



Results 2017

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August 2018

Summary



- **Established position as market leader**
 - Consolidated competitors
 - Rapid growth in customer base
- **Solid results**
 - Improvements in high margin licensing revenues
 - Losses reduced and on track to achieve profitability
- **Further overhead savings on track**
 - Platform convergence October
 - C. £1.5m annual costs to be removed

2017 Financial Highlights

Total Revenues up 50%	£16.8m (2016 £11.2m)
Losses reduced by 63%	LBITDA £1.6m (2016 £4.3m) Adjusted Operating loss £3.7m (2016 £5.6m)
Margin now improved to 72%	Gross Profit of £12.0m (2016 £7.7m) as high margin licensing flows through
Licensing revenues up by 74%	£11.6m (2016 £6.7m) Monthly Recurring Revenues up 71% at £8.4m
Content revenues up 21%	£3.2m (2016 £2.6m)
Total annualised exit MRR up 71%	£8.4m (2016 £4.9m)

Audit Adjustments



Summary of main changes:

- 2015
 - Improvement of £773k by reduction in Content Accruals, carried forward
- 2016
 - Various balance sheet restatements, mainly related to recent Acquisitions
 - £142k adverse impact on P&L
 - £792k Forex benefit deducted from Revenue and deducted from Admin Costs
- 2017
 - £527k One off revenues deferred to 2018

Income statement

Results for the 12 months ending 31 Dec	2017 £'000	2016 £'000	Change	%
Revenue	16,801	11,216	5,585	50%
Cost of Sales	(4,766)	(3,446)	(1,320)	(38)%
Gross profit	12,035	7,770	4,265	55%
Other operating income	509	560	(51)	(9)%
Administration expenses	(14,152)	(12,640)	(1,512)	(12)%
Adjusted LBITDA	(1,608)	(4,310)	2,702	63%
Depreciation	(2,153)	(1,293)	(860)	(67)%
Adjusted operating loss	(3,761)	(5,603)	1,842	33%
Share based payments	(86)	(172)	86	50%
Exceptional items	(1,124)	313	(1,437)	(459)%
Operating loss	(4,971)	(5,462)	491	9%
Taxation on continuing operations	380	(12)	392	-
Finance charges	(55)	(13)	(42)	(323)%
Loss for the period	(4,646)	(5,487)	841	15%

Highlights:

- 50% Revenue growth
- 55% GP growth
- 12% Admin Expense increase
- 63% LBITDA reduction
- Foreign exchange gains turn to losses leading to £1.4m adverse Exceptionals effect
- Overall Loss reduced by 15%

Strategy summary



Current streaming services do not address the majority of music consumers

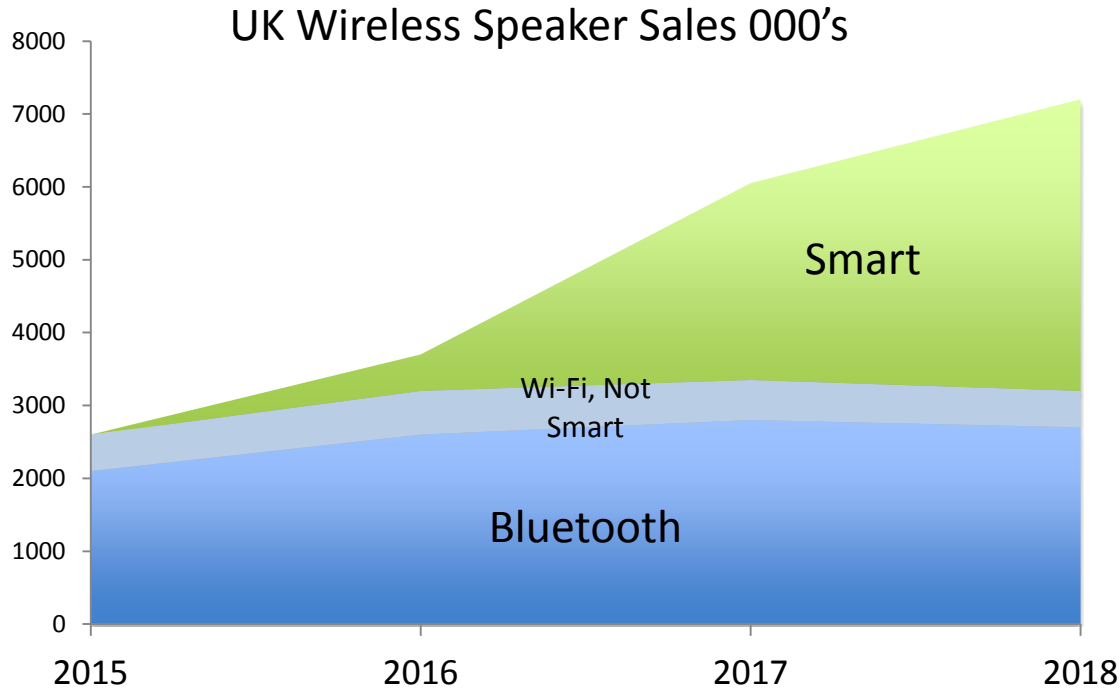


We believe that this mass market is expected to be addressed by a range of companies for whom music is an adjunct to their main business and who are threatened by current players



We believe these companies need a supplier with access to an extensive music industry catalogue and a technology platform to deliver it anywhere in the world in licensed form to any device

The “Connected Market”



- **Home audio hardware shipments grew 27% in 2017**
 - Now \$14bn marketplace
 - Driven by connected devices
 - Amazon shipped 4.8m Echo speakers in Q2
 - 63% used for music streaming
- **UK Smart speakers to exceed 4m units sales in 2018**
- **Music streaming still only 8% of audio listening in UK**

Sources: Futuresource Q1-2018 and Strategy Analytics August 2018

Key market sector customer wins 2017



Retail



Soundtrack
Your Brand®



\$22tn industry

Source: eMarketer, Jul 2017

Connected Devices



\$883bn industry

Source: Futuresource, Nov 2017

Telecoms



\$1tn industry

Source: GSMA Mobile Economy, 2017

Broadcast Radio



\$38bn industry

Source: OFCOM CMR, Dec 2016

Music Industry



\$17bn industry

Source: IFPI April 2018

Builds on our existing client base

Retail



Soundtrack
Your Brand®

Weltbild

\$22tn industry

Source: eMarketer, Jul 2017

Connected Devices

i.am+

Global
Eagle™

ONKYO
Pioneer

dts

\$883bn industry

Source: Futuresource, Nov 2017

Telecoms



\$1tn industry

Source: GSMA Mobile Economy, 2017

Broadcast Radio



BBC



\$38bn industry

Source: OFCOM CMR, Dec 2016

Music Industry



musical.ly

TikTok

Fender

UNIVERSAL

UNIVERSAL MUSIC GROUP



WARNER MUSIC

\$17bn industry

Source: IFPI April 2018

2018 pipeline highlights



Sector	
Retail	<ul style="list-style-type: none">• Existing client expanding scope of services (geography and functionality)• Significant progress with leading North American retailer• Soundtrack Your Brand has grown from 13 to 65 countries during 2018
Connected Devices	<ul style="list-style-type: none">• Major car industry brand agreed scope of work and is progressing to contract
Telecoms	<ul style="list-style-type: none">• Existing client has ambitious plans to expand offer thereby growing our revenue opportunity• Advanced discussions with two telecoms companies who are currently working with other providers – 1 Europe, 1 North America• Early stage discussions with multiple other telecoms
Broadcast Radio	<ul style="list-style-type: none">• Major regional broadcaster RFP submitted• Agreed deal with US based radio company awaiting internal sign off
Music Industry	<ul style="list-style-type: none">• Steady flow of early stage opportunities from labels• Increased engagement from major technology players seeking to accelerate music roll-out

