22 March 2024

Dear Shareholder,

On behalf of the Directors of Vinyl Group Ltd ACN 106 513 580 (**Vinyl Group**), I am pleased to invite you to attend Vinyl Group's Extraordinary General Meeting (EGM). Enclosed is the Notice of Meeting setting out the business of the EGM (which includes the Explanatory Memorandum and Attachments).

The Company advises that Vinyl Group's EGM will be held on Wednesday, 24 April 2024 at 1:00pm (Sydney time) at the offices of Maddocks at Angel Place, Level 27, 123 Pitt Street, Sydney NSW 2000.

The Board encourages shareholders to monitor the Company's website and ASX page for any updates in relation to the EGM that may need to be provided.

If you are attending the EGM, please submit your Proxy Form by no later than 1:00pm Monday 22 April 2024 to facilitate a faster registration. If you are unable to attend the EGM, you must complete and return the enclosed Proxy Form by no later than 1:00pm (Sydney time) on Monday 22 April 2024 in one of the ways specified in the Notice of Meeting and Proxy Form.

Vinyl Group has appointed Grant Thornton as the Independent Expert to provide a report on whether Resolution 4 associated with the conversion of the Convertible Note is fair and reasonable, and therefore in the best interests of Shareholders other than Realwise and its associates (**Non-Associated Shareholders**). In its report, the Independent Expert has concluded that such Resolution is not fair but reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative. The Independent Expert's Report is included as Attachment C to the Explanatory Memorandum. You are encouraged to read the Independent Expert's Report in its entirety.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum and Attachments) and the Proxy Form and consider directing your proxy on how to vote on each Resolution by marking either the "for" box, the "against" box or the "abstain" box on the Proxy Form.

The Directors have carefully considered the new Convertible Note with Realwise and have determined the issue of the new Convertible Note in Resolution 3 and the conversion of the Convertible Note in Resolution 4 to be in the best interests of Non-Associated Shareholders in the absence of a superior alternative. Accordingly, the Directors unanimously recommend that you vote in favour of all resolutions including Resolutions 3 and 4. Each member of the Vinyl Group Board intends to vote, or cause to be voted, all Shares which they control in favour of all of the Resolutions.

In reaching the unanimous decision to recommend to Shareholders to vote in favour of all the Resolutions, subject to the qualifications described above, the Directors considered various funding alternatives to avoid dilution and maximise value. After considering these alternatives, the Directors formed the view that, on balance, the combination of funding certainty, issuance flexibility and cost offered by the Realwise Convertible Note ensures a more favorable outcome for Vinyl Group Shareholders compared to the available alternatives. Reasons to vote in favour of each of the Resolutions are set out in detail in the Explanatory Memorandum.

While the Directors unanimously recommend that Shareholders vote in favour of all the Resolutions, they also acknowledge that there may be valid reasons why some Shareholders may choose to vote against some or all Resolutions, on their unique circumstances or perspectives. These reasons are also outlined in the Explanatory Memorandum.

The Directors unanimously believe that the advantages of the new Convertible Note and the conversion of the Convertible Note outweigh the potential disadvantages and risks. The Directors' recommendation and voting intention in respect of Resolution 4 is at all times subject to their fiduciary duties and obligations and the Independent Expert continuing to conclude that the matters the subject of such resolutions are in the best interests of Non-Associated Shareholders in the absence of a superior alternative.

Thank you for your support of Vinyl Group and I look forward to your attendance and the opportunity to answer questions for you.

Yours faithfully,

**Linda Jenkinson**
**Chairman**

**Vinyl Group LTD**
**ACN 106 513 580**

# Notice of 2024 Extraordinary General Meeting

Notice is given that the 2024 Extraordinary General Meeting (**EGM** or **Meeting**) of the shareholders of Vinyl Group Ltd (**Vinyl Group** or the **Company**) will be held:

Date: Wednesday, 24 April 2024

Time: 1:00pm (Sydney time)

Venue: The offices of Maddocks at Angel Place, Level 27, 123 Pitt Street, Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting (**Explanatory Memorandum**) provides additional information on matters to be considered at the EGM. The Explanatory Memorandum, Entitlement to Attend and Vote section, Proxy Form and Attachments are part of this Notice of Meeting and should be read in their entirety. If shareholders of the Company (**Shareholders**) are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact Jorge Nigaglioni (**Company Secretary**) by email at co.secretary@vinyl.group.

# Items for approval

## Resolution 1: Ratification of prior issue of securities (Convertible Note Conversion)

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution of the Company:

"*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 269,185 fully paid ordinary shares in Vinyl Group Ltd at an issue price of 5 cents per share, on the terms and conditions set out in the Explanatory Memorandum*."

### *Voting Exclusion Statement – Resolution 1*

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote cast on Resolution 1 if:

1) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

2) it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Resolution 2: Ratification of prior issue of securities (Placement)

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution of the Company:

"*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue on 31 January 2024 of a total of 90,240,674 fully paid ordinary shares in Vinyl Group Ltd at an issue price of 4.482 cents per share to Realwise Group Holdings Pty Ltd (Realwise), on the terms and conditions set out in the Explanatory Memorandum*."

*Voting Exclusion Statement – Resolution 2*

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote cast on Resolution 2 if:

1) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

2) it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Resolution 3: Issue of securities (Convertible Note)

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution of the Company:

"*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve the issue of a Convertible Note (**Realwise Convertible Note**) as of the date of this Meeting to Realwise and the issue of the maximum number of 155,185,475 fully paid ordinary shares in Vinyl Group Ltd at an issue price of 4.482 cents per share on conversion of the Realwise Convertible Note, on the terms and conditions set out in the Explanatory Memorandum*."

*Voting Exclusion Statement – Resolution 3*

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote cast on Resolution 3 if:

1) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

2) it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Resolution 4: Approval of acquisition of relevant interest in Shares by Realwise on conversion of the Convertible Note

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution of the Company:

"*That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval be given for the increase in the relevant interest of Realwise and its associates (as defined in the Corporations Act) as a result of the issue of the Realwise Convertible Note and as a result of the issue of the Shares on conversion of the Realwise Convertible Note which, in addition to the 140,240,674, Shares already held by Realwise and it associates, will result in Realwise's voting power increasing from 19.98% to approximately 34.47%, on the terms and conditions set out in the Explanatory Memorandum.*"

*Voting Exclusion Statement – Resolution 4*

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the relevant acquisition of a relevant interest in Shares or any associates of those persons.

However, the Company need not disregard a vote cast on Resolution 4 if:

1) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

2) it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

*Independent Expert's Report*

Shareholders should carefully consider the Independent Expert's Report prepared by Grant Thornton for the purposes of Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Reports comments on the fairness and reasonableness of the increase in voting power of Realwise and its associates to the Non-Associated Shareholders. The Independent Expert has concluded that the conversion of the Realwise Convertible Note is not fair but reasonable to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging. This outcome is in the best interest of shareholders.

## Other business

To transact any other business that may be lawfully brought forward in accordance with the constitution of the Company (**Constitution**), the Corporations Act and the ASX Listing Rules.

BY ORDER OF THE BOARD

**Jorge Nigaglioni**
**Company Secretary**
22 March 2024

# Entitlement to attend and vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Sydney time) on Wednesday, 24 April 2024 being the time that is not more than 48 hours before the date of the Meeting will be entitled to attend and vote at the EGM as a shareholder.

If more than one joint holder of shares is present at the EGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

*Appointment of Proxy*

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the EGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 1:00pm (Sydney time) on Monday, 22 April 2024 (being 48 hours before the EGM). Proxies must be received before that time by one of the following methods:

| | |
|---|---|
| By post: | Vinyl Group Ltd<br>C/- Automic Share Registry<br>GPO Box 5193,<br>Sydney NSW 2001 |
| By facsimile: | 1300 288 664 (within Australia)<br>or +61 2 9698 5414 (outside Australia) |
| By delivery in person: | Automic Share Registry<br>Level 5, 126 Phillip Street<br>Sydney NSW 2000<br>Australia |
| Online: | https://www.automicgroup.com.au/ |
| Email: | hello@automic.com.au |

To be valid, a Proxy Form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

*Power of Attorney*

A Proxy Form and the original power of attorney (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 1:00pm (Sydney time) on Monday, 22 April 2024, being 48 hours before the EGM.

*Corporate Representatives*

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the EGM. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the EGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at https://www.automicgroup.com.au/.

**IMPORTANT**: If you appoint the Chair of the Meeting as your proxy, or the Chair becomes your proxy by default, and you do not direct your proxy how to vote on Resolutions 2 and 6, then by submitting the Proxy Form you will be expressly authorising the Chair to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

*Voting at the Meeting*

Pursuant to Clause 13.14 of the Company's Constitution, voting on each of the proposed resolutions at this Meeting will be conducted by poll.

# Shareholder Questions

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please email info@vinyl.group.

To allow time to collate questions and prepare answers, please submit any questions by 10:00am (Sydney time) on Wednesday, 17 April 2024. Questions will be collated and, during the EGM, the Chair will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the EGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

# Enclosures

Enclosed is the Proxy Form to be completed if you would like to be represented at the EGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Jaxsta's share registry's website at https://www.automicgroup.com.au/ to ensure the timely and cost effective receipt of your proxy instructions.

# Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in relation to the business to be conducted at the Company's EGM to be held on Wednesday, 24 April 2024 at 1:00pm (Sydney time) ) at the offices of Maddocks at Angel Place, Level 27, 123 Pitt Street, Sydney NSW 2000.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

The Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each Resolution.

Resolutions 1, 2, 3, 4, and 5 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution.

The Board of Directors of the Company (**Board**) recommends that Shareholders read this Explanatory Memorandum and its Attachments, before determining whether to support the Resolutions in the Notice of Meeting or otherwise. If you have any questions regarding the matters set out in this Explanatory Memorandum, the Attachments or the Notice of Meeting, please contact the Company Secretary, your stockbroker, your accountant, your solicitor or other professional adviser.

## Resolutions 1 and 2: Ratification of prior issue of securities

### *ASX Listing Rule information*

The Company seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for previous issues of equity securities made by the Company during the last 12 months under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions under ASX Listing Rule 7.2, issue or agree to issue equity securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period without shareholder approval (**15% Placement Capacity**).

ASX Listing Rule 7.4 permits the ratification of previous issues of equity securities which were not made under an exception prescribed in ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the Company's 15% Placement Capacity. If shareholders of a company ratify such previous issues of equity securities at a general meeting, those equity securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

The Company has issued 90,509,859 fully paid ordinary shares using its 15% Placement Capacity during the 12 months prior to the date of this Notice of Meeting (**Securities**). Accordingly, if

Shareholders ratify the previous issues of securities by way of approving Resolutions 1 and 2, those securities:

1) will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1; and

2) will no longer be deducted from the Company's 15% Placement Capacity.

The Shareholder approval will in effect, refresh the Company's 15% Placement Capacity.

### *Resolution 1 Technical information required by ASX Listing Rule 7.5*

Resolution 1 seeks Shareholder ratification of the issue of 269,185 fully paid ordinary shares on 28 December 2023 following the conversion of a convertible note (**Rickert Note Conversion**).

In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to Shareholders:

1) the number of shares issued without prior shareholder approval under the Rickert Note Conversion was 269,185;

2) the shares issued under the Rickert Note Conversion were issued at a price of A$0.05 per share;

3) the shares issued under the Rickert Note Conversion were fully paid ordinary shares which rank equally with other existing shares from the date of issue;

4) the Rickert Convertible Note was issued as part of the Vampr acquisition in June 2023 and shareholders had approved a conversion of up to 8,000,000 ordinary shares. The conversion ended up at 8,269,185 due to changes in the US dollar exchange rate, requiring us to seek the approval for the excess issue;

5) no funds were raised from the issue of the Rickert Convertible Note as they were issued for nil cash consideration with a $0.05 per share conversion price and granted Vinyl Group to avoid using its cash reserves to pay down the existing note; and

6) a Voting Exclusion Statement accompanies Resolution 1 in the Notice of Meeting.

A summary of the material terms and conditions of the Rickert Convertible Note is set out in **Attachment A** to this Notice of Meeting.

### *Resolution 2 Technical information required by ASX Listing Rule 7.5*

Resolution 2 seeks Shareholder ratification of the issue of 90,240,674 fully paid ordinary shares on 31 January 2024 following the successful completion of a placement to sophisticated and professional investor (**Placement**).

The Placement was priced at $0.04482 per share and raised $4,044,587 gross proceeds.

For the purposes of ASX Listing Rule 7.5, the following information is provided;

1) the number of shares issued under the Placement was 90,240,674;

2) the shares issued under the Placement were issued at a price of A$0.04482 per share;

3) the shares issued under the Placement were fully paid ordinary shares which rank equally with other existing shares from the date of issue;

4) Shares under the Placement have been issued to a sophisticated and professional investor in consultation with the Board who qualified under the requirements of section 708(8) and 708(11) of the Corporations Act; and

5) the net funds raised from the Placement were and will continue to be used by the Company to complete the acquisition of The Brag Media and provide working capital for integration and continued operation of the other Vinyl Group brands.

6) A Voting Exclusion Statement accompanies Resolution 2 in the Notice of Meeting.

A summary of the material terms and conditions of the Placement is set out in Attachment B to this Notice of Meeting.

*Board recommendation*

The Directors unanimously recommend Shareholders vote in favour of Resolutions 1 and 2.

## Resolution 3: Issue of securities (Convertible Note)

*Background to issue of securities*

On 21 December 2023, the Company announced it had signed a term sheet for a funding facility to be used to help fund the acquisition of The Brag Media and provide working capital for the Company. As part of this transaction, the Company would receive $11,000,000 to be received in a combination of a placement and a loan note. The loan note converts, at the election of the noteholder or the Company, into a convertible note upon receipt of Shareholder approval (Realwise Convertible Note). The placement amounted to $4,044,587 reflected in Resolution 2. The balance of $6,955,413 is the loan instrument for which this resolution seeks Shareholder approval to convert into a convertible note. The loan note was provided by Realwise. The Realwise Convertible Note would have the same conversion price as the placement of 4.482 cents per share which would result in a principal conversion of 155,185,475 fully paid ordinary shares in the Company. The Realwise Convertible Note can be converted by Realwise or the Company at any time during a 5 year term. The loan carries an interest rate of BBBY + 6%.

The Convertible Note is documented by a Convertible Note Facility Agreement between the Company and the Noteholder. A summary of the Convertible Note Facility Agreement is set out in Attachment B to this Notice of Meeting. Resolution 3 seeks Shareholder approval for the issue of the Convertible Note and the issue of fully paid ordinary shares in the Company upon conversion of any portion of the Realwise Convertible Note.

*ASX Listing Rule information*

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to have an additional placement capacity broadly equivalent to 10% of its fully paid ordinary issued capital. The Company obtained approval to utilise the additional 10% placement capacity at the Annual General Meeting held on 29 November 2023.

The proposed issue of the Realwise Convertible Note does not fit within any of the exceptions set out in Listing Rule 7.2 and, were it not for the shareholder approval sought under Resolution 3, the proposed issue of the Realwise Convertible Note and the issue of fully paid ordinary shares in the Company on conversion of the Realwise Convertible Note would not be undertaken as the Realwise Convertible Note is conditional upon Shareholder approval being obtained under Listing Rule 7.1.

The effect of Resolution 3 will allow the Company to issue the Realwise Convertible Note during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

*Technical information required by Listing Rule 14.1A*

*Consequences if Resolution 3 is approved*

If Resolution 3 is passed, the Company will proceed to issue the Convertible Note and such issues will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

The Company will not have to use its cash flows or cash reserves to service the interest and principal payments during the life of the note, saving those resources as it grows to a stronger cash position.

The Noteholder or the Company can only convert the Realwise Convertible Note into shares if the conversion does not result in a contravention of Chapter 6 of the Corporations Act (Prohibited Amount) unless the Conversion of the Prohibited Amount is expressed to be subject to approval by the Issuer's Shareholders under item 7 of section 611 of the Corporations Act , the Noteholder currently holds a relevant interest of 19.98% in Vinyl Group's securities.  The Company is seeking such approval separately in Resolution 4.

*Consequences if Resolution 3 is not approved*

If Resolution 3 is not passed, the Company will not be able to issue the Convertible Notes, which will result in the Company being required to pay the debt in cash. The Company may be required to raise further capital to meet this cash obligation at a price that may be higher or lower than the conversion price of $0.04882 in the Convertible Note.

*Technical information required by ASX Listing Rule 7.3*

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to the proposed issue of the Securities:

1. the Securities will be issued to Realwise Group Holding Pty Ltd or their nominees;
2. the number of Securities the Company will issue are:
    a. Realwise Convertible Note:
        i. convertible note, convertible into up to 155,185,475 fully paid ordinary shares in the Company;
        ii. up to 155,185,475 fully paid ordinary shares in the Company upon conversion of the Realwise Convertible Note
3. the securities will be issued within 3 months of the Company receiving Shareholder approval under ASX Listing Rule 7.1 (or a longer period, if allowed by ASX);
4. the securities to be issued under the Convertible Note and are issued at a conversion price of A$0.04482 per share for a total of $6,955,412.99;
5. the funds contributed from the issue of the Securities will be used primarily for completing The Brag Media acquisition as well as providing working capital for all Vinyl Group brands;
6. the shares to be issued on conversion or exercise of the Convertible Notes are fully paid ordinary shares in the Company which rank equally with other existing shares from the date of issue; and
7. shares under the Convertible Notes are to be issued to Realwise Group Holdings Pty Ltd or his Nominee in consultation with the Board who qualified under the requirements of section 708 of the Corporations Act.

A summary of the key terms and conditions of the Convertible Note Facility are set out in Attachment B to this Notice of Meeting.

A Voting Exclusion Statement accompanies Resolution 3 in the Notice of Meeting.

*Board recommendation*

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

## Resolution 4: Approval of acquisition of relevant interest in Shares by Realwise on conversion of the Realwise Convertible Note

*Background*

The Realwise Convertible Note Facility contained a Placement and a Loan. The Placement was issued under our 7.1 capacity and we are seeking ratification from Shareholders to free up our issue capacity under Resolution 2. Additionally the Loan Facility has the option to convert the loan element into a Convertible Note that is subject to Shareholders approving Resolution 3 at the EGM. Furthermore, the conversion of the Convertible Note to allow a holding above 19.99% of the issued capital of Vinyl Group is subject to Shareholders approving Resolution 4 at the EGM. This Loan Facility enabled the purchase of the Brag Media business and provides working capital for the acquisition and ongoing Vinyl Group businesses. The facility has been part of the business strategy as the Group grows its revenues through organic and inorganic growth in order to decrease the historical cash operating losses as it seeks to reach a cash flow positive level in the fastest time frame possible. The facility enables the Company to achieve these goals in a shorter time frame and removes the continued downward pressure due to cash liquidity and constant capital raises to cover operating cash flows.

Realwise Holdings is the largest shareholder in the Company and is a strong supporter of the Company with their initial investment in June 2023 and follow-on investment through its Convertible Note Facility Agreement. Realwise is aligned to the Company achieving its strategic goals, including the successful integration of Brag media and achieving growth. Further details of Realwise's intentions regarding its investment in and the future of the Company are contained in this Explanatory Memorandum.

*Vinyl Group Directors' Recommendation*

The Directors have carefully considered the new Convertible Note with Realwise and has determined the issue of the new Convertible Note and the conversion of the Convertible Note to be in the best interests of Non-Associated Shareholders in the absence of a superior alternative. Accordingly, the Directors unanimously recommend that you vote in favour of all of the Resolution 4. Each member of the Vinyl Group Board intends to vote, or cause to be voted, all Shares which they control in favour of all of the Resolutions.

In reaching the unanimous decision to recommend to Shareholders to vote in favour of all the Resolutions, subject to the qualifications described above, the Directors considered various funding alternatives to avoid dilution and maximise value. After considering these alternatives, the Directors formed the view that, on balance, the combination of funding certainty, issuance flexibility and cost offered by the the Realwise Convertible Note ensures a superior outcome for Vinyl Group Shareholders compared to what would be the case with the alternatives. Reasons to vote in favour of each of the Resolutions are set out in detail in the Explanatory Memorandum.

While the Directors unanimously recommend that Shareholders vote in favour of all the Resolutions, they also recognise there are reasons why some Shareholders may choose to vote against some or all Resolutions, having regard to their own particular circumstances or views. These reasons are also set out in the Explanatory Memorandum. The Directors unanimously believe that the benefits of the new Convertible Note and the conversion of the Convertible Note outweigh the potential disadvantages and risks. The Directors' recommendation and voting intention in respect of Resolution 4 is at all times subject to their fiduciary duties and obligations and the Independent Expert continuing to conclude that the matters the subject of such resolutions are in the best interests of Non-Associated Shareholders in the absence of a superior alternative.

*Approval of acquisition of relevant interest in Shares by Realwise on conversion of the Realwise Convertible Note Background*

At this Company's EGM, Shareholders have been presented with Resolution 4 to approve the issue of the Realwise Convertible Note.

The Background of the Realwise Convertible Note is set out in the "Background" section of the Explanatory Memorandum to Resolution 3 above.

The issue of the Realwise Convertible Note is conditional on shareholders approving Resolution 3 at the Meeting.

*Section 606 and item 7 of section 611 of the Corporations Act*

Under section 606 of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company would increase:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%,

unless an exception to this rule applies. Exceptions include acquisitions pursuant to takeover offers, schemes of arrangement and shareholder approved acquisitions.

In broad terms, a person has a 'relevant interest' in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's 'voting power' in a company is the number of voting shares in which the person and its Associates have a relevant interest in compared with the total number of voting shares in a company.

As at 12 February 2024, Realwise has voting power of approximately 19.98% in the Company.

The Company expects that following any conversion of the Convertible Notes into Shares, Realwise's voting power in the Company will increase beyond 20%. Accordingly, Resolution 4 seeks

Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act, being one of the exceptions to the prohibition in section 606 on acquiring more than 20% voting power, to enable Realwise to convert the Convertible Note and increase its voting power in the Company beyond 20% without breaching section 606 of the Corporations Act. See the tables beginning on page 12 below for further detail regarding Realwise's anticipated maximum relevant interest in the Company as a result of the acquisitions.

Item 7 of section 611 of the Corporations Act provides an exception to the section 606 prohibition on acquiring more than 20% voting power. Item 7 allows a person and its Associates to acquire a relevant interest in shares that would otherwise be prohibited under section 606(2) of the Corporations Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company, and:

(a) no votes are cast in favour of the resolution by the person proposing to make the acquisition and their Associates; and

(b) the members of the company were given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that was material to the decision on how to vote on the resolution.

Pursuant to and in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74, the following information is provided in relation to Resolution 4:

*Realwise*

The Realwise Convertible Note if issued will be issued to Realwise. Realwise is a supporter of the Company having an initial investment of $2,000,000 in June 2023 and the follow on investment of $11,000,000 in January 2024.

Realwise has confirmed that it does not have any Associates which have a relevant interest in Shares in the Company.

*Reasons for the acquisition*

On 21 December 2023, the Company announced the proposed terms of the placement and debt facility that the Company intended to use the funds raised for the acquisition of The Brag Media and for working capital purposes of the various brands of the Group;

If the Company issues the Realwise Convertible Note, the Company can focus on the integration of the Brag Media and growth of its other brands within the Group through the working capital provided.

*Advantages of the acquisition*

The Directors consider that approval of the conversion of the Realwise Convertible Note and the acquisition of Shares by Realwise have the following advantages to the Company and its Shareholders (other than Realwise):

(a) Realwise, can continue to be, a significant and supportive investor in the Company via an ordinary. Realwise has agreed to convert the Realwise Note (subject to approval of Resolutions 3) to save the Company the need to service the interest in the loan and use its cash reserves for its operations;

(b) Realwise's investment is aligned to the Company achieving its strategic goals, including the up front cash requirements to bring The Brag Media into the group portfolio and working capital to integrate and grow all the Groups brands. In this respect, the Company may therefore not need to consider alternative funding options to maintain sufficient cash liquidity through near-term end-market volatility and to achieve its strategic goals (which could have less attractive terms, or which may be ultimately more dilutive to shareholders than the Realwise Convertible Note);

(c) if Shareholders approve Resolution 4, the interest rate on the Realwise Convertible Note will be waived, reducing the cash required to service the loan where interest is capitalised and added to the principal outstanding);

(d) the approval of Resolution 4 is required for conversion of Realwise Convertible Note. If approval of Resolution 4 is obtained, Realwise may issue a conversion notice for the Realwise Convertible Note before the maturity date (being 29 January 2029), and provided no subsequent shareholder approval is required for the acquisitions in respect of the Realwise Convertible Note, the Company will be able to convert the Realwise Convertible Note in full into Shares and, as such, will not be required to make a cash payment to Realwise to redeem the Realwise Convertible Note. Such cash payment would be at least equal to the principal outstanding plus accrued but unpaid interest (which has a principal balance of $6,955,413, noting that any interest capitalised on these notes would increase the redemption amount going forward). Redemption of the Realwise Convertible Note would require the Company to obtain significant alternative cash funding (which could have less attractive terms or which may be ultimately more dilutive to Shareholders compared with conversion of the Realwise Convertible Note);

(e) the conversion of the Convertible Notes giving Realwise voting power in the Company materially in excess of 20% may mean that for any takeover offer or other control proposal to be successful it would likely require the support of Realwise. This may deter opportunistic unsolicited takeover offers at an offer price which does not fairly reflect the fair value of the Company and which is not recommended by the Board;

(f) the acquisition of The Brag Media, though not the sole purpose of the Realwise investment provides a stronger revenue and profit base for the company to reduce its operating cash outflows;

(g) the Independent Expert has concluded that the conversion of the Convertible Notes is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative;

(h) in addition, the Independent Expert has stated the following advantages:

a) Approval of the Prospective Conversion(s) will facilitate improvement of the net asset position of Vinyl;
b) Approval of the Prospective Conversion(s) will facilitate certainty in relation to the funding of Vinyl;
c) The Prospective Conversion(s) may be the most cost-effective funding option available to Vinyl;
d) Approval of the Prospective Conversion(s) will facilitate improvement in the free cash position of Vinyl;
e) Approval of the Prospective Conversion(s) within 60 days of the Convertible Note will result in interest being waived;
f) Approval of the Prospective Conversion(s) are likely to result in RealWise being more incentivised to assist in working towards the future success of Vinyl;
g) The Convertible Note and key terms around the Prospective Conversion(s) were negotiated at arm's length;
h) Equity interest of RealWise only increases in the event that the Company or RealWise exercise the Convertible Note; and
i) If the Prospective Conversion(s) are not approved and the Convertible Note cannot otherwise be converted, the Vinyl share price may be negatively impacted

*Disadvantages of the acquisitions*

The Directors consider that approval of the conversion of the Realwise Convertible Note and the acquisition of Shares by Realwise have the following disadvantages to the Company and its Shareholders (other than Realwise):

a) Shareholders may believe that the Company's financing and capital requirements may be satisfied from alternative sources on terms which are more favourable to the Company (noting that the directors of the Company, having carefully considered the Company's options, do not consider this to be the case);

(b) conversion of the Convertible Note into Shares will have a dilutionary effect on holdings of other Shareholders (in particular, after the acquisitions, Realwise may have voting power to block any special resolutions proposed by the Company on which Realwise is permitted to vote, and, may also effectively be able to block or pass ordinary resolutions on which Realwise is permitted to vote. This will reduce the ability of Shareholders (other than Realwise) to influence decisions of the Company. See the tables beginning on page 12 for further details of the potential impact of the conversion of the Convertible Notes and resulting acquisition of Shares may have on the Company's capital structure;

(c) the conversion of the Convertible Note giving Realwise voting power in the Company materially in excess of 20% may mean it is less likely that a takeover offer, scheme of arrangement or other control proposal is made for the Company at any time in the future if such takeover offer, scheme or other proposal is not supported by Realwise. In addition, even if a takeover offer is made or a scheme of arrangement pursued, Realwise will likely have the ability to block such takeover offer becoming unconditional if the minimum acceptance condition is above 75% or block the approval of a scheme of arrangement; and

d) in addition, the Independent Expert has stated the following disadvantages:

a. The Convertible Note is convertible into shares in Vinyl at an exercise price of A$0.045 per share, being a25.8% and 31.5% discount to the 90-trading day and 30-trading day VWAP price of Vinyl, respectively;
b. The existing shareholders will be diluted in the event that the Prospective Conversion(s) are approved and full conversion into shares occurs. In this instance, the Non-associated Shareholders will be diluted from approximately 80.02% to approximately 65.53%.
c. The Non-associated Shareholders are precluded from participating in the transaction;
d. In the event that the Prospective Conversion(s) are approved and full conversion into shares occurs, the potential increased shareholding of RealWise may attain increased influence without payment of a control premium. Notably, RealWise may attain the ability to block a special resolution requiring 75% approval; and
e. In the event that the Prospective Conversion(s) are approved and full conversion into shares occurs, the likelihood of Non-associated Shareholders receiving an offer for their shares inclusive of a full premium for control is arguably impaired. Whilst this is the case, RealWise already holds a 19.98% interest in Vinyl which and accordingly, its support will be needed for any takeover offer.

If Resolution 4 is not approved, then:

a. the Company will not be able, or obliged, to convert any portion of the convertible notes above the 20% threshold without a further shareholder approval; and
b. the interest on the Realwise Convertible Note will remain at BBBY + 6% per annum until either the notes are converted or redeemed (and such interest rate will not waived) where interest is capitalised and added to the principal outstanding.

*Material terms of the acquisition*

A summary of the material terms and conditions of the Realwise Convertible Note is set out in Attachment B of this Notice of Meeting.

The Shares to be issued on conversion of the Convertible Notes will rank pari passu with the outstanding Shares of the Company on the relevant conversion date.

*When the acquisition is to occur*

Pursuant to the terms of the Realwise Convertible Note, Realwise or the Company may elect to convert the Realwise Convertible Notes at any time after the date of this EGM and prior to the maturity date (being 29 January 2029).

Realwise may also convert the Realwise Convertible Note in limited circumstances prior to the above dates including if a takeover offer was made for the Company or in the case of an event of default under the terms of the Realwise Convertible Note.

*The voting power Realwise and its associates would have as a result of the acquisitions and the maximum extent of the increase in their voting power*

The anticipated maximum relevant interest of Realwise and its associates and the voting power of Realwise and its associates in the Company (both current, and following the proposed acquisitions) is set out in the tables below:

| | All Shareholders | Non-Associated Shareholders | Realwise and associates |
|---|---|---|---|
| Shares currently on issue as at the date of the Notice | 701,908,919 | 561,668,245 | 140,240,674 |
| Current voting power as at the date of the Notice | 100% | 80.02% | 19.98% |
| Total maximum increase in voting power as a result of the conversion of the Realwise Convertible Note | 0.00% | (14.49%) | 14.49% |
| Total maximum number of Shares post conversion of Realwise Convertible Note | 857,094,394 | 561,668,245 | 295,426,149 |
| Voting power post conversion Realwise Convertible Note (non diluted) | 100% | 65.53% | 34.47% |

Note: This table assumes: •

- Realwise and associates shareholding as at 12 February 2024;
- the Company has 701,908,919 shares on issue as at the date of the Notice and that no further Equity Securities are issued and no Equity Securities convert into Shares before the date of conversion of the Realwise Convertible Note;
- Realwise Convertible Note is fully converted immediately after the EGM and is not redeemed for cash;
- interest on the Realwise Convertible Note is waived;
- the conversion price at the time of conversion is A$0.04482; and
- Realwise and any associates do not acquire a relevant interest in any additional Shares in the Company (and do not sell any Shares).

*Intentions of Realwise regarding the future of the Company*

Other than as disclosed elsewhere in this Explanatory Memorandum, Realwise has confirmed to the Company that Realwise has no present intention:
(a) of making any significant changes to the business of the Company;
(b) to inject further capital into the Company, unless requested by the Company in the future and subject to compliance with the Corporations Act;;
(c) of making changes regarding the future employment of the present employees of the Company;
(d) to redeploy any assets of the Company;
(e) to transfer any property between the Company and themselves;
(f) to change the Company's existing policies in relation to financial matters or dividend distribution policies of the Company; and
(g)to change the Board including seeking appointment of a nominee director.

The Company takes no responsibility for any omission from, or any error or false or misleading statement in this section 'Intentions of Realwise regarding the future of the Company' of the Explanatory Memorandum.

Realwise does not make, or purport to make, any statement in this Explanatory Memorandum other than the statements in this section 'Intentions of Realwise regarding the future of the Company' of the Explanatory Memorandum attributed to it. To the maximum extent permitted by law, Realwise expressly disclaims liability and takes no responsibility for any omission from, or any error or false or misleading statement in, any other part of this Explanatory Memorandum.

*Details of the terms of any other relevant agreement between the Realwise and the Company (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the acquisition*

Other than the issue of the Realwise Convertible Note and conversion being conditional on shareholder approval, there is no such other relevant agreement.

*Dependency*

Shareholders should note that Resolution 4 is dependent on Resolution 4 being approved. Therefore, failure of Resolution 3 will result in Resolution 4 being deemed not to have been passed.

*Independent Expert Report*

The Independent Expert Report prepared by the Independent Expert (a copy of which is attached as Attachment C to this Explanatory Memorandum) assesses whether the conversion of the Convertible Note is fair and reasonable, and therefore in the best interests of the Company's Shareholders. The Independent Expert has concluded that the conversion of the Realwise

Convertible Note is not fair but reasonable to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging. This outcome is in the best interest of shareholders. Shareholders should carefully read the Independent Expert Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

*Board recommendation*

The Directors have considered the Independent Expert's Report, in particular the opinion that the acquisitions are not fair but are reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative, together with the advantages and disadvantages of the acquisitions included in this Explanatory Memorandum and the Independent Expert's Report. In the Directors' opinion based on the Company's present circumstances, the advantages of the acquisitions considerably outweigh the disadvantages.

Accordingly, the Directors believe that the approval of Resolution 4 by the Shareholders is in the best interests of the Company as a whole and unanimously recommend that Shareholders vote in favour of Resolutions 4.

Each Director intends to vote in favour of Resolution 4 in respect of all their direct and indirect shareholdings, representing a total of 18,254,807 Shares or approximately 2.59% of the Shares on issue as at the date of the Notice.

The Directors' recommendation and voting intention in respect of Resolution 4 is at all times subject to their fiduciary duties and obligations and the Independent Expert continuing to conclude that the matters the subject of such resolutions are in the best interests of the Non-Associated Shareholders in the absence of a superior alternative.

Voting intention The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4(subject to the voting exclusion statement).

*Voting exclusion*

A Voting Exclusion Statement accompanies Resolution 4 in the Notice of Meeting.

*No ASX responsibility for this Notice*

# Attachment A - Terms and conditions of Rickert Convertible Note

| Key Term | Description |
|---|---|
| **Placement** | Issue of 90,240,674 fully paid ordinary shares. |
| **Amount raised** | $4,044,587 |
| **Use of proceeds** | Used to fund the Brag Media acquisition and provide working capital for integration and continued operation of the other Vinyl Group brands. |
| **Term and maturity** | The expiry date of the Convertible Note is 30 May 2024 (**Final Conversion Date**). |
| **Total face value** | US$250,000 |
| **Interest** | 10% |
| **Security and collateral** | N/A |
| **Conversion terms** | Upon conversion of the Convertible Note:<br>David Rickert may convert any portion of the Convertible Note up to 8,000,000 ordinary shares.<br>David Rickert may convert the Convertible Note by giving a conversion notice to the Company (**Conversion Notice**). If David Rickert gives a Conversion Notice to the Company, the Company must issue to David Rickert the number of Shares determined in accordance with the corresponding amount of converted Convertible Note.<br>The number of shares issued to David Rickert following an Conversion Notice is subject to any Diluting Events and the following adjustments in certain circumstances:<br>● the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment);<br>● any reorganisation of the Company where the rights of David Rickert will be varied to the extent necessary to comply with the ASX Listing Rules. |
| **Maximum number of Shares on conversion** | The maximum number of Shares to be issued on conversion is dependent on the interest and foreign exchange conversion between the Australian and US dollars. Shareholders approved a maximum conversion 8,000,000 in May 2023 based on the factors at the time. |
| **Voluntary prepayment** | The Company may prepay the convertible note in cash by providing David Rickert a 14 day notice to allow David Rickert to determine if he would like to convert or accept the cash payment. |
| **Conversion trigger** | N/A |
| **Redemption** | N/A |

| | |
|---|---|
| **Board Observer/Appointments** | N/A |
| **Events of default** | N/A |
| **Representations and warranties** | N/A |

# Attachment B - Terms and conditions of Realwise Convertible Note Facility Agreement

| Key Term | Description |
|---|---|
| **Term and maturity** | The expiry date of the Loan/Convertible Note is 29 January 2029 (**Final Redemption/Conversion Date**). |
| **Total face value** | $6,955,412.99 |
| **Interest** | The Loan carries an interest rate of BBBY + 6% per annum.<br><br>Should Resolution 4 be approved no interest will be payable on the Outstanding Amount.<br><br>Interest accrues in 3 month periods on the outstanding amount under the Convertible Note Facility Agreement, including any capitalised and uncapitalised interest (**Outstanding Amount**).<br><br>Accrued interest will be capitalised on the last day of each 3 month period by increasing the Outstanding Amount. Realwise may elect that the interest accrued over the term of Convertible Note Facility Agreement be converted into Shares in accordance with conversion terms set out below. |
| **Security and collateral** | N/A |
| **Conversion terms** | Realwise and the Company may at any time convert all (or part) of the Outstanding Amount to Shares by giving a conversion notice to the Company (**Conversion Notice**). If Realwise or the Company give a Conversion Notice to the Company, the Company must issue to Realwise the number of Shares determined in accordance with the following formula:<br><br>$x = \frac{P}{CP}$<br><br>where,<br><br>**x** number of Shares to be issued;<br><br>**P** conversion amount to be converted; and<br><br>**CP** Conversion Price of A$0.04482.<br><br>If any Diluting Event (as defined below) occurs, an adjustment will be made to the number and issue price of Shares to which Realwise is entitled upon conversion of the Convertible Notes so that the relative fair market value of the Convertible Notes as compared to the fair market value of other securities on issue prior to the Diluting Event is not adversely affected by the Diluting Event. The following are **Diluting Events**:<br><br>● an issue of securities by way of capitalisation of profits or reserves or bonus issue;<br><br>● a cash or non-cash dividend or other distribution, including any spin off;<br><br>● a rights issue or entitlements issue (of shares or other securities) or a placement (of shares or other securities), other than convertible securities, |

| | |
|---|---|
| | where the issue price per Share is less than the Conversion Price; or<br>● an issue of securities convertible into Shares (or any amendment to the conversion terms of those securities) where the present value of the issue price per share (assuming the security is converted on the latest possible date) is less than the Conversion Price. |
| **Maximum number of Shares on conversion** | 1) The maximum number of Shares to be issued on conversion of the total face value is 155,185,475, subject to any additional Shares to be issued on conversion of accrued and capitalised interest. Realwise nor the Company cannot convert the Convertible Notes if doing so would breach the takeover rules contained in the Corporations Act. |
| **Voluntary prepayment** | The Company can prepay any Convertible Notes without the prior written consent of Realwise. |
| **Redemption** | The Company must repay the face value of the Convertible Notes plus any accrued interest in the event the Convertible Notes are not converted prior to 29 January 2029. |
| **Board Observer** | N/A |
| **Events of default** | The Convertible Note Facility Agreement sets out a number of events that are each deemed to be an **Event of Default**. These events include:<br>● failure to pay: a Transaction Party fails to pay or repay any part of the Unsecured Moneys when due and payable by it, and the failure to pay or repay is not remedied within 5 Business Days of the due date;<br>● other breaches: a Transaction Party does not comply with any provision of any Note Document (other than as described in paragraph (a)) or with any condition of any waiver or consent, and if capable of remedy, the Transaction Party does not remedy the failure within 15 Business Days (or a longer period if the Noteholder agrees) after the earlier of (i) the Transaction Party receiving a notice from the Noteholder specifying the failure and (ii) the Transaction Party becoming aware of it;<br>● shareholder approvals: if the Issuer does not (i) convene a general meeting within 90 days or Shareholders of the Issuer do not approve the Resolution or any other resolution required under this agreement;<br>● misrepresentation: any representation or warranty or statement made or deemed to be made by a Transaction Party under a Note Document or any other certificate or document delivered by or on behalf of that Transaction Party under or in connection with any Note Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made or repeated, and the circumstances that give rise to the breach are not remedied within 15 Business Days (or such longer period as the Noteholder may agree) after the Transaction Party becomes aware of the incorrect or misleading representation or warranty or statement or receives a notice from the Noteholder specifying the incorrect or misleading representation or warranty or statement (whichever occurs first);<br>● cross default: any Financial Indebtedness of a Transaction Party in an amount in excess of A$350,000: |

- becomes due and payable, or becomes capable of being declared due and payable, before the scheduled date for payment; or
- is not paid when due (after taking into account any applicable grace period);
- Encumbrance any Encumbrance is enforced against an asset of a Transaction Party in an amount exceeding A$350,000;
- judgment: a judgment in an amount exceeding A$350,000 is obtained against a Transaction Party, and is not set aside or satisfied within 14 days or any later date under the terms of the judgment on which it is required to be paid;
- execution: a distress, attachment, execution or other process of a Government Agency is issued against, levied or entered upon an asset of a Transaction Party in an amount exceeding A$350,000, and is not set aside or satisfied within 14 days;
- Insolvency: a Transaction Party is unable to pay its debts when they are due or is otherwise Insolvent;
- reorganisation: a Transaction Party implements a merger, demerger or scheme of arrangement with any person, which is not approved by the Noteholder;
- deregistration: a Transaction Party is deregistered, or any steps are taken to deregister a Transaction Party under any applicable law;
- destruction of property: all or a material part of the Issuer's property is destroyed, lost or damaged beyond repair or proves to be materially defective except where, with respect to destruction, loss or damage, the relevant destruction, loss or damage is covered by insurance and the proceeds of such insurance are sufficient to repay the Unsecured Moneys in full;
- de-listing: except with the prior written consent of the Noteholder which must not be unreasonably withheld or delayed, the Issuer ceases to have its ordinary shares listed for trading on the Relevant Exchange;
- unenforceability:
- a material provision of a Note Document is illegal, void, voidable or unenforceable;
- any person becomes entitled to terminate, rescind or avoid any material provision of a Note Document; or
- the execution, delivery or performance of a Note Document by a Transaction Party breaches or results in a contravention of any law;
- Material Adverse Effect: any event or series of events, whether related or not, occurs which has, or is likely to have, a Material Adverse Effect;

- repudiation: a Transaction Party repudiates a Note Document, or evidences in writing an intention to repudiate a Note Document;
- compulsory acquisition: if all or a material part of the property of a Transaction Parties is sold or divested by that person because it is required to do so by a binding order from a Government Agency, or is compulsorily acquired by any Government Agency, and the relevant person does not receive compensation for the acquisition, sale or disposal which is acceptable to the Noteholder.

**Note Document** means the Convertible Note Facility Agreement and each corresponding security document, the licence agreement and any document agreed by the Company and Realwise to be a Note Document.

If an Event of Default occurs, while it is continuing Realwise may at any time after its occurrence by notice to the Company declare that:

- all or part of the secured moneys, are immediately due and payable, whereupon they will become immediately due and payable; or
- all or part of the secured moneys are payable on demand, whereupon they will become payable by demand by Realwise; or
- exercise any or all of its rights, remedies, powers or discretions under the Note Documents; or
- make a combination of the declarations of the above.

| | |
|---|---|
| **Review Event - Change of Control** | It is a "Review Event" if a person who does not have a Relevant Interest in 50% or more in the securities of the Issuer on the date of this agreement acquires a Relevant Interest in 50% or more in the securities of the Issuer (other than the Noteholder or its Associates).<br><br>The Issuer must notify the Noteholder as soon as it becomes aware of the occurrence of a Review Event.<br><br>Promptly following the issue of a notice by the Issuer, the Noteholder and the Issuer will consult together for a period of 30 days (or such longer period as the Noteholder may agree) in relation to the occurrence and effect of the Review Event.<br><br>If following the period of consultation, the Noteholder determines in its absolute discretion that the occurrence of the Review Event is not reasonably acceptable to it, the Noteholder may in its absolute discretion:<br><br>1. by giving not less than 60 days written notice to the Issuer, require the Issuer to redeem the Convertible Note by repaying the Outstanding Amount in full together with all interest accrued but not yet capitalised and fees owing to the Noteholder; or<br>2. by written notice to the Issuer elect to convert all (but not part) of the Outstanding Amount and interest accrued but not yet capitalised thereon at that time into Shares at a conversion price equal to the Conversion Price per Share. |

| | |
|---|---|
| **Representations and warranties** | The Company has provided Realwise with a number of customary representations and warranties in the Convertible Note Facility Agreement. |
| **Guarantee and indemnity** | The obligations of the Company under the Convertible Notes are guaranteed by the wholly owned subsidiaries of the Company being Jaxsta Holdings Pty Limited and Jaxsta Enterprise Pty Ltd. The Company provides an indemnity in favour of Realwise in respect of any loss suffered in connection with a default under the Convertible Note Facility Agreement. |
| **Assignment and transferability** | No Transaction Party may assign or novate any of its rights or obligations under a Note Document without the prior written consent of the Noteholder.<br><br>Realwise may transfer the Convertible Note by a written transfer notice. |

# Attachment C - Independent Experts Report

Grant Thornton

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The Directors
Vinyl Group Limited
11 Wilson Street
South Yarra VIC 3141

12 February 2024

## Introduction

Vinyl Group Limited ("Vinyl", "VNL" or "the Company") (formerly known as Jaxsta Limited) is the owner and operator of the world's biggest database of official music credits. The Company is listed on the ASX Limited ("ASX") and has a market capitalisation of approximately A$47.0 million as at market close on 12 February 2024.

On 21 June 2023, Vinyl announced the completion of a share placement in which, amongst others, RealWise Group Holding Pty Ltd ("RealWise") (ACN 059 309 161 580) participated. The Placement was priced at A$0.04 cents per share, a 24% discount to the closing price of Vinyl shares on 13 June 2023. As a result of their participation, RealWise became a substantial shareholder of the Company with a 9.64% interest.

On 21 December 2023, Vinyl announced a new equity placement ("Placement Facility") and debt facility ("Debt Facility") with RealWise for A$11.0 million, the details of which were as follows:

- a Placement Facility for A$3.956 million at a price of A$0.04482 per share, a discount of 10% to the 5-day VWAP at the time of entering into the facility. According to an announcement dated 1 February 2024, the amount raised was later revised to A$4.045 million; and

- a Debt Facility for A$7.044 million, structured as a five-year unsecured convertible note with a conversion price of A$0.045 per share, being a discount of 10% to the 5 day VWAP at the time of entering into the facility. According to an announcement dated 1 February 2024, this was later revised to A$6.955 million, with the Debt Facility to become a convertible note following shareholder approval and for the full amount to be convertible into shares at a general meeting prior to 31 March 2024.

- Realwise or the Company may convert any portion of the Convertible Note not requiring shareholder approval at any time.

Albeit not conditional, according to the Company the proceeds from the Debt Facility are being deployed as follows:

- the initial A$3.955 million of the A$6.955 million raised from the Debt Facility is expected to be deployed to fund the acquisition of The Brag Media; and

- the remaining A$3.0 million is expected to be deployed for working capital purposes.

### *Purpose of the report and approach*

Subject to an exemption under Section 611 of the Corporations Act, a party is prohibited from obtaining more than 20% of the voting power of a public company unless a full takeover offer is made. In this circumstance, RealWise holds approximately 19.98% of the Vinyl ordinary shares on issue as at 12 February 2024. The Prospective Conversion(s) may result in RealWise owning more than 20% of the voting rights in Vinyl. Consequentially the Prospective Conversion(s) require approval by the Non-associated Shareholders in a general meeting in the absence of a full takeover offer.

Pursuant to Regulatory Guide 74 issued by the Australian Securities and Investment Commission, shareholders need to be provided with sufficient information to enable them to assess the merits of the proposal. Accordingly, the Directors of Vinyl have appointed Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") to prepare an Independent Expert Report ("IER") in relation to the approval of acquisition of relevant interest in Vinyl shares by RealWise on conversion of the Convertible Note (the "Prospective Conversion(s)").

The sole purpose of our report is an expression of Grant Thornton's Corporate Finance's opinion as to whether the Prospective Conversion(s) are fair and reasonable to Vinyl's Non-associated Shareholders.

When preparing this IER, Grant Thornton Corporate Finance has had regard to Australian Securities and Investment Commission's ("ASIC") Regulatory Guide 111 'Content of expert reports' ("RG 111") and Regulatory Guide 112 'Independence of experts' ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of the opinion

**Grant Thornton Corporate Finance has concluded that the Prospective Conversion(s) is NOT FAIR BUT REASONABLE to the Non-associated Shareholders.**

In forming its opinion, Grant Thornton Corporate Finance has considered whether the Prospective Conversion(s) is fair and reasonable to the Non-Associated Shareholders and other quantitative and qualitative considerations.

Grant Thornton

## Fairness assessment

In forming our opinion, Grant Thornton Corporate Finance has considered how the value of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s) compares relative to the value of a Vinyl share, on a minority interest basis, assuming approval of the Prospective Conversion(s) and:

- the Convertible Note is not converted; and
- full conversion of the Convertible Note.

We have assessed the value of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s), to be in the range of A$0.070 and A$0.099 per Vinyl share. This range is higher than:

- our assessed range of outcomes, assuming approval of the Prospective Conversion(s) and RealWise or the Company does not convert the Convertible Note to ordinary shares, of between A$0.058 and A$0.071 per Vinyl share on a minority interest basis; and
- our assessed range of outcomes, assuming approval of the Prospective Conversion(s) and RealWise or the Company elects to fully convert the Convertible Note to ordinary shares, of between A$0.054 to A$0.064 per Vinyl share on a minority interest basis.

As such, we consider the Prospective Conversion(s) to be **NOT FAIR** to Non-associated Shareholders.

## Reasonableness assessment

In accordance with RG111.12, if an offer is considered to be fair, it is also considered to be reasonable. However, a transaction may be considered reasonable if, despite being not fair, there are sufficient reasons for shareholders to approve the transaction in the absence of a superior proposal.

We have assessed several qualitative issues in assessing the reasonableness of the Prospective Conversion(s). We consider the Prospective Conversion(s) to be reasonable due to the reasons articulated below.

***Advantages***

*Approval of the Prospective Conversion(s) will facilitate improvement of the net asset position of Vinyl*

In the event that the Prospective Conversion(s) is approved and the Convertible Note is exercised, the net asset value of the Company will increase. At the point of issuing the Convertible Note, Vinyl recorded, amongst other things, a liability on its balance sheet of approximately A$6.96m. In the event that the Prospective Conversion(s) are approved and the Convertible Note is fully exercised, this liability component of the Convertible Note will be extinguished. In this scenario, the net assets of Vinyl would increase, which in effect would cause the Company's gearing position (total borrowings divided by net assets) to reduce.

*Approval of the Prospective Conversion(s) will facilitate certainty in relation to the funding of Vinyl*

The proceeds from the Debt Facility/Convertible Note are being deployed towards the acquisition of The Brag Media and for working capital purposes.

If the Prospective Conversion(s) are not approved and the Convertible Note cannot otherwise be converted, Vinyl will be required to raise debt or equity to repay RealWise and to continue to fully fund its businesses. If the Prospective Conversion(s) are approved and are fully converted, Vinyl will have greater certainty as to its ability to fully fund its businesses.

*The Prospective Conversion(s) may be the most cost-effective funding option available to Vinyl*

Vinyl engaged in a thorough search in its attempts to fund the acquisition of The Brag Media and for its near-term working capital requirements. The process entailed consideration of alternate funding possibilities and included approaches to key investors. Having regard to Vinyl not yet generating positive cashflows from its operations and based on our understanding of the fundraising process, we are not aware of any alternative proposals which may have provided a suitable funding outcome for Vinyl.

*Approval of the Prospective Conversion(s) will facilitate improvement in the free cash position of Vinyl*

In the event that the Prospective Conversion(s) are approved, both RealWise and the Company have the right to exercise the Convertible Note.

Given the ability of the Company to also exercise the Convertible Note in the event that the Prospective Conversion(s) are approved, there will be no need to raise alternative funding to repay the Convertible Note.

In the event that the Prospective Conversion(s) are not approved and cannot otherwise be converted, Vinyl will be required to repay the Convertible Note. This is likely to result in a decrease in free cash and is likely to result in Vinyl being required to raise funding.

*Approval of the Prospective Conversion(s) within 60 days of the Convertible Note will result in interest being waived*

The Convertible Note contains provisions whereby should the Prospective Conversion(s) be approved at a general meeting of the Company within 60 days, RealWise will waive interest that would otherwise accrue until conversion.

We understand from the Company that the 60 days timeline referred to above has been extended to 100 days.

*Approval of the Prospective Conversion(s) are likely to result in RealWise being more incentivised to assist in working towards the future success of Vinyl*

If the Prospective Conversion(s) are approved and the Convertible Note is exercised by either RealWise or the Company, the shareholding of the former will increase from 19.98% to up to 34.47%, if no other shares are issued. Vinyl have advised that since Realwise's initial investment in the Company on 21 June 2023, they have been supportive of the long-term vision for Vinyl.

*The Convertible Note and key terms around the Prospective Conversion(s) were negotiated at arm's length*

Vinyl investigated a number of alternate funding possibilities and approached key investors as part of the fund-raising process, with consideration given to cost of funding, flexibility/timing of funding and the impact to the existing shareholders of Vinyl. The terms of the Convertible Note and Prospective Conversion(s), including the key matters such as the quantum and price were negotiated over several weeks and were subject to the approval of the Board of Directors of Vinyl.

*The equity interest of RealWise only increases in the event that the Company or RealWise exercise the Convertible Note*

RealWise will only increase its shareholding in Vinyl in the circumstance that it exercises its conversion rights or alternatively if the Company exercises the conversion rights.

If the Convertible Note is exercised in full, RealWise will increase its shareholding interest from 19.98% to 34.47%, assuming no other shares are issued during this period.

We note that prior to the Prospective Conversion(s), RealWise is the largest shareholder of the Company. Although the increase in its shareholding interest may ensure it is able to block special resolutions, which require 75% approval, RealWise may not exert a substantially greater influence over the Company.

*If the Prospective Conversion(s) are not approved and the Convertible Note cannot otherwise be converted, the Vinyl share price may be negatively impacted*

The proceeds from the Debt Facility/Convertible Note are being deployed towards the acquisition of The Brag Media and for working capital purposes.

If the Prospective Conversion(s) are not approved and the Convertible Note cannot otherwise be converted, we consider that the share price of Vinyl may be negatively impacted. Vinyl is not yet generating positive cashflows from its operations. Accordingly, there may be a perceived difficulty in the ability of Vinyl to raise debt or equity to repay RealWise and to continue to fully fund its businesses.

We acknowledge that in ordinary circumstances, the abovementioned risk is mitigated by the maturity date for the Convertible Note being 29 January 2029.

In addition to our comments above, we observe that the Vinyl share price increased by 22.2% following the 21 December 2023 announcement in relation to the agreement to acquire The Brag Media and the associated A$11.0 million placement and debt facility, suggesting that these moves were viewed favourably by the market.

***Disadvantages***

We have also considered the potential disadvantages to Non-associated Shareholders if the Prospective Conversion(s) are approved, but on balance consider the benefits to outweigh the potential disadvantages.

- The Convertible Note is convertible into shares in Vinyl at an exercise price of A$0.045 per share, being a 25.8% and 31.5% discount to the 90 trading day and 30 trading day VWAP price of Vinyl, respectively.
- The existing shareholders will be diluted in the event that the Prospective Conversion(s) are approved and full conversion into shares occurs. In this instance, the Non-associated Shareholders will be diluted from approximately 80.02% to approximately 65.53%.
- The Non-associated Shareholders are precluded from participating in the transaction.
- In the event that the Prospective Conversion(s) are approved and full conversion into shares occurs, the potential increased shareholding of RealWise may attain increased influence without payment of a control premium. Notably, RealWise may attain the ability to block a special resolution requiring 75% approval.
- In the event that the Prospective Conversion(s) are approved and full conversion into shares occurs, the likelihood of Non-associated Shareholders receiving an offer for their shares inclusive of a full premium for control is arguably impaired. Whilst this is the case, RealWise already holds a 19.98% interest in Vinyl which and accordingly, its support will be needed for any takeover offer.

**Reasonableness conclusion**

Having regard to the above, in our opinion, the advantages of the Prospective Conversion(s) outweigh the potential disadvantages. Accordingly, in the absence of a superior proposal, we consider that the Prospective is **REASONABLE** to the Non-associated Shareholders.

**Overall conclusion**

On the basis that the assessed value of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s) is greater than the value of a Vinyl share, on a minority interest basis, assuming approval of the Prospective Conversion(s) and:

- the Convertible Note is not converted; and
- full conversion of the Convertible Note,

we view the Prospective Conversion(s) to be not fair to the Non-associated Shareholders.

However, despite not being considered fair, upon assessing various outcomes from the Prospective Conversion(s), in our opinion the advantages of the Prospective Conversion(s) outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the Prospective Conversion(s) are reasonable to the Non-associated Shareholders.

After considering the above mentioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Prospective Conversion(s) is **NOT FAIR BUT REASONABLE** to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

### *Other matters*

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the resolution in relation to the Prospective Conversion(s) is a matter for each Non-Associated Shareholder to decide based on their own views of the value of Vinyl and expectations about future market conditions, Vinyl's performance, risk profile and investment strategy. If Non-Associated Shareholders are in doubt about the action they should take in relation to the Prospective Conversion(s), they should seek their own professional advice.

Yours faithfully,

GRANT THORNTON CORPORATE FINANCE PTY LTD

Jeremy Bogue

JEREMY BOGUE
Director

ANDREA DE CIAN
Director

12 February 2024

## Financial Services Guide

### 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 43, 152-158 St Georges Terrace, Perth WA 6000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Vinyl appointed Grant Thornton Corporate Finance Pty Ltd to provide general financial product advice in the form of an independent expert's report in relation to the Prospective Conversion(s).

### 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### 3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### 4 Remuneration

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from Vinyl a fixed fee of A$49,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

## 5 Independence

Grant Thornton Corporate Finance is required to be independent of Vinyl in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Vinyl (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Prospective Conversion(s). Grant Thornton were the auditors of Vinyl Group Limited prior to the appointment of UHY Haines Norton Chartered Accountants in January 2024, however, none of the staff involved in preparing the audit were involved in the preparation of this report and it is not considered that this relationship could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Prospective Conversion(s).*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Prospective Conversion(s), other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."*

## 6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Grant Thornton

## 7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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## 1 Purpose and scope of the report

Subject to an exemption under Section 611 of the Corporations Act, a party is prohibited from obtaining more than 20% of the voting power of a public company unless a full takeover offer is made. The exemption under section 611 of the Corporations Act avails the target company shareholders of the opportunity to vote in a general meeting to forgo their right to a full takeover. In tabling the resolution for the passing of any resolution under 611 of the Corporations Act, no votes may be cast by the potential acquirer or their associates.

In this circumstance, RealWise holds approximately 19.98% of the Vinyl ordinary shares on issue as at 12 February 2024 (following settlement of the Placement Facility). The quantum of shares that will be owned by RealWise in Vinyl following the conversion(s) of the Convertible Note cannot be determined at this juncture as it will depend on a number of variables including, amongst other things, the following:

- whether RealWise or Vinyl elects to seek full or partial conversion(s) of the Convertible Note, rather than redemption by the latter; and
- the issuance and extent to which new shares are issued to Non-associated Shareholders, RealWise or new shareholders in the form of new capital raisings or the conversion(s) of Vinyl options and notes already on issue.

Whilst the quantum of Vinyl shares that will be owned by RealWise in Vinyl following the prospective conversion(s) of the Convertible Note cannot be determined at this juncture, based on RealWise's current ordinary shareholding of 19.98% in Vinyl, the Prospective Conversion(s) will likely result in RealWise owning more than 20% of the voting rights in Vinyl. Consequentially the Prospective Conversion(s) require approval by the Non-associated Shareholders in a general meeting in the absence of a full takeover offer.

Pursuant to Regulatory Guide 74 issued by the Australian Securities and Investment Commission ("ASIC"), shareholders need to be provided with sufficient information to enable them to assess the merits of the proposal. Accordingly, the Directors of Vinyl are required to provide shareholders with analysis as to whether the Prospective Conversion(s) are fair and reasonable in the context of Vinyl's Non-associated Shareholders.

This report has been prepared for inclusion in the Explanatory Statement to accompany the Notice of Meeting to Vinyl shareholders. The purpose of the meeting will be to seek, amongst other things, approval by the Non-associated Shareholders of the Prospective Conversion(s).

The sole purpose of our report is an expression of Grant Thornton Corporate Finance's opinion as to whether the Prospective Conversion(s) are fair and reasonable to Vinyl's Non-associated Shareholders. Our report should not be interpreted as being a recommendation as to whether or not Non-associated Shareholders should vote in favour of the Prospective Conversion(s), which remains a decision for individual shareholders. The ambit of the report does not extend to forming an opinion as to the terms and conditions of the Convertible Note, or the issuance thereof.

In accordance with our mandate, our report is required to satisfy the requirements under Section 611 of the Act.

When preparing this IER, Grant Thornton Corporate Finance has had regard to ASIC's Regulatory Guide 111 'Content of expert reports' ("RG 111") and Regulatory Guide 112 'Independence of experts' ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

In particular we note that RG111 states that an issue of shares requiring approval under Item 7 of Section 611 of the Corporations Act should be analysed as if it were a takeover bid.

In accordance with the above, we have assessed the Prospective Conversion(s) with reference to Section 640 of the Corporations Act, in relation to which RG 111 which states that:

- an offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming, inter alia, 100% ownership of the target company irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company; and

- an offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid.

In accordance with the above, in assessing the reasonableness of the Prospective Conversion(s), we have highlighted what we consider to be the main issues:

- the rationale and context of the Prospective Conversion(s);

- alternative funding solutions available to the Company;

- the trading of shares in Vinyl on the ASX;

- the consequences of the Prospective Conversion(s) not being approved by Non-associated Shareholders; and

- other advantages and disadvantages which may impact shareholders if the Prospective Conversion(s) are approved.

## 2 Convertible note summary

### 2.1 Key terms

The key terms of the Debt Facility's Convertible Note are summarised below.

| Key term | Description |
|---|---|
| Term and maturity | 29 January 2029 |
| Total face value | $6,955,412.99 |
| Interest | The Loan carries an interest rate of BBBY + 6% per annum.<br>Should Resolution 4 be approved no interest will be payable on the Outstanding Amount.<br>Interest accrues in 3 month periods on the outstanding amount under the Convertible Note Facility Agreement, including any capitalised and uncapitalised interest ("**Outstanding Amount**").<br>Accrued interest will be capitalised on the last day of each 3 month period by increasing the Outstanding Amount.<br>RealWise may elect that the interest accrued over the term of Convertible Note Facility Agreement be converted into Shares in accordance with conversion terms set out below. |
| Security and collateral | n/a |
| Conversion terms | RealWise and the Company may at any time convert all (or part) of the Outstanding Amount to Shares by giving a conversion notice to the Company ("**Conversion Notice**"). If RealWise or the Company give a Conversion Notice to the Company, the Company must issue to RealWise the number of Shares determined in accordance with the following formula:<br>$$x = \frac{P}{CP}$$<br>where,<br>**x** number of Shares to be issued;<br>**P** conversion amount to be converted; and<br>**CP** Conversion Price of A$0.04482.<br><br>If any Diluting Event (as defined below) occurs, an adjustment will be made to the number and issue price of Shares to which RealWise is entitled upon conversion of the Convertible Notes so that the relative fair market value of the Convertible Notes as compared to the fair market value of other securities on issue prior to the Diluting Event is not adversely affected by the Diluting Event. The following are **Diluting Events**:<br>● an issue of securities by way of capitalisation of profits or reserves or bonus issue;<br>● a cash or non-cash dividend or other distribution, including any spin off;<br>● a rights issue or entitlements issue (of shares or other securities) or a placement (of shares or other securities), other than convertible securities, where the issue price per Share is less than the Conversion Price; or<br>● an issue of securities convertible into Shares (or any amendment to the conversion terms of those securities) where the present value of the issue price per share (assuming the security is converted on the latest possible date) is less than the Conversion Price. |
| Maximum number of Shares on conversion | The maximum number of Shares to be issued on conversion of the total face value is 155,185,475, subject to any additional Shares to be issued on conversion of accrued and capitalised interest. RealWise nor the Company cannot convert the Convertible Notes if doing so would breach the takeover rules contained in the Corporations Act. |
| Voluntary prepayment | The Company can prepay any Convertible Notes without the prior written consent of RealWise. |
| Redemption | The Company must repay the face value of the Convertible Notes plus any accrued interest in the event the Convertible Notes are not converted prior to 29 January 2029. |
| Guarantee and indemnity | The obligations of the Company under the Convertible Notes are guaranteed by the wholly owned subsidiaries of the Company being Jaxsta Holdings Pty Limited and Jaxsta Enterprise Pty Ltd. The Company provides an indemnity in favour of RealWise in respect of any loss suffered in connection with a default under the Convertible Note Facility Agreement. |
| Assignment and transferability | No Transaction Party may assign or novate any of its rights or obligations under a Note Document without the prior written consent of the Noteholder.<br>RealWise may transfer the Convertible Note by a written transfer notice. |

*Source: Explanatory Memorandum*

## 2.2 Dilution scenarios

Vinyl currently has approximately 701.9 million fully paid ordinary shares on issue. RealWise held approximately 140.2 million fully paid ordinary shares, representing 19.98% of the issued capital in the Company as at 12 February 2024.

Non-associated shareholders would, as a block, be diluted from approximately 80.0% down to approximately 65.5%, assuming, inter alia:

- the Prospective Conversion(s) are approved by Non-associated Shareholders;
- the Convertible Note is fully converted at/before maturity at the relevant conversion(s) price set out in the Convertible Note agreement; and
- no reorganisation events occur prior to maturity.

This does not account for the dilutionary impact resulting from the exercise of options and conversion(s) of pre-existing convertible note securities.

Further details in relation to the assumptions underlying various dilution scenarios are set out in the notes to table below.

As Non-associated Shareholders will separately vote to approve the Prospective Conversion(s) of the Convertible Note and, if the Prospective Conversion (s) are approved, RealWise or the Company will be able to complete partial conversion(s) of the Convertible Note. As a result, the final diluted shareholding of Non-associated Shareholders is not able to be determined with any certainty at this time. However, based on the current Vinyl shares on issue, the interest of Non-associated Shareholders in Vinyl post the Prospective Conversion(s) may lie between the current 80.0% and the 65.5% noted above.

Various dilution scenarios are summarised in the table below:

| All shares shown in millions | All Shareholders | Non-associated shareholders | RealWise |
|---|---|---|---|
| **Current shares on issue** | **701.9** | **561.7** | **140.2** |
| *% of voting interest* | *100.00%* | *80.02%* | *19.98%* |
| **Full Conversion** | | | |
| Current shares on issue | 701.9 | 561.7 | 140.2 |
| New shares issued for conversion | 155.2 | 0.0 | 155.2 |
| **Total number of shares post conversion** | **857.1** | **561.7** | **295.4** |
| *% of voting interest* | *100.00%* | *65.53%* | *34.47%* |

*Sources: Explanatory memorandum and GTCF:*
*Notes: The scenarios above assume (1) all of the Prospective Conversion(s) are approved by Non-associated Shareholders; (2) the Convertible Note (those converted under the summaries shown) are fully converted at maturity at the relevant Conversion price set out in the Convertible Note agreement;(3) interest attaching to the Convertible Notes is fully capitalised; (4) no reorganisation events occur prior to maturity; and (5) Vinyl has approximately 701.9 million shares on issue and that no further shares are issued or bought back. (6) These dilution scenarios assume RealWise does not acquire or dispose of a relevant interest in any additional shares in Vinyl (other than through the future conversion(s) (7) Scenarios reflect shareholdings and shares on issue as at 12 February 2024.*

## 2.3 Implications of the transaction

Following the Prospective Conversion(s), RealWise's interest in Vinyl will likely increase significantly as set out above. RealWise will have the ability to influence the composition of the Board of Vinyl. As set out in the Explanatory Statement, RealWise has advised that it has no current intention to change the Board including seeking appointment of a nominee director.

## 2.4 Transaction costs

The management of Vinyl has advised that the Prospective Conversion(s) are not expected to result in any material transaction costs for Vinyl.

# 3 Industry overview

## 3.1 Introduction

The music industry has undergone significant transformation since the rise of digital music. The music landscape now includes streaming service platforms such as Spotify and Apple Music, online music stores such as Bandcamp and Soundcloud, as well as other music licensing and integration services. Subscription models have gained in popularity, offering users access to vast catalogues of music and data for a monthly fee. As a result, the industry has seen up until recently, a sharp decline in the physical sales of records and CDs. More recent economic conditions have impacted disposable incomes across the globe. For many businesses in the music industry, success is founded on their ability to take advantage of these longer-term trends, which are outlined in more detail below.

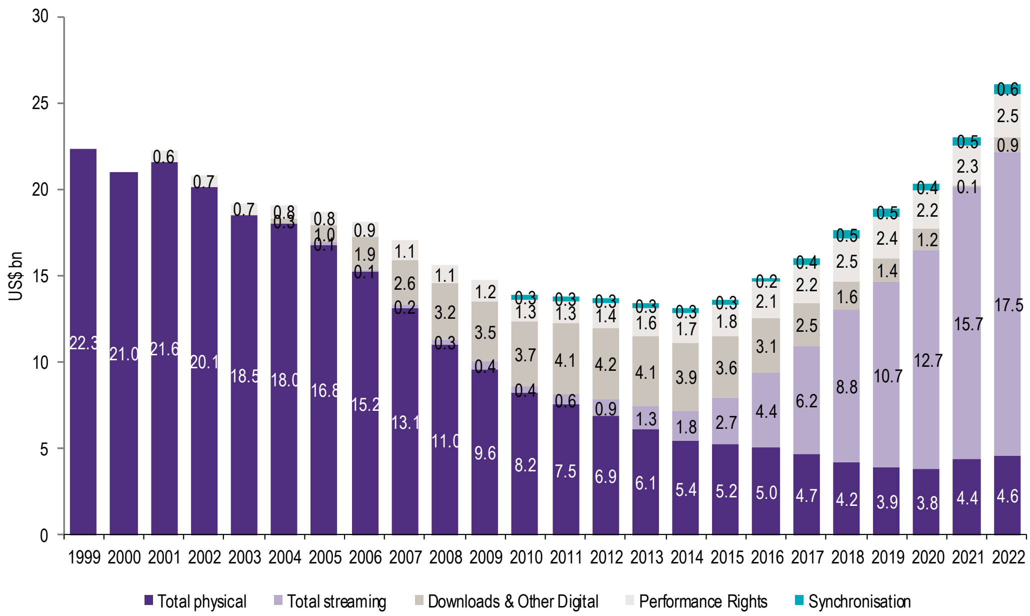
## 3.2 Recent industry trends

- *Growth in digital revenue* **-** Global recorded music revenues grew 9.0% in 2022 to US$26.2bn[1]. This is the 8th[1] year of consecutive growth and was made up by:
  - 67%[1] total streaming revenue (streaming services such as Spotify and Apple Music);
  - 17.5%[1] physical (sales of vinyl records and CDs);
  - 9.4%[1] performance rights (the use of recorded music by broadcasters and public venues);
  - 2.4%[1] synchronization (use of recorded music in movies, TV shows, games etc.); and
  - 3.6%[1] downloads and other digital revenue (purchase of digital downloads).

Total streaming revenues rose 11.5%[1] and contributed to 67%[1] of the overall market. Despite the dominance of streaming, physical music formats continue to show resilience with CD and vinyl revenues increasing for a second consecutive year, up 4.0%[1]. The graph below illustrates the global recorded music industry revenue from 1999-2022[1].

[1] *IFPI Global Music Report (2023)*

**Global music industry revenue from 1999-2022:**




*Source: IFPI Global Music Report (2023)*

The long-term growth in industry revenue can be attributable to the following:

- *Shift to subscription revenue* - There has been a shifting preference towards subscription-based services across the world. This is largely a result of increased access to high-speed internet and the rising use of mobile phone applications. Certain companies have successfully managed to monetise these opportunities into digital streaming revenues which has further fueled growth in the sector. A rise in disposable income levels has meant that consumers often allocate extra spending to discretionary items such as music content, and as such are willing to pay a nominal monthly fee for a multitude of premium services.

- *Globalisation of the music industry*[1] - With the continued growth of the global music industry, countries and regions are becoming more closely connected. The expansion of technology means that music is more accessible than ever before, with billions of new adopters expected to enter the market in the coming years.

- *Growing demand for vinyl records*[2] **-** The trend away from physical sales over the past decade has weakened overall sales as streaming revenue per sale is less than physical album sales. The returning popularity of vinyl records is helping to recover some of this lost revenue and is set to continue. Music publishers are taking advantage of this trend by producing limited edition versions of well-known albums for fans and collectors.

[1] *IFPI Global Music Report (2023)*
[2] *IBISWorld: Music Publishing and Sound Recording in Australia (2023)*

- *Increase in independent music production and online distribution*[2] **-** Better recording technologies as well as increased accessibility to these resources has resulted in an increase in independent music production from DIY enthusiasts and has allowed new players to enter the market. This trend has impacted sound recording revenue as more individuals are able to source high quality sound recording equipment themselves. With the rise of digital distribution platforms and social media, independent artists have also gained more opportunities to release and promote their music themselves.

## 3.3 Industry outlook

Some of the key future trends for the music industry are as follows:

- *Current economic environment* **-** The current interest rate environment has been a global headwind to many industries. Discretionary spending in many developed markets has been impacted by a rapid increase in interest rates from historical lows. This has reduced spending on discretionary items such as music streaming services which may continue over the short term. The current resurgence of vinyl records is expected to bolster music revenues and support overall industry revenue growth[2].

- *Increased use of streaming services[2]* - The number of individuals using streaming services is projected to grow over the long term, driven by individuals aged 18-34[3] who are spending more of their available budgets on music than older generations. This in turn drives royalty revenue as the number of songs that are streamed increases in line with usage. Increased mobile phone usage across the globe has also made the ability to stream music easier than ever before.

- *Independent music producing expected to grow[2] -* As online platforms continue to increase in number and evolve, so will the opportunity for independent artists and publishers to control and promote their own content. Equipment used for sound recording has become significantly more advanced and accessible allowing for customization and quality that was previously only available to professional sound recording services.

[2] *IBISWorld: Music Publishing and Sound Recording in Australia (2023)*

[3] *Goldman Sachs Music in the Air (2023)*

# 4 Profile of Vinyl Group Limited

## 4.1 Introduction

Vinyl is a global music company headquartered in Victoria, Australia. Vinyl was incorporated in 2015 and listed on the Australian Securities Exchange ("ASX") in December 2018. The company's principal activity is the management of its metadata platform of music credits and liner notes. Furthermore, Vinyl manages a professional platform that connects industry peers to each other, in a similar fashion to LinkedIn.

Historically, album covers and jackets played a crucial role in the music industry, serving as visual representations of the music genre and providing insights into the artists and those involved in the creative process. With the transition to digital music, the industry has lost physical access to the album "jacket" and with it stopped recognising the people behind the music. Vinyl's database solves this problem and is a trusted go-to platform for the global music industry.

Music production is collaborative in nature and in most cases involves various contributors including session musicians, producers, engineers and more. There has been a growing awareness of the importance of crediting everyone involved in the creation of an album. Listing everyone was a logistical challenge when album jacket space was limited. The move to digital credits has allowed a far greater allowance to give credit where credit is due.

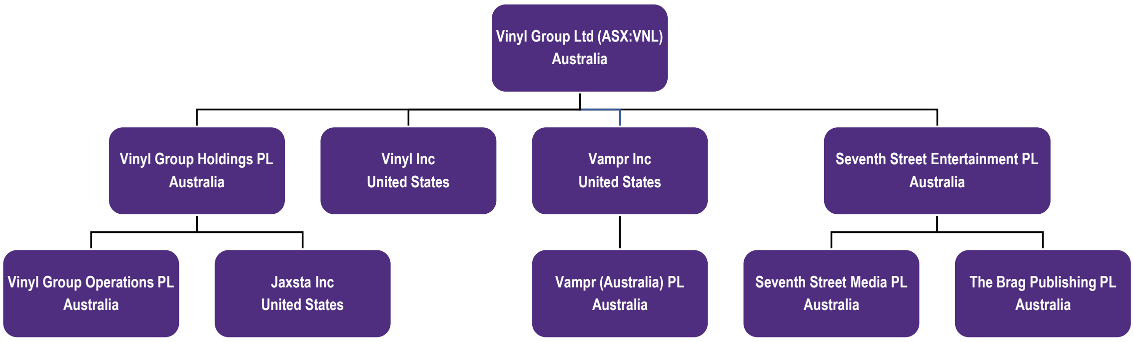
Vinyl's platform makes this information accessible and does so in a reliable and legitimate way. Unlike other platforms that scrape data from publicly available sources or rely on artist-populated data, Vinyl sources information directly from official channels. These include record labels, publishers, royalty agencies and industry associations. The data is then de-duplicated, cross-referenced, deep-linked and made available online on a multi-functional platform.

The result is a very large and complex database that is highly valuable to the industry.

## 4.2 Corporate structure

Vinyl has grown organically up until 1 June 2023 when it acquired Vampr, and more recently, The Brag Media. Following completion of the Brag Media acquisition, the Company and subsidiaries will be structured as shown below.

### Corporate Structure




*Source: Vinyl Management*

## 4.3 Business model

The advent of streaming as the primary revenue generator for the industry has been the main driving force behind Vinyl's business model. Vinyl generates revenue from multiple product offerings that are detailed below:

- *Jaxsta.com* - Vinyl operates a public database of official music credits, having access to more than 80%[4] of all global music releases. This includes credits for individual artists, songwriters, musicians, producers and engineers. Data is added to the platform every day from existing partners. Revenue is generated via advertising on the website.

- *Jaxsta API (big data) solutions* - The Jaxsta API provides programmatic access to the data in the Jaxsta database - an invaluable tool companies can use to enhance their existing content, enrich their own data sets or generate insights into the music industry. The company provides access to data from more than 365[4] partners including record labels, distributors, and streaming platforms. The Jaxsta API is the industry's most comprehensive source of music metadata.

- *Jaxsta Pro* - Jaxsta is the place for creatives to get credit and collaborate. This is a B2B subscription service offered to industry players that provides access to additional features such as official industry charts and marketing information at various price points. Jaxsta Pro also provides a LinkedIn or IMDb platform equivalent for industry professionals enabling professionals to connect with each other via a platform.

- *Vampr* - Vampr was acquired in June 2023[4]. The business is the world's leading music-industry social-professional network connecting musicians, creatives and artists so they can collaborate, create new

[4] *Vinyl FY23 Annual Report and ASX announcements*

music and monetise their work. The platform is run via an App and revenue is generated through subscription.

- *The Brag Media* - Recently acquired, The Brag Media publishes owned outlets TheBrag.com, The Music Network, Tone Deaf, and Penske Media Corporation (PMC) titles Rolling Stone and Variety in Australia and New Zealand. The Brag Media premium publishing business reaches over 30%[4] of Australians each month, whilst its events business produces the Rolling Stone Awards and offers commercial partners end-to-end event ideation, production and marketing.

## 4.4 Historical financial performance

The table below illustrates Vinyl's consolidated statements of comprehensive for the last two financial years ended 30 June 2022 and 30 June 2023.

| Consolidated statements of financial performance | 30-Jun-22 | 30-Jun-23 |
|---|---|---|
| A$'000s | Audited | Audited |
| Revenue | 105 | 582 |
| Other Revenue | 1,140 | 762 |
| **Total Revenue** | **1,245** | **1,344** |
| Cost of sales | (4,192) | (3,122) |
| **Gross profit** | **(2,948)** | **(1,778)** |
| *Gross margin* | *n/m* | *n/m* |
| Product development expense | (1,524) | (844) |
| Professional fees | (364) | (545) |
| Marketing expense | (750) | (178) |
| Occupancy expense | (18) | (8) |
| Fair value gain (loss) on financial liabilities | 366 | (5,825) |
| Other expenses | (690) | (465) |
| **EBITDA** | **(5,928)** | **(9,642)** |
| *EBITDA margin* | *n/m* | *n/m* |
| Depreciation and amortisation | (239) | (72) |
| **EBIT** | (6,167) | (9,714) |
| *Interest income* | *0* | *13* |
| *Interest expense* | *(34)* | *(1,094)* |
| Net interest (expense) / revenue | (33) | (1,082) |
| **Net profit before tax** | **(6,201)** | **(10,796)** |
| Tax expense | - | - |
| **Net profit / (loss)** | **(6,201)** | **(10,796)** |
| *Net profit margin* | *n/m* | *n/m* |

*Sources: Vinyl FY23 Annual Report and GTCF Analysis*
*Note: Amounts may not add exactly due to rounding.*

We note the following in relation to Vinyl's historical financial performance:

- Revenue, excluding Other Revenue, increased from A$0.11m in FY22 to A$0.58m in FY23, reflecting an increase in sales largely because of growth in B2B services at both a subscription and data solution level.
- Expenditure balances such as cost of sales, marketing and product development expenditure saw a reduction from FY22 to FY23 as the Company focused on reducing costs.

## 4.5 Historical financial position

The table below illustrates Vinyl's consolidated of financial position as at 30 June 2022 and 30 June 2023.

| Consolidated statements of financial position | 30-Jun-22 | 30-Jun-23 |
|---|---|---|
| A$'000s | Audited | Audited |
| **Assets** | | |
| Cash and cash equivalents | 3,124 | 2,967 |
| Trade and other receivables | 1,114 | 920 |
| Prepaid expenses | 4 | 28 |
| Other | 26 | 1 |
| **Total current assets** | **4,268** | **3,916** |
| PPE | 124 | 18 |
| Goodwill | - | 5,639 |
| Other Intangibles | 187 | 122 |
| Deferred Charges, LT | - | - |
| **Total non-current assets** | **312** | **5,780** |
| **Total assets** | **4,580** | **9,695** |
| **Liabilities** | | |
| Trade and other payables | 195 | 298 |
| Accrued Exp. | 254 | 121 |
| Short-term Borrowings | 34 | 508 |
| Curr. Port. of LT Debt | - | 1,594 |
| Curr. Port. of Leases | 86 | - |
| Unearned Revenue, Current | 1 | 40 |
| Other Current Liabilities | 702 | 3,017 |
| **Total current liabilities** | **1,273** | **5,577** |
| Borrowings | 846 | 3 |
| Convertible note debt | | |
| Long-Term Leases | - | - |
| Unearned Revenue, Non-Current | 499 | 431 |
| Other Non-Current Liabilities | 1,368 | 5,082 |
| **Total non-current liabilities** | **2,713** | **5,516** |
| **Total liabilities** | **3,986** | **11,093** |
| **Net assets** | **594** | **(1,398)** |
| **Equity** | | |
| Issued capital | 38,620 | 46,874 |
| Reserves | 4,807 | 5,353 |
| Accumulated losses | (42,833) | (53,625) |
| **Total equity (deficiency)** | **594** | **(1,398)** |

*Source: FY23 Annual Report*
*Note: (1) Amounts may not add exactly due to rounding*

We note the following in relation to Vinyl’s financial position:

- The movement in cash and cash equivalents largely reflects proceeds from the issue of shares and receipts from customers, offset by payments to suppliers and employees, as well as payments made for acquisitions.

- Borrowings increased to A$2.1m as at 30 June 2023 compared with A$0.9m as at 30 June 2022. During the period, Vinyl entered into a one-year convertible note agreement with a vendor of Vampr for an amount of US$0.258m.

- In December 2022, Vinyl completed an equity raise of approximately A$0.372 million, through the issue of approximately 12.43 million new fully paid ordinary shares at an issue price of A$0.03 each. A second placement took place in June 2023 for A$3.0m with a further 75m shares issued at a price of A$0.04 per ordinary share.

## 4.6 Statement of cash flows

The table below illustrates the Company's consolidated cash flow statements for the last two financial years.

| Consolidated statements of cash flow<br>A$'000s | 30-Jun-22<br>Audited | 30-Jun-23<br>Audited |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 101 | 299 |
| Receipts from grants - R&D | 809 | 1,041 |
| Payments to suppliers and employees | (6,371) | (4,559) |
| Receipts from grants - export development | 100 | 33 |
| Receipts from grants - COVID-19 support | - | - |
| Interest received | 0 | 11 |
| Interest paid | (148) | - |
| **Net cash inflow from operating activities** | **(5,508)** | **(3,175)** |
| **Cash flows from investing activities** | | |
| Cash acquired on purchase of business | - | 32 |
| Payments for PPE | (17) | - |
| Payments for intangibles | (10) | (1) |
| Proceeds from disposal of PPE | - | - |
| **Net cash outflow from investing activities** | **(27)** | **31** |
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity securities | 2,500 | 3,373 |
| Share issue transaction costs | (171) | (188) |
| Proceeds from borrowings | 3,000 | - |
| Repayments of borrowings | - | (114) |
| Repayments of lease liabilities | (131) | (83) |
| **Net cash (outflow)/inflow from financing activities** | **5,198** | **2,988** |
| **Net increase / (decrease) in cash and cash equivalents** | **(337)** | **(157)** |
| Cash and cash equivalents at the beginning of the financial year | 3,461 | 3,124 |
| **Cash and cash equivalents at year end** | **3,124** | **2,967** |

*Source: FY23 Annual Report*
*Note: Amounts* may not add exactly due to rounding

- Vinyl's cash and cash equivalents decreased marginally from A$3.1 million as at 30 June 2022 to A$3.0 million as at 30 June 2023.

## 4.7 Share capital and ownership

As at 12 February 2024, Vinyl had approximately 701.9 million ordinary shares on issue. Vinyl's top 5 shareholders as at 12 February 2024 are summarised in the table below.

| Top 5 shareholders of Vinyl Group Limited | | | |
|---|---|---|---|
| Rank | Name | No. of shares (m) | Interest (%) |
| 1 | REALWISE GROUP HOLDINGS PL | 140.2 | 19.98% |
| 2 | SONGTRADR INC | 84.5 | 12.04% |
| 3 | 2023 Investors 400k plus | 69.4 | 9.89% |
| 4 | RUSCOL PTY LTD <SIGRATE UNIT A/C> | 25.4 | 3.62% |
| 5 | WILTSHIRE MEDIA PTY LTD | 25.3 | 3.60% |
| **Top 5 shareholders total** | | **344.8** | **49.1%** |
| **Remaining shareholders** | | **357.1** | **50.9%** |
| **Total ordinary shares outstanding** | | **701.9** | **100.0%** |

*Sources: Vinyl Management and Capital IQ*

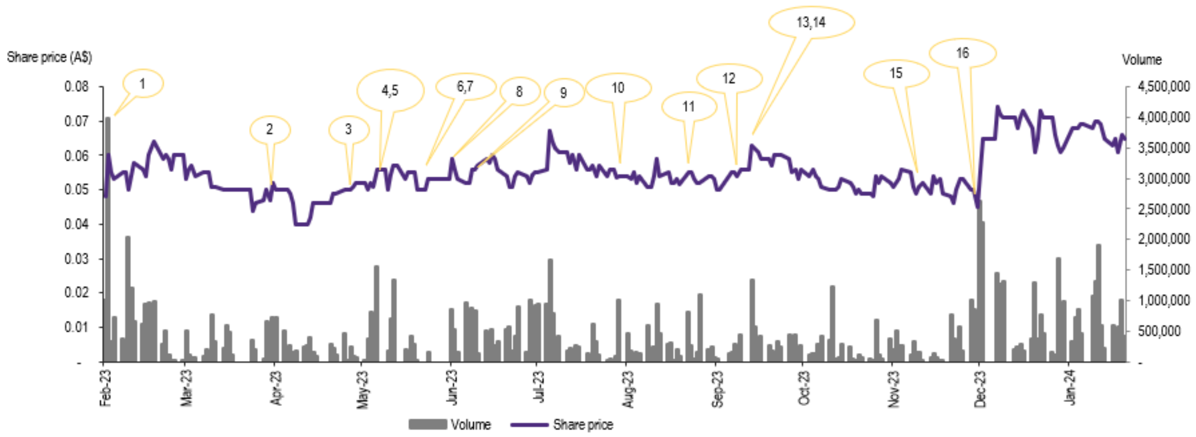
- As at 30 June 2023 Vinyl had nil performance rights on issue.
- As at 30 June 2023 Vinyl had 245,569,366 options on issue.

## 4.8 Share price and volume trading history

The chart below depicts Vinyl's daily closing price on the ASX over the 12-month period to 12 February 2024, along with the daily volume of shares traded on the ASX over the period.

Other than normal full year, half year and quarterly activities reporting, Vinyl announcements identified on the ASX website as being price sensitive over the twelve-month period to 12 February 2024 (inclusive) include:

**Vinyl annotated share price and volume history from 12 February 2023 to 12 February 2024**




*Source: Capital IQ, Grant Thornton Corporate Finance Analysis and ASX announcements*

| Event | Date | Comment |
|---|---|---|
| 1 | 22-Feb-23 | Vinyl advised that it was to acquire Vampr, the world's largest music creator networking platform and app. This acquisition would provide an accelerated implementation of Vinyl's growth strategy, immediately increasing Vinyl's footprint in the creator community and significantly expanding the potential user base for the launch of vinyl.com. |
| 2 | 17-Apr-23 | Vinyl announces a delay to the acquisition timetable from 30th April 2023 to 1 June 2023, due to several additional requirements. They also announced the successful launch of vinyl.com and mentioned that the company continues to grow revenues and reduce costs quarter on quarter. |
| 3 | 16-May-23 | Vinyl announced that it had launched vinyl.com, an extensive music catalogue consisting of over 49,000 vinyl records available at the iconic URL, vinyl.com. Vinyl's Official Music credits have been employed to power this impressive collection, making it a unique offering for music lovers and vinyl enthusiasts. |
| 4 | 1-June-23 | Vinyl announced that it has entered into an agreement with Songtradr to convert the full principal and interest of tranche #1 of the existing convertible note into ordinary shares. The transaction will be completed on or before the 9th September, the date the note expires. Paul Wiltshire, the CEO of Songtradr mentioned how the conversion(s) are a reflection of Songtradr's ongoing confidence in Vinyl's future. |
| 5 | 1-June-23 | Vinyl announced that they had completed the acquisition of Vampr. |
| 6 | 14 June-23 | Vinyl announced a trading halt in relation to a proposed funding transaction. |
| 7 | 16-June-23 | Vinyl announced suspension from Quotation as a result of working on a funding transaction that has not been concluded |
| 8 | 21-June 23 | Vinyl announced:<br>- a placement, priced at A$0.04 cents per share, a 24% discount to the closing price of Vinyl shares on 13 June. 75,000,000 fully paid ordinary shares will be issued as part of the placement.<br>- Rich lister, Wisetech Founder and CEO Richard White has become a shareholder with 9.64% holding as a result of the placement.<br>- The funds raised through the placement will be dedicated to advancing several key initiatives, including the ongoing rollout and expansion of Vinyl.com, the integration of Vampr and Jaxsta, and AI R&D investment focusing on optimizing the customer experience.<br>- Reinstatement to Quotation. |
| 9 | 29-June-23 | Vinyl announced that they had appointed Josh Simons, the co-founder of Vampr as CEO, with immediate effect. Beth Appleton will step down. |
| 10 | 18-Aug-23 | Vinyl announced they have secured a landmark agreement with the Mechanical Licensing Collective (MLC). The agreement was secured following a global tender process and extends from the recent successful implementation of our Recording Clustering Proof of Concept ("PoC"). The contract commences immediately and has no set end date. |
| 11 | 15-Sep-23 | Vinyl announced that Songtradr has completed conversion(s) of the Tranche #1 con note into shares. Tranche #1 has a principal of A$1,420,000 and interest accrued for the period. The resulting conversion(s) means Songtradr will convert a principal and interest balance of A$1,774,597 into 84,504,631 ordinary shares at a conversion(s) price of A$0.021 per share. Songtradr still retains Tranche #2 for a principal of A$3,000,000 that is not due until 29 June 2025. Songtradr is now the largest shareholder with 14.04% holding of Vinyl ordinary shares. |
| 12 | 28-Sep-23 | Vinyl announced that subsequent to the release of the Appendix 4E, the final valuation of convertible notes and derivative financial liabilities was completed and as a result the fair values of such liabilities increased by A$3,530,931 from what was disclosed in the unaudited preliminary results |
| 13 | 2-Oct-23 | Vinyl announced suspension from quotation for not lodging the periodic report by the due date |
| 14 | 03-Oct-23 | Vinyl announced reinstatement to quotation immediately following lodgment of its 30 June 2023 Annual Report |
| 15 | 29-Nov-23 | Vinyl released its AGM presentation and Chair's Address to shareholders. |
| 16 | 21-Dec-23 | Vinyl Group announced it had entered into a binding Share Sale Agreement to fully acquire The Brag Media funded by a new investment by WiseTech Global Founder and CEO Richard White by way of an $11 million placement and debt facility. |

Further details in relation to all announcements made by Vinyl to the ASX can be obtained from either Vinyl's website https://vinyl.group/ or the ASX's website at www.asx.com.au.

## 4.9 Analysis of the volume trading price

We are of the opinion the trading price of Vinyl shares on the ASX is useful for the purpose of assessing the merits of the Prospective Conversion(s) in estimating the likely value of Vinyl shares that will result from the Prospective Conversion(s).

An analysis of volume of trading in Vinyl's shares over various periods in the 6 months to 12 February 2024 (inclusive) is set out in the table below.

| Period up to and including 12 February 2024 | Low ($) | High ($) | VWAP | Cumulative value ($m) | Cumulative volume (m) | % of issued shares |
|---|---|---|---|---|---|---|
| 1 day | 0.063 | 0.068 | 0.065 | 0.046 | 0.704 | 0.2% |
| 5 day | 0.060 | 0.068 | 0.063 | 0.209 | 3.338 | 0.5% |
| 10 day | 0.060 | 0.071 | 0.067 | 0.560 | 8.402 | 1.4% |
| 30 day | 0.055 | 0.074 | 0.065 | 1.212 | 18.523 | 3.0% |
| 60 day | 0.045 | 0.075 | 0.062 | 2.090 | 33.823 | 5.6% |
| 90 day | 0.043 | 0.075 | 0.060 | 2.455 | 40.620 | 6.7% |
| 6 month | 0.043 | 0.075 | 0.059 | 3.088 | 52.062 | 12.1% |

*Sources: Capital IQ and Grant Thornton Corporate Finance Analysis*
*Notes: (1) Share price data represents intra-day trading rather than closing prices (2) Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

We have considered the liquidity of Vinyl shares in the 6 months prior to 12 February 2024. We note that approximately 12.1% of the issued capital of Vinyl has traded during this period, which translates to an equivalent annual liquidity of over 24.1% of Vinyl's issued capital. In assessing whether the liquidity of Vinyl shares is reasonable, we have had regard to the trading liquidity of ASX companies with similar market capitalization to Vinyl as at 12 February 2024. We note that the median percentage of issued capital traded over the same period for these companies was observed to be 7.17%. The annualized percentage of issued capital traded over the same period for these companies was observed to be 14.24%. As such, we consider the trading liquidity of Vinyl shares to be reasonable.

Whilst the trading in Vinyl shares in the 6 months prior to 12 February 2024 is considered to be liquid, we note that on 21 December 2023, Vinyl announced the agreement to acquire The Brag Media and the associated A$11.0 million Placement and Debt Facility. Since the time of this announcement, Vinyl shares have traded approximately 4.5% of their issued capital, which translates to an equivalent annual liquidity of over 35.8% of Vinyl's issued capital. We note that the liquidity during this period is higher than the liquidity in the 6 months prior to 12 February 2024.

An analysis of the volume of trading in Vinyl's shares over the period 21 December 2023 to 12 February 2024 inclusive is set out below, over which Vinyl's shares were traded on each of the 33 available trading days.

| Period | Low | High | VWAP | Cumulative value ($m) | Cumulative volume (m) | % of issued shares |
|---|---|---|---|---|---|---|
| Period from 21 December 2023 to 12 February 2024 (inclusive) | 0.049 | 0.075 | 0.064 | 1.768 | 27.433 | 4.5% |

*Sources: Capital IQ and Grant Thornton Corporate Finance Analysis*
*Notes: (1) Share price data represents intra-day trading rather than closing prices; (2) Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

# 5 Valuation methodologies

## 5.1 Introduction

As discussed in section 1, our fairness assessment involves valuing Vinyl's fair market value on a control basis based off its recent trading price.

Grant Thornton Corporate Finance has assessed the value of Vinyl using the concept of fair market value. Fair market value is commonly defined as:

*"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

## 5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets ("DCF Method").
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets ("FME Method").
- Amount available for distribution to security holders in an orderly realisation of assets ("NAV Method").
- Quoted price for listed securities, when there is a liquid and active market ("Quoted Security Price Method").
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

## 5.3 Selected valuation method

In order to assess the fairness of the Prospective Conversion(s), we have considered how the value of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s) compares relative to the value of a Vinyl share, on a minority interest basis, assuming approval of the Prospective Conversion(s) and:

- the Convertible Note is not converted; and
- full conversion of the Convertible Note.

Pursuant to the terms of the Convertible Note, it is impossible to accurately predict the financial and dilutionary impacts of the Prospective Conversion(s). Aside from the vagaries concerning timing uncertainty and amongst other things, is due to the fact that:

- the Convertible Note is capable of being converted in portions;
- the Convertible Note can be converted at the election of RealWise or the Company; and/or
- subject to any repayments, the Convertible Note may be redeemed by Vinyl on its maturity date.

In accordance with the above uncertainties, and in accordance with RG111, to assess the fairness of the Prospective Conversion(s) we have considered how the value of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s) compares to the pro forma minority interest value of a share in Vinyl immediately post approval of the Prospective Conversion(s) under two scenarios, being no conversion(s) and full conversion(s).

Our preferred approach to assess the value of a Vinyl share by reference to the trading in the shares of Vinyl on the ASX was arrived at based on the following:

- we are unable to accurately predict when the Convertible Note will be converted, if at all, or the value of Vinyl's shares, inclusive of a premium for control, at that date;
- the key businesses of Vinyl, its interests in Vinyl.com, Vampr, Jaxsta and The Brag Media are considered to be subjective from a valuation standpoint with their value dependent on a number of assumptions regarding future events;
- non-associated Shareholders will continue to hold shares in Vinyl following any conversion(s); and
- non-associated Shareholders will be required to realise their investment on-market in the event they decide to divest their shareholding in Vinyl, assuming that no alternative offer is made for the Company.

Given the above, we consider recent trading in Vinyl shares be a reasonable indicator of the current market value for Non-associated Shareholders for the purpose of determining whether or not to support the Prospective Conversion(s).

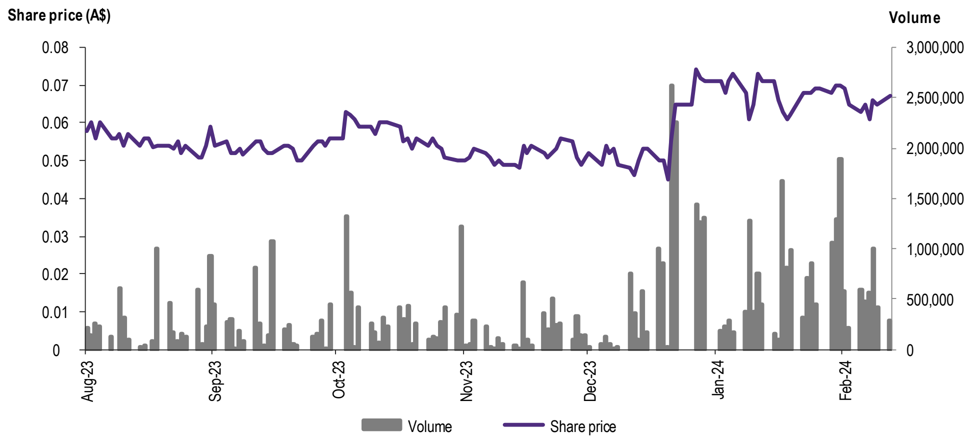
We note that usage of the actual price at which shares trade in a regulated and well-informed market is generally considered to be a fair reflection of value (on a minority interest basis), subject to the securities being liquid.

## 6 Evaluation of fairness

### 6.1 Valuation assessment of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s)

Vinyl's shares have traded at various levels between A$0.043 and A$0.075 over the six months prior to 12 February 2024 as shown in the figure and table below.

**Vinyl trading price and volume from August 2023 to February 2024:**




*Sources: Capital IQ and GTCF Calculations*

| Period | Low | High | VWAP | Cumulative value ($m) | Cumulative volume (m) | % of issued shares |
|---|---|---|---|---|---|---|
| Period from 21 December 2023 to 12 February 2024 (inclusive) | 0.049 | 0.075 | 0.064 | 1.768 | 27.433 | 4.5% |

*Sources: Capital IQ and GTCF Calculations*

We note that since the announcement on 21 December 2023 of the acquisition of The Brag Media, and the Placement and Debt Facility, and subsequently, inter alia, the completion of the acquisition and issuance of the Placement shares, Vinyl shares have experienced increased liquidity. During this period, the volume weighted average price ("VWAP") of Vinyl's shares was A$0.064 and reflects among other things, the market's reaction to the above-mentioned acquisition, as well as the dilutionary impact of the Placement and Convertible Note.

Based on the above analysis, in particular the more liquid period since the announcement on 21 December 2023, we consider a price in the range of A$0.058 to A$0.071 to be reflective of the current market value of a share in Vinyl as at the date of this report.

The share price of Vinyl represents the prices market participants are willing to pay for small parcels of shares, typically less than 5% of the Company and as such does not include a premium for control. In takeovers of listed companies, an acquirer will typically pay a premium above the market price to obtain control of the Company. We have therefore applied an equity control premium in order to reflect this scenario.

Research from various studies suggests that takeovers in Australia have successfully completed based on a premium for control in the range of 20% to 40%. The data varies significantly depending on the type of industry, whether the acquirer already has shares in the target, how liquid the shares are, and if there are strategic or synergistic benefits to the purchaser.

On this basis, we have assessed the value of Vinyl, inclusive of a premium for control, prior to approval of the Prospective Conversion(s), to be in the range of approximately A$0.070 and A$0.099 per Vinyl share, as set out in the table below.

| Valuation of a controlling interest in existing Vinyl share | | |
|---|---|---|
| A$ per share | Low | High |
| Share price (minority interest basis) | 0.058 | 0.071 |
| Control premium | 20% | 40% |
| **Value per share (100% control basis)** | **0.070** | **0.099** |
| Outstanding shares (million) (undiluted) | 701.9 | 701.9 |
| **Equity value (100% control basis) (A$m)** | **48.9** | **69.8** |

*Sources: Capital IQ and GTCF Calculations*

## 6.2 Valuation assessment of a Vinyl share assuming approval of the Prospective Conversion(s) and no conversion(s)

We have assessed the notional value of a Vinyl share, on a minority interest basis, assuming approval of the Prospective Conversion(s), however, on the assumption that no conversion(s) have taken place.

In order to undertake the above, we have made the following adjustments to the value of Vinyl, inclusive of a premium for control and prior to approval of the Prospective Conversion(s) by applying a minority discount to arrive at an adjusted pro forma equity value.

We have elected not to:

- increase the equity value by the value of the cash received from the Convertible Note as the funds have been transferred to the Company prior to approval of the Prospective Conversion(s);
- adjust the value of the debt through the issue of the Convertible Note as the debt has already been recognized by the Company prior to approval of the Prospective Conversion(s); or
- impute any option value component in respect of the Convertible Note as both RealWise and the Company have the right to exercise the Convertible Note.

Applying the method described above, we have evaluated the notional value of a share in Vinyl on a minority interest basis assuming approval of the Prospective Conversion(s) and no conversion(s), to be in the range of approximately A$0.058 and A$0.071 per Vinyl share, as set out in the table below.

| Valuation of Vinyl share following approval of the future conversion(s) and no conversion | | |
|---|---|---|
| A$m | Low | High |
| Equity value (100% control basis) | 48.9 | 69.8 |
| Minority discount | 17% | 29% |
| **Adjusted equity value (minority interest)** | **40.7** | **49.8** |
| Outstanding shares (million) | 701.9 | 701.9 |
| **Adjusted equity value per Share (minority interest)** | **0.058** | **0.071** |

*Sources: Capital IQ and GTCF Calculations*

## 6.3 Valuation assessment of a Vinyl share assuming approval of the Prospective Conversion(s) and full conversion(s)

We have assessed the notional value of a Vinyl share, on a minority interest basis, assuming approval of the Prospective Conversion(s) and on the assumption that the Convertible Note has been fully converted.

In order to undertake the above, we have made the following adjustments to the value of Vinyl, inclusive of a premium for control and prior to approval of the Prospective Conversion(s) by:

- removing the amount of debt from the balance sheet as it has been assumed to have been replaced with equity;
- applying a minority discount to arrive at an adjusted pro forma equity value, calculated as the inverse of our adopted control premium range applied; and
- adjusting the number of outstanding shares to reflect the increased number of shares resulting from the Convertible Note conversion(s).

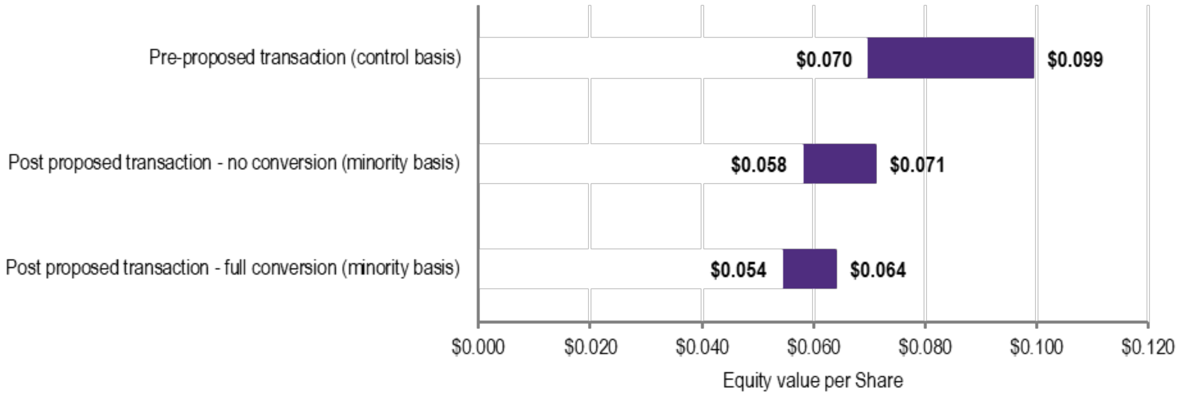
Applying the method described above, we have evaluated the notional value of a share in Vinyl on a minority interest basis assuming approval of the Prospective Conversion(s) and full conversion(s), to be in the range of approximately A$0.054 and A$0.064 per Vinyl share, as set out in the table below.

| Valuation of Vinyl share assuming full future conversion(s) | | |
|---|---|---|
| A$m | Low | High |
| Equity value (100% control basis) | 48.9 | 69.8 |
| Debt conversion | 6.96 | 6.96 |
| **Adjusted equity value (100% control basis)** | **55.8** | **76.7** |
| Minority discount | 17% | 29% |
| **Adjusted equity value (minority interest)** | **46.5** | **54.8** |
| Outstanding shares (undiluted) (million) | 857.1 | 857.1 |
| **Adjusted equity value per Share (minority interest)** | **0.054** | **0.064** |

*Sources: Capital IQ and GTCF Calculations*

The chart below provides a comparison of our valuation assessments for the purposes of assessing the fairness of the Prospective Conversion(s).

### Summary of assessed values




*Source: GTCF Analysis*

We observe that the value of a Vinyl share, inclusive of a premium for control and prior to approval of the Prospective Conversion(s), in the range of $0.070 and $0.099 per Vinyl share is higher than:

- our assessed range of outcomes, assuming approval of the Prospective Conversion(s) and RealWise or the Company elects to fully convert the Convertible Note to ordinary shares, of between $0.054 to $0.064 per Vinyl share on a minority interest basis.

- our assessed range of outcomes, assuming approval of the Prospective Conversion(s) and RealWise or the Company does not convert the Convertible Note to ordinary shares, of between $0.058 and $0.071 per Vinyl share on a minority interest basis.

As such, we consider the Prospective Conversion(s) to be not fair to Non-associated Shareholders.

## 7 Sources of information, disclaimer and consents

### 7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Notice of 2024 Extraordinary General Meeting by Vinyl Group Ltd
- Annual reports of Vinyl Group Ltd
- Quarterly reports of Vinyl Group Ltd
- Vinyl Group Ltd management accounts
- Board reports of Vinyl Group Ltd
- Releases and announcements by Vinyl Group Ltd on the ASX
- Other information provided by Vinyl Group Ltd
- Capital IQ
- Various broker reports
- Other publicly available information
- Discussions with management of Vinyl Group Ltd
- International Federation of the Phonographic Industry Global Music Report (2023)
- IBISWorld: Music Publishing and Sound Recording in Australia (2023)
- Goldman Sachs Music in the Air (2023)

## 7.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Vinyl Group Ltd and all other parties involved in the Prospective Conversion(s) with reference to the ASIC Regulatory Guide 112 “Independence of experts” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Vinyl Group Ltd, its shareholders and all other parties involved in the Prospective Conversion(s).

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Vinyl Group Ltd or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Prospective Conversion(s). Grant Thornton were the auditors of Vinyl Group Limited prior to the appointment of UHY Haines Norton Chartered Accountants in January 2024, however, none of the staff involved in preparing the audit were involved in the preparation of this report and it is not considered that this relationship could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Prospective Conversion(s).

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Prospective Conversion(s), other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Prospective Conversion(s). Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

## 7.3 Limitations & reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Vinyl Group Ltd and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Vinyl Group Ltd through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Vinyl Group Ltd.

This report has been prepared to assist the Directors of Vinyl Group Ltd in advising the Vinyl Group Ltd shareholders in relation to the Prospective Conversion(s). This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Prospective Conversion(s) is fair and reasonable to the Vinyl Group Ltd shareholders.

Vinyl Group Ltd has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and willful misconduct, and which arise from reliance on information provided by Vinyl Group Ltd, which Vinyl Group Ltd knew or should have known to be false and/or reliance on information, which was material information Grant Thornton Corporate Finance had in its possession and which Vinyl Group Ltd knew or should have known to be material and which Vinyl Group Ltd did not provide to Grant Thornton Corporate Finance. Vinyl Group Ltd will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

## 7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of 2024 Extraordinary General Meeting by Vinyl Group Ltd to be sent to the Vinyl Group Ltd shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

## Appendix A – Valuation methodologies

*Capitalisation of future maintainable earnings*

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

*Discounted future cash flows*

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

*Orderly realisation of assets*

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

*Market value of quoted securities*

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

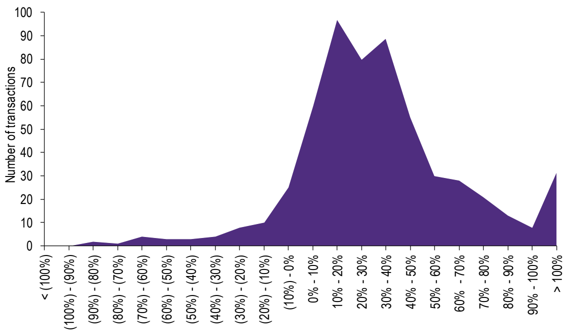
*Comparable market transactions*

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

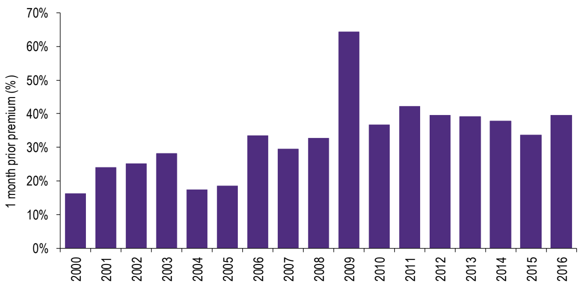
## Appendix B - Control Premium

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium varies significantly for each transaction.

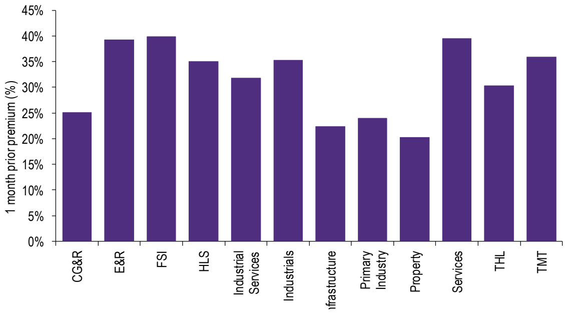
**1 Month Prior Control Premium**



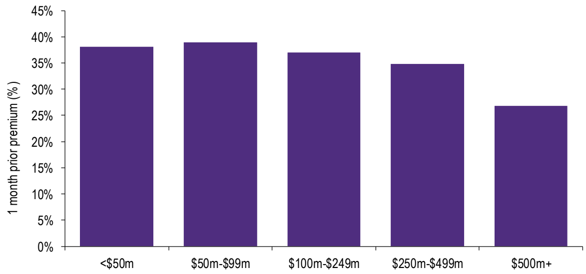

**Control premium per completion date**




**Control premium per industry**




**Control premium and size**




*Source: GTCF Analysis*

| | Control premium |
|---|---|
| Average | 34.33% |
| Median | 29.34% |

## Appendix C – Glossary

| | |
|---|---|
| $ or A$ | Australian Dollar |
| 1HFYxx | 6-month financial period ended 31 December 20xx |
| ABS | Australian Bureau of Statistics |
| ACCC | Australian Competition and Consumers Commission |
| All Ordinaries Index | S&P/ASX 200 All Ordinaries Index |
| AFS | Australian Financial Services |
| APES | Accounting Professional and Ethical Standards |
| APES225 | Accounting Professional and Ethical Standard 225 "Valuation Services" |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| ATO | Australian Tax Office |
| CAGR | Compound annual growth rate |
| Corporations Act | Corporations Act 2001 |
| COVID-19 | Coronavirus pandemic |
| CPI | Consumer price index |
| DCF | Discounted cash flow and the estimated realisable value of any surplus assets |
| Directors | The directors of Vinyl |
| EBITDA | Earnings before interest, tax expenses, depreciation and amortisation |
| Federal Government | Australian Federal Government |
| FME Method | Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets |
| FSG | Financial Service Guide |
| FYxx | 12-month financial year ended 30 June 20xx |
| GST | Goods and services tax |
| GTCF, Grant Thornton, or Grant Thornton Corporate Finance | Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987) |
| IER or Report | Independent Expert's Report |
| KPI | Key performance index |
| LIC | Listed Investment Company |

| | |
|---|---|
| NAB Business Conditions Index | Proxy for the current level of business conditions in Australia |
| NAV | Net asset value |
| NAV Method | Amount available for distribution to security holders in an orderly realisation scenario |
| NIM | Net interest margins |
| Non-Associated Shareholders | Thorn shareholders who are not associated with Somers |
| NPAT | Net profit after tax |
| NTA | Net tangible assets |
| Quoted Security Method | Quoted price for listed securities |
| RBA | Reserve Bank of Australia |
| RG | Regulatory Guide |
| RG111 | ASIC Regulatory Guide 111 “Contents of expert reports” |
| RG112 | ASIC Regulatory Guide 112 “Independence of experts” |
| SME | Small and medium enterprises |
| Small Ordinaries Index | S&P/ASX 200 Small Ordinaires Index |
| US$ | US Dollar |
| VWAP | Volume weighted average price |