



ASX LIMITED

Quarterly Cashflow Report & Appendix 4C – December 2019

Jaxsta enters revenue generating phase

Sydney, Australia, 31 January 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 cashflow and business update for the quarter ended 31 December 2019.

Key highlights

- Global launch of the Company's first revenue-generating product - Jaxsta Pro - a business to business, subscription-based suite of tools tailored for music industry professionals and powered by Jaxsta's comprehensive and authenticated music credits data
- First public demonstration of the capability of Jaxsta's bespoke big data solutions - using music metadata from Jaxsta's platform to power the 'Behind the Record' campaign conducted with The Recording Academy
- Raised \$2.7 million via a successful placement to institutional and sophisticated investors
- Cash balance of \$3.8 million including the receipt of \$2 million post quarter end¹
- Post quarter end Jaxsta:
 - announced first revenue-generating commercial deal for Jaxsta Pro subscriptions and providing education and marketing exposure to just over 100,000 APRA AMCOS members
 - renewed the agreement with The Recording Academy for a further two years securing continued data supply, marketing and educational opportunities for Jaxsta Pro to the Academy's large member base and hospitality rights to the annual GRAMMY Awards® events

¹ Post quarter inclusions: (a) the receipt of \$1.7 million from the sale of Marine Rescue Technology Limited (**MRT**) which is currently anticipated to be received on 31 March 2020; and (b) advance funding of \$340,000 received in January 2020 pursuant to a limited recourse loan secured against the Company's anticipated FY2020 research and development tax concession.

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Commenting on the December 2019 quarter, Jaxsta CEO and Co-Founder, Jacqui Louez Schoorl said, “With the launch of our new business-to-business product Jaxsta Pro^{Beta} in late November, this quarter marked a new revenue generating phase for the Company.

“Our early adopters have provided positive feedback and recommendations on the product which we continue to integrate into our professional offering as we roll out successive updates. Early adoption rates alongside the recent APRA AMCOS agreement provide a solid base of engaged users for Jaxsta to continue to build on. We are focused on growing our target market through ongoing marketing and education.”

Key operational metrics

- Jaxsta’s database now provides more than 100 million official credits to over 22 million unique recordings, 1.8 million artists and 400,000 producers and engineers
- 32 data partners including Sony Music Entertainment, Universal Music, Warner Bros Music and Merlin (the independents’ digital music agency which represents tens of thousands of record labels from 63 countries) covering ~90% of the world’s music market²
 - Strong alignment with major data partners making up ~2% total equity holdings in Jaxsta
- Renewed data licensing agreement³ with The Recording Academy

Jacqui Louis Schoorl, CEO and Co-Founder, stated, “Our relationship with The Recording Academy is a good example of how our multi-channel strategy of partnerships across fragmented parts of the global music industry creates enormous scale and value when music credit data is collated by Jaxsta. The Recording Academy is the leading organisation in the global music industry that represents performers, songwriters, producers and engineers – everyone who creates the music we love.

This complements our relationships with performing rights organisations such as APRA AMCOS, and companies like Warner, Universal or Sony that release and distribute music, where the focus is more on crediting and royalties, so that

² As calculated according to the distributor’s estimated individual market share by number of streams as quoted to Jaxsta by our data partners.

³ Details on the upcoming renewal schedule for Jaxsta’s commercial data access agreements are outlined in Appendix 1



everyone involved across the creative, production and distribution process is more transparently attributed.”

Financial update

As noted, Jaxsta’s current cash position stands at \$3.8million. This cash position includes the \$2.7 million proceeds from the placement and post quarter end receipt of \$340,000 being advance funding received in January 2020 pursuant to a limited recourse loan secured against the Company’s anticipated FY2020 research and development tax concession. Additionally, the Company expects to receive the final payment of the proceeds from its sale of Marine Rescue Technologies Limited on 31 March 2020. The Company is currently assessing further capital management options to secure the capital required as the Company starts to deliver on revenue generation.

December’s placement proceeds will be used to enhance and promote the Jaxsta Pro subscription service and to accelerate the launch of Jaxsta’s suite of big data solutions (aka Jaxsta’s commercial APIs) that are part of the Company’s long-term business plan. Specifically, the funds will primarily be used for:

- Sales, marketing and promotional activities supporting the launch and early adoption of Jaxsta Pro
- Continued systems and platform development of the suite of tools available within Jaxsta Pro
- Development and deployment of Jaxsta’s big data solutions
- Working capital including corporate administration

Outlook

“Over this quarter we have delivered on our first revenue generating product, raised additional capital to provide further runway for the business and demonstrated the capability of our bespoke big data solutions as an official partner with The Recording Academy. We will continue to actively engage with key industry stakeholders, and further refine our platform to optimise the end user experience.

Additionally, we are grateful for the ongoing support of our shareholders, partners and team. We are excited about what the next few months hold for Jaxsta as we move to take Jaxsta Pro out of beta and continue to explore, and work to quantify, the opportunities in the commercial API space,” said Ms Louez Schoolr.

-Ends-

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ABOUT JAXSTA

Jaxsta is the music industry's global music technology company using data to solve an industry-wide need for official data. Digital music has seen an end to the printed "jacket" that once came with a physical CD or LP - where music enthusiasts and professionals would look to discover the names of those responsible for the music they love. The go-to authoritative source of music information, Jaxsta is collecting music metadata from major and independent record labels, publishers, royalty agencies and industry associations across the globe. The data is de-duplicated, cross-referenced, deep-linked and then made available online within a multi-functional, ever-evolving platform.

The Company's core platform, Jaxsta.com, is live and its B2B subscription-based service, Jaxsta Pro^{Beta}, launched in November 2019. Jaxsta Pro^{Beta} includes features only available to paid users. The Company's head office is in Sydney, with representatives in New York, London and Los Angeles.

Authorisation & Additional Information:

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

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Appendix 1 – Upcoming renewal schedule for Jaxsta’s commercial data access agreements

Note: the table below does not include Jaxsta’s data partners with commercial data access agreements with 12 months or more remaining in the current term.

Relevant quarter for renewal	Details	Data partner
Q3 FY20	Currently on a 6 month term	<ul style="list-style-type: none"> Recording Industry Association of America, Inc. ('RIAA')
	Anticipated automatic renewal for 1 year	<ul style="list-style-type: none"> Polyvinyl Record Co.
Q4 FY20	Anticipated automatic renewal for 1 year	<ul style="list-style-type: none"> Adarga Entertainment Group, LLC. Virtual Label LLC Alligator Records & Artist Management, Inc. Sentric Music Audio & Visual Labs, Inc. (trading as 'CD Baby') Foundation Media, LLC. Australian Recording Industry Association Limited Mushroom Music Pty Limited ATO Records, LLC. Epitaph Records
	Anticipated automatic renewal for 1 year	<ul style="list-style-type: none"> Big Deal Music, LLC. Hillsong Music and Resources, LLC. Mad Decent Protocol, LLC. Unified Music Group Pty Limited Merge Records Fat Beats Distribution Bright Antenna Entertainment, Inc. Soulspazm, Inc.
Q1 FY21	Anticipated automatic renewal for 1 year	<ul style="list-style-type: none"> Midia Research Limited Sony Music Entertainment Narnack Records

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Jaxsta Limited

ABN

15 106 513 580

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	3
1.2 Payments for		
(a) research and development	(224)	(559)
(b) product manufacturing and operating costs	(89)	(89)
(c) advertising and marketing	(190)	(308)
(d) leased assets	-	-
(e) staff costs	(754)	(1,498)
(f) administration and corporate costs	(563)	(969)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(3)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	811
1.8 Other (provide details if material)	(18)	(38)
1.9 Net cash from / (used in) operating activities	(1,836)	(2,648)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(14)	(24)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(c) investments	-	-
(d) intellectual property	(12)	(24)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	876	1,500
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
2.6 Net cash from / (used in) investing activities	850	1,452

Jaxsta has received \$876,187 in the quarter being deferred consideration from purchasers of Marine Rescue Technology Limited (**MRT**), in addition to the \$623,813 reported in quarter ended 30 Sept 2019. In total Jaxsta has received \$1,500,000 from funds held in escrow in a controlled money account at 30 Sept 2019 as per Note 8 below.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,704	2,704
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(192)	(192)
3.5 Proceeds from borrowings	100	100
3.6 Repayment of borrowings	(32)	(52)
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	2,580	2,560

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,223	2,453
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,836)	(2,648)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	850	1,452
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,580	2,560
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,817	3,817

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	3,767	1,579
5.2 Call deposits	50	20
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	624
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,817	2,223

Jaxsta had \$623,813 held in escrow in a controlled money account at quarter ended 30 Sept 2019. These funds were released to Jaxsta in quarter ended 31 December 2019.

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 92 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Payment include salaries, directors fees, reimbursable expense payment and travel allowances.

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	75	75
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

During the quarter, Jaxsta received shareholder approval (at the Company's Annual General Meeting held on 25 November 2019) to amend the terms with the purchasers of MRT. Under the amended terms, the payment terms in respect of the deferred consideration for the disposal of MRT (**MRT Disposal**) were amended and accelerated as set out below.

Together, Secure2Go Group Limited (**Secure2Go**) and JJC Capital Pte Limited (**JJC Capital**) have paid \$1,500,000 to Jaxsta.

Secure2Go and JJC Capital will then pay the Company either:

- 1) a further \$1,700,000 on or before 31 March 2020; or
- 2) in the event the payment of \$1,700,000 is not made on or before 31 March 2020, a further \$2,300,000 on or before 28 December 2020.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(288)
9.2 Product manufacturing and operating costs	(143)
9.3 Advertising and marketing	(221)
9.4 Leased assets	-
9.5 Staff costs	(1,066)
9.6 Administration and corporate costs	(307)
9.7 Other (provide details if material)	(54)
9.8 Total estimated cash outflows	(2,079)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	
Refer to notes in Section 8 above for details of deferred consideration received in the quarter.		

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.

Sign here:



(Company secretary)

Date: 31 January 2020

Print name: Shelley Burger

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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