



ASX ANNOUNCEMENT

Jaxsta Preliminary Final Report

Sydney, Australia, 31 August 2021: Jaxsta Limited ACN 106 513 580 (Jaxsta or the Company, ASX: JXT) the world's largest public-facing, dedicated database of official music credits, is pleased to release its preliminary final report and appendix 4E for the year ending 30 June 2021.

The Company will be providing its quarterly investor update on **Wednesday 8th September at 11am AEDT**. Registration details to be made available on the Jaxsta website prior to the event.

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, 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.

Authorisation & Additional Information:

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

Jaxsta Investor Relations:

E: jaxstainvestors@jaxsta.com
P: +61 2 8097 1201

Level 1, 113-115 Oxford Street, Darlinghurst 2010 NSW Australia

-Ends-

1. Company details

Name of entity:	Jaxsta Ltd
ABN:	15 106 513 580
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	49.2% to	4,840
Other income and interest revenue	down	35.5% to	1,372,463
Loss from ordinary activities after tax attributable to the owners of Jaxsta Ltd	down	45.3% to	(5,709,673)
Loss for the year attributable to the owners of Jaxsta Ltd	down	45.3% to	(5,709,673)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$5,709,673 (30 June 2020: \$10,438,665).

Refer to Market announcement, which precedes the Appendix 4E, for further commentary on the results for the year ended 30 June 2021.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.60	1.21

Net tangible assets per ordinary security has been calculated by including the net right-of-use assets of \$17,613 (2020: Not applicable).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The auditor's report is expected to contain a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Jaxsta Ltd for the year ended 30 June 2021 is attached.

12. Signed

Signed  _____

Date: 31 August 2021

Jacqueline Louez Schoorl
Executive Director & Chief Executive Officer
Sydney

Jaxsta Ltd

ABN 15 106 513 580

Preliminary Financial Report - 30 June 2021

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General information

The financial statements cover Jaxsta Ltd as a Group consisting of Jaxsta Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Jaxsta Ltd's functional and presentation currency.

Jaxsta Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1 / 113-115 Oxford Street
Darlinghurst, NSW 2010

Jaxsta Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021



	Note	Consolidated 2021 \$	2020 \$
Revenue		4,840	9,520
Other income	2	1,371,154	2,123,872
Interest revenue calculated using the effective interest method		1,309	4,465
Expenses			
Raw materials and consumables used		(7)	(234)
Employee benefits expense	3	(3,388,838)	(3,808,769)
Product development expense	3	(1,601,881)	(2,055,583)
Depreciation and amortisation expense	3	(169,693)	(83,427)
Impairment of assets	3,6	(16,251)	(4,025,904)
Professional fees		(446,372)	(618,289)
Marketing expense		(569,113)	(571,245)
Occupancy expense		(94,440)	(119,877)
Fair value movement on financial assets		-	(573,000)
Other expenses	3	(683,365)	(688,946)
Finance costs	3	(117,016)	(31,248)
Loss before income tax expense		(5,709,673)	(10,438,665)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Jaxsta Ltd		(5,709,673)	(10,438,665)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Jaxsta Ltd		<u>(5,709,673)</u>	<u>(10,438,665)</u>
		Cents	Cents
Basic earnings per share	10	(2.17)	(4.35)
Diluted earnings per share	10	(2.17)	(4.35)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Jaxsta Ltd
Statement of financial position
As at 30 June 2021



	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents		3,461,427	2,404,848
Trade and other receivables	4	876,611	1,518,106
Other assets		146,020	223,414
Total current assets		<u>4,484,058</u>	<u>4,146,368</u>
Non-current assets			
Property, plant and equipment		51,503	47,880
Right-of-use assets	5	230,653	-
Intangibles	6	245,241	336,534
Total non-current assets		<u>527,397</u>	<u>384,414</u>
Total assets		<u>5,011,455</u>	<u>4,530,782</u>
Liabilities			
Current liabilities			
Trade and other payables		520,341	571,033
Contract liabilities	7	25,000	-
Borrowings	8	26,778	390,009
Lease liabilities		70,209	-
Employee benefits		176,136	206,669
Lease make good provision		24,462	-
Total current liabilities		<u>842,926</u>	<u>1,167,711</u>
Non-current liabilities			
Contract liabilities	7	475,000	-
Borrowings	8	1,448,638	-
Lease liabilities		142,831	-
Employee benefits		37,876	32,314
Total non-current liabilities		<u>2,104,345</u>	<u>32,314</u>
Total liabilities		<u>2,947,271</u>	<u>1,200,025</u>
Net assets		<u>2,064,184</u>	<u>3,330,757</u>
Equity			
Issued capital	9	36,454,852	32,792,654
Reserves		2,241,375	1,460,473
Accumulated losses		<u>(36,632,043)</u>	<u>(30,922,370)</u>
Total equity		<u>2,064,184</u>	<u>3,330,757</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Jaxsta Ltd
Statement of changes in equity
For the year ended 30 June 2021



Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	29,969,770	596,816	(20,483,705)	10,082,881
Loss after income tax expense for the year	-	-	(10,438,665)	(10,438,665)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(10,438,665)	(10,438,665)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	2,495,284	-	-	2,495,284
Share-based payments	-	1,191,257	-	1,191,257
Options exercised	327,600	(327,600)	-	-
Balance at 30 June 2020	<u>32,792,654</u>	<u>1,460,473</u>	<u>(30,922,370)</u>	<u>3,330,757</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	32,792,654	1,460,473	(30,922,370)	3,330,757
Loss after income tax expense for the year	-	-	(5,709,673)	(5,709,673)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,709,673)	(5,709,673)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	3,604,448	-	-	3,604,448
share-based payments	-	780,902	-	780,902
Convertible note issuance equity component (note 9)	57,750	-	-	57,750
Balance at 30 June 2021	<u>36,454,852</u>	<u>2,241,375</u>	<u>(36,632,043)</u>	<u>2,064,184</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Jaxsta Ltd
Statement of cash flows
For the year ended 30 June 2021



		Consolidated	
	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		20	31,476
Receipts from grants - research and development (inclusive of GST)		1,108,176	810,877
Government grants received - COVID-19 support		488,800	176,000
Payments to suppliers and employees (inclusive of GST)		<u>(5,055,737)</u>	<u>(6,686,289)</u>
		(3,458,741)	(5,667,936)
Interest received		1,309	4,465
Interest and other finance costs paid		<u>(117,016)</u>	<u>(6,712)</u>
Net cash used in operating activities		<u>(3,574,448)</u>	<u>(5,670,183)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(25,930)	(29,471)
Payments for intangibles	6	(24,960)	(28,411)
Proceeds from disposal of Marine Rescue Technologies ('MRT') brand		-	2,845,143
Proceeds from disposal of property, plant and equipment		<u>482</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>(50,408)</u>	<u>2,787,261</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	4,086,775	2,704,222
Share issue transaction costs		(424,577)	(208,938)
Proceeds from borrowings		1,420,000	446,528
Repayment of borrowings		(334,593)	(106,802)
Repayment of lease liabilities		<u>(66,170)</u>	<u>-</u>
Net cash from financing activities		<u>4,681,435</u>	<u>2,835,010</u>
Net increase/(decrease) in cash and cash equivalents		1,056,579	(47,912)
Cash and cash equivalents at the beginning of the financial year		<u>2,404,848</u>	<u>2,452,760</u>
Cash and cash equivalents at the end of the financial year		<u><u>3,461,427</u></u>	<u><u>2,404,848</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Management identifies one operating segment based on the Group's service lines, therefore the operating segment information is as disclosed throughout these financial statements.

The Group's segment operating loss reconciles to the Group's loss before tax as presented in its financial statements.

The information reported to the CODM is on a monthly basis.

Major customers

During the year ended 30 June 2021 there were no major customers (2020: none). A customer is considered major if its revenues are 10% or more of the Group's revenue.

All of the Group's revenues during the year ended 30 June 2021 and 2020 were generated in Australia.

Note 2. Other income

	Consolidated	
	2021	2020
	\$	\$
Net foreign exchange gain	9,919	4,018
Government grants - COVID-19 support *	514,800	176,000
Research and development tax incentive	842,435	1,936,146
Other income	4,000	7,708
	<u>1,371,154</u>	<u>2,123,872</u>
Other income	<u>1,371,154</u>	<u>2,123,872</u>

* During the year the Group received payments from the Australian Government amounting to \$67,500 (2020: \$50,000) and \$447,300 (2020: \$126,000) as part of its 'Boosting Cash Flow for Employers' and 'JobKeeper' schemes, respectively, in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Group will comply with any conditions attached.

Note 3. Expenses

	Consolidated	
	2021	2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	7	234
<i>Depreciation</i>		
Computer equipment	14,235	17,005
Office equipment	6,781	6,604
Buildings right-of-use assets	48,675	-
Total depreciation	<u>69,691</u>	<u>23,609</u>

Note 3. Expenses (continued)

	Consolidated	
	2021	2020
	\$	\$
<i>Amortisation</i>		
Platform development	59,660	59,818
Trademarks	40,342	-
Total amortisation	100,002	59,818
Total depreciation and amortisation	169,693	83,427
<i>Impairment</i>		
Goodwill (note 6)	-	4,025,904
Trademarks (note 6)	16,251	-
Total impairment	16,251	4,025,904
<i>Employee benefits expense</i>		
Salary and wages	2,815,098	3,181,051
Share-based payments expense	325,765	374,754
Defined contribution superannuation expense	247,975	252,964
Total employee benefits expense	3,388,838	3,808,769
<i>Product development expense</i>		
Product development cash expenses	1,329,580	1,239,080
Product development equity based payments	272,301	816,503
Total product development expense	1,601,881	2,055,583
<i>Other expenses including the following material expenses:</i>		
Board fees	220,085	196,399
Insurance	105,546	102,264
Audit fees	114,383	86,778
Filing fees	123,627	72,441
Other	119,724	231,064
Other expenses	683,365	688,946
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	103,229	31,248
Interest and finance charges paid/payable on lease liabilities	13,787	-
Finance costs expensed	117,016	31,248
<i>Net fair value loss</i>		
Net fair value loss on financial assets	-	573,000

Note 4. Trade and other receivables

	Consolidated 2021 \$	2020 \$
<i>Current assets</i>		
Trade receivables	6,573	-
Research and development incentive receivable	842,432	1,125,323
Other receivables *	1,995	384,470
GST receivable	25,611	8,313
	<u>876,611</u>	<u>1,518,106</u>

* Other receivables include deferred compensation of \$nil (2020: \$382,500) in relation to the sale of the MRT business. The amount was due from Secure2Go Group Ltd on or before 28 December 2020. The proceeds from the sale were completely received as of 2 December 2020.

Note 5. Right-of-use assets

	Consolidated 2021 \$	2020 \$
<i>Non-current assets</i>		
Buildings - right-of-use	303,554	-
Less: Accumulated depreciation	(72,901)	-
	<u>230,653</u>	<u>-</u>

The Group leases buildings for its offices under agreements of between 2 to 3 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings \$
Balance at 1 July 2019	-
Balance at 30 June 2020	-
Additions	279,328
Depreciation expense	(48,675)
Balance at 30 June 2021	<u>230,653</u>

For other AASB 16 Lease disclosures, refer to:

- note 3 for depreciation on right-of-use assets;
- note 3 for interest on lease liabilities;
- statement of financial position for lease liabilities; and
- statement of cash flows for repayment of lease liabilities.

Note 6. Intangibles

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	-	4,025,904
Less: Impairment	-	(4,025,904)
	<u>-</u>	<u>-</u>
Platform development - at cost	178,963	178,963
Less: Accumulated amortisation	(122,256)	(62,596)
	<u>56,707</u>	<u>116,367</u>
Trademarks - at cost	245,127	220,167
Less: Accumulated amortisation	(40,342)	-
Less: Impairment	(16,251)	-
	<u>188,534</u>	<u>220,167</u>
	<u><u>245,241</u></u>	<u><u>336,534</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$	Platform development \$	Trademarks \$	Total \$
Balance at 1 July 2019	4,025,904	176,185	191,756	4,393,845
Additions	-	-	28,411	28,411
Impairment of assets	(4,025,904)	-	-	(4,025,904)
Amortisation expense	-	(59,818)	-	(59,818)
	<u>-</u>	<u>(59,818)</u>	<u>-</u>	<u>(59,818)</u>
Balance at 30 June 2020	-	116,367	220,167	336,534
Additions	-	-	24,960	24,960
Impairment of assets	-	-	(16,251)	(16,251)
Amortisation expense	-	(59,660)	(40,342)	(100,002)
	<u>-</u>	<u>(59,660)</u>	<u>(40,342)</u>	<u>(100,002)</u>
Balance at 30 June 2021	<u><u>-</u></u>	<u><u>56,707</u></u>	<u><u>188,534</u></u>	<u><u>245,241</u></u>

Note 7. Contract liabilities

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>25,000</u>	<u>-</u>
<i>Non-current liabilities</i>		
Contract liabilities	<u>475,000</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	-	-
Payments received in advance	<u>500,000</u>	<u>-</u>
Closing balance	<u>500,000</u>	<u>-</u>

On 10 September 2020, the Group entered into a five year commercial agreement with Songtradr to deliver an end-to-end integrated platform solution for Jaxsta Pro members to use Songtradr's neighbouring rights collection service, powered by Jaxsta's global performer metadata. The Group completed the integration in March 2021. The agreement includes an upfront license fee of \$500,000 paid by Songtradr to Jaxsta (the 'License Fee') and provides Jaxsta with 20% of net neighbouring rights revenues received by Songtradr from Jaxsta users adopting the service after recoupment of the License Fee. Revenues recognised during the five year period will be reduced from the License Fee until it has been fully utilised.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$500,000 as at 30 June 2021 (\$nil as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2021	2020
	\$	\$
Within 6 months	2,500	-
6 to 12 months	22,500	-
12 to 18 months	33,000	-
18 to 24 months	43,500	-
beyond 24 months	<u>398,500</u>	<u>-</u>
	<u>500,000</u>	<u>-</u>

Note 8. Borrowings

	Consolidated 2021 \$	2020 \$
<i>Current liabilities</i>		
Research and development rebate financing	-	365,037
Insurance financing	26,778	24,972
	<u>26,778</u>	<u>390,009</u>
<i>Non-current liabilities</i>		
Convertible notes payable	<u>1,448,638</u>	<u>-</u>

Research and development rebate financing

The Group entered into an agreement with Radium Capital (Innovation Structured Finance LLC) to get an advance of their estimated research and development tax incentive for the financial year. The facility carries an interest rate of 15% and is secured by the Group's research and development tax incentive claim. The loan was repaid on 31 October 2020.

Insurance financing

Insurance funding is a ten months short term loan with a fixed interest rate of 5.49% (2020: 5.85%).

Convertible notes payable

On 10 September 2020, the Company entered into a convertible note agreement with Songtradr Inc. for a principal value of \$1,420,000. Conversion would result in the issue of 40,571,429 fully paid ordinary Jaxsta shares at a price of \$0.035 per share for the principal value of the note. The conversion is at the right of the noteholder, except if:

- the Company registers a full year net profit of \$5,000,000 at which time 100% of the note is converted automatically; or
- the Company registers a full year net profit of \$2,500,000 at which time 50% of the note is converted automatically.

The noteholder can convert or seek repayment of the note at the expiration of the term of the note. The note has a term of up to 3 years and carries a coupon rate of 7.5% which will be accrued and paid at the end of the term or capitalised and converted at the time of conversion or repayment. The note is secured by a first ranking security over the assets of the Company and its subsidiaries.

The note is considered a compound financial instrument and equity component has been estimated for the conversion into ordinary shares (refer note 9).

Note 9. Issued capital

	2021 Shares	2020 Shares	Consolidated 2021 \$	2020 \$
Ordinary shares - fully paid	300,910,430	247,190,330	36,397,102	32,792,654
Equity component of convertible notes	-	-	57,750	-
	<u>300,910,430</u>	<u>247,190,330</u>	<u>36,454,852</u>	<u>32,792,654</u>

Note 9. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	231,326,901		29,969,770
Shares issued on exercise of employee options	10 October 2019	445,000	\$0.390	173,550
Shares issued on capital raising	18 December 2019	15,023,329	\$0.180	2,704,199
Shares issued in cleansing statement	18 December 2019	100	\$0.180	23
Shares issued on exercise of employee options	13 March 2020	395,000	\$0.390	154,050
Shares issue transaction costs		-	\$0.000	(208,938)
Balance	30 June 2020	247,190,330		32,792,654
Equity component of convertible notes	10 September 2020	-	\$0.000	57,750
Shares issued on capital raising	24 March 2021	53,720,100	\$0.075	4,029,025
Shares issue transaction costs		-	\$0.000	(424,577)
Balance	30 June 2021	<u>300,910,430</u>		<u>36,454,852</u>

Note 10. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax attributable to the owners of Jaxsta Ltd	<u>(5,709,673)</u>	<u>(10,438,665)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>263,018,574</u>	<u>239,869,594</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>263,018,574</u>	<u>239,869,594</u>
	Cents	Cents
Basic earnings per share	(2.17)	(4.35)
Diluted earnings per share	(2.17)	(4.35)

48,302,223 options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future.