



ASX Release

VINYL GROUP ACQUIRES WEB3 PLATFORM SERENADE

HIGHLIGHTS:

- Purchased the assets of Serenade, including the shares of its UK subsidiary, in an all scrip deal
- Accelerates expansion of Vinyl.com to UK and European markets while adding physical and digital collectables to the platform
- Breakeven acquisition on a proforma basis
- Upfront scrip payment of \$800K; further scrip earn-out of \$1.5M based on P&L targets

Melbourne, Australia, 30 September, 2024: Vinyl Group (ASX: VNL), Australia's only ASX-listed music Company, has entered into and completed an agreement to acquire the assets of London-based Serenade ("the Business"), a Web3 pioneer of physical and digital collectibles, through a Business Deed Sale, which includes 100% of the shares of the Business' UK subsidiary.

Serenade's digital marketplace has served 200+ global artists including Liam and Noel Gallagher, Muse, Sum 41, Twenty One Pilots and Thirty Seconds to Mars while sales of their NFC-enabled Smart Formats have grown 56% MoM since launching in January 2024, with a total of 12,000 units sold in H1 2024.

Serenade has commercial partnerships with 100+ record labels including Warner Music Group, Beggars Group, Concord, Glassnote, FUGA and PIAS. It will operate alongside our Vinyl.com brand with the goal of improving the gross margins of our fastest growing division.

The blockchain Business' unaudited annualised revenues will add to a combined proforma revenue run rate of \$2M for our Vinyl.com business, with Serenade itself operating breakeven upon joining Vinyl Group, selling their unique NFC collectables to artist superfans. Serenade has been in active discussions to expand their offering beyond music to sport and other entertainment verticals.

Vinyl Group has acquired 100% of the assets of Serenade (excluding their R&D receivable) in exchange for \$800,000 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 which is \$0.09739, for a total of 8,214,274 ordinary shares. These shares will be subject to a twelve (12) month escrow from the date of issue.

A further \$1,500,000 in shares will be paid to the shareholders of Serenade, contingent on the combined business of Vinyl.com and Serenade achieving a minimum revenue target of \$4,000,000 and Earnings Before Interest and Taxes (EBIT) of \$500,000 in the 12 months following the Completion Date. These shares will be priced at the fifteen (15) day VWAP of Vinyl Group shares on the ASX for the period immediately preceding the end of the 12 month performance period.

The Company will also purchase Serenade's UK subsidiary on a debt-free, cash-free basis, free of any and all encumbrances, for \$1.00 with a 1 month put option, for the purposes of expediting the expansion of the Vinyl.com business into the UK and European markets.

As part of the deal, key Serenade employees have joined Vinyl Group. Serenade CEO Max Shand has entered into a full-time employment agreement with Vinyl Group, to both lead Serenade to achieve its performance goals while also helping to rapidly accelerate the Vinyl.com business, expanding its product offerings into physical and digital collectables whilst launching into additional markets. To incentivise performance, Shand will receive five million options upon sale completion, vesting in two equal tranches. The first tranche vests upon the combined business of Vinyl.com and Serenade achieving 12 month post-completion goals of \$4,000,000 in revenue and \$500,000 in EBIT, aligned with the performance scrip offered to Serenade shareholders. The second tranche vests on the second anniversary of the employee's employment. These Options will have a 7 year term and will have an exercise price to be agreed between the Purchaser and Mr Shand prior to issue of the Options.

The deal was completed over the weekend, with the buyer giving notice to the Seller that Due Diligence had been satisfied. Vinyl Group has agreed to pay the verifiable legal and accounting costs of Serenade capped at \$20,000.

Vinyl Group CEO, Josh Simons, said: "Max Shand has built Serenade into a business with significant potential, and through our acquisition of the platform, we'll put the resources into Serenade to allow it to reach that potential. Vinyl Group is, at its core, a tech business and this was a great opportunity to expand our tech offering. We look forward to welcoming Max and other key members of the Serenade team to Vinyl Group."

Serenade CEO, Max Shand, says: "I'm thrilled to announce the acquisition of Serenade by Vinyl Group, Australia's only ASX-listed music company. From our very first conversation, it was clear that Josh, Jorge, and the Board shared our vision for supporting artists and audiences through outstanding music products, and so I'm excited to see how this partnership accelerates our impact. I also want to acknowledge the incredible Serenade team, whose passion, integrity, talent, and dedication made this all possible."

Authorisation and Additional Information:

This announcement was authorised by the Board of Vinyl Group Ltd

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ABOUT VINYL GROUP

Vinyl Group is the heartbeat of an equitable music world, providing tech solutions that connect and give credit to the creator economy. The Company's diverse portfolio has touchpoints across all corners of the global music ecosystem, empowering everyone from creators to consumers. Vinyl.com offers a world-class ecommerce experience including over 50K titles for fans to support their favourite artists. Vampr is 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. 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.