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jaxsta

ASX RELEASE

Activity Report and Appendix 4C
September 2020 Quarter

Sydney, Australia, 28 October 2020: Jaxsta Limited ACN 106 513 580 (**Jaxsta** or the **Company**, ASX: JXT) the world's largest dedicated database of official music credits, is pleased to release its consolidated quarterly cash flow and business activity report for the period ending 30 September 2020.

Business Activities

Jaxsta's business activities for the quarter ended 30 September 2020 are set out below:

- **Increased Membership:** now over 73,000 Jaxsta Pro members, as compared to 42,000 at the time of the June 4C Update;
- Signing of Songradr partnership to provide neighbouring rights solution to Jaxsta Pro members;
- Prepared its commercial API for customer engagement;
- Released additional marketing tools for our users and partners such as the Roll the Credits campaign and Billboard's The Players Behind;
- Continued enhancement and addition of new features to Jaxsta Pro.

As at 30 September 2020, Jaxsta had $3.262 million in cash and cash equivalents. This is $0.857 million up from the previous quarter period end of $2.405 million and comes after an operating net cash burn of $0.592 million which was a 50% reduction on the previous quarter's $1.176 million operating net cash burn. The main difference was the $500K advance on license fees as part of the Songtradr neighbouring rights service. Removing the advance, the net outgoing cash was still down 7% quarter on quarter.

During the quarter, the business funded its operating activities from its working capital reserves and obtained further funds from the convertible note from Songtradr.

Summary of expenditure

When looking at the Company's cash expenditure for the quarter and comparing it to the quarter ending 30 June 2020, the company continued its focus on cost containment whilst expanding its Jaxsta Pro membership campaign. This resulted in a mix of changes that drove the final cash flow level:

- There was a net reduction in staff costs due to increased Jobkeeper impact on cash flow (two months versus three) due to the timing of the receipt of the

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subsidy of $75K, offset by redundancy costs of $57K. Additionally, the Company still operated with reduced salaries for the board and C-Suite for the quarter, operating at 50-75% of the salaries or fees for the quarter;
- The expenditure mix shifted more funds to marketing activities as part of the Jaxsta Pro Free campaign for an increase of $44K;
- These were offset by a reduction in R&D costs due to deferral in R&D costs of $42K;
- Other hosting and miscellaneous costs, yielded a further reduction of $30K.

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

Payments to related parties and their associates

The Company paid $119k to its related parties comprising salaries, directors fees, reimbursable expense payment and travel allowances to directors including the Chief Executive Officer. No payments were made to associates of any related parties.

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For further information please contact:

Authorisation & Additional Information:
This announcement was authorised by the Board of Directors of Jaxsta Limited

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ABOUT JAXSTA

Jaxsta is the world's largest public-facing and most connected music credits database and technology. Partnered with the industry's leading major and independent record companies, as well as publishers, distributors, royalty agencies and industry associations, Jaxsta is the go-to authoritative source of official music credits information. The Company's core platform, Jaxsta.com, is a free and paid subscription service and provides B2B data-solutions for the music and related media industries. Jaxsta Pro^{Beta}, the Company's subscription service, harnesses the power of Jaxsta's data to help music industry professionals connect, save time, and advance their businesses and careers.

Appendix 4C

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

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Name of entity

Jaxsta Limited

ABN	**Quarter ended ("current quarter")**
15 106 513 580	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**3 months $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	500	500
1.2	Payments for		
	(a) research and development	(152)	(152)
	(b) product manufacturing and operating costs	(37)	(37)
	(c) advertising and marketing	(180)	(180)
	(d) leased assets	-	-
	(e) staff costs	(830)	(830)
	(f) administration and corporate costs	(144)	(144)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	252	252
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(592)**	**(592)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-

2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	63	63
2.6	**Net cash from / (used in) investing activities**	**63**	**63**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	1,420	1,420
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(9)	(9)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(25)	(25)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,386**	**1,386**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,405	2,405
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(592)	(592)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	63	63
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,386	1,386
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,262**	**3,262**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,212	2,355
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,262**	**2,405**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	119
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	844	367
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**844**	**367**

7.5	**Unused financing facilities available at quarter end**	477

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Jaxsta has an agreement with Radium Capital (Innovation Structured Finance Co., LLC) to provide a loan facility at an annual interest rate of 15% that is secured against Jaxsta's expected research and development tax incentive for FY20. The loan is capped at 80% of Jaxsta's eligible research and development activities that have been completed at the time of drawing down against the facility.

On 13 Jan 2020, Jaxsta borrowed $341K against this facility based on activities completed in the first 5 months of FY20. At 30 June 2020, there is approximately $477K available in additional funding subject to appropriate documentation being provided on the research and development activities undertaken in the period.

Jaxsta funds its insurance policies through Principle Finance Pty Ltd, who charges a flat rate of 5.85% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 30 June 2020, the loan facility derived from the insurance policies was $26K.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(592)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,262
8.3	Unused finance facilities available at quarter end (Item 7.5)	477
8.4	Total available funding (Item 8.2 + Item 8.3)	3,739
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	6.32

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

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

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

Answer:

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

28/10/2020

Date: .....

The Board

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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