



ASX Release

VINYL GROUP PRESENTATION - FY25 H1 ACQUISITION STRATEGY

Melbourne, Australia, 30 September 2024: Vinyl Group Ltd (ASX: VNL), Australia's only ASX-listed music Company, is pleased to present a copy of our CEO's presentation on the Company's FY25 H1 Acquisition Strategy.

Authorisation and Additional Information:

This announcement was authorised by the Board of Vinyl Group Ltd

Vinyl Group Investor Relations:

E: investors@vinyl.group

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ABOUT VINYL GROUP

Vinyl Group is the heartbeat of an equitable music world, providing tech solutions that connect and give credit to the creator economy. The Company's diverse portfolio has touchpoints across all corners of the global music ecosystem, empowering everyone from creators to consumers. Vinyl.com offers a world-class ecommerce experience including over 50K titles for fans to support their favourite artists. Vampr is a leading dedicated social-professional networking platform and talent marketplace, allowing 1.4M creators to discover collaborators and monetise their work in over 180 countries. Jaxsta is the world's largest and only database of official music credits with over 380M verified credits to streamline revenue opportunities for businesses in the music industry. Vinyl Group's media arm includes Mediaweek, the leading media trade publication in Australia, having built its readership and industry respect over its 33 year history, and The Brag Media, Australia's largest creator of premium youth content and events and publishes iconic titles including Rolling Stone AU/NZ, Variety Australia, TheBrag.com, The Music Network, Tone Deaf, and more.



FY25 H1 ACQUISITION STRATEGY

30 September 2024
Presentation by Josh Simons

Background

Vinyl Group continues to expand its footprint in the music, media and entertainment sectors, with a broad goal of reaching cashflow positive by H1 FY26.

We recently successfully closed a fully underwritten \$5.4 million ANREO, with the funds being used to accelerate user acquisition efforts on our Vinyl and Vampyr platforms, reduce technology costs of the Jaxsta platform and continue growing our media business. At our current growth rate and assuming large option positions are exercised over the next 12 months, we do not expect the requirement to raise further working capital for these existing business lines.

As a result of the company's recent growth and success, management identified three highly complementary businesses to acquire which were evaluated and qualified over the past several months and since in various states of completion. One of these companies was **Mediaweek** whose assets were acquired per ASX Release dated 4 September 2024.

The other two opportunities identified are events and brand activations business, **Funkified**, and web3 music technology platform, **Serenade**, who sit at the cutting edge of the rapidly growing digital collectibles market. The Serenade acquisition was completed on 30 September 2024 as per today's ASX Release.

Mediaweek and Funkified directly target opportunities following the comprehensive review of our growing media business, while the third, Serenade, bolsters our music-tech bonafides into the blockchain space while expanding the capabilities and offerings of our Vinyl.com e-commerce store.

Funding the Acquisitions

The cash component of the acquisitions will cost Vinyl Group \$2.3 million. The Company will fund these acquisitions through its cash reserves however as they were not included in our FY25 budget, will need to rely on the exercise of large option positions which are due to expire by the end of FY25. Further working capital may be sought in H2 to ensure the smooth integration and rapid growth of the new businesses post-acquisition.

Combined, we expect these acquisitions, in addition to organic growth across the group, to contribute towards a 2x of company revenue run rate by the end of the current financial year, **from \$10.5M to \$20M+**.

M&A Strategy



Technology

Add web3 / blockchain capabilities

Accelerate digital / physical collectible offerings through Vinyl.com



Media

Unlock trade publication opportunities

Bring events in-house



Corporate Goals

Improve margins

Diversify revenues faster

Acquisitions



A trusted name in the Australian media industry, Mediaweek has been the go-to source for media, agency, marketing, and thought leadership content since 1990. This **asset purchase**, which includes key talent, presents a unique opportunity to fill a gap in our trade media strategy while adding a **positive margin of \$350K-400K** overnight. By integrating Mediaweek with our existing media business, we can realise immediate cost savings, enhance our existing trade operations, and provide an additional pipeline for Funkified events.



NFTs meet NFC: Serenade is a cutting-edge web3 music technology platform that has pioneered content-rich music products and experiences. Serenade is at the forefront of the rapidly growing **digital collectibles market** signing partnerships with over 200 global artists and more than 100 record labels. Incentivised to become profitable by end FY25, an **all scrip acquisition of Serenade** will allow Vinyl.com to introduce exclusive artist products, enhance e-commerce capabilities, expand into the UK overnight, and drive significant cross-sell opportunities across the Vinyl Group.



Founded in 2009, Funkified Entertainment is a premier events and brand activations business, with a stellar reputation and a robust client base. As the in-house events arm of The Brag Media since 2021, Funkified has consistently delivered strong financial performance, with **\$4.03 million in revenue** and **\$430K profit in FY24**. Integrating Funkified into Vinyl Group and rolling it into **Brag Events** will not only consolidate our event operations but also provide new revenue opportunities through cross-promotion and internal client referrals.



COMBINED REVENUES OF ACQUISITIONS = \$7M
COMBINED POSITIVE CASHFLOW IMPACT = ~\$1M

NFT - Non Fungible Token, NFC - Near Field Communication

Synergies Across the Acquisitions

Operational Synergies

- **Complementary Expertise:** Mediaweek are experts at trade media, while The Brag Media owns highly visible but under-utilised trade publications in Variety Australia and The Music Network, with inventory waiting to be leveraged.
- **Cost Reductions:** By integrating Mediaweek's team into The Brag Media, we anticipate substantial savings through shared sales resources and streamlined operations - integration costs will also be reduced due to the nature of the asset purchase, avoiding redundancy costs and other legacy costs.
- **Margin Enhancement:** The Brag Media currently pays a premium to access Funkified's events team, from which we derive ~25% of Brag revenue - bringing this already integrated team in-house will improve our events margins.
- **E-Commerce Diversification:** Serenade margins and exclusives can provide enhanced gross margins to Vinyl.com.

Revenue Synergies

- **Expanded Client Base:** Funkified are positioned to take over operations of Mediaweek's highly acclaimed events calendar, which in addition to existing Brag events provide a fertile ground for introducing Serenade's innovative digital products.
- **Innovation & Growth:** Serenade's technology will fuel new product lines across all of our brands, positioning Vinyl Group as a leader in the digital and physical music consumer space.

Financial Overview

Deal Structure

- **Mediaweek:**
 - \$500K cash; and
 - \$500K scrip
- **Serenade:**
 - \$800K scrip; and
 - a further \$1.5M scrip priced at the 15 day VWAP at the end of the 12 month period if combined performance of Vinyl.com and Serenade reach \$4M in turnover and EBIT of \$500K are met in first 12 months^a
- **Funkified:**
 - \$1.8M cash^b; and
 - \$200K scrip; and
 - a further \$500K scrip if a minimum \$500K profit goal is met in first 12 months^a

^a Further options offered to founders to incentivise their long term commitment to the company

^b To be paid in two equal \$650K tranches, six months apart, with a further \$500K withheld for 12 months for security

Expected Financial Impact

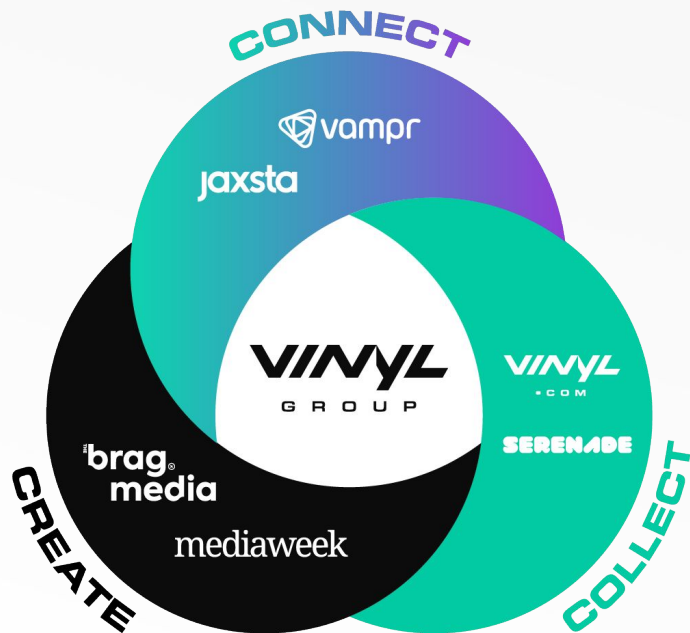
We anticipate a significant uplift in annual revenues (2x) and acceleration of our profitability goals across the group, driven by the synergistic benefits and enhanced market positioning.

Return on Investment

This investment is expected to deliver strong returns through operational efficiencies, expanded market reach, and the introduction of high-margin products and services across our portfolio, in accordance with our publicly stated goals.

Our Purpose is Connection

We build tech solutions that connect music fans, creators and brands



Big Hairy Audacious Goal

To connect 1000 leading brands, 100M¹ music creators and 1B² fans

1. Midia Research 2024 - 198M music creators by 2030 - <https://routenote.com/blog/nearly-200-million-music-creators-predicted-by-2030/>

2. Goldman Sachs 2024 - 1.205B+ music fans by 2030 - <https://www.goldmansachs.com/pdfs/insights/pages/music-in-the-air--focus-on-monetisation-emerging-markets-and-ai--updating-global-music-industry-forecasts-f/music-redaction.pdf>