



In this month's newsletter, we discuss our interim results and introduce Dick Wingate, who has joined 7digital to lead sales in North America.

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Welcome to the September 2021 Investor Newsletter

Last week we released our interim results for the six months to 30 June 2021. Like all of you, I am deeply disappointed with them and I take full responsibility. As stated in the RNS, the primary reason is that our clients' label negotiations are taking longer than we had forecasted. I am actively working to improve this situation – working with our partners and customers to find ways to expedite the process for our customers to secure licensing with the music labels which, in turn, will enable them to sign their contracts with 7digital and start using our services.

However, I want to make it clear that we haven't lost business to our competitors and our clients tell us they choose to work with us as we have the best product in the market – it is just a right-shift in the timeline for completing some deals. We have a number of contracts representing substantial revenue with commercial terms agreed that we will be able to proceed with once licensing is secured.

The fact that these contracts will be signed later in the year than we had anticipated will have an impact on our 2021 numbers. However, let me reassure you, as per the RNS, that we expect to be EBITDA profitable in Q4 of 2021 and for the full year in 2022. And we are growing – admittedly not at the pace that we wanted and our strategy is taking longer than we had expected to come to fruition, but we are still hard at work winning new business and resolving the obstacles to take us to profitability.

Furthermore, we have exciting opportunities ahead of us, which are increasingly materialising. This, combined with our significant pipeline, is what gives myself and the Board such confidence in our future. While we are disappointed with the delay to our revenues this year, it is just a timing shift and we believe that the business is in a stronger position than at any time in the last few years. I very much looking forward to being able to update you on our progress.



Paul Langworthy
CEO





82 territories

Worldwide



81 Million

Tracks in Catalogue



37+ services

and Download Stores



900k

Labels & Publishers

In other company news, I am delighted to tell you that we have appointed renowned music executive Dick Wingate to the 7digital team. As we discuss later in this newsletter, he brings with him more than 40 years' experience in the music industry and will lead our sales initiatives in North America. A very warm welcome to Dick – we look forward to him driving further sales growth in North America.

As always, it's a busy time for 7digital and we look forward to updating you on our exciting developments in due course.



Yoga and Meditation
New age music for balancing mind and body



Pumped Pop
Throw the weights around with your favorite uptempo pop



Power Workout
Whatever activity you do that need a punch of intensity

Outlook

- ▶ 7digital entered the second half of 2021 with **a strong pipeline** across its core segments as well as **a number of prospective contracts** in the new segments of gaming and connected- car entertainment
- ▶ Company has been working actively with its partners to **facilitate the process for prospective customers** to secure licensing agreements with music labels
- ▶ In some instances, the process has been more protracted than anticipated, accordingly, some contracts the Company had expected to sign in the second half of 2021 are now anticipated to complete in the first half of 2022
- ▶ As a result of the above, the Company currently expects its revenue for the full year to be slightly below expectations, with certain H2 2021 forecast revenues now moving into 2022, and that it will not achieve EBITDA positivity for the full 12 months
- ▶ The Board is confident that some of the **prospective contracts**, which represent significant revenue, will be signed **in the near-term** and that the others in the pipeline will follow in due course. It expects to regain EBITDA positivity for Q4 2021 and is very confident of **delivering EBITDA positivity for full year 2022 with significant revenue growth**
- ▶ The Company is in advanced discussions over a banking facility, which are expected to conclude shortly, and also continues to have **the unwavering support of its major shareholders**



You can read the full announcement [here](#).

MUSIC INDUSTRY VETERAN DICK WINGATE JOINS 7DIGITAL

Senior music executive Dick Wingate has joined 7digital to lead sales initiatives in North America. Wingate brings more than 40 years of experience in the music industry with senior executive leadership roles in content, technology and business development and a proven track record of growing businesses on multiple platforms at the intersection of music and technologies.

Wingate was responsible for negotiating the tech industry's first digital distribution licences with the major labels as Chief Content Officer at Liquid

Audio. As President of Media Development for Nellymoser, he helped develop the first mobile applications for Warner Music, MTV, ABC-TV and many others. His senior positions in the record industry have included SVP Marketing, Arista Records; SVP A&R, PolyGram Records; Director, Talent, Epic Records; and Product Manager, Columbia Records where he worked closely with Bruce Springsteen, Elvis Costello, Bon Jovi and many others.



7digital is the leading global music platform in the B2B space with a strong value proposition to multiple industries that represent exponential growth to the industry – such as fitness, automotive, gaming and social media. I look forward to working with the team,” said Wingate.



Dick Wingate

“Dick’s track record in creating successful business opportunities in the industry over many years will be incredibly valuable to 7digital as we focus on expanding the footprint of our global scalable music-as-a-service platform in social, gaming and fitness in Northern America,” **said Paul Langworthy, CEO of 7digital.**

This appointment comes on the back of five new contracts with home fitness clients in 2021, including FORME and Barry’s, and will support 7digital’s continued growth in industries providing consumer music experiences in North America. Reporting to the Chief Commercial Officer, Wingate will be targeting outreach to strategic industry verticals including DSPs, social media companies, gaming publishers and home fitness innovators.