

ASX RELEASE

Activity Report and Appendix 4C – March Quarter 2020

Sydney, Australia, 27 April 2020: Jaxsta Limited ACN 106 513 580 (Jaxsta or the Company, ASX: JXT) the world's largest dedicated database of official music credits, is pleased to release its consolidated quarterly cash flow and business activity report for the period ending 31 March 2020.

Business Activities

Jaxsta's business activities for the quarter ended 31 March 2020 are set out below.

- Continued development of further features to consistently enhance product-to-market fit to suit the music industry including a redesign of the interface along with additional search and grouping features to allow visitors to use Jaxsta their own way.
- Early in the quarter:
 - continued sales and marketing activities to promote the platform; and
 - completion a strategic realignment of business functions to better support the Company's ability to build stakeholder value.
- Secured further payment terms for the final deferred consideration payment due from the disposal of Marine Rescue Technologies Limited (refer to ASX announcement dated 31 March 2020).
- When the substantial impact of COVID-19 on the global music industry became clearer in mid-March, the Company undertook a reassessment of its business model and strategic focus.
- As a way to support the music industry in these difficult times, the Company launched the Jaxsta Pro Free campaign (refer to ASX announcement dated 22 April 2020). The Jaxsta Pro Free campaign has wide industry support including from A2IM (The American Association of Independent Music), AIM (Association of Independent Music), AIR (Australian Independent Record Labels Association), APRA AMCOS, ARIA, ISM (Incorporated Society of Musicians), The Ivors Academy, Merlin Network, The Music Business Association (MusicBiz), MPG (The Music Producers Guild), PPCA, RIAA (The Recording Industry Association of America®), AFM & SAG-AFTRA Fund, SoundExchange, and The Recording Academy®.

As at 31 March 2020, Jaxsta had \$3.52 million in cash and cash equivalents. This is \$0.30 million down on the previous quarter period end of \$3.82 million and comes after an operating net cash burn of \$1.83 million which was in line with the previous quarter's \$1.84 million and \$0.21 million less than the previous guidance.

During the quarter, the business funded its operating activities from the receipt of \$1.25 million in connection with the disposal of Marine Rescue Technologies Limited (see ASX release dated 31 March 2020) and from a loan against the Company's research and development activities of \$0.34 million that was drawn down in January.

Summary of expenditure

The Company's actual expenditure for the quarter ended 31 March 2020 was \$209K less than estimated. The variance is attributable to the following key matters:

- research and development costs were \$63K lower than estimated primarily due to some of the Company's major suppliers having agreed to restructure the Company's payment terms (see Business Updated included in ASX release of 31 March 2020);
- expenditure on sales and marketing was \$44K lower than estimated due to a general reduction in expenditure across the business (see Business Updated included in ASX release of 31 March 2020);
- salary and consultancy fees were \$96K lower than estimated due to the completion of a strategic headcount reduction (see Business Updated included in ASX release of 31 March 2020).

- Ends -



ABOUT JAXSTA

Jaxsta is the music industry's global music technology company using data to solve an industry-wide need for official data. Digital music has seen an end to the printed "jacket" that once came with a physical CD or LP - where music enthusiasts and professionals would look to discover the names of those responsible for the music they love. The go-to authoritative source of music information, Jaxsta is collecting music metadata from major and independent record labels, publishers, royalty agencies and industry associations across the globe. The data is de-duplicated, cross-referenced, deep-linked and then made available online within a multi-functional, ever-evolving platform.

The Company's core platform, Jaxsta.com, is live and its B2B subscription-based service, Jaxsta ProBeta, launched in November 2019. Jaxsta ProBeta includes features normally only available to paid users, which are now being offered for free for the rest of 2020. The Company's head office is in Sydney, with representatives in New York, London and Los Angeles.

For further information please contact:

Authorisation & Additional Information

This announcement was authorised by the Board of Directors of Jaxsta Limited

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Appendix 4C

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

Name of entity

Jaxsta Limited

ABN

15 106 513 580

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	30	34
1.2 Payments for		
(a) research and development	(225)	(784)
(b) product manufacturing and operating costs	(146)	(236)
(c) advertising and marketing	(177)	(484)
(d) leased assets	-	-
(e) staff costs	(971)	(2,468)
(f) administration and corporate costs	(327)	(1,296)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	811
1.8 Other (provide details if material)	(16)	(55)
1.9 Net cash from / (used in) operating activities	(1,832)	(4,480)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(35)
(d) investments	-	-
(e) intellectual property	(5)	(29)

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

	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(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)	1,250	2,750
2.6	Net cash from / (used in) investing activities	1,233	2,686

Jaxsta received \$1.25M as an initial payment for the disposal of Marine Rescue Technologies Limited (as set out in the ASX release dated 31 March 2020).

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,704
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	(18)	(211)
3.5	Proceeds from borrowings	340	440
3.6	Repayment of borrowings	(25)	(77)
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	297	2,856

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,817	2,453
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,832)	(4,480)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,233	2,686

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

4.4	Net cash from / (used in) financing activities (item 3.10 above)	297	2,856
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,515	3,515

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'000	Previous quarter \$A'000
5.1	Bank balances	3,465	3,767
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,515	3,817

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

184

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payment includes: salaries, directors fees, reimbursable expense payment and travel allowances

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000	
7.1	Loan facilities	665	393
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	665	393

7.5 Unused financing facilities available at quarter end

272

- 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.

Jaxsta has an agreement with Radium Capital (Innovation Structured Finance Co.,LLC) to provide a loan facility at an annual interest rate of 15% that is secured against Jaxsta's expected research and

development tax incentive for FY20. The loan is capped at 80% of Jaxsta's eligible research and development activities that have been completed at the time of drawing down against the facility. On 13 Jan 2020, Jaxsta borrowed \$341K against this facility based on activities completed in the first 5 months of FY20. At 31 Mar 2020, there is approximately \$270K available in additional funding subject to appropriate documentation being provided on the research and development activities undertaken in the period.

Jaxsta funds its insurance policies through Principle Finance Pty Ltd, who charges a flat rate of 5.85% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 31 Mar 2020, the loan facility derived from the insurance policies was \$52K.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,832
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,515
8.3 Unused finance facilities available at quarter end (Item 7.5)	272
8.4 Total available funding (Item 8.2 + Item 8.3)	3,786
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.1

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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:

- 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:

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

Answer:

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2020

Authorised by: The Board of Directors of Jaxsta Limited
(Name of body or officer authorising release – see note 4)

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