

Jaxsta (ASX: JXT)

Quarterly Activities Report, Q1 2023

31 Oct 2023

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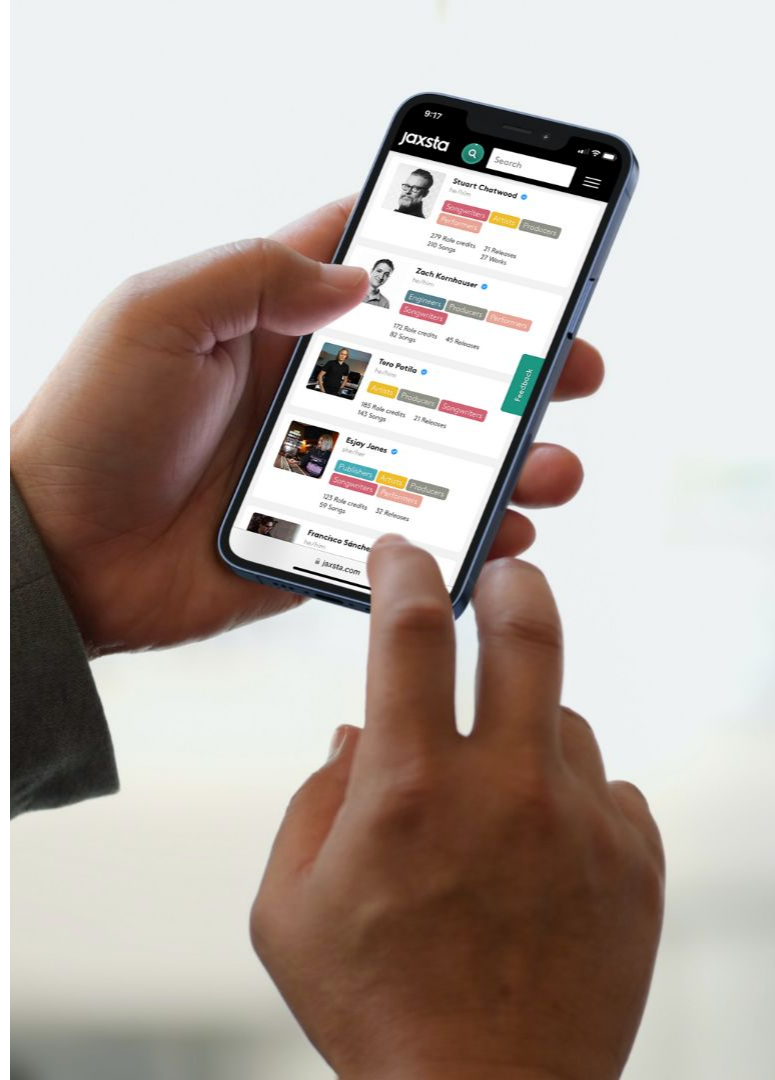
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Message from the CEO

Welcome to another milestone quarter for Jaxsta. As we continue to build on recent momentum from the Vampr acquisition to rapid iteration on Vinyl.com, we have more exciting news to share. As you may have seen in our notice of AGM, we have plans to rebrand the company as Vinyl Group (ASX: VNL). This rebranding is not just a change of name but a part of our broader efforts and commitment to consolidating our brands and to deliver a unified, exceptional user experience across our suite of services and assets.

This quarter was a testament to the effectiveness of our strategy to integrate our platforms and focus on driving sustainable growth. We have reached new heights this quarter, registering \$261K in cash receipts, and, for the first time, an implied annual run rate of \$1.2M in revenue. This represents a QoQ increase in cash receipts of 93%, marking another all-time high for the company and, more importantly, a consistency of equivalent quarterly growth.

As we transition into Vinyl Group, we remain committed to scaling our platforms, strengthening our market position, and delivering even greater value to our shareholders, users, and the broader music industry.

As both your CEO and fellow shareholder, I can assure you that my commitment to our company's success has never been stronger. With a robust strategy and a dedicated team, we are poised for a future of innovation, growth, and enhanced shareholder value.

I look forward to sharing more in the coming months.



A handwritten signature in black ink that reads "Joshua Simons". The signature is written in a cursive, flowing style.

Josh Simons - Chief Executive Officer

jaxsta



VINYL

Highlights from the Quarter

Jaxsta's key business highlights for the quarter ending 30 September 2023 are set out below:

- **Cash Receipts:** An all-time high of \$261K this quarter, a QoQ increase of 93%, representing a YoY increase of 480% this quarter compared to the same quarter a year ago.
- **Implied Run Rate:** The company is now operating at an implied annual revenue run rate of \$1.2M.
- **Vinyl v1.2:** Successful deployments of upgraded Vinyl.com functionality, following efficient efforts to bring technical development in-house while improving quality.

Summary of cash position and expenditure

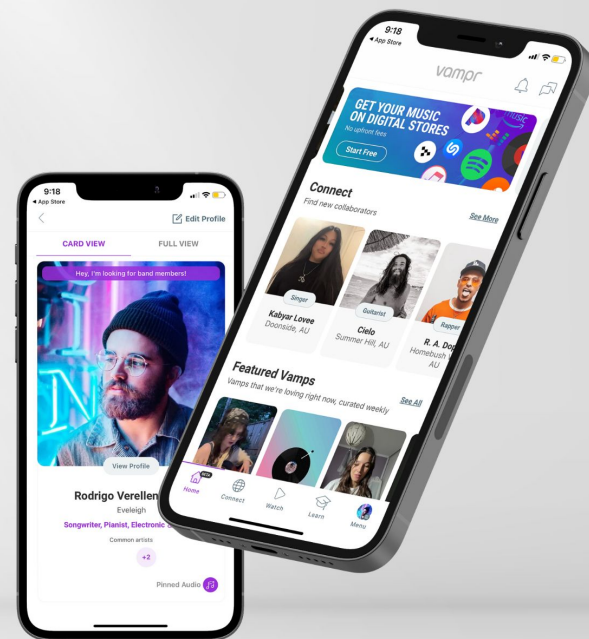
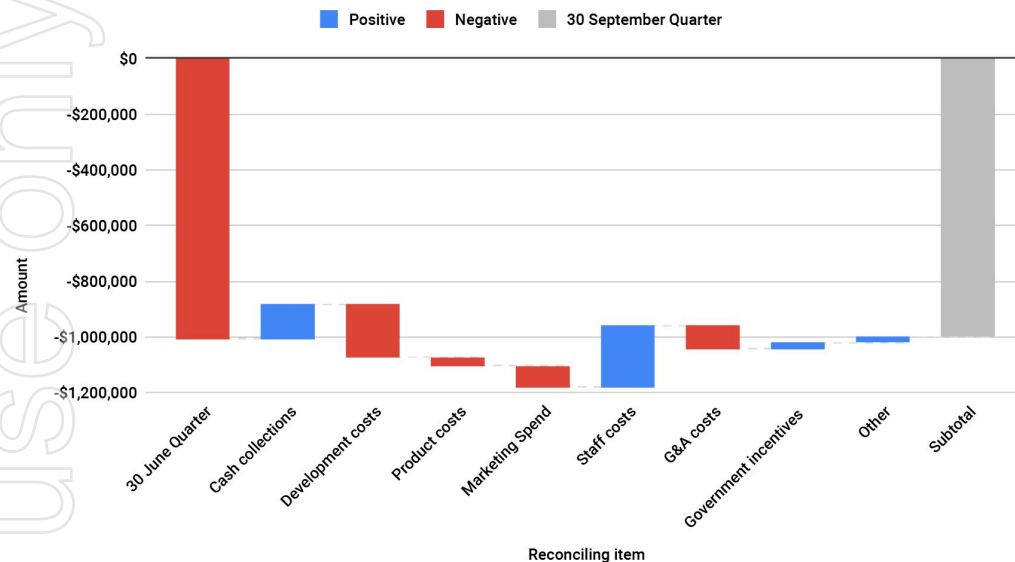
- As at 30 September 2023, Jaxsta had \$1.833 million in cash and cash equivalents. The company had an operating net cash burn of \$0.996 million, which was a 1% decrease on the previous quarter's \$1.006 million operating net cash burn. This was largely due to a mix of increased spend in R&D and marketing that was offset by previous cost savings in personnel from the previous quarter. The company did spend a additional \$238K during the quarter on further staff changes that will reflect as savings in the next quarter. There were also annual renewals for listing fees and audit costs.
- Cash from customers increased to \$261K, which was an increase of \$125K from the previous quarter.
- When looking at the Company's cash expenditure for the quarter and comparing it to the quarter ending 30 June 2023:
 - There was a decrease in staff costs of \$225K from redundancies initiated in the previous quarter;
 - There was an increase in data and platform operating costs of \$31K from data partner renewals and the addition of Vampr operations;
 - There was a \$191K increase in research and development costs from the work on our Vinyl.com and Vampr platforms;
 - There was an increase of \$80K in Sales and Marketing costs from the increased campaign for Vinyl.com and Vampr;
 - There was an increase of \$84K in general and administrative costs from Vampr transaction costs incurred in the current quarter.
- During the quarter, the business funded its operating activities from its working capital reserves.

Payments to related parties and their associates:

The Company had no payment 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.

Cashflow comparison

30 September 2023 Quarter Cash Flow Variance



Market Focus & Key Metric

Our key metric for FY2024 remains revenue growth. We are laser-focused on:

- **Scaling Vinyl.com:** Following consistent platform iteration based on customer feedback, we aim to cement its place as the go-to platform for music enthusiasts.
- **Expanding Vampr Pro and Advertising Sales:** Building on the initial success post-acquisition.
- **Growing Jaxsta B2B subscriptions and Sales:** Leveraging our unique data assets and industry relationships with our Business, Enterprise, API and Works Matching products.



Strategic Initiatives and Future Plans

- **Artificial Intelligence:** After initial R&D, we are closer to integrating AI for personalised recommendations and operational efficiencies.
- **Geographic Focus:** North America continues to be our most significant market, especially as we head into the holiday season, however, our commitment to the ANZ market remains strong with key partnerships identified and in discussion.
- **Strategic Acquisitions:** We are actively evaluating opportunities that align with our growth strategies.



Why Vinyl Group?

The Company has expanded its assets and broadened its capabilities over the past year, now encompassing an ecommerce experience and a social network, alongside our existing proprietary database of official music credits. We engaged one of Australia's leading branding agencies to help us define the future and bring these assets together.

Following the upcoming AGM, we can't wait to unveil our new corporate identity that visualises how these three core pillars will intersect. The Jaxsta brand also lives on, remaining the identity of our global music credits business.



Appendix 4C

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

Name of entity

Jaxsta Ltd

ABN

15 106 513 580

Quarter ended ("current quarter")

30 September 2023

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	261	261
1.2	Payments for		
	(a) research and development	(198)	(198)
	(b) product manufacturing and operating costs	(236)	(236)
	(c) advertising and marketing	(135)	(135)
	(d) leased assets	(3)	(3)
	(e) staff costs	(507)	(507)
	(f) administration and corporate costs	(205)	(205)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	22	22
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(996)	(996)
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	-	-

Appendix 4C
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	(5)	(5)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(133)	(133)
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	(138)	(138)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,966	2,966
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(996)	(996)
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)	(138)	(138)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,833	1,833

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	1,283	2,916
5.2	Call deposits	550	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)	1,833	2,966

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

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

**Current quarter
\$A'000**

-

-

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

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

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)	(996)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,833
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,833
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.84

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 expects that it will considerably decrease its operating cash outflows from the September quarter to the next. The Company had various redundancies that were paid in the current quarter that will result in further savings of \$238K per quarter. Additionally, the Company incurred one time costs from the Vampr acquisition during the quarter of \$24K. Lastly, the Company had annual renewals incurred during the quarter that overstate cash outflows for the current quarter by \$36K. This will bring back the Company to the cash levels from the March 2023 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: The Company has filed its R&D Incentive claim and is awaiting to receive the funds in the December quarter of \$636K that further bolsters its cash reserves.

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, once you factor the cost reductions and timing of one time costs from the September quarter and add the Company's R&D Incentive claim receivable that it expects to collect in the following quarter of \$636K it has the reserves to continue its operations and meet its business objectives.

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.

31/10/2023

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.