Key Leadership

Paul Langworthy  
*Chief Executive Officer*  
17 years of experience in Media and Technology. Previously COO of 7digital. Held various positions in Music and Broadcast industries at Universal Music Group and YouView TV (BT/Talk Talk).

Tamir Koch  
*Non-Executive Chairman*  
President of eMusic.com, Inc., an online music and audiobooks store and brand founded in 1998. Founded several successful startups including Orca Interactive and Dotomi.

Mark Foster  
*Non-Executive Director*  
Music industry veteran with senior level experience at Arista, Polydor, Warner Music. Formerly MD UK and Ireland at Deezer and CEO of Arts Alliance. Currently Chair of MIDiA Research.

David Lazarus  
*Non-Executive Director*  
**Investment Highlights**

- First step to become a key strategic part of the backbone of the music industry
- Serves the top echelon of the industry including UMG, TikTok, BBC
- Moving from a project to a product-based offering to increase customer base and enhance revenue and profitability
- Opportunity to offer a restricted catalogue model subsidised by enterprise
- New partnership with eMusic intended to deliver new market opportunities, exclusive catalog, and supply chain efficiencies leveraging blockchain technology
- Eliminating the going-concern issues should restore valuation to more appropriate levels
A Challenging Year

- Poorly defined strategy, not translated into execution plan
- Too much customisation in service offerings
- Poor Sales Management and execution
- Financial reporting and budgeting challenges
- Loss of MediaMarktSaturn as a customer
Established Recurring Revenue

- 34+ Services
- 187 Million Monthly Streams
- 1.8 Billion API Monthly Calls

Cloud Based Platform
- 81 Million Tracks in Catalogue
- 900k Labels & Publishers

Music License Expertise

Creative Content

Download Store in 21 Countries

Worldwide Rights
Established Customer Relationships

- i.am+
- Global Eagle
- Digster
- UNIVERSAL MUSIC GROUP
- Fender
- TikTok
- HOUNDIFY
- TRILLER
- youSee
- ONKYO
- BBC
### Summary Financials & Key Highlights

#### Highlights

- Record revenue of £19.9m achieved, a 19% growth over 2017
- Gross profit increased by 24% to £14.7m
- Overall gross margin increased to 74%
- Adjusted EBITDA loss for 2018 was £2.5m
- Announced a reduction in headcount of c35% across the UK, Denmark and the US

<table>
<thead>
<tr>
<th>Results for the 12 months ending 31 Dec</th>
<th>2018 £’000</th>
<th>2017 £’000</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>19,912</td>
<td>16,733</td>
<td>3,179</td>
<td>19%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(5,185)</td>
<td>(4,878)</td>
<td>(307)</td>
<td>(6)%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>14,727</td>
<td>11,855</td>
<td>2,872</td>
<td>24%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>371</td>
<td>509</td>
<td>(138)</td>
<td>(27)%</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(27,223)</td>
<td>(17,515)</td>
<td>(9,708)</td>
<td>(55)%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>(2,509)</td>
<td>(1,788)</td>
<td>(721)</td>
<td>(40)%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(2,090)</td>
<td>(2,153)</td>
<td>63</td>
<td>3%</td>
</tr>
<tr>
<td>Adjusted operating loss</td>
<td>(4,599)</td>
<td>(3,941)</td>
<td>(658)</td>
<td>(17)%</td>
</tr>
<tr>
<td>Share based payments</td>
<td>(173)</td>
<td>(86)</td>
<td>(87)</td>
<td>(101)%</td>
</tr>
<tr>
<td>Taxation on continuing operations</td>
<td>334</td>
<td>380</td>
<td>(46)</td>
<td>(12)%</td>
</tr>
<tr>
<td>Finance charges</td>
<td>(70)</td>
<td>(55)</td>
<td>(15)</td>
<td>(27)%</td>
</tr>
</tbody>
</table>
OUR MISSION

Is to be the global source of music data for all digital service providers.
Recorded Music Market is Growing

- Recorded music revenues growing for the 4th consecutive year
- Music streaming revenue worldwide is projected to almost double from 3.3 billion U.S. dollars in 2015 to 6.22 billion U.S. dollars in 2020¹
- 73% of people listen to music every day for an average of 2.4 hours
- More people listen to music than view social media
- 82% of people don't have a paid subscription²

Sources: 1. Statista.com 2. Audiençenet Audiomonitor report 2018

$18.8 Billion Total Addressable Market (2018)
Strategy to Monetise Untapped Market

Labels / Rights Holders

• Monetise the 85% of music listeners who will not pay 9.99 per month
• Access new large scale channels
• Take advantage of new economic models
• Inputting into 7digital Strategy

Digital Service Providers

• Access to more content
• Exclusive catalogue
• Efficiencies in metadata, tracking and reporting

Consumers

• Great value music service for free or low cost
• Music is consumed on any device
• Different listening options for different demographics

Enterprise (e.g. MVNO)

• Dramatic reduction in churn rate offsets high acquisition costs and increases LTV
• Service differentiation
• In channel cross- and up-sell opportunity to increase ARPU

Value Proposition
The New Enterprise Product Offering

- **Self-brand** music streaming service
- Provide a **full service solution**, where no music industry expertise is required by the enterprise customer
- ‘Lean-Back’ Experience
- iOS/Android App build, release and support
- Ongoing feature development
- Free to the user or lower priced tiers
- Integrating with enterprise clients’ CRM tools
- Agreed rights holder licensing framework
- Powerful churn reduction tool
- Initially UK and US focussed
Why?

- Customer acquisition costs almost 50x more than retention (Source: Computer Weekly)
- 7digital has shown bundled music services can reduce annual churn by 60%
- Fast growing space, even major players have taken note
- Global market projected to reach $102bn by 2023, growing at a CAGR of 10.6% from 2017 to 2023
- Advent of 5G will lower barriers of entry for new MVNOs even further
- Smaller size (relatively) means they can make quick decisions
- Already comfortable working with third party providers
- New management has close ties and contacts within the space

• ~100 in the UK, ~300 in the US
• Need differentiated offering to win share from incumbents
• Initial focus on UK before expanding to USA

Source: FCC - 32 FCC Rcd 8968
**Enterprise Business Model**

**PaaS Fees**
*(monthly recurring revenue)*

- Access to platform, applications and music content
- Fees increase according to volume of users
- Even small penetration in large customer bases drives significant revenue
- Single platform for all customers
- Support & maintenance included
- Billed monthly in advance

**Limited Project Work**
*(professional services)*

- Deployment service (one off)
- Training service (one off)
- Label contracting consulting service (one off)
- Label reporting service (ongoing)
- Paid upfront
Fundraise of £6.5M

- Consortium purchased/converted £585,932 of outstanding notes and interest
- Consortium invested £1.3 million of ordinary equity
- Consortium intends to invest an additional £2.5 million
- Funding need: additional £2 million
Use of Proceeds: Grow and Profit

- **Develop strategic industry-specific sales and marketing functions – £3 Million Investment**
  - Build a robust partner (reseller) program to drive new customer growth
  - Establish a marketing function to support a streamlined sales model
  - Expand sales and support in US Market
  - Invest in market-driven product development

- **Reduce operational overhead – £3 Million Investment**
  - Bring creditors up to date
  - Reduce overhead through consolidation of technology and resources
7digital & eMusic Partnership

Longer term plan to build and launch a blockchain platform to bring transparency and efficiency to disrupt the broken supply chain of the music industry.

Adding this new asset under 7digital distribution services will:

• Expand current UMG service offering to $600M Direct-To-Fan market, the fastest growing market in the industry (+35% in 2018)

• Monetise transactions on the chain

• Bring exclusive content to the 7d catalogue

• Create an Exchange for music rights

• Contract, timing and financing to be agreed
Thank you.
Appendix
Automotive

In-car entertainment suppliers

- ACCESS
- PIONEER
- HOUNDIFY
- Radioline

Why?

- In-car entertainment market is expected to reach $33.8 billion by 2022
- Next generation in-car entertainment system suppliers are looking to power a personalised music experience, but they all require access to a music catalogue
- Selling a high-definition music streaming service as an add-on allows car manufacturers to differentiate
- Tesla is setting the precedence for streaming music deal with rights holders, enabling other automotive players to strike deals and own their in-car music experience
- Spotify is looking to launch a $100 in-car streaming hardware device to serve its active 50 million commuting users, validating the need for a native experience

• Helping automotive companies own their user experience and compete with Android Auto and Apple CarPlay
• Looking to expand the lean back music experience beyond terrestrial radio
• Huge opportunity with the rise of 5G enabled in-vehicle entertainment systems
Why?

- Loyalty program market to reach $201 billion by 2022 driving global customised consumer rewards
- The rules of the game are changing, loyalty is moving from ‘transactional’ to ‘emotional’ loyalty (JWT)
- Brands are looking for a daily interaction loops that impact user behaviour (listening to music) and consequently drive loyalty
- A music streaming service serves as a differentiation strategy for loyalty programs, addressing a daily user need i.e. consuming music

Retailers and Brands

- Motivated by fear of GAFA (Google, Facebook, Apple and Amazon) to retain loyal customers
- Running loyalty programs to increase ARPU as well as brand differentiation
- Understand the value of emotional transactions with customers
- Looking to build a daily marketing touch point with customers beyond social media
Productising the Technology

A Focused Offering
Enable Enterprises with large customer bases to offer a self branded music streaming service as customer acquisition, engagement and retention tool:
- MVNOs
- Retail & Loyalty
- Automotive

An Expanding Market
Enable enterprises to engage the 85% of music consumers that do not want to pay 9.99 a month for a music streaming service.

A Technology Company
Offering a highly productised, repeatable, cloud hosted music streaming solution. Removed expensive custom development.

Commercial Strategy
Improved commercial strategy and sales execution through direct sales and partner programmes, quickly delivering growth into the business and higher margin deals.

Innovative Partnerships
Leverage eMusic’s blockchain technology to service the Direct-to-Fan (DTF) market to increase services, markets and revenue.
## Consolidated Financial Position 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 £’000</th>
<th>2017 Restated £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,175</td>
<td>6,157</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>128</td>
<td>324</td>
</tr>
<tr>
<td></td>
<td>1,303</td>
<td>6,481</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6,242</td>
<td>6,934</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>461</td>
<td>6,978</td>
</tr>
<tr>
<td></td>
<td>6,703</td>
<td>13,912</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>8,006</td>
<td>20,393</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(10,888)</td>
<td>(12,333)</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>(1,306)</td>
<td>-</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>(257)</td>
<td>-</td>
</tr>
<tr>
<td>Provisions for liabilities and charges</td>
<td>(303)</td>
<td>(34)</td>
</tr>
<tr>
<td></td>
<td>(12,754)</td>
<td>(12,367)</td>
</tr>
<tr>
<td><strong>Net current (liabilities)/assets</strong></td>
<td>(6,051)</td>
<td>1,545</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>(1,207)</td>
<td>(1,367)</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>-</td>
<td>(308)</td>
</tr>
<tr>
<td>Provisions for liabilities and charges</td>
<td>(125)</td>
<td>(403)</td>
</tr>
<tr>
<td></td>
<td>(1,332)</td>
<td>(2,078)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>(14,086)</td>
<td>(14,445)</td>
</tr>
<tr>
<td><strong>Net (liabilities)/assets</strong></td>
<td>(6,080)</td>
<td>5,948</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>14,420</td>
<td>14,404</td>
</tr>
<tr>
<td>Share premium account</td>
<td>8,294</td>
<td>8,232</td>
</tr>
<tr>
<td>Treasury reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(3,268)</td>
<td>(3,367)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(25,526)</td>
<td>(13,321)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>(6,080)</td>
<td>5,948</td>
</tr>
</tbody>
</table>
### Consolidated Cashflow Statement 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loss for the year</strong></td>
<td>(11,861)</td>
<td>(4,826)</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(334)</td>
<td>(380)</td>
</tr>
<tr>
<td>Finance Cost (net)</td>
<td>101</td>
<td>55</td>
</tr>
<tr>
<td>Profit on sale of fixed assets</td>
<td>(11)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>48</td>
<td>417</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>1,839</td>
<td>1,738</td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>251</td>
<td>415</td>
</tr>
<tr>
<td>Impairment of intangible fixed assets</td>
<td>3,946</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of tangible fixed assets</td>
<td>131</td>
<td></td>
</tr>
<tr>
<td>Share based payments</td>
<td>173</td>
<td>86</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>(9)</td>
<td>294</td>
</tr>
<tr>
<td>(Decrease)/increase in accruals and deferred income</td>
<td>(3,639)</td>
<td>4,505</td>
</tr>
<tr>
<td>Decrease/(increase) in trade and other receivables</td>
<td>778</td>
<td>(2,674)</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>1,732</td>
<td>222</td>
</tr>
<tr>
<td><strong>Cash flows used in operating activities</strong></td>
<td>(6,855)</td>
<td>(148)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(44)</td>
<td></td>
</tr>
<tr>
<td>Interest income received</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Interest expense paid</td>
<td>(39)</td>
<td>(56)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(6,937)</td>
<td>(203)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment, and intangible assets</td>
<td>(1,000)</td>
<td>(4,575)</td>
</tr>
<tr>
<td>Net cash inflow on acquisition of a subsidiary</td>
<td>-</td>
<td>297</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(989)</td>
<td>(4,278)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of share capital</td>
<td>-</td>
<td>10,599</td>
</tr>
<tr>
<td>Proceeds from issuance of shareholder loans</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash generated from financing activities</strong></td>
<td>1,500</td>
<td>10,599</td>
</tr>
<tr>
<td><strong>Net (decrease)/ increase in cash and cash equivalents</strong></td>
<td>(6,426)</td>
<td>6,118</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning period</td>
<td>6,978</td>
<td>838</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes</td>
<td>(91)</td>
<td>22</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>461</td>
<td>6,978</td>
</tr>
</tbody>
</table>