



MEGASTAR: REDUCING COSTS AND EXPANDING REACH

Global digital technology and entertainment company, MSM Corporation International Limited (ASX: MSM) ("MSM" or the "Company") is pleased to confirm its licensing and funding strategy.

- + **MSM Licensing strategy is intended to:**
 - **Expand the reach of the Megastar Platform**
 - **Reduce the operating costs of the Company as the intention is for the costs associated with the operation of the platform and the competitions to be borne by the licensees**
- + **US Capital raising intended to cover the cost of Megastar's US operations**
- + **Entitlement Offer closed 5pm WST Friday 8 June 2018**
- + **Commitments received to subscribe for the full amount offered under the Entitlement Offer. These commitments are not subject to termination events such as those linked with market or share price performance**

Commercialisation of Megastar through licensing strategy

The Company's key objective is to develop and commercialise the online talent search contest platform known as "Megastar" ("Platform"). The Company successfully completed the development of the Platform and completed the first full World Wide Tournament One ("WWTI") in the US, UK, Canada, Australia, South Africa & New Zealand (Oct - Dec 2017). There were more than 435,000 installs of the Megastar mobile application as of 12 December 2017 (refer announcement dated 19 December 2017).

As previously announced, it is the Company's strategy to enter into agreements with a view to commercialising the Megastar brand, Platform, data and content in all markets outside North America under licensing arrangements (refer announcement dated 21 May 2018).

The Board believes that based on WWTI results, such licensing arrangements have the potential to generate valuable and compelling user audiences capable of monetisation through advertising and fan participation. MSM's licensing strategy is intended to expand the reach of the Megastar Platform as well as reduce the operating costs of the Company as the intention is for the costs associated with the operation of the platform and the competitions to be borne by the licensees.

As announced on 4 and 5 June 2018, the Company has already entered into a binding heads of agreement with The Riva Group ("Riva") committing the parties to work together to launch Megastar as the premier digital talent discovery platform in India. The Board is continuing to consider other potential similar licensing arrangements in respect of other jurisdictions and the Company may enter into further licensing arrangements in the future. The Board will update the market as and when any such additional arrangements are executed.

Megastar India Joint Venture

In line with the aforementioned strategy, as announced on 4 and 5 June 2018, the Company has executed a binding heads of agreement with Riva, pursuant to which:

- + MSM and Riva intend to incorporate a new joint venture entity, which will enter into a license agreement with the MSM Group for the use of the Platform and the Megastar brand to operate talent competitions in India
- + The joint venture must pay MSM an annual royalty of 5% of gross revenue, with a minimum annual guarantee of US\$500,000. Regardless of actual revenue generated by the joint venture, MSM is entitled to receive a minimum of US\$500,000 per annum. The minimum payment guarantee is intended to drive the rapid mobilisation and monetisation of Megastar in India by MSM's joint venture partners. The first royalty payment is due to be paid to MSM by 30 June 2019 (regardless of actual revenue generated) and subsequent payment due annually thereafter
- + MSM will have a 15% shareholding in the joint venture which entitles MSM to 15% of profit distributions paid by the Megastar India joint venture to its shareholders. This 15% is free-carried and non-dilutable in perpetuity. For the avoidance of doubt, this non-dilutable, 15% free-carried shareholding is in addition to the 5% revenue royalty entitlement described above
- + The joint venture will pay all the costs of any building, testing and deployment of changes to the current Platform as specified by the joint venture for Megastar India

Please refer to the announcements of 4 and 5 June 2018 for additional information.

US capital raising

As announced on 22 May 2018, the Company is intending to undertake a two-stage capital raising through its wholly-owned US subsidiary, MSM Music Inc ("MSM-US").

By way of update in respect of the stage-one of the capital raising, the Company is pleased to advise that:

- + The present strategy is to raise between US\$3 million and US\$5 million by September 2018
- + The capital raising is intended to be undertaken pursuant to rule 506(c) of Regulation D under the US Securities Act of 1933 to 'accredited investors' (as defined in Regulation D) who are considered to be strategic to the MSM Group
- + The funds raised are intended to cover the costs of the US-arm of the business (refer to the announcement released on 22 May 2018 for a detailed use of funds)
- + The Company will retain a controlling shareholding in MSM-US

Please refer to the announcement released on 22 May 2018 and Entitlement Offer Prospectus dated 21 May 2018 and Supplementary Prospectus dated 31 May 2018 for further details regarding the proposed capital raising, including the associated risks.

Funding

The Company's 1-for-5 non-renounceable pro-rata rights issue at \$0.043 per new share, together with 1 free attaching option for every 4 new shares issued, to raise up to approximately AU\$3.67 million (before costs) closed at 5pm WST on Friday 8 June 2018.

The Company has received commitments to subscribe for the full amount offered under the Entitlement Offer. To address specific shareholder queries, the Board is pleased to confirm that these commitments are not subject to termination events such as those linked with market or share price performance.

Please refer to the Entitlement Offer prospectus dated 21 May 2018 and Supplementary Prospectus dated 31 May 2018 for further information.

FOR FURTHER INFORMATION CONTACT:

Media queries: press@msmci.com

Investor queries: Jane Morgan
Jane Morgan Management
P: + 61 (0) 405 555 618
E: jm@janemorganmanagement.com.au

ABOUT MSMCI

MSM Corporation International Limited ("MSMCI") is an online entertainment company that specialises in building and launching new digital entertainment products to audiences in the US, Great Britain, Australia, Canada, New Zealand and South Africa. MSMCI partners with local operators in non-English speaking markets to maximise the reach of its products and services globally.

MSMCI's flagship product is Megastar, a global, mobile-first talent competition, featuring performers of any category, who competed to win one Million US Dollars, a role in a film and various other prizes. Winners are chosen by fans voting in the competition through the Megastar App.

The first Megastar competition launched in MSMCI's six core markets with the App available for download from the Apple and Google Stores. Additional Megastar competitions will subsequently launch in non-English speaking markets via partnering and licensing agreements.

Megastar was founded by Adam Wellisch and Dion Sullivan in February 2014 and listed on the Australian Securities Exchange becoming MSMCI (ASX:MSM) in January 2016. The Company is currently headquartered in Sydney, Australia and Oakland, California, USA.

Visit www.msmci.com to learn more or to [sign up for the investor newsletter](#)

