

1. Company details

| | |
|-------------------|--|
| Name of entity: | Jaxsta Ltd |
| ABN: | 15 106 513 580 |
| Reporting period: | For the half-year ended 31 December 2022 |
| Previous period: | For the half-year ended 31 December 2021 |

2. Results for announcement to the market

| | | | \$ |
|--|------|-----------|-------------|
| Revenues from ordinary activities | up | 577.2% to | 209,648 |
| Other income and interest revenue | down | 63.6% to | 238,536 |
| Loss from ordinary activities after tax attributable to the owners of Jaxsta Ltd | up | 39.7% to | (4,506,365) |
| Loss for the half-year attributable to the owners of Jaxsta Ltd | up | 39.7% to | (4,506,365) |

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$4,506,365 (31 December 2021: \$3,224,774).

Refer to Market announcement, which precedes the Appendix 4D, for further commentary on the results for the half-year ended 31 December 2022.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>(0.99)</u> | <u>0.12</u> |

Net tangible assets per ordinary security has been calculated by including the right-of-use assets of \$nil (30 June 2022: \$3,054).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The review report is expected to contain a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Interim Report of Jaxsta Ltd for the half-year ended 31 December 2022 is attached.

12. Signed

Signed



Linda Jenkinson
Non-Executive Director and Chair
Sydney

Date: 28 February 2023

jaxsta

Interim Financial Report

for the half year ended 31 December 2022



2022

Jaxsta Limited
ABN 15 106 513 580



We've created the world's largest
database of official music credits so
you can find **verified data**

accurate reports
music ownership
revenue
opportunities
repertoire
talent
validation
and be found

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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 half-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: 52 Smith Avenue Allambie Heights, NSW 2100

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 28 February 2023. The directors have the power to amend and reissue the financial statements.



As part of my new business to clean the portfolio of a creator to finally see all of their work in one place, all their deals, their songs, their records, their producer and remix rights, I used Jaxsta as a source to show me the credits and research song titles. It was a lifeline.

Nowhere else I had found gave me such incredible resources to be able to fill in the missing link of credits and cross check products to ensure every single title the Creator made was present. Incredible.

Amy Thomson
Manager, ATM Artists



As a business management firm specializing in royalty collection, Jaxsta's provided metadata has proven to be essential in our mission to maximize our client's royalties with various CMOs. Nowhere else on the internet are you able to find such specific and official metadata.

Bryan Patrick Franklin
Chief Executive Officer, GRID Management



Chief Executive Officer's Letter

Beth Appleton

On behalf of the company, it is my pleasure to share with you our Interim half-year report for Jaxsta for the period July - December 2022.

The business experienced a transformative period during the first half-year and this positive momentum has continued into 2023. We would like to invite all existing and potential investors to join us on March 7th at 11.00 AEST for a shareholder update, during which we will provide a summary of our interim results and provide an update on the first two months of 2023. Additionally, we will be sharing news about the launch of vinyl.com and providing further details on the next steps regarding the acquisition of Vamp.

We have continued to focus on executing our plan to minimise costs and have reduced the quarterly burn rate from \$1.508m in the June quarter to \$1.274m in the December quarter, a decrease of 15.53%. Equally, our focus on driving revenue growth has delivered an increase for Year over Year (YoY) Monthly Recurring Revenues (MRR) of over 322% growing to \$43K in December. Since launching our Business and Enterprise subscriptions Jun 16 2022, we have secured 9 Enterprise Subscriptions and 32 Business Subscriptions compared to when we published our Annual Report last November, only 4 Enterprise and 6 Business subscriptions. We are acquiring Corporate subscriptions from multiple customer verticals all of which use Jaxsta's Official Music Credits database as the definitive source of truth.

Customers include:

- Artist management companies who represent their clients and their copyrighted recordings: [AMP](#), [JDManagement](#), [ATM Artists](#), [Linear](#)
- Financial management companies who ensure that they are receiving complete royalties for their clients works from Performance Rights Organisations (PROs), labels and more: [GRID](#), [SterlingSound](#)

- Awards Organisations who use Jaxsta data to verify awards entries: [Musicians Producers Guild](#), [Academy of Country Music](#), [Jewel Box Platinum](#)
- Data Solutions companies who need Jaxsta's data to power their offering: [Nuemeta](#)
- Record Labels and Music Publishers: [Beggars Group](#), [Made in Memphis](#)

Since its release in late December 2022, the Roster Dashboard has become a sticky feature for new Business subscribers, drawing them to the platform. We remain focused on achieving accelerated subscriber growth by targeting businesses in related industries and by continuing to add problem solving features to the product.

The launch of these new service tiers as well as the restructuring of the data partner arrangements have enabled us to grow revenues by 577% to \$209,648 for the half year compared to the previous half year.

Our Data Solutions business remains a key growth driver. We integrated our repertoire reports functionality in January this year as part of our Business and Enterprise subscription offering. This feature is a key element to API and data solutions product growth. As of 31 December we had 15 contracts signed with 9 of those contracts being active. Our strategy in this area is to continue to focus on high value use cases.

Since restricting free access to our platform (now over 85M pages in size with over 315M credits from 350 data partners), we have seen continuous upgrades from free to creator subscriptions with a growth of 94.69% from December 2021 to December 2022 for paid subscribers. Overall we have a total of 27,979 creatives who have signed up to free and creator subscriptions as at February 28, 2023.

Chief Executive Officer's Letter (continued)

Last 12 Months

577.2%

YTD Gross Revenue

Dec 2021: \$31k vs Dec 2022: \$209.6k

94.7%

Members on Paid Subscriptions

Dec 2021: 640 vs Dec 2022: 1,246

-22.4%

Quarterly Cash Spend

Dec 2021: \$1,642k vs Dec 2022: \$1,274k

Our paying creator community is very active with minimal churn. **39% of Creator subscribers** have created their Jaxsta one-sheet and are using it to showcase their work for future opportunities.

www.jaxsta.com/one-sheet/nami

www.jaxsta.com/one-sheet/idarose

www.jaxsta.com/one-sheet/eboniesmith

The products that we are delivering to our Creator, Business and Enterprise customers are delivering unique value and solving key problems. I believe our acquisition of Vampr, which has an audience of 1.3 million accounts, will substantially accelerate the number of our customers and in particular will be a key creator funnel. The Vampr customer base itself grew by 23% over the previous 12 months.

Finally, as we continue to grow the company towards profitability, I am looking forward to sharing our imminent launch plans for vinyl.com. Vinyl sales growth reached 43.46 million units in 2022 with reported sales revenue of US\$570 million^{[1][2]}. Millennial and Gen Z's are driving vinyl sales growth and as a key target demographic for launch and we are excited that Vampr is also bringing this audience to us with 72% of their user base being under 30.

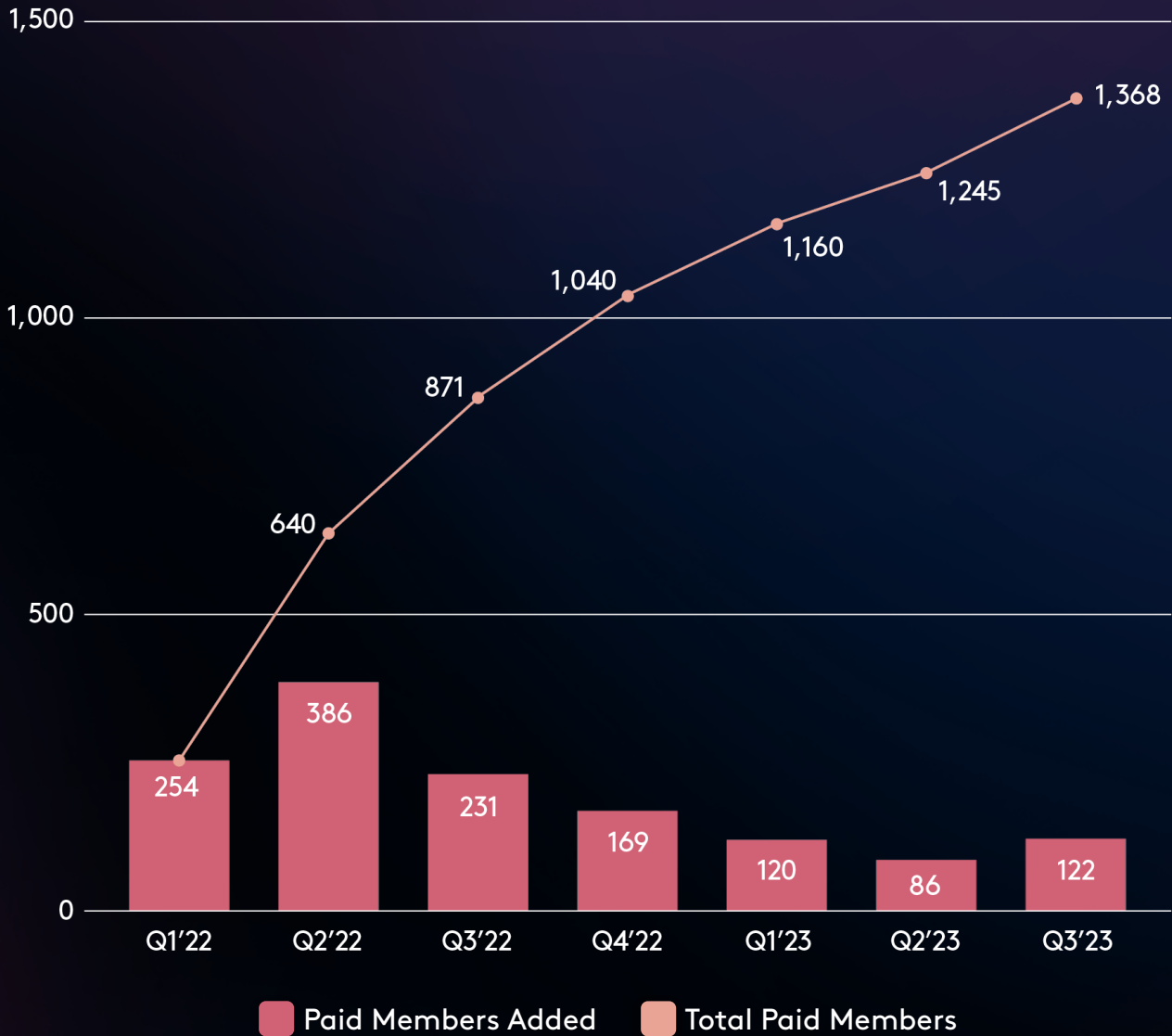
With the Vampr acquisition, we have a rare opportunity to accelerate our B2C expansion forming a fully integrated music tech company and platform. We remain steadfast in our commitment to delivering results, with unwavering focus on driving commercial growth as the foundation of all our actions.

Yours Sincerely,



Beth Appleton
Chief Executive Officer

Paid Members Quarterly



As of February 28th 2023, Jaxsta is home to

1,108

Total Creator
Members

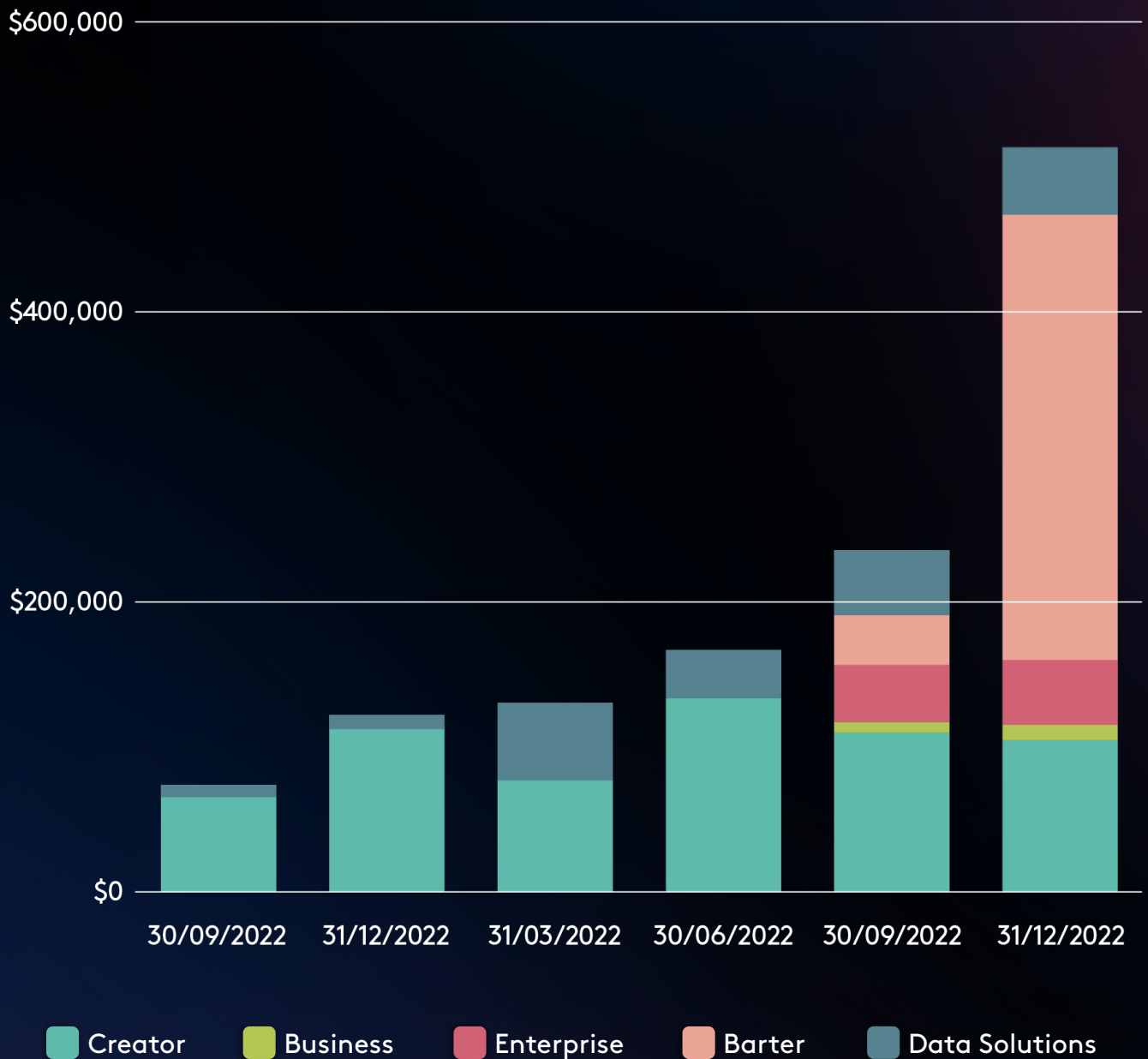
27,998

Total Members

1,368

Total Paying
Members

Annual Recurring Revenue by Quarter



Directors' Report

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 half-year ended 31 December 2022.

Directors

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

| | |
|-------------------------------------|--|
| Linda Jenkinson | Non-Executive Director and Chair |
| Robert Kenneth ('Ken') Gaunt | Non-Executive Director |
| Ben Katovsky | Non-Executive Director (appointed on 1 July 2022) |
| Steve Gledden | Non-Executive Director (appointed on 1 July 2022) |
| Jacqueline ('Jacqui') Louez Schoorl | Executive Director, Founder (resigned as Director 15 July 2022) |
| Jorge Nigaglioni | Executive Director, Chief Financial Officer and Company Secretary (resigned as Director 1 July 2022) |

Principal activities

During the financial half-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 half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$4,506,365 (31 December 2021: \$3,224,774).

The half-year ended 31 December 2022 was a transformative period for the Group. As part of the ongoing changes, the Group implemented changes in the three key areas of the turnaround plan:

- (1) The first being the launch of new service tiers (Business and Enterprise) within the subscription business as well as adding advertising revenues to the free service. The Group also added the Works product functionality to both the subscription and data solutions services. These changes as well as restructuring of the data partner arrangements have aided the Group to grow revenues by 577% to \$209,648 for the half year;
- (2) The second was the reduction of ongoing costs. The Group undertook some immediate cost reductions to reduce \$1,500,000 from the March 2022 run rate, but has since continued to reduce costs and is on track to reduce its costs by 49% by the end of the March 2023 quarter; and
- (3) The last is the implementation of a B2C solution to diversify the business from its current B2B focus. The Group announced the upcoming launch of Vinyl.com as its B2C platform, with the service commencing operations in the March quarter.

The above changes have significantly extended the cash life of the Group and provided multiple revenue streams to accelerate the path to profitability.

On the Subscription segment, the new Business and Enterprise tiers have introduced the Roster Dashboard aimed at managing rosters of creatives and the Reporting feature assists managers or creatives in the validation of credits held by any owned profile. As at 31 December 2022, the Group has 1,066 Creator members, 46 Business members and 134 Enterprise members.

On the Data Solutions front, the Group had signed a total of 15 contracts as at 31 December 2022, with 9 of those contracts being active where clients can use it in their live environments. The Group's strategy in this segment is to focus on high interest use cases such as talent discovery and credit/royalty monitoring.

The Group continues to take feedback from customers to change priorities in its roadmap to balance a mix of projects that deliver near term revenue increases and those that deliver long term competitive advantages.

The Group completed a capital raise in December to enhance its capital reserves for a total net proceeds of \$359,573 at a price of \$0.03 per share.

Significant changes in the state of affairs

Share Issue

On 3 January 2023 the \$300,000 cash received on 30 December 2022 for the issue of shares was converted to capital with the issue of 10,000,000 ordinary shares at the issue price of \$0.03.

Vampr Heads of Agreement

On 22 February 2022, the Group announced that it had entered into a Heads of Agreement to acquire the shares or assets of Vampr, Inc in exchange for the following:

- Jaxsta will acquire 100% of the assets or the entire Issued Capital of Vampr, in exchange for 88,734,476 shares in Jaxsta which represents 19.99% of the currently issued capital of Jaxsta after the issue of these shares ("Equity Consideration"). The Equity Consideration will be subject to an escrow period of one year.
- In addition to the Equity Consideration, Jaxsta will pay up to US\$250,000 and any accrued interest ("Cash Consideration") within 1 (one) year of completion to extinguish a short-term loan facility provided by a Vampr Director to Vampr. The Cash Consideration may be converted into shares at an exercise price of \$0.05 anytime during that 1 year period.
- Jaxsta will pay the verifiable legal and accounting costs of Vampr capped at US\$15,000.
- Josh Simons will be appointed as Jaxsta's Chief Strategy Officer with a minimum two year term that includes a compensation package of:
 - a base salary of A\$180,000 plus superannuation and entitlements;
 - a short term incentive of 10% of the net profit of the Vampr business for each of the first two years;
 - 1.5M Options at (exercise price to be determined) when JXT hits \$0.15 per share and a minimum employment term of 1 years;
 - 1.5M Options at (exercise price to be determined) when JXT hits \$0.20 per share and a minimum employment term of 2 years.
- Any such equity incentives will be subject to Shareholder approval and have no less than a 10 year expiry date.
- Josh Simons will become an observer to the board of Jaxsta.

The acquisition of Vampr will not constitute a change in the nature and scale of the Company's activities under Listing Rule 11.1.

The Board of Directors will be seeking shareholder approval on the above transaction. The indicative timeline is outlined below:

| Event | Date |
|--|---------------|
| Dispatch of Notice of General Meeting | 24 March 2023 |
| General Meeting to approve the Acquisition | 24 April 2023 |
| Settlement of the Acquisition | 30 April 2023 |
| Dispatch of Holding Statements | 30 April 2023 |

Other than the matter above, there were no other significant changes in the state of affairs of the Group during the financial half-year.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Linda Jenkinson
Non-Executive Director and Chair

28 February 2023

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 review of Jaxsta Ltd for the half-year ended 31 December 2022, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Sydney, 28 February 2023



In the music recording world, production credits are our “stock in trade”. They are the greatest single driver of new work and without LP and CD jackets, we are invisible.

Jaxsta has made a massive effort to collect historic and ongoing credits and to create clever interfaces for creatives to promote their achievements.

Murat Aktar

President & Partner, Sterling Sound

Statement of profit or loss and other comprehensive income

| | | Consolidated | |
|---|------|--------------------|--------------------|
| | Note | 31 Dec 2022 \$ | 31 Dec 2021 \$ |
| Revenue | 3 | 209,648 | 30,958 |
| Other income | 4 | 232,860 | 655,924 |
| Interest revenue calculated using the effective interest method | | 5,676 | 164 |
| Expenses | | | |
| Raw materials and consumables used | | (1,331) | (407) |
| Employee benefits expense | 5 | (1,696,294) | (2,057,053) |
| Product development expense | | (384,584) | (721,015) |
| Depreciation and amortisation expense | 5 | (86,716) | (122,118) |
| Impairment of assets | 5 | (68,016) | - |
| Professional fees | | (266,456) | (196,474) |
| Marketing expense | | (66,003) | (398,111) |
| Fair value loss on financial liabilities | 15 | (1,775,157) | - |
| Occupancy expense | | (6,216) | (9,608) |
| Other expenses | | (159,153) | (337,190) |
| Finance costs | 5 | (444,623) | (69,843) |
| Loss before income tax expense | | (4,506,365) | (3,224,774) |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year attributable to the owners of Jaxsta Ltd | | (4,506,365) | (3,224,774) |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive income for the half-year attributable to the owners of Jaxsta Ltd | | <u>(4,506,365)</u> | <u>(3,224,774)</u> |
| | | Cents | Cents |
| Basic earnings per share | 16 | (1.31) | (1.00) |
| Diluted earnings per share | 16 | (1.31) | (1.00) |

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

Statement of financial position

| | Note | Consolidated 31 Dec 2022 \$ | 30 Jun 2022 \$ |
|---|------|-----------------------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,841,808 | 3,123,935 |
| Trade and other receivables | 6 | 249,398 | 1,113,693 |
| Other assets | 7 | 132,317 | 30,610 |
| Total current assets | | <u>2,223,523</u> | <u>4,268,238</u> |
| Non-current assets | | | |
| Property, plant and equipment | | 25,415 | 41,230 |
| Right-of-use assets | 8 | - | 83,261 |
| Intangibles | 9 | 126,308 | 187,158 |
| Total non-current assets | | <u>151,723</u> | <u>311,649</u> |
| Total assets | | <u>2,375,246</u> | <u>4,579,887</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 409,885 | 872,348 |
| Contract liabilities | 11 | 33,600 | 1,199 |
| Borrowings and derivative financial instruments | 12 | 2,614,301 | 33,915 |
| Lease liabilities | | 15,053 | 86,315 |
| Employee benefits | | 224,511 | 254,156 |
| Lease make good provision | | 24,964 | 24,814 |
| Total current liabilities | | <u>3,322,314</u> | <u>1,272,747</u> |
| Non-current liabilities | | | |
| Contract liabilities | 11 | 451,369 | 498,801 |
| Derivative financial instruments | 12 | 1,828,571 | 2,163,021 |
| Employee benefits | | 57,415 | 51,036 |
| Total non-current liabilities | | <u>2,337,355</u> | <u>2,712,858</u> |
| Total liabilities | | <u>5,659,669</u> | <u>3,985,605</u> |
| Net assets/(liabilities) | | <u>(3,284,423)</u> | <u>594,282</u> |
| Equity | | | |
| Issued capital | 13 | 38,979,844 | 38,620,271 |
| Reserves | | 5,074,888 | 4,806,801 |
| Accumulated losses | | <u>(47,339,155)</u> | <u>(42,832,790)</u> |
| Total equity/(deficiency) | | <u>(3,284,423)</u> | <u>594,282</u> |

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

Statement of changes in equity

| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|-----------------------------|-----------------------|---------------------------------|---|
| Balance at 1 July 2021 | 36,454,852 | 2,241,375 | (36,632,042) | 2,064,185 |
| Loss after income tax expense for the half-year | - | - | (3,224,774) | (3,224,774) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (3,224,774) | (3,224,774) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 2,223,169 | - | - | 2,223,169 |
| Share-based payments (note 17) | - | 337,152 | - | 337,152 |
| Balance at 31 December 2021 | <u>38,678,021</u> | <u>2,578,527</u> | <u>(39,856,816)</u> | <u>1,399,732</u> |
| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total deficiency in equity \$ |
| Balance at 1 July 2022 | 38,620,271 | 4,806,801 | (42,832,790) | 594,282 |
| Loss after income tax expense for the half-year | - | - | (4,506,365) | (3,094,644) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (4,506,365) | (3,094,644) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 13) | 359,573 | - | - | 359,573 |
| Share-based payments (note 17) | - | 268,087 | - | 268,087 |
| Balance at 31 December 2022 | <u>38,979,844</u> | <u>5,074,888</u> | <u>(47,339,155)</u> | <u>(3,284,423)</u> |

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

Statement of cash flows

| | Note | 31 Dec 2022 \$ | 31 Dec 2021 \$ |
|---|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 108,191 | 283,099 |
| Payments to suppliers and employees (inclusive of GST) | | (2,762,347) | (3,806,193) |
| Receipts from grants – research and development (inclusive of GST) | | 1,039,787 | 842,435 |
| Receipts from grants – export development (inclusive of GST) | | 36,600 | 100,000 |
| | | <u>(1,577,769)</u> | <u>(2,580,659)</u> |
| Interest received | | 4,579 | 164 |
| Interest and other finance costs paid | | <u>(3,951)</u> | <u>(69,843)</u> |
| Net cash used in operating activities | | <u>(1,577,141)</u> | <u>(2,650,338)</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | - | (13,910) |
| Payments for intangibles | 9 | <u>-</u> | <u>(10,286)</u> |
| Net cash used in investing activities | | <u>-</u> | <u>(24,196)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 13 | 372,950 | 2,500,085 |
| Share issue transaction costs | | (13,377) | (155,000) |
| Proceeds from borrowings | | - | 140,985 |
| Repayment of borrowings | | <u>(64,559)</u> | <u>(55,690)</u> |
| Net cash from financing activities | | <u>295,014</u> | <u>2,430,380</u> |
| Net decrease in cash and cash equivalents | | (1,282,127) | (244,154) |
| Cash and cash equivalents at the beginning of the financial half-year | | <u>3,123,935</u> | <u>3,461,427</u> |
| Cash and cash equivalents at the end of the financial half-year | | <u><u>1,841,808</u></u> | <u><u>3,217,273</u></u> |

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

Notes to the financial statements

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

Going concern

The Group incurred a loss after tax of \$4,506,365 (31 December 2021: \$3,224,774) and had a net cash outflow from operations of \$1,577,141 (31 December 2021: \$2,650,338) for the half-year ended 31 December 2022. As at 31 December 2022, the Group had net current liabilities of \$1,098,792 (30 June 2022: excess working capital of \$2,995,491). As at the signing date of the Financial Statements, the Group had cash assets of \$1,430,288.

The Group is currently well underway in its transformation program, with the intention of increasing revenues through a more diversified revenue platform in its existing platform and will be adding a new revenue stream in the second half of the year with the launch of its consumer platform Vinyl.com. Revenues grew 577% in the half year compared to the previous half year to \$209,648. The Group also expects to start invoicing for new commercial API and customers in the second half of the year as well as promoting the higher value Business and Enterprise subscriptions that have had various features added through the last half year.

Management has prepared cash flow forecasts for the Group for the period ending 28 February 2024 which assumes continuity of business on the basis of the following events occurring:

- a capital or debt raising to meet cash liquidity requirements and fund the working capital requirements of the Vinyl initiative in the near term until it achieves profitability;
- the continuation of the Jaxsta and Jaxsta Pro metadata platform, resulting in increased revenues through its continued feature and campaign rollout, accordingly cash receipts from revenues from platform use have been forecast;
- the commercialisation of its B2C platform Vinyl.com in the second half of the year and onwards;
- the continued commercialisation of its Data Solutions;
- the conversion of the Songtradr convertible note tranche #1 into ordinary shares prior to its expiry on 9 September 2023;
- the completion of the Vampr acquisition and subsequent integration of the business; and
- the receipt of a R&D tax concession for the financial year ended 30 June 2023.

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.

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.

Note 1. Significant accounting policies (continued)

Comparatives

Comparatives have been realigned where necessary, to be consistent with current year presentation. There was no effect on profit, net assets or equity.

Note 2. 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.

Geographical information

| | Sales to external customers | | Geographical non-current assets | |
|--------------------------------|-----------------------------|---------------|---------------------------------|----------------|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ | \$ | \$ |
| Australia | 5,047 | 30,958 | 151,723 | 311,649 |
| Americas | 148,520 | - | - | - |
| Europe, Middle East and Africa | 55,818 | - | - | - |
| Asia Pacific | 263 | - | - | - |
| | <u>209,648</u> | <u>30,958</u> | <u>151,723</u> | <u>311,649</u> |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 3. Revenue

| | Consolidated | |
|-------|---------------------|--------------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | \$ | \$ |
| Sales | 209,648 | 30,958 |

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated | |
|----------------------------|---------------------|--------------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | \$ | \$ |
| <i>Major product lines</i> | | |
| Subscription revenue | 151,752 | 6,032 |
| API revenue | 51,999 | 24,921 |
| Other | 5,897 | 5 |
| | <u>209,648</u> | <u>30,958</u> |

Timing of revenue recognition

| | | |
|--------------------------------------|----------------|---------------|
| Goods transferred at a point in time | <u>209,648</u> | <u>30,958</u> |
|--------------------------------------|----------------|---------------|

The disaggregation of revenue by geographical regions is presented in note 2 'Operating segments'.

Subscription revenues include barter revenues realised in exchange for data information feeds. These amounted to \$107,171 for the half-year ended 31 December 2022 (31 December 2021: nil).

Note 4. Other income

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | \$ | \$ |
| Export market development grant | 36,600 | 100,000 |
| Research and development tax incentive | 192,155 | 555,924 |
| Other income | 4,105 | - |
| Other income | <u>232,860</u> | <u>655,924</u> |

Note 5. Expenses

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Depreciation</i> | | |
| Computer equipment | 7,282 | 10,674 |
| Office equipment | 2,311 | 2,848 |
| Buildings right-of-use assets | 71,364 | 72,251 |
| Total depreciation | <u>80,957</u> | <u>85,773</u> |
| <i>Amortisation</i> | | |
| Platform development | - | 30,506 |
| Trademarks | 5,759 | 5,839 |
| Total amortisation | <u>5,759</u> | <u>36,345</u> |
| Total depreciation and amortisation | <u>86,716</u> | <u>122,118</u> |
| <i>Employee benefits expense</i> | | |
| Salary and wages | 1,307,419 | 1,714,169 |
| Share-based payments expense | 268,087 | 199,499 |
| Defined contribution superannuation expense | 120,788 | 143,385 |
| | <u>1,696,294</u> | <u>2,057,053</u> |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable on borrowings | 442,109 | 69,843 |
| Interest and finance charges paid/payable on lease liabilities | 2,514 | - |
| Finance costs expensed | <u>444,623</u> | <u>69,843</u> |
| <i>Net foreign exchange loss</i> | | |
| Net foreign exchange loss | <u>4,379</u> | <u>5,599</u> |
| <i>Impairment of assets</i> | | |
| Right-of-use assets (note 8) | 11,897 | - |
| Intangibles (note 9) | 56,119 | - |
| | <u>68,016</u> | <u>-</u> |

Note 6. Trade and other receivables

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ |
| <i>Current assets</i> | | |
| Trade receivables | 19,450 | 25,625 |
| Research and development incentive receivable | 192,155 | 1,039,784 |
| Other receivables | 6,075 | 1,995 |
| BAS receivable | 31,718 | 46,289 |
| | <u>249,398</u> | <u>1,113,693</u> |

Note 7. Other assets

| | Consolidated | |
|-----------------------|----------------|---------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ |
| <i>Current assets</i> | | |
| Prepayments | 105,917 | 4,210 |
| Security deposits | 26,400 | 26,400 |
| | <u>132,317</u> | <u>30,610</u> |

Prepayments have increased due to the timing of annual insurance and listing fees compared to the previous year, as well as a supplier invoice of \$13,486 due on 1 January paid in advance.

Note 8. Right-of-use assets

| | Consolidated | |
|--------------------------------|--------------|---------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Buildings - right-of-use | 303,554 | 303,554 |
| Less: Accumulated depreciation | (291,657) | (220,293) |
| Less: Impairment | (11,897) | (220,293) |
| | <u>-</u> | <u>83,261</u> |

The Group leases building space for its office under agreement 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. The Group's current lease terminates on 31 January 2023, but the premises were vacated early and the cost for January was recognised as an impairment to the asset of \$11,897.

Note 9. Intangibles

| | Consolidated | |
|--------------------------------|----------------|----------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Platform development - at cost | 178,963 | 178,963 |
| Less: Accumulated amortisation | (178,963) | (178,963) |
| | <u>-</u> | <u>-</u> |
| Trademarks - at cost | 256,538 | 255,510 |
| Less: Accumulated amortisation | (57,860) | (52,101) |
| Less: Impairment | (72,370) | (16,251) |
| | <u>126,308</u> | <u>187,158</u> |
| | <u>126,308</u> | <u>187,158</u> |

The Group decided not to proceed with certain patent applications as part of their cost cutting measures and impaired \$56,119 of patents during the half year ended 31 December 2022.

Note 9. Intangibles (continued)

Reconciliations

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

| Consolidated | Trademarks \$ |
|-----------------------------|-------------------------|
| Balance at 1 July 2022 | 187,158 |
| Additions | 1,028 |
| Impairment of assets | (56,119) |
| Amortisation expense | <u>(5,759)</u> |
| Balance at 31 December 2022 | <u><u>126,308</u></u> |

Note 10. Trade and other payables

| | Consolidated 31 Dec 2022 \$ | 30 Jun 2022 \$ |
|----------------------------|---|--------------------------|
| <i>Current liabilities</i> | | |
| Trade payables | 9,040 | 195,165 |
| BAS payable | 836 | - |
| Other payables | <u>400,009</u> | <u>677,183</u> |
| | <u><u>409,885</u></u> | <u><u>872,348</u></u> |

Note 11. Contract liabilities

| | Consolidated 31 Dec 2022 \$ | 30 Jun 2022 \$ |
|---|---|--------------------------|
| <i>Current liabilities</i> | | |
| Contract liabilities | <u>33,600</u> | <u>1,199</u> |
| <i>Non-current liabilities</i> | | |
| Contract liabilities | <u><u>451,369</u></u> | <u><u>498,801</u></u> |
| <i>Reconciliation</i> | | |
| Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below: | | |
| Opening balance | 500,000 | 500,000 |
| Transfer to revenue | <u>(15,031)</u> | <u>-</u> |
| Closing balance | <u><u>484,969</u></u> | <u><u>500,000</u></u> |

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

Note 11. 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 \$484,969 as at 31 December 2022 (\$500,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

| | Consolidated | |
|------------------|--------------|-------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ |
| 6 to 12 months | 33,600 | 1,199 |
| 12 to 18 months | 21,600 | 11,699 |
| 18 to 24 months | 32,400 | 37,102 |
| Beyond 24 months | 397,369 | 450,000 |
| | 484,969 | 500,000 |

Note 12. Borrowings and derivative financial instruments

| | Consolidated | |
|---|--------------|-------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Insurance financing | 68,983 | 33,915 |
| Convertible notes payable - tranche 1 (i) | 1,105,032 | - |
| Derivative financial liabilities - tranche 1 (i) | 1,440,286 | - |
| | 2,614,301 | 33,915 |
| <i>Non-current liabilities</i> | | |
| Convertible notes payable - tranche 1 (i) | - | 846,483 |
| Derivative financial liabilities - tranche 1 (i) | - | 557,919 |
| Derivative financial liabilities - tranche 2 (ii) | 1,828,571 | 758,619 |
| | 1,828,571 | 2,163,021 |
| | 4,442,872 | 2,196,936 |

Insurance financing

Insurance funding is a ten months short term loan with a fixed interest rate of 6.40% (30 June 2022: 5.19%).

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 12. Borrowings and derivative financial instruments (continued)

On 24 June 2022, the shareholders authorised the Company to enter into an additional tranche of the prior convertible note agreement with Songtradr Inc. for a principal value of \$3,000,000. Conversion would result in the issue of 142,857,143 fully paid ordinary Jaxsta shares at a price of \$0.021 per share for the principal value of the note. All the conditions of the original convertible note remain and in addition the Company agreed to appoint two directors proposed by Songtradr and enter into a cost reduction and growth plan agreed to by Songtradr. The Company completed those requirements by the completion of the shareholder approval. Additionally, as a consequence of the variation of the note, the original note of \$1,420,000 would change the conversion price from \$0.035 to \$0.021, resulting in the potential issue of a further 27,047,619 ordinary shares. The noteholder at their option can convert or seek repayment of the note at the expiration of the term of the note. The note has an anti-dilution clause that adjust the conversion price if certain circumstances occur before the final redemption date. 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 second tranche also includes a separate option to invest a further \$3,000,000 under an option agreement with an exercise price of \$0.021 per share. The option has a life of three years and can only be exercised if Tranche #2 is partially or fully converted and up to the amount of Tranche 2 converted into shares.

- (i) **Tranche 1** - Under the requirements of AASB 9 *Financial Instruments* the change in terms of the notes require derecognition of the original note and recognition of the new note, with the difference recognised in the profit or loss. The note is considered a hybrid financial instrument that contains a financial liability host and an embedded derivative based on the fair value of the conversion option that are not closely related. The financial liability host and the embedded derivative components have therefore been bifurcated and valued separately.

As of 31 December 2022, the tranche 1 host liability is recorded at \$1,105,032 and the derivative liability has been measured at \$1,440,286 after recording a fair value loss of \$882,367 from 30 June 2022. This reflects the current nature of the debt and represents interest and principal.

- (ii) **Tranche 2** - The note is considered a hybrid financial instrument that contains a financial liability host and an embedded derivative based on the fair value of the conversion option that are not closely related. The financial liability host and the embedded derivative components have therefore been bifurcated and valued separately.

As of 31 December 2022, the tranche 2 derivative liability is recorded at \$1,828,571 after recording a fair value loss of \$892,790 and an interest expense of \$177,162.

The total fair value loss on re-measurement of the derivative liability components as at 31 December 2022 is \$1,775,157.

Note 13. Issued capital

| | Consolidated | | | |
|------------------------------|-----------------------|-----------------------|-------------------|-------------------|
| | 31 Dec 2022 Shares | 30 Jun 2022 Shares | 31 Dec 2022 \$ | 30 Jun 2022 \$ |
| Ordinary shares - fully paid | 367,045,713 | 342,578,199 | 38,679,843 | 38,620,271 |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|---|------------------|--------------------|-------------|-------------------|
| Balance | 1 July 2022 | 342,578,199 | | 38,620,271 |
| Exercise of share options | 15 July 2022 | 150,000 | \$0.000 | - |
| Shares issued on capital raising ¹ | 30 December 2022 | 2,431,754 | \$0.030 | 72,950 |
| Cash received awaiting issue of shares | 30 December 2022 | - | \$0.030 | 300,000 |
| Transaction costs ¹ | | - | \$0.000 | (13,377) |
| Balance | 31 December 2022 | <u>367,045,713</u> | | <u>38,979,844</u> |

Note 13. Issued Capital (continued)

¹ The Company completed a raise for \$372,953, the issue of shares for the remaining \$300,000 was completed on the 3rd of January. Please see note 18.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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.

Share buy-back

There is no current on-market share buy-back.

Note 14. Dividends

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

Note 15. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-----------------------------------|---------------|---------------|---------------|-------------|
| Consolidated - 31 Dec 2022 | | | | |
| <i>Liabilities</i> | | | | |
| Derivative financial liabilities | - | - | 3,268,857 | 3,268,857 |
| Total liabilities | - | - | 3,268,857 | 3,268,857 |
| Consolidated - 30 Jun 2022 | | | | |
| <i>Liabilities</i> | | | | |
| Derivative financial liabilities | - | - | 1,316,538 | 1,316,538 |
| Total liabilities | - | - | 1,316,538 | 1,316,538 |

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using observable market data where it is available and relies as little as possible on entity specific estimates.

Note 15. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

| Consolidated | Derivative financial liabilities \$ |
|-------------------------------------|--|
| Balance at 1 July 2022 | (1,316,538) |
| Losses recognised in profit or loss | (1,775,157) |
| Unwinding of deferred loss | <u>(177,162)</u> |
| Balance at 31 December 2022 | <u><u>(3,268,857)</u></u> |

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

| Description | Unobservable inputs | Range (weighted average) | Sensitivity |
|----------------------------------|---------------------|-----------------------------|---|
| Derivative financial instruments | Discount rate | 2%-5% | A 1% change would decrease the fair value by \$28,092 and a -1% change would increase the fair value by \$28,092. |

Note 16. Earnings per share

| | Consolidated 31 Dec 2022 \$ | 31 Dec 2021 \$ |
|---|--|---------------------------|
| Loss after income tax attributable to the owners of Jaxsta Ltd | <u>(4,506,365)</u> | <u>(3,224,774)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>342,578,199</u> | <u>322,423,681</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>342,783,535</u> | <u>322,423,681</u> |
| | Cents | Cents |
| Basic earnings per share | (1.31) | (1.00) |
| Diluted earnings per share | (1.31) | (1.00) |

240,569,366 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 17. 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 2022 and extends the plan for a further three years.

Note 17. Share-based payments (continued)

During the half-year, the Company issued 6,100,000 options under the ESIS to senior executives and staff as part of aligning compensation with the goals of the Songtradr transaction.

Additionally, the Company received shareholder approval on 24 June 2022 for 47,500,000 options for the new Board of Directors that were issued subsequent to the year end on 1 July 2022 as part of the starting tenure of new directors and compensation change for existing directors and executives. The Company also issued 142,857,143 options to Songtradr Inc. as part of the Songtradr transaction and approved by shareholders on 24 June 2022.

Set out below are summaries of options granted under the plan:

| | Number of options 31 Dec 2022 | Weighted average exercise price 31 Dec 2022 | Number of options 31 Dec 2021 | Weighted average exercise price 31 Dec 2021 |
|---|-------------------------------------|--|-------------------------------------|--|
| Outstanding at the beginning of the financial half-year | 239,359,366 | \$0.129 | 36,155,000 | \$0.189 |
| Granted | 6,100,000 | \$0.048 | - | \$0.000 |
| Cancelled/forfeited | (4,740,000) | \$0.165 | (1,150,000) | \$0.381 |
| Exercised | <u>(150,000)</u> | \$0.000 | <u>-</u> | \$0.000 |
| Outstanding at the end of the financial half-year | <u>240,569,366</u> | \$0.126 | <u>35,005,000</u> | \$0.178 |
| Exercisable at the end of the financial half-year | <u>11,595,556</u> | \$0.124 | <u>-</u> | \$0.000 |

The weighted average share price during the financial half-year was \$0.028 (31 December 2021: \$0.064).

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 2.90 years (31 December 2021: 2.75 years).

Note 18. Events after the reporting period

Share Issue

On 3 January 2023 the \$300,000 cash received on 30 December 2022 for the issue of shares was converted to capital with the issue of 10,000,000 ordinary shares at the issue price of \$0.03.

Vampr Heads of Agreement

On 22 February 2022, the Group announced that it had entered into a Heads of Agreement to acquire the shares or assets of Vampr, Inc in exchange for the following:

- Jaxsta will acquire 100% of the assets or the entire Issued Capital of Vampr, in exchange for 88,734,476 shares in Jaxsta which represents 19.99% of the currently issued capital of Jaxsta after the issue of these shares (“Equity Consideration”). The Equity Consideration will be subject to an escrow period of one year.
- In addition to the Equity Consideration, Jaxsta will pay up to US\$250,000 and any accrued interest (“Cash Consideration”) within 1 (one) year of completion to extinguish a short-term loan facility provided by a Vampr Director to Vampr. The Cash Consideration may be converted into shares at an exercise price of \$0.05 anytime during that 1 year period.
- Jaxsta will pay the verifiable legal and accounting costs of Vampr capped at US\$15,000.
- Josh Simons will be appointed as Jaxsta’s Chief Strategy Officer with a minimum two year term that includes a compensation package of:
 - a base salary of A\$180,000 plus superannuation and entitlements;
 - a short term incentive of 10% of the net profit of the Vampr business for each of the first two years;
 - 1.5M Options at (exercise price to be determined) when JXT hits \$0.15 per share and a minimum employment term of 1 years;
 - 1.5M Options at (exercise price to be determined) when JXT hits \$0.20 per share and a minimum employment term of 2 years.
- Any such equity incentives will be subject to Shareholder approval and have no less than a 10 year expiry date.
- Josh Simons will become an observer to the board of Jaxsta.

The acquisition of Vampr will not constitute a change in the nature and scale of the Company’s activities under Listing Rule 11.1.

The Board of Directors will be seeking shareholder approval on the above transaction. The indicative timeline is outlined below:

| Event | Date |
|--|---------------|
| Dispatch of Notice of General Meeting | 24 March 2023 |
| General Meeting to approve the Acquisition | 24 April 2023 |
| Settlement of the Acquisition | 30 April 2023 |
| Dispatch of Holding Statements | 30 April 2023 |

Other than the matter above, there were no other significant changes in the state of affairs of the Group during the financial half-year.

No other matter or circumstance has arisen since 31 December 2022 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.

Jaxsta powers business needs with official data

317M

Credits

85M

Pages

13.8M

Works

1.9M

Matched Works

3.4M

Matched Recordings

53M

Recordings

349

Data Partners

as of February 28th, 2023

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Linda Jenkinson
Non-Executive Director and Chair

28 February 2023

Independent Auditor's Review Report

To the Members of Jaxsta Ltd

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Jaxsta Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and 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 half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Jaxsta Ltd does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Jaxsta Ltd's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of \$4,506,365 and had a net cash outflow from operations of \$1,577,141 during the half year ended 31 December 2022. 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 significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Sydney, 28 February 2023

Corporate Directory

Directors

Linda Jenkinson
Chair

Ken Gaunt
Non-Executive Director

Ben Katovsky
Independent, Non-Executive Director

Steve Gledden
Independent, Non-Executive Director

Key Executives

Beth Appleton
Chief Executive Officer

Jorge Nigaglioni
Chief Financial Officer & Company Secretary

Michael Stone
Chief Technology Officer

Registered Office & Principal Place of Business

52 Smith Avenue Allambie Heights, NSW 2100

Contact Details

Web: www.jaxsta.com

Tel: (02) 8317 1000

Email: jaxstainvestors@jaxsta.com

Auditors

Grant Thornton Audit Pty Ltd
17/383 Kent St,
Sydney NSW 2000

Share Registry

Automic Pty Limited
Level 2, Canning Highway
Perth WA 6000

automicgroup.com.au

Jaxsta Limited ordinary shares are listed on the Australian Stock Exchange (ASX) under the ticker JXT.



One source of truth for all music data needs

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Jaxsta Ltd

ABN 15 106 513 580

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Warringah Mall NSW 2100

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www.jaxsta.com

