

Napster Group PLC

Operational Update

Napster Group PLC (“Napster” or the “Group”), a leading music company and operator of the MelodyVR and Napster platforms, provides the following operating update.

The acquisition of the Napster streaming service in December 2020 has enabled the Group to accelerate its subscription-based revenue model which now boasts more than 5 million users (including subscribers from PaaS services) worldwide. Proforma revenues from the Napster streaming service and Melody VR service combined totalled \$96 million in 2020 and during January 2021 generated monthly revenues of c. \$8m.

Napster – A Next Generation Music Platform

Since acquisition, the Company has now largely completed the integration of the MelodyVR and Napster businesses, which has led to greater efficiencies and significant opex savings across the group. Our in-house team of leading strategists and engineers is currently developing a new music platform which is intended to be launched as an update to the existing Napster offering later this year. The new platform will not just combine Napster’s music streaming capability with Melody VR’s capabilities in streaming live music, but it will also offer access to a library of content including documentaries, short form episodic content and music feature films, as well as exclusive recorded performances, own brand physical events and digitally ticketed live events.

In order to focus investment on the development of the new platform, MelodyVR and Napster will continue to operate as stand-alone businesses until the launch of a new Napster branded platform, albeit with marketing activity to cross promote the brands. At launch, MelodyVR customers will be encouraged to migrate to the updated Napster platform. The platform will launch across multiple connected devices such as smartphone, tablet, smart TV, desktop, console, native VR, home audio and in-car.

Management has taken the decision that whilst product development is taking place, a reduced amount of operational resource will be directed towards the growth of the MelodyVR platform, both application updates and new content streams will be limited during these coming months as resources are now focused on the development and subsequent relaunch of Napster that will take place later this year.

Partnerships with companies like SingTel will continue, where the current MelodyVR app is being used to showcase the power and capability of 5G network technologies will continue. Customers with 5G data plans will gain a three-month subscription to access the MelodyVR platform with the option to extend at the end of the term . We believe that the new Napster product will appeal to both new and existing B2B partners and will continue to serve as a key use case for 5G networks. It is anticipated that extensive partner marketing support will be provided at launch in combination with a strong customer pipeline from our partners

providing the opportunity to further increase customer acquisition and revenue growth post-launch.

Financing Update

As announced separately today, the Group has secured an increased funding commitment from Nice & Green S.A to a total of £8 million (by way of subscription for unsecured convertible loan notes) on an accelerated basis so that the full commitment can be accessed by June 2021. This increased commitment together with the term facility provided by our largest shareholder Davis Capital results in total funding for FY21 of c.\$40m and secures the development and launch of our new music platform.

Outlook

It is the Group's belief that the Company's new platform, under a soon to be relaunched Napster brand, will resonate with music fans around the globe, offering streaming, video content and immersive VR experiences. Using proven customer acquisition and marketing strategies to build our subscriber base, we have clear ambitions to significantly increase subscriber and user numbers, driving revenues and in turn accelerate our progress towards becoming cash flow positive.

The Board believes that we have a compelling product, world class partners and a clear plan to create value for shareholders.

Anthony Matchett, Group CEO, commented:

"We recognise that this has been a difficult period for shareholders, but we are incredibly pleased with our recent developments and believe that the acquisition of the Napster brand is transformative for our business. We intend to relaunch the Napster product later this year and to-date the reception to our plans has been overwhelmingly positive."

"Our growth plans are ambitious, but operationally realistic, and we are excited about the growth potential and value that we can create for the music industry and for our shareholders in the coming years."

A recorded presentation is available on the company website: www.napster.group.

For further information:

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