



ASX Release

VINYL GROUP SIGNS AGREEMENT TO ACQUIRE ROLLING STONE AU/NZ & VARIETY AUSTRALIA PUBLISHER THE BRAG MEDIA, RICHARD WHITE TO INJECT \$11M TO FUND TRANSACTION

Melbourne, Australia, December 21, 2023: Vinyl Group (ASX: VNL), Australia's only ASX-listed music Company, has entered into a binding Share Sale Agreement to fully acquire Australia's largest youth publisher The Brag Media including its premium network of mastheads and events funded by a new investment by WiseTech Global (ASX: WTC) Founder and CEO Richard White by way of an \$11 million placement and debt facility.

The Brag Media publishes owned outlets TheBrag.com, The Music Network and Tone Deaf, and Penske Media Corporation (PMC) titles Rolling Stone and Variety in Australia and New Zealand. It also exclusively represents local digital audiences for over a dozen other titles including HypeBeast, Billboard, The Hollywood Reporter, Music Feeds, ComingSoon, Rotten Tomatoes, Game Revolution and IndieWire. The Brag Media network of premium brands reaches about ten million users per month in the region with over 40 million monthly page views, cementing its position as Australia's largest youth publisher.

Vinyl Group will pay \$8 million in cash (Up Front Compensation) to acquire 100% of The Brag Media and its subsidiaries (Brag Group), with a further \$2 million payable in cash or stock at Vinyl Group's discretion (Deferred Compensation). The Up Front Compensation will be a combination of the value paid for the shares and the paydown of loans by the shareholders to the Brag Group. The final split of the Up Front Payment will be based on the Completion Accounts. The Deferred Compensation payment will accrue 6% annual interest if paid in cash and is contingent on The Brag Group achieving specified revenue and EBIT targets for the Calendar Year 2024. The Deferred Payment will be based on a sliding scale after achieving both a minimum revenue of \$12.0 million and a minimum EBITDA of \$2.0 million up to a maximum of \$15.5 million in revenue and EBITDA of \$2.8 million. Unaudited Financial Year 2023 results highlight The Brag Media generated \$8.39 million in revenues including \$334,824 in net profit. The Brag Media has seen average revenue growth of 125% over the past two financial years. The indicative combined Vinyl Group revenue as at 30 June 2023 would have been \$9 million.

As part of the deal, The Brag Media CEO Luke Girgis has entered into a full-time employment agreement with the Company, as Publisher and Managing Director of The Brag Media, which includes a minimum two-year term and a requirement for full-time dedication to The Brag Media and Vinyl Group businesses post-sale. Girgis will receive five million options upon sale completion, vesting in two equal tranches. The first tranche vests upon achieving the calendar year 2024 revenue target of \$12.0 million and EBIT target of \$2.8M and a minimum of one year of employment post-sale. The second tranche vests on the second anniversary of the employee's employment. These options have a seven-year term and an exercise price to be determined by mutual agreement prior to issue.

Completion of the deal is dependent on certain completion deliverables including obtaining third party consents from both parties, the entry into agreements with Key Employees/Contractors, the buyer giving notice to the Seller that Due Diligence has been completed, entry into a one year sub-lease agreement for the current office space at a rate of \$3,500 per month plus outgoings and no material adverse changes occurring between now and completion. Completion is expected by 31 January 2024.

The purchase will be funded with a substantial new \$11 million placement and debt facility from Vinyl Group investor Richard White, created to fuel future growth of the Company. The investment will be made from his RealWise Group Holdings P/L, following on from his initial investment in June 2023. The placement will be for \$3.956 million at a price of \$0.04482 per share, a discount of 10% to the 5 day VWAP, for a total of 88,263,307 shares. The remaining \$7.044 million will be in the form of a five year unsecured convertible note with a conversion price of \$0.045 per share, a discount of 10% to the 5 day VWAP at the time of entering this facility. The conversion can be requested by the Noteholder or the Company. The note will carry interest of Bank Bill Swap Bid Rate (BBSY) + 6%, cash settled quarterly. If the full conversion of the remaining Convertible Note be agreed by a vote of the shareholders at a general meeting of the Company within 60 days of this Convertible Note being settled, then the Noteholder shall waive any interest accrued. The total number of shares under the facility are 245,426,149 or 28.91% of issued capital post issuance. The Board will be seeking shareholder approval for the conversion of the convertible note at a General Meeting of Shareholders to be completed prior to 31 March 2024.

The Brag Media's offering includes multiple online platforms, native editorial and music and entertainment content and events. In the past 12 months, the publisher has produced campaigns for brands including Adidas, Jim Beam, Tourism NT and more. It also produces The Variety Australia CMO Dinner, The Rolling Stone Australia Awards in Sydney and the Rolling Stone Aotearoa Awards in Auckland each year.

Vinyl Group is the heartbeat of an equitable music world, providing tech solutions that connect and give credit to the creator economy. The Brag Media joins Vinyl Group's existing portfolio of properties that includes music credits business Jaxsta, the leading music industry social-professional network and talent marketplace Vampr, and online record store Vinyl.com.

Vinyl Group CEO, Josh Simons, said: "Vinyl Group's suite of products work together to empower participants of the music ecosystem and reach all corners of the creator economy, and we can't wait to start working with the iconic mastheads that Luke and The Brag Media have successfully developed in Australia. We've identified several impactful synergies between the two businesses that will deliver immediate cost efficiencies and revenue, including streamlining Vampr's in-app ads business and leveraging The Brag Media's impressive audience reach to bolster Jaxsta, Vinyl.com and Vampr in the market."

Girgis said: "The next phase in the evolution of The Brag Media will take place under the umbrella of Australia's only ASX-listed music business, and I couldn't be happier about it. Right from the earliest discussions we had, it was clear that the Board, Josh and the team shared our vision for the future of the business, and I'm thrilled that they've made this commitment with us."

Richard White said: "I have watched closely as Josh has built Vinyl Group's revenue and made substantial business gains since taking my initial investment. I've also noted that Luke and his dedicated team at The Brag Media have rapidly grown Brag into one of Australia's most influential media and creative businesses. There's no doubt that iconic brands like Rolling Stone and Variety make sense and add value to VNL."



Combined under the leadership of Josh and Vinyl Group, the consolidated business and team will have a lot more growth levers and options.”

For further information please contact jake@soundstory.com.au

Authorisation and Additional Information:

This announcement was authorised by the Board of Vinyl Group Ltd

Vinyl Group Investor Relations:

E: jake@soundstory.com.au

P: +61 0419 023 046

-Ends-

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 the leading dedicated social-professional networking platform and talent marketplace, allowing 1.3M 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 378M verified credits to streamline revenue opportunities for businesses in the music industry.

ABOUT THE BRAG MEDIA:

The Brag Media’s mission is to be the most ubiquitous presence in Australian culture; with its people, its artists and its brands. The Brag Media represents some of the most iconic titles in the world including Rolling Stone, Variety, The Hollywood Reporter, Billboard, Tone Deaf, The Music Network, Enthusiast Gaming, Life Without Andy, HypeBeast and more. The Brag Media’s premium publishing business reaches over 30% of the Australian population each month, while its events business produces the Rolling Stone Awards and offers commercial partners end-to-end event ideation, production and marketing.

For personal use only