 16. Events after the reporting period

On the 2nd of February the Company announced Marcus Gracey has resigned as Director.

No other matter or circumstance has arisen since 31 December 2022 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 17. Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss after income tax attributable to the shareholders of IXUP Limited	<u>(21,368,395)</u>	<u>(6,676,045)</u>
	Cents	Cents
Basic earnings per share	(2.25)	(0.82)
Diluted earnings per share	(2.25)	(0.82)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>950,135,610</u>	<u>813,835,551</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>950,135,610</u>	<u>813,835,551</u>

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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 2022 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

23 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IXUP LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of IXUP Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the IXUP Limited financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$21,368,395 during the half year ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

The directors of the IXUP Limited 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 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 Responsibility 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 Consolidated Entity's financial position as at 31 December 2022 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.



HALL CHADWICK WA AUDIT PTY LTD



MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 23rd day of February 2023

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