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## RIVA GROUP COMPLETES \$1.59M STRATEGIC PLACEMENT AT 4.3C

- Riva Group has completed its strategic investment of \$1.59M at 4.3c
- MSM & Riva strengthen their strategic alliance to enhance Megastar Worldwide Tournament 2 (WWT2) by including Esports & Mobile Gaming
- Mandate signed with Emerald Capital Australia Pty Limited to act as lead manager for a further \$1.752M capital raising
- Board restructure to support the next phase of MSM's growth

### Strategic Cornerstone Investor – Riva Group

MSM Corporation International Limited (ASX: MSM) (**MSM or the Company**) is pleased to advise that it has allotted **37M shares at \$0.043** per share relating to the binding commitments pledged by **The Riva Group (Riva or Riva Group)** and its major stakeholders of approximately **\$1.59M** as announced on 17 April 2018.

The placement made to key stakeholders of Riva allows for the continuation of the launch of **Megastar India** (refer to announcement of 4 June 2018) and the expansion of the relationship between the Riva Group and MSM.

The Company intends to leverage Riva's network and capabilities to expand the Megastar Platform to include **Esports and Mobile Gaming talent competitions**. The Company is currently negotiating a separate license agreement with the Riva Group for Esports and Mobile Games.

The placement has been completed using the Company's existing LR7.1 placement capacity.

The funds raised under the placement are intended to be used primarily for the following purposes:

- Ongoing optimization of the marketing and operation of competitions on the Megastar platform;
- Establishing the Megastar India joint venture with The Riva Group;
- Investing in Riva Group's associated company Riva Technology and Entertainment Limited (RTE);
- Establishing Megastar joint ventures in additional markets;
- Establishing content distribution agreements;
- Researching, partnering/acquiring and developing products that will drive users and/or revenue to the Megastar platform;
- Repayment of interim loan funds; and
- General working capital

### Additional Funding – Emerald Capital Australia Pty Limited

The Company has engaged Emerald Capital Australia Pty Limited (**ECA**) to act as Lead Manager for a capital raising of \$1.752M consisting of a placement of 39M fully

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paid ordinary shares at \$0.008 per share to raise \$312,000 under the Company's existing Listing Rule 7.1 (3,900,000 fully paid ordinary shares) and 7.1A (35,100,000 fully paid ordinary shares) placement capacity (**Capital Raise**) and the subsequent capital raising of a further \$1,440,000, pending shareholder approval, via the issue of convertible notes in MSM (conversion at \$0.008 per share or such other conversion price as is agreed by MSM) on a best endeavours basis (refer ASX Listing Rules 3.10.5A and 7.1A.4(b) disclosure in respect of the Capital Raise at Appendix 1).

### Board Appointment

MSM wishes to advise that Mr Chris Jones has joined the MSM Board as a Non-executive director following ECA exercising its right to appoint a director under the terms of its Lead Manager mandate.

Mr Jones will ensure a focus on ongoing cost reductions and driving shareholder value by developing the relationship with Riva Group's associated company Riva Technology and Entertainment Limited (**RTE**) to foster and provide a framework around the potential license of the Megastar platform for mobile gaming and Esports.

Mr Jones has over a decade's experience in the Australian finance industry working for wholesale investment funds and broking houses, most recently becoming a partner at Emerald Capital Australia Pty Limited (**ECA**). Mr Jones has a large breadth of expertise in corporate finance, capital raising, funds management and has through his role as Investment manager formed close working relationships with fund managers around the globe.

The Company also advises that it has accepted the resignation of Managing Director, Mr Dion Sullivan to pursue other interests. The composition of the Board will continue to be reviewed as the Company pursues its growth strategy.

### Megastar India - Worldwide Tournament 2 (WWT2)

The Company and Riva are continuing to develop the Megastar India opportunity via the Heads of Agreement framework announced on 4 June 2018 and as per the proposed details below;

- MSM and Riva intend to incorporate a new joint venture entity, which it is proposed will enter into a license agreement with the MSM Group for the use of the Platform and the Megastar brand to operate talent competitions in India;
- it is proposed that the joint venture must pay MSM an annual royalty of 5% of gross revenue, with a minimum annual guarantee of US\$500,000. Regardless of actual revenue generated by the joint venture, it is proposed that MSM will be entitled to receive a minimum of US\$500,000 per annum and that the first royalty payment will be due to be paid to MSM by 30 June 2019 (regardless of actual revenue generated) and subsequent payment due annually thereafter;
- In addition, it is proposed that MSM will have a 15% shareholding in the joint venture which will entitle MSM to 15% of profit distributions paid by the Megastar India joint venture to its shareholders. It is intended that this 15% will be free-carried and non-dilutable in perpetuity and will be in addition to the 5% revenue royalty entitlement described above.

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The objective is to launch Megastar as the premier digital talent discovery and gaming platform in India. The Indian market has 1.3B+ people with 400M+ smartphone or tablet users and the Company hopes to massively accelerate the growth of Megastar's user base in this market<sup>1</sup>.

MSM Music Inc is managing long outstanding creditors via an Assignment for the Benefit of Creditors process which is expected to complete by 31 December 2018.

In mid-May 2018, the MSM Board of Directors appointed Australian, Danika Mullins to the role of Chief Marketing Officer (**CMO**). Ms Mullins will take on the role of interim Chief Operating Officer (**COO**) until further notice. Since her appointment, Ms Mullins has been working with San Francisco based, Software Developers Inc (**SDI**), to support the ongoing operation and enhancement of MSM's digital entertainment product portfolio, including the Megastar Talent Competition Platform.

### Mobile Gaming

A key component of MSM's growth strategy is to establish joint ventures to commercialise the Megastar Platform in new markets (as announced 22 May 2018). A Heads of Agreement for the first of these Joint Ventures was signed with Riva in June 2018 (refer to announcement 4 June 2018).

Further strengthening the Company's strategic relationship with Riva, MSM has agreed to subscribe for shares and secured, first ranking, interest free loan notes in Riva Group's associated company Riva Technology and Entertainment Limited (**RTE**) for US\$1.5M over two instalments (US\$1M of which has been transferred following execution of the Subscription Agreement with RTE). RTE is in negotiations to acquire a majority equity interest in J&D Holdings Limited (**J&D**), which is the sole legal and beneficial owner of Firefly Games Inc. (**Firefly Games**) pursuant to a Share Purchase Agreement. The loan notes are to be repaid by 31 December 2019 and MSM (along with other subscribers of the notes) have a priority right to be paid all profits or distributions received by RTE from J&D in repayment of the notes. Firefly Games was founded in January of 2015 with a focus of developing and publishing IP based mobile gaming titles.

Firefly Games together with the Riva Group are the developers and publishers of the upcoming title **DreamWorks Universe of Legends** mobile game and other future game releases.

### Esports

MSM and Riva intend to drive user growth on the Megastar platform by introducing live-streaming of major Esports events in the Middle East, South Asia and Australia. The Company also intends to expand its Megastar Talent Competition platform to discover and promote high profile Esports athletes and mobile gamers. Riva intends to use their expertise in the mobile gaming market to enhance the next release of the Megastar Product with gamification, interactive video content and high-profile Esports talent.

### RIVA GROUP Chairman, Paul Roy commented

"MSM has developed a world first, mobile application and delivered a highly engaging talent competition with Megastar. Riva Group has extensive knowledge in the delivery of mobile games, Esports and targeted distribution of mobile entertainment products."



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"I welcome the opportunity to take a more significant role in the delivery of Megastar's Worldwide Tournament 2 and the Launch of Megastar India. I also look forward to using Riva's network and capabilities to commercialise the Megastar platform in eSports and mobile gaming."

"Despite the delay in the completion of the recent placement, we are confident in our strategic investment in MSM and we believe that our ongoing collaboration to drive growth in digital entertainment technology will drive value for all stakeholders."

### MSM Chairman, Adam Wellisch commented

"I am pleased to welcome Mr Jones to the Board as the Company enters into a new phase of growth. MSM's partnership and licensing strategy leverages the significant investment that we have made in our intellectual property assets. In collaboration with Riva, we intend to deliver shareholder value through the acquisition, development and operation of digital entertainment products that drive revenue through the Megastar Platform."

"On behalf of the board, I would like to thank outgoing Managing Director and Co-Founder, Dion Sullivan for his dedicated service and significant contribution to the development of Megastar as a global, mobile-first talent competition platform."

## FOR FURTHER INFORMATION CONTACT:

### Investor/Media queries:

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## ABOUT MSMCI

MSM Corporation International Limited ("MSMCI") is an online entertainment company that specialises in building and launching new digital entertainment products to audiences in the US, Great Britain, Australia, Canada, New Zealand and South Africa. MSMCI partners with local operators in non-English speaking markets to maximise the reach of its products and services globally.

MSMCI's flagship product is Megastar, a global, mobile-first talent competition, featuring performers of any category, who competed to win one Million US Dollars, a role in a film and various other prizes. Winners are chosen by fans voting in the competition through the Megastar App.

The first Megastar competition launched in MSMCI's six core markets with the App available for download from the Apple and Google Stores. Additional Megastar competitions will subsequently launch in non-English speaking markets via partnering and licensing agreements.

Megastar was founded by Adam Wellisch and Dion Sullivan in February 2014 and listed on the Australian Securities Exchange becoming MSMCI (ASX:MSM) in January 2016. The Company is currently headquartered in Sydney, Australia and Oakland, California, USA.

Visit [www.msmci.com](http://www.msmci.com) to learn more or to [sign up for the investor newsletter](#)



## ABOUT RIVA

Founded in 2002, with Headquarters in Dubai and offices across the world from the USA to East Asia; The Riva Group have successfully been delivering the vision of tomorrow for over 15 years. The Riva Group of companies hold an industry advantage in their ability to take every project from concept to execution all housed under one roof. The complementary divisions cover: creative design and development of theme parks, brand and Intellectual Property licensing, 3D animation and visual effects for films, games and TV content.

The Riva Group recently played an instrumental role in the concept, design and development of major theme parks in the middle east, based on world class IP licenses. The concepts for one of the parks was inspired by The Riva Group's Chairman; Mr Paul Roy and his Mumbai based celebrity partners who specialise in directing, screenwriting and production for Bollywood and have won numerous awards and international accolades over the last 15 years.

The Riva Group have vast experience specialising in licensing agreements where they have successfully negotiated and arranged for licenses for world class entertainment Intellectual Property with; Dreamworks Animation, Marvel, Sony Pictures, Electronic Arts, Lionsgate, Square Enix, Microsoft Studios, Cartoon Network, Capcom and Konami. In October 2017, The Riva Group in partnership with Los Angeles-based Firefly Games developed and launched the cutting-edge Dreamworks Universe of Legends Mobile Game where Shrek meets Kung-Fu Panda in a Dreamworks Hero mashup.

<sup>1</sup>Indian Market Statistics – Statista - 2018 India SmartPhone Report/2018 India Tablet Report.

### Appendix 1 – ASX Listing Rules 3.10.5A and 7.1A.4(b) Disclosure

The dilutive effect of the issue of the shares under the Capital Raise on existing shareholders is as follows.

	Number of securities issued	% of post Capital Raising issued share capital
Ordinary shares issued under ASX Listing Rule 7.1	3,900,000	0.67%
Ordinary shares issued under ASX Listing Rule 7.1A	35,100,000	6.03%
<b>Total</b>	<b>39,000,000</b>	<b>6.7%</b>

- The Company is issuing the shares as a placement to a limited number of institutional investors, rather than as a pro rata issue, as this was considered to be the most efficient and expedient mechanism for raising funds in a timely matter.
- The Company did not enter into an underwriting arrangement in connection with the Capital Raise.
- The Company has agreed to pay ECA 6% of the funds raised under the Capital Raise (exclusive of GST) which will be settled by way of fully paid ordinary shares subject to the Company's available placement capacity.