14 November 2023

Ms Laura Gomme
Senior Adviser, Listings Compliance (Perth)
ASX Limited
By Email

Dear Ms Gomme,

IXUP Limited (IXU): Aware Query. Reference 84027 dated 9 November 2023

IXUP Limited (ASX: IXU) ("**IXUP**" or the "**Company**") refers to your aware query letter dated 9 November 2023 (**Aware Letter**) and provides the following by way of background.

1. Background

1.1 On 31 July 2023, the Company released its Appendix 4C & Quarterly Activities Report for the period ended 30 June 2023 (**June 2023 Quarterly**) which disclosed that the Company had less than 2 quarters of funding available (being, 1.11 quarters of funding remaining). The June 2023 Quarterly detailed that:

(a) IXU had invested working capital into the recently acquired Australian Communications and Media Authority (**ACMA**) contract, with funds due to flow back to IXU shortly under the normal billing cycle;

(b) the Board is continually reviewing its capital position and has a number of options available to it to adequately fund the Company; and

(c) the Company's forecast revenue is expected to increasingly support the cost base and the Board expects the Company to meet its business objectives.

1.2 On 31 August 2023, the Company released its Appendix 4E and Preliminary Final Report (unaudited) for the period ended 30 June 2023 (**Appendix 4E Report**). The Appendix 4E Report detailed the following:

"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 they fall due is dependent on the ability of the Group to raise additional capital or obtain external financing in the next few months. The Board is assessing capital raising opportunities as at the date of this report".

The Appendix 4E Report further detailed that the Company's ability to continue as a going concern will depend on the following factors:

(a) the ability of the Company to raise the additional capital, for which it has a successful history in doing so;

(b) commercialisation of its intellectual property, to deliver future revenue; and

(c) recognising that the priority of the Board and management remains revenue growth and cost reductions.

1.3 On 22 September 2023, the Company released its Annual Report (audited) for the period ended 30 June 2023 (**Annual Report**). The Annual Report made the same disclosures as those detailed in paragraph 1.2 (above).

1.4 On Saturday, 28 October 2023 at 7.20am (AEDT), the Company executed an agreement with an unrelated and unsecured lender for an amount of up to A$1 million (**Debt Facility**).

1.5 The material terms of the Debt Facility are detailed below:

(a) **Lenders:** Jagger Holdings Pty Ltd, Kea Holdings Pty Ltd and Vista Grove Investments Pty Ltd, non-related parties of the Company.

(b) **Secured or Unsecured:** unsecured.

(c) **Interest rate:** 10.0% per annum.

(d) **Maturity date:** 28 October 2024.

(e) **Amount:** A$1,000,000.

(f) **Amount Drawn:** As at the date of the September 2023 Quarterly (defined below), the Company had not drawn down on the Debt Facility (noting that the Debt Facility was only entered into as a "back-up" facility). The Company has only drawn $500,000 to date, noting that this initial drawdown was done out of prudency to ensure adequate liquidity in the event of unforeseen circumstances, and it is currently not known if the balance of the Debt Facility will be drawn.

1.6 On 30 October 2023, the Company released its Appendix 4C & Quarterly Activities Report for the period ended 30 September 2023 (**September 2023 Quarterly**) which disclosed that the Company had less than 2 quarters of funding available (being, 0.37 quarters of funding remaining) (refer to section 8.6 of the September 2023 Quarterly). The September 2023 Quarterly outlined that the Company did not have positive net operating cash flow for the quarter. The September 2023 Quarterly detailed that:

(a) there is a material expected cash inflow related to the ACMA contract that will flow back to IXU in the December 2023 quarter, under the normal billing cycle, and the business is currently forecasting that the following quarterly operating cashflow will be positive;

(b) the Board is continually reviewing its capital position and has entered into a debt facility for up to $1 million to adequately fund the Company; and

(c) forecast revenue is expected to support the cost base and the board expects the company to meet its business objectives.

1.7 The cash outflow in the quarter ending 30 September 2023 was impacted by one-off expenses relating to the Company's acquisition of the intellectual property and associated government contracts of Big Village Australia Pty Ltd (Administrators Appointed), which completed in June 23 (**Betstop Acquisition**). Please refer to the Company's ASX release entitled 'IXUP Completes Acquisition of the Betstop National Self Exclusion Register Contract' on 13 June 2023 for further details of the Betstop Acquisition. The expenses relating to the Betstop Acquisition included one-off legal fees, consulting fees, deposits for expanded office space and the initiation of expenses to be recovered as part of the new contract acquired. The one-off expenses relating to the Betstop Acquisition will not reoccur in the next quarter.

1.8 The Company is anticipating receipt of a research and development grant for approximately $1.297 million in or around early December 2023 (**R&D Grant**).

1.9 In-line with its prudent approach to capital management, the Board has defended against the risk of delay of the R&D Grant by confirming the interim funding as back-up.

1.10 The Company considers all of the matters above to be in-line with its stated objectives and ordinary operating process.

2. ASX Request for Information Responses

2.1 **Question 1: Does IXU consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities**

No.

2.2 **Question 2: If the answer to question 1 is "no", please advise the basis for that view. In answering this question, please address the Estimated Available Funding in the context of IXU's ability to fund its operations**

The cash outflow detailed in the September 2023 Quarterly was impacted by one-off expenses relating to the Betstop Acquisition. The expenses relating to the Betstop Acquisition included one-off legal fees, consulting fees, deposits for expanded office space and the initiation of expenses to be recovered as part of the new contract acquired. The one-off expenses relating to the Betstop Acquisition will not reoccur in the next quarter.

The Company is anticipating receipt of a R&D Grant for approximately $1.297 million in or around early December 2023. In-line with its prudent approach to capital management, the Board has defended against the risk of delay of the R&D Grant by confirming the interim funding as back-up. The Company considers that its entry into the Debt Facility to be in-line with its stated objectives detailed in the June 2023 Quarterly, Appendix 4E Report and Annual Report and in the Company's ordinary operating process.

The Company has approximately $1,356,134 in available funding (including $500,000 which is yet to be drawn down on the Debt Facility). In addition, the Company has approximately $2,127,528 in receivables (including $1,297,404 relating to the R&D Grant). In combination with the forecast revenues and expenses, the Company's estimated quarters of funding available is greater than 2 quarters (as opposed to the 0.377 quarters detailed in the September 2023 Quarterly).

Accordingly, when put in to context of the Company's position as a whole, the Information is not information that a reasonable person would expect to have a material effect on the price or value of its securities.

2.3 **Question 3: When did IXU first become aware of the Information? In answering this question, please specify the date IXU entered into the $1,000,000 debt facility disclosed in the Quarterly Report**

On Saturday, 28 October 2023 at 7.20am (AEDT), the Company executed an agreement with an unrelated and unsecured lender for an amount of up to A$1 million (being, the Debt Facility).

2.4 **Question 4: If the answer to question 1 is "yes" and IXU first became aware of the Information before the relevant date, did IXU make any announcement prior to the relevant date which Question 3: disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe IXU was obliged to release the Information and/or Clarified Information under Listing Rules 3.1 and 3.1A and what steps IXU took to ensure that the information was released promptly and without delay**

N/A

2.5 **Question 5: In relation to the debt facility, please provide details of the lender, interest rate, maturity date, whether it is secured or unsecured and any other material terms.**

The material terms of the Debt Facility are detailed below:

(a) **Lenders:** Jagger Holdings Pty Ltd, Kea Holdings Pty Ltd and Vista Grove Investments Pty Ltd, non-related parties of the Company.

(b) **Secured or Unsecured:** unsecured.

(c) **Interest rate:** 10.0% per annum.

(d) **Maturity date:** 28 October 2024.

(e) **Amount:** A$1,000,000.

(f) **Amount Drawn:** As at the date of the September 2023 Quarterly, the Company had not drawn down on the Debt Facility (noting that the Debt Facility was only entered into as a "back-up" facility). The Company has only drawn $500,000 to date, noting that this initial drawdown was done out of prudency to ensure adequate liquidity in the event of unforeseen circumstances, and it is currently not known if the balance of the Debt Facility will be drawn.

2.6 **Question 6: Please confirm that IXU is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

2.7 **Question 7: Please confirm that IXU's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EX1 with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms that this response has been authorised and approved by Mr Julian Babarczy, Chair, having delegated authority from the Board to respond to ASX on disclosure matters.

This announcement has been approved for release by Mr Julian Babarczy on behalf of the Board of IXUP.

-ENDS-

For enquiries regarding this release please contact:

IXUP
Mr Julian Babarczy
Chairman
contact@ixup.com

About IXUP
IXUP Limited (ASX: IXU) (pronounced 'eyes up') is a pioneering technology company with a world class suite of software products that facilitate the secure sharing and analysis of sensitive information using advanced security technology. The Company's Secure Data Collaboration Suite of products represent the missing 'key' to organisations 'unlocking' their information assets previously unable to be shared or commercialised due to concerns around privacy, cyber security, and compliance considerations. These data collaboration products are being commercialised at a crucial junction when the need to share and drive revenue from sensitive data and dormant data assets is becoming more important yet more difficult to achieve.

IXUP is also the developer and operator of BetStop - National Self Exclusion Register™, under exclusive contract with the Commonwealth Government of Australia via the Australian Communications and Media Authority (ACMA). BetStop - the National Self Exclusion Register allows Australians to easily self-exclude from all licensed interactive wagering services for a minimum of 3 months and up to a lifetime.

To learn more, please visit: www.ixup.com. IXUP's registered address is Level 11, 201 Miller Street, North Sydney, NSW 2060

9 November 2023

Reference: 84027

Mr David Franks
Tenancy 1004, Building 10 Fleet Workshops North Sub base Platypus
120 High Street
North Sydney
NSW 2060

By email: David.Franks@automicgroup.com.au

Dear Mr Franks

IXUP Limited ('IXU'): Aware Query

ASX refers to the following:

A. IXU's announcement entitled "Appendix 4C & Quarterly Activities Report" released on the ASX Market Announcements Platform on 30 October 2023 (the 'Quarterly Report'), disclosing, among other things:

I) That as at 30 September 2023:

a. IXU had an operating cash outflow for the quarter of $3,113,912,

b. IXU had cash and cash equivalents of $840,920,

c. IXU had 0.377 quarters of funding available

('Estimated Available Funding')

II) *"The board is continually reviewing its capital position and has entered into a debt facility for up to $1million to adequately fund the company"*

(the 'Information').

B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks IXU to respond separately to each of the following questions and requests for information:

1. Does IXU consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view. In answering this question, please specifically address the Estimated Available Funding in the context of IXU's ability to fund its operations.
3. When did IXU first become aware of the Information? In answering this question, please specify the date IXU entered into the $1,000,000 debt facility disclosed in the Quarterly Report.
4. If the answer to question 1 is "yes" and IXU first became aware of the Information before the relevant date, did IXU make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe IXU was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps IXU took to ensure that the information was released promptly and without delay.
5. In relation to the debt facility, please provide details of the lender, interest rate, maturity date, whether it is secured or unsecured and any other material terms.
6. Please confirm that IXU is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that IXU's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of IXU with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **<u>1:30 PM AWST Tuesday, 14 November 2023</u>**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, IXU's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require IXU to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in IXU's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in IXU's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to IXU's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that IXU's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Laura Gomme
Senior Adviser, Listings Compliance