

## ASX RELEASE

### Quarterly Business Activity Report and Appendix 4C for the June 2021 Quarter

**Sydney, Australia, 15 July 2021:** 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 June 2021.

#### Business Activities

Jaxsta's business activities for the quarter ended 30 June 2021 are set out below:

- **Jaxsta Pro Paid Tiers Launch:** Preparation for the launch which now has a scheduled release on the 27th of July 2021.
- **Increased Membership:** Closed the quarter at over 96,000 Jaxsta Pro members, as compared to approximately 88,000 at the close of the March Quarter.
- **Data Solutions:** Initial API deals now in use with continued focus to convert pipeline into subscriptions.

#### Jaxsta Pro Tiers Launch

- The company has been focused on its return to paid timeline for Jaxsta Pro. The Company provided Jaxsta Pro during the pandemic to continue working with the industry to identify the needs and improvements to the service without losing any momentum. The strategy helped increase membership to over 99,000 as of today.
- The Company added key talent to its team in the last few months in order to complete the enhancement to the Jaxsta Pro service for its tiered service launch. The release is now scheduled for the 27th of July 2021. During the quarter there were 6 development releases within Jaxsta Pro in preparation for the relaunch, addressing many additional features and enhancements.
- Beth Appleton, former General Manager and Senior Vice President Marketing Australasia at Warner Music Australia has recently joined as our Chief Marketing Officer, and she is leading the team and the associated marketing campaign for launch.
- Our focus in the last quarter has been gathering further insights from our membership. Our focus on profile users and organic results have yielded improved results in the last quarter, evidenced by accelerated membership uptake this quarter, from 5,764 in Q3 to 8,306 in Q4. The increase was driven by improvements to our organic search campaign and the integration of the Songtradr Neighbouring Rights service. Our membership increased by 3,991 during June alone, reflecting the impact

of the marketing campaign optimisation. The increase will feed into the return to paid campaign to keep membership growing at the accelerated pace.

- The launch of the new Jaxta Pro tiered subscriptions will commence with its two initial tiers, Jaxsta Pro Core and Jaxsta Pro Plus. The Jaxsta Pro Plus paid tier is targeted at the individual creatives and will include new features not previously available. Free members will be able to continue with a Jaxsta Pro Core subscription, which will have a reduced feature set to what is available on the free subscription today. Additional tiers aimed at business and enterprise clients will launch in subsequent releases.

## Data Solutions

- The Company has been focused on promoting and identifying the top user cases for its commercial API. The sales process for the API is long as we work with customers to meet their unique requirements.
- The Company had commenced the revenue of previously signed deals in May. The Company has recently signed two more deals in July, bringing our signed contracts to five and will be looking to have revenue from all five deals in the coming quarter.
- The Songtradr API has operated for the quarter and revenues from the use will come as the collections are completed by Songtradr. The entire end to end process can be lengthy depending on the client and complexity of their portfolio.

## Summary of cash position and expenditure

- As at 30 June 2021, Jaxsta had \$3.388 million in cash and cash equivalents. The company had operating net cash burn of \$1.611 million which was a 20% increase on the previous quarter's \$1.339 million operating net cash burn, mostly due to the increase in personnel costs as we increase the size of the development and marketing teams for the Jaxsta Pro relaunch. During the quarter, the business funded its operating activities from its working capital reserves.
- When looking at the Company's cash expenditure for the quarter and comparing it to the quarter ending 31 March 2021, the company focused on ramping up the resources required for the return to paid for Jaxsta Pro. This resulted in a mix of changes that drove the final cash flow level:
  - There was an increase in staff and admin costs of \$106K due to staffing increases to our development and marketing teams this quarter in anticipation of the Jaxsta Pro relaunch;
  - There was an increase of \$84K in Platform Development & Data expenditure as part of contract extensions with our data partners;
  - There was a reduction of \$30K in general and administrative costs;
  - There was a \$9K increase in marketing costs as the Jaxsta Pro campaign was refocused on key success channels and waiting on new creative and assets for the Jaxsta Pro relaunch in July.
- As part of the Jaxsta Pro relaunch, the Company will be looking to further enhance its capital reserves as it wants to have the resources at its disposal to maximise the opportunity by accelerating its strategic and development plans over the next 12 months, including the launch of its fan proposition, its dedicated app and continued



marketing campaign. The Company has had considerable interest on the previous rounds and will be looking to announce the terms of the offer later in the quarter.

- The Company will also be filing its R&D tax incentive claim for the year which will further enhance its cash reserves.

### **Payments to related parties and their associates**

The Company paid \$285K to its related parties comprising salaries, directors fees, reimbursable expense payment and travel allowances to directors including the Chief Executive Officer and Chief Financial Officer. No payments were made to associates of any related parties.

### **Company Update Webinar**

The next company update will be **Wednesday 8th September at 11am AEDT**. Registration details to be made available on the Jaxsta website prior to the event.

**- Ends -**

For further information please contact:

#### **Authorisation & Additional Information:**

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

#### **Jaxsta Investor Relations:**

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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<sup>Beta</sup>, 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.

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## Appendix 4C

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

**Name of entity**

Jaxsta Limited

**ABN**

15 106 513 580

**Quarter ended ("current quarter")**

30 June 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Full Year \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	500
1.2 Payments for		
(a) research and development	(160)	(775)
(b) product manufacturing and operating costs	(288)	(720)
(c) advertising and marketing	(126)	(591)
(d) leased assets	-	-
(e) staff costs	(775)	(2,994)
(f) administration and corporate costs	(288)	(1,063)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	26	1,597
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,611)</b>	<b>(4,047)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(21)	(25)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(5)	(5)
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	-	-

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

2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	383
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(26)</b>	<b>353</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,029
3.2	Proceeds from issue of convertible debt securities	-	1,420
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(275)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(29)	(497)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(29)</b>	<b>4,677</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,054	2,405
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,611)	(4,047)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(26)	353
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(29)	4,677
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,388</b>	<b>3,388</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,338	5,004
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,388</b>	<b>5,054</b>

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

6.1	Aggregate amount of payments to related parties and their associates included in item 1	285
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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

This includes the salaries, directors fees, reimbursable expense payment and travel allowances payable to directors, including the Chief Executive Officer and Chief Financial Officer.

## 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	29	29
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>29</b>	<b>29</b>

## 7.5 Unused financing facilities available at quarter end

-

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 funds its insurance policies through Principle Finance Pty Ltd, who charges a flat rate of 5.49% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 31 December 2020, the loan facility derived from the insurance policies was \$86K.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,611)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,388
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,388
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>2.10</b>

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

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

Answer:

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

Answer:

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

Answer:

**Compliance statement**

- 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.

15/07/2021

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.