

31st October 2022

IXUP Enters into New Product Development & Commercialization Agreement with Cipher Sports Technology Group

HIGHLIGHTS

- Agreement to jointly develop and commercialize several new products for the worldwide gaming and wagering markets.
- Agreement targets global markets with multi-million dollar per annum recurring revenue potential.
- Initial focus on US digital sports wagering and gaming sector.
- Benefits of the Agreement to IXUP
 - First SaaS-based products powered by the unique and world-leading IXUP secure data collaboration platform
 - Potential delivery of short-term product sales and licensing revenue for IXUP
- IXUP will look to expand the new product offering into other market verticals representing additional direct IXUP sale opportunities.
- First products expected in market by 1QCY23.

IXUP Limited (“**IXUP**” or “**the Company**”) is pleased to announce the signing of a binding Agreement (**Agreement**) with Melbourne based Cipher Sports Technology Group (**Cipher**), which will see the creation of a joint venture sales and marketing vehicle (**JVCo**) to jointly develop and sell a number of new technology products aimed at the global sports affiliate industry, with an initial focus on the US digital sports wagering and gaming sector, where Cipher is already operational from its offices in New York City.

JVCo will be provided with a license to IXUP’s unique and world-leading secure data collaboration platform, which will underpin the creation and functionality of the new products, with Cipher contributing its product development and sales and marketing expertise to drive rapid commercialization efforts.

IXUP 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 parties have already commenced design and build of several initial products with the intention of having these products in market by 1QCY23.

This Agreement represents the development of the first SaaS-based products that will be powered by the unique and world-leading IXUP secure data collaboration platform.

IXUP will also look to utilize its existing sales resources to expand the new product offering into other market verticals, representing additional direct IXUP sale opportunities for IXUP in coming quarters.

Commenting on the Agreement, Julian Babarczy, Chairman of IXUP said, “After many years of technology development, we have recently focused our resources and efforts on revenue generating opportunities for our world-leading secure data collaboration platform within the digital sports gaming and wagering sector.

We are excited by the opportunity to work with Cipher to create tangible and exciting new technology products for this fast-growing industry and look forward to the potential of announcing material revenue generation from our combined efforts in the short term."

Mr. Adam Fiske, CEO of Cipher, also commented, "We see tremendous potential for the joint creation of a range of exciting new technology products focused on improving the customer acquisition and retention efforts for many of our existing global sportsbook clients."

"The application of the unique IXUP secure data collaboration technology, along with Cipher's compelling product development and sales and marketing expertise, has the potential to drive significant sales of these new products in the short to medium term."

"We already have additional new products in the design pipeline for development once our initial efforts prove successful and look forward to working closely with IXUP to make this agreement an enormous commercial success," Mr. Fiske added.

Background

IXUP and Cipher have been working collaboratively since June 2022, under an initial phase of work targeting the successful completion of a pilot program which tested the potential relevance and application of IXUP's secure data collaboration platform for developing new and innovative affiliate marketing products for the global gaming and wagering sector (Pilot).

The focus of the Pilot was to demonstrate that multiple betting operator databases could be secured, merged and analysed to enable targeted marketing offerings to enhance wagering activity.

The Pilot was run and completed during the 2022 AFL Finals and achieved extremely encouraging results, leading the parties to negotiate and now finalize an Agreement for a commercial venture to successfully develop a number of innovative new products, centered on enabling secure data collaboration between various gaming industry participants.

Key Aspects of the Agreement

The Agreement will see the formation of two new entities;

1. A 50/50 joint venture vehicle (JVCo), funded with initial working capital from each party with the objective to market and sell the products developed by the parties. Each party will also contribute the following services to advance the commercial efforts of JVCo;
 - IXUP will contribute the core IXUP secure data collaboration technology and technical development personnel to support product development.
 - Cipher will contribute product design, marketing and sales resources and expertise to JVCo, including any related intellectual property, in addition to development of a website for delivery of the initial JVCo products.
2. Another entity (ProductCo) will be formed by IXUP that will be responsible for technology and product development and to house an initial license to the IXUP secure data collaboration platform and will subsequently own all jointly developed intellectual property (IP) associated with the newly developed products. ProductCo will initially be owned 100% by IXUP, although

based on the successful achievement of minimum sales within JVCo, Cipher will have the right to acquire a 50% share of ProductCo for \$300,000 in cash to further align the joint venture initiative.

The function of JVCo is primarily to contract revenue from products developed by and licensed from ProductCo.

JVCo Commercial Arrangement and Targets

On formation, JVCo will be owned 50/50 between IXUP and Cipher. To access IXUP's core secure data collaboration technology, Cipher has agreed to pay an IP Exclusivity Fee of \$250,000 to IXUP, to be funded from Cipher's share of JVCo revenue. Up until full repayment of the IP Exclusivity Fee, the parties have agreed to share JVCo revenue 75/25 in favour of IXUP, reverting then to 50/50.

The parties have also agreed to a Gross Revenue Hurdle of \$2,000,000, which must be met by JVCo within the initial two-year term of the Agreement. Achievement of this Gross Revenue Hurdle will enable Cipher to exercise its right to acquire a 50% share of ProductCo, through a cash payment of \$300,000 to IXUP, delivering a 50/50 interest to both parties across both JVCo and ProductCo. Should JVCo fail to achieve the Gross Revenue Hurdle, the parties have agreed to dissolve the JVCo entity, with the technology license granted from IXUP to ProductCo, also being terminated.

The agreed structure sees each party bringing their respective skills sets and technology together and upon successful delivery of the Gross Revenue Hurdle will see JVCo look to further develop additional marketing-related products for the wagering and gaming sector globally.

Planned Products to be Developed

The Agreement contemplates the development of two initial products, which the parties believe have strong global market interest due to the unique ability to share and analyze multiple datasets utilizing IXUP's world leading secure data collaboration technology and platform;

1. **Affiliate Sportsbook Platform:** This product will allow both an affiliate and a sportsbook to securely upload their individual databases to achieve customer matching across a wide range of attributes to deliver targeted marketing campaigns with the aim of generating increased wagering turnover for the Sportsbook.
2. **Multi-Party Platform** This product will build on the Affiliate Sportsbook Platform product by allowing affiliates and sportsbooks to develop multi-party (more than two parties) campaigns by introducing the data of additional new partners to enable new revenue and value opportunities for all clients involved.

The parties have also identified additional potential products that will be developed subsequent to those listed above.

The above-mentioned products remain at product development phase, with pricing and commercialization plans to be developed in coming months. Once final product attributes and commercialization plans are completed, IXUP will update the market with additional information and timelines.

This announcement has been approved for release by the Board of IXUP.

-ENDS-

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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 is 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.

About Cipher Sports Technology Group

Founded in 2021, Cipher's sports and gaming technology is powered by advanced analytics that drive machine learning models developed by a team of data scientists that specialize in betting and fantasy products. This data is available to customers via effective and quick-to-market API, hosted widget and custom solutions. With consumer-facing brands in Australia (StatsInsider.com.au) and the United States (Dimers.com), Cipher creates true value for both its partners and sports bettors alike, increasing trust, engagement, retention and turnover through effective engagement and cutting-edge integrations. Cipher's four Founders have a combined 50+ years' experience developing profitable and engaging products, arming users with the ultimate combination of tools, content and communities to make sports more bettable.

To learn more, please visit: www.ixup.com. IXUP's registered address is Tenancy 1004, Building 10 Sub base Platypus, 120 High Street North Sydney NSW 2060.