ASX RELEASE

Activity Report and Appendix 4C – June Quarter 2020 & Management Changes

Sydney, Australia, 20 July 2020: Jaxsta Limited ACN 106 513 580 (**Jaxsta** or the **Company**, ASX: JXT) the world's largest dedicated database of official music credits, is pleased to release its consolidated quarterly cash flow and business activity report for the period ending 30 June 2020.

Core Business Update

Inline with the short term focus outlined in the Company's Core Business Update (see ASX announcement dated 15 June 2020 (**15 June Update**)), Jaxsta has delivered on the following core objectives:

- **Increased Membership:** now over 42,000 Jaxsta Pro members, as compared to 21,000 in the 15 June Update;
- **Increased Jaxsta Profile Claims:** now over 18,900+ Official Profile Claims by Jaxsta Pro members, as compared to 1,400 in the 15 June Update;
- **Increased Site Traffic:** sustained increase throughout the quarter - 251% from April to July;
- **Maintained Customer Service:** launched weekly demonstrations of the unique product features offered by Jaxsta Pro, achieving average response time for new enquiries of 6.2 hours and successfully resolving 98% of enquiries; and

Business Activities

Jaxsta's business activities for the quarter ended 30 June 2020 are set out below.

- Upgrade of the Jaxsta website to enhance messaging and ease of use.
- Launched new news feature to increase content for users.
- Commenced a fulsome review of Jaxsta's data supply chain in order to improve the speed and quality of our end user experience.
- Continued sales and marketing activities to promote the platform.
- Undertook preparatory activity for and commenced the Company's full year audit process.
- Continued discussions with potential clients relating to Jaxsta's commercial API and other bespoke data solutions.

- Launch of Jaxsta Pro free campaign (see ASX announcement dated 22 April 2020).

As at 30 June 2020, Jaxsta had $2.41 million in cash and cash equivalents. This is $1.11 million down on the previous quarter period end of $3.52 million and comes after an operating net cash burn of $1.18 million which was a 36% reduction on the previous quarter's $1.83 million operating net cash burn.

During the quarter, the business funded its operating activities from its working capital reserves.

Summary of expenditure

When looking at the Company's cash expenditure for the quarter and comparing it to the quarter ending 31 March 2020, there were significant reductions in the following areas:

- 14% reduction in R&D mainly due to reduced headcount;
- 54% reduction in product expenditure that reflected a major renegotiation with the business's suppliers to support the business in the launch of JaxstaPro free campaign;
- 23% reduction in advertising even though digital marketing budgets were increased to ensure the JaxstaPro free campaign was promoted to a broad base of potential users;
- 31% reduction (being a $305K cash saving) in staff costs driven by a headcount reduction, the CEO waiving 50% of her salary for the quarter and further assisted by the Government's Covid-19 relief packages, including PAYG cashflow boost, payroll tax reductions and JobKeeper; and
- 64% reduction (being a $209K cash saving) in administration costs of which approximately $75K was from the Directors unanimously waiving their fees for the quarter.

Payments to related parties and their associates

The Company paid $41k to its related parties comprising salaries, directors fees, reimbursable expense payment and travel allowances to directors including the Chief Executive Officer. No payments were made to associates of any related parties.

Appointment of CFO & Company Secretary

The Company announces the appointment of Non-Executive Director, Jorge Nigaglioni, as CFO with effect from 20 July 2020. Mr Nigaglioni has also been appointed as acting Company Secretary with effect from 20 July 2020.

Jorge Nigaglioni is an existing member of Jaxsta's board and has over 20 years of experience in accounting and finance roles in both public and private companies. Mr Nigaglioni worked with Fortune 500 and start-up companies and has been chief financial officer in both the ASX and NASDAQ Bulletin Board listed companies. He has a Masters of Business Administration from the University of

Wisconsin-Madison and a Bachelor's of Science degree in Business Administration from Bryant University. He also holds a Certificate in Governance Practice and Administration from Chartered Secretaries Australia.

Jacqui Louez Schoorl, CEO and Co-Founder, said of the appointment, "Jorge brings to the Company extensive accounting and finance skills together with a long-term corporate understanding of our business. With his significant experience in technology and disciplined cost management, the appointment of Jorge aligns with the Company's focus from initial development to growth.''

Mr Nigaglioni replaces Iain Bartram as CFO who has resigned to pursue further career opportunities.

Ms Louez Schoorl commended Mr Bartram for his expertise and significant contribution to the Company during his time as Interim CFO. "We thank Iain for his significant contribution over the past 6 months overseeing a fulsome review of Jaxsta financial operations and assisting with the completion of a strategic realignment of business functions to better support the Company's ability to build stakeholder value. We are also pleased to have Jorge stepping into the role and look forward to his contribution to the financial function of Jaxsta."

- Ends -

ABOUT JAXSTA

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

The Company's core platform, Jaxsta.com, is live and its B2B subscription-based service, Jaxsta Pro^{Beta}, launched in November 2019. Jaxsta Pro^{Beta} includes features normally only available to paid users, which are now being offered for free for the rest of 2020. The Company's head office is in Sydney, with representatives in New York, London and Los Angeles.

For further information please contact:

Authorisation & Additional Information
This announcement was authorised by the Board of Directors of Jaxsta Limited

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Jaxsta Limited	
ABN	**Quarter ended ("current quarter")**
15 106 513 580	30 June 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Full Year $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	34
1.2	Payments for		
	(a) research and development	(193)	(978)
	(b) product manufacturing and operating costs	(67)	(303)
	(c) advertising and marketing	(136)	(621)
	(d) leased assets	-	-
	(e) staff costs	(666)	(3,134)
	(f) administration and corporate costs	(118)	(1,414)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	4
1.5	Interest and other costs of finance paid	(1)	(7)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	6	817
1.8	Other (provide details if material)	-	(55)
1.9	**Net cash from / (used in) operating activities**	**(1,176)**	**(5,657)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(35)
	(d) investments	-	-
	(e) intellectual property	(3)	(33)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-

	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	95	2,845
2.6	**Net cash from / (used in) investing activities**	**91**	**2,777**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,704
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(211)
3.5	Proceeds from borrowings	-	440
3.6	Repayment of borrowings	(25)	(102)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(25)**	**2,832**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,515	2,453
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,176)	(5,657)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	91	2,777
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(25)	2,832
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,405**	**2,405**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,355	3,767
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,405**	**3,817**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	41
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	844	367
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**844**	**367**

7.5	**Unused financing facilities available at quarter end**	477

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Jaxsta has an agreement with Radium Capital (Innovation Structured Finance Co., LLC) to provide a loan facility at an annual interest rate of 15% that is secured against Jaxsta's expected research and development tax incentive for FY20. The loan is capped at 80% of Jaxsta's eligible research and development activities that have been completed at the time of drawing down against the facility.

On 13 Jan 2020, Jaxsta borrowed $341K against this facility based on activities completed in the first 5 months of FY20. At 30 June 2020, there is approximately $477K available in additional funding subject to appropriate documentation being provided on the research and development activities undertaken in the period.

Jaxsta funds its insurance policies through Principle Finance Pty Ltd, who charges a flat rate of 5.85% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 30 June 2020, the loan facility derived from the insurance policies was $26K.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,176)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,405
8.3	Unused finance facilities available at quarter end (Item 7.5)	477
8.4	Total available funding (Item 8.2 + Item 8.3)	2,882
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	2.45

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

20/07/2020

Date: .....

The Board

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.