



## Rule 26 Disclosures

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The following information and links are provided for the purposes of AIM Rule 26.

### **LAST UPDATED: 9th August 2017**

7digital Group plc is incorporated in the United Kingdom as company number 3958483. The registered office is 69 Wilson Street, London, EC2A 2BB. The main country of operation is the United Kingdom.

7digital's shares are traded on AIM under ticker '7DIG' (ISIN: GB00BMH46555)

Click here for 7digital's page on the LSE website: <http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary.html?fourWayKey=GB00BMH46555GBGBXAIM&lang=en>

### Share Capital information:

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#### Listing Data:

Primary listing – LSE:	AIM: 7DIG
Company number:	3958483
ISIN:	GB0009021063

#### Share capital information:

Issued ordinary 1p shares:	183,011,298
Ordinary 1p shares held in Treasury:	28,336
Ordinary 1p Options and Warrants:	8,365,259
Fully diluted Ordinary 1p shares	191,376,557

The Company's issued share capital consists of Ordinary shares of 1p each, with one voting right per share; and Deferred shares of 9p each that have no voting rights or rights to dividends

The figure of 182,982,962 may be used by shareholders as the denominator for calculations by which they will determine if they are required under the Disclosure and Transparency Rules to notify their interest in, or a change to their interest in, the Company. All the Company's shares are in public hands, except for those held by the Directors and their related parties and by substantial shareholders (defined in the AIM rules as holding more than 10%), as set out below.

The Company is subject to the UK City Code on Takeovers and Mergers.

## Directors and their interests

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The names of the directors serving and their interests at 9th August 2017 were as follows:

	2017	
	Number of ordinary shares	Ordinary shares under options
S A Cole	2,731,046	776,222
P Downton	53,319	593,177
M Honey	353,847	400,000
D Cruickshank	1,712,231	447,762
E Cohen	316,556	-
A de Kerckhove	23,433	-
M Foster	17,243	-
P McGowan	1,788,462	-

At 9th August 2017, the following directors' interests were also noted:

1. Of the ordinary shares shown as beneficially held by S A Cole, 2,731,046 were held by a nominee account.
2. P McGowan is the Executive Chairman of Hilco UK that indirectly holds 21,977,066 ordinary shares.
3. All of the ordinary shares shown as beneficially held by D Cruickshank were held by a nominee account.
4. All of the ordinary shares shown as beneficially held by P McGowan were held by a nominee account.
5. All of the shares shown as beneficially held by M Honey were held by a nominee account.

Further to the shares shown above, additional shares have also accrued to the following Non-Executive Directors in relation to their remuneration:

	<b>A de Kerckhove</b>	<b>M Foster</b>	<b>E Cohen</b>	<b>P McGowan</b>	<b>Total</b>
Accrued number of ordinary shares	202,042	116,952	760,196	584,758	1,663,948

**Substantial shareholders**

At 31 July 2017, notification of beneficial interests in 3% or more of the company's issued share capital are as follows:

	<b>Number of Shares</b>	<b>% of issued share capital</b>	<b>% of voting rights</b>
24/7 Entertainment GmbH	23,144,616	12.65%	12.65%
Hilco (Goodmans Capital Investment)	21,977,066	12.01%	12.01%
Miton Asset Management	19,420,511	10.60%	10.60%
DC Thompson & Co Limited	7,394,857	4.04%	4.04%
Edale Europe Absolute Master Fund	7,101,105	3.88%	3.88%

## A description of the Company's business:

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7digital is a global business with providing access to over 50 million music tracks for download and streaming services. 7digital's music catalogue is similar in size with the market-leading consumer services. 7digital provides its customers with turnkey white label music services as well as access to a cloud-based software platform that allows them to create and develop their own music service. 7digital has a PaaS offering, a cloud-based service which makes it simpler and more cost effective for 7digital's customers to access the rights and technology necessary to run a music service. 7digital allows consumer facing companies, which include mobile device manufacturers, telecom and television service providers, broadcasters, retailers and consumer brands, to provide innovative new music services to their end users. 7digital operates B2B technology and music services and B2C music services under the 7digital brand. 7digital also provides creative services to its clients, including radio (and other content) production, editorial, merchandising, event production, playlisting and other forms of curation.

### **B2B**

#### **(a) Platform**

7digital's core business is to provide an API for third parties who want to create digital music services, either standalone or bundled within their own device or product offering. 7digital's platform simplifies access to music by offering a combination of a licensed music catalogue alongside the cloud-based technology platform and client-side software, being software hosted by 7digital's clients. These are needed to create on-demand music streaming and download services, radio-style services and other services. The 7digital platform is open, with open-source code wrappers to reduce complexity and time to market for its potential customers and can be used for building products on any type of connected device. Typically, customers pay a set-up fee, monthly license fees for using the 7digital platform and 7digital will also take a revenue share of any music-based revenue generated by the service, including transaction or subscription revenues.

#### **(b) Devices and operating systems**

In addition to providing an open API-based platform from which third parties can build their own services, 7digital also provides client-side software applications for the leading OS and device platforms, including Desktop, Android, iOS, BlackBerry, Windows 8 and Windows Phone, Google Chromecast, Firefox, HTML5 and Sonos.

#### **(c) Music licences**

7digital has obtained music licences in 82 countries in North America, Latin America, Europe, Asia-Pacific and Africa. These licences are obtained from hundreds of individual record labels, music publishers and music collecting societies. Music licences vary from country to country and by usage type. As of March 2016, the catalogue consists of more than 50 million tracks.

### **B2C**

7digital.com is a digital music store, one of the UK's first when launched in 2004. 7digital.com operates 19 download stores, of which 18 are country specific, and one is offered globally. The 7digital.com music download store offers a catalogue of high quality digital music from the major labels and independent aggregators in Europe, North America and parts of Asia Pacific. The 7digital 'Locker' service stores the user's music purchases in the cloud for access from any device. Users have the option to download their purchases as zip files or by using the 7digital download manager to input directly into their media player of choice. 7digital has apps for different devices as well as an HTML5, mobile-optimised web store. Additionally, streaming of a consumer's purchased music is available on Sonos devices. 7digital.com is available with localised features such as local currency, language and catalogue throughout Europe, North America and parts of Asia Pacific.

## Names and biographical details of the Company's Directors:

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### **Sir Donald Gordon Cruickshank, Non-Executive Chairman**

Don Cruickshank has served as a director of Qualcomm Incorporated since June 2005. Don's career has included assignments at McKinsey & Co. Inc., Times Newspapers, Virgin Group plc, Wandsworth Health Authority and the National Health Service in Scotland. He served as Director General of the UK's Office of Telecommunications (Ofcom) from 1993 to 1998. He has been Chairman of the following: Action 2000 (the UK's Millennium Bug campaign) (1997-2000), SMG plc (1999-2004), The London Stock Exchange (2000-2003), Clinovia Group Limited (2004-2007), Formscape Group Limited (2003-2006). Don was a member of the Financial Reporting Council, the body in the UK responsible for oversight of the Accountancy and Actuarial professions and for corporate governance standards, from June 2001 to June 2007. He holds an MA degree in Law and an honorary LL.D degree from the University of Aberdeen and an MBA degree from Manchester Business School.

### **Simon Andrew Cole, Chief Executive Officer**

Simon Cole co-founded The Unique Broadcasting Company Limited in 1989 in partnership with Tim Blackmore, having pioneered the market for national sponsored programmes whilst at Piccadilly Radio, where he was Head of Programmes. Simon has been awarded a fellowship of the Radio Academy.

### **Pete Downton, Deputy Chief Executive Officer**

Pete Downton joined the company in June 2014, assuming overall responsibility for its commercial strategy. He brings over 15 years of operational and strategic experience within the heart of the nascent digital music and consumer technology businesses to the role. Prior to 7digital, Pete held key leadership roles at Imagination Technologies, across both the Imagination Technologies and PURE businesses. In addition, Pete spearheaded 7digital's investment in Audioboom. He also spent over a decade working for Warner Music Group, holding senior management positions in the company's International Marketing and Business Development teams.

### **Matt Honey, Chief Financial Officer**

Matt Honey, a chartered accountant, originally worked with Simon Cole at The Unique Broadcasting Company where he was the Financial Director from 1992 to 2000. He managed the original public listing of what is now 7digital Group plc, before taking on the role of Managing Director of Unique Interactive, a new division of the plc focusing on technology and digital radio. Matt led Unique Interactive for 8 years before setting up his own business providing part-time and interim financial services to SMEs. Matt has been involved with a number of businesses across a broad range of industries from post production TV editing at Splice TV Ltd to international aid development management consulting at IMC Worldwide Ltd, where he is a non-executive director. Matt returned to the group in March 2016 and now serves as Chief Financial Officer.

### **Eric Cohen, Non-Executive Director**

Eric Cohen is a corporate development and strategy executive based in San Francisco, specialising in M&A and strategic partnerships. Eric was formerly Senior Vice President, Corporate Development at Dolby Laboratories, Inc., where he oversaw corporate development, mergers and acquisitions activities, and corporate strategy. Prior to this, Eric was a Managing Director and senior member of the technology investment banking team at Cowen and Company, where he headed the firm's digital media, Internet, and new media business and founded Cowen and Company's digital media practice in 2001. Prior to that, Eric held the position of Managing Director at J.P.Morgan and also worked for 11 years at Credit Suisse First Boston. Eric holds a BS degree from Brown University and an MBA degree from Stanford University.

### **Anne de Kerckhove, Non-Executive Director**

Anne de Kerckhove has over 15 years' experience leading some of the fastest growing technology, media and entertainment companies in Europe. She is CEO of Iron Group and is also an angel investor in innovative companies and high growth funds. Recent investments include Metail, CRE Africa and Daphni. Prior to Iron Group, Anne was MD EMEA at Videology. Previously, she was the Global Director of Reed Elsevier's B2B Entertainment Division. Anne was COO at Inspired Gaming Group, overseeing the company from its launch to IPO. Anne has a Bachelor of Commerce from McGill University and an MBA from INSEAD.

**Mark Foster, Non-Executive Director**

Mark Foster has spent much of his career in the music and entertainment industries, in a succession of senior Marketing and International roles at Warner Music, Arista and Polydor. Most recently, he has served as CEO of Arts Alliance. Previously, Mark acted as a digital strategy and marketing consultant for a number of organisations before being appointed to spearhead the international expansion of the French-based, leading streaming subscription service Deezer in the UK and Ireland in 2011.

**Paul McGowan, Non-Executive Director**

Paul McGowan founded retail restructuring group Hilco UK in 2000 in a joint venture with Hilco, where he currently serves as Chief Executive to the company. Paul is also currently the Chairman of HMV, the entertainment retailer, as well as Denby Pottery Group in the UK and the KRAUS Flooring group in Canada. Since qualifying as a Chartered Accountant in Northern Ireland, Paul has held directorships at more than 100 companies during his professional career and brings with him a vast amount of experience.

## The Board & Corporate Governance

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The Directors and Proposed Directors support high standards of corporate governance. Accordingly, the New Board will meet regularly throughout the year and all necessary information will be supplied to the Directors at that time on a timely basis to enable them to discharge their duties effectively. Additionally, special meetings will take place or other arrangements will be made when decisions are required in advance of regular meetings.

The Directors have established or otherwise intend to establish financial controls and reporting procedures which are considered appropriate given the size and structure of the Enlarged Group. It is the intention of the New Board that these controls will be reviewed regularly in light of the future growth and development of the Enlarged Group and adjusted accordingly.

### Share dealing code

The Directors comply with Rule 21 of the AIM Rules for Companies relating to directors and applicable employees dealings in the Company's securities. Accordingly, the Company has adopted a share dealing code for directors and applicable employees and the Company will take all reasonable steps to ensure compliance by its directors and applicable employees with the provisions of the AIM Rules for Companies relating to dealing in securities.

### Compliance with the Corporate Governance Code

The Directors and Proposed Directors recognise the importance of, and are committed to, good corporate governance and intend, following Admission, so far as is practicable and appropriate for a company of its size, stage of development and nature as a company whose securities are traded on AIM to follow the provisions of the UK Corporate Governance Code. In any event, the New Board intends to comply with the provisions of the QCA Guidelines.

On Admission, the New Board will comprise six directors consisting of three executive directors and three non-executive directors. The Corporate Governance Code states that the Board should determine whether a director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

The New Board considers that Sir Donald Cruickshank and Eric Cohen will be independent within the meaning of the QCA Guidelines. Following Admission, it is intended to appoint two additional directors of suitable calibre to strengthen the composition of the New Board.

### The Board

- The role of the Chairman and that of the Chief Executive are separate and have been so since the Company's formation.
- The Senior Non-Executive Director is E Cohen.
- The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman also ensures that the directors receive accurate, timely and clear information and that there is effective communication with shareholders. The Chairman also facilitates the effective contribution of the other Non-Executive Directors and ensures constructive relations between executive and non-executive directors.
- The Chief Executive's responsibilities are concerned with managing the Group's business and implementing Group strategy.
- The Board's role is to provide entrepreneurial leadership of 7digital Group within the framework of prudent and effective controls that enable risk to be assessed and managed. The Board is responsible for setting the Company's strategic aims and for ensuring the financial and human resources are in place for the Company to meet its objectives and to review management performance. The Board is also responsible for setting the Company's values and standards and ensuring that its obligations to its shareholders are understood and met.
- The Non-Executive Directors bring a wide range of experience and expertise to the Company's affairs, which allows them to constructively challenge and help develop proposals and strategy, scrutinise performance and controls and take decisions objectively in the interests of the Company.
- Paul McGowan is not considered to be independent due to his position as CEO of Goodmans Capital Investments, a significant shareholder in 7digital.

### Committees of the Board

The Board has two main committees, being the Audit Committee and the Remuneration Committee each of which operate within defined terms of reference.

**Audit Committee**

The audit committee will comprise of Sir Donald Cruickshank (chair), Eric Cohen, Mark Foster and Anne de Kerckhove. It will meet at least once a year. The audit committee will receive and review reports from management and from the Company's auditors relating to the interim and annual accounts and to the internal control procedures that will be in use throughout the enlarged Group. It will be responsible for ensuring that the financial performance of the Enlarged Group is properly reported with particular regard to legal requirements, accounting standards and the AIM Rules for Companies. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports will remain with the main Board.

**Remuneration Committee**

The remuneration committee will comprise Sir Donald Cruickshank (chair), Eric Cohen, Mark Foster and Anne de Kerckhove. It will meet at least once a year. It will be responsible for determining and reviewing the terms and conditions of service (including remuneration) and termination of executive directors and senior employees and the grant of options under any share option scheme of the Company implemented from time to time.

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7digital's Articles of Association:

Please see

<http://about.7digital.com/aim-26>

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Most recent Annual Report and Accounts:

Please see

<http://about.7digital.com/financial-information>

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Most recent half-yearly Report and Accounts:

Please see

<http://about.7digital.com/financial-information>

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News releases:

For News releases

<http://about.7digital.com/investors>

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For RNS releases

<http://about.7digital.com/investors>

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AIM Admission document:

Please see

<http://about.7digital.com/aim-26>



## Details of the company's nominated adviser and other key advisers:

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### **Nominated adviser and broker**

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60 New Broad Street  
London  
EC2M 1JJ

### **Solicitors**

Osborne Clarke LLP  
One London Wall  
London  
EC2Y 5EB

### **Principal bankers**

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United Kingdom House  
180 Oxford Street  
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### **Registrars**

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34 Beckenham Road  
Beckenham  
Kent  
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### **Auditor**

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Chartered Accountants  
Cheltenham