

6 January 2016

7digital Group plc

("7digital", "the Group" or "the Company")

Proposed acquisition of Snowite SAS

7digital is pleased to announce that it has signed Heads of Terms for the proposed acquisition of the leading French digital streaming music provider Snowite SAS (the "Acquisition", and "Snowite", respectively), to be satisfied in full at the time of completion ("Completion") by the issue of 7,320,000 new Ordinary Shares of the Company ("Consideration Shares"). The agreement binds 7digital and Snowite to a period of exclusivity and to Completion, subject to a decision by the French Commercial Court. Snowite is currently in "Procédure de Sauvegarde" under French insolvency law (a procedure similar to "Chapter 11" proceedings in the United States). Completion is expected on or around 30 March 2016. The reason for the announcement today is that the court proceedings and 7digital's part in them will imminently be public.

Headlines

- Acquisition expected, once completed, to increase 7digital's turnover by at least £1.2m on an annualised basis
- Snowite has contracted annualised monthly recurring revenues of approximately £864,000
- Acquisition brings with it major French retail clients and strong sales pipeline in French-speaking markets
- Accelerates 7digital's profitability and will be earnings enhancing after an integration period
- Overhead synergies of more than £500,000 per annum anticipated from 2017
- Consideration on Completion of 7,320,000 Consideration Shares
- 7digital to repay the outstanding Snowite debt, expected to be around €1.8m (£1.3m), over a number of years under the "Procédure de Sauvegarde" provisions (subject to French Commercial Court approval)

Rationale for the acquisition

7digital has always maintained that as the market for supply of streaming music and radio services matures, there will be opportunities to consolidate companies who operate within individual regions and do not have global scale. Snowite provides services that are the same as those provided by 7digital and operates a similar technology platform. Its customers include large French retailers Fnac and E.Leclerc as well as mobile entertainment publisher Cellfish and Vivendi, owner of Universal Music. It is intended that the customers of both companies will be serviced from a single platform, resulting in significant savings in the combined overhead which can be achieved within the first year following Completion. The Board further believes that Snowite's platform and technology contains elements that will accelerate 7digital's own development roadmap and will allow the Company to make savings in planned future platform investment. Additionally, the Acquisition is expected to strengthen 7digital's relationships with French music labels and publishers.

Information on Snowite

Snowite was formed in 2006 as a provider of digital streaming services and since then has invested at least €2.0m (£1.5m) in creating its technology platform which is based in Lille. It operates principally in continental Europe and Africa. Success in winning business in France and French-speaking countries has not been matched in other territories and despite the quality of the technology platform and customer base, Snowite has struggled to reach profitability. In the year

ended 31 December 2014, Snowite's revenues were €1.68m and LBITDA was €0.47m. Revenue in 2015 is expected to be c.€1.5m (£1.1m). Revenues have declined in 2015 and in September this year, Snowite entered "Procédure de Sauvegarde" as it was unable to service debts of €1.8m (£1.3m). This court-led process allows re-structuring of Snowite and a plan to repay debts over an extended period. Whilst under this process, Snowite has substantially reduced costs, and the existing management now expect Snowite to be profitable in 2016.

Consideration

Subject to Completion, 7digital is to issue to the Vendors 7,320,000 of Consideration Shares. By way of illustration, based on the closing mid-market share price of an Ordinary Share on the day prior to this announcement, the Consideration Shares have a value of c.£485,000. Subject to Completion, the 7,320,000 Consideration Shares will, when issued, represent c.6.34 per cent of the enlarged issued share capital of the Company.

Following signing of the Heads of Terms, The Company has approached the official receiver in France to begin the process of agreeing a repayment schedule for the outstanding Snowite debt which is expected to be €1.8m (£1.3m). It is expected that this debt will be repaid over a number of years and Completion is contingent on a plan for the debt repayment being agreed by the official receiver, and the French Commercial Court under the "Procédure de Sauvegarde".

A further announcement will be made to shareholders at the time of the Completion, which is expected on or around 30 March 2016.

Simon Cole, CEO of 7digital, commented:

"This transaction represents an example of the consolidation which we have always anticipated in the market for B2B supply of digital music and radio services globally; we have positioned 7digital to be ready for this. Assuming we achieve the Court debt repayment schedule that we anticipate, the acquisition of Snowite gives us important new recurring revenues, an accelerated move to profitability and creates shareholder value on advantageous terms."

Laurent Bouquet des Chaux, CEO of Snowite, commented:

"This is a huge opportunity for Snowite and all its know-how and customers. We will continue to move the market, but with greater ambition. 7digital is an energetic and entrepreneurial group that will bring us the muscle, the network and the talent needed to develop the digital streaming world market even faster. Snowite will enrich the size, the digital expertise and data within 7digital group. Our cultures are very close, our know-how unusually complementary and our goals are the same."

Enquiries:

7digital Group

020 7099 7777

Simon Cole, Chief Executive

Chris Dent, Chief Financial Officer

Holly Ashmore, PR Manager

finnCap (nominated adviser and broker)

020 7220 0500

Geoff Nash/ Carl Holmes/ Simon Hicks – Corporate Finance

Malar Velaigam – Corporate Broking

About 7digital (<http://about.7digital.com>)

7digital is a b2b digital music and radio services company. The core of its business is the provision of robust and scalable technical infrastructure and extensive global music rights used to create music streaming and radio services for a diverse range of customers – including consumer brands, mobile carriers, broadcasters, automotive systems, record labels and retailers. 7digital also offers radio production and music curation services, editorial strategy and content management expertise.

7digital fosters industry growth and innovation by simplifying access to music for clients such as Onkyo, Guvera, OpenLIVE, and The Overflow. From years of being the largest independent producer of programming for the BBC, launching Radioplayer in multiple territories, and powering services for partners like HMV, Panasonic and ROK Mobile, 7digital is perfectly positioned to lead innovation at the intersection of digital music and next-generation radio services.