ASX Release

VINYL GROUP COMPLETES FUNKIFIED ACQUISITION

HIGHLIGHTS:

- Complete the previously announced acquisition of Funkified Entertainment Pty Ltd for $2.5M; $1.8M cash, $200K shares, $500K deferred performance shares
- Brings our events function and capabilities in-house; improves margins and accelerates growth
- FY24 turnover of $4.03 million and $430K EBITDA

Melbourne, Australia, 9 December, 2024: Vinyl Group (ASX: VNL), Australia's only ASX-listed music Company, has completed the acquisition of Funkified Entertainment Pty Ltd via a Share Sale Agreement.

Funkified is an end-to-end events and brand activations business founded in 2009. It has served as The Brag Media's in-house events arm since 2021, and as a brand activation agency, white-labels for some of the largest advertising and creative houses in Australia.

Vinyl Group has acquired 100% of the issued capital in Funkified Entertainment Pty Ltd in exchange for $1.8M in cash and $200K in shares valued at the fifteen (15) day Volume Weighted Average Price (VWAP) of Vinyl Group shares on the ASX for the period immediately preceding the Completion Date. This resulted in the issue of 1,692,105 ordinary shares at a price of $0.1182 per share. These shares are subject to a twelve (12) month escrow from the date of issue. The cash portion will be paid in two equal tranches of $650K, the first tranche completed at the Completion Date and the second to occur no later than six months after the Completion Date, with a further $500K deposited into an escrow account at completion as security for 12 months from the Completion Date.

A further $500K in Vinyl Group shares will be paid to the shareholders of Funkified, contingent on Funkified achieving a minimum Earnings Before Interest and Taxes (EBIT) target of $500,000 in the 12 months following the Completion Date, and will include a review of deals closed prior to the end of this twelve month period but delivered by no later than 31 January 2026. These shares will also be subject to the above escrow conditions and valued at the fifteen (15) day Volume Weighted Average Price (VWAP) of Vinyl Group shares on the ASX for the period immediately preceding issue.

Funkified Founder & CEO Gus Stephenson has entered into a full-time employment agreement with Vinyl Group to lead Funkified to achieve its performance goals. To incentivise performance, Stephenson has been issued five million options as part of the commencement of employment with Vinyl Group, vesting in four equal tranches following each subsequent anniversary of his employment and provided his ongoing employment during this Term. These Options have a seven-year term and have an exercise price of 167% of the price at time of issue.

Funkified unaudited revenues for the 2024 financial year amounted to $4.03M, with an EBITDA of $430K. Integrated under The Brag Media operation, Vinyl Group expects to realise immediate margin improvement

as a result of this acquisition. Group operational efficiencies will include Funkified managing the Mediaweek events schedule.

Vinyl Group CEO, Josh Simons, said: “The Funkified acquisition presented an opportunity for the Company to deliver on its stated mission to improve margins across the board this financial year whilst also enjoying the benefits of working with a team who are already integrated and aligned. We look forward to reporting these results in the upcoming quarters where we expect the value of this deal to be realised.”

Funkified Founder & CEO, Stephenson, said: “It has been nothing short of a pleasure navigating the completion of our acquisition with Josh and his team. Joining the Vinyl family will allow the industry-leading Funkified events and activation planning blueprint to be used to affect not only immediate cost savings within the group stable, but to create and ideate major event opportunities in both domestic and international markets. My team are excited to start the next chapter and comprehensively realise the ambitions and goals of Vinyl Group’s events and experiential strategy.”

Authorisation and Additional Information:
This announcement was authorised by the Board of Vinyl Group Ltd

Vinyl Group Investor Relations:
E: investors@vinyl.group

-Ends-

ABOUT VINYL GROUP

Vinyl Group is the heartbeat of an equitable music world, providing tech solutions that connect music creators, fans and brands. 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. Serenade is a Web3 pioneer of physical and digital collectibles that has served over 200+ global artists. 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.