Certain information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as applied in the United Kingdom. Upon publication of this Announcement, this information is now considered to be in the public domain.

30 September 2021

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

Interim Results

7digital (AIM: 7DIG), the global leader in B2B end-to-end digital music solutions, announces its interim results for the six months ended 30 June 2021.

Financial Highlights[1]

- Revenues increased by 6% to £3.3m (H1 2020: £3.1m)
- Gross margin of 62.6% (H1 2020: 65.9%)
- Adjusted[2] administrative expenses reduced by 6% to £3.1m
- Adjusted[2] EBITDA loss reduced to £1.0m (H1 2020: loss of £1.1m)
- Operating loss of £1.9m (H1 2020: loss of £1.0m)
- Fully diluted loss per share of £0.07 (H1 2020: £0.04 loss)
- Cash and cash equivalents at 30 June 2021 of £0.5m (31 December 2020: £2.8m; 30 June 2020: £0.2m) and £0.2m at 29 September 2021

[1] *The H1 2020 accounts have been restated (see note 1 to the financial statements)*
[2] *Adjusted to exclude other adjusting items, amortisation, foreign exchange, depreciation and share-based payments (see note 6 to the financial statements)*

Operational Highlights

- Long-term contracts with seven new licensing customers during the period, and a further two post period, as the Company continued its strategic expansion in its key growth markets of fitness and wellness, social media and artist monetisation
  - Multi-year contracts with fitness companies Barry's, Volava, FORME and others
  - Signed contract with Kuaishou, a leading content community and social platform based in China
  - eMusic Live partnered with further artists, agencies and venues to provide new monetisation opportunities for the music industry
    - Platform has now hosted 71 performances in total, including livestream and hybrid events from major artists such as Alfie Boe, Tina Arena and Crowded House in the period
    - Became the first and only music livestream platform to offer artist non-fungible tokens (NFTs) alongside ticketed events running on the platform
- Signed a multi-year renewal with a global technology company across multiple territories – a major validation for the scale and reach of 7digital's platform
- Four contract extensions or renewals signed during the period and seven post period

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

Paul Langworthy, CEO of 7digital, said: "Our market-leading position and strategic focus on core sectors has enabled us to grow the number of customers licensing our technology as well as the scale and reach of our music platform. 7digital has entered the second half of 2021 with a strong pipeline across fitness and wellness and social media as well as a number of prospective contracts in the new segments of gaming and connected-car entertainment. We are currently in advanced negotiations with multiple new customers representing significant revenue. However, the pace of closing deals is dependent on our clients completing their licensing deals with labels and in some instances we have found this is taking longer than we had hoped.

"In the second half, we plan to accelerate our stated strategic vision to align ourselves, through innovation, with the interests of the artists as well as consumers of their music. Alongside consolidating our leading position in our core segments of fitness and wellness and social media, our aim is for 7digital to become a leading platform providing artist services beyond traditional streaming such as creating direct-to-fan opportunities including NFTs, livestreaming and merchandising on a global scale. As a result, we remain very confident in the outlook for the business in the medium- to long-term and the opportunities ahead."

Enquiries

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About 7digital

7digital is the global leader in B2B end-to-end digital music solutions, providing a scalable cloud-based platform that enables companies and brands to connect to its global music catalogue and rights management system to launch and manage unique and engaging music experiences. Operating worldwide in over 80 markets and integrated with more than 300,000 labels and publishers, 7digital's platform automates the complex and time-consuming processes of music management, making it easier to access and use music in streaming services, social media, home fitness, gaming, retail and more. With best-in-class infrastructure, deep industry expertise and intelligence tools, 7digital empowers their clients to innovate, grow and serve tomorrow's music consumer. For more information, visit http://www.7digital.com/.

Operational Review

7digital made strong operational progress in the first half of the year and continued to grow revenues from its high-margin music technology offering. By focusing on strategic growth markets – fitness and wellness, social media and artist monetisation – 7digital has increased the number of customers with licensed access to its leading B2B music platform, signing seven new deals during the period and a further two post period. Many of these new customers were signed on long-term contracts, while the Company also maintained its high retention rate and secured multiple contract renewals or extensions during the period. The eMusic Live virtual concert and artist monetisation platform that 7digital launched last year in collaboration with its eMusic sister company has continued to grow, entering partnerships with further artists, agencies and venues as the music industry increasingly seeks new engagement and monetisation opportunities. In addition, 7digital has enhanced its music as a service platform by establishing integrations with several providers that enable the Company to enhance its service offering to customers.

The Company has also been actively working with its partners to facilitate the licensing process for customers. 7digital's music-as-a-service platform provides customers with access to pre-approved music in its global catalogue based on the licensing agreements held by those customers with music labels. By seeking opportunities to streamline this process, the Company can enhance its offering to customers and reduce the sales cycle for securing its own contracts.

Fitness and Wellness

7digital's solution for fitness brands enables them to seamlessly incorporate music into their offering and is designed to make it easy for them to maximise the benefits of music. Based on the Company's music-as-a-service platform, it provides features such as end-to-end global rights and reconciliation management, access to the Company's global catalogue and an easy-to-use playlisting tool. The Company believes that it has established a dominant position in this global market.

The Company has converted multiple sales leads into long-term contracts – adding several fitness companies to its customer base. During the period, this included signing 24-month contracts with premium home fitness innovator FORME and another new customer in the home fitness sector serving the US market. Post period, the Company secured a contract with Barry's, the global fitness brand, which is using 7digital's instructor playlisting tool in the US and Canada to access a fully cleared catalogue of music to power Barry's X, a new digital product offering a fully integrated, many-to-many camera-on experience. In addition, the Company signed a contract post period with Volava, a European interactive fitness platform that is using 7digital's solution for its bike-based online fitness offering in Spain and, soon, other locations such as Germany.

The Company expanded its offer into the wider health and wellness market post period with the signing of 24-month contracts with MedRhythms, a US-headquartered digital therapeutics company that uses sensors, music and software to measure and improve walking, and a second company that is creating a music-based health application for people with dementia. Both customers will use 7digital's music-as-a-service platform to access the Company's licensed catalogue and playlisting tool to design their interactive and therapeutic experiences.

Social Media

7digital is helping to shape how fans discover, share and create music by powering rights-cleared music on social media platforms. During the period, the Company signed a contract, with an expected two-year term, with Kuaishou, a leading content community and social platform based in China. This contract bolstered the Company's position as one of the largest providers of licensed music to global social media giants and tech-driven consumer brands.

Artist Monetisation

7digital continues to drive new sources of growth in the music industry through its eMusic Live venture. This advanced live streaming platform enables artists, venues and brands to host live concerts while providing range of commercial and fan engagement tools, offering new ways to monetise performances and engage with global audiences. eMusic Live has now hosted 71 events ion the platform. During the period this included performances by multiple-award winning artist Tina Arena in Australia and Ivri Lider in Israel who became among the first artists globally to host live-digital hybrid events where fans can stream a concert in real time. Also during the period, eMusic Live hosted Crowded House and was the exclusive livestream platform for *Alfie Boe & Friends: Live at the Savoy*, which was performed to audiences worldwide. In addition to music performances, the livestream made use of a range of commercial and engagement tools available through eMusic Live, such as exclusive merchandise, fan live chat and VIP experiences including a meet-and-greet with Alfie Boe.

Additionally, eMusic Live became the first livestream service to offer artist NFTs (non-fungible tokens) alongside ticketed events running on the platform. This allows fans to own authentic digital merchandise while substantially increasing artists' monetisation ability. The Company is very excited about how this market is going to develop.

Other Key Contracts

Outside these target verticals, the Company secured and renewed contracts with multiple customers. This includes a 36-month contract with new customer Viihdeväylä Oy, a Finnish company that provides background music and playlisting curation to restaurants, and renewals with existing customers such as media company Global Radio, owner of the largest commercial radio company in Europe, and an extension with a fast-growing B2B music streaming service.

Post period, 7digital signed an extended contract continuing into 2023 with its global technology company customer. This is a highly significant deal and represents a major validation of the scale and reach of 7digital's platform.

New Integrations and Partnerships

7digital has continued to enhance its platform and increase its offer to global brands through establishing pre-built integrations that enable customers to easily access complementary services from other providers.

The Company has established new integrations and partnerships with:

- Super Hi-Fi, an audio technology company using AI-based technologies to deliver next-generation music listening experiences. The integration of Super Hi-Fi's audio stitching and automated content curation technology allows customers to add a critical layer of differentiation and customised listening features to their music services when they access their music catalogue via 7digital's platform.
- Muzooka, the world's largest verified artist asset database, so that content delivered via 7digital's music-as-a-service platform is pre-mapped with Muzooka's pre-approved database of artist images, links, and other media assets.
- ACRCloud to produce a solution around User Generated Content ("UGC") monitoring. The partnership pairs 7digital's catalogue with ACRCloud's leading fingerprint database of over 100

million tracks to create a simpler, more accurate and cost-effective process for companies wishing to monitor and report on UGC.

Financial Review

Revenue for the first half of 2021 increased by 6% to £3.3m compared with £3.1m for the first half of the prior year, reflecting growth in licensing and content revenue. Licensing revenue continued to be the largest contributor to Company revenue, accounting for 52% (H1 2020: 53%), with 32% provided by Content (H1 2020: 34%) and 16% by Creative (H1 2020: 13%).

Gross margin for the first half of 2021 was 62.6% (H1 2020: 65.9%), reflecting the slightly higher cost of sales associated with securing some of the Company's major contracts. Gross profit for the period was £2.0m (H1 2020: £2.0m), with the increase in revenue being offset by the reduction in gross margin.

The Company continued to streamline its operations, with adjusted administrative expenses being reduced by 6% to £3.1m (H1 2020: £3.3m) as a result of cost efficiencies. The Company also continued to focus on credit management, achieving a reduction in debtor days to 33 (H1 2020: 52).

On an unadjusted basis (see note 6 for details on adjustments), administrative expenses were £3.9m (H1 2020: £3.1m), with the difference primarily reflecting:

- £0.3m related to the issue of share options pursuant to the Company's 2014 Employee Share Plan;
- £0.1m related to exceptional legal and corporate restructuring costs;
- £0.1m related to the impairment of a historic debt;
- the prior period benefitting from £0.5m exceptional gains from the disposal of a right-of-use asset relating to a former property lease and a release relating to a business disposal; and
- the net amount being partly offset by a £0.2m reduction in underlying costs in H1 2021.

Operating loss was £1.8m (H1 2020: £1.0m loss), reflecting the higher administrative expenses, and loss before tax was £1.9m (H1 2020: £1.0m loss).

Adjusted EBITDA loss was reduced to £1.0m (H1 2020: £1.1m loss). On an unadjusted basis, EBITDA loss was £1.5m (H1 2020: £0.9m loss).

Loss per share was 0.07 pence (H1 2020: 0.04 pence loss).

The Company had cash and cash equivalents of £0.5m as at 30 June 2021 (31 December 2020: £2.8m; 30 June 2020: £0.2m) and £0.2m as at 29 September 2021. The Company is in advanced discussions over a banking facility, which are expected to conclude shortly. The Company also continues to have the unwavering support of its major shareholders.

At the period end, the Directors determined there were adjustments required to restate the H1 2020 results as disclosed in 'Correction to prior period' in note 1 to the financial statements. The adjustments related to derivative liability and other reserves.

Outlook

7digital entered the second half of 2021 with a strong pipeline across its core segments of fitness and wellness and social media as well as a number of prospective contracts in the new segments of gaming and connected-car entertainment. As noted above, the Company is actively working with its partners to facilitate the licensing process for customers. In some instances, the process for customers to secure licensing has been more protracted than anticipated, resulting in customers delaying the timing for the signing of contracts with 7digital until the licensing is in place. As a result, some of the contracts the Company had expected to sign in the second half of 2021 are anticipated to complete in the first half of 2022. Consequently, the Company currently expects its revenue for the full year to be slightly below market expectations 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. In addition, the Company has continued to secure contract extensions and renewals in the second half of the year from its existing client base, reflecting the value that customers place on the Company's music platform. In the second half to date, the Company has secured seven renewals compared with four for the first six months of the year as well as winning two new customers. As a result, the Board expects to regain EBITDA positivity for Q4 2021 and remains very confident that the Company will both deliver significant revenue growth and be EBITDA positive for the full year 2022.

The music industry continues to be transformed by the emergence of new digital platforms and formats, which are redefining how consumers engage with music and creating new sources of growth. This is evident across fitness and social media – two markets in which 7digital has established a position as the go-to provider for music services. It is also a key driver for the Company's eMusic Live venture, through which artists can distribute, promote and monetise their music beyond traditional streaming with direct-to-fan opportunities such as NFTs, livestreaming and merchandise. This provides a compelling platform for 7digital to become the leading provider of artist services globally.

As a result, and with the continued commitment of the Company's largest shareholders, the Board remains very confident in the outlook for the business in the medium- to long-term and the opportunities ahead.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2021 (unaudited)

	Notes	**Unaudited six months ended 30 June 2021 £'000**	Unaudited six months ended 30 June 2020 (restated) £'000	Audited full year to 31 Dec 2020 £'000
Continuing operations				
Revenue	2	**3,270**	3,097	6,513
Cost of sales		**(1,222)**	(1,057)	(1,881)
Gross profit		**2,048**	2,040	4,632
Other Income	3	**-**	134	644
Administrative expenses		**(3,895)**	(3,124)	(7,415)
Adjusted operating loss	6	**(1,320)**	(808)	(1,396)
- Share based payments	19	**(359)**	(88)	(99)
- Foreign exchange		**(62)**	(54)	(179)
- Other adjusting items	4	**(106)**	-	(465)
Operating loss	5	**(1,847)**	(950)	(2,139)
Finance income and costs	8	**(62)**	(54)	(136)
Loss before income tax		**(1,909)**	(1,004)	(2,275)
Taxation on continuing operations		**-**	59	1
Loss from continuing activities		**(1,909)**	(945)	(2,274)
Profit from discontinued operations		**-**	-	987
Loss for the year attributable to owners of the parent company		**(1,909)**	(945)	(1,287)
Loss per share (pence)				
Basic and diluted - loss from continuing operations	9	**(0.07)**	(0.04)	(0.09)
Basic and diluted - loss attributable to ordinary equity holders	9	**(0.07)**	(0.04)	(0.05)

Consolidated Statement of Comprehensive Income

	Notes	**Unaudited six months ended 30 June 2021 £'000**	Unaudited six months ended 30 June 2020 (restated) £'000	Audited full year to 31 Dec 2020 £'000
Loss for the year		**(1,909)**	(945)	(1,287)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		**(17)**	(83)	(149)
Other comprehensive loss		**(1,926)**	(1,028)	(1,436)
Total comprehensive loss attributable to owners of the parent company		**(1,926)**	(1,028)	(1,436)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021 (unaudited)

	Notes	**Unaudited 30 June 2021 £'000**	Unaudited 30 June 2020 (restated) £'000	Audited 31 Dec 2020 £'000
Assets				
Non-current assets				
Intangible assets	10	**415**	-	287
Property, plant and equipment	11	**88**	85	97
Right-of-use assets	12	**1,026**	-	1,184
		1,529	85	1,568
Current assets				
Trade and other receivables	13	**986**	1,215	1,347
Contract assets		**148**	78	86
Cash and cash equivalents		**513**	183	2,839
		1,647	1,476	4,272
Total assets		**3,176**	1,561	5,840
Current liabilities				
Trade and other payables	14	**(3,982)**	(7,792)	(5,754)
Loans and borrowings	15	**-**	(333)	-
Derivative liability		**(46)**	(61)	(71)
Contract liabilities		**(238)**	(256)	(164)
Lease liability	12	**(510)**	-	(670)
Provisions for liabilities and charges	16	**(737)**	(630)	(858)
		(5,513)	(9,072)	(7,517)
Net current liabilities		**(3,866)**	(7,596)	(3,245)
Non-current liabilities				
Other payables	14	**-**	(536)	-
Loans and borrowings	15	**(1,000)**	-	(250)
Contract liabilities		**(140)**	-	(8)
Lease liability	12	**(752)**	-	(660)
Provisions for liabilities and charges	16	**(42)**	-	(109)
		(1,934)	(536)	(1,027)
Total liabilities		**(7,447)**	(9,608)	(8,544)
Net liabilities		**(4,271)**	(8,047)	(2,704)
Equity				
Share capital	17	**14,844**	14,817	14,844
Share premium account		**17,705**	12,043	17,705
Other reserves		**(3,557)**	(2,901)	(3,899)
Retained earnings		**(33,263)**	(32,006)	(31,354)
Total deficit		**(4,271)**	(8,047)	(2,704)

CONSOLIDATED CASHFLOW STATEMENT
Six months ended 30 June 2021 (unaudited)

	Notes	**Unaudited six months ended 30 June 2021 £'000**	Unaudited six months ended 30 June 2020 £'000	Audited full year to 31 Dec 2020 £'000
Loss for the period		**(1,909)**	(945)	(1,287)
Adjustments for:				
Taxation		**-**	-	(1)
Finance Cost	8	**62**	20	136
Profit on sale of fixed assets		**-**	(378)	(378)
Profit on disposal of subsidiary undertaking		**-**	-	(987)
Foreign exchange		**62**	54	179
Amortisation of intangible assets	10	**57**	2	30
Amortisation of right-of-use asset	12	**203**	69	291
Depreciation of fixed assets	11	**28**	21	52
Share based payments		**359**	88	99
Increase in provisions	16	**(188)**	(138)	199
Decrease in accruals and deferred income		**(99)**	332	(937)
Decrease in trade and other receivables		**299**	593	453
Decrease in trade and other payables		**(1,537)**	225	(116)
Cash flows used in operating activities		**(2,663)**	(57)	(2,267)
Taxation		**-**	-	1
Interest expense paid		**(34)**	(3)	(91)
Net cash used in operating activities		**(2,697)**	(60)	(2,357)
Investing activities				
Purchase of property, plant and equipment, and intangible assets		**(204)**	(57)	(415)
Proceeds from sale of intangible and tangible fixed assets		**-**	-	-
Net cash generated/(used) in investing activities		**(204)**	(57)	(415)
Financing activities				
Proceeds from issuance of share capital (net)		**-**	-	5,689
Net proceeds from bank loans	15	**750**	333	250
Principal paid on lease liabilities	12	**(96)**	(45)	(149)
Net cash generated from financing activities		**654**	288	5,790
Net decrease in cash and cash equivalents		**(2,247)**	171	3,018
Cash and cash equivalents at beginning of period		**2,839**	149	149
Effect of foreign exchange rate changes		**(79)**	(137)	(328)
Cash and cash equivalents at end of period		**513**	183	2,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six months ended 30 June 2021 (unaudited)

	Notes	Share capital	Share premium account	Other reserves	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000
At 1 January 2020		14,817	12,043	(2,845)	(31,061)	(7,046)
Prior year adjustment	1	-	-	(61)	-	(61)
Loss for the year		-	-	-	(945)	(945)
Other comprehensive loss for the period		-	-	(83)	-	(83)
Share based payments		-	-	88	-	88
At 30 June 2020 - reported		**14,817**	**12,043**	**(2,901)**	**(32,006)**	**(8,047)**
Prior year adjustment		-	-	-	35	35
Loss for the year		-	-	-	(342)	(342)
Disposal of subsidiary undertaking		-	-	(959)	959	-
Other comprehensive loss for the period		-	-	(66)	-	(66)
Shares issued (net of costs)		27	5,662	-	-	5,689
Share based payments		-	-	1	-	1
Share warrants		-	-	26	-	26
At 31 December 2020 - reported		**14,844**	**17,705**	**(3,899)**	**(31,354)**	**(2,704)**
Loss for the year		-	-	-	(1,909)	(1,909)
Other comprehensive loss for the period		-	-	(17)	-	(17)
Share based payments		-	-	359	-	359
At 31 December 2020		**14,844**	**17,705**	**(3,557)**	**(33,263)**	**(4,271)**

NOTES TO THE FINANCIAL STATEMENTS
Six months ended 30 June 2021 (unaudited)

1. Presentation of financial information and accounting policies

Basis of preparation
The condensed consolidated financial statements are for the six months to 30 June 2021.

The information for the six months ended 30 June 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for the year ending 31 December 2020 is taken from the Annual Reports and Financial Statements 2020 of 7digital Group plc.

The combined financial information has been prepared in accordance with 7digital Group plc accounting policies. 7digital Group plc accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board, and are set out in the 7digital Group plc Annual Reports and Financial Statements 2020.

Going concern
The Directors, having made appropriate enquiries, consider it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 30 June 2021, which presumes that the Group will be able to meet its obligations as they fall due for the foreseeable future, a period of not less than twelve months from the date of this report.

In reaching their going concern conclusion, the Directors have considered various factors and mitigating actions, including (i) management detailed cash flow forecasts, that are reviewed by the Board on a regular basis (ii) Group cash positions as at 30 June 2021 and 29 September 2021 (iii) the advanced Group discussions over a banking facility, which are expected to conclude shortly; and (iv) confirmation of financial support from the Group's two major shareholders to allow the Group to manage its working capital and to support growth needs as and when they fall due. The Directors are satisfied that the two major shareholders have demonstrated their intention and means to provide this funding as and when this is required. This has been represented to the Directors in a letter of support, at the time of the publication of the Group's Annual Report and Financial Statements 2020, from the two major shareholders in the Group confirming their financial support for 12 months from the date of signing the annual financial statements 2020, being from 30 June 2020.

The Directors are also confident that the Group will achieve its forecast revenue for 2022, and that it will generate a positive EBITDA for the fourth quarter of 2021 and for the full year of 2022.

Revenue
The Group comprises of mainly three types of revenues
1. Licencing fees (also known as B2B sales)
   I. Setup Fees
   II. Monthly development and support fees
   III. Usage fees
2. Content ("download") revenues (also know as B2C sales)
3. Creative revenues

Each type of revenue is detailed below

Revenue comprises of:
I. Licensing revenues
7digital defines licensing revenues as fees earned both for access to the Group's platform and for development work on that platform in order to adapt functions to customer needs. The Board considers that the provision of Technology Licensing Services comprises three separately identifiable components:

The description of the licence fees compromise three categories;
I. ***Set-up fees :*** Set up fees which grant initial access to the platform, allow use of our catalogue and associated metadata and mark the start of work to define a client's exact requirements and create the detailed specifications of a service. Recognition of set-up fees is detailed below.
II. ***Monthly development and support fees*** which cover the costs of developer and customer support time. These are usually fixed and are paid monthly once a service has been specified in detail; they are calculated at commercial rates based on the number of developer or support days required. Recognition of these fees is detailed below.
III. ***Usage fees*** which cover certain variable costs like bandwidth which can be re-charged to clients with an

administrative margin are recognised at point in time based on usage.

II. Content (“download”) revenues
Content revenues are recognised at the value of services supplied and on delivery of the content. The Group manages several content stores, and the income is recognised in the month it relates to. Majority of the revenue converts directly to cash; any accrued revenue converts to trade receivables within 30 days.

III. Creative revenues
Creative revenues relate to the sale of programmes and other content. 7digital also undertakes bespoke radio programming for its customers. As the programmes are being created the associated revenue is recognised when the programme is delivered and accepted by the client. These mainly include the production of weekly radio programmes, as well as the one-off production of episodes.

In case of one-off productions which required the Group to provide progress reports to its customers and where the Group has no alternative use of the program produced, the Group recognises revenue over the period i.e., based on percentage of completion, for the rest of the regular programs and contents, where the Group does not own the IP, the Group measures the revenue based on delivery of the content i.e., at a point in time.

Contracts with multiple performance obligations
Many of the Group's contracts include a variety of performance obligations, including Licencing revenue (set-up fees, monthly revenue for using 7digital’s API licence platform and usage fees), however these may not be distinct in nature. Under IFRS 15, the Group evaluates the segregation of the agreed goods or services based on whether they are 'distinct', if both the customer benefits from them either on its own or together with other readily available resources, and it is 'separately identifiable' within the contract.

To determine whether to recognise revenue, the Group follows a 5-step process:
- Identifying the contract with customers
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/ as performance obligations are satisfied.

Performance Obligations and timing of revenue recognition
Revenue generated from B2B customer contracts often identify separate goods/services, with these generally being the access of the API license platform, and the associated monthly licence maintenance fees and content usage fees.

The list of obligations as per the contract that are deemed to be one performance obligation in case of licencing revenue are (B2B):
- The licenses provide access to the 7D platform
- The development and support fees which cover the costs of developer and customer support time
- Usage fees which cover certain variable costs like bandwidth and content.

A key consideration is whether licencing fees give the customer the right to use the API Licence as it exists when the licence is granted, or access to API which will, amongst other considerations, be significantly updated during the API licence period.

The Group grants the customer a limited, revocable, non-exclusive and non-transferable licence in the Territory during the Term, to use the 7digital API and the content to enable the provision of the Music Service to the End Users via Application.

Set-up fees represent an obligation under the contract, which is not a distinct performance obligation, as the customer is not able to access the platform without them. These are therefore spread over the period of the contract agreed initially with the customers.

Monthly licence maintenance fees indicate service contracts that provide ongoing support over a period of time. Revenue is recognised over the term of the contract on a straight-line basis.

In the case of Creative Revenue, the sole performance obligation is to deliver the content specified as per contract, whether this be the delivery of regular content throughout the year (e.g., a radio series), or the production of a longer, one-off episode.

The only obligation for the Group is to deliver the content production agreed in the contract. Control and risks are passed to the customer on delivery of the episode produced, news bulletins etc. The right to the IP varies from project to project. If the customer suggests a specific programme idea to tender, they will then own the underlying rights of the recordings and the IPR is exclusive to customer; 7digital's only performance obligation would be to produce the content.

In the case of one-off productions for an identifiable customer contract where 7digital is required to update the client on the progress of work completed, the Group applies an output method to determine the stage of completion and amount of revenue to recognize.

Payment terms vary depending on the specific product or service purchased. With licence fees, the set-up fees element is invoiced and paid upfront, while monthly maintenance revenues and usage fees are normally invoiced on a monthly basis. In the case of download sales, the cost is paid immediately by the customer upon download of the music/songs content from the 7digital platform. In the case of creative revenues, the payment terms are generally 50% on signing with the balance on delivery. All contracts are subject to these standard payment terms, to the extent that the parties involved expressly agree in writing that the conflicting terms of any agreement shall take precedence.

In the case of fixed-price contracts, the customer pays the fixed amount based on a monthly schedule. If the services rendered by the Group exceed the payment, a contract asset (Accrued Income) is recognised; if the payments exceed the services rendered, a contract liability (Deferred Revenue) is recognised.

Determine transaction price and allocating to each performance obligation
The transaction price for licencing fees (set-up fees and monthly licence fee) is fixed as per contract and is explicitly noted in the contract. In the case of usage fees, the per gigabyte fee is determined and agreed in the contract. In the case of creative revenue, the transaction fees for radio services and one-off series are determined by taking into account the length of the production (this may vary for commercials, radio programs, tv shows, series, etc.). Any variations in transaction price are agreed and charged additionally depending on the obligations to be performed. None of the five factors (i.e., variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer identified) are particularly relevant to 7digital's customer contracts. The transaction price included in 7digital's contracts is generally easily identifiable and is for cash consideration.

Other adjusting items
Other adjusting items are those items the Group considers to be non-recurring or material in nature that should be brought to the readers' attention in understanding the Group's financial statements. Other adjusting items consist of one-off acquisition costs, costs related to non-recurring legal and statutory events, restructuring costs and other items which are not expected to re-occur in future years.

Foreign currency
For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in profit and loss for the year.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average monthly rate of exchange ruling at the date of the transaction, unless exchange rates fluctuate significantly during that month, in which case the exchange rates at the date of transactions are used.

Intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from

the acquired entity or give rise to contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Intangible assets (Bespoke Applications) arising from the internal development phase of projects is recognised if, and only if, all of the following have been demonstrated:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Internally generated intangible assets are amortised over their useful economic lives on a straight-line basis, over 3 years.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchased price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provision on all items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Property	- 20% per annum straight line
Computer equipment	- 33.33% per annum straight line
Fixtures and fittings	- 33.33% per annum straight line

Impairment of tangible and other intangible assets
Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Share-based payments
The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of an appropriate valuation model. The Black-Scholes option pricing model has been used to value the share options plans.

Leases
All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;

- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

Critical accounting judgements and key areas of estimation uncertainty
In the application of the Group accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Content cost of sales
As stated in the 7digital Group plc Annual Reports and Financial Statements 2020 , the content cost of sales is based on the usage reports derived from download sales and which are distributed to the labels on a monthly basis and publishers on a quarterly basis. These usage reports assist management in calculating content cost of sales and content accruals. Management considers the usage reports to be the most effective method of determining the true cost of content.

Creative revenue
Management considers the detailed criteria for the recognition of creative revenue as set out in the Group's accounting policy, in particular whether the Group determines the appropriate apportionment of revenue to the correct accounting period and subsequent amount accrued or deferred at the year end.

Impairment of accounts receivables
The management and directors have made certain estimates and judgements in the application of IFRS 9 when measuring expected credit losses and the assessment of expected credit loss provisions required for accounts receivable balances.

Capitalisation of internally developed software
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met, requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Correction to prior period
Derivative Liability and Other Reserves
The directors identified the mis-analysis of £61k that was included in equity as shares to be issued (included in other reserves) but, given the non fixed element, should have been disclosed as derivative liabilty.

Research and Development tax credits
In prior years the research and development tax credit, claimed through SME scheme, was deemed material and for consistency remained in other income. The Directors have made the decision to reanalyse the research and development tax credit of £59k at 30 June 2020 from other income to taxation as the Directors no longer deemed it a material balance.

2. Revenue

2.1 Business segments

For management purposes, the Group is organised into three continuing operating divisions – Licensing, Content and Creative. The principal activity of Licensing is the creation of software solutions for managing and delivering digital content. The principal activity of the Content division is the sales of digital music direct to consumers. The principal activity of Creative is the production of audio and video programming for broadcasters. These divisions comprise the Group's operating segments for the purposes of reporting to the Group's chief operating decision maker, the Chief Executive Officer.

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 (restated) £'000	Audited full year to 31 Dec 2020 £'000
Revenue			
Licensing	**1,713**	1,626	3,355
Content	**1,033**	1,063	2,085
Creative	**524**	408	1,073
Total	**3,270**	3,097	6,513
Gross profit			
Licensing	**1,580**	1,577	3,151
Content	**156**	201	828
Creative	**312**	262	653
Total	**2,048**	2,040	4,632
Operating profit attributable to revenue streams			
Licensing	**1,503**	1,699	3,228
Content	**151**	193	812
Creative	**309**	259	645
Total	**1,963**	2,151	4,685
Other income (unattributable)	-	-	509
Amortisation of right to use of asset	**(203)**	(69)	(291)
Corporate expenses	**(3,607)**	(3,032)	(7,042)
Financing income & costs	**(62)**	(54)	(136)
Taxation	**-**	59	1
Discontinued operations	-	-	987
Loss for the year	**(1,909)**	(945)	(1,287)

2.2 Geographical information

	Revenue		
	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited full year to 31 Dec 2020
	£'000	£'000	£'000
Continuing operations			
United Kingdom	**922**	1,049	1,970
United States of America	**1,026**	1,008	2,196
Europe	**1,011**	805	1,647
Rest of World	**311**	235	700
	3,270	3,097	6,513

2.3 On-going operations

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020 (restated)	Var	Var
	£'000	£'000	£'000	%
Revenue				
Licensing	**1,713**	1,626	87	5%
Content	**1,033**	1,063	(30)	-3%
Creative	**524**	408	116	28%
Total	**3,270**	3,097	173	6%
Gross profit				
Licensing	**1,580**	1,577	3	0%
Content	**156**	201	(45)	-22%
Creative	**312**	262	50	19%
Total	**2,048**	2,040	8	0%
Gross profit %				
Licensing	**92%**	97%		-5%
Content	**15%**	19%		-4%
Creative	**60%**	64%		-4%
Total	**63%**	66%		-3%
Other Income	**-**	134	(134)	-100%
Corporate expenses	**(3,080)**	(3,268)	188	-6%
Adjusted EBITDA	**(1,032)**	(1,094)	62	-6%

3. Other income

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 (restated) £'000	Audited full year to 31 Dec 2020 £'000
Settlement income relating to customers contracts	**-**	134	135
Profit on sale of right-of-use asset	**-**	-	378
Furlough monies received from HMRC	**-**	-	131
	-	134	644

4. Other adjusting items

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited full year to 31 Dec 2020 £'000
Exceptional legal fees	**(43)**	-	(297)
Corporate restructuring provision	**(63)**	-	(145)
Provisions relating to closure of Denmark business	**-**	-	262
Legal provision	**-**	-	(285)
	(106)	-	(465)

5. Operating loss

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited full year to 31 Dec 2020 £'000
Net foreign exchange loss	**62**	54	179
Amortisation of intangible assets	**57**	2	30
Amortisation of right to use asset	**203**	69	291
Depreciation of property, plant & equipment	**28**	21	52
Profit on sale of right-of-use asset	**-**	(378)	(378)
Share-based payment expense (see note 19)	**359**	88	99

6. Reconciliation of non-IFRS financial KPIs

This note reconciles the adjusted operating loss to the adjusted EBITDA loss. This note reconciles these key performance indicators to individual lines in the financial statements. In the Directors' view it is important to consider the underlying performance of the business during the year. Therefore, the directors have used certain alternative performance measures (AMPs) which are not IFRS compliant metrics. The main effect has been that the APMs exclude other adjusting items, amortisation, foreign exchange, depreciation and share based payments to reflect the underlying cash utilisation for the performance of the business. The APMs are consistent with those established within the prior year annual report and their derivation is set out in the table below.

Reconciliation of adjusted operating loss and adjusted EBITDA loss:

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 (restated) £'000	Audited full year to 31 Dec 2020 £'000
Statutory operating loss	**(1,847)**	(950)	(2,139)
Other adjusting items	**106**	-	465
Foreign exchange	**62**	54	179
Share-based payment expense (see note 19)	**359**	88	99
Adjusted operating loss - per statutory	**(1,320)**	(808)	(1,396)
Profit on sale of right-of-use asset	**-**	(378)	(378)
Depreciation and amortisation	**288**	92	373
Adjusted EBITDA loss	**(1,032)**	(1,094)	(1,401)

Reconciliation of administrative expenses and adjusted administrative expenses:

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 (restated) £'000	Audited full year to 31 Dec 2020 £'000
Administrative expenses	**(3,895)**	(3,124)	(7,415)
Other adjusting items	**106**	-	465
Foreign exchange	**62**	54	179
Share-based payment expense (see note 19)	**359**	88	99
Profit on sale of right-of-use asset	**-**	(378)	(378)
Depreciation and amortisation	**288**	92	373
Adjusted administrative expenses	**(3,080)**	(3,268)	(6,677)

7. Staff costs

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited full year to 31 Dec 2020
	No.	No.	No.
Number of production, R&D, and sales staff	**43**	51	48
Number of management and administrative staff	**14**	16	10
	57	67	58

	£'000	£'000	£'000
Wages and salaries	**1,683**	1,731	3673
Redundancy payments	**63**	-	132
Social security costs	**197**	206	417
Other pension costs	**55**	57	119
Share-based payments	**359**	88	99
	2,357	2,082	4,440

8. Finance income and charges

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited full year to 31 Dec 2020 £'000
Shareholders' interest payable	**-**	(25)	-
Interest expenses on leased liability	**(28)**	(17)	(45)
Other charges similar to interest	**(34)**	(12)	(91)
Finance costs	**(62)**	(54)	(136)

9. Earnings per share

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited full year to 31 Dec 2020
Basic and Diluted EPS			
Loss attributable to shareholders - continuing operations: (£'000)	**(1,909)**	(945)	(2,274)
Loss attributable to shareholders - discontinued operations: (£'000)	**-**	-	987
Weighted average number of shares (Nos)	**2,722,085,961**	2,455,419,294	2,542,122,391
Per share amount - continuing operations (pence)	**(0.07)**	(0.04)	(0.09)
Per share amount - loss attributable to ordinary equity holders (pence)	**(0.07)**	(0.04)	(0.05)

10. Intangible assets

	Bespoke applications £'000
Cost	
At 1 January 2020	3,205
Additions	-
At 30 June 2020	3,205
Additions	317
At 31 December 2020	3,522
Additions	185
At 30 June 2021	**3,707**
Amortisation	
At 1 January 2020	3,205
Charge for the year	-
At 30 June 2020	3,205
Charge for the year	30
At 31 December 2020	3,235
Charge for the year	57
At 30 June 2021	**3,292**
Net book value	
At 30 June 2021	**415**
At 30 June 2020	-
At 31 December 2020	287

Additions relate to internally developed software relating to the 7digital platform. Amortisation charges are included within the administrative expenses within the Income Statement. The useful life of each group of intangible assets varies according to the underlying length of benefit expected to be received.

11. Tangible assets

	Computer equipment & capitalised software
	£'000
Cost	
At 1 January 2020	1,534
Additions	57
At 30 June 2020	1,591
Additions	41
Disposals	(1,396)
At 31 December 2020	236
Additions	19
At 30 June 2021	**255**
Amortisation	
At 1 January 2020	1,483
Charge for the year	23
At 30 June 2020	1,506
Charge for the year	29
Disposals	(1,396)
At 31 December 2020	139
Charge for the year	28
At 30 June 2021	**167**
Net book value	
At 30 June 2021	**88**
At 30 June 2020	85
At 31 December 2020	97

12. Leases

The Group leased a property that originally ran until April 2023. In February 2020, on agreement with the landlord, the lease was terminated, and the Group vacated the premises. At 29 February 2020, a profit on sale of £378k was recorded in relation to this lease, being the difference between the net book value and lease liability on that date.

On 1 July 2020, the Group entered into a new lease that runs until August 2023. In 2021, this lease has subsequently been renegotiated to end in November 2023 with a change in the rent payable profile.

Right-of-use assets	**Land and buildings**
	£'000
At 1 January 2020	1,321
Disposal	(1,252)
Amortisation	(69)
At 30 June 2020	-
Addition	1,406
Amortisation	(222)
At 31 December 2020	1,184
Addition	44
Amortisation	(202)
At 30 June 2021	**1,026**

Lease liability	**Land and buildings**
	£'000
At 1 January 2020	1,658
Disposal	(1,630)
Interest expense	17
Lease payments	(45)
At 30 June 2020	-
Addition	1,406
Interest expense	28
Lease payments	(104)
At 31 December 2020	1,330
Interest expense	28
Lease payments	(96)
At 30 June 2021	**1,262**
Analysed:	
Current	510
Non-current	752
Total	**1,262**

13. Trade and other receivables

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 (restated) £'000	Audited 31 Dec 2020 £'000
Trade receivable for the sale of goods	**1,569**	1,796	1,890
Less: Provision for impairment of trade receivables	**(972)**	(914)	(897)
Net trade receivables	**597**	882	993
Other debtors	**283**	192	163
R&D credits receivable	**-**	138	79
Total financial assets at amortised cost (excluding cash & cash equivalents)	**880**	1,212	1,235
Prepayments	**106**	3	112
Total trade and other receivables	**986**	1,215	1,347
Less: non-current portion - other debtors	**(80)**	(15)	(80)
Current portion	**906**	1,200	1,267

14. Trade and other payables

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 (restated) £'000	Audited 31 Dec 2020 £'000
Current Liabilities			
Trade payables	**1,102**	2,918	2,499
Other taxes and social security	**1,324**	1,250	1,369
Other payables	**20**	616	45
Accrued costs	**1,536**	3,008	1,841
	3,982	7,792	5,754
Non-Current Liabilities			
Other payables	-	536	-
	-	536	-

15. Loans and borrowings

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 (restated) £'000	Audited 31 Dec 2020 £'000
Bank loans repayable within one year	-	333	-
Bank loans repayable over one year	1,000	-	250

On 28 September 2020, the Group secured a £1m revolving loan facility with Investec for a period of 36 months guaranteed by two of the Directors. The arrangement allows a maximum of 4 draw downs in any 12 month period of no less than £250k per draw down. An arrangement fee of £30k was agreed, of which £4k was payable at the time of the first draw down and £26k payable in 1,382,488 warrants. Interest, payable quarterly, is calculated at 6% above Investec bank rate on the drawn portion of the facilty and 2% on the undrawn portion.

On 30 June 2021, all of the £1m facilty was drawn down. £11k of interest relating to the quarter ended June 2021 is included in accrued costs.

16. Provisions

	Unaudited 30 June 2021	Unaudited 30 June 2020 (restated)	Audited 31 Dec 2020
	£'000	£'000	£'000
Current			
Provision for closure of business	180	288	245
Legal provision	372	228	513
Other provisions	227	114	209
	779	**630**	**967**
Of which is: current	737	630	858
Of which is: non-current	42	-	109

During the period to 30 June 2021, £65k was paid relating to the closure of the French entity, £141k of the legal provision was utilised by the processing of associated legal fees and other provisions increased due to the share options granted in May 2021.

17. Share capital

	Unaudited 30 June 2021	Unaudited 30 June 2020 (restated)	Audited 31 Dec 2020
	No. of shares	No. of shares	No. of shares
Allotted, called up and fully paid:			
Ordinary shares of 0.01p each	**2,722,085,961**	2,455,419,294	2,722,085,961
Deferred shares of 0.99p each	**419,622,489**	419,622,489	419,622,489
Deferred shares of £0.09 each	**115,751,517**	115,751,517	115,751,517
	£'000	£'000	£'000
Allotted, called up and fully paid	**14,844**	14,817	14,844

18. Related party transactions

During the six month period, the Group invoiced and recognised £56k (31 December 2019: $183k) of revenue to eMusic (a subsidiary of TriPlay Inc.), a group which Tamir Koch is a director. At 30 June 2021, the Group was owed £132k (31 December 2019: £327k) by TriPlay Inc.

During the six month period, the Group paid £8.2k (31 December 2019: £8.2k) to MIDiA Research for music market research services, a company of which Mark Foster is a director. At 30 June 2021, the Group owed £nil (31 December 2020: £nil).

During the period, the Group paid fees of £78k (31 December 2019: £189k) to MJ Advisory which is Michael Juskiewicz's personal service company based in the US.

Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

19. Share-based payments

On 27 May 2021, the Group granted 65,477,778 share options to all staff which were valued at £818k. The fair value of the share options has been calculated using the Black-Scholes model at the grant date. The key inputs into the Black-Scholes model are detailed below:

	2021 Options
Share price at date of grant	1.13p
Exercise price	0.00p
Volatility	100%
Option life	10 yrs.
Risk-free interest rate	0.5%

As at June 2021, £330k of the £359k shared based payment cost related to the above options granted in May 2021.

20. Post balance sheet event

There are no post balance sheet events.

21. Contingent liabilities

The Group does not have any contingent liabilities.