

# jaxsta



## 2020 ANNUAL REPORT

Jaxsta Limited (formerly known as Mobilarm Limited)  
ABN 15 106 513 580



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**Credit where credit is due**

*Photo credit: Obafemi Moyosade*



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# 2020 FY Milestones

30th July 2019



APRA AMCOS CDAA  
Contract signed

22nd November 2019

**jaxsta Pro** Beta

Jaxsta.com Pro Beta  
Goes Live (Hard Launch)

22nd April 2020

**jaxsta Pro** Beta

Free in 2020

Jaxsta Pro provided FREE in  
response to COVID 19

25th October 2019

Recording Academy's Behind the  
Record Day - supported by Jaxsta.  
A new social media initiative to  
highlight all of the creators that  
made your favorite albums and  
records possible

1st April 2020

Ms. Linda Jenkinson is appointed  
as Jaxsta Chair

13th May 2020

Adam Lambert's episode of Jaxsta's  
Humans of Music podcast has been  
downloaded 10, 000 times



22nd May 2020



**10,000**

Subscribers

We have hit 10,000 Jaxsta Pro Subscribers

13th June 2020



**1<sup>st</sup> Anniversary**  
Jaxsta Beta Go Live

Happy 1 Year Anniversary for the Go Live of Jaxsta Beta and here's to 20K Jaxsta Pro Members!

30th June 2019



**18,000**

Profile Claims

Over 18,000 Jaxsta profile claims

11th June 2020

Jaxsta's News page launches with dedicated Industry News with articles from 115+ news channels including Billboard and Pitchfork. It also includes Original Features by Rod Yates, our Head of Content & Humans of Music Podcast host

30th June 2020



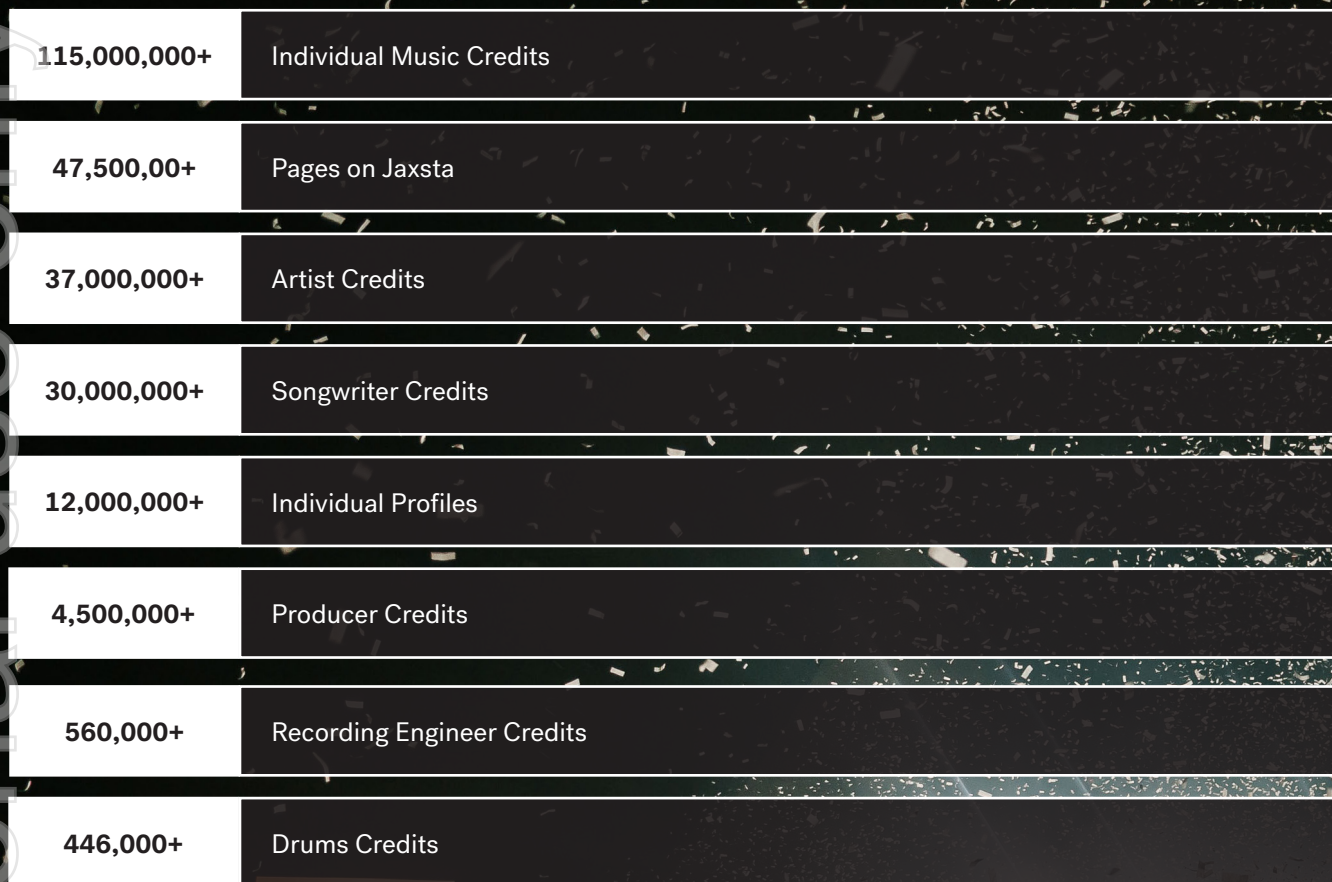
**30,000**

Subscribers

We have hit 30,000 Jaxsta Pro subscribers!



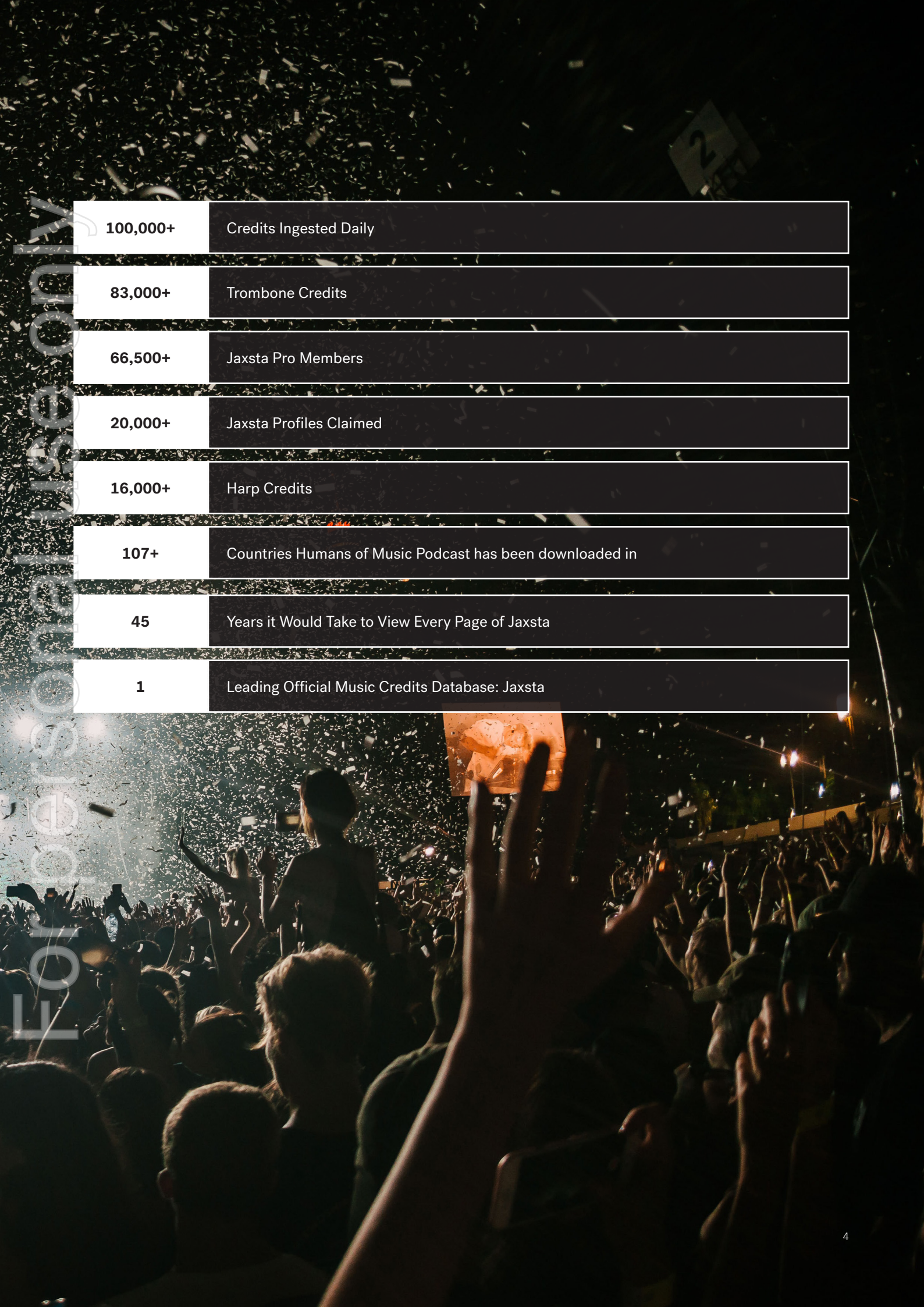
# Jaxsta By The Numbers



\*Numbers are as of the 30th September 2020

Photo credit: Danny Howe





100,000+

Credits Ingested Daily

83,000+

Trombone Credits

66,500+

Jaxsta Pro Members

20,000+

Jaxsta Profiles Claimed

16,000+

Harp Credits

107+

Countries Humans of Music Podcast has been downloaded in

45

Years it Would Take to View Every Page of Jaxsta

1

Leading Official Music Credits Database: Jaxsta



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# Official music credits

Photo credit: Sheep .



# Chair's Letter

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Dear Shareholder,

On behalf of the Board, it is a pleasure to present Jaxsta's second annual report. I am pleased to share the progress we have made during 2020.

Jaxsta's vision has always been to tell the story behind the music and give credit where credit is due for millions of artists, songwriters, producers and music makers. We are pleased to report that this year saw the launch of the Company's core product, Jaxsta Pro, being our first revenue stream. That said, in response to the global pandemic COVID-19 which severely impacted the music industry, the Company offered Jaxsta Pro for free until at least 31 December 2020 as a way to support our core user base. We have continued strong, positive membership growth since the launch of this initiative on 22 April 2020.

We have continued to grow the number of data partnerships in 2020 and remain committed to be the primary source for industry metadata. The combination of the official metadata and our proprietary engine to de-duplicate and deep-link the data means we can provide incredible value to all members in the music industry. I would like to thank our data partners who provided further assistance during the COVID-19 period to help provide this incredible resource to the industry members.

On behalf of the Board, I'd like to take this opportunity to thank CEO and Co-founder Jacqui Louez Schoorl and the entire Jaxsta team for their outstanding efforts and dedication.

I would like to thank my fellow Board members for their contribution during this difficult year, and thank our shareholders for their continued support. We do not take this for granted.

We look forward to another exciting year ahead as Jaxsta prepares for the launch of its big data solutions offering and the launch of its tier-based Jaxsta Pro in the later half of financial year 2021.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Linda Jenkinson'.

**Linda Jenkinson**  
Independent, non-Executive Chair



# Chief Executive Officer's Report

2020 has been a challenging year across the globe for many reasons. The impact of COVID-19 had a major impact on the global music industry. The lockdown measures affected the performing sector of the industry as well as changed the dynamics of the recording aspect of the industry. More than ever, the value of Jaxsta was very clear especially during these trying times.

We found ways to support the industry and help those in the industry that needed more ways to be identified for opportunities during the lockdown periods to have their credits be the voice for their next project.

In the meantime we have advanced our strategy to achieve the original goals of being the authoritative source of credits in the industry and to commercialise the business. We had various initiatives that we have achieved during the year which have led us to this exciting stage at Jaxsta.

## Launch of Jaxsta Pro

The launch of Jaxsta Pro was a significant milestone for the Company and we are pleased to have achieved this in line with the business model outlined in our Prospectus dated 28 September 2018. The platform is positioned to be the world's first dedicated database of official music credits.

To date, it holds over 115 million individual credits across more than 47.5 million pages which are updated daily to reflect the latest information from our data partners. Developing this bespoke product from the ground up and entirely in-house, using cutting-edge and innovative solutions, was a significant technical achievement.

Feedback from our current user base has been positive and encouraging. We continue to improve the platform to enhance the user experience and are using this feedback to inform and refine our core subscription product. We expect to introduce paid tiers of the service in the coming year in line with the feedback from customers.

## Jaxsta Data Solutions

During the year we had our first API with The Recording Academy. This free initiative was proof of the power of the Jaxsta service to deliver bespoke data solutions in the future.

We are working with various customers to deliver the first commercial APIs during the first half of the 2021 financial year and diversify the revenue streams of the Company. Our goal is to become the metadata superstore.

## Songtradr

On 10 September 2020 we announced an investment and commercial arrangement with Songtradr to provide Jaxsta Pro users with additional benefits that can be provided by Songtradr who will utilise our commercial API solution to enhance their neighbouring rights service. This partnership shows the value that our commercial API can provide to external parties.

## Sales and Marketing activities

The bulk of our marketing activities during the year centered around the launch of Jaxsta Pro and the activities to promote the platform through our social campaigns. As of the date of this report, the company has increased its Jaxsta Pro membership to over 66,500 members since launch.

## Future Outlook

We would like to take this opportunity to thank everyone on the Jaxsta team for the fantastic effort to get Jaxsta Pro launched and for the continued effort as we prepare further ways to enhance our platform to be the authority on credits for the industry.

The year ahead is full of many opportunities and exciting steps for Jaxsta as it commercialises its operations. Jaxsta Pro will migrate to a tiered subscription service. Our Jaxsta Data Solutions will deploy our first paid commercial APIs and we will continue to show the value of metadata as a tool to enhance businesses. Lastly we will look to further diversify our business through our Jaxsta E-commerce and Marketing Solutions.

We thank all our shareholders, commercial partners and our members who are supporting the mission to tell the story behind the music and give credit where credit is due for millions of artists, songwriters, producers and music makers.

We are excited at the outlook for this coming year and look forward to delivering a transformative year for all.



**Jacqui Louez Schoorl**  
Chief Executive Officer  
& Co-Founder



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Image of Jacqui Louez Schoorl  
Photo credit: Hollie Adams



## Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as the **Group**) consisting of Jaxsta Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020 (the **Directors' Report**). The Directors' Report together with the Financial Statements commencing on page 32 constitute Jaxsta's 2020 Annual Report (the **Report**).

### Directors and Chair

The following persons were Directors of Jaxsta during the whole of the financial year and up to the date of this Report, unless otherwise stated:

- Brett Cottle (Non-Executive Director and Chair) - ceased as Chair on 31 March 2020 (but continued as a Non-Executive Director);
- Jacqueline Louez Schoorl (Executive Director);
- Linda Jenkinson (Non-Executive Director and Chair) - appointed as Chair on 31 March 2020;
- Jorge Nigaglioni (Non-Executive Director) - Executive Director from 20 July 2020; and
- Robert Gaunt (Non-Executive Director) - appointed 23 March 2020.

### Principal Activities

The principal activities of the Group during the full year were creating an online platform to hold official music metadata and to develop a repository of official music-related information, comprising liner notes and label copy.

### Dividends

No dividends were paid or declared during the current financial year.

### Review of operations

The last financial year was a transitional period for Jaxsta as it moved from pre-commercial development to its initial commercial phase. The Company launched its Jaxsta Pro subscription service in November 2019 in its beta form. The Company was able to use the beta experience to start identifying the additional customer requirements needed to fully commercialise its subscription platform. Its launch was subsequently affected by the COVID-19 global economic impact as the music industry was a sector that was heavily affected by lockdown measures to the touring and performing side of the industry. The Jaxsta team used this opportunity to promote Jaxsta Pro to the industry as a tool to improve visibility of musicians, especially during lockdown, in order to maximise their benefit once these measures are lifted and the industry can operate in its customary fashion.

During the financial year ended 30 June 2020, the Company used its cash assets in a manner consistent with the prospectus issued on 7 September 2018.



## Key financial matters

- Employee Benefit Expense of \$3,808,769 (2019: \$2,736,521) includes a non-cash component of \$374,754 (2019: \$358,557) to record share-based compensation expenses. The growth during the year was primarily spent during the first three quarters of the year in the lead up to the deployment of Jaxsta Pro.
- Product Development Expense of \$2,055,583 (2019: \$757,230) includes a non-cash component of \$816,503 (2019: \$177,529) to record share-based compensation expenses. The growth was primarily driven by the lead up to the deployment of Jaxsta Pro and the associated data licensing costs to test the site for go live.
- Impairment expenses of \$4,025,904 (2019: \$823,813) relating to the write off of goodwill during the current year as the current economic environment created a lack of an active market price and the Group is unable to value goodwill based on the uncertainty about the scope and timing of future revenues and its value in use at the early stage revenue that the company is at, at the time of this report. The prior year impairment was related to the write down of the MRT receivable as part of its restructuring with the buyer.
- Cash & Cash equivalents at 30 June 2020 of \$2,404,848 (2019: \$2,452,760).

For further commentary please refer to Notes to the Consolidated Financial Statements commencing on page 32 of this Report.

## Development update

Jaxsta has developed an online platform to hold official music metadata to become a repository of official music-related information, comprising liner notes and label copy. The customer facing site at Jaxsta.com was launched on 13 June 2019. On 22 November 2019, Jaxsta launched its B2B subscription-based service, Jaxsta Pro<sup>Beta</sup> which includes features normally only available to paid users. On 22 April 2020 in response to the significant impact COVID-19 had on the global music industry, the Company offered Jaxsta Pro<sup>Beta</sup> for free to music industry professionals for the rest of the 2020 calendar year. As at 30 June 2020, Jaxsta Pro<sup>Beta</sup> had 30,395 members and 18,891 profiles claimed.

As at 30 June 2020, Jaxsta had renewed a number of existing commercial data access agreements, and metadata and artwork agreements, with relevant data owners continuing to access and supply updates of their data into its platform, creating an official source for much of this data.

## Business strategies and prospects for future years

Jaxsta's near term focus is to commercialise its three business segments:

- Jaxsta Pro - Subscription and industry tools.
- Jaxsta Data Solutions - Jaxsta's large volume data solutions, including its commercial Application Programming Interface (API) and other bespoke solutions.
- Jaxsta Marketing & E-Commerce - Jaxsta's marketing initiatives to promote users and sponsors of its services, as well as third party affiliate sales.

In order to achieve the near term goals for the segments, the development focus on FY2021 is to deliver its commercial API for its initial customers in the first half of the year, complete the integration of the Songtradr Neighbouring Rights solution into Jaxsta Pro and roll out the



customer tiers of Jaxsta Pro in the later half of the year as we look to start commercialising the key tiers in late FY2021.

The Group is still reliant on the support of its data partners who provide the data upon which the platform is based and on the acceptance of the product by the music industry. These two items will be key in the commercial rollout in FY2021.

## Significant changes in the state of affairs

### Capital Raising

On 11 December 2019, Jaxsta successfully completed a capital raising of \$2,704,199 before capital raising costs of \$208,938 by issuing 15,023,329 ordinary shares at \$0.18 per share.

#### *On-going consideration for disposal of material assets*

In May 2018, Jaxsta (known at the time as Mobilarm Limited) entered into an agreement to sell all of the shares in its operating subsidiary, Marine Rescue Technologies Limited (**MRT**), to Secure2Go Limited (**S2G**) and that agreement was subsequently amended to incorporate JJC Capital Pte Ltd (**JJC**) as a partial purchaser (S2G and JJC, together the **MRT Purchasers**). The sale of MRT was completed on 28 December 2018 with the outstanding balance as noted below.

During the financial year, the MRT Purchasers and Jaxsta have entered into a further agreement amending key terms of the MRT sale (as detailed in Note 13 of the Notes to Consolidated Financial Statements on page 60 of Report). The Company has already received \$4,220,687 in connection with the sale and a remaining aggregate receivable of \$382,500 at 30 June 2020 with the following outstanding payment schedule agreed:

- 4 month payments of \$31,500 due on the last day of each month up to and including November 2020; and
- \$225,000 due on 28 December 2020.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

### COVID-19

The Group adjusted its operations as a result of COVID-19 by offering its Jaxsta Pro service for free for at least the remainder of the 2020 calendar year. The performance/touring and recording sectors of the music industry had to cancel activities during the year affecting the income of many music professionals. The Group's action provided music professionals a tool to maximise the potential for their careers during and post COVID-19 by having their profiles with official credits be ready for their next engagement.

The Group reduced costs including the forfeit of director's fees during the last quarter of the financial year. Our mandate has been prudent use of our cash resources in line with achieving strategic goals of platform acceptance by the target market.

As a pre-revenue venture, the focus was on safely continuing operations and continuing the development of our platform whilst engaging customers during the free membership promotion.



The safety of our employees was paramount and we implemented security measures to be able to work remotely.

## **Matters subsequent to the end of the financial year**

On 10 September 2020, the Company entered into a convertible note agreement with Songtradr Inc. for a principal value of \$1,420,000. Conversion would result in the issue of 40,571,429 fully paid ordinary Jaxsta shares for the principal value of the note. The conversion is at the right of the noteholder, except if:

- the Company registers a full year net profit of \$5,000,000 at which time 100% of the note is converted automatically; or
- the Company registers a full year net profit of \$2,500,000 at which time 50% of the note is converted automatically.

The noteholder can convert or seek repayment of the note at the expiration of the term of the note. The note has a term of up to 3 years and carries a coupon rate of 7.5% which will be accrued and paid at the end of the term or capitalised and converted at the time of conversion or repayment. The note is secured by a first ranking security over the assets of the Company and its subsidiaries.

In addition, on 10 September 2020 the Company also entered into a five year commercial agreement with Songtradr to deliver an end-to-end integrated platform solution for Jaxsta Pro members to use Songtradr's neighbouring rights collection service, powered by Jaxsta's global performer metadata. The Group expects the integration to be completed by November 2020. The agreement includes an upfront license fee of \$500,000 paid by Songtradr to Jaxsta (the "License Fee") and provides Jaxsta with 20% of net neighbouring rights revenues received by Songtradr from Jaxsta users adopting the service after recoupment of the License Fee.

## **Proceedings on behalf of the Company**

No person has applied under Section 237 of the Corporations Act for leave of court to bring proceedings on behalf of Jaxsta or intervene in any proceedings to which Jaxsta is a party for the purpose of taking responsibility on behalf of Jaxsta for all or any part of those proceedings.

Jaxsta was not a party to any such proceedings during the year.

## **Environmental Regulation and Performance**

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.



## Options and Warrants

At the date of this Report, the unissued ordinary shares of Jaxsta under option are as set out below.

Grant Date	Date of Expiry	Exercise Price	Number under Option or Warrant
16 November 2018	16 November 2023	\$0.20	20,000,000
16 November 2018	16 November 2023	\$0.30	1,000,000
14 March 2019	31 March 2027	\$0.01	713,105
14 March 2019	31 March 2028	\$0.01	2,139,315
15 March 2019	31 March 2027	\$0.01	675,573
15 March 2019	31 March 2028	\$0.01	675,573
28 March 2019	28 March 2026	\$0.00	150,000
28 March 2019	28 March 2025	\$0.651	601,923
18 June 2019	31 May 2027	\$0.01	562,978
18 June 2019	31 May 2028	\$0.01	562,977
30 July 2019	31 July 2027	\$0.01	234,574
30 July 2019	31 July 2028	\$0.01	234,574
30 September 2019	1 October 2026	\$0.23	150,000
30 September 2019	1 October 2027	\$0.23	150,000
30 September 2019	30 September 2024	\$0.20	6,000,000
10 March 2020	31 August 2027	\$0.01	2,048,554
			<b>35,899,146</b>

Neither the option holders nor the warrant holders have any rights to participate in any issues of shares or other interests of Jaxsta or any other Group member.

Other than the options and warrants disclosed above, there have been no options or warrants granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## Information Relating to Directors and Company Secretary

<b>Brett Cottle</b>	<b>Non-Executive Director and Chair (until 31 March 2020)</b>
Qualifications	Bachelor of Laws Order of Australia
Experience	Brett was the Chief Executive of Australasian Performing Right Association Ltd (APRA) for 28 years until stepping down in June 2018. For the last 21 of those years Brett also held the position of Chief Executive of Australasian Mechanical Copyright Owners Society Ltd (AMCOS) following the merger of back offices of those organisations in 1997. APRA AMCOS administers performance, broadcast, online and recording rights in musical works on behalf of songwriters and music publishers, and is the largest music industry body in Australasia with annual turnover exceeding \$430 million. Brett holds a law degree from Sydney University, is a past Director of the Australian Copyright Council and a past member of the Copyright Law Review Committee. Between 1991 and 2018 Brett was a Director of the International Confederation of Societies of Authors and Composers (CISAC) and is the only Australian to have served as Chair of that international body, a position he held between 2005 and 2010.
Interest in Shares	166,668
Interest in Options	3,000,000
Special Responsibilities	Chair of Remuneration and Nomination Committee Member of Audit & Risk Committee
Directorships held in other listed entities during the three years prior to the current year	None
<b>Jacqueline Louez Schoorl</b>	<b>Chief Executive Officer and Executive Director</b>
Qualifications	Australian Institute of Company Directors graduate and member
Experience	Jacqui's career spans over two decades across music, film and television, working for the likes of Channel 9, IF Magazine, George Lucas' private company on the Star Wars Episodes II and III movies, Baz Luhrmann and Catherine Martin on their 'Chanel No. 5' campaign, Amalgamated Holdings (now Event Hospitality) and EMI Music. A regular panelist, Jacqui's speaking engagements have included Commonwealth Bank's Women In Focus conference, BigSound, General Assembly, Australian Music Week and Music Australia, ARIA Masterclass series and ARIA Week, Indie Week A2IM, MusicBiz Conference, CDBabyDIY Conference, Lets Dew Lunch webinar series, The Future of What, Music Tectonics, Short Black & Kick Ass Chicks podcasts and Vivid Ideas festival. Jacqui also spends her time working as the Founder of Women In Music Sydney, a non-profit organisation bringing together a dynamic group of dedicated music professionals to network, learn and in the process create a supportive community. She is also a Dementia Australia advocate often speaking on her family's experience with Alzheimers where she helps to shed some light on the journey for those with Dementia or Alzheimer's. Jacqui is an alumni of Commonwealth Bank of Australia's Women In Focus Program.
Interest in Shares	25,920,004
Interest in Options	20,000,000
Special Responsibilities	None
Directorships held in other listed entities during the three years prior to the current year	None



<b>Jorge Nigaglioni</b>	<b>Non-Executive Director. Executive Director and Company Secretary (from 20 July 2020)</b>
Qualifications	Master of Business Administration Bachelor of Science in Business Administration Australian Institute of Company Director graduate and member Certificate in Governance Practice and Administration from Chartered Secretaries Australia
Experience	Jorge has over 24 years of experience in accounting and finance roles in both public and private companies. Jorge has worked with start up companies and has been CFO for three publicly listed companies in the United States and Australia. As a Controller at Agilent Technologies, he was involved in turning around two divisions to profitability. In his last two years at PricewaterhouseCoopers he was involved in auditing and consulting for start up companies, where he has focused his expertise to launch early ventures to success. Jorge has a Masters of Business Administration from the University of Wisconsin-Madison and a Bachelor's of Science degree in Business Administration from Bryant University.
Interest in Shares	650,179
Special Responsibilities	Chair of Audit & Risk Committee (from 21 May 2020 - 20 July 2020) Member of Remuneration & Nomination Committee (from 21 May 2020 - 20 July 2020)
Directorships held in other listed entities during the three years prior to the current year	None
<b>Robert Kenneth Gaunt</b>	<b>Non-Executive Director (from 23 March 2020)</b>
Qualifications	-
Experience	Zimbabwean born Robert Kenneth ('Ken') Gaunt is a successful entrepreneur and investor with over 30 years of experience in sales management, corporate advisory and early-stage business development. After emigrating to Australia from Cape Town in 1997, Ken co-founded and was the managing director of Electronic Banking Solutions Pty Ltd which he grew into Australia's largest independent ATM operator. After guiding that company through a successful merger with Cashcard Australia Limited, in 2005 Ken completed the \$330 million sale of the merged financial services operation to an American private investment firm. Ken is an experienced board member holding various national and international board positions throughout his career including as a director on the multi-award winning, iconic tourist attraction, Sydney Seaplanes, as a board member of Hong Kong-based Fintronics Holding Company Limited and as a non-executive director of the Australian listed oil and gas company, K2 Energy Limited. Ken was CEO of Mobilarm Limited, the company which Jaxsta Limited completed a successful reverse takeover with in late 2018. He has recently joined the Jaxsta board as a non-executive director.
Interest in Shares	5,451,818
Special Responsibilities	None
Directorships held in other listed entities during the three years prior to the current year	K2 Energy Ltd

<b>Linda Jenkinson</b>	<b>Non-Executive Director Chair (from 31 March 2020)</b>
Qualifications	Bachelor of Business Studies Master of Business Administration New Zealand CPA (non-current)
Experience	Linda is a successful businesswomen and entrepreneur with over 25 years of general management and consulting experience. She's founded numerous businesses and was the first New Zealand woman to list a company on the NASDAQ stock exchange, with DMSC, the \$250 million on-demand courier company she co-founded. She also co-founded a global customer and employee experience platform, which was sold to the Accor hotel group, and WOW for Africa which was a social venture fund supporting women entrepreneurs in Senegal. Linda is an experienced company director, sitting on multiple boards including Air New Zealand, Eclix Group and Guild Group. She's received a number of awards including EY Master Entrepreneur of the Year New Zealand in 2013, World Class New Zealander in 2016 and is a Top 100 Most Influential Women in San Francisco. Linda is currently the Chair of Unicef New Zealand. She has been based for many years in San Francisco and during this time for five years served on the Board of the Bay Area Red Cross and was Chair of the fund raising committee. Prior to her entrepreneurial career, Linda was a Partner at A.T. Kearney in the Global Financial Services practice where she worked with some of the world's largest financial institutions. Linda holds a Master of Business Administration from The Wharton School, University of Pennsylvania in Finance and a Bachelor of Business Studies from Massey University in Data Processing and Accounting & Finance. She qualified for her New Zealand CPA (ACA). Linda is currently building Level-Up, a program to supercharge high-growth companies who are expanding globally. She is a New Zealand citizen who holds residency in the United States and co-locates between Wellington and San Francisco. Linda will be considered independent in her role as Non- Executive Director following completion of the Acquisition.
Interest in Options	3,000,000
Special Responsibilities	Chairman of Audit & Risk Committee (until 21 May 2020) Member of Remuneration and Nomination Committee
Directorships held in other listed entities during the three years prior to the current year	Air New Zealand Limited, Eclix Group Limited, Guild Group Holdings & Subsidiaries and Harbour Asset Management
<b>Shelley Burger</b>	<b>Company Secretary (ceased on 22 July 2020)</b>
Qualifications	Bachelor of Design Computing (Honours) Bachelor of Laws
Experience	Shelley has over 12 years' experience in legal practice and governance and has worked with ASX-listed entities in the financial services, technology and telecommunications industries. Shelley is admitted in the High Court of Australia, the Federal Court of Australia and Supreme Court of New South Wales.

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## Meetings of Directors

The number of meetings of Jaxsta's Board of Directors (the **Board**) held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Board		Audit & Risk Committee		Remuneration & Nominations Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
<b>Brett Cottle</b>	20	20	7	7	4	4
<b>Jacqui Louez Schoorl</b>	20	20	-	-	-	-
<b>Linda Jenkinson</b>	20	17	7	7	4	4
<b>Jorge Nigaglioni</b>	20	20	1	1	1	1
<b>Robert Kenneth Gaunt*</b>	7	6	-	-	-	-

\* Robert Kenneth Gaunt commenced as a director on 23 March 2020.

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## Remuneration Report (audited)

### Introduction

The Directors of Jaxsta present the remuneration report contained on pages 18 to 29 for the Group for the financial year ended 30 June 2020 (the **Remuneration Report**). The Remuneration Report forms part of the Directors' Report.

The Remuneration Report is made in accordance with a resolution of Directors and details the remuneration arrangements of the Group's Key Management Personnel (**KMP**). It has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)* (the **Corporations Act**) and its Regulations and has been audited as required by section 308(3C) of the Corporations Act.

The Remuneration Report is set out into the following key sections:

- principles used to determine the nature and amount of remuneration;
- details of remuneration;
- service agreements;
- share-based compensation; and
- additional disclosures relating to KMP.

This Remuneration Report has been prepared for FY2020 and a resolution will be put to the 2020 AGM to ask shareholders to approve it.

### Voting and Comments Made at the Company's Last Annual General Meeting

The Group received 98.98% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2019. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

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## Key Management Personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors. The following table details the Group's KMP during FY20 and up to the date of this Report.

Name	Role	Full year or part year
<b>Executive Director</b>		
Jacqui Louez Schoorl	Co-Founder & Chief Executive Officer ( <b>CEO</b> )	Full year
Jorge Nigaglioni	Chief Financial Officer & Company Secretary	Commenced on 20 July 2020*
<b>Non-Executive Directors</b>		
Brett Cottle	Non-Executive Director	Full year
	Chair	Part year - ceased 31 March 2020
Linda Jenkinson	Non-Executive Director	Full year
	Chair	Part year - commenced 31 March 2020
Jorge Nigaglioni	Non-Executive Director	Full year*
Robert Kenneth Gaunt	Non-Executive Director	Part year - commenced 23 March 2020
<b>Other KMPs</b>		
Philip Morgan	Chief Information Officer	Full year
Renee Bryant	Chief Financial Officer	Part year - ceased 2 March 2020
Iain Bartram	Chief Financial Officer	Part year - commenced 2 March 2020 - ceased 31 July 2020
Shaun Alexander	Head of Growth	Part year - 11 February 2020

\* Mr Nigaglioni served as a non-executive director of the Company for the full year and up to 20 July 2020 when he was appointed Chief Financial Officer and Company Secretary. He will continue as an executive director from 20 July 2020 onwards.

Following a review of the changing roles within the Group, the Board determined that Richard Huey, Head of Partnerships, no longer met the definition of KMP for FY20.

## Principles used to determine the nature and amount of remuneration

The remuneration policy of Jaxsta has been designed to align KMP objectives with the Group's vision, values and overall business objectives. The objective of the remuneration policy is to provide a fixed remuneration component and offer specific long-term incentives to ensure reward for performance is competitive and appropriate for the results delivered.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Group.

The Remuneration & Nominations Committee is responsible for determining and reviewing remuneration arrangements for Jaxsta's directors and the Group's executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- motivating KMP to pursue the Group's long-term growth and success;
- demonstrate a clear relationship between the Group's overall performance and the performance of KMP; and
- align the interests of KMP with the creation of value for shareholders.

Additionally, the reward framework seeks to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors' and executive directors' remuneration is separate.

#### *Non-Executive Remuneration*

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration & Nominations Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of their own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. At the extraordinary meeting of shareholders held on 17 August 2018, the current maximum annual aggregate remuneration for Non-Executive Directors of \$500,000 was approved. The current aggregate Non-Executive Directors' remuneration level is within this approved range.

#### *Executive Remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprise the executive's total remuneration.



Fixed remuneration consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration & Nominations Committee based on individual and business unit performance, the overall performance of the Group and the general external pay environment.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example parking). Tax effective salary sacrifice arrangements are encouraged where this does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives (**STI**) program will be designed to align the targets of the business units with the short-term performance hurdles of executives. STI payments are based on specific annual targets and key performance indicators (**KPIs**) being achieved. KPIs include client (data partner) engagement, leadership contribution and product development.

The longer-term incentives (**LTI**), including share-based payments (for example tax effective incentive options) exercisable over a 2 to 4 year period, are awarded to key staff and executives as part of a long-term retention strategy.

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## Remuneration Details

### Amounts of Remuneration

Details of the remuneration of KMP of the consolidated Group are set out in the following tables.

	Short term benefits		Post-employ	Long-term	Share-based	Total	
	Cash salary and fees	Cash bonus	ment benefits Super-annuation	benefits Long Service Leave	payments Equity-Settled *		
<b>2020</b>							
<b>Non-Executive Directors:</b>							
Brett Cottle ( 1 & 2)	90,000	-	-	8,550	-	48,707	147,257
Linda Jenkinson ( 1 & 3)	49,275	-	-	-	-	48,707	97,982
Jorge Nigaglioni (1)	45,000	-	-	4,275	-	-	49,275
Robert Gaunt (1 & 4)	-	-	-	-	-	-	-
<b>Executive Director:</b>							
Jacqui Louez Schoorl (5)	262,500	92,500	-	19,314	5,586	132,000	511,900
<b>Other Key Management Personnel:</b>							
Philip Morgan	206,749	-	-	19,527	3,384	54,903	284,563
Renee Bryant (6)	190,803	-	-	14,751	(847)	-	204,707
Iain Bartram (7)	78,400	-	-	5,251	80	-	83,731
Shaun Alexander (8)	61,280	-	-	5,784	68	-	67,132
<b>Total for period 1 July 2019 to 30 June 2020:</b>	<b>984,007</b>	<b>92,500</b>	<b>-</b>	<b>77,452</b>	<b>8,271</b>	<b>284,317</b>	<b>1,446,547</b>
<b>2019</b>							
<b>Non-Executive Directors:</b>							
Brett Cottle (9)	60,000	-	-	5,700	-	-	65,700
Linda Jenkinson (10)	32,850	-	-	-	-	-	32,850
Jorge Nigaglioni (10)	30,000	-	-	2,850	-	-	32,850
Lorna Inman (11)	10,950	-	-	-	-	-	10,950
<b>Executive Director:</b>							
Jacqui Louez Schoorl	221,159	-	-	18,738	23,090	66,904	329,891
<b>Other Key Management Personnel:</b>							
Philip Morgan	202,113	-	-	19,087	12,292	45,928	279,420
Renee Bryant	200,360	-	-	19,000	4,868	-	224,228
Richard Huey (12)	125,627	-	-	-	-	35,563	162,190
	883,059	-	-	65,375	40,250	148,395	1,138,079
Robert Kenneth Gaunt (13)	410,282	-	-	-	-	-	410,282
Sir Tim McClement (13)	161,488	-	-	-	-	-	161,488
Jorge Nigaglioni (14)	377,065	-	-	35,281	-	-	412,346
	948,835	-	-	35,821	-	-	984,116
<b>Total for period 1 July 2018 to 30 June 2019:</b>	<b>1,831,894</b>	<b>-</b>	<b>-</b>	<b>101,196</b>	<b>40,250</b>	<b>148,395</b>	<b>2,122,195</b>



\* Represents the value of equity based compensation recognised during the year, not the value of the award given during the year

**Note 1:** To assist the business during the coronavirus pandemic the board waived 100% of their fees during the Apr-Jun 2020 quarter.

**Note 2:** Represents remuneration as a Non-Executive Director for the full year and as Chair between 1 July 2019 and 31 March 2020 (being the date that Mr Cottle resigned as Chair).

**Note 3:** Represents remuneration as a Non-Executive Director for the full year and as Chair between 31 March 2020 and 30 June 2020 (being the date that Ms Jenkinson was appointed as Chair).

**Note 4:** Represents remuneration from 23 March 2020 (being the date of appointment as a Director) and 30 June 2020.

**Note 5:** To assist the business during the coronavirus pandemic the CEO waived 50% of her base salary during the Apr-Jun 2020 quarter.

**Note 6:** Represents remuneration until 2 March 2020 (being Ms Bryant's last day of employment). The compensation includes a termination payment of \$37,887. Long service leave was negative as the previously accrued balance was not required as Ms Bryant's service was less than 5 years.

**Note 7:** Represents remuneration from 1 March 2020 (being the date of Mr Bartram's appointment as interim CFO).

**Note 8:** Represents remuneration from 11 February 2020 (being the date of Mr Alexander's appointment as Head of Growth).

**Note 9:** Represents remuneration as Chair between 28 December 2018 and 30 June 2019.

**Note 10:** Represents remuneration as a Non-Executive Director between 28 December 2018 and 30 June 2019.

**Note 11:** Represents remuneration as a Non-Executive Director between 28 December 2018 and 25 February 2019, being the date of resignation of the director.

**Note 12:** In addition to fixed fee payment, the contractor is eligible for a 20% (US\$20,000) Performance bonus / at risk STI.

**Note 13:** Represents remuneration between 1 July 2018 to 28 December 2018, being date of resignation of director.

**Note 14:** Represents remuneration between 1 July 2018 to 28 December 2018, being date of resignation of executive role.

The proportion of remuneration linked to performance and the fixed proportion is set out below.

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<b>Non-Executive Directors:</b>						
Brett Cottle (1 & 2)	67%	100%	-	-	33%	-
Linda Jenkinson (1 & 3)	50%	100%	-	-	50%	-
Jorge Nigaglioni	100%	100%	-	-	-	-
Robert Ken Gaunt	n/a	n/a	n/a	n/a	n/a	n/a
<b>Executive Directors:</b>						
Jacqui Louez Schoorl	56%	50%	18%	50%	26%	-
<b>Other Key Management Personnel:</b>						
Philip Morgan	81%	100%	-	-	19%	-
Renee Bryant	81%	100%	19%	-	-	-
Iain Bartram	100%	n/a	-	n/a	-	n/a
Shaun Alexander	100%	n/a	-	n/a	-	n/a

Jacqui Louez Schoorl was paid a bonus in FY2020 related to the completion of the data deal with Music and Entertainment Rights Licensing Independent Network B.V. (Merlin) and the launch of Jaxsta Pro. No other KMPs received cash bonuses during the year.

## Service Agreements

Remuneration and other terms of employment for KMPs are formalised in service agreements. Details of these agreements are set out below.

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### Jacqueline Louez Schoorl

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Title:	Co-founder & Chief Executive Officer
Agreement commenced:	16 November 2018
Term of agreement:	No fixed term
Details:	Base salary for the year ended 30 June 2020 is \$300,000 per annum, plus superannuation. Salary package to be reviewed annually by the Remuneration & Nominations Committee. 12-month termination notice by either party provided that notice cannot be given by either party before 16 November 2020.
Amendment:	By formal agreement dated 2 April 2020, base salary was reduced by 50% for the period between 1 April 2020 and 30 June 2020 (inclusive). Other terms remain unchanged.

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### Philip Morgan

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Title:	Chief Information Officer
Agreement commenced:	4 April 2016
Term of agreement:	No fixed term
Details:	Base salary for the year ended 30 June 2020 is \$221,200 per annum inclusive of superannuation, plus phone allowance. Salary package to be reviewed annually by the Remuneration & Nominations Committee. 3-month termination notice by either party.

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### Renee Bryant

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Title:	Chief Financial Officer
Agreement commenced:	26 March 2018
Term of agreement:	No fixed term
Details:	Base salary for year ended 30 June 2020 is \$200,000 per annum, plus superannuation, plus phone allowance and parking. Salary package to be reviewed annually by the Remuneration & Nominations Committee. 3-month termination notice by either party.

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### Iain Bartram

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Title:	Interim Chief Financial Officer
Agreement commenced:	1 March 2020
Term of agreement:	Initial 12 week period to be extended by mutual agreement
Details:	Base salary for the year ended 30 June 2020 is \$204,984 per annum for three days of service per week, plus superannuation, plus phone allowance and parking. Salary package to be reviewed annually by the Remuneration & Nominations Committee. 4-week termination notice by either party.

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**Shaun Alexander**

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Title:	Head of Growth
Agreement commenced:	11 February 2020
Term of agreement:	No fixed term
Details:	Base salary for year ended 30 June 2020 is \$200,000 per annum, including superannuation, plus phone allowance and parking. Performance bonus of \$20,000 paid in full or part based on mutually agreed success factors.  Salary package and bonus entitlement to be reviewed annually by the Remuneration & Nominations Committee. 1-month termination notice by either party.

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**Share-based compensation**

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMPs in this financial year or future reporting years are as set out below.

Issuance	Grant Date	Vesting date and exercisable date	Expiry Date	Exercise Price	Fair value per option at grant date
<b>Non-Executive Directors</b>					
Linda Jenkinson	30-Sep-19	Variable*	30-Sep-24	\$0.20	\$0.107
Brett Cottle	30-Sep-19	Variable*	30-Sep-24	\$0.20	\$0.107

\* vesting tranches of 750,000 options for each \$0.10 increase in the company's share price (measured on a VWAP basis so that each increment increase has to exist for at least 30 consecutive ASX trading days) from A\$0.20.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

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The number of options over ordinary shares granted to and vested by Directors and other KMPs as part of compensation during FY20 is set out below.

Name	Number of options granted during the year		Number of options vested during the year	
	2020	2019	2020	2019
Jacqui Louez Schoorl	-	20,000,000	1,000,000	-
Philip Morgan	-	675,000	75,000	75,000
Linda Jenkinson	3,000,000	-	750,000	-
Brett Cottle	3,000,000	-	750,000	-
<b>Total for period</b>	<b>6,000,000</b>	<b>20,675,000</b>	<b>2,575,000</b>	<b>75,000</b>

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below.

Name	Value of options granted during the year **	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	\$	\$	\$	%
Jacqui Louez Schoorl	-	-	-	0%
Philip Morgan*	-	58,500	-	0%
Linda Jenkinson	320,902	-	-	50%
Brett Cottle	320,902	-	-	33%
<b>Total for period 1 Jul 2019 to 30 June 2020</b>	<b>641,804</b>	<b>58,500</b>	<b>-</b>	

\* Mr Morgan exercised 150,000 vested options granted over ordinary shares on 30 September 2019. However, these options were granted in FY19 as part of the reverse acquisition. They do not represent part of his remuneration for FY2020.

\*\* Expensed over the period they vest, as such the whole value presented here is not expensed in the year they are granted.

### *Performance Rights*

There were no performance rights over ordinary shares issued to Directors and other KMPs as part of compensation that were outstanding as at 30 June 2020.

There were no performance rights over ordinary shares granted to or vested by Directors and other KMPs as part of compensation during the year ended 30 June 2020.



## Additional disclosures relating to KMP

### *KMP shareholdings*

The number of ordinary shares in Jaxsta held by each KMP of the Group during the financial year is set out below.

Name	Balance at the start of the year*	Received as part of remuneration	Additions	Disposals / Other	Balance at the end of the year
Brett Cottle	166,668	-	-	-	166,668
Jorge Nigaglioni *	650,179	-	-	-	650,179
Jacqui Louez Schoorl	25,920,004	-	-	-	25,920,004
Philip Morgan	10,000	-	150,000	-	160,000
Renee Bryant	266,669	-	-	-	266,669
Robert Kenneth Gaunt**	5,451,818	-	-	-	5,451,818
<b>Total for period 1 Jul 2019 to 30 June 2020</b>	<b>32,465,338</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>32,615,338</b>

\* Shares held in Mr Nigaglioni's own name and in the name of Jaeana Technologies Pty Ltd.

\*\* Shares held

[https://drive.google.com/open?id=1-pwVYQEMLxBgsKFcbKT2xY9TqaOyZ5Hr&authuser=nick.karras%40jaxsta.com&usp=drive\\_fs](https://drive.google.com/open?id=1-pwVYQEMLxBgsKFcbKT2xY9TqaOyZ5Hr&authuser=nick.karras%40jaxsta.com&usp=drive_fs) in the name of Blazzed Pty Limited as of 23 March 2020 when Mr Gaunt joined the board of Jaxsta as a non-executive director.

### *Option Holding*

The number of options over ordinary shares in the company held during the financial year by each Director and other KMP of the Group, including their personally related parties, is set out below.

Option holdings	Balance at the start of the year	Granted	Exercised	Expired/ forfeited /other	Balance at the end of the year
Jacqui Louez Schoorl	20,000,000	-	-	-	20,000,000
Philip Morgan	675,000	-	(150,000)	-	525,000
Richard Huey	150,000	-	-	-	150,000
Linda Jenkinson	-	3,000,000	-	-	3,000,000
Brett Cottle	-	3,000,000	-	-	3,000,000
<b>Total for period 1 Jul 2019 to 30 June 2020</b>	<b>20,825,000</b>	<b>6,000,000</b>	<b>(150,000)</b>	<b>-</b>	<b>26,675,000</b>

### *Other equity-related KMP transactions*

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

### *Other transactions with KMP and/or their Related Parties*

During the financial year:

- payments for music industry liaison services and product development services provided by Jaxsta Co-Founder, Louis Schoorl from New Holland Pty Limited (related to Jacqui Louez Schoorl) of \$15,400 (ex GST) were made.

There were no other transactions between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This concludes the Remuneration Report, which has been audited.

## **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act appears on page 83 of this Report.

## **Indemnity and insurance of officers**

Jaxsta has indemnified the Directors and officers of the Group for costs incurred, in their capacity as a Director or officers, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, Jaxsta paid a premium in respect of a contract to insure the Directors and officers of the Group against a liability to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## **Indemnity and insurance of auditor**

Jaxsta has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, Jaxsta has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

## **Non-audit services**

There were no non-audit services provided by the Group's auditor, Grant Thornton Audit Pty Ltd.



## **Rounding of amounts**

Jaxsta is a type of entity referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this Report have been rounded off in accordance with the aforementioned Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## **Corporate Governance**

The Group's Corporate Governance Statement and Appendix 4G checklist are released to ASX on the same day the Report is released. The Corporate Governance Statement and Corporate Governance Manual can be found on Jaxsta's website at <https://www.jaxsta.com>. This Report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act.

This Report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act.

On behalf of the directors



Jacqueline Louez Schoorl  
**Chief Executive Officer**  
30 September 2020  
Sydney, New South Wales

# Claimed Profiles on Jaxsta

jaxsta



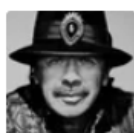
**Mark Ronson** ✓



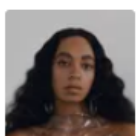
**Hans Zimmer** ✓



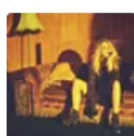
**Mariah Carey** ✓



**Santana** ✓



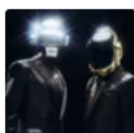
**Solange** ✓



**Kylie Minogue** ✓



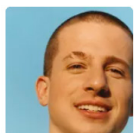
**Patti Smith** ✓



**Daft Punk** ✓



**Cher** ✓



**Charlie Puth** ✓



**Jennifer Lopez** ✓



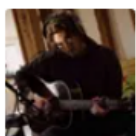
**Rita Wilson** ✓



**Billie Eilish** ✓



**Finneas O'Connell** ✓



**Dean Lewis** ✓

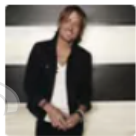


**AC/DC** ✓

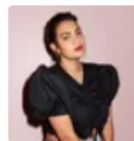
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# Claimed Profiles on Jaxsta

jaxsta



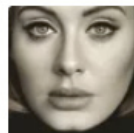
Keith Urban ✓



Thelma Plum ✓



John Legend ✓



Adele ✓



The Doors ✓



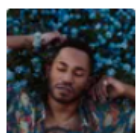
Alicia Keys ✓



Timbaland ✓



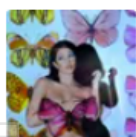
Dolly Parton ✓



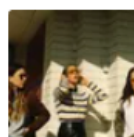
KAYTRANADA ✓



Tame Impala ✓



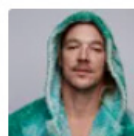
Kali Uchis ✓



HAIM ✓



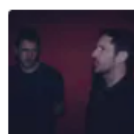
David Bowie ✓



Diplo ✓



Frank Sinatra ✓



Nine Inch Nails ✓



Ahmir "Questlove" Thompson ✓

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# Consolidated Financial Statements

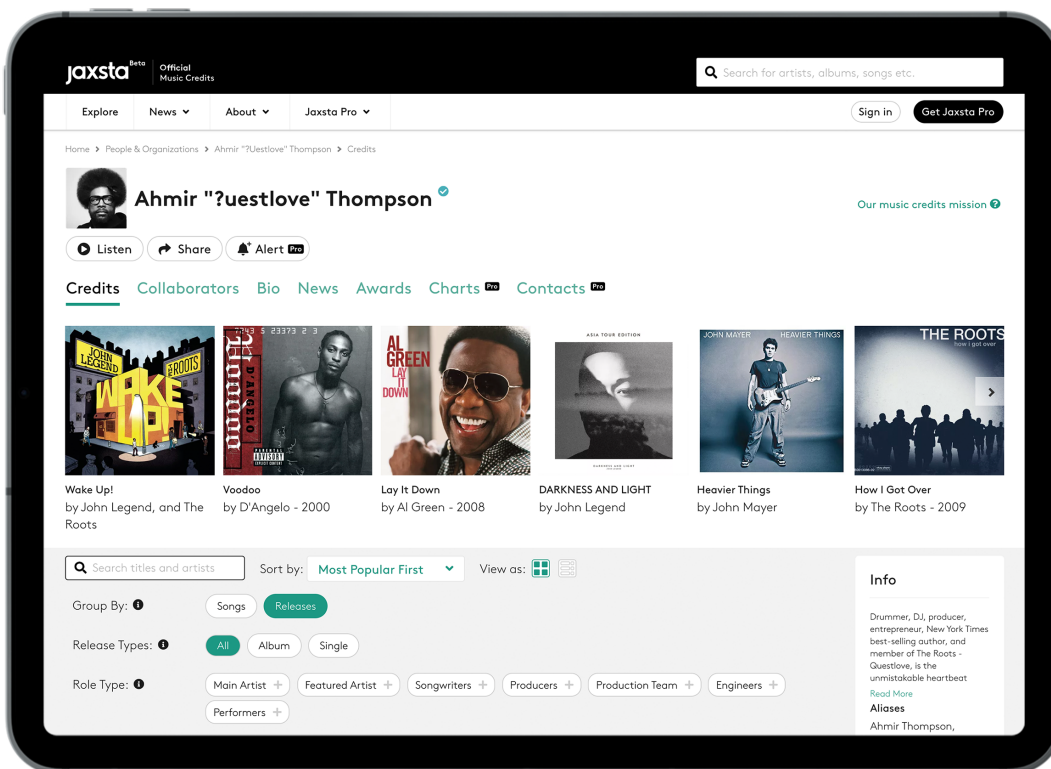
**Consolidated Statement of profit or loss and other comprehensive income for the year ended 30 June 2020**

**Consolidated Statement of Financial Position for the year ended 30 June 2020**

**Consolidated Statement of changes in equity for the year ended 30 June 2020**

**Consolidated Statement of Cash Flows for the year ended 30 June 2020**

**Notes to the Consolidated Financial Statements**



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		30 June 2020	30 June 2019 (Restated)
		\$	\$
<b>Revenue from continuing operations</b>			
Revenue		9,520	-
Cost of sales		(234)	-
<b>Gross profit</b>		<b>9,286</b>	<b>-</b>
Interest income		4,465	3,649
Other income	5	2,119,854	701,314
<b>Expenses</b>			
Employee benefits expense	6	(3,808,769)	(2,736,521)
Marketing expenses		(571,245)	(498,605)
Occupancy expenses		(119,877)	(145,536)
Professional fees		(618,289)	(793,060)
Product development expense	6	(2,055,583)	(757,230)
Depreciation and amortisation expense		(83,427)	(42,993)
Finance costs		(27,230)	(18,887)
Other expenses		(688,946)	(745,191)
Listing expenses	6	-	(8,527,231)
Impairment of goodwill expense	13	(4,025,904)	-
Impairment of financial asset expense	6	-	(823,813)
Fair value movement on financial assets	13	(573,000)	-
<b>Total Expenses</b>		<b>(12,572,270)</b>	<b>(15,089,067)</b>
<b>Loss before income tax</b>		<b>(10,438,665)</b>	<b>(14,384,104)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the year attributable to the owners of Jaxsta Limited</b>		<b>(10,438,665)</b>	<b>(14,384,104)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Jaxsta Limited</b>		<b>(10,438,665)</b>	<b>(14,384,104)</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	11	(0.04)	(0.11)
Diluted earnings per share (cents)	11	(0.04)	(0.11)

The accompanying notes should be read in conjunction with these consolidated financial statements.

**Jaxsta Limited**  
**2020 Annual Report | Consolidated Statement of Financial Position**  
**for the year ended 30 June 2020**

**jaxsta**

		30 June 2020	30 June 2019 (Restated)
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12	2,404,848	2,452,760
Trade and other receivables	13	1,518,106	705,248
Other assets	16	223,414	187,402
<b>TOTAL CURRENT ASSETS</b>		<b>4,146,368</b>	<b>3,345,410</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	13	-	3,176,187
Property, plant and equipment	14	47,880	42,019
Goodwill	15	-	4,025,904
Intangible assets	15	336,534	367,941
<b>TOTAL NON-CURRENT ASSETS</b>		<b>384,414</b>	<b>7,612,051</b>
<b>TOTAL ASSETS</b>		<b>4,530,782</b>	<b>10,957,461</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	571,033	599,692
Loans and borrowings	18	390,009	26,597
Provisions	19	206,669	159,389
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,167,711</b>	<b>785,678</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	19	32,314	88,902
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>32,314</b>	<b>88,902</b>
<b>TOTAL LIABILITIES</b>		<b>1,200,025</b>	<b>874,580</b>
<b>NET ASSETS</b>		<b>3,330,757</b>	<b>10,082,881</b>
<b>EQUITY</b>			
Contributed equity	20	32,792,654	29,969,770
Accumulated losses		(30,922,370)	(20,483,705)
Reserves	22	1,460,473	596,816
<b>TOTAL EQUITY</b>		<b>3,330,757</b>	<b>10,082,881</b>

The accompanying notes should be read in conjunction with these consolidated financial statements.



**Jaxsta Limited**  
**2020 Annual Report | Consolidated Statement of changes in equity**  
**for the year ended 30 June 2020**



	Contributed equity (Restated) \$	Reserves \$	Accumulated losses (Restated) \$	Total equity \$
As at 1 July 2018	7,974,578	-	(6,099,601)	1,874,977
Loss after income tax expense for the year (originally reported)	-	-	(20,084,398)	(20,084,398)
Adjustment on error correction	4	-	5,700,294	5,700,294
Reported loss for the year (Restated)	-	-	(14,384,104)	(14,384,104)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(14,384,104)	(14,384,104)
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity, net of transaction cost	27,695,486	-	-	27,695,486
Adjustment on error correction	4	-	-	(5,700,294)
Share-based payments	22	596,816	-	596,816
<b>Balance at 30 June 2019 (Restated)</b>	<b>29,969,770</b>	<b>596,816</b>	<b>(20,483,705)</b>	<b>10,082,881</b>
<b>Refer to note 4 for explanation on comparatives</b>				
<b>As at 1 July 2019 (Restated)</b>	<b>29,969,770</b>	<b>596,816</b>	<b>(20,483,705)</b>	<b>10,082,881</b>
Loss after income tax expense for the year	-	-	(10,438,665)	(10,438,665)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(10,438,665)	(10,438,665)
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity, net of transaction cost	20	2,495,284	-	2,495,284
Share-based payments	22	-	1,191,257	1,191,257
Options exercised	22	327,600	(327,600)	-
<b>Balance at 30 June 2020</b>	<b>32,792,654</b>	<b>1,460,473</b>	<b>(30,922,370)</b>	<b>3,330,757</b>

The accompanying notes should be read in conjunction with these consolidated financial statements.

**Jaxsta Limited**  
**2020 Annual Report | Consolidated Statement of Cash Flows**  
**for the year ended 30 June 2020**



		30 June 2020	30 June 2019
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from grants - research & development		810,877	696,745
Receipts from customers		31,476	-
COVID-19 government assistance		176,000	-
Payments to suppliers and employees		(6,686,289)	(6,891,396)
Interest received		4,465	3,649
Interest paid		(6,712)	(11,537)
<b>Net cash flows (used in) operating activities</b>	<b>21</b>	<b>(5,670,183)</b>	<b>(6,202,539)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment	<b>14</b>	(29,471)	(15,297)
Payment for intangibles	<b>15</b>	(28,411)	(75,157)
Cash acquired from acquisition of subsidiary		-	5,332,655
Proceeds from deferred MRT transaction	<b>13</b>	2,845,143	-
<b>Net cash flows provided by investing activities</b>		<b>2,787,261</b>	<b>5,242,201</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	<b>20</b>	2,704,222	4,471,645
Share issue transaction costs	<b>20</b>	(208,938)	(604,731)
Proceeds from borrowings		446,528	77,056
Repayment of borrowings		(106,802)	(54,451)
Proceeds from borrowings - related parties		-	465,654
Loan repayments made to related parties		-	(988,374)
<b>Net cash flows provided by financing activities</b>		<b>2,835,010</b>	<b>3,366,799</b>
Net (decrease)/increase in cash held		(47,912)	2,406,461
Cash at beginning of financial year		2,452,760	46,299
<b>Cash at the end of the period</b>	<b>12</b>	<b>2,404,848</b>	<b>2,452,760</b>

The accompanying notes should be read in conjunction with these consolidated financial statements.

## Notes to the Consolidated Financial Statements

### *Note 1. General information*

The financial statements contained on pages 33 to 36 of this Report cover Jaxsta Limited (**Jaxsta, company or parent**) as a consolidated entity consisting of Jaxsta Limited and the entities it controlled at the end of, or during, the financial year (**consolidated entity** or the **Group**) ended 30 June 2020 (the **Financial Statements**). The Financial Statements are presented in Australian dollars, which is Jaxsta presentation currency. The functional currency of Jaxsta Holdings Pty Ltd is Australian dollars and Jaxsta is Australian dollars.

Jaxsta is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report (pages 9 to 17 of this Report). The Directors' Report is not part of the Financial Statements.

The Financial Statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2020. The Directors have the power to amend and reissue the Financial Statements.

### *Note 2. Significant accounting policies and basis of preparation*

The Financial Statements are general purpose, consolidated financial statements which have been prepared in accordance with the Corporations Act, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of the Financial Statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the Financial Statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The principal accounting policies adopted in the preparation of the Financial Statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *COVID-19 impact*

The COVID-19 pandemic has created further uncertainty around estimates used for the preparation of these consolidated financial statements. The uncertainty relates to:

- The extent and duration of the disruption to the business as part of government measures to manage the pandemic impact;
- The extent and duration of the economic downturn created by the pandemic, especially as it affects the music industry in general, both from an industry spending and consumer spending point of view. This also impacts the capital markets, credit markets and employment markets that the Group may need to access during the related period;



- The economic measures provided by governments and business partners to assist businesses during this time.

The Group has developed estimates in these consolidated financial statements based on forecasts of economic conditions which reflect our estimates and assumptions as at 30 June 2020 about the future outlook that the Directors believe are reasonable under the current circumstances.

The basis of the forecasts used contain a considerable degree of judgement. Actual conditions are likely to be different from those forecasted and some of the assumptions are subject to uncertainties outside the control of the Group.

Accordingly, those uncertainties will most likely create differences to actual conditions and the effect of those differences may impact the accounting estimates included in these consolidated financial statements.

#### **New, revised or amending Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period. The Directors' assessment of the impact of these new standards and interpretations is that they will result in no material changes to the amounts recognised in the Financial Statements but may impact the type of information disclosed in the Financial Statements.

#### **Going concern basis of accounting**

The Group incurred a loss after tax for the year of \$10,438,665 (2019: restated loss: \$14,384,104), which includes non cash expenses of \$5,873,587 (2019: 9,929,984) comprised of share-based payment expenses of \$1,191,256 (2019: 535,816), \$4,025,904 (2019: nil) of goodwill impairment, fair value movement on financial assets expenses of \$573,000 (2019: nil) from the MRT receivable due to re-structured terms and depreciation and amortisation of \$83,427 (2019: \$42,993), in addition to impairment expenses of the MRT receivable in the prior year of \$823,813 and listing expenses in the prior year of \$8,527,231. The Group also had a net cash outflow from operations of \$5,670,183 (2019: \$6,202,539) for the period ended 30 June 2020 and had net current assets of \$2,978,657 (2019: \$2,559,732) and net tangible assets of \$2,994,223 (2019: \$5,689,036) as at that date. As at 30 June 2020, the Group had cash assets of \$2,404,848. The consolidated entity has its Jaxsta Pro commercial platform operating under a freemium model as it builds its customer base to a level that it can successfully launch its paid version. In addition it is in the process of launching other commercial applications during the year in its data solutions and marketing solutions segments with the intention of deriving sales. The company derived \$9,520 in product sales from the beta launch of Jaxsta Pro prior to its shift to the freemium model.

The Group adjusted its operations as a result of COVID-19 by offering its Jaxsta Pro service for free for at least the remainder of the 2020 calendar year. The performance/touring and recording sectors of the music industry had to cancel activities during the year affecting the income of many music professionals.

Management has prepared cash flow forecasts for the Group for the period ending 30 September 2021 which assumes continuity of business on the basis of the following events occurring:

- 1) the continuation of the Jaxsta Beta Metadata platform resulting in the subsequent commercialisation, accordingly cash receipts from revenues from platform use have been forecast;
- 2) the receipt of a R&D tax concession for the financial year ended 30 June 2020 and establishing a line of credit secured against the future R&D tax concessions that the Group expects to receive in respect of FY2021;
- 3) the receipt of the deferred consideration receivables in respect of the MRT sale:
  - a) \$157,500 in monthly payments of \$31,500 and;
  - b) \$225,000 due no later than 28th December 2020.
- 4) the receipt of the Songtradr convertible note of \$1,420,000 and advance license fee of \$500,000 as detailed in Note 31 and;
- 5) a potential capital raising within the next 12 months.

The Directors believe that the Group is a going concern and that the above events will eventuate in the short term and accordingly the Financial Statements have been prepared on a going concern basis.

In the event that the above assumptions do not eventuate, there are material uncertainties that cast significant doubt over the ability of the Group to continue as a going concern.

In the event that the Group does not achieve the conditions stated above by the Directors, the ability of Jaxsta and therefore the Group to continue as a going concern may be impacted. As a result, the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the Financial Statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should Jaxsta and the Group not continue as a going concern.

### **Principles of consolidation**

The Financial Statements incorporate the assets and liabilities of all subsidiaries of Jaxsta as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition of Jaxsta Holdings Pty Limited by Jaxsta in December 2018 has been accounted as a share-based payment in accordance with AASB 2 'Share-based Payments' and the Interim Financial Statements represent a continuation of the financial statements of Jaxsta Holdings. The comparative information is related to Jaxsta Holdings Pty Limited and its controlled entities operations and not those of Jaxsta. Refer to 'Business Combination' accounting policy below of this Report for further explanation of the accounting for this transaction.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Revenue recognition**

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received was interest revenue.

The Group accounts for a contract with a customer when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance; and
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

### *Interest*

Interest is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Government Grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### **Research & Development tax incentive**

*Research and development tax incentive is recognised on an accrual basis*

Jaxsta has adopted the income approach to accounting for research and development tax incentive pursuant to AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance' whereby the concession is recognised in profit or loss on a systematic basis in the periods in which the entity recognises the eligible expenses. It is recognised when it can be measured reliably, when there is reasonable assurance that the company will comply with the conditions attaching to the incentive and that the incentive will be received.

#### *Income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.



*Current and non-current classification*

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Property, plant and equipment**

*Plant and equipment*

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amounts is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Computer Equipment	2 to 3 years
Office Equipment	5 to 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Financial Instruments**

#### *(1) Financial Assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

*Classification and subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

*Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

#### *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Trade and Other Receivables*

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - o the Group has transferred substantially all the risks and rewards of the asset, or;
  - o the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment*

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.



The Group's debt instruments at fair value through OCI are comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure expected credit losses (ECLs) on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *(II) Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition. The Group has not designated any financial liability as at fair value through profit or loss.

##### *Financial liabilities at amortised cost (loans and borrowings)*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation

is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### *Borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Intangibles**

#### *Goodwill*

Goodwill is calculated as the excess of the sum of:

- 1) the consideration transferred;
- 2) any non-controlling interest; and
- 3) the acquisition date fair value of any previously held equity interest;
- 4) over the acquisition date fair value of any identifiable assets acquired in a business combination.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an equity interest include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

#### *Trademarks*

Trademarks are recognised at cost of acquisition. They have an indefinite useful life and are carried at cost less any impairment losses.

#### *Platform Development Costs*

Platform Development Costs are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Platform Development Costs are amortised over their useful lives of 3 years as determined by the Directors.

#### *Impairment of non-financial assets*

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with the respective Accounting Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Foreign Currency Transactions and Balances**

##### *Functional and presentation currency*

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The Financial Statements are presented in Australian dollars, which is the parent entity's functional currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest



and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

*Acquisition of Jaxsta Limited:*

During the previous financial year on 28 December 2018, Mobilarm Limited, an ASX listed entity (subsequently renamed Jaxsta Limited), acquired 100% of Jaxsta Holdings Pty Ltd. This transaction is accounted for by applying the principles of reverse acquisition accounting in accordance with AASB 3 'Business Combinations'.

Because the consolidated financial statements represent a continuation of the financial statements of Jaxsta Holdings Pty Ltd, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- Fair value adjustments arising at acquisition were made to Mobilarm Limited's (now renamed Jaxsta Limited) assets and liabilities, not those of Jaxsta Holdings Pty Ltd;
- The cost of the acquisition, and amount recognized as issued capital to affect the transaction, is based on the notional amount of shares that Jaxsta Holdings Pty Ltd would have needed to issue to acquire the same shareholding percentage in Mobilarm Limited (now renamed Jaxsta Limited) at the acquisition date and the value of the existing Mobilarm Limited's options at the date of the acquisition;
- Retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of Jaxsta Holdings Pty Ltd;
- A share-based payment transaction arises whereby Jaxsta Holdings Pty Ltd is deemed to have issued shares in exchange for the net assets of Mobilarm Limited (now renamed Jaxsta Limited) (together with its listing status). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in the profit or loss as a share based payment listing expense;

- The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Mobilarm Limited (now renamed Jaxsta Limited), including the equity instruments issued by Mobilarm Limited (now renamed Jaxsta Limited) effect the acquisition; and
- The results for the year ended 30 June 2019 comprised the consolidated results for the half year of Jaxsta Holdings Pty Ltd together with the results of Mobilarm Limited (now renamed Jaxsta Limited) from 28 December 2018 to 30 June 2019.

#### *Provisions*

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### *Finance costs*

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

#### *Earnings per share*

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Jaxsta Holdings Pty Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements or share splits in ordinary shares issued during the financial year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### *Goods and Services Tax (GST) and other similar taxes*

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

*Adoption of new Accounting Standards & Interpretations*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The following new accounting standards which apply from 1 July 2019 have been adopted.

- AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases along with three Interpretations (Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease).

The application of this standard has no impact on this financial report as the Group does not hold any long term leases.

- Interpretation 23 Uncertainty Over Income Tax Treatments

Interpretation 23 relates to AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 110 Events after the Reporting Period and AASB 112 Income Taxes.

The application of this Interpretation has no impact on the financial report as the Group is of the view that there are no material uncertain positions which impact the Group's accounting for income taxes.

*Note 3. Critical accounting judgements, estimates and assumptions*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Share-based payment transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The key estimate used in the valuation is the expected stock price volatility.



The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### **Goodwill**

Goodwill arises as a result of a business combination and represents the excess of the fair value of the consideration over the fair value of the net assets acquired, which involved judgement. The Group tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate the goodwill may be impaired. The Group estimates the future cash flows for cash generating units to assess their value. The Group also considers the value of assets on the basis of a trade sale.

#### **Segment Reporting**

The group currently operates only one operating segment. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

#### **Research & Development tax incentive**

Research & development tax incentive is recognised on an accrual basis. Management estimates the income based on actual expenditure eligible for the tax incentive for the year ended 30 June 2020 and believes the estimate to be reasonable under the circumstances.

#### **Reverse acquisition and listing expense**

The deemed acquisition cost is based on the notional amount of shares that Jaxsta Holdings Pty Limited would have needed to issue to acquire the same shareholding percentage in Mobilarm Limited at the acquisition date. The fair value of assets acquired and liabilities assumed are estimated by the group taking into consideration all available information at the reporting date.

#### **Recoverability of MRT receivable**

In assessing recoverability, management estimates the recoverable amount of the receivable based on expected future cash flows.

#### *Note 4. Acquisition accounting and comparative information*

##### **Correction of prior period error**

On 28 December 2018, Jaxsta Limited (the 'legal parent') acquired Jaxsta Holdings Pty Ltd (the 'legal subsidiary'). For accounting purposes, the acquisition has been accounted for as a share-based payment and the principles of reverse acquisition have been applied.

Listing expenses recorded in the Consolidated Statement of Profit or Loss and Comprehensive Income for the year ended 30 June 2019 has been restated as a result of a review of the application of AASB 3 Business Combinations which was overstated due to the use of the

incorrect share price. This error has been rectified by restating each of the affected financial statement line items for prior periods as follows:

Statement of financial position (extract)	30 June 2019		
	Previous amount	Adjustment	Restated
	\$	\$	\$
Contributed equity	35,670,064	(5,700,294)	29,969,770
Accumulated losses	(26,183,999)	5,700,294	(20,483,705)

Statement of profit of loss and other comprehensive income (extract)	30 June 2019		
	Previous amount	Adjustment	Restated
	\$	\$	\$
Listing expenses	(14,227,525)	5,700,294	(8,527,231)
Total Expenses	(20,789,361)	5,700,294	(15,089,067)
Loss before income tax	(20,084,398)	5,700,294	(14,384,104)
Loss after income tax expense	(20,084,398)	5,700,294	(14,384,104)
Total comprehensive income attributable to the owners of Jaxsta Limited	(20,084,398)	5,700,294	(14,384,104)
Basic earnings per share (cents)	(0.15)	(0.04)	(0.11)
Diluted earnings per share(cents)	(0.15)	(0.04)	(0.11)

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*Note 5. Other income*

	30 June 2020	30 June 2019
	\$	\$
Research and development tax incentive	1,936,146	665,657
Government COVID-19 support	176,000	-
Other income	7,708	35,657
<b>Total other income</b>	<b><u>2,119,854</u></b>	<b><u>701,314</u></b>

The government COVID support represents amounts received under the Jobkeeper and Cash Flow Boost government programs.

*Note 6. Loss for the year*

	30 June 2020	30 June 2019 (Restated)
	\$	\$
Loss before income tax includes the following specific expenses:		
Other Expenses including the following material expenses:		
Professional advisers fees	88,778	102,803
Board fees	196,399	258,446
Commission	42,349	66,566
Employee benefit expenses includes the following:		
Salary and wages	3,181,051	2,201,414
Share-based payments expense	374,754	358,557
Superannuation expense	252,964	176,550
<b>Total employee benefit expenses</b>	<b><u>3,808,769</u></b>	<b><u>2,736,521</u></b>
Product development expenses		
Product development cash expenses	1,239,080	579,971
Product development equity based payments	816,503	177,259
<b>Total product development expense</b>	<b><u>2,055,583</u></b>	<b><u>757,230</u></b>
Listing expenses include the following:		
Share-based payment listing expense	-	8,175,506
Legal and professional expenses	-	351,725
<b>Total listing expenses</b>	<b><u>-</u></b>	<b><u>8,527,231</u></b>

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*Note 7. Tax expense*

	30 June 2020	30 June 2019 (Restated)
	\$	\$
The prima facie tax loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on losses from ordinary activities before income tax rate at @ 27.5% (2019: 27.5%)	(2,870,633)	(3,955,629)
Add:		
Tax effect amounts which are not deductible/taxable in calculating taxable income:		
Permanent differences		
R&D uplift	309,464	222,991
Listing expenses	-	2,345,024
Impairment of financial instruments	157,575	226,549
Impairment of goodwill	1,264,699	-
Current year tax losses not recognised	<u>1,138,895</u>	<u>1,161,065</u>
Income tax attributable to the group	<u>-</u>	<u>-</u>

**Tax losses not recognised**

Unused tax losses for which no deferred tax asset has been recognised is \$32,713,504 (2019: \$28,721,530). Potential tax benefits at statutory tax rates for the tax jurisdictions amount to \$8,996,214 (2019: \$7,898,421).

The potential tax benefit for tax losses has not been recognised in the statement of financial position. Utilisation of the carry forward tax losses may be subject to a substantial annual limitation due to the ownership change limitations and the same business test, accordingly the recovery of this benefit is not considered probable.

*Note 8. Key management personnel compensation*

Refer to the Remuneration Report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2020.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	30 June 2020	30 June 2019
	\$	\$
Short-term employee benefits	1,076,507	883,059
Post-employment benefits	77,452	65,375
Other long-term benefits	8,271	40,250
Share-based payments	284,317	149,394
Total KMP compensation	<u><b>1,446,547</b></u>	<u><b>1,138,078</b></u>



**Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salaries, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

**Post-employment benefits**

These amounts are superannuation contributions made during the year.

**Other long-term benefits**

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

**Share-based payments**

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date. Share-based payments are detailed on Note 22 on page 67.

*Note 9. Auditor's remuneration*

	30 June 2020	30 June 2019
	\$	\$
Remuneration of the auditor for:		
Auditing or reviewing the financial statements by Grant Thornton for the year ended 30 June 2020	79,500	-
Auditing or reviewing the financial statements by Walker Wayland Audit (WA) Pty Ltd for the year ended 30 June 2019	-	53,403
Auditing or reviewing the financial statements by Ernst & Young for the three years ended 30 June 2016, 2017 and 2018	-	170,600
Total auditor remuneration	<u>79,500</u>	<u>224,003</u>

*Note 10. Dividends*

There were no dividends paid, recommended or declared during the current or previous financial year.

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*Note 11. Earnings per share*

	30 June 2020	30 June 2019 (restated)
	\$	\$
Loss after income tax attributable to the owners of Jaxsta Limited	<b>(10,438,665)</b>	<b>(14,384,104)</b>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	239,869,594	133,873,975
Weighted average number of ordinary shares used in calculating diluted earnings per share	239,869,594	133,873,975
	Cents	Cents
Basic earnings per share	(0.04)	(0.11)
Diluted earnings per share	(0.04)	(0.11)

36,739,145 unlisted options & warrants have been excluded from the above calculations as they were anti-dilutive.

*Note 12. Cash and cash equivalents*

	30 June 2020	30 June 2019
	\$	\$
Cash on hand	390	101
Cash at bank	2,354,458	2,432,659
Term deposits (i)	50,000	20,000
	<b>2,404,848</b>	<b>2,452,760</b>

(i) The term deposit will mature on 3 October 2020 with a 31 day early withdrawal notice facility available. The interest rate is 1.5%.

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*Note 13. Trade and other receivables*

	30 June 2020	30 June 2019
	\$	\$
<b>Current</b>		
GST receivable	8,313	74,735
R&D incentive (i)	1,125,323	-
Other receivables (ii)	384,470	630,513
	<b><u>1,518,106</u></b>	<b><u>705,248</u></b>

(i) The Group accrued for the Research & Development tax incentive during the financial year ended 30 June 2020 as it is now able to reasonably estimate the amount receivable as detailed in Note 3. As a result, it recognised a receivable for the concession as at 30 June 2020 and none as at 30 June 2019.

(ii) \$382,500 (2019: \$623,813) of other receivables relates to the deferred compensation in relation to the sale of the MRT business which is due from Secure2Go Group Ltd on or before 28 December 2020. The terms include monthly repayments of \$31,500 and a final payment of \$225,000 by 28 December 2020.

	30 June 2020	30 June 2019
	\$	\$
<b>Non Current</b>		
Other receivables	-	4,000,000
Provision for impairment (iii)	-	(823,813)
	<b><u>-</u></b>	<b><u>3,176,187</u></b>
<b>Total Current and Non Current</b>	<b><u>1,518,106</u></b>	<b><u>3,881,435</u></b>

(iii) The original receivable from Secure2Go Group Ltd was \$4,000,000 and it has been negotiated down by a further \$573,000 during the year ended 30 June 2020. The receivable was not impaired as at 30 June 2020 (2019: \$823,813). The total current and non current Secure2Go receivable after the impairment provision as at 30 June 2020 is \$382,500 (2019: \$3,800,000).

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Impaired	Expected credit losses (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
<b>2020</b>	\$	\$	\$	\$	\$	\$	\$
GST receivable	8,313	-	-	-	-	-	8,313
Other receivables	1,970	-	1,970	-	-	-	-
R&D Rebate receivable	1,125,323	-	-	-	-	-	1,125,323
MRT receivables	382,500	-	-	-	-	-	382,500
<b>Total</b>	<b>1,518,106</b>	<b>-</b>	<b>1,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,516,136</b>
<b>2019</b>							
GST receivable	74,735	-	-	-	-	-	74,735
Other receivables	6,700	-	4,569	-	-	2,131	-
MRT receivables	4,623,813	(823,813)	-	-	-	-	3,800,000
<b>Total</b>	<b>4,705,248</b>	<b>(823,813)</b>	<b>4,569</b>	<b>-</b>	<b>-</b>	<b>2,131</b>	<b>3,874,735</b>

*Note 14. Property, plant and equipment*

	30 June 2020	30 June 2019
	\$	\$
Office equipment - at cost	43,602	41,446
Less: Accumulated depreciation	(22,751)	(16,147)
	<b>20,851</b>	<b>25,299</b>
Computer equipment - at cost	145,430	118,116
Less: Accumulated depreciation	(118,401)	(101,396)
	<b>27,029</b>	<b>16,720</b>
<b>Total property, plant and equipment</b>	<b>47,880</b>	<b>42,019</b>



### Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment	Computer Equipment	Total
	\$	\$	\$
<b>Consolidated Group:</b>			
Balance at 30 June 2018	26,188	13,959	40,147
Additions	4,275	11,024	15,299
Depreciation expense	(5,164)	(8,263)	(13,427)
<b>Balance at 30 June 2019</b>	<b>25,299</b>	<b>16,720</b>	<b>42,019</b>
Additions	2,157	27,314	29,470
Depreciation expense	(6,604)	(17,005)	(23,609)
<b>Balance at 30 June 2020</b>	<b>20,851</b>	<b>27,029</b>	<b>47,880</b>

### Note 15. Intangible assets

		30 June 2020	30 June 2019
		\$	\$
Platform development costs	(i)	178,963	178,963
Less: Accumulated amortisation		(62,596)	(2,778)
		<b>116,367</b>	<b>176,185</b>
Trademark	(ii)	220,167	191,756
Less: Accumulated depreciation		-	-
		<b>220,167</b>	<b>191,756</b>
Goodwill	(iii)	4,025,904	4,025,904
Less: Impairment		(4,025,904)	-
		<b>-</b>	<b>4,025,904</b>
<b>Total intangible assets</b>		<b>336,534</b>	<b>4,393,845</b>

i) Platform Development costs

Development costs have been capitalised at cost. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Platform Development Costs are amortised over their useful lives, being 3 years as determined by the Directors. Amortisation commenced on 13 June 2019 being the date it was available for use.

ii) Trademark

Trademarks are assessed to have an indefinite useful life and will not be amortised.

iii) Goodwill

Goodwill has been capitalised at the amount in excess of the consideration paid over the purchase of Jaxsta Enterprise Pty Ltd.

*Impairment tests for goodwill and indefinite life intangible assets*

*Result of Impairment testing*

Goodwill and trademarks are tested annually for impairment. Goodwill and trademarks are allocated to one cash-generating unit ('CGU') which is based on the consolidated entity's sole operating segment. The Directors have determined that the recoverable amount is the same whether the basis of value in use or fair value less costs to sell is used.

The CGU experienced adverse market conditions during the year as a result of the disruption to the music industry. This led to significant disruption of the roll out of the Group's B2B subscription-based service, Jaxsta Pro (beta), which has been offered free to music industry professionals for the rest of the 2020 calendar year despite the features normally only being available to paid users. The force of the macroeconomic event, combined with the uncertain timing of a recovery, has reduced the current valuation of this CGU. As a result the Group's result includes an impairment charge of \$4,025,904, recognised against goodwill. The recoverable amount of the cash generating unit is \$336,534.

The Group's impairment charges are recorded in the consolidated income statement.

*Key assumptions used for valuation calculations*

The calculation of the recoverable amount for the CGU is most sensitive to the ability to generate future revenues from sales of its subscription based service.

*Sensitivity to changes in assumptions*

Following the impairment loss recognised in relation to this CGU, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in certain key assumptions, could result in further impairment.

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### Movements in Carrying Amounts

Movements in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

	Platform Development Costs	Trademark	Goodwill	Total
	\$	\$		\$
<b>Consolidated Group:</b>				
Balance at 30 June 2018	153,508	142,056	4,025,904	4,321,468
Additions	25,455	49,700	-	75,155
Amortisation charge	(2,778)	-	-	(2,778)
Impairment losses	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>176,185</b>	<b>191,756</b>	<b>4,025,904</b>	<b>4,393,845</b>
Additions	-	28,411	-	28,411
Amortisation charge	(59,818)	-	-	(59,818)
Impairment losses	-	-	(4,025,904)	(4,025,904)
<b>Balance at 30 June 2020</b>	<b>116,367</b>	<b>220,167</b>	<b>-</b>	<b>336,534</b>

#### Note 16. Other assets

	30 June 2020	30 June 2019
	\$	\$
Prepayments	197,014	161,002
Rental Bond	26,400	26,400
	<b>223,414</b>	<b>187,402</b>

#### Note 17. Trade and other payables

	30 June 2020	30 June 2019
	\$	\$
Unsecured liabilities:		
Trade Creditors	309,121	300,707
Other creditors and accruals	261,912	298,985
	<b>571,033</b>	<b>599,692</b>

*Note 18. Loans and borrowings*

		30 June 2020	30 June 2019
		\$	\$
R&D rebate financing	(1)	365,037	26,597
Insurance financing	(2)	24,972	-
		<u>390,009</u>	<u>26,597</u>

- 1) The company entered into an agreement with Radium Capital (Innovation Structured Finance LLC) to get an advance of their estimated R&D tax incentive for the financial year. The facility carries an interest rate of 15% and is secured by the Company's R&D Tax Incentive Claim.
- 2) Insurance funding is a ten months short term loan with an fixed interest rate of 5.85%

*Note 19. Provisions*

		30 June 2020	30 June 2019
		\$	\$
<b>Current</b>			
Employee benefits - annual		206,669	156,389
		<u>206,669</u>	<u>156,389</u>
<b>Non-current</b>			
Employee benefits - long service		32,314	88,902
		<u>32,314</u>	<u>88,902</u>

**Provision for Employee Benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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*Note 20. Issued Capital*

The share capital dollar value represents the continuation of Jaxsta Holdings Pty Ltd. The number of shares on issue reflect those of Jaxsta Limited.

Refer to the Business Combinations section of Note 2 on page 50 for further details of the accounting principles applied.

	30 June 2020	30 June 2019	30 June 2020	30 June 2019 (Restated)
	Shares		\$	
Ordinary shares - fully paid	247,190,330	231,326,901	32,792,654	29,969,770
	<b>247,190,330</b>	<b>231,326,901</b>	<b>32,792,654</b>	<b>29,969,770</b>

The movement of ordinary shares is listed below:

	Date	Issue Price	No. of Shares	\$
Balance	1 July 2018		493,119,559	7,974,578
Share consolidation 1 for 10	17 August 2018		(448,307,453)	-
Conversion of performance shares	28 December 2018	0.00	5,000,000	-
Performance shares	28 December 2018	0.00	550,000	-
Conversion of loan	28 December 2018	0.13	32,000,000	4,000,000
Shares to effect the acquisition of Jaxsta Holdings Pty Ltd	28 December 2018	0.20	109,399,795	21,879,959
Notional reverse acquisition adjustment (Restated)	28 December 2018		-	(11,854,036)
Shares issued on capital raising	28 December 2018	0.20	26,345,000	5,269,000
Shares issued on capital raising	14 May 2019	0.25	13,220,000	3,305,000
Shares issue transaction costs			-	(604,731)
Balance	30 June 2019		<b>231,326,901</b>	<b>29,969,770</b>
Shares issued on exercise of employee options	10 October 2019	0.39	445,000	173,550
Shares issued on capital raising	18 December 2019	0.18	15,023,329	2,704,199
Shares issued in cleansing statement	18 December 2019	0.18	100	23
Shares issued on exercise of employee options	13 March 2020	0.39	395,000	154,050
Shares issue transaction costs				(208,938)
Balance	30 June 2020		<b>247,190,330</b>	<b>32,792,654</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.



*Note 21. Cash flow information*

	30 June 2020	30 June 2019
	\$	\$
<b>Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax Loss for the Period</b>	(10,438,665)	(14,384,104)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
- Depreciation and amortisation	83,427	42,993
- Write-off capitalised expenditure	-	41,204
- Net foreign currency losses/(gains)	(4,018)	7,350
- Impairment expenses	4,025,904	823,813
- Fair value adjustments	573,000	-
- Listing expenses	-	8,175,506
- Employee share scheme expense	374,754	358,557
- Supplier share scheme expense	816,503	177,259
Changes in assets and liabilities:		
- (increase)/decrease in trade and term receivables	(1,157,194)	-
- (increase)/decrease in prepayments	(36,013)	(22,000)
- (decreased)/increase in trade payables and accruals	130,085	(79,303)
- (decrease)/increase in provisions	(28,659)	(1,507,315)
- (increase)/decrease in other current assets	(9,307)	163,501
Cash flows from operating activities	<b>(5,670,183)</b>	<b>(6,202,539)</b>

*Note 22. Reserves*

	30 June 2020	30 June 2019
	\$	\$
Share-based payment reserve	<b>1,460,473</b>	<b>596,816</b>
Balance at the beginning of the year	<b>596,816</b>	-
CEO share options exercise	132,000	66,903
Lead Manager options expense	-	61,000
Employee option plan	105,788	280,313
Employee incentive option plan expense	39,552	11,341
NED option plan expense	97,414	-
Data Partner warrants granted	816,503	177,259
Credit adjustment for options exercised during the year	(327,600)	-
<b>Balance at the end of the year</b>	<b>1,460,473</b>	<b>596,816</b>

The following share-based payment arrangements existed as at 30 June 2020

CEO Options						
Number of Options	Exercise Price (\$)	Granted Date	Status	Vesting Conditions	Expiry Date	Note
20,000,000	0.20	16-Nov-18	Granted	Vest in tranches of 1,000,000 options for every share price increase of \$0.10 from the initial price of \$0.20 on a trailing 30-day VWAP basis	16-Nov-23	1 & 2
20,000,000	Total CEO Options					
Lead Manager (share issue)						
333,333	0.30	16-Nov-18	Vested	This tranche vests when the share price hits \$0.30 for a period of 5 consecutive trading days	16-Nov-23	3
333,333	0.30	16-Nov-18	Granted	This tranche vests when the share price hits \$0.40 for a period of 5 consecutive trading days	16-Nov-23	3
333,334	0.30	16-Nov-18	Granted	This tranche vests when the share price hits \$0.50 for a period of 5 consecutive trading days	16-Nov-23	3
1,000,000	Total Lead Manager Options					
Employee Options						
75,000	-	28-Mar-19	Vested	100% exercisable from 1 May 2019 until expiry	28-Mar-26	1 & 2
75,000	-	28-Mar-19	Vested	100% exercisable after the 28 of March 2020 until expiry	28-Mar-26	1 & 2
150,000	Total Employee Options					
Employee Incentive Options						
169,711	0.651	28-Mar-19	Vested	Subject to exercise restrictions from grant date to 1st anniversary	28-Mar-25	4
169,712	0.651	28-Mar-19	Granted	Subject to exercise restrictions from grant date to 2nd anniversary	28-Mar-25	4
131,250	0.651	28-Mar-19	Granted	Subject to exercise restrictions from grant date to 3rd anniversary	28-Mar-25	4
131,250	0.651	28-Mar-19	Granted	Subject to exercise restrictions from grant date to 4th anniversary	28-Mar-25	4
601,923	Total Employee Incentive Options					
NED options						
3,000,000	0.20	30-Sep-19	Granted	Vest in tranches of 750,000 options for every share price increase of	30-Sep-24	1 & 6

				\$0.10 from the initial price of \$0.20 on a trailing 30-day VWAP basis		
3,000,000	0.20	30-Sep-19	Granted	Vest in tranches of 750,000 options for every share price increase of \$0.10 from the initial price of \$0.20 on a trailing 30-day VWAP basis	30-Sep-24	1 & 6
Data Partner Warrants						
713,105	0.01	14-Mar-19	Granted	Vesting (on the last day of the month) 12 months after date of issue and subject to other non-market vesting conditions	14-Mar-26	5
713,105	0.01	14-Mar-19	Vested	Vesting (on the last day of the month) 12 months after date of issue	14-Mar-26	5
713,105	0.01	14-Mar-19	Granted	Vesting 24 months after date of issue	14-Mar-26	5
713,105	0.01	14-Mar-19	Granted	Vesting 24 months after date of issue and subject to other non-market vesting conditions	14-Mar-26	5
675,573	0.01	15-Mar-19	Vested	Vesting 12 months after date of issue	15-Mar-27	5
675,573	0.01	15-Mar-19	Granted	Vesting 24 months after date of issue	15-Mar-28	5
562,978	0.01	18-Jun-19	Vested	Vesting (on the last day of the month preceding) 12 months after the date of issue	18-Jun-27	5
562,977	0.01	18-Jun-19	Granted	Vesting (on the last day of the month preceding) 24 months after the date of issue	18-Jun-28	5
1,024,278	0.01	10-Mar-20	Granted	Vesting 12 months after date of issue	09-Mar-28	5
1,024,276	0.01	10-Mar-20	Granted	Vesting 24 months after date of issue	09-Mar-29	5
234,574	0.23	30-Jul-19	Vested	Vesting 12 months after date of issue	29-Jul-26	5
234,574	0.23	30-Jul-19	Granted	Vesting 24 months after date of issue	29-Jul-27	5
150,000	0.01	30-Sep-19	Vested	Vesting on date of issue	29-Sep-26	5
150,000	0.01	30-Sep-19	Granted	Vesting 12 months after date of issue	29-Sep-26	5
8,147,223	Total Data Partner Warrants					

**Notes:**

- 1) Issued under the terms of Incentive Option Plan (Jaxsta). Refer to the table for terms.
- 2) Vesting basis to remain employed by Jaxsta at vesting date (ranging from 0 to 1,825 days).
- 3) Issued pursuant to the 2018 rights issue document dated 28 December 2018.

- 4) Issued pursuant to the 2019 rights issue document dated 28 March 2019. 5 Warrants to various data partners between 14 March 19 and 18 June 2019.
- 5) All options and warrants granted are in respect of ordinary shares in Jaxsta Limited and confer a right of one ordinary share for each option held.
- 6) Issued pursuant to a shareholder vote at the general meeting on 13 June 2019.

*Movement in the number of share options on issue*

	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	Number of options and warrants	Weighted Average Exercise Price (\$)	Number of options and warrants	Weighted Average Exercise Price (\$)
<b>Total options and warrants</b>				
Outstanding at the beginning of the year	27,921,443	0.169	-	-
Granted	8,817,702	0.317	27,921,443	0.169
Forfeited	-	-	-	-
Exercised	(840,000)	-	-	-
Expired	-	-	-	-
Outstanding at year end	35,872,223	0.210	27,921,443	0.169
Exercisable at year end	<b>35,872,223</b>	<b>0.210</b>	<b>27,921,443</b>	<b>0.169</b>

*Options Reserve*

The fair value of issued CEO share options is calculated to be \$0.033 per option totalling \$660,000 (2019: \$660,000). The number of options granted during the year pursuant to the Incentive Option Plan (Jaxsta) was NIL (2019: (20,000,000)).

The fair value of issued NED share options is calculated to be \$0.107 per option totalling \$641,804 (2019: \$NIL). The number of options granted during the year pursuant to the Incentive Option Plan (Jaxsta) was 6,000,000 (2019: NIL).

The fair value of issued Employee share options is calculated to be \$0.1539 per option totalling \$386,100 (2018: \$386,100). The number of options granted during the year pursuant to the Employee Incentive Option Plan (Jaxsta) was NIL (2019: (990,000)).

The fair value of issued Employee Incentive share options is calculated to be \$0.137 per option totalling \$82,463 (2019: \$82,463). The number of options granted during the year pursuant to the Employee Incentive Option Plan (Jaxsta) was NIL (2019: 601,923).

The fair value of issued Data partner Warrants is calculated to be \$0.137 per warrant totalling \$1,256,671 (2019: \$1,033,627). The number of warrants granted during the year pursuant to the Incentive Option Plan (Jaxsta) was 2,817,702 (2019: 5,329,521).

In September 2019, the company granted some Non Executive Directors 6,000,000 options with an exercise price of Nil, exercisable 34 days from grant date. The value of these options is \$641,804.

Included under employees and contractor costs in the statement of profit and loss and other comprehensive income is a share-based payments expense of \$374,754 (2019: 358,557), representing the expense for the current reporting period.

Included under product development expenses in the statement of profit and loss and other comprehensive income is a share-based payments expense of \$816,503 (2019: 177,259), representing the expense for the current reporting period.

Included in Equity as a cost of capital raising is a share-based payment expense of \$NIL (2019: \$61,000) for Lead Manager Options.

The value of share options issued during the financial year has been calculated by using a binomial option pricing model applying the following inputs:

	CEO Options	Lead Manager	Employee Options	Employee Incentive	NED Options	Data Partner
Exercise prices	\$0.20	\$0.30	\$0.00	\$0.651	\$0.20	\$0.055-
Underlying share prices	\$0.20	\$0.20	\$0.39	\$0.39	\$0.255	\$0.055-\$0.240
Days to expiration	1,825	1,825	365 to 2,555	2,190	1,825	2,730 to 3,285
Days to vesting	0 to 1,825	1 to 1,825	34 to 272	365 to 1,367	0 to 1,825	365 to 730
Expected share price volatility	50%*	50%*	50%*	50%	50%	50%-150%
Risk free interest rate	2.02%	2.02%	2.02%	2.02%	1.21%	0.87%-2.02%

\* Expected share price volatility has been based using comparable entities listed on the ASX which operate in the same industry group as Jaxsta Limited (Jaxsta). The Directors believed this to be a fair representation of Jaxsta's expected volatility at the time of issue in the absence of its own share volatility at the time.

The life of the options is based on the contracted expiry date.

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*Note 23. Related Party Disclosures*

**(a) The Group's main related parties are as follows:**

Entities exercising control over the Group:

- 1) The ultimate parent entity that exercises control over the Group is Jaxsta Limited, which is incorporated in Australia.
- 2) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 7 on page 57.

**(b) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

<b>Trade and other receivables</b>	30 June 2020	30 June 2019
	\$	\$
<b>Loans to other related party - Mobilarm Ltd</b>		
Beginning of the year	-	750,000
Loans advanced	-	-
Loan repayment received	-	(750,000)
End of the year	<u>-</u>	<u>-</u>

This loan was interest free, unsecured and at call. It was extinguished in cash on the acquisition of Jaxsta Holdings Pty Ltd on 28 December 2018.

<b>Loans and borrowings</b>	30 June 2020	30 June 2019
	\$	\$
<b>Loans from other related party - New Holland Pty Ltd</b>		
Beginning of the year	-	272,680
Loans advanced	-	-
Loan repayment received	-	(272,680)
End of the year	<u>-</u>	<u>-</u>

This loan was interest free and was repaid in cash in January 2019.

	\$	\$
<b>Loans from other related party - Marine Rescue Technologies Ltd</b>		
Beginning of the year	-	549,758
Loans advanced	-	465,654
Loan repayment received	-	(1,015,412)
End of the year	<u>-</u>	<u>-</u>

This loan was interest free and \$715,695 was repaid in cash in January 2019 with the remaining balance settled through the issues of shares in Jaxsta Limited.

	30 June 2020 \$	30 June 2019 \$
<b>Loans from other related party - Jacqui Louez Schoorl and Louis Schoorl</b>		
Beginning of the year	-	300,000
Loans advanced	-	-
Loan repayment received	-	(300,000)
End of the year	<u>-</u>	<u>-</u>

This loan was interest free, and was settled through the issue of shares in Jaxsta Limited.

*The following related party transactions occurred during the financial period:*

Brett Cottle received a directors fee of \$90,000 for the financial year and is paid to himself. Any other transactions throughout the year relate to reimbursements for expenses incurred by Jaxsta Ltd or his related entities on behalf of the Group.

Jorge Nigaglioni received a salary and directors fee of \$45,000 for the financial year and is paid to himself. Any other transactions throughout the year relate to reimbursements for expenses incurred by Jaxsta Ltd or his related entities on behalf of the Group.

Linda Jenkinson received a directors fee of \$49,275 for the financial year and is paid to herself. Any other transactions throughout the year relate to reimbursements for expenses incurred by Jaxsta Ltd or her related entities on behalf of the Group.

Jacqui Louez Schoorl received a salary and directors fee of \$355,000 for the financial year and is paid to herself, accordingly. Any other transactions throughout the year relate to reimbursements for expenses incurred by her or her related entities on behalf of the Group.

Louis Schoorl received payments of \$15,400 for music industry liaison services and product development services from New Holland Pty Limited (related to Jacqui Louez Schoorl).

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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*Note 24. Financial Risk Management*

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	30 June 2020 \$	30 June 2019 \$
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	12	2,404,848	2,452,760
Loans and receivables	13	1,135,606	81,435
MRT receivables	13	382,500	3,800,000
<b>Total financial assets</b>		<b>3,922,954</b>	<b>6,334,195</b>
<b>Financial liabilities at amortised cost</b>			
Trade payables	17	309,121	300,707
Loans and borrowings	18	390,009	26,597
<b>Total financial liabilities</b>		<b>699,130</b>	<b>327,304</b>

**Financial Risk Management Policies**

The directors overall risk management strategy seeks to assist the group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and price risk.

There have been no substantive changes in the types of risks the group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

**(a) Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), and ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

*Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at the board level, given to parties securing the liabilities of certain subsidiaries.

Other receivables is deferred consideration in relation to the sale of the MRT business which is due from Secure2go Group Ltd on or before 28 December 2020. Refer to Note 13 on page 60.

The group has a significant concentration of credit risk with MRT receivables. Details with respect to credit risk of trade and other receivables are provided in Note 12 and Note 30.

Trade and other receivables that are neither past due nor impaired are considered to be high credit quality. These aggregated amounts are detailed in Note 13 on page 60.

Credit risk related to balances with banks and other financial institutions is managed by the group in accordance with approved board policy. Such policy requires that surplus funds are only invested with major financial institutions.

**(b) Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

*Financial liability and financial asset maturity analysis*

	Within 1 year		1 to 5 years		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Loans and borrowings	390,009	26,597	-	-	390,009	26,597
Trade payables	309,121	300,707	-	-	309,121	300,707
Total contractual outflows	699,130	353,901	-	-	699,130	353,901
Total expected outflows	<b>699,130</b>	<b>353,901</b>	-	-	<b>699,130</b>	<b>353,901</b>

	Within 1 year		1 to 5 years		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>Financial assets cash flows realisable</b>						
Cash and cash equivalents	2,404,848	2,452,760	-	-	2,404,848	2,452,760
Trade and loan receivables	1,518,106	705,248	-	3,176,187	1,518,106	3,881,435
Total anticipated inflows	3,922,954	3,158,008	-	3,176,187	3,922,954	6,334,195
Net (outflow)/inflow on financial instruments	<b>3,922,954</b>	<b>3,158,008</b>	-	<b>3,176,187</b>	<b>3,922,954</b>	<b>6,334,195</b>

**(c) Market risk**

*(i) Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, foreign currency, and cash and cash equivalents.

*(ii) Foreign exchange risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities.



The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

		Profit \$	Equity \$
<b>Year ended 30 June 2020</b>			
+/- 1% in interest rates	+/-1	3,900	3,900
<b>Year ended 30 June 2019</b>			
+/- 1% in interest rates	+/-1	266	266

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

### Fair Values

#### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 24 on page 74 for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Note	2020		2019	
		Net carrying value	Net fair value	Net carrying value	Net fair value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	12	2,404,848	2,404,848	2,452,760	2,452,760
Trade and other receivables	13	1,518,106	1,518,106	3,881,435	3,881,435
Total financial assets		<b>3,922,954</b>	<b>3,922,954</b>	<b>6,334,195</b>	<b>6,334,195</b>

	Note	2020		2019	
		Net carrying value	Net fair value	Net carrying value	Net fair value
		\$	\$	\$	\$
<b>Financial liabilities</b>					
Trade payables	17	309,121	309,121	300,707	300,707
Loans and borrowings	18	390,009	390,009	26,597	26,597
Total financial liabilities		<b>699,130</b>	<b>699,130</b>	<b>327,204</b>	<b>327,304</b>

Cash and cash equivalents, trade and other receivables, loans and advances and trade and other payables are short- term instruments in nature whose carrying amounts are equivalent to their fair values.

*Note 25. Fair Value Measurements*

The carrying amounts of cash and cash equivalents, trade and other receivables, loans and advances and trade and other payables are carried at their amortised cost less any impairment. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current interest rate that is valuable for similar financial liabilities.

*Note 26. Contingent Assets and Contingent Liabilities*

There were no contingent assets or contingent liabilities which would have a material effect on the consolidated entity's financial statements as at 30 June 2020 (2019: \$ nil).

*Note 27. Contractual Commitments*

Jaxsta Limited had no contractual commitments as at 30 June 2020.

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*Note 28. Parent Entity Information*

**Parent entity information**

**Statement of financial position**

	30 June 2020	30 June 2019 Restated
	\$	\$
<b>Assets</b>		
Current assets	2,727,895	3,352,624
Non-current assets	4,169,468	1,664,300
<b>TOTAL ASSETS</b>	<b>6,897,363</b>	<b>5,016,923</b>
<b>Liabilities</b>		
Current liabilities	-	43,109
Non-current liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>43,109</b>
<b>Equity</b>		
Issued capital	32,792,654	29,969,770
Retained earnings	(27,355,764)	(25,592,772)
Option reserve	1,460,473	596,816
<b>TOTAL EQUITY</b>	<b>6,897,363</b>	<b>4,973,814</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Total loss	(1,762,992)	(1,319,520)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(1,762,992)</b>	<b>(1,319,520)</b>

**Contingent liabilities**

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

**Contractual commitments**

The parent entity had no contractual commitments as at 30 June 2020 and 30 June 2019.

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*Note 29. Interests in subsidiaries*

**Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Country of incorporation	Ownership interest held by the Group	
		2020	2019
<b>Financial liabilities</b>			
Jaxsta Holdings Pty Ltd	Australia	100%	100%
Jaxsta Enterprise Pty Ltd	Australia	100%	100%
Jaxsta Inc.	United States of America	100%	100%

*Note 30. Registered Office*

The registered office of the company is:

Level 1 / 113-115 Oxford Street  
Darlinghurst NSW 2010

The principal place of business is:

Level 1 / 113-115 Oxford Street  
Darlinghurst NSW 2010

*Note 31. Events After the Reporting Period*

Other than the events described below, there are no other events or circumstances that have arisen that would require disclosure in the financial report.

On 10 September 2020, the Company entered into a convertible note agreement with Songtradr Inc. for a principal value of \$1,420,000. Conversion would result in the issue of 40,571,429 fully paid ordinary Jaxsta shares for the principal value of the note. The conversion is at the right of the noteholder, except if:

- the Company registers a full year net profit of \$5,000,000 at which time 100% of the note is converted automatically; or
- the Company registers a full year net profit of \$2,500,000 at which time 50% of the note is converted automatically.

The noteholder can convert or seek repayment of the note at the expiration of the term of the note. The note has a term of up to 3 years and carries a coupon rate of 7.5% which will be accrued and paid at the end of the term or capitalised and converted at the time of conversion or repayment. The note is secured by a first ranking security over the assets of the Company and its subsidiaries.

In addition, on 10 September 2020 the Company also entered into a five year commercial agreement with Songtradr to deliver an end-to-end integrated platform solution for Jaxsta Pro members to use Songtradr's neighbouring rights collection service, powered by Jaxsta's global performer metadata. The Group expects the integration to be completed by November 2020. The agreement includes an upfront license fee of \$500,000 paid by Songtradr to Jaxsta (the "License Fee") and provides Jaxsta with 20% of net neighbouring rights revenues received by Songtradr from Jaxsta users adopting the service after recoupment of the License Fee.

*Note 32. Difference to Preliminary Financial Report and Appendix 4E*

Since the lodgement of the company's Appendix 4E and the Preliminary Financial Report with the ASX on 31 August 2020, Jaxsta has completed its R&D rebate estimates and its annual audit. This resulted in a difference of \$76,632 between the Preliminary Financial Report and this Final Audited Financial Report, which is summarised below:

	<b>Preliminary Financial Report</b>	<b>Adjustment Posted</b>	<b>Final Audited Financial Report</b>
Loss after income tax expense for the year attributable to the owners of Jaxsta Limited	(10,515,297)	76,632	(10,438,665)
	3,254,125	76,632	3,330,757

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## Director's Declaration

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In accordance with a resolution of the Directors of Jaxsta Limited, the Directors of Jaxsta declare that:

- the consolidated financial statements and notes, as set out on pages 33 to 81, are in accordance with the Corporations Act 2001 (Cth) and:
  - comply with the Australian Accounting Standards and the Corporations Regulations 2001, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated Group;
- in the Directors' opinion there are reasonable grounds to believe that Jaxsta Limited will be able to pay its debts as and when they become due and payable; and
- the Directors have been given the declarations required by s295A of the Corporations Act 2001 (Cth) from the Chief Executive Officer and Chief Financial Operations Officer.

On behalf of the Directors



Jacqueline Louez Schoorl

**Executive Director**

30 September 2020

Sydney, New South Wales

## Auditor's Independence Declaration



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### Auditor's Independence Declaration

To the Directors of Jaxsta Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of (Jaxsta Limited) for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in black ink that reads "R J Isbell".

R J Isbell  
Partner – Audit & Assurance

Sydney, 30 September 2020

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# Independent Auditor's Report



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## Independent Auditor's Report

To the Members of Jaxsta Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Jaxsta Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Material uncertainty related to going concern**

We draw attention to Note 2(b) in the financial statements, which indicates that the Group incurred a net loss of \$10,438,665 during the year ended 30 June 2020, and had a net operating cash outflow of \$5,670,183. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of Goodwill (Note 2, 3 and 15)</b></p> <p>The Group carried on its statement of financial position a Goodwill balance of \$4,025,904 which was recognised on the purchase of Jaxsta Pty Limited by Jaxsta Holdings in 2018.</p> <p>AASB 136 <i>Impairment of Assets</i> requires an entity to annually assess any goodwill acquired in a business combination, for impairment. In doing this, they must estimate the recoverable amount of the asset, being the higher of its value in use or fair value less costs to dispose.</p> <p>Assessing the recoverable amount of goodwill involves a high degree of judgement.</p> <p>This area is a key audit matter due to the complexities and high degree of judgement required in determining the assumptions used to perform the impairment testing.</p>	<p>Our procedures included, amongst others;</p> <ul style="list-style-type: none"> <li>• reviewing and assessing management's impairment paper documenting its considerations against the requirements of AASB 136;</li> <li>• making enquiries with management to understand the basis of any assumptions used, as well as obtaining available evidence to support these assumptions;</li> <li>• reviewing management's basis and conclusion for any write down of other assets in the CGU;</li> <li>• evaluating how the Group has considered the ongoing impact of COVID-19 in the impairment assessment; and</li> <li>• assessing the adequacy of the relevant disclosures in the financial statements.</li> </ul>

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#### Recognition of R&D tax incentive (Note 2, 3, 5, 7 & 13)

Under the research and development (R&D) tax incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities. A Registration of R&D Activities Application is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash.

Management engaged an R&D expert to perform a detailed review of the Group's total R&D expenditure to determine the potential claim under the R&D tax incentive legislation. The receivable at year-end for the incentive was \$1,125,323. This represents an estimated claim for the period 1 July 2019 to 30 June 2020.

This area is a key audit matter due to the size of the receivable and because there is a degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.

Our procedures included, amongst others:

- obtaining and documenting, through discussions with management, an understanding of the process to estimate the claim;
- evaluating the competence, capabilities and objectivity of management's expert;
- utilising an internal R&D tax specialist in:
  - reviewing the methodology used by management for consistency with the R&D tax offset rules; and
  - considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to assess whether the expenses included in the estimate were likely to meet the eligibility criteria.
- inspecting supporting documentation for a sample of expenses claimed to assess validity of the claimed amount and eligibility against the R&D tax incentive scheme criteria;
- comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim;
- comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger;
- considering the entity's history of successful claims;
- inspecting copies of relevant correspondence with AusIndustry and the Australian Taxation Office related to the claims; and
- assessing the adequacy of the relevant disclosures in the financial statements.

#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.





#### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

#### Report on the remuneration report

##### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 18 to 28 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Jaxsta Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Grant Thornton*

Grant Thornton Audit Pty Ltd  
Chartered Accountants

*R J Isbell*

R J Isbell  
Partner – Audit & Assurance  
Sydney, 30 September 2020

## Additional Shareholder Information

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below. The shareholder information is current as at 15 September 2020.

Jaxsta Limited shares are traded on the ASX under the code 'JXT'. Jaxsta's securities are not traded on any other exchange.

Share Registry	Registered Office	Principal Place of Business
Automatic Pty Limited Level 2 267 St Georges Terrace Perth WA 6000 T: 1300 288 664 or +61 2 8072 1400 (International)	Level 1, 113-115 Oxford St Darlinghurst NSW 2010 T: +61 2 8317 1000	Level 1, 113-115 Oxford St Darlinghurst NSW 2010 T: +61 2 8317 1000

The details of Jaxsta's current Company Secretary, Jorge Nigaglioni, is set out in the Directors' Report.

A review of the operations of Jaxsta and its other Group members for the reporting period is set out in the Directors' Report.

### Corporate Governance

In accordance with the 3rd edition ASX Corporate Governance Council's Principles and Recommendations, the 2020 Corporate Governance Statement, as approved by the Board, is available on Jaxsta's website at: <https://jaxsta.com/info/governance-documents>. The Corporate Governance Statement sets out the extent to which Jaxsta has followed the ASX Corporate Governance Council's 29 Recommendations during the 2020 financial year.

### Substantial Shareholders of Fully Paid Ordinary Shares

The number of securities held by substantial shareholders and their associates, as disclosed to the ASX are set out below:

Name	Number	Percentage
Ms Jacqueline Samantha Louez Schoorl	25,920,004	10.49%
Mr Louis Schoorl	25,920,000	10.49%
Gleneagle Securities Nominees Pty Limited	15,400,000	6.23%
Jaxsta Limited	86,760,617	35.10%

## Distribution of Security Holders and Holdings

### Fully Paid Ordinary Shares

Holding Ranges	Ordinary Shares	%	Number of Holders	%
1 up to and including 1,000	31,209	0.01%	72	5.07%
1,001 up to and including 5,000	930,795	0.38%	292	20.56%
5,001 up to and including 10,000	2,445,880	0.99%	299	21.06%
10,001 up to and including 100,000	22,012,596	8.91%	562	39.58%
Above 100,000	221,769,850	89.72%	195	13.73%
<b>Totals</b>	<b>247,190,330</b>	<b>100.00%</b>	<b>1,420</b>	<b>100.00%</b>

### Options

Holding Ranges	Options	%	Number of Holders	%
1 up to and including 1,000	-	-	-	-
1,001 up to and including 5,000	-	-	-	-
5,001 up to and including 10,000	-	-	-	-
10,001 up to and including 100,000	76,923	0.28%	1	14.29%
Above 100,000	27,675,000	99.72%	6	85.71%
<b>Totals</b>	<b>27,751,923</b>	<b>100.00%</b>	<b>7</b>	<b>100.00%</b>

### Warrants

Holding Ranges	Warrants	%	Number of Holders	%
1 up to and including 1,000	-	-	-	-
1,001 up to and including 5,000	-	-	-	-
5,001 up to and including 10,000	-	-	-	-
10,001 up to and including 100,000	-	-	-	-
Above 100,000	8,147,223	100.00%	6	100.00%
<b>Totals</b>	<b>8,147,223</b>	<b>100.00%</b>	<b>6</b>	<b>100.00%</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 210 based on Jaxsta's closing share price of \$0.16, on 15 September 2020.

## Twenty Largest Shareholders

Rank	Name	Number of ordinary shares	%
1	MS JACQUELINE SAMANTHA LOUEZ SCHOORL	25,920,004	10.49%
2	MR LOUIS SCHOORL	25,920,000	10.49%
3	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	15,400,000	6.23%
4	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	11,580,470	4.68%
5	MS PATRYCJA DORATA PROTASIUK	11,052,989	4.47%
6	JJC CAPITAL PTE LTD	10,000,000	4.05%
7	VALUE NOMINEES PTY LTD <SUBIACO INVSTMNTS -33025 A/C>	8,481,841	3.43%
8	CITICORP NOMINEES PTY LIMITED	8,271,368	3.35%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,860,337	2.78%
10	MRS MELANIE THERESE VERHEGGEN	5,618,455	2.27%
11	BLAZZED PTY LTD <GAUNT MANAGEMENT A/C>	5,044,016	2.04%
12	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	4,517,020	1.83%
13	MR KEVIN BARRY <REMB INVESTMENTS A/C>	4,458,000	1.80%
14	MR JUSTIN KENNETH BRADFIELD	3,390,001	1.37%
15	COMSEC NOMINEES PTY LIMITED	3,233,524	1.31%
16	JUNIOR JAY PTY LTD <JJC CONSULTING SERVICES A/C>	2,400,000	0.97%
17	NEWD CORP PTY LTD	2,065,220	0.84%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,060,996	0.83%
19	MR JUN GU	2,000,244	0.81%
20	MR GARY DARREN HASLER	2,000,000	0.81%
	<b>Total</b>	<b>160,274,485</b>	<b>64.84%</b>
	<b>Balance of the register - ordinary shares</b>	<b>86,915,845</b>	<b>35.16%</b>
	<b>Total issued capital - ordinary shares</b>	<b>247,190,330</b>	<b>100.00%</b>

## Escrowed Securities

### *Fully Paid Ordinary Shares*

Jaxsta has 86,760,617 fully paid ordinary shares that are subject to escrow until 28 December 2020 (being 24 months from the date on which Jaxsta's shares were reinstated to the official list of the ASX on 28 December 2018).

### *Options*

There are 21,000,000 options that are subject to escrow until 28 December 2020 (being 24 months from the date on which Jaxsta's shares were reinstated to the official list of the ASX on 28 December 2018).

## Unquoted securities

### *Options*

Jaxsta has issued 27,591,923 options at various exercise prices and expiry dates under the Jaxsta Incentive Options Plan. The Jaxsta Incentive Options Plan was approved by shareholders in a general meeting on 17 August 2018.

Jaxsta has issued 1,000,000 options to Bell Potter Securities Limited which are exercisable at A\$0.30 per option and will expire at 5:00pm (WST) on 16 November 2023.

### *Warrants*

Jaxsta has issued 8,417,223 unlisted warrants to six warrant holders which remain unexercised. Details of holders of 20% or more of the warrants are as follows:

Name	Number of Warrants	%
Universal Music Investments Association Ltd	2,852,420	35.0%
Sony Music Entertainment Inc.	2,048,554	25.1%
Other	3,246,249	39.8%
<b>Total</b>	<b>8,147,223</b>	<b>100.0%</b>

### *On Market Buy-Back*

There is no current on market buy-back.

## Voting Rights

The voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Option holders do not have any voting rights on the options held by them.

Warrant holders do not have any voting rights on the warrants held by them.

## Statement Regarding Use of Cash and Assets

During the period between 28 December 2018 and 30 June 2020, Jaxsta has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives set out in the Prospectus dated 7 September 2018.



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Photo credit: Taylor Bryant



# Corporate Directory

## Directors

**Linda Jenkinson**

Chair

**Jacqueline Louez Schoorl**

Executive Director, CEO and Co-founder

**Jorge Nigaglioni**

Executive Director, CFO and Company Secretary

**Brett Cottle**

Independent, Non-Executive Director

**Ken Gaunt**

Non-Executive Director

## Key Executives

**Jacqueline Louez Schoorl**

Executive Director, CEO and Co-founder

**Jorge Nigaglioni**

Executive Director, CFO and Company Secretary

## Registered Office

Level 1/ 113-115 Oxford Street  
Darlinghurst NSW 2010

## Contact Details

Web: <https://www.jaxsta.com/>

Tel: (02) 8317 1000

Email: [jaxstainvestors@jaxsta.com](mailto:jaxstainvestors@jaxsta.com)

## Auditors

**Grant Thornton Audit Pty Ltd**

17/383 Kent St,

Sydney NSW 2000

<https://www.automicgroup.com.au/>

## Principle Place of Business

Level 1/ 113-115 Oxford Street  
Darlinghurst NSW 2010

## Share Registry

**Automic Pty Limited**

Level 2, Canning Highway

Perth WA 6000

Jaxsta Limited ordinary shares are listed on the Australian Stock Exchange (ASX) under the ticker JXT.



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# The story behind the music

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**Jaxsta Ltd**

ABN 15 106 513 580

Level 1 / 113-115 Oxford Street  
Darlinghurst NSW 2010 Australia

[info@jaxsta.com](mailto:info@jaxsta.com)

[www.jaxsta.com](http://www.jaxsta.com)