

ASX Release

Quarterly Business Activity Report and Appendix 4C for the September 2022 Quarter

Sydney, Australia, 5 October 2022: 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 2022.

The Company embarked on many changes during the quarter ending 30 September 2022 as it executed its transformation plan as part of the Songtradr investment and partnership.

Business Activities

Jaxsta's business activities for the quarter ended 30 September 2022 are set out below:

- The Company continued to launch features to its Business and Enterprise subscriptions such as the Artist Roster, Dashboard as well as implementing search metering and single sign on capabilities;
- The Company finished the quarter with the launch of its Works product in both API and subscription services;
- The Company completed a technology platform optimisation project as well as deprecation of certain legacy systems that enable ongoing cost savings on recurring platform costs;
- The Company also executed further cost savings in September as part of its overall cost savings strategy that will reduce the ongoing costs in the coming quarters, reducing staff headcount and additional costs relating to office and data.

Beth Appleton, Jaxsta CEO highlighted: "The last quarter we have been focused on revenue growth, cost management and business development. Our annual costs, which were tracking annually at \$6.4m in March will reach an annual run rate of \$2.8m by the end of the coming March quarter. Revenue through subscriptions and API data solutions continue to grow. We currently have 8 API Clients, 7 Enterprise and 6 Business subscriptions and expecting to see these numbers grow now we have gone live with our works data offering. In the last 7 months our monthly revenue has increased over 108%. Whilst this is from a low base we are confident this growth will continue, building stability and getting us closer to our short term objective of reaching profitability"

Summary of cash position and expenditure

- As at 30 September 2022, Jaxsta had \$1,704 million in cash and cash equivalents. The company previously had an operating net cash burn of \$1.379 million, which was a 8.5% decrease on the previous quarter's \$1.508 million operating net cash burn, from a mix of decreased spend on staff and various vendors as part of the Songtradr Operating Plan and paydown of existing payables from previous quarter. 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 30 June 2022, the company focused on the delivery of the new Business and Enterprise subscription tiers, the launch of on site advertising, delivery of additional social sharing assets for Jaxsta Creator, and completion of the Songtradr transaction. This resulted in a mix of changes that drove the final cash flow level:
 - There was an decrease in staff costs of \$98K from the changes relating to Director & executive fees implemented in the quarter. The changes made in September, will reflect in the coming quarter's savings;
 - There was a net increase in data costs of \$33K from payments made during the quarter as the Company is transitioning to new more economical contracts in the future. The increase in data costs was offset by initial cost savings from work on the current and impending platform improvements. The Company has identified areas to reduce this spend in the following quarter;
 - There was a decrease of \$118K in Sales and Marketing costs from a shift in the digital marketing strategy as the company shifts its focus to Business and Enterprise licenses;
 - There was an increase of \$57K in general and administrative costs from the payment of annual costs during the quarter such as audit and listing fees.
- The Company implemented planned further cost saving actions in September to further reduce costs. Those savings have started but will have a more quantifiable impact in the coming quarters as noted above.

Payments to related parties and their associates

The Company paid \$112K to its related parties comprising salaries, directors fees, reimbursable expense payment to directors including executives who were directors during the past six months. No payments were made to associates of any related parties.

- Ends -

For further information please contact:

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

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-Ends-

ABOUT JAXSTA

Jaxsta is the world's only official music credits database. It contains more than 270 million official, deep-linked music credits across 75 million pages, sourced from over 325 data partners, including record labels, publishers and industry associations. Jaxsta's data is mapped to the world's charts and can provide world-first insights including custom repertoire reports to ensure industry organizations can map music ownership and revenue. Jaxsta is a key solution to the music industry's metadata problem.

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jaxsta

4C Business Update Summary Charts



Last seven months

+108.40% Monthly Gross Revenue

Feb 22 - \$8.7K vs Sep 22 - \$18.2K

-16.62% Monthly Burn Rate

Feb 22 - \$517K vs Sep 22 - \$431K

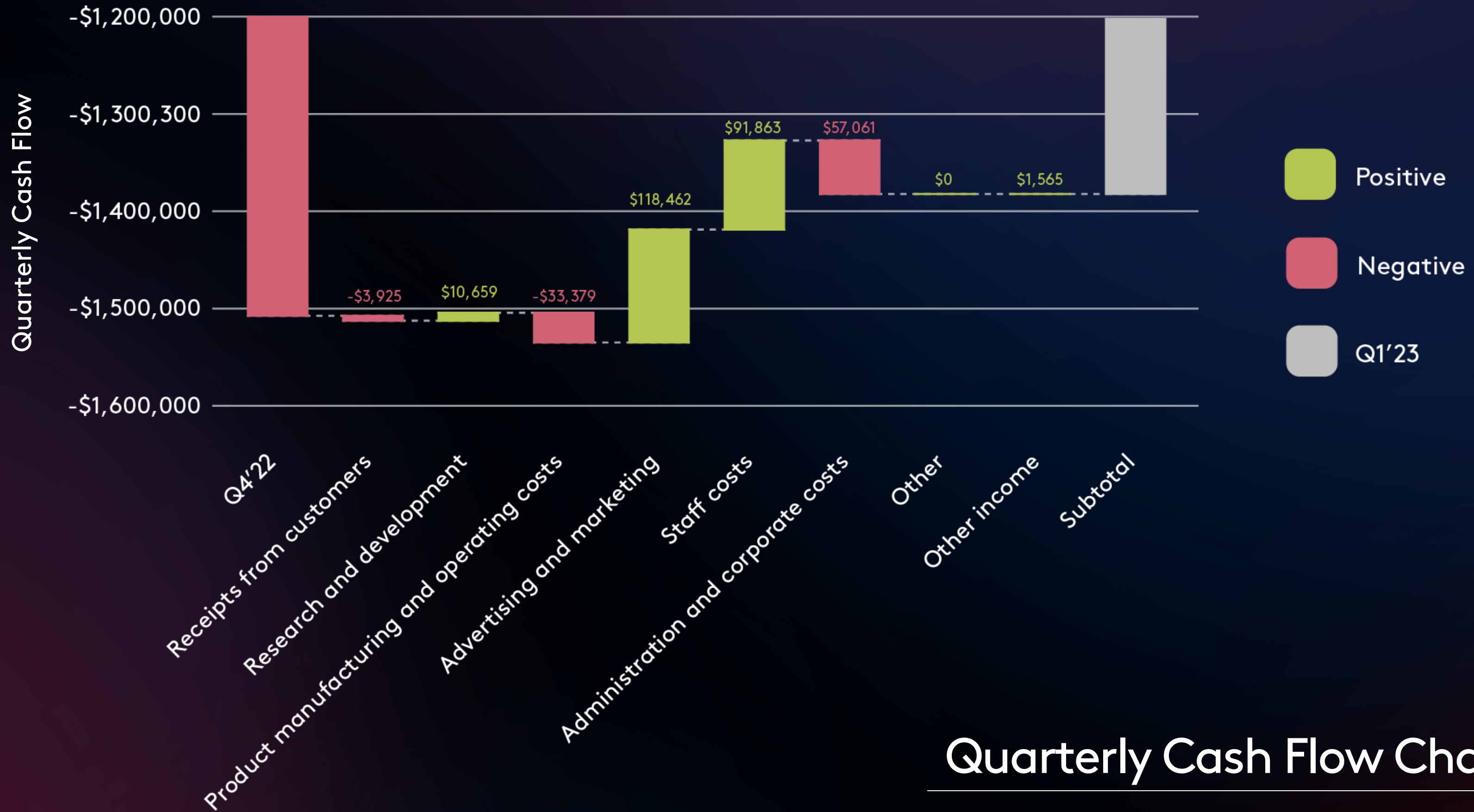
+31.80% Subscription Growth

Feb 22 - 871 vs Sep 22 - 1,148

Comparison of Feb 2022 run rates used as a baseline prior to Songtradr transaction changes to September 30 2022

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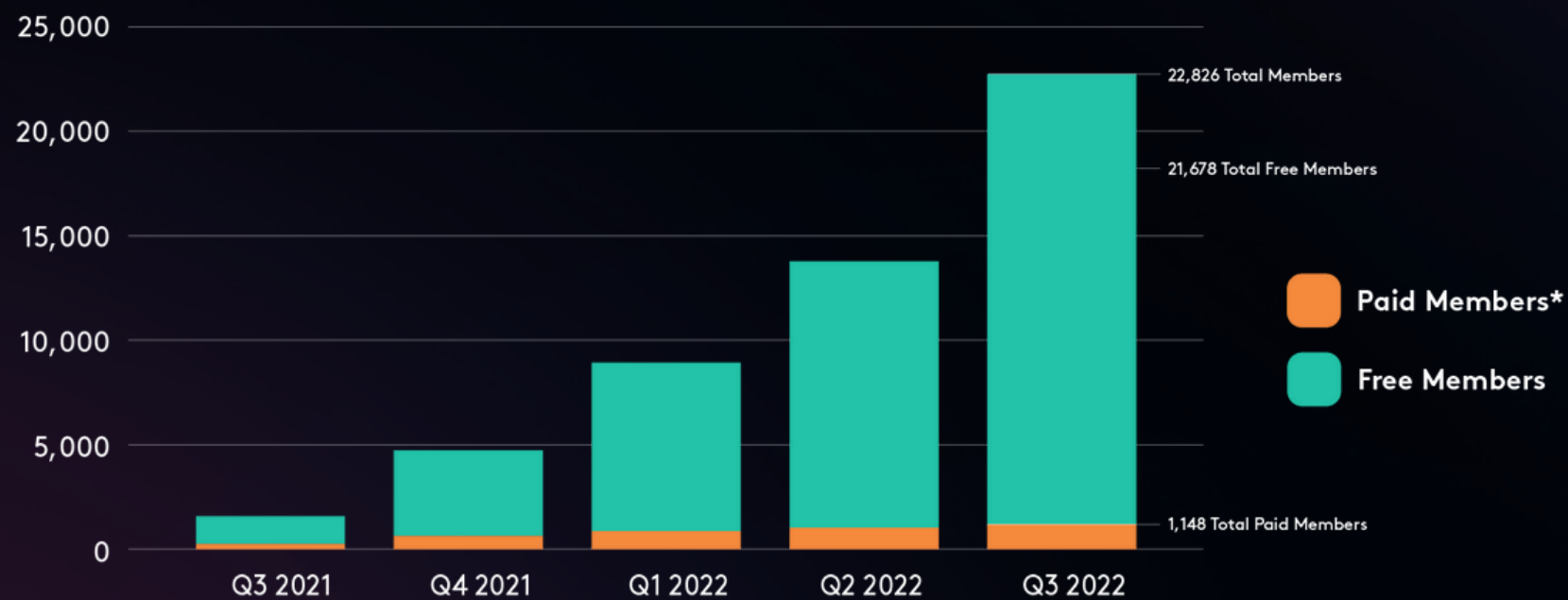
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Quarterly Cash Flow Changes

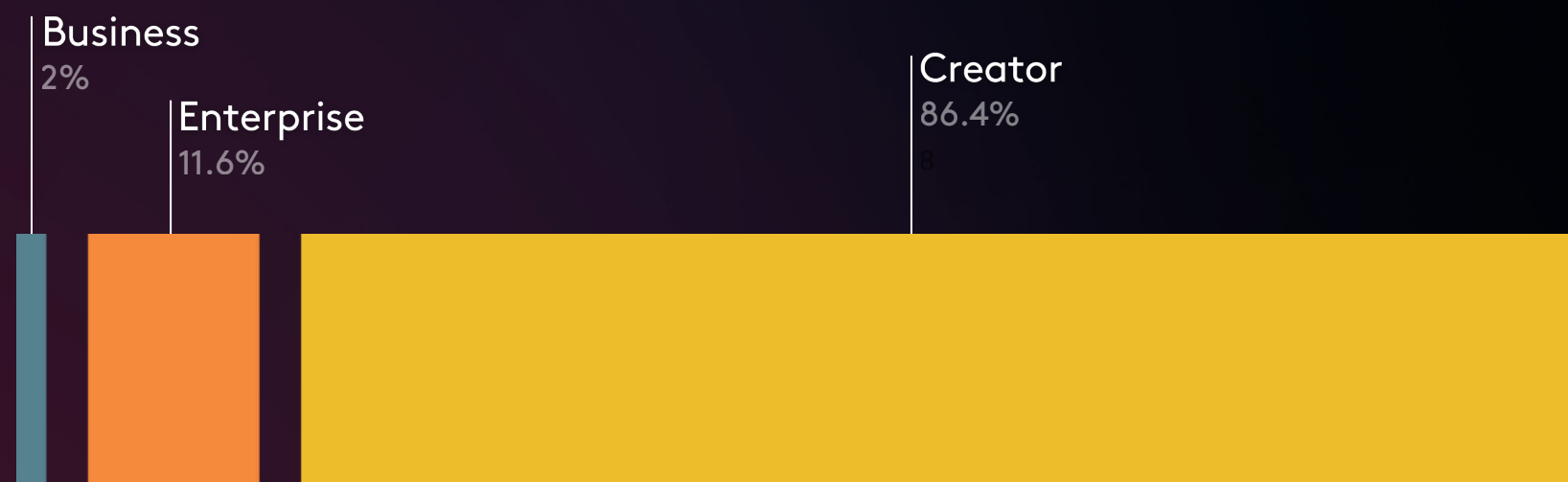
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Members by Quarter (Cumulative)

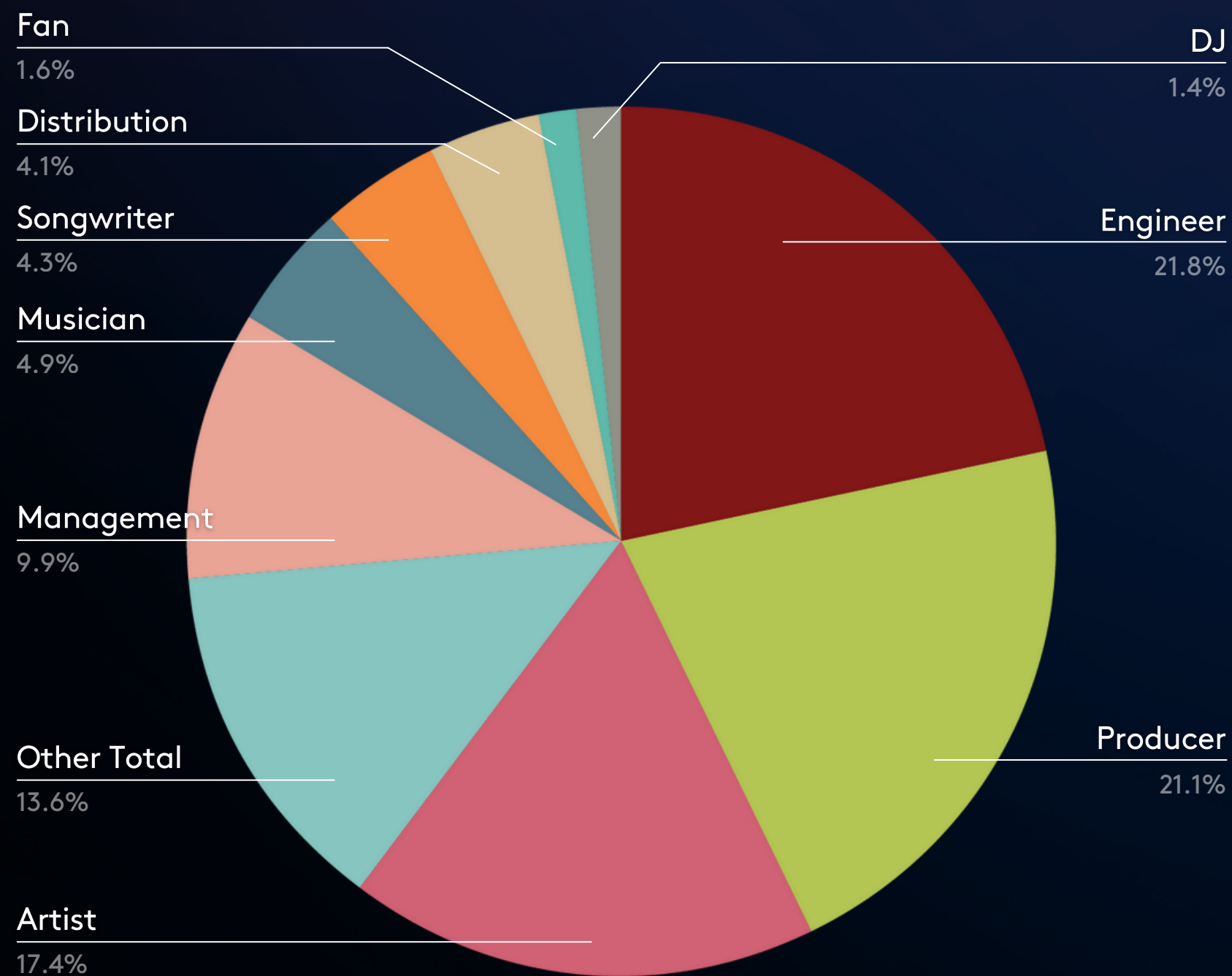


*Paid members include members under Creator, Business and Enterprise Memberships

Members by Subscription Type



Creator by Industry Role



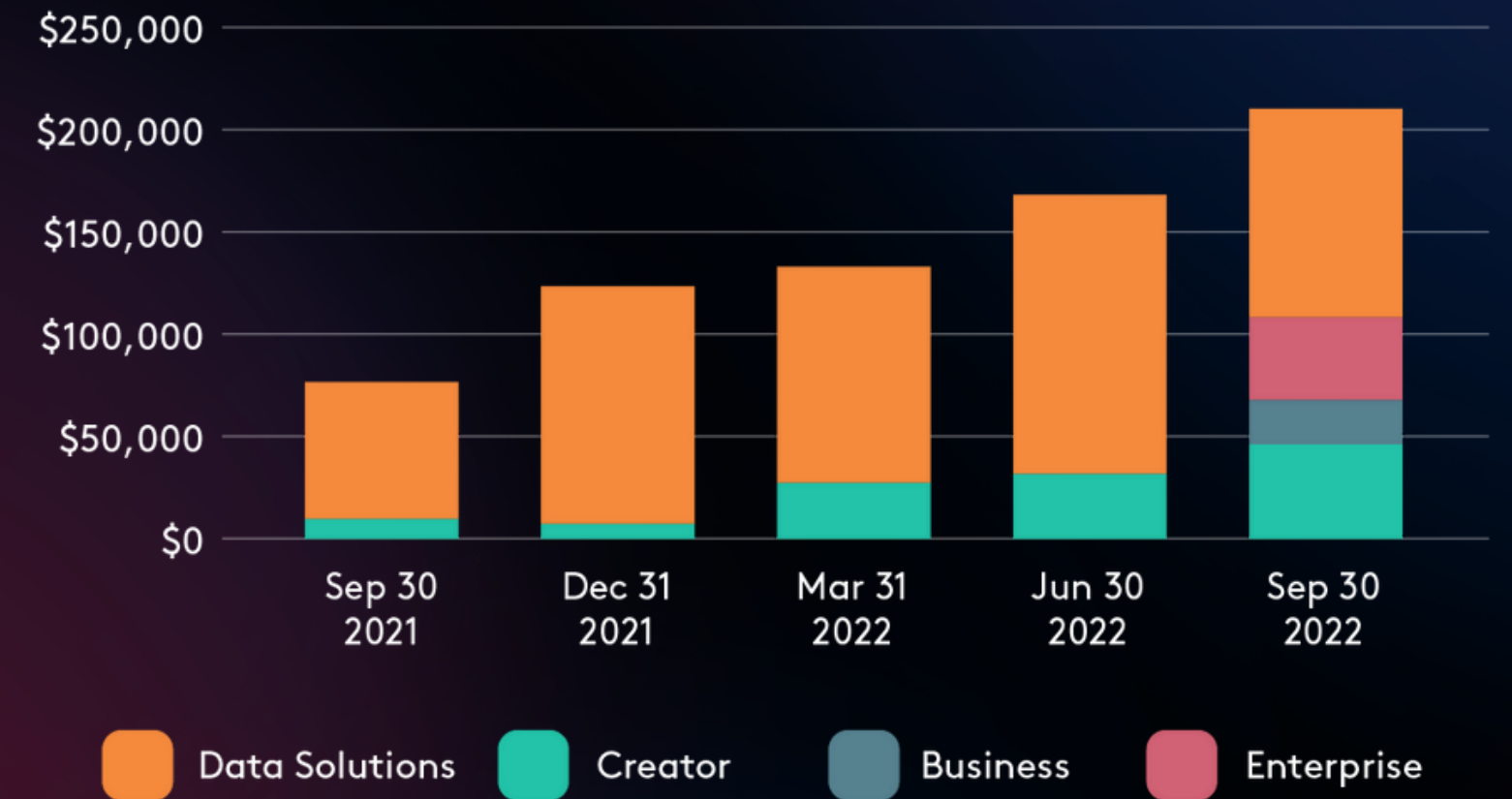
6 Enterprise Memberships

7 Business Memberships

8 API Clients Live

7 API Clients Testing

Annual Recurring Revenue by Quarter



Jaxsta is home to

30 Sept 2022

280M

Credits

76M

Pages

47M

Recordings

11M

Works

659k

Avg. Daily Credits
Ingested

331

Data Partners

29k

Avg. Daily
Release Messages

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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 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to Date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	40	40
1.2 Payments for		
(a) research and development	(75)	(75)
(b) product manufacturing and operating costs	(251)	(251)
(c) advertising and marketing	(85)	(85)
(d) leased assets	-	-
(e) staff costs	(760)	(760)
(f) administration and corporate costs	(250)	(250)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,379)	(1,379)
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	-	-

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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

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	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(40)	(40)
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	(40)	(40)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,123	3,123
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,379)	(1,379)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(40)	(40)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,704	1,704

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	1,654	3,073
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)	1,704	3,123

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	112
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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 5.19% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 31 December 2021, the loan facility derived from the insurance policies was nil as it completed its annual policy cycle.

8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,378)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,704
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,704
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.23

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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: No. The Company commenced cost saving initiatives in April and some of the activities will continue to take effect over the next two quarters as employees finish their notice periods and we exit the office and its related costs as we move to a full remote working operation. Additionally, the first quarter included \$110K in annual costs that do not recur in the next quarter. Our quarterly burn rate is expected to reach \$700K by the end of the March quarter.

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: First of all, the Company will be receiving its R&D tax credit in October of \$1.0M which was lodged in September, in addition to its EMDG grant. Had this been received by 30 September, the funding available per 8.5 above would have been 2.02.

Additionally, the Company structured the convertible note with Songtradr with a further option to invest a further \$3.0M and we continue to pursue the exercise of those options. Alternatively we are in conversations with parties to invest directly as part of a raise after these changes have been fully implemented.

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: Yes, the Company's cost savings and immediate R&D incentive funds mean the company will have \$2.8M in reserves and is looking to reduce its burn rate to \$700K, meaning it will approximately have a further 12 months of cash as it seeks to launch its new B2C offerings to further bolster its revenues and attract further investment.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

05/10/2022

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.