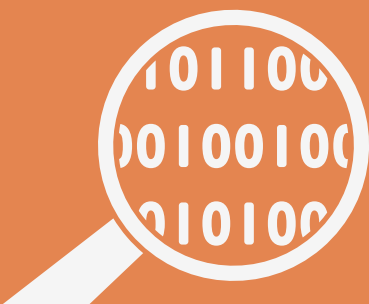




2021 ANNUAL REPORT

Jaxsta By The Numbers

209,000,000+	Individual Music Credits
299,000+	Credits Ingested Daily (last 30 days)
56,000,000+	Pages on Jaxsta
37,000,000+	Individual Recordings
107,000+	Jaxsta Pro Members
24,000+	Jaxsta Profiles Claimed
5,000,000+	Artist Profiles
113,000+	Monthly visitors on site



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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

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2021. The Directors have the power to amend and reissue the financial statements.

Dear Shareholder,

On behalf of the Board, it is a pleasure to present Jaxsta's annual report. I am pleased to share the progress we have made during 2021 as we steer the company to succeed on its vision to tell the story behind the music and give credit where credit is due.



Last year we changed our core subscription segment from a paid model to a free model in order to navigate through the uncertain times caused by the COVID-19 global pandemic. The impact on key sectors of the music industry such as scrapped touring as well as work from home changes to the way the industry worked meant a different landscape for Jaxsta Pro. The move to free paid off in driving memberships and growing our user base to over 107,000 members today.

The free period was invaluable in gaining insights into our users and changing the way we were going to interact with them in future iterations of our service. Those changes allowed us to restructure Jaxsta Pro into its new tiered structure which launched this August with two initial tiers. Jaxsta Plus is our premium paid subscription aimed at individual creatives who want to keep track of their credits and use the powerful tools to stay on to monitor their breadth of work as it affects the monies they can collect, their next job and provides an official way for them to validate their work.

For those members not ready to move to the paid tier, they will have access to the Jaxsta Core free tier, which provides access to certain features and allows members to stay up to date on changes for when they are ready to upgrade. We will keep working on enhancing the value proposition for current users and work on future tiers aimed at B2B users as well as add ons that all tiers can add to their subscriptions.

We also launched our API service last year which is slowly gaining momentum as more customers understand the value proposition of using our data set in their businesses. We have a lot more work to do in this area to grow it to the level we want to reach.

We have brought in some key talent during the last year to enhance our long-term outlook, including our new CTO Michael Stone, who brings a wealth of experience to help us structure our business to grow with the demands of a data business and our new CMO Beth Appleton, whose tenure at Warner and Universal bring a significant understanding of industry needs and conversations to expand the role that Jaxsta plays with its customers and partners.

On behalf of the Board, I'd like to thank CEO and Co-founder Jacqui Louez Schoorl and the entire Jaxsta team for their outstanding efforts and dedication. The last year had many challenges as we navigated various changes in the team, the industry and the global outlook. They have taken the challenge and prepared the company for the opportunity ahead.

I would like to thank my fellow Board members for their guidance and assistance through this key phase of the business. I would also like to thank our shareholders who continue to see the vision and continue to provide their long-term support to achieving our common goals.

We have a big year ahead as all attention is on growth as we ramp up our Jaxsta Pro and Data Solution businesses and continue to work within the industry to continue to cement Jaxsta as the go to source of official credits.

Yours Sincerely,

Linda Jenkinson
Independent, non-Executive Chair

2021 FY Milestones

10th SEPTEMBER 2020

Jaxsta enters into a convertible note and commercial agreement with Songtradr to provide an API that allows Jaxsta Pro users to utilise the Songtradr Neighbouring Rights Service. Our API enhances the Songtradr service through enrichment of the data to be used to collect those Royalties.



16th NOVEMBER 2020

Jaxsta appoints Michael Stone as its new Chief Technology Officer ushering a change in the commercial focus of its development and operations.

3rd DECEMBER 2020

Jaxsta's Humans of Music podcast is syndicated by Sirius XM, extending the global audience and promoting the brand in key markets in a service with a monthly listening audience of 30 million.

**HUMANS
OFMUSIC**



20th JANUARY 2021

Jaxsta signs a commercial API with Nightlife music, bring its first data solution to market and setting the market for all future customers.

24th MARCH 2021

Jaxsta completes a capital raise for \$4.03M at a price of \$0.075 to fund the completion of the Jaxsta Pro return to paid.



6th April 2021

Jaxsta launches the Songtradr Neighbouring Rights service integration, allowing Jaxsta PRO members to seek additional sources of revenue powered by Jaxsta's leading credits data.

7th JULY 2021

Jaxsta appoints former Warner Music Australia General Manager Beth Appleton as its Chief Marketing Officer as it expands its critical industry ties.



12th AUGUST 2021

Jaxsta PRO returns to paid with two distinct customer tiers. Jaxsta Plus its premium paid subscription tier aimed at music professionals and Jaxsta Core a free tier allowing access to basic functionality for those members looking to upgrade in the future.

jaxsta **Core**

jaxsta **Plus**



To all of our shareholders, our partners, our Jaxsta Pro members, customers, employees and music professionals and fans:

I first had the idea for Jaxsta in 2006. Work had completed on a tentpole US feature film I was involved in, and my next gig was effectively co-producing a number of music videos. This ultimately led to my role within EMI where I had the privilege of working across the EMI stable of labels including Capitol Records and Virgin, a truly exciting and educational period.

One of my first surprises moving from film production to the music business was the comparison between the two industries when it came to crediting those involved. In film it's a fastidious exercise and widely monitored in comparison to the music industry circa 2006.

The idea of Jaxsta percolated for some time before the conditions were perfect for me to completely dive into the concept. Fast forward to 2013, and the true kernel of what was to become the world's first official database of music credits was properly formed. Here we are in 2021 with some incredible milestones achieved and the journey taking off on a new trajectory with revenue streams in full swing via the release of Jaxsta Plus, Jaxsta Core, our API and data solutions.

Our mission has always been "credit where credit is due", for the many millions of souls who create the soundtracks to our lives.

2020 - 2021 Milestones

It's been a busy year, as it inevitably always is within the Jaxsta orbit. While we are happy with the majority of our results there will always be room for improvement as we continue to lead within our field. The mission to be the best in business, drives us every day.

API and Data Solutions

In January 2021 we launched our new revenue stream with the API and Data Solutions business lines, the first partner being Australian company Nightlife. Throughout the year we have developed and honed the API sales flow, which is relatively complex due to the fact our data is immense and each prospective client has a different use case. We have added to our API Sales Team, streamlined the overall sales process from qualifying to API test keys.

We have completed 6 API deals, the total pipeline includes 107 potential clients. Our focus is on converting opportunities from the pipeline knowing some will be possible in the short term whilst others will require a longer period to meet the customer requirements.

Jaxsta Pro, Jaxsta Plus, Jaxsta Core & Site Traffic

On August 12th Jaxsta Pro was relaunched with two new membership tiers: Jaxsta Plus, the new paid subscription model, and Jaxsta Core, the new freemium model (previously Jaxsta Pro). From the pivot of Jaxsta Pro free in April of 2020 we now have over 106,000 members within our community.

We are seeing encouraging conversion from Core members switching over to Plus as part of our ongoing trial and demo activities. We continue to engage with customers to sign up and upgrade and look forward to reporting the uptake during the next quarter.

We do see increased site traffic with our monthly visitor counts since the relaunch increasing to over 113,000 per month. The organic search component of our traffic is 39% showing sustained levels of brand awareness in our visitor counts.

More importantly, our Jaxsta Pro members are utilising the site and service more comprehensively than the general traffic on site as shown below:

	Jaxsta.com users	Jaxsta Core users	Jaxsta Plus users
Number of Sessions per User	1.17	1.03	1.23
Pages per Session	3.72	11.46	31.66
Average Session Duration	01:02	08:00	21:44

Source: Google Analytics for the period of 13 August 2021 to 28 September 2021

Outreach through our partners and extensive industry network is yielding results of which we intend to share in due course.

Some notable new Jaxsta Plus members include: Joe Chiccarelli (GRAMMY winning producer, mixer and engineer), Jordan Reynolds (GRAMMY winning songwriter), Darren Heelis (GRAMMY nominated engineer), d.a. got that dope for Guaranteed Millions (4x multi-platinum certified producer), Lionel Crasta (songwriter, producer and engineer), Joe Accaria (ARIA nominated percussionist), Ivy Adara (acclaimed Australian singer-songwriter), Fareed Salamah (4x multi-platinum engineer), Robby De Sa (award-winning Australian producer), Adrian Hall (acclaimed British mixer and engineer).

Jaxsta Data Partners

Over the past 12 months, 61 new data partners have joined Jaxsta. In the 2.5 months since June 30th, we've welcomed 19 new data partners. The list of partners joining Jaxsta grows week on week, with over 250 partners providing 1 million labels' music credits directly into Jaxsta.

Songtradr Integration, Partnership and Investment

In September 2020 we had the great pleasure of announcing our partnership with Songtradr alongside their investment into Jaxsta.

In April 2021, we integrated Songtradr's Neighboring Rights program for our members. The integration took roughly 6 months for both companies to complete. Over 280 "Claim Royalties" sessions have taken place since April from the integration.

Jaxsta Management

In November 2020, Michael Stone joined as our new Chief Technology Officer and has focused product and platform development on how best to monetise the incredible data assets the company has built. Michael was previously Director of Products and Engineering at ASX-listed Invigor Group, which acquired Amethon Solutions where he was CEO.

In July 2021, Beth Appleton joined as our new Chief Marketing Officer to drive membership growth, traffic and the overall marketing strategy for the company. Beth was previously the General Manager and SVP Marketing for Warner Music Australasia.

The combined experience of Michael and Beth has made a significant difference as we drive revenue and membership uptick.

Investment

We conducted three successful raises during the past 13 months. First with Songtradr in September 2020. In March 2021 we raised \$4.03 mil to fund the completion of Jaxsta Pro's return to paid. Most recently we completed a further raise of \$2.5 million.

Humans of Music - A Jaxsta Podcast by Rod Yates

Jaxsta's Humans of Music podcast by veteran journalist Rod Yates (former editor of Rolling Stone Australia and Kerrang! Australia) surpassed its 50th episode, has been downloaded in over a 100 countries around the world whilst being broadcast by SiriusXM in the USA, exposing the show to a subscriber base of more than 30 million listeners. Guests to date span all genres and demographics, list of guests here Neko Case, girl in red and Laura Jane Grace to Queen's Adam Lambert, Snow Patrol's Gary Lightbody and The Lumineers; from Australian legends such as Briggs, John Butler, The Avalanches' Robbie Chater and INXS's Andrew Farriss to international stars such as Tove Lo, Richard Marx, the Spice Girls' Melanie C and Soundgarden's Kim Thayil; from record label owners such as Fat Wreck Chords' Erin Kelly-Burkett to music industry leaders such as A2IM President and CEO Richard James Burgess.

What Does the Horizon of the Next 12 Months look like?

As we look towards the next 12 months and beyond of Jaxsta's journey, we remain focussed on driving revenue. This will be done through Jaxsta Pro, the Jaxsta APIs and associated Data Solutions as well as new revenue opportunities.

Expanding the Jaxsta Pro membership program, including Jaxsta Business, Jaxsta Enterprise and Jaxsta Fan tiers, will provide Jaxsta with higher ARPU and an even larger target audience.

Automation of our API and data solutions business model will speed up our overall sales process. As we add more data partners with different data sets our API becomes even more valuable to the industry and will become a benchmark asset for any company reliant on official data.

SEO and organic traffic, including the site's increased ranking, will remain an ongoing focus given our ability to service the "long tail" of music related search queries.

The product roadmap is extensive, we are prioritising the development activities of various features to be delivered throughout the remainder of financial year 2022. The priorities are those features that enhance the value to existing and new Jaxsta Pro users and can generate near term revenues.

State of the Industry

Thanks to streaming, the instant accessibility of music means a music collection is no longer a luxury but as ubiquitous as our banking or Uber apps. The growth in paid subscribers to music streaming services has been exponential from a mere 30 million in the USA to over 450 million globally. The USA alone now has over 100 million homes paying for a premium music streaming service. Music now travels with us everywhere from our phone, tablet, car, home, office or vacation. The price point makes it generally affordable from \$10pm or \$120 per year.

The global pandemic has only strengthened our reliance on music to comfort and motivate us during such a challenging time.

So much so the Goldman Sachs report in 2020 predicts overall industry sales will double by 2030 to \$142 billion. There is zero question it's been a difficult time for the industry, especially for live music, however there have been incredible areas of prosperity, as witnessed by the phenomenal catalogue sales that have been instigated by companies such as Hipgnosis Song Fund and Primary Wave. Streaming formats also experienced accelerated growth (USD\$2.2BN YoY revenue growth), and the resurgence of vinyl picked up pace during the pandemic. TikTok, meanwhile, became one of the most downloaded apps globally, while Facebook added official music videos to its licensed music features, and music delivered the soundtrack to many fitness services, such as Peloton.

A number of big names listed on international indexes, including the most recent and phenomenal listing of Universal Music Group on the Dutch Exchange. On the London Stock Exchange, Round Hill listed in July, whilst FTSE 250 superstar Hipgnosis Song Fund continues to go from strength to strength. Reservoir Media listed via a SPAC merger on the NASDAQ, where they joined Warner Music Group, who enjoyed an immensely successful listing last year.

There are more listings to come, including Believe Digital out of Paris and of course the highly anticipated listing of our investor and partner Songtradr in 2022. Music companies are certainly forging their mark on the public markets.

"Our mission to put creators first has been more important than ever in the past year. Hits can now come from anywhere and artists are empowered by future-focussed insights, tools and resources to reach global audiences. Breaking down barriers and borders of language, culture and genre around the world, music has made an incredible impact over the past year, bringing communities together to tackle the challenges facing all of us."

"Our continuing commitment is to harness our collective talents and resources to shape culture through the power of music and the artistry and creativity at its core. When, in collaboration with our artists, we come together as a company and as a community, what we can achieve is truly remarkable. That mission is especially important now, as the world has never needed music more."

"The universe of opportunities for artists and labels is diverse, vast, and fast expanding. There's strong growth in both subscription and ad-supported streaming, with plenty of runway around the globe. At the same time, the pandemic has accelerated consumer adoption in areas like gaming, live streaming, social media and in-home fitness. Music is a fundamental driving force in the success of these platforms, and we're at the forefront of inventing exciting new creative and commercial possibilities."

"Our investors... couldn't be happier with what we're doing. They love the music business, it's not just an investment for them. They're intelligent... and we haven't had a bad stumble, so there's no reason for us to think about that. Certain types of investors have timelines on an investment, but that's not how we're financed. I think the next couple of years are going to be a combination of growth through various acquisitions, as well as organic growth: doing more with what we have. If a sizable opportunity comes along we'll be ready to think it through, and maybe seize it."

Rob Stringer
Chairman, Sony Music Group

REF: IFPI Global Music Report 2021

Sir Lucian Grange
Chairman & Chief Executive Officer, Universal Music Group

REF: IFPI Global Music Report 2021

Steve Cooper
CEO, Warner Music Group

REF: IFPI Global Music Report 2021

Scott Pascucci
CEO, Concord Music

REF: MusicAlly Concord Music MIDEM
<https://musically.com/2018/06/06/concord-music-sizeable-opportunity/>

While all this digital evolution has been transpiring, one crucially important misfire took place. The credits were all but forgotten. Like the scene in Avengers Infinity War where the heroes start to disappear in front of their comrades, a similar act was taking place in the music industry. A simple decision not to include all the credits of everyone who played and created a piece of music has resulted in disastrous effects for the industry and a \$2.5 billion dollar black box of royalties owed to those very people. When you put a dollar value in the billions to the issue, it makes it count as it never has before.

I am proud to share that Jaxsta continues to lead the charge within the industry when it comes to accurate credits and indeed correction. The work we are doing with our members, the overall Jaxsta community and in partnership with our wonderful data partners is working towards improving the accuracy of credits. The results of this work over time will not only be positive but will have a far reaching impact.

"How can artists continue to get paid, when they're not out on the road? A big part of that was diving into all the various royalty streams that are available now, not just songwriting royalties on the mechanical and performance side but also on the musician side whether it's through the AFM union in the USA, or various neighbouring rights societies, cause we live in a world now where music is used in so many different ways, that artists get paid in a lot more different ways now and there's a lot more sources of revenue and when you're not looking you're typically aren't receiving those income streams so to be able to use Jaxsta as a tool to know where I might not be looking, how have these songs been used.... and where might we be able to find a little bit of extra cash when it's really needed? In some cases it was a major income source for artists over the last 12 months when income was really needed. Jaxsta was a great for doing that and one that I continue to use to find new sources of revenue for my artists."

Hank Teverbaugh, Artist Manager at Core Entertainment quote

REF: <https://www.youtube.com/watch?v=cBDgW9jk7U>

For creators and their teams, music credits are personal; they are understandably emotional. We are proud to provide credit amendments for our members and users by working in conjunction with our data partners. Jaxsta remains an official channel, our data is not crowd sourced nor scraped, making the data as reliable as humanly and technically possible.

We live in a creator economy. Music credits are being de-centralised and Jaxsta provides what up until now has been missing from the creator economy. It takes time to build a service like Jaxsta, to get it right, to earn the respect and trust of labels, associations, publishers and the industry as a whole. Together we are the movement behind The Credit Culture.

While it's taken some time to be in the midst of this credit movement, the industry is certainly aligned to fix the overall metadata issues that have previously plagued the industry, as seen with the launch of ABBA's Bjorn Ulveus' industry wide initiative 'CreditsDue'. It's certainly a new dawn.

There is much Jaxsta is doing on a daily basis to champion the accurate credits of all music creators whilst providing a service for the industry and fans alike that is second to none. We remain proud to be at the forefront of this important mission.

There is a mysticism to music that unites us all. It has the power to instantly make us sad or happy even when just moments before we were not feeling either emotion. I'll always maintain that we are fluent in at least two languages: the language of our childhood and that of music. Especially when hearing a song for the first time, we don't necessarily need to understand the lyrics; a simple bar, bridge, melody or tempo can quite easily sweep us up in a nanosecond and before we know it, we're going on a musical journey that only the composers and the musicians know where it ends. I've never read the translated lyrics to Giacomo Puccini's "Nessun dorma!", but every time I hear Luciano Pavarotti sing this exquisite song I am lifted. There are so many examples I could share – the point being, music moves us. We are better for it, and it will go on forever, out living us all. Ensuring the incredible souls to make the music that moves us – we'll it's an incredibly important mission and one we at Jaxsta are privileged to be a part of.

There is so much more to come on the product and strategy side, and as much as I'd love to share all of our plans, I simply can't give too much away :).

It remains only for me to thank our incredible Shareholders for their support and patience, our Board, our Team, our many Industry Partners, the wider industry, and last but certainly not least, the music creators! Without you we'd not have these songs, albums and the moments you gift us to see us through this brave new world.

Thank you for your support and belief in our mission.

All my best,

Jacqui
CEO and Founder, Jaxsta
30 September 2021

jaxsta



Directors	Linda Jenkinson - Chair Jacqueline Louez Schoorl Jorge Nigaglioni Brett Cottle Robert Kenneth Gaunt
Company secretary	Jorge Nigaglioni
Notice of annual general meeting	The details of the annual general meeting of Jaxsta Ltd are: Via Zoom Meeting 1:00 pm on Wednesday 24 November 2021
Registered office and principal place of business	Level 1 / 113-115 Oxford Street Darlinghurst NSW 2010 Phone: 61 2 8317 1000
Share register	Automatic Pty Limited Level 2, Canning Highway Perth WA 6000 Phone: 02 9698 5414
Auditor	Grant Thornton Audit Pty Ltd 17 / 383 Kent Street Sydney NSW 2000
Stock exchange listing	Jaxsta Ltd shares are listed on the Australian Securities Exchange (ASX code: JXT)
Website	www.jaxsta.com
Corporate Governance Statement	The directors and management are committed to conducting the business of Jaxsta Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Jaxsta Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Group's website at https://jaxstainvestors@jaxsta.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Jaxsta Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were Directors of Jaxsta Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Linda Jenkinson - Non-Executive Director and Chair

Jacqueline ('Jacqui') Louez Schoorl - Executive Director, Chief Executive Officer and Co-founder

Jorge Nigaglioni - Executive Director, Chief Financial Officer and Company Secretary (appointed on 20 July 2020) (Non-Executive Director since March 2013)

Brett Cottle - Non-Executive Director

Robert Kenneth ('Ken') Gaunt - Non-Executive Director

Principal activities

During the financial year the principal continuing activities of the Group consisted of creating an online platform to hold official music metadata and to develop a repository of official music-related information, comprising liner notes and label copy.

Dividends

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

Review of operations

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

2021 was a year to navigate the global pandemic and get Jaxsta to the state it is today to be ready to capitalize on its potential. There were various key activities over the last year to move Jaxsta to where it is today, including:

- Continued adoption of the Jaxsta Pro Free initiative;
- Initial partnership and convertible note with Songtradr in September 2020;
- Initial commercial API agreements in January 2021; and
- Capital raise and ramp up of development and marketing teams for the relaunch of Jaxsta Pro to reintroduce paid subscriptions.

The Group continued the momentum of its Jaxsta Pro Free campaign in FY21, before splitting Jaxsta Pro into two distinct tiers. The new tiers are Jaxsta Plus and Jaxsta Core. Jaxsta Plus is a paid tier with an annual subscription price of US\$49 or a monthly price of US\$9.99. Jaxsta Plus contains all the available Pro features and new features such as Prioritise Your Credits and Credit Alerts. Jaxsta Core is the free tier which provides a limited set of features for users to become members and be ready to upgrade. The Group's roadmap is aimed at continued enhancement of Jaxsta Plus in the near term before proceeding with future tiers of enhanced B2B functionality. As of the date of this report, there are approximately 107,000 Jaxsta Pro members.

Jaxsta entered into a commercial arrangement with Songtradr in order to offer Jaxsta Pro members access to the Songtradr Neighbouring Rights Service via an Application Programming Interface ('API'). The \$500,000 commercial agreement allows Jaxsta to earn a commission on Neighbouring Rights collected through the service and offset into the \$500,000 advance. The integration went live in late March 2021 with the initial collection cycle of those members that have used the service. Since launch, 274 members have clicked through to the service, but no revenues have been yielded at this time until the completion of the collection cycle for those participants is completed.

The Company also started its Data Solution sales during the year. The initial deals started revenues in May 2021 and it is expected that the last of the deals signed during the FY21 year will commence revenue in the second quarter of FY2022. The slow rollout has been a combination of getting enough time to work with the development teams of the engaging clients to make sure the service is ready for the scheduled deployments as well as working with the clients to find the optimal solution. As at the date of this report, the Group had signed 6 deals and two in production status.

Lastly, the March capital raise allowed the Group to add the resources required to make the changes to the Jaxsta Pro service to move it back to paid structure. The additions to both the Group's Development and Marketing teams have allowed the Group to get the service and messaging to for the relaunch of Jaxta Pro ready.

Key financial matters

- Employee benefit expense of \$3,308,269 (30 June 2020: \$3,808,769) includes a non-cash component of \$379,791 (30 June 2020: \$374,754) to record share-based compensation expenses. The decrease was realised from the cost cutting measures in place due to the COVID-19 impact on the business starting in the prior year and continued during the year.
- Product development expense of \$1,469,899 (30 June 2020: \$2,055,583) includes a non-cash component of \$272,300 (30 June 2020: \$816,503) to record share-based compensation expenses. The decrease was mostly due to the decrease in share based compensation to partners.
- Cash and cash equivalents at 30 June 2021 of \$3,461,427 (30 June 2020: \$2,404,848).

Additional capital raising activities were undertaken during the period resulting in the gross receipt of additional cash of \$1,420,000 in the form of a convertible note and \$4,029,025 in the March equity placement. The Group also received an advance for future revenues of \$500,000. This allowed the Group to fund product development and sales and marketing activities, and put the Group in a strong cash position as at 30 June 2021.

During the period ended 30 June 2021, the Group used its cash assets in a manner consistent with the prospectus issued on 7 September 2018.

As a result of the loss incurred and the operating cash outflows the year ended 30 June 2021 and the deficiency in working capital at the reporting date, there is a material uncertainty on whether the Group can continue as a going concern. The Directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Development update

Jaxsta has developed an online platform to hold official music metadata to become a repository of official music-related information, comprising liner notes and label copy. The customer facing site at Jaxsta.com was launched on 13 June 2019. On 22 November 2019, Jaxsta launched its B2B subscription-based service, Jaxsta Pro which includes features normally only available to paid users. On 22 April 2020 in response to the significant impact COVID-19 had on the global music industry, the Group offered Jaxsta Pro for free to music industry professionals for the rest of the 2020 calendar year. As at 30 June 2021, Jaxsta Pro had 96,419 members and 22,726 profiles claimed.

As at 30 June 2021, Jaxsta had renewed a number of existing commercial data access agreements, and metadata and artwork agreements, with relevant data owners continuing to access and supply updates of their data into its platform, creating an official source for much of this data.

Business strategies and prospects for future years

- Jaxsta Pro - Subscription and industry tools including Jaxsta Plus (paid subscription) and Jaxsta Core (freemium service).
- Jaxsta Data Solutions - Jaxsta's large volume data solutions, including its commercial API and other bespoke solutions.
- Jaxsta Marketing & E-Commerce - Jaxsta's marketing initiatives to promote users and sponsors of its services, as well as third party affiliate sales.

In order to achieve the near term goals for the segments, the development focus for FY2021 is to deliver its commercial API for its initial customers, complete the integration of the Songtradr Neighbouring Rights solution into Jaxsta Pro and commence the roll out of the customer tiers of Jaxsta Pro in order to start commercialising key tiers in the 2021 calendar year.

The Group is reliant on the support of its data partners who provide the official data upon which the platform is based and the accreditation by which the product is trusted by the wider music industry. These two items remain key in the commercial rollout in FY2022.

Significant changes in the state of affairs

Capital Raising

Additional capital raising activities were undertaken during the period resulting in the gross receipt of additional cash of \$1,420,000 in the way of a convertible note and \$4,029,025 in the March equity placement. The Group also received an advance for future revenues of \$500,000. This allowed the Group to fund product development and sales and marketing activities, and put the Group in a strong cash position as at 30 June 2021.

There were no other significant changes in the state of affairs of the Group during the financial year.

COVID-19

The Group adjusted its operations as a result of COVID-19 by offering its Jaxsta Pro service for free for at least the remainder of the 2020 calendar year, which it extended until the current relaunch is complete in August 2021. The performance/touring and recording sectors of the music industry had to cancel activities during the year affecting the income of many music professionals. The Group's action provided music professionals a tool to maximise the potential for their careers during and post COVID-19 by having their profiles with official credits ready for their next engagement considered necessary and important administration activity.

The Group reduced costs including the forfeit and temporary reduction of director's fees during the period of April to September 2020. The CEO and Directors reduced their salary and fees by 50% from April to June 2020 and by 25% from July to September 2020. The CFO reduced his salary by 50% from July to September 2020. The Group's mandate has been prudent use of its cash resources in line with achieving strategic goals of platform acceptance by the target market.

As a pre-revenue venture, the focus was on safely continuing operations and continuing the development of the Jaxsta platform whilst engaging customers during the free membership promotion. The safety of Jaxsta's employees was paramount and the Group implemented security measures to be able to work remotely. The Group continues to adjust its COVID-19 work from office and home policies as needed by changes in government mandates within each jurisdiction it operates.

Matters subsequent to the end of the financial year

The Group completed a capital raise in September 2021, raising \$2,500,000 before costs for a total of 41,666,667 ordinary shares at a price of \$0.06 per share. The Group will pay \$150,000 in fees and issue 2,000,000 options that are exercisable at a price of \$0.15 and have a three year expiry date.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Linda Jenkinson
Title:	Non-Executive Director and Chair
Qualifications:	Bachelor of Business Studies, Master of Business Administration, New Zealand CPA (non-current)
Experience and expertise:	Linda is a successful businesswomen and entrepreneur with over 26 years of general management and consulting experience. She's founded numerous businesses and was the first New Zealand woman to list a company on the NASDAQ stock exchange, with DMSC, the \$250 million on-demand courier company she co-founded. She also co-founded a global customer and employee experience platform, which was sold to the Accor hotel group, and WOW for Africa which was a social venture fund supporting women entrepreneurs in Senegal. Linda is an experienced company director, sitting on multiple boards including Air New Zealand, Eclix Group and Guild Group. She's received a number of awards including EY Master Entrepreneur of the Year New Zealand in 2013, World Class New Zealander in 2016 and is a Top 100 Most Influential Women in San Francisco. Linda is currently the Chair of Unicef New Zealand. She has been based for many years in San Francisco and during this time for five years served on the Board of the Bay Area Red Cross and was Chair of the fund raising committee. Prior to her entrepreneurial career, Linda was a Partner at A.T. Kearney in the Global Financial Services practice where she worked with some of the world's largest financial institutions. Linda holds a Master of Business Administration from The Wharton School, University of Pennsylvania in Finance and a Bachelor of Business Studies from Massey University in Data Processing and Accounting & Finance. She qualified for her New Zealand CPA (ACA). Linda is currently building Level-Up, a program to supercharge high-growth companies who are expanding globally. She is a New Zealand citizen who holds residency in the United States and co-locates between Wellington and San Francisco.
Other current directorships:	Air New Zealand Limited, Eclix Group Limited, Guild Group Holdings & Subsidiaries and Harbour Asset Management
Former directorships (last 3 years):	None
Special responsibilities:	Member of Remuneration and Nomination Committee
Interests in shares:	None
Interests in options:	4,500,000 options over ordinary shares

Name: Jacqueline ('Jacqui') Louez Schoorl
Title: Executive Director, Chief Executive Officer and Co-founder
Qualifications: Australian Institute of Company Directors graduate and member
Experience and expertise: Jacqui's career spans over two decades across music, film and television, working for the likes of Channel 9, IF Magazine, George Lucas' private company on the Star Wars Episodes II and III movies, Baz Luhrmann and Catherine Martin on their 'Chanel No. 5' campaign, Amalgamated Holdings (now Event Hospitality) and EMI Music. A regular panelist, Jacqui's speaking engagements have included Commonwealth Bank's Women In Focus conference, BigSound, General Assembly, Australian Music Week and Music Australia, ARIA Masterclass series and ARIA Week, Indie Week A2IM, MusicBiz Conference, CDBabyDIY Conference, Lets Dew Lunch webinar series, The Future of What, Music Tectonics, Short Black & Kick Ass Chicks podcasts and Vivid Ideas festival. Jacqui also spends her time working as the Founder of Women In Music Sydney, a non-profit organisation bringing together a dynamic group of dedicated music professionals to network, learn and in the process create a supportive community. She is also a Dementia Australia advocate often speaking on her family's experience with Alzheimers where she helps to shed some light on the journey for those with Dementia or Alzheimer's. Jacqui is an alumnus of Commonwealth Bank of Australia's Women In Focus Program. Jacqui is a proud Advisory Board member of MusicBiz in the US and MusicHealth.AI, Australia.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 48,490,004 ordinary shares (25,920,000 held indirectly)
Interests in options: 20,000,000 options over ordinary shares

Name: Jorge Nigaglioni
Title: Executive Director, Chief Financial Officer and Company Secretary
Qualifications: Master of Business Administration, Bachelor of Science in Business Administration, Australian Institute of Company Director graduate and member, Certificate in Governance Practice and Administration from Chartered Secretaries Australia
Experience and expertise: Jorge has over 26 years of experience in accounting and finance roles in both public and private companies. Jorge has worked with start-up companies and has been CFO for three publicly listed companies in the United States and Australia. As a Controller at Agilent Technologies, he was involved in turning around two divisions to profitability. In his last two years at PricewaterhouseCoopers he was involved in auditing and consulting for start-up companies, where he has focused his expertise to launch early ventures to success. Jorge has a Master's of Business Administration from the University of Wisconsin-Madison and a Bachelor of Science degree in Business Administration from Bryant University.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 650,179 ordinary shares
Interests in options: 3,000,000 options over ordinary shares

Name: Brett Cottle
Title: Non-Executive Director
Qualifications: Bachelor of Laws, Order of Australia
Experience and expertise: Brett was the Chief Executive of Australasian Performing Right Association Ltd (APRA) for 28 years until stepping down in June 2018. For the last 21 of those years Brett also held the position of Chief Executive of Australasian Mechanical Copyright Owners Society Ltd (AMCOS) following the merger of back offices of those organisations in 1997. APRA AMCOS administers performance, broadcast, online and recording rights in musical works on behalf of songwriters and music publishers, and is the largest music industry body in Australasia with annual turnover exceeding \$430 million. Brett holds a law degree from Sydney University, is a past Director of the Australian Copyright Council and a past member of the Copyright Law Review Committee. Between 1991 and 2018 Brett was a Director of the International Confederation of Societies of Authors and Composers (CISAC) and is the only Australian to have served as Chair of that international body, a position he held between 2005 and 2010.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair of Remuneration and Nomination Committee and member of Audit and Risk Committee
Interests in shares: 166,668 ordinary shares
Interests in options: 4,500,000 options over ordinary shares

Name: Robert Kenneth ('Ken') Gaunt
Title: Non-Executive Director
Experience and expertise: Zimbabwean born Ken Gaunt is a successful entrepreneur and investor with over 31 years of experience in sales management, corporate advisory and early-stage business development. After emigrating to Australia from Cape Town in 1997, Ken co-founded and was the managing director of Electronic Banking Solutions Pty Ltd which he grew into Australia's largest independent ATM operator. After guiding that company through a successful merger with Cashcard Australia Limited, in 2005 Ken completed the \$330 million sale of the merged financial services operation to an American private investment firm. Ken is an experienced board member holding various national and international board positions throughout his career including as a director on the multi-award winning, iconic tourist attraction, Sydney Seaplanes, as a board member of Hong Kong-based Fintronics Holding Company Limited and as a non-executive director of the Australian listed oil and gas company, K2 Energy Limited. Ken was CEO of Mobilarm Limited, the company which Jaxsta Limited completed a successful reverse takeover with in late 2018.

Other current directorships: K2 Energy Ltd
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 5,451,818 ordinary shares
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Jorge Nigaglioni - Executive Director, Chief Financial Officer and Company Secretary from 20 July 2020. See 'Information on directors' above for further information.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Linda Jenkinson	21	23	4	5	3	3
Jacqui Louez Schoorl	23	23	5	5	3	3
Jorge Nigaglioni	23	23	5	5	3	3
Brett Cottle	23	23	5	5	3	3
Ken Gaunt	22	23	5	5	3	3

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 17 August 2018, where the shareholders approved a maximum annual aggregate remuneration of \$500,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include client (data partner) engagement, leadership contribution and product development.

The long-term incentives ('LTI') include long service leave and share-based payments (for example tax effective incentive options) exercisable over a 2 to 4 year period, are awarded to key staff and executives as part of a long-term retention strategy.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of share options are dependent on defined volume weighted average price ('VWAP') targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Remuneration and Nomination Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

The Group did not engage the use of a remuneration consultant during the financial year ended 30 June 2021.

Voting and comments made at the company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 98.58% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the following Directors of Jaxsta Ltd:

- Linda Jenkinson - Non-Executive Chair
- Jacqui Louez Schoorl - Executive Director, Chief Executive Officer and Co-founder
- Jorge Nigaglioni - Executive Director, Chief Financial Officer and Company Secretary
- Brett Cottle - Non-Executive Director
- Ken Gaunt - Non-Executive Director

And the following persons:

- Philip Morgan - Chief Information Officer (resigned 31 October 2020)
- Shaun Alexander - Head of Growth (resigned 6 September 2021)
- Michael Stone - Chief Technology Officer
- Iain Bartram - Chief Financial Officer (resigned 31 July 2020)
- Renee Bryant - Chief Financial Officer (resigned 2 March 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus**	Non-monetary	Super-annuation	Long service leave	Equity-settled *	Total
2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Linda Jenkinson ¹	117,658	-	-	11,177	-	66,536	195,371
Brett Cottle ¹	45,000	-	-	4,275	-	66,536	115,811
Ken Gaunt ¹	45,000	-	-	4,275	-	-	49,275
<i>Executive Directors:</i>							
Jacqui Louez Schoorl ²	281,250	-	-	25,017	21,812	131,928	460,007
Jorge Nigaglioni ³	203,870	-	-	18,538	253	26,154	248,815
<i>Other KMP:</i>							
Philip Morgan ⁴	92,260	-	-	6,362	-	17,129	115,751
Shaun Alexander	182,640	20,000	-	18,437	809	8,917	230,803
Michael Stone	143,750	-	-	13,617	157	10,690	168,214
Iain Bartram ⁵	32,040	-	-	3,044	-	-	35,084
	<u>1,143,468</u>	<u>20,000</u>	<u>-</u>	<u>104,742</u>	<u>23,031</u>	<u>327,890</u>	<u>1,619,131</u>

* Represents the value of equity based compensation recognised during the year, not the value of the award given during the year.

** Bonus was paid on 15 April 2021 in cash based on defined Jaxsta Pro Subscription targets met.

¹ To assist the business during the COVID-19 the board waived 50% of their fees during the Jul-Sep 2020 quarter.

² To assist the business during the COVID-19 the CEO waived 25% of her base salary during the Jul-Sep 2020 quarter.

³ To assist the business during the COVID-19 the CFO waived 50% of his base salary during the Jul-Sep 2020 quarter.

⁴ Represents remuneration from 1 July 2020 to his resignation date of 31 October 2020.

⁵ Represents remuneration from 1 July 2020 to his resignation date of 31 July 2020.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled *	Total
2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Brett Cottle ^{1 & 2}	90,000	-	-	8,550	-	48,707	147,257
Linda Jenkinson ^{1 & 3}	49,275	-	-	-	-	48,707	97,982
Jorge Nigaglioni ¹	45,000	-	-	4,275	-	-	49,275
Ken Gaunt ^{1 & 4}	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
Jacqui Louez Schoorl ^{5 & 9}	262,500	92,500	-	19,314	5,586	132,000	511,900
<i>Other KMP:</i>							
Philip Morgan	206,749	-	-	19,527	3,384	54,903	284,563
Renee Bryant ⁶	190,803	-	-	14,751	(847)	-	204,707
Iain Bartram ⁷	78,400	-	-	5,251	80	-	83,731
Shaun Alexander ⁸	61,280	-	-	5,784	68	-	67,132
	<u>984,007</u>	<u>92,500</u>	<u>-</u>	<u>77,452</u>	<u>8,271</u>	<u>284,317</u>	<u>1,446,547</u>

* Represents the value of equity based compensation recognised during the year, not the value of the award given during the year.

¹ To assist the business during the COVID-19 the board waived 100% of their fees during the Apr-Jun 2020 quarter.

² Represents remuneration as a Non-Executive Director for the full year and as Chair between 1 July 2019 and 31 March 2020 (being the date that Mr Cottle resigned as Chair).

³ Represents remuneration as a Non-Executive Director for the full year and as Chair between 31 March 2020 and 30 June 2020 (being the date that Ms Jenkinson was appointed as Chair).

⁴ Represents remuneration from 23 March 2020 (being the date of appointment as a Director) and 30 June 2020.

⁵ To assist the business during the COVID-19 the CEO waived 50% of her base salary during the Apr-Jun 2020 quarter.

⁶ Represents remuneration until 2 March 2020 (being Ms Bryant's last day of employment). The compensation includes a termination payment of \$37,887. Long service leave was negative as the previously accrued balance was not required as Ms Bryant's service was less than 5 years.

⁷ Represents remuneration from 1 March 2020 (being the date of Mr Bartram's appointment as interim CFO).

⁸ Represents remuneration from 11 February 2020 (being the date of Mr Alexander's appointment as Head of Growth).

⁹ Jacqui Louez Schoorl was paid a bonus in FY2020 related to the completion of the data deal with Music and Entertainment Rights Licensing Independent Network B.V. (Merlin) and the launch of Jaxsta Pro.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Linda Jenkinson	66%	50%	-	-	34%	50%
Brett Cottle	43%	67%	-	-	57%	33%
Jorge Nigaglioni	-	100%	-	-	-	-
Ken Gaunt	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Jacqui Louez Schoorl	71%	56%	-	18%	29%	26%
Jorge Nigaglioni	89%	-	-	-	11%	-
<i>Other KMP:</i>						
Philip Morgan	85%	81%	-	-	15%	19%
Shaun Alexander	87%	100%	9%	-	4%	-
Michael Stone	94%	-	-	-	6%	-
Iain Bartram	100%	100%	-	-	-	-
Renee Bryant	-	81%	-	19%	-	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2021	2020	2021	2020
<i>Executive Directors:</i>				
Jacqui Louez Schoorl	-	100%	-	-
<i>Other KMP:</i>				
Shaun Alexander	100%	-	-	-

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Jacqui Louez Schoorl
Title:	Co-founder and Chief Executive Officer
Agreement commenced:	16 November 2018
Term of agreement:	No fixed term
Details:	Base salary for the year ended 30 June 2021 is \$300,000 per annum, plus superannuation. Salary package to be reviewed annually by the Remuneration and Nomination Committee. 12-month termination notice by either party provided that notice cannot be given by either party before 16 November 2020.
<i>Amendment:</i>	By formal agreement dated 2 April 2020, base salary was reduced by 50% for the period between 1 April 2020 and 30 June 2020; and 25% for the period between 1 July 2020 and 30 September 2020 (inclusive). Other terms remain unchanged.

Name: Jorge Nigaglioni
Title: Chief Financial Officer
Agreement commenced: 20 July 2020
Term of agreement: No fixed term
Details: Base salary for the year ended 30 June 2021 is \$240,000 per annum, plus superannuation. Base salary was reduced by 50% for the period between 1 July 2020 and 30 September 2020 (inclusive). Salary package to be reviewed annually by the Remuneration and Nomination Committee. 3-month termination notice by Jaxsta increasing by one month for every year of service up to a maximum of 12 months. 3-month termination by executive.

Name: Shaun Alexander (resigned 6 September 2021)
Title: Head of Growth
Agreement commenced: 11 February 2020
Term of agreement: No fixed term
Details: Base salary for year ended 30 June 2021 is \$180,000 per annum, including superannuation, plus phone allowance and parking. Performance bonus of \$20,000 paid in full or part based on mutually agreed success factors. Salary package and bonus entitlement to be reviewed annually by the Remuneration and Nomination Committee. 1-month termination notice by either party.

Name: Michael Stone
Title: Chief Technology Officer
Agreement commenced: 16 November 2020
Term of agreement: No fixed term
Details: Base salary for the year ended 30 June 2021 is \$230,000 per annum inclusive of superannuation, plus phone allowance. Salary package to be reviewed annually by the Remuneration and Nomination Committee. 3-month termination notice by either party.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2021.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Linda Jenkinson	3,000,000	30 Sep 2019	Variable ¹	30 Sep 2024	\$0.200	\$0.107
Brett Cottle	3,000,000	30 Sep 2019	Variable ¹	30 Sep 2024	\$0.200	\$0.107
Michael Stone	400,000	7 Dec 2020	Variable ²	6 Dec 2026	\$0.154	\$0.079
Shaun Alexander	400,000	7 Dec 2020	Variable ³	6 Dec 2026	\$0.154	\$0.079
Jorge Nigaglioni	3,000,000	26 Nov 2020 ⁶	Variable ⁴	21 Apr 2026	\$0.129	\$0.073
Linda Jenkinson	1,500,000	11 Jun 2021 ⁶	Variable ⁴	15 Jun 2026	\$0.096	\$0.053
Brett Cottle	1,500,000	11 Jun 2021 ⁶	Variable ⁴	15 Jun 2026	\$0.096	\$0.053
Michael Stone	1,600,000	16 Jun 2021	Variable ⁵	15 Jun 2026	\$0.096	\$0.053

- ¹ vesting tranches of 750,000 options for each \$0.10 increase in the Company's share price (measured on a VWAP basis so that each increment increase has to exist for at least 30 consecutive ASX trading days) from A\$0.20.
- ² vesting tranches of 125,000 for reaching 50,000 paid subscriber increase in the Jaxsta Pro subscription service at a minimum price of \$75, 125,000 for reaching \$2 million in Data Solution Deals, 50,000 for reaching a one year service period and 100,000 for reaching a two year service period.
- ³ vesting tranches of 100,000 for each 25,000 paid subscriber increase in the Jaxsta Pro subscription service at a minimum price of \$75 with minimum one (50%) and two year (50%) service requirements.
- ⁴ vesting tranches of 750,000 options for each \$0.075 increase in the Company's share price (measured on a VWAP basis so that each increment increase has to exist for at least 30 consecutive ASX trading days) from A\$0.175.
- ⁵ vesting tranches of 400,000 options for each \$0.075 increase in the Company's share price (measured on a VWAP basis so that each increment increase has to exist for at least 30 consecutive ASX trading days) from A\$0.175.
- ⁶ as per AASB 2, the grant date reflects the date at which the associated service were understood by the parties to commence even though the actual grant date occurred later due to necessary shareholder approvals or finalisation of award terms.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. Options vest based on the provision of service over the vesting period whereby the KMP becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The number of options over ordinary shares granted to and vested by Directors and other KMP as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of options granted during the year 2021	Number of options granted during the year 2020	Number of options vested during the year 2021	Number of options vested during the year 2020
Linda Jenkinson	1,500,000	3,000,000	-	750,000
Jacqui Louez Schoorl	-	-	-	1,000,000
Brett Cottle	1,500,000	3,000,000	-	750,000
Philip Morgan	-	-	-	75,000
Jorge Nigaglioni	3,000,000	-	-	-
Shaun Alexander	400,000	-	-	-
Michael Stone	2,000,000	-	-	-

Values of options over ordinary shares granted, exercised and lapsed for Directors and other KMP as part of compensation during the year ended 30 June 2021 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Linda Jenkinson	70,500	-	-	-
Brett Cottle	70,500	-	-	-
Jorge Nigaglioni	195,000	-	-	-
Shaun Alexander	31,600	-	-	-
Michael Stone	106,800	-	-	-

Performance rights

There were no performance rights over ordinary shares issued to Directors and other KMP as part of compensation that were outstanding as at 30 June 2021.

There were no performance rights over ordinary shares granted to or vested by Directors and other KMP as part of compensation during the year ended 30 June 2021.

Additional information

The earnings of the Group for the three years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$
Sales revenue	4,840	9,520	-
Loss after income tax	(5,946,672)	(10,438,665)	(14,384,104)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019
Share price at financial year end (\$)	0.05	0.03	0.22
Basic earnings per share (cents per share)	(2.09)	(4.35)	(0.11)
Diluted earnings per share (cents per share)	(2.09)	(4.35)	(0.11)

Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Jacqui Louez Schoorl *	51,840,004	-	-	(3,350,000)	48,490,004
Jorge Nigaglioni **	650,179	-	-	-	650,179
Brett Cottle	166,668	-	-	-	166,668
Ken Gaunt ***	5,451,818	-	-	-	5,451,818
Philip Morgan ¹	160,000	-	-	(160,000)	-
Renee Bryant ¹	266,669	-	-	(266,669)	-
	<u>58,535,338</u>	<u>-</u>	<u>-</u>	<u>(3,776,669)</u>	<u>54,758,669</u>

* Shares held in Mrs Louez Schoorl's own name and in the name of Louis Schoorl (her husband & Jaxsta co-founder).

** Shares held in Mr Nigaglioni's own name and in the name of Jaeanai Technologies Pty Ltd.

*** Shares held in the name of Blazzed Pty Limited as of 23 March 2020 when Mr Gaunt joined the board of Jaxsta as a non-executive director.

¹ Disposals/other represents shares held at resignation date.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Linda Jenkinson	3,000,000	1,500,000	-	-	4,500,000
Jacqui Louez Schoorl	20,000,000	-	-	-	20,000,000
Jorge Nigaglioni	-	3,000,000	-	-	3,000,000
Brett Cottle	3,000,000	1,500,000	-	-	4,500,000
Philip Morgan ¹	525,000	-	-	(525,000)	-
Michael Stone	-	2,000,000	-	-	2,000,000
Shaun Alexander	-	400,000	-	-	400,000
	<u>26,525,000</u>	<u>8,400,000</u>	<u>-</u>	<u>(525,000)</u>	<u>34,400,000</u>

¹ Disposals/other represents shares held at resignation date.

Loans to KMP and their related parties

There are no loans to KMP and their related parties at year end.

Other transactions with KMP and/or their related parties

There were no other transactions during the financial year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Jaxsta Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option or warrant
16 November 2018	16 November 2023	\$0.200	20,000,000
16 November 2018	16 November 2023	\$0.300	1,000,000
14 March 2019	31 March 2027	\$0.010	713,105
14 March 2019	31 March 2028	\$0.010	2,139,315
15 March 2019	31 March 2027	\$0.010	675,573
15 March 2019	31 March 2028	\$0.010	675,573
28 March 2019	28 March 2025	\$0.650	550,000
28 March 2019	28 March 2026	\$0.000	125,000
18 June 2019	31 May 2027	\$0.010	562,978
18 June 2019	31 May 2028	\$0.010	562,977
30 July 2019	31 July 2027	\$0.010	234,574
30 July 2019	31 July 2028	\$0.010	234,574
30 September 2019	30 September 2024	\$0.200	6,000,000
30 September 2019	1 October 2026	\$0.230	150,000
30 September 2019	1 October 2027	\$0.230	150,000
10 March 2020	31 August 2027	\$0.010	2,048,554
7 December 2020	6 December 2026	\$0.154	1,880,000
15 April 2021	14 April 2024	\$0.150	3,000,000
26 November 2020 ¹	21 April 2026	\$0.129	3,000,000
11 June 2021 ¹	15 June 2026	\$0.096	3,000,000
16 June 2021 ¹	15 June 2026	\$0.096	1,600,000
			<u>48,302,223</u>

¹ As per AASB 2, the grant date reflects the date at which the associated service were understood by the parties to commence even though the actual grant date occurred later due to necessary shareholder approvals or finalisation of award terms.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of Jaxsta Ltd under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Jaxsta Ltd issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Jaxsta Ltd issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Grant Thornton

There are no officers of the Company who are former partners of Grant Thornton.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Jacqueline Louez Schoorl
Executive Director & Chief Executive Officer

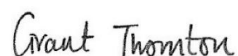
30 September 2021
Sydney, New South Wales

Auditor's Independence Declaration

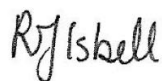
To the Directors of Jaxsta Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Jaxsta Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



R J Isbell
Partner – Audit & Assurance

Sydney, 30 September 2021

jaxsta

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	4	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	5	(3,388,838)	(3,808,769)
Product development expense	5	(1,601,881)	(2,055,583)
Depreciation and amortisation expense	5	(169,693)	(83,427)
Impairment of intangibles	5,12	(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	5	(683,365)	(688,946)
Finance costs	5	(117,016)	(31,248)
Loss before income tax expense		(5,709,673)	(10,438,665)
Income tax expense	6	-	-
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	30	(2.17)	(4.35)
Diluted earnings per share	30	(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	7	3,461,427	2,404,848
Trade and other receivables	8	876,611	1,518,106
Other assets	9	146,020	223,414
Total current assets		<u>4,484,058</u>	<u>4,146,368</u>
Non-current assets			
Property, plant and equipment	10	51,503	47,880
Right-of-use assets	11	230,653	-
Intangibles	12	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	13	520,341	571,033
Contract liabilities	14	25,000	-
Borrowings	15	26,778	390,009
Lease liabilities	16	70,209	-
Employee benefits	17	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	14	475,000	-
Borrowings	15	1,448,638	-
Lease liabilities	16	142,831	-
Employee benefits	17	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	18	36,454,852	32,792,654
Reserves	19	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 18)	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 18)	3,604,448	-	-	3,604,448
Share-based payments	-	780,902	-	780,902
Convertible note issuance equity component (note 18)	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	28	<u>(3,574,448)</u>	<u>(5,670,183)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(25,930)	(29,471)
Payments for intangibles	12	(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	18	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	7	<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. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

Going concern

The Group incurred a loss after tax of \$5,709,673 (2020: \$10,438,665) and had a net cash outflow from operations of \$3,574,448 (2020: \$5,670,183) for the year ended 30 June 2021. As at 30 June 2021, the Group had excess working capital of \$3,641,132 (2020: excess working capital of \$2,978,657). The conditions above give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. As at the signing date of the Financial Statements, the Group had cash assets of \$4,186,469.

The Group completed a capital raise in September 2021, raising \$2,500,000 before costs for a total of 41,666,667 ordinary shares at a price of \$0.06 per share. The Group will pay \$150,000 in cash fees and issue 2,000,000 options that are exercisable at a price of \$0.15 and have a three year expiry date.

The Group is in the process of transitioning from a start-up/development business to a commercialised business with the intention of deriving revenues from product sales and services.

The Group launched its Jaxsta Pro service in November 2019, to navigate COVID the product transitioned to operate under a freemium model and re-launched to a new paid product (Jaxsta Plus) version in August 2021. In addition it has launched its commercial API in January 2021 with the intention of growing its Data Solutions business segment revenues in the coming periods.

Management has prepared cash flow forecasts for the Group for the period ending 30 September 2022 which assumes continuity of business on the basis of the following events occurring:

- the continuation of the Jaxsta and Jaxsta Pro metadata platform, resulting in the subsequent commercialisation through its tiered subscription rollout in August 2021, accordingly cash receipts from revenues from platform use have been forecast;
- the successful commercialisation of its Data Solutions that commenced in January 2021;
- the receipt of a R&D tax concession for the financial year ended 30 June 2021 and establishing a line of credit secured against the future R&D tax concessions that the Group expects to receive in respect of FY2022 and;
- a potential capital raising within the next 12 months.

The Directors believe that the Group is a going concern and that the above events will eventuate in the short term and accordingly the Financial Statements have been prepared on a going concern basis.

In the event that the above assumptions do not eventuate, there are material uncertainties that cast significant doubt over the ability of the Group to continue as a going concern.

Note 1. Significant accounting policies (continued)

In the event that the Group does not achieve the conditions stated above by the Directors, the ability of Jaxsta and therefore the Group to continue as a going concern may be impacted. As a result, the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the Financial Statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should Jaxsta and the Group not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jaxsta Ltd ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Jaxsta Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Jaxsta Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as a provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is recognised as interest revenue.

The Group accounts for a contract with a customer when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance; and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Subscription revenues consist primarily of fees earned from subscription-based arrangements for providing customers the right to license or access to the data through the Application Programming Interface (API) or through the cloud-based portal. Subscription revenues vary based on the number and size of active subscriptions or API licenses, as well as the price of the subscriptions or licenses. Subscriptions have contractual terms of one to twelve months and they automatically renew unless cancelled prior to the next billing period. Subscription revenue is recognised on a pro rata basis as subscriptions or licenses may cover multiple accounting periods, commencing on the date the subscription is made available to customers. Any set up services relating to our APIs or Data Solutions are recognised when performed.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Significant accounting policies (continued)

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Research and development tax incentive

Research and development tax incentive is recognised on an accrual basis.

Jaxsta has adopted the income approach to accounting for research and development tax incentive pursuant to AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance' whereby the concession is recognised in profit or loss on a systematic basis in the periods in which the entity recognises the eligible expenses. It is recognised when it can be measured reliably, when there is reasonable assurance that the Group will comply with the conditions attaching to the incentive and that the incentive will be received.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amounts is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Computer equipment	2 to 3 years
Office equipment	5 to 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Platform development

Research costs are expensed in the period in which they are incurred. Platform development costs will be capitalised if and when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Significant costs associated with the platform development of the website, including the capacity to generate subscriptions, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Trademarks

Significant costs associated with trademarks are recognised at cost of acquisition.

For the year ended 30 June 2020, trademarks were assessed to have an indefinite useful life and therefore not amortised.

For the year ended 30 June 2021, amortisation of trademarks commenced over the period of their expected benefit, being their finite life of 20 years. The shift from development stage to revenue generation stage triggered the change in policy.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Jaxsta Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives

Certain comparatives have been reclassified for consistency with the current period presentation. There was no effect on profit, assets, liabilities or equity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The key estimate used in the valuation is the expected stock price volatility.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Going Concern

The going concern basis of accounting is considered a critical estimate and judgement area as Management and the Directors have made the use of significant accounting estimates and judgements in the preparation of the cash flow forecast used in assessing the going concern of the Group. See note 1.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Estimation of useful life of trademarks

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. After the impairment assessment of trademarks at 30 June 2021, management determined that the useful life was no longer indefinite. Therefore, amortisation of trademarks commenced for the year ended 30 June 2021. The effect of this change in the current period is an expense of \$40,342. The effect of this change in future periods is an amortisation expense based on a useful life of 20 years.

Convertible note

The Group has used a borrowing rate of 10% to determine the fair value of the liability component of the convertible note. This was based on the interest rate for obtaining a similar value secured loan without the conversion feature. The note includes an automatic conversion feature if certain net profit thresholds are reached. Management has assessed the likelihood of these as being remove as such the feature has not been considered when determining the appropriate accounting.

Right-of-use assets

The Group determined whether a contract is, or contains, a lease at the commencement date. This is done by assessing whether the contract contains an identified asset throughout the period of use and has the right to direct how and for what purpose the asset is used throughout the period of use.

In determining the lease term, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken up to help determine the lease term. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Where a lease is deemed to have a term more than 12 months, the minimum lease payments made are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Research and development tax incentive

Research and development tax incentive is recognised on an accrual basis. Management estimates the income based on actual expenditure eligible for the tax incentive for each year end and believes the estimate to be reasonable under the circumstances.

Note 3. 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 4. 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 5. 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	69,691	23,609
<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 12)	-	4,025,904
Trademarks (note 12)	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

Note 5. Expenses (continued)

	Consolidated	
	2021	2020
	\$	\$
<i>Finance costs</i>		
<i>Interest and finance charges paid/payable on borrowings</i>	103,229	31,248
<i>Interest and finance charges paid/payable on lease liabilities</i>	13,787	-
	<u>117,016</u>	<u>31,248</u>
<i>Finance costs expensed</i>		
	<u>117,016</u>	<u>31,248</u>
<i>Net fair value loss</i>		
Net fair value loss on financial assets	-	573,000

Note 6. Income tax

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(5,709,673)	(10,438,665)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,484,515)	(2,870,633)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	-	1,264,699
Impairment of intangibles	4,225	-
Impairment of financial assets	-	157,575
Research and development uplift	219,033	309,464
	<u>(1,269,707)</u>	<u>(1,138,895)</u>
Current year tax losses not recognised	1,269,707	1,138,895
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	
	2021	2020
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	37,153,470	32,713,504
Potential tax benefit @ 25% (2020: 26%)	9,288,368	8,505,511

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 6. Income tax (continued)

The corporate tax rate applicable to base rate entities reduces from 27.5% to 26% for the 2020-21 income year and further reduces to 25% prospectively from the 2021-22 income year. The Company qualifies as a base rate entity as it has a turnover of less than \$50 million and less than 80% of its assessable income is derived from base rate entity passive income. The Company has remeasured its deferred tax balances, and any unrecognised potential tax benefits arising from carried forward tax losses, based on the effective tax rate that is expected to apply in the year the temporary differences are expected to reverse or benefits from tax losses realised. The impact of the change in tax rate on deferred tax balances has been recognised as tax expense in profit or loss or as an adjustment to equity to the extent to which the deferred tax relates to items previously recognised outside profit or loss.

Any potential tax benefit, excluding tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Cash on hand	277	390
Cash at bank	3,411,150	2,354,458
Cash on deposit	50,000	50,000
	<u>3,461,427</u>	<u>2,404,848</u>

Note 8. 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 9. Other assets

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Prepayments	119,620	197,014
Security deposits	26,400	26,400
	<u>146,020</u>	<u>223,414</u>

Note 10. Property, plant and equipment

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Computer equipment - at cost	131,260	145,430
Less: Accumulated depreciation	(97,175)	(118,401)
	<u>34,085</u>	<u>27,029</u>
Office equipment - at cost	45,723	43,602
Less: Accumulated depreciation	(28,305)	(22,751)
	<u>17,418</u>	<u>20,851</u>
	<u>51,503</u>	<u>47,880</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	Computer equipment \$	Office equipment \$	Total \$
Balance at 1 July 2019	16,720	25,299	42,019
Additions	27,314	2,156	29,470
Depreciation expense	(17,005)	(6,604)	(23,609)
Balance at 30 June 2020	27,029	20,851	47,880
Additions	21,382	4,547	25,929
Disposals	(91)	(391)	(482)
Write off of assets	-	(808)	(808)
Depreciation expense	(14,235)	(6,781)	(21,016)
Balance at 30 June 2021	<u>34,085</u>	<u>17,418</u>	<u>51,503</u>

Note 11. Right-of-use assets

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	303,554	-
Less: Accumulated depreciation	<u>(72,901)</u>	<u>-</u>
	<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	<u>-</u>
Balance at 30 June 2020	-
Additions	279,328
Depreciation expense	<u>(48,675)</u>
Balance at 30 June 2021	<u>230,653</u>

For other AASB 16 Lease disclosures, refer to:

- note 5 for depreciation on right-of-use assets;
- note 5 for interest on lease liabilities;
- statement of financial position for lease liabilities; and
- statement of cash flows for repayment of lease liabilities.

Note 12. Intangibles

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

Reconciliations

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

	Goodwill	Platform development	Trademarks	Total
	\$	\$	\$	\$
Consolidated				
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)
	-	116,367	220,167	336,534
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)
	-	56,707	188,534	245,241
Balance at 30 June 2021	-	56,707	188,534	245,241

Note 13. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	162,299	309,121
Other payables	358,042	261,912
	<u>520,341</u>	<u>571,033</u>

Refer to note 21 for further information on financial instruments.

Note 14. 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 to be completed 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.

Note 14. Contract liabilities (continued)

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	398,500	-
	<u>500,000</u>	<u>-</u>

Note 15. 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>

Refer to note 21 for further information on financial instruments.

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.

Note 15. Borrowings (continued)

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 18).

Note 16. Lease liabilities

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Lease liability	70,209	-
<i>Non-current liabilities</i>		
Lease liability	142,831	-

Refer to note 21 for information on the maturity analysis of lease liabilities.

Note 17. Employee benefits

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Annual leave	176,136	206,669
<i>Non-current liabilities</i>		
Long service leave	37,876	32,314

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2021	2020
	\$	\$
Employee benefits obligation expected to be settled after 12 months	68,656	155,002

Note 18. Issued capital

	2021	Consolidated	2021	2020
	Shares	Shares	\$	\$
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>

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 19. Reserves

	Consolidated	
	2021	2020
	\$	\$
Share-based payments reserve	<u>2,241,375</u>	<u>1,460,473</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 19. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments reserve \$
Consolidated	
Balance at 1 July 2019	596,816
Employee share-based payment expense	374,754
Data partner warrants granted	816,503
Options exercised	(327,600)
Balance at 30 June 2020	1,460,473
Employee share-based payment expense	325,765
Broker options	182,837
Data partner warrants granted	272,300
Balance at 30 June 2021	<u>2,241,375</u>

Note 20. Dividends

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

Note 21. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 21. Financial instruments (continued)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
Consolidated	\$	\$	\$	\$
US dollars	209	-	-	-

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The policy is to maintain approximately 100% of current borrowings at fixed rates to achieve this when necessary.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2021		2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	\$	%	\$
Research and development rebate financing	-	-	15.00%	365,037
Insurance financing	5.49%	26,778	5.85%	24,972
Convertible notes payable	7.50%	1,448,638	-	-
Net exposure to cash flow interest rate risk		1,475,416		390,009

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Group the loans outstanding, totalling \$1,475,416 (2020: \$390,009), are principal and interest payment loans. Monthly cash outlays of approximately \$488 (2020: \$499) per month are required to service the interest payments. An official increase/decrease in interest rates of 1 (2020: 1 basis points) would have an adverse/favourable effect on profit before tax of \$14,754 (2020: \$3,900) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts. In addition, minimum principal repayments of \$9,097 (2020: \$8,337) are due during the year ending 30 June 2021 (2020: 30 June 2020).

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), and ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Note 21. Financial instruments (continued)

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at the Board level, given to parties securing the liabilities of certain subsidiaries.

Generally, trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved board policy. Such policy requires that surplus funds are only invested with major financial institutions.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2021	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	162,299	-	-	-	162,299
Other payables	-	358,042	-	-	-	358,042
<i>Interest-bearing - variable</i>						
Convertible notes payable	7.50%	-	-	1,448,638	-	1,448,638
Insurance financing	5.49%	26,778	-	-	-	26,778
Lease liability	-	83,319	142,832	-	-	226,151
Total non-derivatives		630,438	142,832	1,448,638	-	2,221,908

Note 21. Financial instruments (continued)

Consolidated - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	309,121	-	-	-	309,121
Other payables	-	261,912	-	-	-	261,912
<i>Interest-bearing - fixed rate</i>						
Research and development rebate financing	15.00%	365,037	-	-	-	365,037
Insurance financing	5.85%	24,972	-	-	-	24,972
Total non-derivatives		961,042	-	-	-	961,042

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of KMP of the Group is set out below:

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	1,163,468	1,076,507
Post-employment benefits	104,742	77,452
Long-term benefits	23,031	8,271
Share-based payments	327,890	284,317
	1,619,131	1,446,547

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - Grant Thornton</i>		
Audit or review of the financial statements	114,643	79,500

Note 24. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 25. Related party transactions

Parent entity

Jaxsta Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

Transactions with related parties

Louis Schoorl (Jaxsta co-founder) received payments of \$Nil (2020: \$15,400) for music industry liaison services and product development services from New Holland Pty Limited (related to Jacqui Louez Schoorl).

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Loss after income tax	<u>(2,924,989)</u>	<u>(1,762,992)</u>
Total comprehensive income	<u>(2,924,989)</u>	<u>(1,762,992)</u>

Note 26. Parent entity information (continued)

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	18,137,237	2,727,895
Total assets	18,137,237	12,974,655
Total current liabilities	-	-
Total liabilities	1,448,638	-
Equity		
Issued capital	42,532,143	38,869,946
Share-based payments reserve	4,437,210	1,460,473
Accumulated losses	(30,280,754)	(27,355,764)
Total equity	16,688,599	12,974,655

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021	2020
		%	%
Jaxsta Holdings Pty Ltd	Australia	100.00%	100.00%
Jaxsta Enterprise Pty Ltd	Australia	100.00%	100.00%
Jaxsta Inc	United States of America	100.00%	100.00%

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(5,709,673)	(10,438,665)
Adjustments for:		
Depreciation and amortisation	169,693	83,427
Impairment of goodwill	-	4,025,904
Net fair value loss on financial assets	-	573,000
Share-based payments	780,902	374,754
Foreign exchange differences	(9,919)	(4,018)
Supplier share scheme expense	-	816,503
Write off of assets	17,059	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	651,414	(1,157,194)
Decrease/(increase) in prepayments	77,394	(36,013)
Increase in other current assets	-	(9,307)
Increase/(decrease) in trade and other payables	(50,809)	130,085
Increase in contract liabilities	500,000	-
Decrease in employee benefits	(24,971)	(28,659)
Increase in other provisions	24,462	-
Net cash used in operating activities	<u>(3,574,448)</u>	<u>(5,670,183)</u>

Note 29. Changes in liabilities arising from financing activities

	Research and development rebate financing	Insurance financing	Convertible notes payable	Lease liability	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2019	26,597	-	-	-	26,597
Net cash from financing activities	314,754	24,972	-	-	339,726
Other changes	23,686	-	-	-	23,686
Balance at 30 June 2020	365,037	24,972	-	-	390,009
Net cash from/(used in) financing activities	(365,037)	1,806	1,420,000	(66,170)	990,599
Interest	-	-	28,638	-	28,638
Acquisition of plant and equipment by means of leases	-	-	-	279,210	279,210
Balance at 30 June 2021	<u>-</u>	<u>26,778</u>	<u>1,448,638</u>	<u>213,040</u>	<u>1,688,456</u>

Note 30. 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>261,760,987</u>	<u>239,869,594</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>261,760,987</u>	<u>239,869,594</u>
	Cents	Cents
Basic earnings per share	(2.18)	(4.35)
Diluted earnings per share	(2.18)	(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.

Note 31. Share-based payments

An Employee Share Incentive Scheme ('ESIS') was established by the Group and approved by shareholders at a general meeting in August 2018, whereby the Group may, at the discretion of the Remuneration and Nomination Committee, grant options over ordinary shares in the Company to employees and Directors of the Group. The options are issued for consideration to be paid at time of exercise and are granted in accordance with performance guidelines established by the Board of Directors or its Remuneration and Nomination Committee. The ESIS was renewed and approved by shareholders at a general meeting in June 2021 and extends the plan for a further three years.

During the year the Group issued options to Directors in terms similar to those in the ESIS. The issue was approved by shareholders at a General Meeting on 10 June 2021.

During the year the Group also issued options to its financial advisors managing the Capital Offer. The three year options were issued with an exercise price of 200% the price of the offer to shareholders. The options were issued in April 2021 and ratified by shareholders at a General Meeting on 10 June 2021.

Note 31. Share-based payments (continued)

2020							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/11/2018	16/11/2023	\$0.200	20,000,000	-	-	-	20,000,000
16/11/2018	16/11/2023	\$0.300	1,000,000	-	-	-	1,000,000
14/03/2019	31/03/2027	\$0.010	713,105	-	-	-	713,105
14/03/2019	31/03/2028	\$0.010	2,139,315	-	-	-	2,139,315
15/03/2019	31/03/2027	\$0.010	675,573	-	-	-	675,573
15/03/2019	31/03/2028	\$0.010	675,573	-	-	-	675,573
28/03/2019	28/03/2025	\$0.650	601,922	-	-	-	601,922
28/03/2019	28/03/2026	\$0.000	150,000	-	-	-	150,000
18/06/2019	31/07/2027	\$0.010	562,978	-	-	-	562,978
18/06/2019	31/07/2028	\$0.010	562,977	-	-	-	562,977
28/03/2019	27/03/2026	\$0.000	445,000	-	(445,000)	-	-
28/03/2019	27/03/2026	\$0.000	395,000	-	(395,000)	-	-
30/07/2019	31/07/2027	\$0.010	-	234,574	-	-	234,574
30/07/2019	31/07/2028	\$0.010	-	234,574	-	-	234,574
30/09/2019	30/09/2024	\$0.200	-	6,000,000	-	-	6,000,000
30/09/2019	01/10/2026	\$0.230	-	150,000	-	-	150,000
30/09/2019	01/10/2027	\$0.230	-	150,000	-	-	150,000
10/03/2020	31/08/2027	\$0.010	-	2,048,554	-	-	2,048,554
			27,921,443	8,817,702	(840,000)	-	35,874,145

The weighted average share price during the financial year was \$0.095 (2020: \$0.089).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.3 years (2020: 3.7 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date ¹	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/12/2020	06/12/2026	\$0.092	\$0.154	132.30%	-	-	\$0.079
15/04/2021	14/04/2024	\$0.075	\$0.150	175.00%	-	-	\$0.061
26/11/2021 ¹	21/04/2026	\$0.079	\$0.129	132.30%	-	-	\$0.073
11/06/2021 ¹	15/06/2026	\$0.057	\$0.096	132.30%	-	-	\$0.053
16/06/2021	15/06/2026	\$0.057	\$0.096	132.30%	-	-	\$0.053

¹ As per AASB 2, the grant date reflects the date at which the associated service were understood by the parties to commence even though the actual grant date occurred later due to necessary shareholder approvals or finalisation of award terms.

Note 32. Events after the reporting period

The Group completed a capital raise in September 2021, raising \$2,500,000 before costs for a total of 41,666,667 ordinary shares at a price of \$0.06 per share. The Group will pay \$150,000 in fees and issue 2,000,000 options that are exercisable at a price of \$0.15 and have a three year expiry date.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Jacqueline Louez Schoorl
Executive Director & Chief Executive Officer

30 September 2021
Sydney, New South Wales

Independent Auditor's Report

To the Members of Jaxsta Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Jaxsta Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of \$5,709,673 during the year ended 30 June 2021, and had a net operating cash outflow of \$3,574,448. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of R&D tax incentive (Note 2, 4, 6, 8) Under the research and development (R&D) tax incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities. A Registration of R&D Activities Application is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management engaged an R&D expert to perform a detailed review of the Group's total R&D expenditure to determine the potential claim under the R&D tax incentive legislation. The receivable at year-end for the incentive was \$842,432. This represents an estimated claim for the period 1 July 2020 to 30 June 2021. This area is a key audit matter due to the size of the receivable and because there is a degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our procedures included, amongst others: - obtaining and documenting, through discussions with management, an understanding of the process to estimate the claim; - evaluating the competence, capabilities and objectivity of management's expert; - utilising an internal R&D tax specialist in: - reviewing the methodology used by management for consistency with the R&D tax offset rules; and - considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to assess whether the expenses included in the estimate were likely to meet the eligibility criteria. - inspecting supporting documentation for a sample of expenses claimed to assess validity of the claimed amount and eligibility against the R&D tax incentive scheme criteria; - comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim; - comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; - considering the entity's history of successful claims; - inspecting copies of relevant correspondence with AusIndustry and the ATO; and - assessing the adequacy of the related disclosures in the financial statements.

Share options and warrants (Note 2, 19, 31)

During the year the Group issued options to Directors and employees which have market based vesting conditions. AASB 2 *Share-based Payment* required share based payments to be valued at the date of grant and recognised over the vesting period. The valuation of share-based payments is a risk due to the complex basis upon which the value at the grant date is determined.

This is a key audit matter due to the inherent complexity that is involved in determining the valuation of share based payment at grant date.

Our procedures included, amongst others:

- agreeing the issue of instruments to relevant ASX announcements and option/right agreements;
- assessing management's accounting policy for compliance with AASB 2 Share-based Payment;
- evaluating the competence, capabilities and objectivity of management's valuation expert as well as considering the assumptions applied by management's expert for reasonableness and historical accuracy;
- understanding key judgements and assumptions made by the group in accounting for the options and rights for reasonableness;
- agreeing key inputs to the relevant terms within the instrument agreements;
- engaging our internal valuation specialists to review the instruments valuation where the Monte Carlo model has been used;
- testing the mathematical accuracy of the valuation provided by management's expert;
- agreeing that share based payment expenses were recorded in the correct period in line with vesting conditions; and
- assessing the adequacy of the related disclosures within the financial report

Convertible note and contract liabilities (Note 14, 15, 18)

On 10 September 2020, Jaxsta 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.

Jaxsta issued Songtradr with convertible loan notes totaling \$1,420,000 in exchange for cash.

There is a risk that the convertible note relating to the transaction with Songtradr has not been appropriately accounted for due to its inherently complex nature.

This is a key audit matter due to the inherent complexity in assessing determining debt and equity components within the convertible note.

Our procedures included, amongst others:

- reading executed agreements for terms and conditions to evaluate whether the accounting treatment reflects the substance of the agreement;
- obtaining management's calculations and memorandum on the accounting treatment of convertible note and assessing for compliance with the accounting standards;
- obtaining an understanding of the key inputs and assumptions in the calculations;
- assessing the assumptions used in determining the debt component and the equity component of the compound financial instrument for reasonableness;
- testing the mathematical accuracy of management's calculations; and
- assessing the adequacy of the related disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

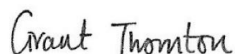
Opinion on the remuneration report

We have audited the Remuneration Report included in pages 18 to 27 of the Directors' report for the year ended 30 June 2021.

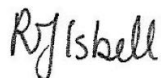
In our opinion, the Remuneration Report of Jaxsta Ltd, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



R J Isbell
Partner – Audit & Assurance

Sydney, 30 September 2021



jaxsta

The global music industry has a responsibility to ensure credits are not only valued but are accurate, published and amplified.

Photo Credits: Jordan Whitfield

The shareholder information set out below was applicable as at 29 September 2021

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	83	0.01%	-	-
1,001 to 5,000	283	0.27%	-	-
5,001 to 10,000	284	0.67%	-	-
10,001 to 100,000	713	8.33%	14	2.04
100,001 and over	330	90.72%	22	97.96
	<u>1,693</u>	<u>100.00%</u>	<u>36</u>	<u>100.00%</u>
Holding less than a marketable parcel	<u>506</u>	<u>0.55%</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	% of total	
	shares	
	issued	
	Number held	
CS THIRD NOMINEES PTY LIMITED	27,989,245	8.17%
<HSBC CUST NOM AU LTD 13 A/C>		
MS JACQUELINE SAMANTHA LOUEZ SCHOORL	25,920,004	7.57%
MR LOUIS SCHOORL	22,570,000	6.59%
GE EQUITY INVESTMENTS PTY LTD	10,538,334	3.08%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,878,207	2.88%
MS PATRYCJA DORATA PROTASIUK	9,052,989	2.64%
BNP PARIBAS NOMINEES PTY LTD	7,188,802	2.10%
<IB AU NOMS RETAILCLIENT DRP>		
ALUA NOMINEES PTY LTD	6,250,000	1.82%
UBS NOMINEES PTY LTD	5,706,860	1.67%
BLAZZED PTY LTD	5,044,016	1.47%
<GAUNT MANAGEMENT A/C>		
CITICORP NOMINEES PTY LIMITED	4,583,738	1.34%
SANDHURST TRUSTEES LTD	4,517,020	1.32%
<CYAN C3G FUND A/C>		
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,681,630	1.07%
BOND STREET CUSTODIANS LIMITED	3,500,000	1.02%
<GARYHA - D81497 A/C>		
CRITICAL INFRASTRUCTURE TECHNOLOGIES PTY LTD	3,250,000	0.95%
MR JUN GU	3,020,835	0.88%
MR EDWARD REECE LEIGH JONES	2,900,000	0.85%
MR STEVEN CLIVE BAILEY	2,800,000	0.82%
MR LLOYD STUART DARBY	2,536,162	0.74%
MR LLOYD STUART DARBY &	2,096,159	0.61%
MRS LYNDA ANNE DARBY		
<DARBY FINANCIAL FREEDOM A/C>		
Total	163,024,001	47.59%
Balance of the register – ordinary shares	179,554,198	52.41%
Total issued capital – ordinary shares	342,578,199	100.00%

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	48,379,146	36

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
MS JACQUELINE SAMANTHA LOUEZ SCHOORL	Unquoted options	20,000,000
Options over ordinary shares issued		

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares % of total shares issued
Number held	
MS JACQUELINE SAMANTHA LOUEZ SCHOORL	25,920,004 8.61%
MR LOUIS SCHOORL	22,570,000 7.50%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Option holders do not have any voting rights on the options held by them.

There are no other classes of equity securities.

A close-up, slightly blurred photograph of a vinyl record player on a wooden surface. An orange vinyl record is spinning on the turntable. In the foreground, a red book with a colorful, abstract cover design is partially visible. The background shows the wooden grain of the table and a blurred wall.

jaxsta

Jaxsta shining the light on all
those involved in the creation
of every song.

Photo Credit: Travis Yewell

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