ASX release

# IXUP Third Quarter FY18 Update and Appendix 4C

**30 April 2018:** Secure data and trusted collaboration company IXUP Limited (ASX: IXU) ('IXUP' or 'the Company') lodges its Appendix 4C Report and provides a review of the Company's progress for the quarter ended 31 March 2018.

## HIGHLIGHTS

- Key management appointments continue and gain traction
- Commercialisation process ramping up - post period end, 5 non-binding MOUs agreed with partners and potential clients
- Version 3.1 of the IXUP data collaboration platform successfully released
- Finity contract milestones effectively delivered
- Westpac service agreement extended
- Microsoft partnership deepened

## Q3 UPDATE

As reported previously, IXUP's focus post-listing in November 2017 has been to build out the go-to-market team to enable IXUP to execute its commercialisation plans. During the quarter, David Bonham commenced as CFO, Rob Mills joined the team as Head of Sales and Tim Scott came on board as Head of Strategic Engagements. In quarter 4, Anthony Turco will join IXUP as Head of Product. The expanded team is gaining traction and building a pipeline of opportunities, supported by the influence and guidance of IXUP's Board and Advisory Board.

The Company launched its new website in early April focusing on its key messaging of Secure Data, Trusted Collaboration: https://ixup.com/

Post period end, IXUP has agreed 5 non-binding MOUs with partners and potential clients in the data services and financial services sectors. Our focus over the coming months is to advance these MOUs into Proofs of Concept (POCs) and Case Studies that may lead to binding revenue producing contracts. These are important steps for the Company.

On 29 March 2018, IXUP released software version 3.1 of the IXUP data collaboration platform. Building on the fully cloud-enabled version 3.0 released in December 2017, this release added enhanced capabilities such as workbenches (a centralised area from which to launch processes), resource management (expanded database and pool management) and scaling of workspaces (virtual machines).

IXUP's actuarial and analytical data consulting partner Finity is now progressing to version 3.1 of the IXUP platform to enable it to provide even faster, safer and more insightful collaboration for its clients which include insurance companies and other organisations which need to better understand risk exposure. The relationship with Finity is progressing well and all milestones to date have been successfully delivered.

For the remainder of the calendar year, IXUP's software development will focus on expanding interfaces (APIs) to ingest a range of alternative data formats, providing an even more scalable service delivery platform.

In February 2018, Westpac extended its service agreement with IXUP. As outlined on page 106 of the Company's IPO Prospectus, Westpac's Institutional Bank uses the IXUP platform to collaborate with an Institutional Bank client. Westpac extended the IXUP services agreement for an additional six months, aligning the timeframe to its client agreement.

The partnership with Microsoft deepened over the quarter on a global and local basis. In March 2018 our Head of Strategic Engagements, Tim Scott, met with Microsoft's Cryptography research group in Seattle to further strengthen our collaboration. As part of this study trip, IXUP also became the first Australian company to sign up to the global homomorphic encryption standards.

## Financials

As at 31 March 2018, IXUP reported a total cash and term deposits balance of $8.99m ($1.49m in cash and at call accounts, $7.50m in term deposits), following the Company's successful $12.50m IPO capital raising and admission to the Official Quotation of ASX on 15 November 2017. The Company's total cash outflows relating to the quarter was $1.30m, in line with our forecast. $1.15m related to operating and investing activities and $0.15m in payments relating to the IPO in November 2017.

The Company estimates that total net cash outflows in quarter 4 will be $1.33m ($1.22m operating, $0.11m capital expenditure relating to our Parramatta office fit out) as the Company continues to build its commercialisation capability.

**IXUP Executive Chairman Tim Ebbeck said: "***IXUP continues its commercialisation activities and it is becoming clear that our secure data collaboration platform is gaining traction. The progress in the past quarter in building out the team and progressing opportunities with partners and potential customers is very encouraging. IXUP is in the right place, at the right time – there is a tailwind of increasing awareness about the necessity of data security with an ongoing imperative to derive value from data."*

**IXUP CFO David Bonham said:** *"I am delighted to have joined an Australian tech company with the potential to set the global standard in secure data and trusted collaboration. I look forward to scaling up the Company with Tim and the rest of the management team."*

-ENDS-

**Contact:**

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**About IXUP**

Founded in 2011, IXUP (pronounced 'Eyes Up') developed an innovative software environment providing security of data in trusted data collaborations. The IXUP environment helps organisations collaborate using multiple sources of data and therefore derive deeper insights to inform business strategy and gain competitive advantage. The environment is unique with its patented approach to security and matching which overcome security and technology challenges inherent in data sharing models. IXUP is headquartered in Sydney, Australia.

For more information visit www.ixup.com

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

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

| | |
|---|---|
| **Name of entity:**<br>**IXUP Ltd** | |
| **ABN:**<br>**85 612 182 368** | **Quarter ended ("current quarter"):**<br>**Mar-18** |

| | **Consolidated statement of cash flows** | **Current quarter $A** | **Year to date (9 months) $A** |
|---|---|---|---|
| **1** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 11,000 | 11,000 |
| 1.2 | Payments for | | |
| | (a) research and development | | |
| | (b) product manufacturing and operating costs | | |
| | (c) advertising and marketing | | |
| | (d) leased assets | (29,920) | (119,680) |
| | (e) staff costs | (549,406) | (1,807,515) |
| | (f) administration and corporate costs | (568,568) | (1,129,868) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | 214 | 5,214 |
| 1.5 | Interest and other costs of finance paid | (1,411) | (1,411) |
| 1.6 | Income taxes paid | | |
| 1.7 | Government grants and tax incentives | | |
| 1.8 | Other - payments for property leases, staff expenses and legal fees relating to prior financial years | | (695,997) |
| **1.9** | **Net cash from / (used in) operating activities** | **(1,138,090)** | **(3,738,257)** |

| | | | |
|---|---|---|---|
| **2** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (13,430) | (25,092) |
| | (b) businesses (see item 10) | | |
| | (c) term deposits | | (7,500,000) |
| | (d) intellectual property | | |
| | (e) other non-current assets | | |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | | |
| | (b) businesses (see item 10) | | |
| | (c) term deposits | | |
| | (d) intellectual property | | |
| | (e) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| **2.6** | **Net cash from / (used in) investing activities** | **(13,430)** | **(7,525,092)** |

| | | | |
|---|---|---|---|
| **3** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | | 12,665,150 |
| 3.2 | Proceeds from issue of convertible notes | | 250,000 |
| 3.3 | Proceeds from exercise of share options | | |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (145,329) | (1,555,091) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| **3.1** | **Net cash from / (used in) financing activities** | **(145,329)** | **11,360,059** |

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|---|---|---|---|
| **4** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 2,790,316 | 1,396,756 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,138,090) | (3,738,257) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (13,430) | (7,525,092) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (145,329) | 11,360,059 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| **4.6** | **Cash and cash equivalents at end of quarter** | **1,493,467** | **1,493,467** |

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|---|---|---|---|
| 5 | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $A** | **Previous quarter $A** |

| | | | |
|---|---|---|---|
| 5.1 | Bank balances | 93,309 | 790,316 |
| 5.2 | Call deposits | 1,400,157 | 2,000,000 |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details)<br>**IXUP has $7.5m in Term Deposits maturing between 3 – 9 months.**<br>**Total cash on hand, on call deposit and in term deposits at end of current quarter totals $8.993m** | | |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **1,493,467** | **2,790,316** |

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| **6** | **Payments to directors of the entity and their associates** | **Current quarter<br>$A** |
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | (233,637) |
| 6.2 | Aggregate amount of cash flow to these parties included in item 1.8 | |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2<br>- Amount noted at 6.1 relates to remuneration arrangement payments and property lease payments | |

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

| | | | |
|---|---|---|---|
| **8** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end<br>$A** | **Amount drawn at quarter end<br>$A** |
| 8.1 | Loan facilities | | |
| 8.2 | Credit standby arrangements | | |
| 8.3 | Other (please specify) | 250,000 | 0 |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | Bank Overdraft secured by term deposit | |

| | | |
|---|---|---|
| **9** | **Estimated cash outflows for next quarter** | **$A** |
| 9.1 | Research and development | 425,000 |
| 9.2 | Product manufacturing and operating costs | 0 |
| 9.3 | Advertising and marketing | 0 |
| 9.4 | Leased assets | (70,000) |
| 9.5 | Staff costs | (840,000) |
| 9.5 | Staff costs - employment taxes relating to prior quarter | (175,000) |
| 9.6 | Administration and corporate costs | (570,000) |
| 9.7 | Other - Capital expenditure on Parramatta office fitout | (110,000) |
| **9.8** | **Total estimated cash outflows** | **(1,340,000)** |

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

**Compliance statement**

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ........................................................ Date: 30 April 2018

(~~Director/~~Company secretary)

Print name: Andrew Whitten

**Notes**

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

2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.