Vinyl Group Ltd
(Formerly known as Jaxsta Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	Vinyl Group Ltd
ABN:	15 106 513 580
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	317.9%	to	876,211
Other income and interest revenue	down	0.5%	to	237,311
Loss from ordinary activities after tax attributable to the owners of Vinyl Group Ltd	up	5.7%	to	(4,762,293)
Loss for the half-year attributable to the owners of Vinyl Group Ltd	up	5.7%	to	(4,762,293)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $4,762,293 (31 December 2022: $4,506,365).

Refer to Market announcement, which precedes the Appendix 4D, for further commentary on the results for the half-year ended 31 December 2023.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.29)	(0.99)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The review report is expected to contain a paragraph addressing material uncertainty related to going concern.

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11. Attachments

Details of attachments (if any):

The Interim Report of Vinyl Group Ltd for the half-year ended 31 December 2023 is attached.

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12. Signed

Signed ______________________________ Date: 29 February 2024

Linda Jenkinson
Non-Executive Director and Chair
Melbourne

VINYL GROUP

Interim Report 2024

Inside this report

General information

The financial statements cover Vinyl Group Ltd as a Group consisting of Vinyl Group Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Vinyl Group Ltd's functional and presentation currency.

Vinyl Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

11 Wilson Street, South Yarra VIC 3141

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024. The directors have the power to amend and reissue the financial statements.

Chief Executive Officer's Letter

For personal use only

Dear Shareholders,

I am pleased to have this opportunity to celebrate with shareholders, the remarkable growth Vinyl Group Ltd has achieved since the beginning of this financial year. Our journey over the last six months has included numerous successful product enhancements, further operational optimisation, key strategic transactions and unprecedented financial growth, setting the stage for a transformative year ahead and a clear path to profitability.

Financial Highlights: 4.3x Increase in Revenue

Our annualised revenue run rate reached $1.6M at the end of December 2023, a 4.3x increase from the same period last year. This growth has occurred as a direct result of the successful implementation of our product roadmap, as well as focused sales and marketing efforts driving increased demand for our services. FY2024 H1 revenues surpassed the total revenue of the entire FY2023 year, signalling a new benchmark for success and a clear indicator of the scalability of our integrated platform.

Expansion of our Global Media Footprint

The recently completed acquisition of The Brag Media, funded by an $11M funding facility from Richard White, provides the company with a powerful flywheel for driving group product revenue growth this year and well into the future. The company now owns key online publications such as The Music Network and Tone Deaf, as well as ANZ licences publishing major global mastheads including Rolling Stone and Variety. The acquisition of Brag Media will fast track our mission to offer world class e-commerce and creator tools and solutions to the music industry and music consumers.

Product Growth

The successful integration of Vampr and Jaxsta was a key product milestone providing our creators with a unique blend of recognition and opportunity through enhanced music profiles. Additionally, we introduced a new boutique business tier on Jaxsta, tailored to meet the specialised needs of our customers which we anticipate will drive further adoption of our credits product this year.

The company's combined revenues are now on an annualised trajectory of approximately $10M, redefining the Vinyl Group and the path ahead.

Vinyl.com: A Record-Breaking Success

Ending the year on a high note, Vinyl.com achieved four straight months of record revenues, a clear indication of the company's growing influence in the music e-commerce space.

Looking Ahead: Momentum

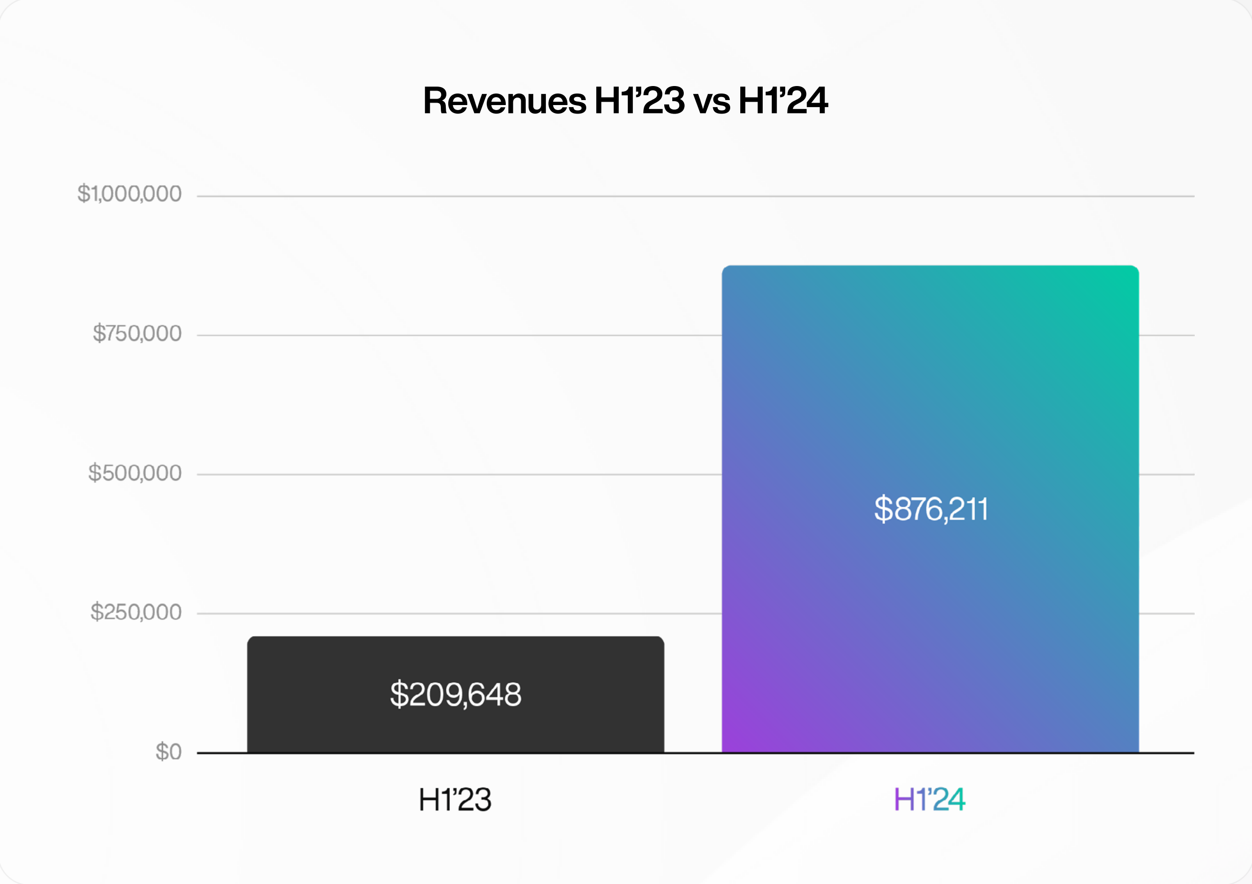
The first half of FY24 has been a period of significant achievement and growth. As we look to the future, we remain steadfast in our pursuit of growth, profitability and excellence, driven by innovation and an unwavering commitment to our customers and shareholders.

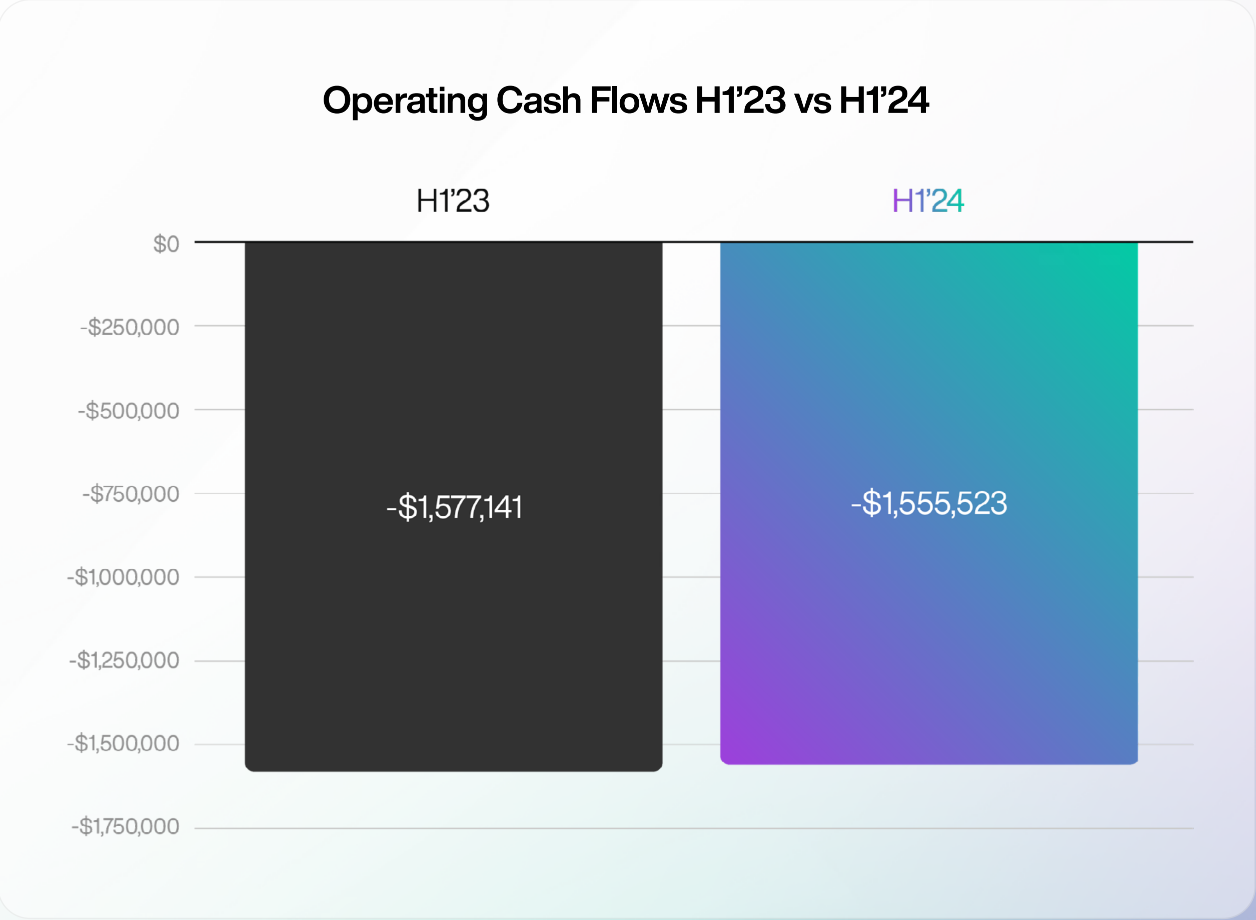
Thank you for being an integral part of this journey.

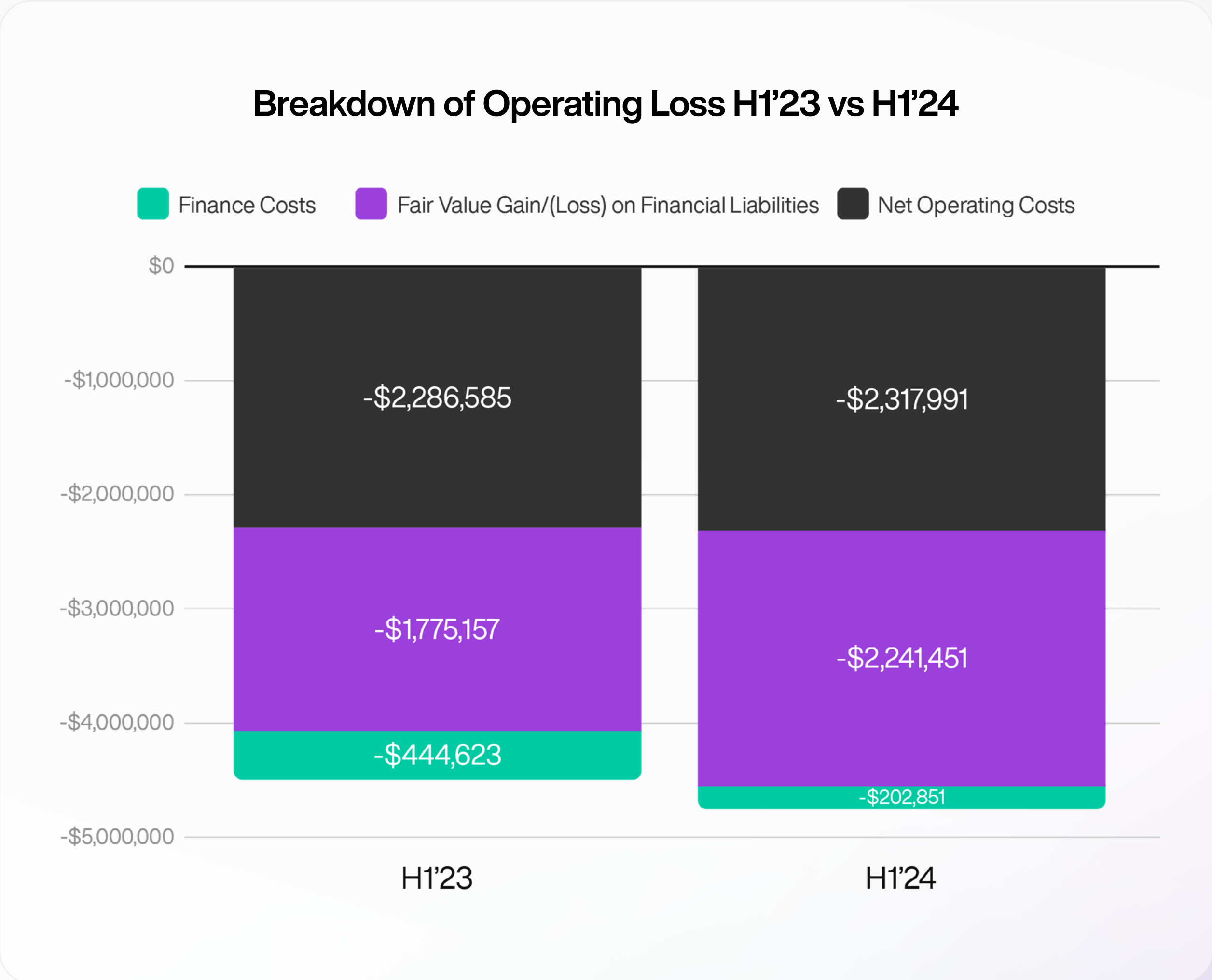
Sincerely,

Joshua Simons

Josh Simons


Revenues H1'23 vs H1'24
$1,000,000
$750,000
$500,000
$250,000
$0
$209,648
$876,211
H1'23
H1'24


Operating Cash Flows H1'23 vs H1'24
H1'23
H1'24
$0
-$250,000
-$500,000
-$750,000
-$1,000,000
-$1,250,000
-$1,500,000
-$1,750,000
-$1,577,141
-$1,555,523


Breakdown of Operating Loss H1'23 vs H1'24
Finance Costs
Fair Value Gain/(Loss) on Financial Liabilities
Net Operating Costs
$0
-$1,000,000
-$2,000,000
-$3,000,000
-$4,000,000
-$5,000,000
-$2,286,585
-$1,775,157
-$444,623
-$2,317,991
-$2,241,451
-$202,851
H1'23
H1'24

Directors’ Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the ‘Group’) consisting of Vinyl Group Ltd (referred to hereafter as the ‘Company’ or ‘parent entity’) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Vinyl Group Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Linda Jenkinson	Non-Executive Director and Chair
Robert Kenneth (‘Ken’) Gaunt	Non-Executive Director
Ben Katovsky	Non-Executive Director
Steve Gledden	Non-Executive Director

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of creating an online platform to hold official music metadata and to develop a repository of official music-related information, comprising liner notes and label copy.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to $4,762,293 (31 December 2022: $4,506,365).

The Group had a significant increase in revenues as part of an increase in retail performance of the Vinyl.com store during the Christmas sales period, the integration of the Vampr services into the half year and sustained growth in our B2B services. This resulted in total revenues of $876,211 for the half year, a growth of 317.9% in the half year compared to the previous half year.

The Group continued realigning its operations as part of the requirements for the new products and services both organic and acquired, increasing its marketing spend to acquire customers for its e-commerce and digital platforms and setting its structure to accommodate future requirements.

The Group also announced the acquisition of the Brag Media which it completed on 31 January 2024 which will provide additional channels in the music industry and comes with a significant revenue base.

To that end, the Group entered into an $11 million funding facility with Richard White to provide funds for the acquisition and for working capital for both the integration and ongoing Vinyl Group businesses.

The above performance and changes have increased the existing and future revenues of the Group with the addition of the Brag Media to the results from February onwards. The combination and synergies from that deal will also provide reduction in the cash burn as the Group looks to keep growing the revenues of all key brands to enhance operating cash flows.

The half-year ended 31 December 2023 was a period of high growth for the Group and Management continue to achieve on their goals as they continue on their path towards profitability.

Significant changes in the state of affairs

Change in name

On 5 December 2023, the Group announced a change in its name to Vinyl Group Ltd (ASX code: VNL).

Changes in shares on issue

On 13 September 2023, the Group converted Tranche #1 of the Songtradr convertible note into ordinary shares, reducing $1,774,597 in debt at the pre set price of 2.1 cents, resulting in the issue of 84,504,631 ordinary shares.

On 29 December 2023, the Group also converted the Rickert convertible note from the Vampr acquisition into ordinary shares, reducing $413,459 in debt at the pre-set price of 5.0 cents, resulting in the issue of 8,269,185 ordinary shares.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 16 January 2024 the Company appointed UHY Haines Norton Chartered Accountants (UHY) as the auditor in accordance with ASX Listing Rule 3.16.3.

On 21 December 2023, the Group announced it had entered into an agreement to purchase Australia's largest youth publisher The Brag Media, subject to completion which had not been met by 31 December 2023. On 31 January 2024 the Company had confirmation of all deliverables been satisfied and successfully completed the acquisition. The purchase price was $8,050,792 and was comprised of consideration of $1,291,979 and repayment of loans of $6,758,813. There is also a further $2,000,000 payable in cash or stock based on a sliding scale dependent on The Brag Media achieving both a minimum revenue of $12.0 million and a minimum EBITDA of $2.0 million up to maximum of $15.5 million in revenue and maximum EBITDA of $2.8 million.

The Group also entered into an $11 million placement and debt facility provided by WiseTech Global (ASX:WTC) Founder and CEO Richard White on 30 January 2024. The facility is a combination of debt and equity, with a placement of $4,044,587 at a price of 4.482 cents for an issue of 90,240,674 ordinary shares, and a debt component of $6,955,413 that the Company is seeking shareholder approval to convert at a price of 4.482 cents at an upcoming extraordinary general meeting which would result in a further issue of 155,185,475 ordinary shares.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001..

On behalf of the directors

Linda Jenkinson

Non-Executive Director and Chair

29 February 2024

UHY Haines Norton
Chartered Accountants

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Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Vinyl Group Ltd (formerly known as Jaxsta Limited),

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Vinyl Group Ltd and the entities it controlled during the financial period.

Mark Nicholaeff
Partner
Sydney
29 February 2024

UHY Haines Norton

UHY Haines Norton
Chartered Accountants

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of profit or loss and other comprehensive income for the half-year ended 31 December 2023

	Note	Consolidated 31 Dec 2023 $	31 Dec 2022 $
Revenue	3	876,211	209,648
Other income	4	221,822	232,860
Interest revenue calculated using the effective interest method		15,489	5,676
Expenses			
Raw materials and consumables used		(458,800)	(1,331)
Employee benefits expense	5	(973,423)	(1,696,294)
Product development expense		(525,564)	(384,584)
Depreciation and amortisation expense	5	(186,530)	(86,716)
Impairment of assets	5	-	(68,016)
Professional fees		(651,443)	(266,456)
Marketing expense		(307,776)	(66,003)
Occupancy expense		(6,992)	(6,216)
Fair value loss on financial liabilities	13	(2,241,451)	(1,775,157)
Other expenses		(320,985)	(159,153)
Finance costs	5	(202,851)	(444,623)
Loss before income tax expense		(4,762,293)	(4,506,365)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Vinyl Group Ltd		(4,762,293)	(4,506,365)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(34,233)	-
Other comprehensive income for the half-year, net of tax		(34,233)	-
Total comprehensive income for the half-year attributable to the owners of Vinyl Group Ltd		(4,796,526)	(4,506,365)
		Cents	Cents
Basic earnings per share	15	(0.84)	(1.32)
Diluted earnings per share	15	(0.84)	(1.32)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of financial position as at 31 December 2023

	Note	Consolidated 31 Dec 2023 $	30 Jun 2023 $
Assets			
Current assets			
Cash and cash equivalents		1,248,112	2,966,748
Trade and other receivables	6	394,797	919,551
Other assets	7	111,425	29,205
Total current assets		1,754,334	3,915,504
Non-current assets			
Property, plant and equipment		11,541	18,329
Intangibles	8	5,592,056	5,761,390
Total non-current assets		5,603,597	5,779,719
Total assets		7,357,931	9,695,223
Liabilities			
Current liabilities			
Trade and other payables	9	848,977	868,357
Contract liabilities		63,150	40,332
Borrowings and derivative financial instruments	10	77,975	4,547,882
Employee benefits		52,587	120,515
Total current liabilities		1,042,689	5,577,086
Non-current liabilities			
Contract liabilities		412,315	431,239
Derivative financial instruments	10	7,620,156	5,055,960
Employee benefits		13,560	29,107
Total non-current liabilities		8,046,031	5,516,306
Total liabilities		9,088,720	11,093,392
Net liabilities		(1,730,789)	(1,398,169)
Equity			
Issued capital	11	51,171,581	46,873,583
Reserves		5,484,854	5,353,179
Accumulated losses		(58,387,224)	(53,624,931)
Total deficiency in equity		(1,730,789)	(1,398,169)

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of changes in equity for the half-year ended 31 December 2023

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2022	38,620,271	4,806,801	(42,832,790)	594,282
Loss after income tax expense for the half-year	-	-	(4,506,365)	(4,506,365)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,506,365)	(4,506,365)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	359,573	-	-	359,573
Share-based payments (note 16)	-	268,087	-	268,087
Balance at 31 December 2022	38,979,844	5,074,888	(47,339,155)	(3,284,423)

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2023	46,873,583	5,353,179	(53,624,931)	(1,398,169)
Loss after income tax expense for the half-year	-	-	(4,762,293)	(4,762,293)
Other comprehensive income for the half-year, net of tax	-	(34,233)	-	(34,233)
Total comprehensive income for the half-year	-	(34,233)	(4,762,293)	(4,796,526)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 11)	4,297,998	-	-	4,297,998
Share-based payments (note 16)	-	165,908	-	165,908
Balance at 31 December 2023	51,171,581	5,484,854	(58,387,224)	(1,730,789)

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of cash flows for the half-year ended 31 December 2023

	Note	Consolidated 31 Dec 2023 $	Consolidated 31 Dec 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		785,251	108,191
Payments to suppliers and employees (inclusive of GST)		(3,126,664)	(2,762,347)
Receipts from grants - research and development (inclusive of GST)		751,656	1,039,787
Receipts from grants - export development (inclusive of GST)		21,688	36,600
		(1,568,069)	(1,577,769)
Interest received		12,546	4,579
Interest and other finance costs paid		-	(3,951)
Net cash used in operating activities		(1,555,523)	(1,577,141)
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares	11	-	372,950
Share issue transaction costs		(5,500)	(13,377)
Repayment of borrowings		(157,613)	(64,559)
Net cash (used in)/from financing activities		(163,113)	295,014
Net decrease in cash and cash equivalents		(1,718,636)	(1,282,127)
Cash and cash equivalents at the beginning of the financial half-year		2,966,748	3,123,935
Cash and cash equivalents at the end of the financial half-year		1,248,112	1,841,808

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2023 and are not expected to have a significant impact for the full financial year ending 30 June 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Group incurred a loss after tax of $4,762,293 (31 December 2022: $4,506,365) and had a net cash outflow from operations of $1,555,523 (31 December 2022: $1,577,141) for the half-year ended 31 December 2023. As at 31 December 2023, the Group had net current assets of $711,645 (30 June 2023: net current liabilities of $1,661,582). As at the signing date of the Financial Statements, the Group had cash assets of $3,988,343.

The Group is currently executing on the next phase of its strategy, accelerating the growth of its existing platforms and adding complementary products and services organically and inorganically. The organic growth is led by its Vinyl.com e-commerce platform that was launched in 2023 and went through its first Christmas sales period. B2B customer growth also provided a further boost to the revenues in the period. The acquisition of Vampr in 2023 is one of the inorganic additions to the portfolio that had an impact to the total revenue growth. As such, total revenues grew 318% in the half year compared to the previous half year to $876,211.

Management has prepared cash flow forecasts for the which assumes continuity of business on the basis of the following events occurring:

- The Group completed the acquisition of the Brag Media on 31 January 2024, and although not reflected in the financials at 31 December 2023, their forward impact on operations will be part of the ongoing growth strategy as they had unaudited revenues of $8.38 million and net operating profit of $305K in the year ended 30 June 2023. The integration of the Brag Media business is incorporated into our forecasts for the period starting 1 February 2024 onwards;
- the continued evolution of the Vinyl.com platform to expand its product offering, geographical reach and additional innovation to become a recognised destination for music consumers;
- the continued integration of our different platforms to expand the product offering whilst reducing the running cost of our tech infrastructure; and
- If needed, a capital or debt raising to meet cash liquidity requirements and fund the working capital requirements of the Group as it continues its path to profitability.

The Directors believe that the Group is a going concern and that the above events will eventuate in the short term and accordingly the financial statements have been prepared on a going concern basis.

In the event that the above assumptions do not eventuate, there are material uncertainties that cast significant doubt over the ability of the Group to continue as a going concern. As a result, the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.

Comparatives

Comparatives have been realigned where necessary, to be consistent with current year presentation. There was no effect on profit, net assets or equity.

Note 2. Operating segments

Identification of reportable operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Management identifies one operating segment based on the Group's service lines, therefore the operating segment information is as disclosed throughout these financial statements.

The Group's segment operating loss reconciles to the Group's loss before tax as presented in its financial statements.

The information reported to the CODM is on a monthly basis.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	30 Jun 2023
	$	$	$	$
Australia	89,899	5,047	5,603,597	5,779,719
Americas	730,708	148,520	-	-
Europe, Middle East and Africa	54,021	55,818	-	-
Asia Pacific	1,583	263	-	-
	876,211	209,648	5,603,597	5,779,719

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 3. Revenue

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Sales	876,211	209,648

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Major product lines		
Subscription revenue *	298,061	151,752
API revenue	151,691	51,999
Other	426,459	5,897
	876,211	209,648
Timing of revenue recognition		
Goods transferred at a point in time	876,211	209,648

* Subscription revenues include barter revenues realised in exchange for data information feeds. These amounted to $114,190 for the half-year ended 31 December 2023 (31 December 2022: $107,171).

The disaggregation of revenue by geographical regions is presented in note 2 'Operating segments'.

Note 4. Other income

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Export market development grant	36,600	36,600
Research and development tax incentive	184,857	192,155
Other income	365	4,105
Other income	221,822	232,860

Note 5. Expenses

	Consolidated 31 Dec 2023 $	Consolidated 31 Dec 2022 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Computer equipment	5,314	7,282
Office equipment	1,474	2,311
Buildings right-of-use assets	-	71,364
Total depreciation	6,788	80,957
Amortisation		
Platform development	133,333	-
Trademarks	4,409	5,759
Customer relationships	42,000	-
Total amortisation	179,742	5,759
Total depreciation and amortisation	186,530	86,716
Employee benefits expense		
Salary and wages	742,214	1,307,419
Share-based payments expense	165,908	268,087
Defined contribution superannuation expense	65,301	120,788
	973,423	1,696,294
Finance costs		
Interest and finance charges paid/payable on borrowings	202,851	442,109
Interest and finance charges paid/payable on lease liabilities	-	2,514
Finance costs expensed	202,851	444,623
Net foreign exchange loss		
Net foreign exchange loss	4,229	4,379
Impairment of assets		
Right-of-use assets	-	11,897
Intangibles (note 8)	-	56,119
	-	68,016

Note 6. Trade and other receivables

	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
Current assets		
Trade receivables	96,979	167,963
Research and development incentive receivable	84,768	651,764
Other receivables	108,497	52,525
BAS receivable	104,553	47,299
	394,797	919,551

Note 7. Other assets

	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
Current assets		
Prepayments	110,391	28,171
Security deposits	1,034	1,034
	111,425	29,205

Prepayments have increased due to the amount and timing of annual insurance and listing fees compared to the previous year.

Note 8. Intangibles

	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
Non-current assets		
Goodwill – at cost	2,706,418	5,639,418
Platform development – at cost	1,789,372	178,963
Less: Accumulated amortisation	(312,297)	(178,963)
	1,477,075	-
Trademarks – at cost	256,538	256,538
Less: Accumulated amortisation	(66,605)	(62,196)
Less: Impairment	(72,370)	(72,370)
	117,563	121,972
Customer relationships – at cost	144,000	-
Less: Accumulated amortisation	(42,000)	-
	102,000	-
Brand – at cost	1,189,000	-
	5,592,056	5,761,390

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $	Platform development $	Trademarks $	Customer relationships $	Brand $	Total $
Balance at 1 July 2023	5,639,418	-	121,972	-	-	5,761,390
Additions	-	10,408	-	-	-	10,408
Reallocation of intangibles on finalisation of business acquisition (note 14)	(2,933,000)	1,600,000	-	144,000	1,189,000	-
Amortisation expense	-	(133,333)	(4,409)	(42,000)	-	(179,742)
Balance at 31 December 2023	2,706,418	1,477,075	117,563	102,000	1,189,000	5,592,056

Note 9. Trade and other payables

	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
Current liabilities		
Trade payables	461,753	297,857
BAS payable	24,065	1,800
Other payables	363,159	568,700
	848,977	868,357

Note 10. Borrowings and derivative financial instruments

	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
Current liabilities		
Insurance financing	77,975	134,542
Convertible notes payable – tranche 1 (i), (iii)	-	1,967,237
Derivative financial liability (i)	-	2,446,103
	77,975	4,547,882
Non-current liabilities		
Convertible notes payable – tranche 2 (ii)	19,560	3,349
Derivative financial liabilities – tranche 2 (ii)	7,600,596	5,052,611
	7,620,156	5,055,960

Insurance financing
Insurance funding is a ten months short term loan with a fixed interest rate of 6.75% (30 June 2023: 6.98%).

Note 10. Borrowings and derivative financial instruments (continued)

Convertible notes payable
On 10 September 2020, the Company entered into a convertible note agreement with Songtradr Inc. for a principal value of $1,420,000 (tranche 1). Conversion would result in the issue of 40,571,429 fully paid ordinary Vinyl Group shares at a price of $0.035 per share for the principal value of the note. The conversion is at the right of the noteholder, except if:

- the Company registers a full year net profit of $5,000,000 at which time 100% of the note is converted automatically; or
- the Company registers a full year net profit of $2,500,000 at which time 50% of the note is converted automatically.

On 24 June 2022, the shareholders authorised the Company to enter into an additional tranche of the prior convertible note agreement with Songtradr Inc. for a principal value of $3,000,000. Conversion would result in the issue of 142,857,143 fully paid ordinary Vinyl Group shares at a price of $0.021 per share for the principal value of the note. All the conditions of the original convertible note remain and in addition the Company agreed to appoint two directors proposed by Songtradr and enter into a cost reduction and growth plan agreed to by Songtradr. The Company completed those requirements by the completion of the shareholder approval. Additionally, as a consequence of the variation of the note, the original note of $1,420,000 would change the conversion price from $0.035 to $0.021, resulting in the potential issue of a further 27,047,619 ordinary shares.

On 13 September 2023, the Group converted tranche 1 of the Songtradr convertible note into ordinary shares, reducing $1,774,597 in principal and interest at the conversion price of $0.021, resulting in the issue of 84,504,631 ordinary shares. The Group recognised the issue of ordinary shares at the value of $3,828,882 being the carrying value of the convertible note as of the date of conversion.

The noteholder at their option can convert or seek repayment of the note at the expiration of the term of the note. The note has an anti-dilution clause that adjust the conversion price if certain circumstances occur before the final redemption date. The note has a term of up to 3 years and carries a coupon rate of 7.5% which will be accrued and paid at the end of the term or capitalised and converted at the time of conversion or repayment. The note is secured by a first ranking security over the assets of the Company and its subsidiaries.

The second tranche also includes a separate option to invest a further $3,000,000 under an option agreement with an exercise price of $0.021 per share. The option has a life of three years and can only be exercised if Tranche 2 is partially or fully converted and up to the amount of Tranche 2 converted into shares.

(i) **Tranche 1** – Under the requirements of AASB 9 *Financial Instruments* the change in terms of the notes require derecognition of the original note and recognition of the new note, with the difference recognised in the profit or loss. The note is considered a hybrid financial instrument that contains a financial liability host and an embedded derivative based on the fair value of the conversion option that are not closely related. The financial liability host and the embedded derivative components have therefore been bifurcated and valued separately. Tranche 1 was converted to ordinary shares on 13 September 2023.

(ii) **Tranche 2** – The note is considered a hybrid financial instrument that contains a financial liability host and an embedded derivative based on the fair value of the conversion option that are not closely related. The financial liability host and the embedded derivative components have therefore been bifurcated and valued separately.

As of 31 December 2023, the tranche 2 host liability is recorded at $19,560 and the derivative liability has been measured at $7,600,596, after recording a fair value loss of $2,547,982 and an interest expense of $16,211.

(iii) On 1 June 2023, the Company entered into a one year convertible note agreement with one of the vendors of Vampr, as part of the transaction for a principal amount of US$258,000. The noteholder has the right to convert the note at a conversion price of A$0.05. The note carries a 10% interest rate. The note is considered a single combined instrument at FVTPL. The noteholder elected to convert the note on 29 December 2023 into ordinary shares, resulting in the carrying value of the liability, $413,459 being converted to equity and resulting in the issue of 8,269,185 ordinary shares.

The total fair value loss on re-measurement of the derivative liability components as at 31 December 2023 is $2,241,451.

Note 11. Issued Capital

	Consolidated			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $	30 Jun 2023 $
Ordinary shares - fully paid	611,668,245	517,644,429	51,171,581	46,873,583

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	517,644,429		46,873,583
Transaction costs	1 July 2023	-	$0.000	13,750
Shares issued on conversion of Songtradr tranche 1 convertible note	13 September 2023	84,504,631	$0.021	3,870,789
Issue of shares (i)	29 November 2023	1,250,000	$0.040	-
Shares issued on conversion of Rickert convertible note	1 December 2023	8,269,185	$0.050	413,459
Balance	31 December 2023	611,668,245		51,171,581

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(i) The funds were received in June 2023, but the shares were not issued until 29 November 2023 after approval by shareholders was obtained at the Annual General Meeting (AGM) of shareholders.

Share buy-back
There is no current on-market share buy-back.

Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Current liabilities				
Derivative financial instruments	-	-	-	-
Non-current liabilities				
Derivative financial instruments	-	-	7,600,596	7,600,596
Total liabilities	-	-	7,600,596	7,600,596

Consolidated - 30 Jun 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Current liabilities				
Derivative financial instruments	-	-	2,446,103	2,446,103
Non-current liabilities				
Derivative financial instruments	-	-	5,052,611	5,052,611
Total liabilities	-	-	7,498,714	7,498,714

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Derivative financial liabilities $
Balance at 1 July 2023	(7,498,714)
Losses recognised in profit or loss	(2,241,451)
Fair value adjustment on conversion of Tranche 1 recognised as equity	2,054,285
Balance at 31 December 2023	(7,600,596)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Derivative financial instruments	Discount rate	2%-5%	A 1% change would decrease the fair value by $101,429 and a -1% change would increase the fair value by $101,429.

Note 14. Business combinations

On 1 June 2023, the Company acquired 100% of the ordinary shares of Vampr Inc. for the total consideration transferred of $5,454,422. Vampr is the world's leading music industry social network connecting musicians, creatives and artists so they can collaborate, create new music and monetise their work. This acquisition immediately increased Vinyl Group's footprint in the creator community. Goodwill of $5,639,418 has been recognised as the Company has accounted for the acquisition under provisional accounting at 30 June 2023. The acquired business contributed revenues of $108,865 and profit after tax of $13,987 to the Group for the period from 1 July 2023 to 31 December 2023. All intangible asset values are individually assigned based on a purchase price allocation report. Note that the valuation and allocation might be changed following any revision and update within 12 months after the acquisition date.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	31,657
Trade and other receivables	22,191
Platform development	1,600,000
Customer relationships	144,000
Brand	1,189,000
Trade and other payables	(238,844)
Net assets acquired	2,748,004
Goodwill	2,706,418
Acquisition-date fair value of the total consideration transferred	5,454,422
Representing:	
Vinyl Group Ltd shares issued to vendor	5,057,865
Convertible notes	396,557
	5,454,422
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,454,422
Less: shares issued by Company as part of consideration transferred	(5,057,865)
Less: convertible notes	(396,557)
Net cash used	-

Note 15. Earnings per share

	Consolidated 31 Dec 2023 $	Consolidated 31 Dec 2022 $
Loss after income tax attributable to the owners of Vinyl Group Ltd	(4,762,293)	(4,506,365)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	568,286,741	342,578,199
Weighted average number of ordinary shares used in calculating diluted earnings per share	568,286,741	342,578,199
	Cents	**Cents**
Basic earnings per share	(0.84)	(1.32)
Diluted earnings per share	(0.84)	(1.32)

224,494,366 options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future.

Note 16. Share-based payments

An Employee Share Incentive Scheme ('ESIS') was established by the Group and approved by shareholders at a general meeting in August 2018, whereby the Group may, at the discretion of the Remuneration and Nomination Committee, grant options over ordinary shares in the Company to employees and Directors of the Group. The options are issued for consideration to be paid at time of exercise and are granted in accordance with performance guidelines established by the Board of Directors or its Remuneration and Nomination Committee. The ESIS was renewed and approved by shareholders at a general meeting in June 2022 and extends the plan for a further three years.

During the half-year, the Company issued 7,000,000 options under the ESIS to the CEO as part of aligning compensation with the scope of the role and the strategic objectives of the Group.

Set out below are summaries of options granted under the plan:

	Number of options 31 Dec 2023	Weighted average exercise price 31 Dec 2023	Number of options 31 Dec 2022	Weighted average exercise price 31 Dec 2022
Outstanding at the beginning of the financial half-year	245,569,366	$0.125	239,359,366	$0.129
Granted	7,000,000	$0.082	6,100,000	$0.048
Cancelled/forfeited	(7,075,000)	$0.071	(4,740,000)	$0.165
Exercised	-	$0.000	(150,000)	$0.000
Expired	(21,000,000)	$0.205	-	-
Outstanding at the end of the financial half-year	224,494,366	$0.125	240,569,366	$0.126
Exercisable at the end of the financial half-year	23,920,556	$0.069	11,595,556	$0.124

The weighted average share price during the financial half-year was $0.057 (31 December 2022: $0.028).

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 3.10 years (31 December 2022: 2.90 years).

Note 17. Events after the reporting period

On 16 January 2024 the Company appointed UHY Haines Norton Chartered Accountants (UHY) as the auditor in accordance with ASX Listing Rule 3.16.3.

On 21 December 2023, the Group announced it had entered into an agreement to purchase Australia's largest youth publisher The Brag Media, subject to completion which had not been met by 31 December 2023. On 31 January 2024 the Company had confirmation of all deliverables been satisfied and successfully completed the acquisition. The purchase price was $8,050,792 and was comprised of consideration of $1,291,979 and repayment of loans of $6,758,813. There is also a further $2,000,000 payable in cash or stock based on a sliding scale dependent on The Brag Media achieving both a minimum revenue of $12.0 million and a minimum EBITDA of $2.0 million up to maximum of $15.5 million in revenue and maximum EBITDA of $2.8 million.

The Group also entered into an $11 million placement and debt facility provided by WiseTech Global (ASX:WTC) Founder and CEO Richard White on 30 January 2024. The facility is a combination of debt and equity, with a placement of $4,044,587 at a price of 4.482 cents for an issue of 90,240,674 ordinary shares, and a debt component of $6,955,413 that the Company is seeking shareholder approval to convert at a price of 4.482 cents at an upcoming extraordinary general meeting which would result in a further issue of 155,185,475 ordinary shares.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Linda Jenkinson

Non-Executive Director and Chair

29 February 2024

UHY Haines Norton
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Vinyl Group Ltd (formerly known as Jaxsta Limited)

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vinyl Group Ltd (formerly known as Jaxsta Limited) ("the company"), and the entities it controlled during the half-year (together "the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vinyl Group Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report* performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the half-year financial report, which discloses that the Group's ability to continue as a going concern. The matters described in Note 1 of the half-year financial report, indicate a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half-year financial report. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

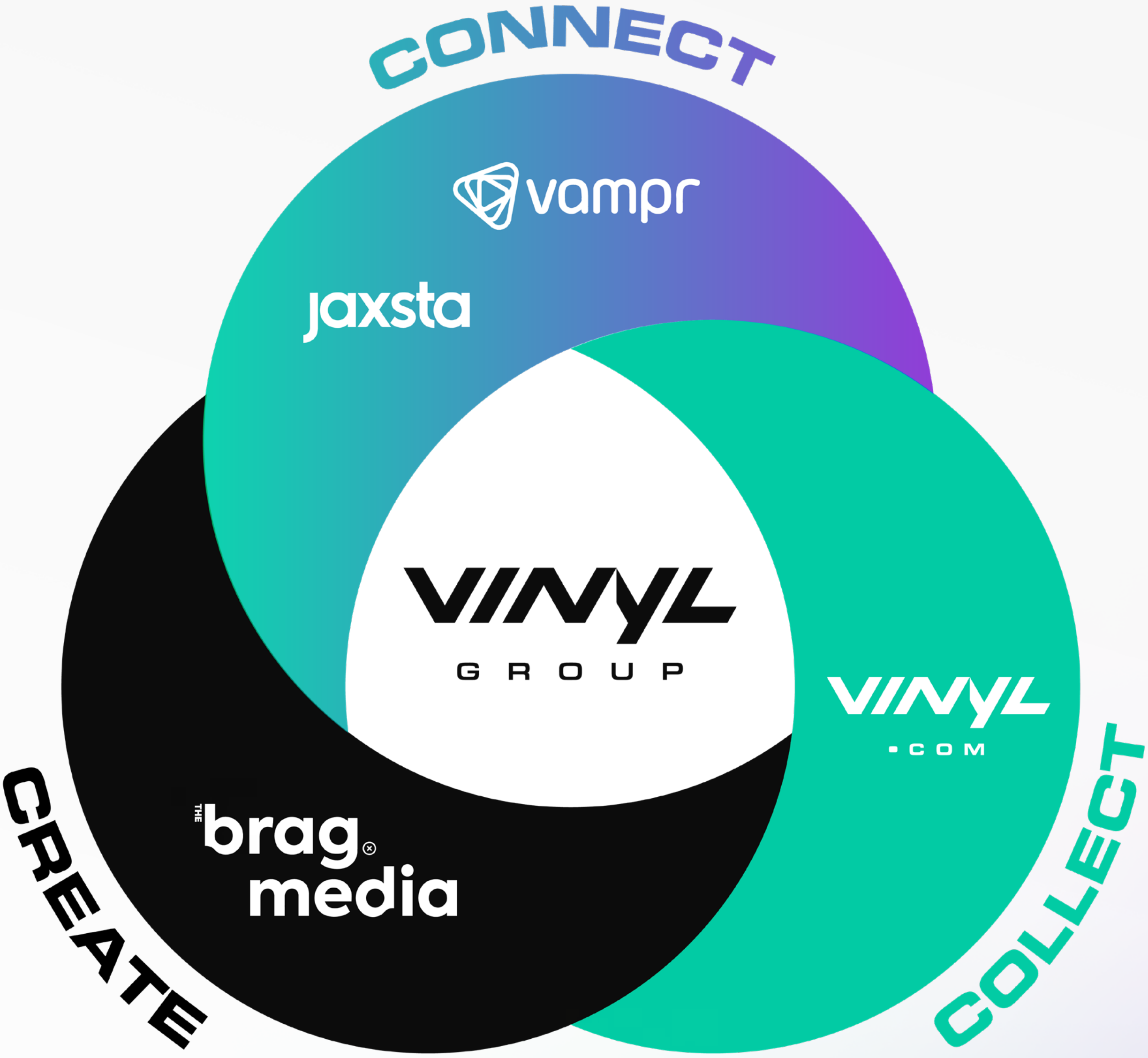
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
Dated: 29 February 2024

UHY Haines Norton
Chartered Accountants



Vinyl Group Ltd

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