



Quarterly Activities Report

Q2 FY23/24

11 January 2024

Internal use only

Letter from the CEO

Dear Shareholders,

Happy new year! It is my great privilege to address you in this first quarterly update since rebranding as Vinyl Group.

Since day one of becoming CEO, my commitment and focus has been on achieving consistent, meaningful revenue growth while optimising operational efficiency, resulting in increased cash flows. We have previously communicated this objective as our primary Key Performance Indicator for FY24.

I am pleased to report that Vinyl Group has delivered its fifth consecutive quarter of positive growth. **Promises made, promises kept.**

The last three reported quarters show an average quarterly cash growth rate of 109%. This equates to an almost **threefold increase in cash receipts** since being appointed CEO. It's also important to highlight that these figures do not include The Brag Media's revenues.

We've been working closely with the Brag team, since announcing the milestone acquisition in December 2023, identifying key efficiencies, synergies and opportunities in order to hit the ground running following the expected transaction close on January 31, 2024. Vinyl Group's financial profile will be substantially expanded once the Brag business is integrated with the consolidated pro forma unaudited revenues being \$9.5 million for the calendar year ended 31 December 2023 compared to \$1.2M for Vinyl Group without the Brag revenues for the same period.

I want to acknowledge the incredible efforts of our team throughout the last year. The team have been focused on building the best e-commerce experience with Vinyl.com; integrating music credits with the Vampr experience; and a new small-business focused Boutique tier of the Jaxsta service. All of these initiatives helped contribute to our biggest quarter to-date across our scalable models.

In closing, I wish to express my gratitude for your continued trust and support. We are incredibly excited about the future as the company continues its transformation into a sustainable, profitable key global contributor to the creator economy and music industry.



A handwritten signature in black ink that reads "Joshua Simons". The signature is written in a cursive, flowing style.

Josh Simons - Chief Executive Officer

Mission

Jaxsta Ltd is now Vinyl Group Ltd (ASX: VNL).

Vinyl Group provides world class tools to power the music ecosystem – musicians, industry professionals and fans alike.

Our 2024 objective is to increase shareholder value by growing revenue and moving towards profitability through a laser focus on organic growth and strategic acquisitions.



Strategic Acquisition

To fast track these efforts we entered into a binding Share Sale Agreement to acquire The Brag Media:

- Brag Media is a publishing and events business with about 10M MAUs across its brands
- It delivered \$8.5M in revenue and \$350K in profit in FY23, a continuation of which will bring VNL closer to profitability
- MD & Publisher Luke Girgis to join VNL, continuing to lead The Brag Media division

The acquisition was in the form of an \$8M cash deal with a cash/stock earn out supported by the closing of a new \$11M funding facility from Richard White.

THE brag[®] media

AUSTRALIA'S BIGGEST YOUTH PUBLISHER

The Brag Media business will benefit VNL family of brands by:

- Providing the platforms to weave Brag's content into our vibrant tapestry, amplifying our voice and visibility
- Significantly expanding our reach and sales opportunities; in both magnitude and scope
- Enhancing existing user experiences, cross-selling existing services utilising Brag's sales expertise
- Brag becomes a fourth key pillar to our overall identity, with profits assisting to scale existing tech ventures
- Realising and enabling our convergence of music, media, and tech properties and capabilities

Strategic Acquisition

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%¹ 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.

¹ Numbers provided by The Brag Media

THE **brag**®.media

AUSTRALIA'S BIGGEST YOUTH PUBLISHER



Highlights from the quarter

We have grown revenues by

309% HYoHY

Vinyl.com holiday growth

297% QoQ

Estimated calendar year 2023
pro forma revenue including Brag

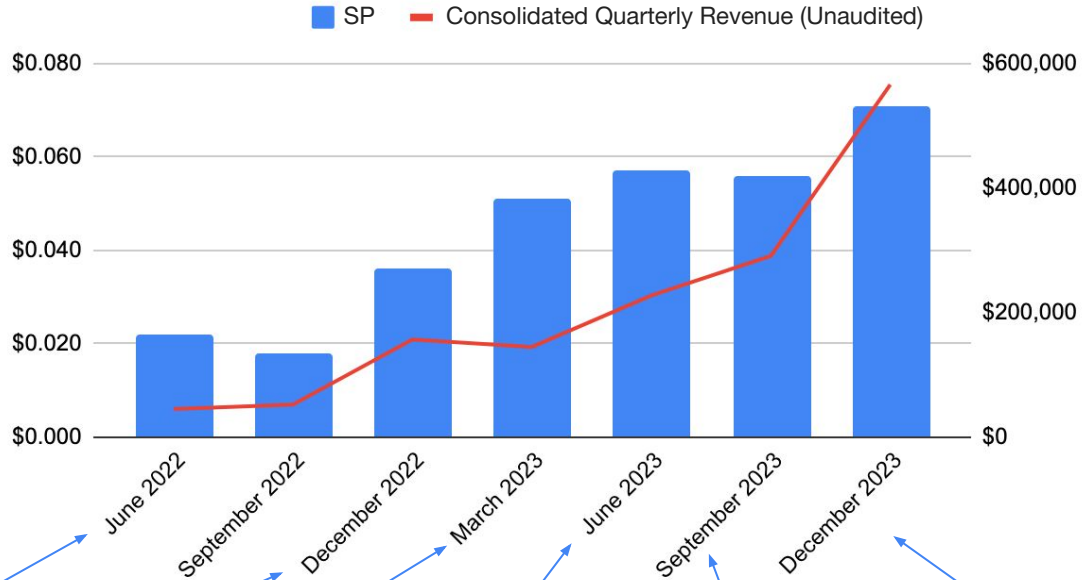
\$9.5M

Further efficiencies in-line with our cost saving drive are expected to be unlocked through shared back office, sales resources and digital tools and services following completion of the The Brag Media acquisition

All revenue figures are unaudited

Traction

Share Price vs Quarterly Revenue (Unaudited)



Investment & Turnaround plan



announced



acquisition announced

Vampyr completed; Vinyl.com launch; \$3M placement

Josh Simons appointed CEO; Songtradr converts note #1

brag media acquisition announced; \$11M funding acquisition, working capital facility

Our Brands

Jaxsta is the world's only official music credits database.

jaxsta

Highlights

Introduced works to recording matching as a solution for administrators of rights holders, with a 97% match rate

Work

LOVE STORY
by Taylor Swift
Matched to 134 Recordings

Credits

Composer Lyricist Taylor Alison Swift
▶ 1 Territory

Original Publisher SONY/ATV TREE PUBLISHING
▶ 1 Territory

Original Publisher TAYLOR SWIFT MUSIC
▶ 1 Territory

Updated: 16th July 2022

Love Story
by Rockabye Baby!
From Lullaby Renditions of Taylor Swift
2010
Song

Love Story
by White Knight Instrumental
From Instrumental Covers of Taylor Swift
2020
Song

Love Story
by Midsixte String Quartet
From M62 Performs Taylor Swift
2016
Song

+131 more

Introduced Boutique Business Membership tier

Boutique

For boutique organisations, designed to enable growth of your business and client's career

What's included:

- 1 user license
- Claim and manage 5 profiles
- Embeddable One Sheet for each profile
- Credit amendment program
- Roster Dashboard
- Share Awards & Certifications digital plaque
- Set Credit and Chart Alerts
- 100 searches per month per user
- Search by UPC/ISRC

\$199 USD /Year

Buy

Achieved four consecutive quarters of record high revenue



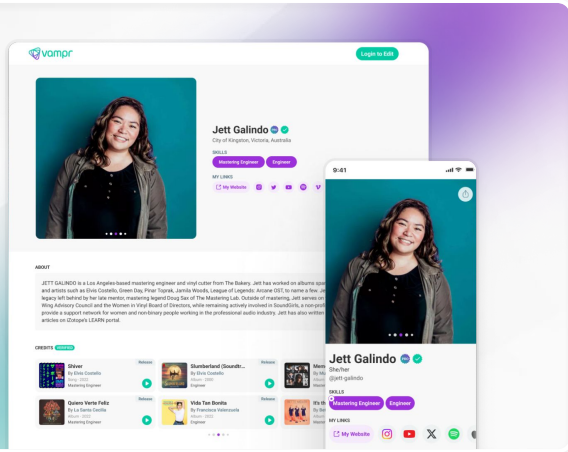
Our Brands

Vampr is the leading social-professional network and talent marketplace, helping creatives in 180+ countries, find people to collaborate with to create new music and monetize their work.

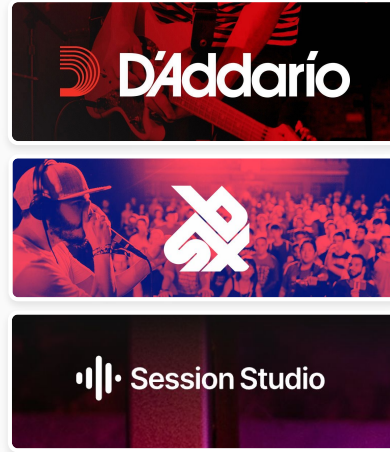


Highlights

Introduced Credits and Verification as the first phase of integrating Jaxsta Creator features into Vampr and the Vampr Pro subscription tier



Achieved partnerships with D'Addario, Session Select and Swiss Beat Box



Fulfilled 100% sales of advertising inventory with brands including Musicians Institute, Electro-Voice, Kali Audio



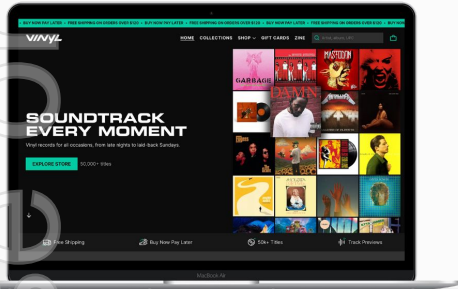
Our Brands

Launched seven months ago, Vinyl.com is an online record store that allows music fans to easily buy their favourite record while allowing them to browse liner notes as though they are digging through crates, exploring who did/played what on each album and more. Our offer to music fans is an extensive growing catalog of over 50,000 records across all genres, powered by Jaxsta Official Music Credits, verifying every creative contribution on every recording.

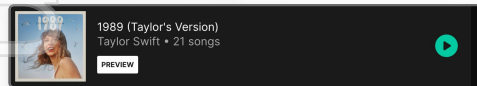


Highlights

In-house tech and complete rebuild with world-class UX



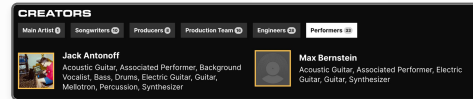
Album track previews



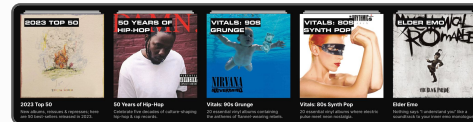
Enhanced payment including BNPL



Deeplinked credits



Curated collections



+ Mega menu, advanced search and introduced pre-orders.

Brand growth through 6 vinyl influencers joining affiliate program



Hip Hop By The Numbers
@HipHopNumbers
281.1K Followers



vinylchucks
480 posts 4,490 followers



thegrapevinyl
5,029 posts 23.4K followers

Grew mailing list to

6,400+



Summary of cash position and expenditure

Summary of cash position and expenditure:

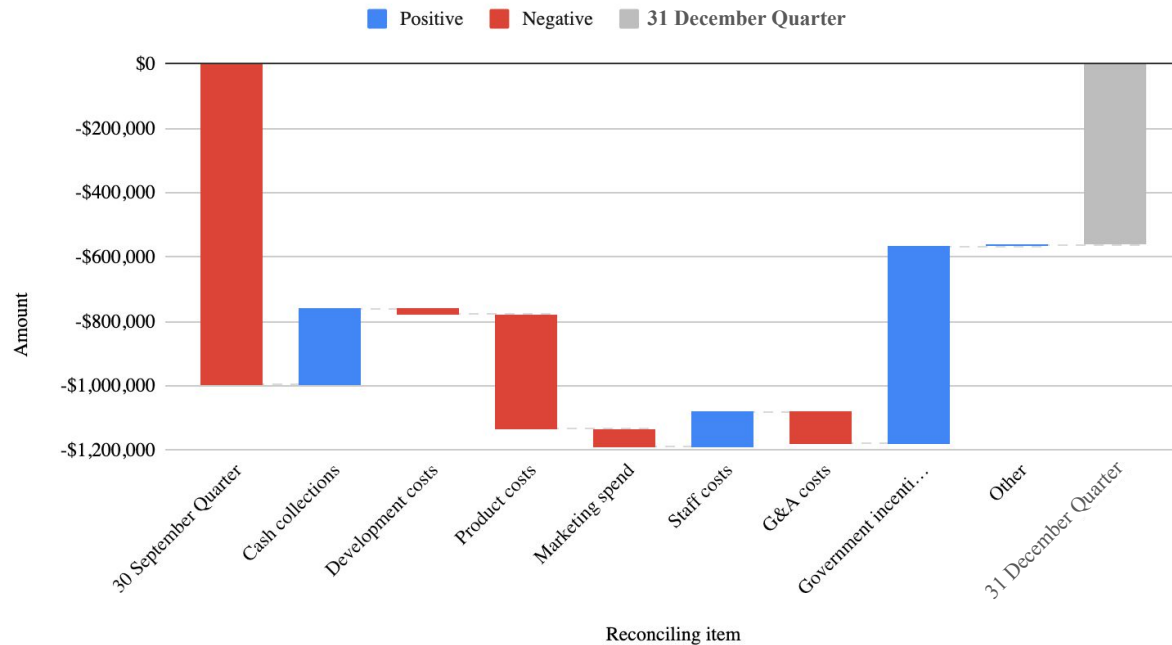
- As at 31 December 2023, Jaxsta had \$1.248 million in cash and cash equivalents. The company had an operating net cash burn of \$0.559 million, which was a 44% decrease on the previous quarter's \$0.996 million operating net cash burn. This was largely due to a the receipt of the R&D tax incentive during the quarter.
- Cash from customers increased to \$524K, which was an increase of \$263K from the previous quarter.
- When looking at the Company's cash expenditure for the quarter and comparing it to the quarter ending 30 September 2023:
 - There was a decrease in staff costs of \$111K from redundancies initiated in the previous quarter;
 - There was an increase in product and platform operating costs of \$352K from increased holiday sales of Vinyl.com and the extension of data contracts;
 - There was a \$22K increase in research and development costs from the work on our Vinyl.com and Vampr platforms;
 - There was an increase of \$60K in Sales and Marketing costs from the increased holiday campaign for Vinyl.com;
 - There was an increase of \$123K in general and administrative costs from a mix of increased audit costs and Brag transaction costs incurred in the current quarter.
- 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. No payments were made to associates of any related parties.

Cashflow comparison

31 December 2023 Quarter Cash Flow Variance



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")

31 December 2023

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	524	785
1.2 Payments for		
(a) research and development	(221)	(419)
(b) product manufacturing and operating costs	(588)	(824)
(c) advertising and marketing	(195)	(330)
(d) leased assets	(2)	(4)
(e) staff costs	(396)	(903)
(f) administration and corporate costs	(327)	(534)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	639	661
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(559)	(1,555)
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	-	-
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	-	-

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

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	(5)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(25)	(158)
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	(25)	(163)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,832	2,966
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(559)	(1,555)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(25)	(163)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,248	1,248

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	1,198	1,283
5.2	Call deposits	50	550
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)	1,248	1,833

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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 and Chief Financial Officer.

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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.

Jaxsta funds its insurance policies through Principle Finance Pty Ltd, who charges a flat rate of 5.19% and secure the loan against the rights in the policy. Interest and principal are repaid in monthly instalments. At 31 December 2021, the loan facility derived from the insurance policies was nil as it completed its annual policy cycle.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(560)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,248
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,248
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.23

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:

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:

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:

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.

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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: 11/1/2024
.....

The Board
Authorised by:
(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.

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