VINYL GROUP

Quarterly Activities Report

Q1 FY25

31 October 2024

Quarter Highlights from the CEO

Dear Shareholders,

Please find highlights from the quarter below:

- Revenues grew $545K to a record $2.759M or 25% QoQ
- Company completed the acquisition of Mediaweek and Serenade Sound
- Company announced a further acquisition of Funkified Events to be completed in the current quarter
- Our team has worked on back end changes to reduce the cost of our Jaxsta infrastructure moving forward from the December quarter onwards

We have since completed various critical transactions in October to keep building on our growth strategy including:

- The launch of Vinyl.com into the UK
- Signed a two year agreement to represent Songtradr's digital advertising assets across its portfolio of brands
- Conversion of convertible note has reduced debt by close to $1.6M and aided the acceleration of the exercise of options that has brought in $1.8M to cover the up front costs of the acquisitions
- We are also looking forward to our AGM to further show the continued progress in our strategy

Our focus this quarter is to finalise integration of our acquisitions and realise the efficiencies and improved margins in the most expedient manner.

All figures unaudited.

Josh Simons - Chief Executive Officer and Executive Director

Quarterly Traction

We have grown revenues by

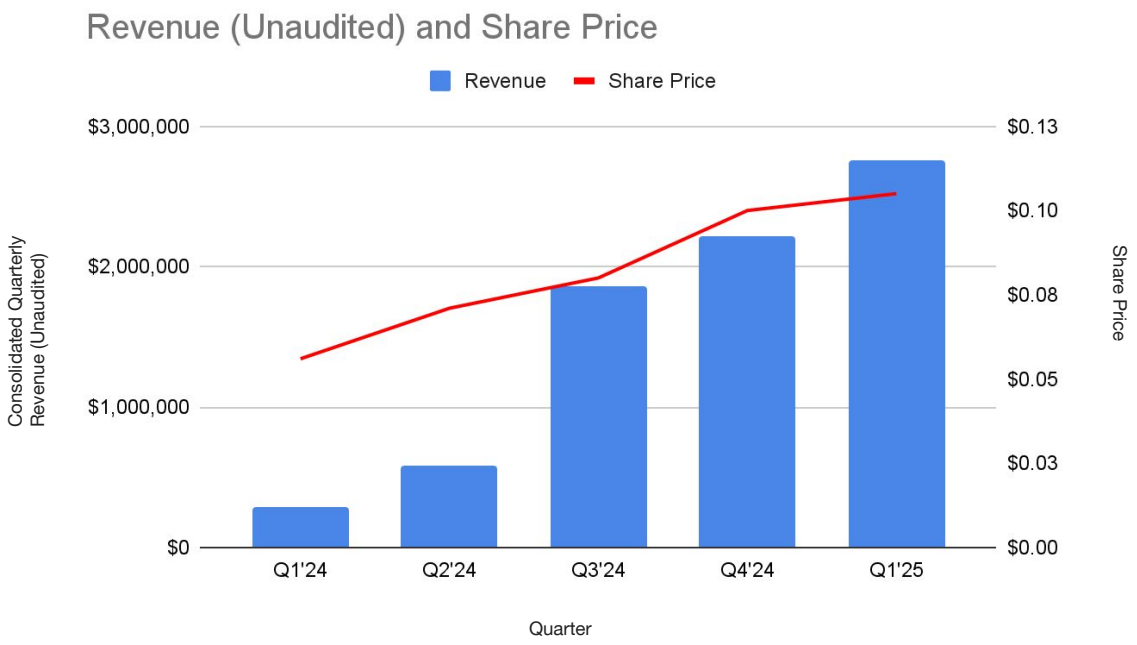
25% QoQ

And compared with last year

847%

Q1'25 vs Q1'24

Quarter also included initial revenues from Mediaweek for a portion of September only. The next quarter should reflect it for the full quarter along with Serenade.



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Cash Position

Our cash reserves decreased by $589K, which included the $479K payment for the Mediaweek purchase. Additionally our operating cash flows deteriorated by $724K, mostly led by the drop in quarterly customer receipts of $631K. This was due to the timing of our revenues during the quarter. We generated 81.2% of the quarter's revenues in the last two months of the quarter, with 50% in September alone, pushing out a significant portion of customer receipt collections to the December quarter.

	Q4'24	Q1'25	Difference
Cash Balance	$4.132M	$3.544M	($589K)
Operating Cash Flows (1)	($1.645M)	($2.394M)	($749K)
Receipts from Customers	$2.590M	$1.959M	($631K)
Impact of timing of collections* (2)		$0.864M	
Normalised Cash Flow (3 = 1 + 2)	($1.645M)	($1.530M)	$115K

The increased revenues and the completion of the ANREO in July have resulted in an improvement in our working capital position as we exit the quarter with $1.1M surplus working capital. The impact of the option exercise in October of $1.8M, will cover the up front costs of the acquisitions whilst allowing us to get the enhanced results from these new ventures whilst our established business units continue to improve results.

All figures unaudited.

	Q4'24	Q1'25	Difference
Cash	$4.132M	$3.544M	($589K)
Trade & Other Receivables	$1.731M	$3.452M	$1.721M
Trade Payables	($2.089M)	($2.160M)	($71K)
Working Capital	**$3.774M**	**$4.835M**	**$1.061M**

* Based on timing of revenues quarter over quarter

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Summary of cash position and expenditure

Financial Position as of 30 September 2024:

- Cash and cash equivalents: $3.543 million
- Final balance of Entitlements Offer added $2.63 million in July with a further $1.8 million received in October from option exercises

Overall Operating Cash Flow Details:

- Operating net cash burn: $2.373 million, a 33% increase from the previous quarter's $1.645 million
- The overall net cash burn quarter-over-quarter increased due to:
  - Delayed collections due to the timing of revenues in the quarter
  - $87K in integration and redundancy costs for the media business
  - One-time costs to legal work on acquisitions and end of year activities such as audit and annual listing fees.

Quarterly Cash Flow Analysis:

- Cash from customers decreased by $631K to $1.958 million, a decrease of 24% due to more than 81% of the revenues being generated in the latter end of the quarter shifting collections to the December quarter
- Decrease in staff costs of $127K from the changes implemented in the June quarter
- Increase in product and platform operating costs by $201K from increased volume during the quarter in the Media and Retail businesses
- Increase in research and development costs by $27K for tech platform work, front he continued optimisation and backend infrastructure refactoring Jaxsta
- Increase in office space costs of $21K for the quarter as we had a full quarter's expenditure that also accommodate our Mediaweek team
- Decrease in sales and marketing costs by $216K due to a large marketing Media spend in prior quarter and a delayed ramp up in digital advertising to align to holiday period
- Increase in general and administrative costs by $187K due to legal work on acquisitions and end of year activities such as audit and annual listing fees.

During the quarter, the business funded its operating activities from its working capital reserves.

Payments to related parties and their associates:

- The Company had no payment to its related parties comprising salaries, directors fees, reimbursable expense payment to directors including executives who were directors during the past six months, except salaries to the executive director of $73,333. No payments were made to associates of any related parties.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Vinyl Group Ltd

ABN

15 106 513 580

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter $A'000	Year to Date $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,959	1,959
1.2	Payments for		
	(a) research and development	(247)	(247)
	(b) product manufacturing and operating costs	(1,651)	(1,651)
	(c) advertising and marketing	(249)	(249)
	(d) leased assets	(77)	(77)
	(e) staff costs	(1,408)	(1,408)
	(f) administration and corporate costs	(746)	(746)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	25	25
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,394)**	**(2,394)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(479)	(479)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-

2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	(479)	(479)

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,599	2,599
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(260)	(260)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(54)	(54)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,285**	**2,285**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,132	4,132
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,394)	(2,394)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(479)	(479)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,285	2,285
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,544**	**3,544**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,472	4,060
5.2	Call deposits	72	72
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,544**	**4,132**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	61
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

This includes the salaries, directors fees, reimbursable expense payment and travel allowances payable to directors, including the Chief Executive Officer who is now Executive Director.

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Vinyl Group funds its insurance policies through Principle Finance Pty Ltd, who charges a flat rate of 6.75% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 30 June 2024, the loan facility derived from the insurance policies was $54,409.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,394)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,544
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,544
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	1.48

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, first there was a timing issue on our revenues that came late in the quarter pushing out collections to the December quarter. Our quarterly revenues were $2.7M compared to collections of $1.9M. the Company enacted cost saving measures in the previous quarters that are taking effect through this quarter and the next, in addition to the additional margins to generate from our Mediaweek acquisition.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: We have taken three action:

1 - We have enacted cost savings in prior quarters that will continue to materialise in the coming quarter

2 - We have added our Mediaweek acquisition and will complete the Funkified acquisition to improve our operating cash flows.

3 - We have received $1.8M in funding from the exercise of options in October to add to our reserves.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: We do. The additional funding and improved margins through our acquisitions and improved business volumes of our established business lines will improve our ongoing operations. The Company will also use its positive working capital position of $1.061M to further improve reserves.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31/10/2024
.....

Authorised by: The Board
.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.