

2021-09-01

## ROLI CEO's letter to shareholders

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I am writing today with a heavy heart and some bad news. I hoped I would never have to write such a letter especially to those who supported me in my journey with ROLI. For the last decade, it has been my great privilege to serve as CEO of ROLI, a company I founded out of my love for the joy of music making.

When I started ROLI in 2009, I was a student at the Royal College of Art with a background in arts and philosophy, and I had no idea of the path that would lie ahead. I was focussed on making new things possible and eventually realised that my inventions could be the basis of an exciting commercial opportunity.

Together, we have since launched award-winning products and made music-making more expressive, accessible, and fun. We have sent our products all over the world and taken great pleasure in seeing how they have impacted the lives of musicians and enthusiasts all over the world. We have been ambitious and realised big ideas, with lots of flagship achievements, including continuing commercial traction, and have been many times close to the goal-line of breakout success.

At the same time, startups face existential risks at every turn, and we have had our fair share of plot twists along the way. Hardware is hard and I have had a long journey of learning as a CEO. Ultimately, though, the pro products, while successful within their niche, did not find a big enough market given our venture trajectory, and the capital market began shifting strongly away from hardware and only making exceptions for recurring revenue subscription based platforms like Peleton.

You are no doubt aware of the challenges we have faced and the many actions we have taken to secure the best possible outcome for ROLI shareholders over many years. To make matters more complicated, we also found ourselves in a global pandemic. This created new challenges and opportunities, and we did our best to continue operating efficiently in a new environment.

Ultimately, we recently received an offer not for investment but for the purchase of ROLI assets that would continue to employ the team and adopt a portion of the debt as part of the transaction. Having received this offer and with no investment or more significant M&A opportunities available despite every effort being taken, our secured lender TPC was no longer willing to continue to provide bridge financing for the company. Without that commitment of bridge financing, and unable to source any other finance, we were advised that our only option was to accept an offer of an asset transaction, and indeed that it was our duty as directors to do so. Up to this point, although there was always uncertainty about exactly what investment solution we would arrive at, based on the support of the secured creditor and our commercial traction, we continued to believe that we would find an investment solution that would preserve some degree of shareholder value for ROLI.

Obviously, this was precisely the situation I have worked for many years to avoid. Nevertheless, after careful consideration of all of our options, we have taken the difficult decision to move forward with one of these offers and put ROLI Ltd into administration.

Therefore, in our attempts to help protect the jobs of our team members and do right by our customers, and most importantly to dispense our directorial duties to our secured creditor, we have enacted an asset sale to a new company called Luminary. I will serve as CEO of this new company, and continue to serve and honor our commitments where possible, including to our secured creditor Triple Point Capital.

This asset sale and restructure will provide an opportunity for our product line to continue and for us to retain job opportunities for the vast majority of our current team members. At the same time, I also understand that this will be extremely disappointing news for ROLI shareholders, both institutional and individual. I know that many of you supported me and the business from the very beginning of this journey, and that many of you have put not only your resources but your trust and faith in me. I and the rest of the executive team did everything we could to protect your investment, but ultimately we had to make this difficult decision.

To be honest, I am disappointed in myself for not having found a way through that would protect the position of ROLI shareholders, and I hope you will take some comfort in knowing that I took every possible step I could and worked intensely to avoid this outcome.

I have negotiated with the institutional investors of Luminary that ROLI shareholders should have an opportunity to invest in a follow on round, but I understand that given the above news this may not be attractive.

Please know that I did not take this decision lightly, and that, if there had been any other route forward, I would have chosen it. I am available to listen to your thoughts and concerns, and to answer any questions you may have.

Yours humbly,

Roland