



ASX ANNOUNCEMENT

Quarterly Cashflow Report – September Quarter 2019

Sydney, Australia, 30 October 2019: Jaxsta Limited (**ASX:JXT** or “**the Company**”), a music technology company developing an online platform to hold official music data, today released its Quarterly Cashflow Report for the period ending 30 September 2019.

Operational Summary

- On 25 October 2019, the Company announced the soft launch of Jaxsta Pro^{Beta}, its paid business-to-business subscription-based service with the full release of Jaxsta Pro^{Beta} expected by the end of 2019.
- The Company conducted User Acceptance Testing (UAT) and other tests on Jaxsta Pro^{Beta} in the lead up to soft launch.
- The Company continued its sales and marketing activities to promote the platform.
- The Company secured data access agreement with the Australasian Performing Rights Association (APRA) to license and use APRA's data and content related to works composed by member songwriter and composers.
- The Company now holds 31 licensing data agreements, covering approximately 90 per cent of the popular music industry¹.
- CEO and Co-Founder Jacqui Louez Schoorl presented at the ASX Small and Mid-Cap Conference in Sydney. Full presentation available [here](#).
- On 25 October 2019, the Company announced it will activate a bespoke API to The Recording Academy's '*Behind the Record*' campaign constituting the Company's first public display of its commercial API capacity (refer to ASX Announcements dated 25 October 2019 and 28 October 2019).

Financial Summary

- Jaxsta successfully applied for and received a grant of approximately \$811,000 under the government research and development tax incentive program for FY2019.
- Cash balance as of 30 September 2019 was \$2.2 million (down from \$2.5 million as at 30 June).
- Funds were invested to support advertising and promotion in the lead up to commercial launch of Jaxsta Pro^{Beta}, including key hire in Head of Marketing.
- System and platform development continue to be a focus of investment funding in the lead up to launch of Jaxsta Pro^{Beta} and continued development of its API. New staff hires will include Business Analyst and International Customer Support.

¹ As calculated according to the distributor's estimated individual market share by number of streams as quoted to Jaxsta by our data partners.

- Jaxsta expects to commence generating revenues from its B2B subscription-based service, Jaxsta Pro^{Beta}, by the end of 2019.
- The Company agreed to amend and accelerate the deferred payment terms for the sale of Marine Rescue Technologies, subject to shareholder approval. The amendments will be considered at the upcoming Annual General Meeting to be held on 25 November 2019 (**AGM**). If approved, \$1.5m will be released to the Company shortly after the AGM with a further \$1.7m payment required to be paid to the Company on or before 31 March 2020 for the counterparties to secure the full discount on the deferred consideration. Refer to the Company's ASX Announcement dated 25 September 2019 for further information.
- Jaxsta continues to explore various capital management initiatives and opportunities in the lead up to the full release of Jaxsta Pro^{Beta} which include closing out negotiations to establish a line of credit secured against the future research and development tax concessions Jaxsta expects to receive for FY2020.

Jaxsta CEO and Co-Founder Jacqui Louez Schoorl noted activities during the quarter supported the recent soft launch of Jaxsta Pro^{Beta}.

"The September quarter was a productive period for Jaxsta with the team conducting various activities that helped build momentum towards the soft launch. This included User Acceptance Testing of the Jaxsta Pro^{Beta} product and finalising sales and marketing plans for the full release," said Ms Louez Schoorl.

Ms Louez Schoorl added that this phase was an important way to engage potential subscribers while conducting robust real-world testing.

"We will use this phase to engage key industry stakeholders, demonstrate the value of the B2B product in a live environment and continue to optimize back-end functionality."

The Company expects that Jaxsta Pro^{Beta} will launch before the end of the year.

-ENDS-

ABOUT JAXSTA:

Jaxsta (**ASX: JXT**) is a music technology company with an online platform holding global official music data. Through direct industry partnerships, the Company credits the 'who, what, when and where' of music. The Company's core platform, Jaxsta.com, is now live. The full release of Jaxsta Pro^{Beta}, the Company's B2B subscription-based service, is expected in the second half of 2019.

JAXSTA INVESTOR RELATIONS:

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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")

30 September 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		-	-
1.2 Payments for			
(a) research and development		(336)	(336)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(118)	(118)
(d) leased assets		-	-
(e) staff costs		(744)	(744)
(f) administration and corporate costs		(404)	(404)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	1
1.5 Interest and other costs of finance paid		(1)	(1)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		811	811
1.8 Other (provide details if material)		(21)	(21)
1.9 Net cash from / (used in) operating activities		(812)	(812)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(10)	(10)
(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)	(12)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(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)	624	624
2.6	Net cash from / (used in) investing activities	602	602
Jaxsta has received \$623,813 from purchasers of Marine Rescue Technology Limited (MRT), held in escrow in a controlled money account as per Note 8 below.			

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(20)	(20)
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	(20)	(20)

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	2,453	2,453
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(812)	(812)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	602	602

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	(20)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2223	2223

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

Jaxsta has \$623,813 held in escrow in a controlled money account.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

160

-

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

**7. Payments to related entities of the entity and their
associates**

- 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

**Current quarter
\$A'000**

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7	7

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

1) Together, Secure2Go Group Limited (**Secure2Go**) and JJC Capital Pte Limited (**JJC Capital**) have paid \$1,500,000 into a controlled money escrow account (**Escrowed Funds**) which will be held, pending shareholder approval for the proposed amendments.

a) If shareholder approval is obtained:

i) the full amount of the Escrowed Funds will be released to the Company promptly after the General Meeting; and

ii) 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.

b) If shareholder approval is not obtained:

i) from the Escrowed Funds, \$623,813 will be released to the Company with the remaining amount of the Escrowed Funds being returned to Secure2Go and JJC Capital; and

ii) Secure2Go and JJC Capital will then pay the Company a further \$4,000,000 on or before 28 December 2020.

2) If shareholder approval is obtained for the amendments, the total consideration for the MRT Disposal will be reduced from \$6,000,000 to either \$4,576,186.87 or \$5,176,186.87, depending when the final deferred payment for the MRT Disposal is received.


As highlighted in the notes below sections 2.6 and 5.5 above and set out in paragraph 1(a)(i) and 1(b)(i) of this note, irrespective of the outcome of the shareholder vote regarding the amended terms of the MRT Disposal, at a minimum \$623,813 will be released to Jaxsta shortly after its Annual General Meeting to be held on 25 November 2019. If shareholders vote in favour of the amendment, \$1,500,000 will be released to Jaxsta at that time.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(554)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(115)
9.4 Leased assets	-
9.5 Staff costs	(742)
9.6 Administration and corporate costs	(469)
9.7 Other (provide details if material)	(69)
9.8 Total estimated cash outflows	(1,949)

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		

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: 30 October 2019

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.