

31 July 2020

IXUP Fourth Quarter FY20 Update and Appendix 4C (Revised)

IXUP Limited (ASX: IXU) (“IXUP” or the “Company”) released its Appendix 4C this morning.

The Appendix 4C had the currency unit expressed as \$A'000 instead of \$A.

This has been updated in the attached release. There were no other changes.

This announcement has been authorised by Mr Peter Leihn, Managing Director.

-ENDS-

Enquiries:

Peter Leihn, IXUP

Tel: +61 413 863 503

peter.leihn@ixup.com.au

Andrew Whitten, Company Secretary

Tel: +61 2 8072 1400

About IXUP

IXUP Limited (ASX:IXU) (pronounced ‘eyes up’) is a pioneering technology company that specialises in analytics over data that remains encrypted. IXUP’s privacy preserving analytics platform can help solve important research, business and policy problems by allowing data sets from different parties to be combined and analysed in a secure environment with full control. While conventional encryption techniques protect data when it is stored or in transit, they fail to protect data when it is in use. The IXUP platform uses advanced encryption and compute techniques including homomorphic encryption, that enables analytics over data without ever needing to decrypt it, preventing data from being vulnerable to loss and misuse.

To learn more, please visit: www.ixup.com. IXUP’s registered address is Level 3, 5-7 Ross Street, Parramatta NSW 2150.

31 July 2020

IXUP Fourth Quarter FY20 Update and Appendix 4C

IXUP Limited (ASX: IXU) (“**IXUP**” or the “**Company**”), the leading technology company that secures data analytics and collaboration by using next-generation homomorphic encryption, today lodged its Appendix 4C Report and provided a review of the Company’s progress for the fourth quarter ended 30 June 2020 (**Q4**).

Q4 Highlights

- Commenced second phase of trial agreement with nib New Zealand Limited after successful completion of initial trial phase.
- \$171,962 in JobKeeper Wage Subsidy received.
- 30% reduction in staff costs compared to previous quarter.
- Subsequent to Q4 end:
 - Receipt of \$2.228 million (before costs) from previously announced fully underwritten Entitlement Offer.
 - Announcement on 27 July 2020 of Top-Up Right raising, subsequent to the Entitlement Offer, to raise \$1.5 million (before costs), subject to shareholder approval.

\$2.2 million Fully Underwritten Entitlement Offer completed and Subsequent Top-Up Right Raising

Subsequent to the quarter end, the Company completed a pro rata non-renounceable 1-for-1 Entitlement Offer at an issue price of \$0.01 per Share to raise approximately \$2.228 million (before costs). The funds will be used to continue to fund the commercial roll out of the Company’s proprietary encrypted data collaboration platform and for general working capital.

As previously announced, if the shortfall under the Entitlement Offer is less than 50,000,000 Shares, the underwriter has a top-up right to ensure that the total number of Shares to be allocated by it, including any shortfall, is not less than 50,000,000 Shares, subject to shareholder approval (**Top-Up Right**).

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

A Notice of Meeting providing details of the extraordinary general meeting (EGM) to approve the Placement will be issued shortly. It is anticipated that the EGM will be held no later than September 2020.

Financial Update

In line with expectations, net cash outflows from operations were \$0.58 million for the quarter. The Company completed the quarter with cash and term deposits of \$1.5 million. During the quarter the Company rationalised costs via further reductions in marketing, staffing and administration and corporate costs.

The noted cash balance of \$1.5 million at Q4 end does not include the completed Entitlement Offer raising of \$2.228m (before costs) and announced Placement raising of \$1.5m (before costs).

Directors, being related parties of the Company, were paid remuneration in the amount of \$98k during the June quarter. \$16k was paid during the quarter to related parties for rent and office services. No other related party payments were made.



The Company continues to have strong interest in its proprietary encrypted data collaboration platform from current and prospective clients. Signing new customers to trials and completing existing trials continues to take longer than expected as a result of COVID-19 impacts on current and prospective clients. Core staff remain focussed on pursuing commercialisation opportunities.

The Company has taken further steps to reduce cash outflows and extend its operating runway in light of continuity uncertainty regarding the length and impact of COVID-19. Specific actions taken are detailed in the announcement dated 28 May 2020.

The focus of the Board and Management remains on preserving cash whilst progressing commercial opportunities to create long-term shareholder value.

As announced on 28 May and 24 June 2020, the resignations of CEO and Managing Director Peter Leihn and Non-Executive Director Scott Wilkie are effective today. Chairman Mr Grant Paterson would like to thank both Peter and Scott for their valuable contribution to IXUP and wishes them all the best in their future endeavours.

This announcement has been authorised by the IXUP Board.

-ENDS-

Enquiries:

Peter Leihn, IXUP

Tel: +61 413 863 503

peter.leihn@ixup.com.au

Andrew Whitten, Company Secretary

Tel: +61 2 8072 1400

About IXUP

IXUP Limited (ASX:IXU) (pronounced 'eyes up') is a pioneering technology company that specialises in analytics over data that remains encrypted. IXUP's privacy preserving analytics platform can help solve important research, business and policy problems by allowing data sets from different parties to be combined and analysed in a secure environment with full control. While conventional encryption techniques protect data when it is stored or in transit, they fail to protect data when it is in use. The IXUP platform uses advanced encryption and compute techniques including homomorphic encryption, that enables analytics over data without ever needing to decrypt it, preventing data from being vulnerable to loss and misuse.

To learn more, please visit: www.ixup.com. IXUP's registered address is Level 3, 5-7 Ross Street, Parramatta NSW 2150.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

IXUP Ltd

ABN

85 612 182 368

Quarter ended ("current quarter")

Jun-20

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	10,000	25,000
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(10,419)	(146,120)
(d) leased assets	(16,444)	(194,875)
(e) staff costs	(519,615)	(3,032,382)
(f) administration and corporate costs	(215,680)	(1,338,431)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1,416	7,362
1.5 Interest and other costs of finance paid	(720)	(3,043)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (R&D Incentive, JobKeepers Rebate, Cash Boost, EMD Grant)	171,962	1,104,744
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(579,500)	(3,577,745)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(6,261)
(d) investments (Term Deposits with maturity of 3 months or greater)	-	(875,000)

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments (Term Deposits with maturity of 3 months or greater realised during quarter)	1,125,000	1,125,000
(e) intellectual property	-	-
(f) 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	1,125,000	243,739

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,168,872
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(25,068)	(307,610)
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)	-	-
3.10 Net cash from / (used in) financing activities	(25,068)	2,861,262

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,012,018	2,005,194
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(576,500)	(3,577,745)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,125,000	243,739
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(25,068)	2,861,262
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,532,450	1,532,450

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	407,450	212,018
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits maturing before 30 Sep 2020)	1,125,000	800,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,532,450¹	1,012,018

6.	Payments to related parties of the entity and their associates	Current quarter \$A
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(114,649)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Notes

6.1 Directors, being related parties of the Company, were paid remuneration in the amount of \$98k during the June quarter. Also \$16k was paid during the quarter to related parties for rent and office services. No other related party payments were made.

¹ The noted cash balance of \$1.532 million at Q4 end does not include the completed Entitlement Offer raising of \$2.228m (before costs) and announced Placement raising of \$1.5m (before costs) referred to in the covering narrative.

7. Financing facilities	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A
8.1 Net cash from / (used in) operating activities (item 1.9)	(579,501)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,532,450
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,532,450 ²
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.64
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

² The noted cash balance of \$1.532 million at Q4 end does not include the completed Entitlement Offer raising of \$2.228m (before costs) and announced Placement raising of \$1.5m (before costs) referred to in the covering narrative.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

31 July 2020

Date:

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.