Audioboom

2018

Audioboom Group plc

Annual Report & Financial Statements

Overview

Audioboom Group plc ('Audioboom') is the leading global podcast company, consolidating the business of on-demand audio, making content accessible, wide-reaching and profitable for podcasters, advertisers and brands. Audioboom operates internationally, with operations and global partnerships across North America, Europe, Asia and Australia, and addresses the issue of disparate podcast services by putting all of the pieces of the puzzle together under one umbrella, creating a user-friendly, economical experience.

Audioboom hosts over 13,000 content channels, with key partners including A+E Networks (US), Associated Press (US), 'Astonishing Legends' (US), 'Casefile True Crime' (Aus), Edith Bowman (UK), 'Felon True Crime Podcast' (Aus), Jonathan Ross (UK), 'Moneycontrol Podcast' (India), 'No Such Thing As A Fish' (UK), Red FM (India), Starburns Audio (US), 'The Cycling Podcast' (UK), 'The Totally Football Show' (UK), 'The True Geordie Podcast' (UK) and 'Undisclosed' (US).

Original content produced by Audioboom includes 'Formula 1®: Beyond the Grid' (UK), 'And That's Why We Drink' (US), 'Dead Man Talking' (UK), 'Blank Check' (US), 'The 45th' (US), 'Covert' (US), 'Deliberations' (US), 'It's Happening with Snooki & Joey' (US), 'Mafia' (US) and 'Night Call' (US).

The platform receives over 90 million listens per month and allows partners to share their content via Apple Podcasts, BookMyShow, Deezer, Google Podcasts, iHeartRadio, RadioPublic, Saavn, Spotify, Stitcher, Facebook and Twitter as well as their own websites and mobile apps.

For more information, visit audioboom.com.

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Audioboom

Highlights

For the 13 month period ended 31 December 2018

Financial highlights

- Revenue increased 92% to US$11.7 million (12 months ended 30 November 2017: US$6.1 million), with significant growth in the final three months of the period
- Adjusted EBITDA* loss reduced to US$5.1 million (12 months ended 30 November 2017: loss of US$5.6 million), with much improved performance in the final three months of the period
- Group cash as at 31 December 2018 of US$1.6 million (30 November 2017: US$1.0 million) – operating cash flow breakeven achieved in the final three months of the period

*earnings before interest, tax, depreciation, amortisation, share based payments and before material one-off items (including the costs of the aborted Triton Digital transaction and corporate restructuring)

Operational highlights and KPIs

- Key performance indicators ('KPIs') all delivered significant growth:
  - Revenue per 1,000 listens in the US (eCPM) increased to US$25.87 in December 2018, up 74% from US$14.87 in November 2017
  - Brand advertiser count of 160 in December 2018, up 65% from 97 in November 2017, with new tier one advertisers including Bose and TiVo
  - Total available premium advertising impressions grew to a total of 1,015 million in the 2018 financial period, up from 671 million in 2017, an increase of 51%
- Company's focus on working with the most prominent podcasts demonstrated with notable new content including a multi-year contract for 'Casefile', a popular true crime podcast, and 'And That's Why We Drink', one of the biggest new podcasts of 2018; and the re-signing of 'No Such Thing As A Fish' and 'The Totally Football Show', two of the UK's biggest podcasts by listens
- Co-production partnerships established with leading existing brands and broadcasters, including 'Beyond the Grid' with Formula One, to enhance gross margins
- Audioboom Original Network (AON) traction and growth continues with 11 shows produced from the Group's New York and London studios, creating original intellectual property and generating higher margins than third party podcasts
- Successful launch of Sonic Influencer Marketing, a platform enabling brands to secure advertising within any globally available podcast
- Completed Spotify API integration; sales agreement with Starburns Audio, a new podcasting network created by Starburns Industries; and international sales partnership agreement with The Podcast Exchange in Canada
- Withdrew from proposed reverse acquisition of Triton Digital Canada Inc, a leading technology provider to the online audio industry when, despite significant demand, it was not possible to complete the associated fundraise

Highlights
(continued)

Post-period end highlights

- KPIs for Q1 2019 all demonstrated further significant growth over prior year*:
  - Trading ahead of management expectations with record quarterly revenue of c.US$4.6 million, up 180% on Q1 2018 (US$1.6 million)
  - Brand advertiser count of 178 as at 31 March 2019, up 55% on the same period last year (31 March 2018: 115)
  - Revenue per 1,000 listens in the US (eCPM) at US$23.77, up 67% on same quarter last year (Q1 2018: US$14.27). Note this was lower than Q4 2018 due to higher inventory being available in Q1 2019
  - Total available premium advertising impressions of 305 million, up 28% from same period last year (Q1 2018: 239 million)
- Raised total of £4.3 million (before expenses) from a placing and subscriptions to secure leading podcasting talent and shows, and develop co-production and AON opportunities, which are expected to further improve the Group's performance over the course of 2019 and beyond
- Strong pipeline of high revenue producing podcast content and talent and other opportunities
- Ongoing cost control continues as the Company recognises the reduction and repurposing of headcount costs and the savings made from renegotiated hosting, bandwidth and ad serving costs

*The financial period ended 31 December 2018 was a 13 month period. In order to provide appropriate like-for-like comparisons, the Q1 2018 comparable period referred to herein is 1 January – 31 March 2018

Chairman's Statement

Having joined the Board of your Company on 1 September 2018, I am pleased to present my first Chairman's Statement.

Prior to my arrival, the Company had faced significant challenges in 2018, created in large part by the distraction and financial cost of the aborted Triton Digital acquisition earlier in the year. It is therefore testament to the Company's staff and supportive shareholders and partners that, driven by the strong recovery in performance in the final three months of the year, the Company continues to enhance its position as the leading global podcast company. The continued rapid growth in the podcasting industry and growing recognition by advertisers, particularly in the US, positions Audioboom strongly to continue to take advantage of the opportunities ahead.

In his CEO Review, Rob Proctor provides detail around the Company's strategy, operational and financial performance, and recent update and outlook. The Board is delighted with the strong growth in revenue and performance across all operational KPIs in 2018, the continued focus on cost control, and the strong start to 2019.

We were pleased to secure an additional £4.3 million in growth funding post-period end, with £2.8 million of this recently raised at a premium to the prevailing market price and at almost double the price of the initial raise earlier this year. This will allow the Company to acquire high revenue producing, established podcasts and talent which will further drive revenues and strengthen Audioboom's core US operations. Once again, the support of our existing shareholders has been crucial and we were delighted to welcome a number of new investors to our register. The Board also hopes to be able to secure a new guarantee facility which would provide the Company with further financial means to assist in the acquisition of new podcast talent in our high growth market.

In terms of Board changes, Brad Clarke was appointed to the Board as Chief Financial Officer on 1 September 2018 (having joined the Company in March 2018) and Malcolm Wall stepped down as non-executive Chairman at the same time after four years on the Board. Brad has already made a significant positive impact on the Company's financial controls, reporting and budgeting and the Board takes great confidence from his involvement. The Board would again like to thank Malcolm Wall for steering the Company through its early, and often challenging, years on AIM.

I would like to take this opportunity to thank the entire Audioboom team for their continuing professionalism and commitment and also to thank our shareholders and partners for their loyalty and vision in supporting Audioboom as it continues to grow, particularly given the challenges of last year. Given the momentum generated in the final three months of 2018 and in the year to date, the Board is optimistic and excited about the opportunities that lie ahead for the balance of 2019 and beyond, with further strong growth in revenue expected.

Michael Tobin OBE
Chairman
30 May 2019

Chief Executive Officer's Review

Introduction

Audioboom is one of the world's largest spoken word platforms and a digital online market-place that matches advertisers and brands with targeted audiences that listen to digital spoken word content across different audio genres including, but not limited to, news, sport, current affairs, true crime and entertainment.

Each piece of audio provides an opportunity for the Company to place traditional audio or video advertisements ('ads') at the beginning, middle and end of the content ('pre, mid and post roll advertising'), as well as opportunities for 'live host read' or 'in read' advertising, and it is our vision to become the world's leading B2B advertising and digital audio content distribution company for both content creators and publishers.

2018 posed exceptional challenges for the business with the considerable distraction of the aborted Triton acquisition. Against this backdrop, it was hugely satisfying that our revenues have almost doubled and our adjusted EBITDA loss reduced. More significant was the Company's cash flow break even performance in the final three months of the period, which was achieved through higher revenues, continued cost control and improved financial processes.

As the profile of podcasts and on-demand audio continued to expand in 2018, audiences and digital advertising budgets continue to flock to the podcast medium – representing a tremendous validation of our business model. During 2018, Audioboom consolidated its position as the 'go to' platform for top talent and broadcasters such as The Official Formula 1 Podcast 'Beyond The Grid', Fox Broadcasting's 'Dish Nation', Studio 71's 'Something Scary', as well as top tier independent podcasts like 'Casefile', 'And That's Why We Drink' and 'Morning Toast'.

The excellent results for the final three months of 2018, together with 2019 year-to-date performance, pre-booked advertising campaigns and content acquisition pipeline, all point towards further significant improvements in 2019.

Strategy

The Company has currently sold the majority of its available advertising inventory for 2019 across its top ten podcasts, whilst at the same time recording substantial growth in the number of active advertisers. The Company's strategy is therefore now heavily focused on accelerating its acquisition of established, popular podcasts and production of its own podcasts, as the Board believes that substantial growth opportunities are available to Audioboom via the acquisition of both established 'Tier 1' podcasts and the creation of Audioboom Originals content.

Where appropriate, leading podcasters and podcast content providers can seek upfront advance payments (which are fully recoupable over the life of the contract) and minimum revenue guarantees in podcast acquisition negotiations. In addition, the Board believes that there are listener and revenue benefits to be gained from supporting podcasts on the Audioboom network with modest marketing and promotional budgets, in order to accelerate monetisable audience sizes. Typically, established Tier 1 podcasts require high, yet commensurate, minimum guarantees and advances, whilst new podcasts typically require only a low (or no) minimum revenue guarantee.

The Board believes that the Company is now able to provide increasingly accurate forecast revenues for major, established podcasts. Using podcast frequency and listener data, conservative assumptions regarding the revenue per 1,000 listens (eCPM) rates that a particular show will command, anticipated sell through rates and the number of advertising slots per episode, Audioboom is able to generate a minimum and maximum range of predicted gross annual revenues.

Audioboom's strategy involves using these revenue predictions to determine the appropriate levels of advances that can be offered in order to win or renew established, revenue generating podcasts. Audioboom has also used its forecasting process to determine a number of non-preferred podcast content acquisition opportunities, where the cost-effectiveness of the minimum guarantees required are not as attractive as other opportunities. The Board believes that this strategy will assist in managing the balance of potential risks and rewards in relation to Audioboom providing minimum guarantees or advances.

The established listener bases of existing Tier 1 podcasts can be brought onto Audioboom's platform quickly via a redirection of their RSS feeds following acquisition, which ensures predictable and repetitive revenues.

Additionally, Audioboom will continue to roll out its co-productions and Audioboom Original Network productions, thus enhancing its long-term IP position and improving its overall gross margins.

Geographically, Audioboom is fully committed to growing its market share in its key markets of the USA and UK, whilst continuing to develop strong local partnerships in India, Australia and Canada.

Overview of the market

The global podcast market goes from strength to strength, especially in Audioboom's major market, the USA. The latest Infinite Dial survey for 2019 highlights some of the following trends:

- 70% of the US population aged 12 years and over is now familiar with podcasting, up from 64% in 2018
- 51% of this US population (c. 144 million people) have now listened to a podcast, up from 44% in 2018
- 32% (c. 90 million people) have listened to a podcast in the last month, up from 26% in 2018
- 22% (c. 62 million people) now listen weekly to podcasts, up from 17% in 2018
- Growth amongst 12-24 year olds is up a full 10% points
- Monthly podcast listening on Spotify has increased to 53% of its total user base, up from 32% in 2018
- 52% of the US listening population listen to 4 or more podcasts per week

Operational review

I am pleased to report upon another important year in terms of monetisation, financial results and operational progress across all our key performance indicators ('KPIs').

KPIs

- Revenue per 1,000 listens in the US (eCPM) increased to US$25.87 in December 2018, up 74% from US$14.87 in November 2017
- Brand advertiser count of 160 in December 2018, up 65% from 97 in November 2017, with new tier one advertisers including Bose and TiVo
- Total available premium advertising impressions grew to a total of 1,015 million in the 2018 financial period, up from 671 million in 2017, an increase of 51%

Content partners

The Company's focus on working with the most prominent podcasts was demonstrated with notable new content including 'Casefile', a major true-crime podcast, and 'And That's Why We Drink', one of the biggest new podcasts of 2018. Together with the re-signing of 'No Such Thing As A Fish' and 'The Totally Football Show', this reflects the growing industry recognition of Audioboom as the 'go-to' podcast advertising company for podcasters and advertisers across the globe.

Casefile

In January 2018, Audioboom announced that it had signed a multi-year contract to host and monetise Casefile, a true crime podcast which was originally launched in January 2016. Casefile has been downloaded more than 154 million times since partnering with Audioboom.

And That's Why We Drink

In September 2018, Audioboom signed a commercial agreement to distribute and monetise one of the biggest new podcasts of the year, 'And That's Why We Drink'. The podcast has been downloaded more than 22 million times since the start of the partnership and Audioboom sold 100% of the available advertising inventory for the podcast during Q1 2019.

No Such Thing As A Fish and *The Totally Football Show*

The Company was delighted to have extended its commercial partnerships with these two podcast partners during the period. As two of the UK's biggest podcasts by listens, the extended relationship should help further drive unique users and advertising impressions as the Company builds on the strong momentum achieved to date. Combined, the two shows have been downloaded more than 216 million times in the past year.

Audioboom Originals

During 2018, Audioboom continued to develop the Audioboom Originals Network. This initiative is central to the Audioboom business model, creating original intellectual property and helping to grow gross margin.

Chief Executive Officer's Review
(continued)

Audioboom produces 11 'owned and operated' shows from its New York and London studios, including 'Blank Check', 'Night Call', 'Deliberations', 'It's Happening', 'The 45th', and 'Chrisley Confessions'. Audioboom Originals is creating more than six million available 'in-read' advertising impressions per month.

In 2019, we expect that the Audioboom Originals Network will continue to grow significantly, making a material contribution to the Company's revenue mix. The roster of productions continues to develop well, with second or later seasons of 'Mafia', 'Covert', 'Dead Man Talking' and 'INBOX' all due to be available in 2019. New podcasts launching during 2019 on the Audioboom Originals Network include 'Truth Vs Hollywood', 'Notorious Killers', 'A Life Lived', 'Truly', and 'Teachers'.

Co-productions

Audioboom's co-production partnerships enable existing brands and broadcasters to develop a podcasting footprint by utilising Audioboom's production expertise and distribution capability. Audioboom works closely with a brand to develop and produce high quality content and the brand leverages its owned properties to grow audience for the show, with Audioboom also acting as the exclusive advertising sales partner. This initiative is key to growing our gross margin.

Formula 1® Podcast

In June 2018, the Company announced that it had signed an agreement with Formula One Digital Media Limited for an official weekly podcast, titled 'Beyond the Grid' with the podcast being co-produced, hosted and distributed by Audioboom. The partnership was extended in February 2019 through to February 2021.

'Beyond the Grid' has been downloaded more than 2.5 million times since the start of the 2019 Formula One season.

The podcast is sponsored by Bose, while other advertisers can pay for episodic live reads throughout the podcast series.

Subscription service

Audioboom launched its own podcast subscription service in 2017, which allows content creators with smaller audiences to host content, measure and distribute their podcasts to all the major consumption platforms, and opt into advertising, should they wish to. The entry subscription service costs US$9.99 per month and applies to podcast creators on the Audioboom platform achieving fewer than 10,000 downloads per month.

In February 2019, a second tier was added to the subscription service for podcast creators achieving between 10,000 and 25,000 downloads per month. This tier costs US$19.99 per month.

Sonic Influencer Marketing

In August 2018 Audioboom launched Sonic Influencer Marketing ('Sonic'), a platform enabling brands to secure advertising within any globally available podcast. Sonic manages the full podcast advertising process for its brand clients, including campaign execution, billing and performance optimisation.

More than 22 brands already utilise Sonic including Sony UK, Article, Instacart, HumanN and Outerknown.

SONR News Limited

During the period the majority of SONR staff left the Company as Audioboom focused its resources on revenue generating initiatives. SONR is currently exploring opportunities and partnerships to exploit its NLP and AI technology.

Key commercial agreements

Spotify – integration of API

In June 2018, Audioboom announced a review of the first year of its strategic partnership with Spotify Technology SA ('Spotify').

Audioboom's listens and live read ad inventory via the Spotify streaming service had increased over the twelve-month period to 31 May 2018 to approximately 10% of its total listenership, following the successful implementation of a distribution partnership with Spotify. This increase could be attributed to just 1% of Audioboom's content being available on the Spotify platform at that time.

The Company has now completed its technical API integration, which now allows for all of Audioboom's content to be available to Spotify. This fulsome integration also ensures that Audioboom is able to track listenership metrics for its content within the Spotify ecosystem and thus enhance its attractiveness to agencies and brands looking to advertise on its premium podcast content. As a result, Spotify is now established as the Company's second biggest distribution platform after Apple Podcasts, with Audioboom's on-demand podcasts, such as 'Mafia' and 'Drink Champs', now featured on the Spotify platform across multiple content categories.

Importantly, the ability to deliver embedded Audioboom host read advertising and programmatic advertising inside the Spotify platform has resulted in increased revenue for Audioboom and its podcast partners as more listeners are on-boarded.

Increased listens and advertising revenues as a result of partnerships are a key part of the Company's future growth strategy, which involves utilising third-party relationships and technology platforms to widen reach and the ability to grow additional revenue streams.

Starburns Audio ('SBA')

In June 2018, Audioboom announced that Starburns Audio, a new podcasting network created by Starburns Industries, the production studio behind Rick and Morty, HBO's Animals, and the Academy Award-nominated Anomalisa, had entered into an advertising sales agreement. Its network of shows is a mix of Apple Podcasts' comedy Top 50 mainstays and exciting new shows, including: 'Harmontown', 'Small Doses' with Amanda Seales, 'Dumb People Town', 'Glowing Up', and 'Natch Beaut'. The partnership has since been extended until April 2021.

The Podcast Exchange ('TPX')

An agreement with TPX focuses on the Canadian region and makes Audioboom the first podcast platform to partner with this network. Launched in February 2018, TPX, which does not make or sell its own content, combines research-driven strategy, advanced metrics, sales expertise and geo-targeting, providing advertisers with better monetisation opportunities within the Canadian podcast audience.

Aborted Triton Digital deal

In February 2018, the Company announced its intention to acquire the entire issued share capital of Triton Digital Canada Inc ('Triton'), the parent company of Triton Digital, Inc., for a cash consideration of US$185 million (approximately £134 million). Triton is a leading technology provider to the online audio industry, headquartered in the USA.

In May 2018, Audioboom announced that the Company's proposed acquisition would not be proceeding as the Company was unable, despite significant investor interest, to raise the necessary funds required to complete the transaction.

Audioboom incurred c. US$1.7 million of costs in relation to this aborted transaction. The Board is of the view that the Company lost a total of approximately US$5 million in revenues over the first nine months of 2018, due to the aborted acquisition, as the costs of this transaction prevented a number of podcast renewals and the acquisition of new podcast content. The Board is pleased that, following this disruption, the Company's growth trajectory has been re-established, as evidenced by trading for the final three months of 2018 and the first quarter ended 31 March 2019.

Financial review

In 2018, the Company recorded revenue growth which significantly outperformed the growth in the overall podcast advertising market. This was achieved despite the enormous operational challenges that the Company faced in 2018 and, with more money now flowing into the space, some of our major competitors now being backed by companies with access to significant resources.

Revenue growth accelerated in our core revenue segment; premium in-read advertising for our podcast partners. This core segment was assisted by the breakthrough year for our UK sales operation, who have now established a premium advertising sales market in this territory. Encouraging revenue contributions were also made through the launch of Sonic Influencer Marketing in August 2018 and by the Audioboom Originals Network, in its first full year and with a roster of exciting new shows.

Revenue increased by 92% to US$11.7 million for the 13 months to 31 December 2018 from US$6.1 million (12 months to 30 November 2017), with significant growth recorded in the final three months of the period. In 2018, 83% of Group revenue was generated in the United States, which is the largest and most developed market for podcasting. US

Chief Executive Officer's Review
(continued)

revenue represented 90% of Group revenue in 2017, with the change in contribution being due to the increased revenue generated from the UK sales operation, proving that the premium advertising sales model works in that territory.

The Company continued to control overheads and a 'benefit' of the aborted Triton Digital transaction meant that the Company had to scrutinise all aspects of its cost base to ensure only required, and appropriate, resources were dedicated to operational areas. The Company underwent a restructuring programme in 2018, removing a number of non-revenue generating employees, and repurposed part of that headcount to revenue generating sales and production staff. The Company implemented a number of cost reduction procedures in 2018, including; closing its Australian office and moving to a partnership agreement in that territory, and also renegotiating the contracts for hosting and bandwidth costs incurred, a material part of the Company's cost base. This renegotiation will yield in excess of a 20% annualised saving for hosting and bandwidth costs. We continue to monitor the cost base closely and align it to the Company's operational demands and in 2019 we will recognise the full year impact of those headcount reductions and hosting and bandwidth savings secured in 2018.

The Company's overall trading for the period, as measured by adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, share based payments and before exceptional items (including the costs of the aborted Triton Digital transaction and corporate restructuring)), recorded an improvement to a loss of US$5.1 million (13 months to 31 December 2018) from US$5.6 million (12 months to 30 November 2017), with much improved performance in the final three months of the period.

The cash outflow from operating activities fell to US$7.3 million for the 13-month period (12 months to 30 November 2017: US$8.1 million), with operating cash flow breakeven achieved in the final three months of the period. It should be noted that the 2018 cash outflow from operating activities of US$7.3 million included US$1.7 million of costs of the aborted Triton Digital transaction. Excluding these costs, cash outflow for the 13-month period was US$5.6 million, a 30% reduction in cash outflow versus 2017.

The encouraging stability of the cash position in the final three months of the period was a result of a combination of positive working capital factors; sustained revenue growth during the second half of 2018; significantly improved cash collection in the second half of 2018, as supported by the reduction in collection days from 139 days in 2017 to 94 days in 2018; and the implementation of a new bespoke global podcast advertising booking system which has significantly reduced the time taken to distribute invoices to customers. Trade payable days are in line with expectations given the increased trading in the final three months of 2018 and the payment terms offered to podcast partners.

During the period, the Company raised US$7.7 million (before expenses) from the issue of convertible loan notes and a placing and subscription of ordinary shares for working capital and growth initiatives. Net cash at the period end was US$1.6 million (30 November 2017: US$1.0 million).

The financial results shown above, in particular in respect of the final three months of the period, illustrate that the drive to increase revenues whilst maintaining strong cost management is working and should deliver significant shareholder value as the Company continues its journey towards positive cash-flow.

Financial year end and reporting currency

The Company has changed its accounting reference date and financial year end from 30 November to 31 December, with the period under review covering 13 months to 31 December 2018. Further, given that the Company derives the majority of its revenues in US Dollars, the Company has moved to reporting in US Dollars for the period under review and going forward.

Recent fundraising

Post period end, the Company raised £1.5 million in February 2019 by way of a subscription at a price of 1.3 pence per share and recently completed a placing and subscription to raise a further £2.8 million of new equity funding at a price of 2.5 pence per share.

In order to support and continue the strong revenue growth experienced by Audioboom in Q4 2018 and Q1 2019, the net proceeds of these funding rounds have been, and will be, predominantly used to:

- accelerate established podcast content acquisition, where such opportunities have predictable revenues
- further develop co-production content partnerships, with a view to increasing gross revenues and gross margins
- grow the Company's slate of Audioboom Originals productions, with a view to increasing gross revenues, gross margins and delivering valuable original content

Guarantee arrangements

As previously announced, in order for the Group to secure additional leading podcast content and talent, over and above that to be secured with the proceeds of the recent fundraise and without tying up further working capital, Michael Tobin, the Company's Chairman, and Candy Ventures sarl, a substantial shareholder in the Company, intend to enter into an agreement for a facility that can provide the necessary minimum revenue guarantees to the relevant content partners.

These guarantees are expected to be provided via a special purpose vehicle ('SPV'). It is expected that the SPV will provide the content partners with guarantees of up to approximately US$4 million in aggregate, securing the minimum guaranteed advertising revenue share payable to the content partners pursuant to their commercial agreements with Audioboom.

In return for providing the guarantees, Audioboom will agree to pay the SPV an amount equivalent to 8% of the net advertising revenue received by Audioboom in respect of the relevant content partners' podcasts for which the guarantee has been provided (after paying the content partner its share). In addition, the providers of the guarantees will be granted warrants to subscribe for ordinary shares in the Company on the basis of 2.5 million warrants (in aggregate and prior to the proposed share consolidation described below) for each US$1 million of guarantee provided (the 'Warrants'). The exercise price of the Warrants will be at a premium to the Company's current mid-market share price.

There is no guarantee that the agreement for the provision of the necessary minimum revenue guarantees to relevant content partners will proceed, nor as to the timing or terms thereof, however significant progress has been made in these respects and the Company would hope to make an appropriate announcement with further details in the near future. Given that Michael Tobin and Candy Ventures sarl are related parties of Audioboom in accordance with rule 13 of the AIM Rules, any such transactions involving Michael Tobin and Candy Ventures sarl will be subject to confirmation from the Company's independent Directors, having consulted with the Company's nominated adviser, Allenby Capital Limited, that the transactions are considered to be fair and reasonable insofar as Shareholders are concerned.

Proposed share consolidation

At this year's Annual General Meeting, the Board will be seeking shareholder approval for the consolidation of all the existing ordinary shares of no par value each of the Company into new ordinary shares of no par value each on the basis that each 100 existing ordinary shares will be consolidated into one new ordinary share (disregarding fractions), effective immediately upon the conclusion of the AGM.

Shareholders with a holding of existing ordinary shares which is not exactly divisible by 100 will have their holdings rounded down to the nearest whole number of new ordinary shares. Holders of fewer than 100 existing ordinary shares will not be entitled to receive any new ordinary shares following the proposed share consolidation. Any fractional entitlements arising from the share consolidation will be aggregated and sold in the market and, subject to article 50 of the Company's articles of association ('Articles'), the net proceeds will be distributed among the persons entitled to them in accordance with the Articles.

The Board believes that the consolidation of the Company's share capital will result in a more appropriate number of shares in issue for the Company and may help to make the new ordinary shares more attractive to investors.

Immediately following the share consolidation, Shareholders will still hold the same proportion of the Company's ordinary share capital as before the share consolidation (save in respect of the fractional entitlements). The record date for the share consolidation will be 20 June 2019. The new ordinary shares will carry equivalent rights under the Articles to the existing ordinary shares.

Chief Executive Officer's Review
(continued)

All entitlements under outstanding options and warrants shall be recalculated accordingly as a result of the share consolidation with entitlements rounded down to the nearest whole share.

Following the share consolidation, the existing ordinary shares will no longer be in issue in their current form and certificates in respect of the same will be invalid. New share certificates in respect of new ordinary shares are expected to be posted, at the risk of shareholders, by 5 July 2019 to those shareholders who currently hold their existing ordinary shares in certificated form (and who hold more than 100 existing ordinary shares). These will replace existing certificates which should be destroyed. Pending the receipt of new certificates, transfers of new ordinary shares held in certificated form will be certified against the register of members of the Company.

Current trading

On 3 April 2019, the Company reported impressive and continued growth in all of its KPIs for the first quarter of this year*:

- Trading ahead of management expectations with record quarterly revenue of c.US$4.6 million, up 180% on Q1 2018 (US$1.6 million)
- Brand advertiser count of 178 as at 31 March 2019, up 11% on last quarter (31 December 2018: 160) and up 55% on the same period last year (31 March 2018: 115)
- Revenue per 1,000 listens in the US (eCPM) at US$23.77, up 67% on same quarter last year (Q1 2018: US$14.27)
- Total available premium advertising impressions of 305 million, up 28% from same period last year (Q1 2018: 239 million)

On 25 February 2019, Audioboom announced that the forward in-read advertising bookings and monthly recurring revenues from programmatic advertising and podcast subscriptions for 2019 already exceeded the Company's total revenues for the 13-month period ended 31 December 2018. Audioboom continues to book forward in-read advertising revenue to drive further past the 2018 revenue total.

Some of the notable content partnerships recently negotiated by the Company include:

- Studio71 (Los Angeles) – a leading digital video studio and network with 7 billion monthly Youtube views;
- SBI Audio and its slate of 50 established shows;
- Formula1® and 'Beyond the Grid'; and
- Main Event Media – a production company that is part of All3Media.

Outlook

We are delighted with our performance in 2019 to date, with the recent funding allowing the Company to accelerate the signing of great new podcasts and a meaningful plan for an extended slate of co-produced and original podcasts, which will be delivered over the second half of 2019 and through 2020.

The increased volume of premium content is being matched by our industry leading sell through rates. Record quarterly revenue of US$4.6 million was reported for the first quarter of 2019, which is typically the quietest quarter in the year, and we expect for this growth to continue through the rest of 2019.

The sales teams in our major territories have done an exceptional job of pre-booking campaigns across the whole of 2019, which means that we have great visibility on our year end revenues and our forecasting is now the most accurate it has been in the Company's history.

In addition, Sonic Influencer Marketing, our new platform enabling brands to secure advertising within any globally available podcast which launched in July 2018, hit the ground running, creating US$0.8 million in revenue in the second half of 2018. Growth in the first quarter and advanced bookings for 2019 mean that Sonic will significantly contribute to Audioboom's overall revenues for 2019.

*The financial period ended 31 December 2018 was a 13 month period. In order to provide appropriate like-for-like comparisons, the Q1 2018 comparable period referred to above is 1 January – 31 March 2018

Podcasting is now a significant growth sector in digital media for brands and broadcasters looking to consolidate or add podcast creation and content to their platforms and we are involved in more content negotiations and commercial opportunities than ever before. We are ideally positioned to benefit from this; and the continued corporate activity within the sector demonstrates Audioboom's potential to deliver significant shareholder value this year.

Rob Proctor
Chief Executive Officer
30 May 2019

Principal Risks and Uncertainties

The Board and management regularly review and monitor the key risks involved in running and operating the business. The future success of the Group is dependent on the Board's ability to implement its strategy. The model for the future development of the Group is reliant on its ability to achieve and maintain a critical mass of quality content providers and its ability to derive advertising revenue from agencies and users of advertising who want to access the audience for Audioboom's services. The table below sets out a number of the material risks together with relevant mitigating factors:

Risk	Description	Mitigation
Liquidity risk	Whilst the Group's underlying financial performance continues to improve, until the Group reaches a sustained positive cash generative position, the funding of its operations and overheads, together with future growth and expansion, all place demand on the Group's overall cash resources. The Group's cash position remains subject to the availability of funding and continued shareholder support.	Management monitors the Group's financial performance closely with a strong focus on cash control. The Group has benefited significantly from the on-going support of its major shareholder. Post period end the Group has raised a further £4.3 million (before expenses) from existing and new shareholders.
Retention/ attraction of key staff	The Group is highly dependent on key members of the management team. Their services cannot be guaranteed and the loss of their services may have a material adverse effect on the Group's performance. There can be no assurance that the Group will be able to attract and retain all personnel necessary for the future development and operation of the business.	The Board will continue to ensure that the management team are appropriately incentivised and that there is scope to appropriately incentivise new key personnel where required. Audioboom operates a share option scheme which enables employees to become defacto 'owners' of the business and to benefit from continued growth in the Company.
Continued growth in content partners	Success of the Group's strategy relies heavily on the on-going process of securing global third party quality content partners to the platform. There can be no assurance that the Group will maintain its success in this area.	Content partners are incentivised to use the Audioboom platform in a number of ways – they expand the audience for their content; they save on cost of developing, hosting and updating their own platform; and it provides potential monetisation of the content through advertising. Top tier podcasts may require minimum guarantees against annual revenue potential and recoupable advance signing on fees, in addition to promotional and development budgets. These incentives are appropriately modelled to ensure that only profitable partners are offered such terms.
Ability to monetise the advertising opportunity	Success of the Group's strategy relies heavily on its ability to monetise advertising opportunities. The ability to generate advertising revenue from social and digital media sites is now well established as major companies operating in this space have built up revenues from advertisers who value access to the user groups that are regular visitors to these sites. There can be no assurance that the Group will be successful in continuing to build these revenues if it is exposed to greater competition or suffers lower growth in listens on the platform as well as other factors.	On-going growth in quality content providers, which in turn attracts greater numbers of listens, which in turn attracts brands wanting to advertise on podcasts. The Group has proven that the monetisation of podcasts is a viable advertising opportunity and it works with a growing number of advertising partners in the UK and the US to continue to build revenues.

Risk	Description	Mitigation
Competition	Technologies used by the Group may have a shorter commercial life than anticipated due to the invention or development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group.	The Group has a significant element of 'first mover advantage' in terms of on-going growth in the quantity and quality of global content partners using its platform. It also strives to continually innovate in terms of its technology, products and services.
IT infrastructure	Audioboom's platform is hosted externally by Amazon. The Group cannot guarantee that there will not be any disruption in the availability or performance of the platform, or the terms on which it is made available, which could have a material adverse effect on the Group and its business and prospects.	The Amazon cloud infrastructure and distributed content system ensures that many multiple copies of the entire Group's web architecture, mobile applications and growing content library are distributed across multiple nodes of the content distribution network. This ensures that if one node were to fail, then the Group's architecture and content could still be accessed by users via other nodes in the network.
Content	Audioboom provides a platform for third party content. Some of the content may be unsuitable, illegal or defamatory and as such there is a risk that claims may be made against the Group. Audioboom is a provider rather than a publisher and as such should not be liable for content. If, however, Audioboom is held to have published the offending content, that could have a material adverse effect on the Group.	'Safeharbour' regulations should mitigate the risk in the case of Audioboom acting as provider and not publisher. In cases where Audioboom may have greater involvement in the publishing of content, Audioboom will take reasonable steps around editorial control of content. Audioboom's terms and conditions also give it unlimited rights to remove content, remove content channels and block users to ensure that it is able to maintain a controlled environment for consumers to access appropriate content.

The Strategic Report was approved by the Board of Directors on 30 May 2019 and was signed on its behalf by:

Rob Proctor – Chief Executive Officer

Board of Directors

	Michael Tobin OBE Non-executive Chairman	Rob Proctor Chief Executive Officer	Brad Clarke Chief Financial Officer
Background and experience	Michael is a serial technology entrepreneur and philanthropist. As the former 'maverick' Chief Executive Officer of Telecity Group PLC (now Equinix Inc.), the FTSE 250 data centre operator, he grew the company from a market capitalisation of £6 million to £1.6 billion at the time of his departure. After stepping down from his role at Telecity Group PLC in 2014, Michael turned his attention to supporting entrepreneurs, businesses and leaders in the digital and technology space. He received The Order of the British Empire from Her Majesty the Queen for Services to the Digital Economy in 2014.	Prior to joining Audioboom in September 2012, Rob was COO of US social media platform Reality Digital, Inc. for four years, with clients such as Sony Pictures, YouTube, MTV and ITV. He was also Senior Vice President International for Adify Corporation, a US provider of online advertising to networks and advertising agencies. From 1996 to 2001, he was founder and CEO at Simply Internet Limited which he grew to be one of the world's largest public internet access companies employing over 700 people.	Brad is a Chartered Accountant, having qualified with Grant Thornton in 2009 and he has extensive experience of working in finance in the media industry having previously worked at fellow AIM listed company Brave Bison Group plc, where he was Group Finance Director. Brad previously worked for News UK for over five years progressing through roles in Internal Audit, Group Reporting and latterly being the Financial Controller of the Handpicked Collection
Date of appointment	Michael joined the Board and became Chairman in September 2018.	Rob joined the Board as CEO on the completion of the reverse acquisition of Audioboom Limited in May 2014.	Brad joined Audioboom in March 2018 and was appointed to the Board in September 2018.
External appointments	Michael serves on multiple technology company boards across four continents, including Chairman of AIM listed BigBlu Broadband plc.	None	None
Committee memberships	Michael serves on the Audit Committee and chairs the Remuneration Committee.	None	None
Independence	Due to the Company having granted warrants to Michael at the time of his appointment, he is not automatically considered to be an independent Director. Therefore the Board has reviewed his status and considered whether this award of warrants might be considered to impact upon his independence. Following this review, and having considered all relevant circumstances, the Board consider that Michael continues to exercise independence as a Director.	Executive – non-independent	Executive – non-independent

	Roger Maddock Non-executive Director	Steven Smith Non-executive Director
Background and experience	Roger has worked in the finance industry in Jersey since 1981, specialising in fund administration. He was a partner in a local chartered accountancy practice and a director of Worthy Trust Company Limited until it was sold to Allied Irish Banks (CI) Limited in 1999 where he was a director of that bank's trust and fund administration companies until 2001. He was the Managing Director of Equitilink International Management Limited and a director of several of the underlying funds of the group.	Steven qualified as a chartered accountant at BDO and subsequently as a chartered tax adviser whilst at KPMG. He has held a number of senior financial positions at large public and private businesses. Steven has been a close adviser to the Candy Brothers for 15 years and currently runs one of their private investment funds.
Date of appointment	Roger joined the Board on the Company's incorporation (originally as The Off-Plan Fund Limited) in April 2003.	Steven joined the Board in August 2016.
External appointments	Roger holds a number of directorships of private investment companies.	Steven holds a number of directorships, including Candy Ventures sarl, a significant shareholder in the Company
Committee memberships	Roger chairs the Audit Committee and serves on the Remuneration Committee.	Steven serves on the Audit Committee and the Remuneration Committee.
Independence	Due to his length of tenure, Roger is not automatically considered to be an independent Director. Therefore the Board has reviewed his status and considered the fact that the strategy and shareholders of Audioboom are materially different following its 2014 reverse acquisition and that Roger is sufficiently removed from the day-to-day operations of the Company to retain a critical and independent view. Following this review the Board consider Roger to continue to exercise independence as a Director.	Due to his directorship of, and shareholding in, Candy Ventures sarl, Steven is not considered to be an independent Director.

Directors' Report

The Directors present their report together with the audited financial statements for the period ended 31 December 2018.

Strategic Report

Details of the Group's strategy and business model during the period and the information that fulfils the requirements of the strategic report can be found in the Strategic Report on pages 3 to 13. An indication of likely future developments in the business of the Group, and details of research and development activities are included in the Strategic Report, which are deemed to form part of this report by reference.

Corporate Governance Report

The Corporate Governance Report set out on pages 19 to 23 forms part of this report.

Results and dividends

The consolidated statement of comprehensive income for the period is set out on page 33. No dividend has been declared or is proposed for the period.

Directors and their interests

The Directors who served during the period are set out below, together with their beneficial interests in the ordinary shares of the Company. Biographical details are included on pages 14 and 15.

	31 December 2018		30 November 2017	
	Ordinary shares of no par value	**Share options**	Ordinary shares of no par value	Share options
Brad Clarke (appointed 1 September 2018)	**–**	**6,500,000**	n/a	n/a
Roger Maddock	**22,000,000**	**–**	17,113,556	–
Rob Proctor	**2,066,153**	**24,503,826[1]**	2,066,153	31,411,511[1]
Steven Smith[2]	**476,403**	**–**	476,403	–
Michael Tobin (appointed 1 September 2018)	**5,908,228**	**–[3]**	n/a	n/a
Malcolm Wall (resigned 1 September 2018)	**n/a**	**n/a**	1,480,000	–

(1) Options to subscribe for 20,723,056 (2017: 27,630,741) ordinary shares are held by Rob Proctor and the remaining options to subscribe for 3,780,770 ordinary shares are held by persons who are connected with Rob Proctor

(2) Steven Smith is a director and 10% shareholder of Candy Ventures sarl, which held 228,657,798 ordinary shares in the Company as at 31 December 2018. In addition, Nick Candy, a director and 90% shareholder of Candy Ventures sarl, is the holder of 13,000,000 ordinary shares and 12,000,000 warrants to subscribe for ordinary shares

(3) Michael Tobin holds 30,000,000 warrants to subscribe for ordinary shares which were granted on his appointment to the Board

Further details in respect of the share options and warrants held by Directors are set out in the Remuneration Committee Report on pages 24 to 27.

Substantial shareholdings

At the date of this report, the Company was aware of the following interests in 3% or more of its issued voting share capital:

Shareholder	**% holding**
Nick Candy[1]	25.0%
Herald Investment Management Limited	7.9%
Rodger Sargent	3.5%
Slovar Limited (controlled by Kingsley Duffy)	3.5%

(1) including holdings via Candy Ventures sarl of which Nick Candy is a 90% shareholder

Employee involvement

The Group's policy is to encourage involvement at all levels, as it believes this is essential for the success of the business. Employees are encouraged to present their views and suggestions in respect of the Group's performance and policies.

Financial risk management objectives and policies

The Group's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review the policies for managing each of these risks on an on-going basis and they are summarised in note 19 to the financial statements. These policies have remained unchanged from previous periods.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient funds to continue in operational existence for the foreseeable future. Following the recently completed placing and subscription to raise £2.8 million, the Board's forecasts for the Group, including due consideration of the continued operating losses, projected increase in revenues and decreasing cash-burn of the Group (and taking account of reasonably possible changes in trading performance), indicate that the Group will have sufficient cash available to continue in operational existence for the next 12 months and beyond. The Board believes that the Group is well placed to manage its business risks, and longer-term strategic objectives, successfully. Therefore, the Directors consider the going concern basis appropriate.

Change of control

There are no material contracts which enable the counterparties to alter or terminate those arrangements in the event of a change of control of the Company.

The Group does not have any agreement with a Director or officer that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Group's share plans and warrant instruments may cause options and awards granted under such plans or instruments to vest on a takeover or other change of control.

Directors' indemnity and insurance

Pursuant to the Company's articles of association, the Company has granted an indemnity to its Directors and officers under which the Company will indemnify them, subject to the relevant article, against all costs, charges, losses and liabilities incurred by them in the performance of their duties. The Company has also arranged directors' and officers' liability insurance.

Directors' responsibility statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial period.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Directors' Report
(continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Haysmacintyre LLP offer themselves for reappointment as auditor in accordance with Article 113 of the Companies (Jersey) Law 1991.

Forward looking statements

These reports and financial statements contain certain forward looking statements which are subject to assumptions, risks and uncertainties; actual future results may differ materially from those expressed in or implied in such statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. The forward looking statements reflect the knowledge and information available at the date of preparation of this report, and will not be updated during the year. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these reports and financial statements and include statements regarding the current intentions, beliefs or expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth and strategy of the Group, and the sector in which it operates. In particular, the statements regarding the Group's strategy and other future events or prospects are forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Annual General Meeting

All registered holders of ordinary shares are entitled to attend the annual general meeting of the Company (AGM). They are also entitled to speak at general meetings of the Company, to appoint one or more proxies or, if they are corporations, corporate representatives, and to exercise voting rights. The notice of meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be put to the AGM.

This year's AGM will be held on 20 June 2019. The Notice of AGM is set out at the end of this document.

ON BEHALF OF THE BOARD

Rob Proctor
Chief Executive Officer
30 May 2019
Company registration no: 85292 (Jersey)

Corporate Governance Report

Responsibility for good governance lies with the Board. This Corporate Governance Report details the corporate governance arrangements which the Company currently has in place and the steps being taken to develop good governance within the Company and the Group.

Compliance statement

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code. The underlying principle of the QCA Code is that 'the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term'.

The Company's full statement of compliance with the QCA Code is available on the Company's website, www.audioboomplc.com, including a table describing in broad terms how the Company addresses the key governance principles defined in the QCA Code.

QCA Code

The Company has benchmarked itself against the QCA Code for some time. Following its formal adoption in September 2018, the Board carried out a detailed review of its existing corporate governance arrangements, and prepared the statement of compliance (referred to above). The Board intends to review annually how its corporate governance arrangements comply with the provisions of the Code and in which respects it might further develop its existing arrangements and processes to the extent it believes that these will support its medium to long term success.

Key governance related matters during the period

During 2018, the following key governance matters were addressed (as described in more detail elsewhere in the Annual Report):

- Appointments of new Chairman and Chief Financial Officer;
- Consequential changes to composition and chair of various Board committees;
- Introduction of regular monthly Board meetings (increased from six per annum), with members of the senior management team invited to present;
- Review of, and changes to, system of internal and financial controls and reporting; and
- Increased shareholder engagement, particularly in respect of fundraising initiatives – ultimately welcoming new shareholders to the Company.

Role of the Board and management

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall management and corporate governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. Further details on the Company's business model and strategy are contained within the Strategic Report on pages 3 to 13.

From time to time, the Board may delegate or entrust to any Director holding executive office (including the CEO) such of its powers, authorities and discretions for such time and on such terms as it thinks fit. The Board has adopted a 'Delegation of Board authority' which establishes those matters which it is considered appropriate remain within the overall control of the Board (or its committees) and those which are delegated to the CEO (or onwards as appropriate). In addition to overall Group strategy, the Board approves the annual budget and retains control over corporate activity (mergers, acquisitions, joint ventures, material disposals and investments) and material contract and financing decisions (over and above set value/credit-risk limits).

Management's role is to implement the strategic plan established by the Board and to work within the corporate governance and internal control parameters established by the Board.

Corporate Governance Report
(continued)

Role of Chairman and Chief Executive Officer

There is a clear division of responsibilities between the running of the Board and the executive responsible for the Group's business.

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting the agenda for Board meetings. Once strategic objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon and consistently to be accountable to the Board. The day to day operations of the Group are managed by the Chief Executive Officer and his management team.

Board processes

The full Board currently meets monthly and at any other time as may be necessary to address any specific significant matters that may arise.

The agenda for Board meetings is prepared in conjunction with the Chairman. Submissions are circulated in advance and for regular Board meetings will include operational and financial updates together with papers relating to specific agenda items.

Management prepare finance reports ahead of each regular Board meeting which allow the Board to assess the Company's activities and review its performance. Members of management are regularly involved in Board discussions and Directors have other opportunities for contact with a wider group of employees.

To assist in the execution of its responsibilities, the Board has established an Audit Committee and a Remuneration Committee (which can also sit as a Nominations Committee where required) and a framework for the management of the consolidated entity including a system of internal control.

Risk management and internal control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. This includes financial, operational and compliance controls and risk-management systems. There is an on-going process carried out by executive management, the Board and the Audit Committee for identifying, evaluating and managing the principal risks faced by the Company. The Board has reviewed the effectiveness of the system of internal control during the period. The systems have been in place for the period under review and up to the date of approval of the annual report and accounts.

During the period a number of improvements were introduced to existing processes and controls, including: implementation of a formal monthly financial close process; delivering monthly key financial data to the Board; formalised payment run process reviewed and approved by Financial Controller and Chief Financial Officer; structured debtor collection process; rationalisation of third party services utilised (bank accounts, payroll providers, company insurance policies); detailed budgeting and forecasting process; and launch of new advertising booking system leading to significant efficiencies in revenue booking and working capital cycle.

A summary of the current principal risks and uncertainties is set out in the section of that name in the Strategic Report on pages 12 to 13. Risks facing the Group will continue to be evaluated at each Board and Audit Committee meeting. Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Composition of the Board

The Board currently comprises five Directors. Further detail on the Directors and independence of the Board are included on pages 14 to 15 of this Annual Report. The number and/or composition may be changed where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.

The composition of the Board is determined using the following principles:

- a majority of the Board should be non-executive Directors;
- the role of Chairman is to be filled by a non-executive Director;
- the Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities;
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors are subject to retirement by rotation and re-election every three years.

The Company Secretary is a Jersey based professional services company in order to conform with Jersey requirements. The Board has therefore appointed a corporate and governance consultant to assist and advise it in respect of its responsibilities and best practice. The consultant attends all Board and committee meetings (which are held in the UK) in which he effectively carries out a number of the duties and responsibilities of a company secretary.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned is either not present or does not take part in discussions and voting at the meeting whilst the item is considered.

Independent professional advice and access to Company information

Each Director has the right of access to all relevant Company information and to the Company's management and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of any advice received by the Director is to be made available to all other members of the Board. No such advice was sought during the period.

Committees

Audit Committee

The report of the Audit Committee is set out on pages 28 to 29.

Remuneration Committee

The report of the Remuneration Committee is set out on pages 24 to 27.

Nominations Committee

Where required, the Remuneration Committee may also sit as the Nominations Committee. However the role of the Nominations Committee may also be fulfilled by the full Board. The objectives of such Committee are:

- to ensure that the Company has a formal and transparent procedure for the appointment of new executive and non-executive Directors to the Board;
- to ensure that the Company reviews the balance and effectiveness of the Board and the senior executive management team, identifying the skills and experience needed for the next stage in the Company's development and those individuals who might best provide them, including appropriate succession plans and considering possible internal candidates for future Board roles.

Corporate Governance Report
(continued)

Directors' attendance record

The following table provides details of attendance by Directors at Board and Committee meetings held during the period.

Committee	Board		Audit Committee		Remuneration Committee	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Brad Clarke (appointed 1 September 2018)	5	5				
Roger Maddock	17	15	3	3	3	3
Rob Proctor	17	17				
Steven Smith	17	16	1	1	3	1
Michael Tobin (appointed 1 September 2018)	5	5	1	1	3	3
Malcolm Wall (resigned 1 September 2018)	11	11	2	2		

Time commitment

The Executive Directors are full time employees of the Group. The non-executive Directors are committed to at least 20 working days on Company business but in practice this is often exceeded.

Board effectiveness and evaluation

In considering and implementing the executive and non-executive appointments to the Board during the period, the Board necessarily considered the overall effectiveness of the Board and its committees. A formal Board performance evaluation process was not undertaken during the period. Post period end the Board has carried out a self-evaluation of Board effectiveness, from which further actions and recommendations may arise which will be reported in next year's Annual Report.

Corporate culture

The Board aims to lead by example and do what is in the best interests of the Company. A large part of the Group's activities is centred upon what needs to be an open and respectful dialogue with the key stakeholders, and so in order to grow our business it is vital that all our employees act in a way that reflects the values of the business.

The Company also seeks to be an equal opportunities employer, addressing its corporate social responsibility by promoting equality and diversity in its workforce.

The Group also has a system of performance incentives and a share option scheme to reward staff for performance.

The role of shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- the release of announcements, trading updates and interim and annual financial statements through the Regulatory News Service and on the Company's website;
- the full annual financial report is sent to all registered shareholders;

- proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders; and
- notices of all meetings of shareholders are sent to all registered shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as separate resolutions. Notice of the Annual General Meeting to be held at 10.00 am on 20 June is set out at the end of this document.

The Company's auditors are also invited to attend the Annual General Meeting and are available for discussion in relation to the Company's financial statements.

Remuneration Committee Report

Overview

The role of the Remuneration Committee is documented in its terms of reference which were adopted by the Board of Directors in April 2014 and reviewed during the period.

The key objectives of the Remuneration Committee are to:

- ensure that the Company's Directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance by determining their pay and other remuneration; and
- demonstrate to all shareholders that the general policy relating to, and actual remuneration of, individual senior executives of the Company is set by a committee of the Board who have no personal interest in the outcome of the decisions and who will give due regard to the interests of shareholders and to the financial and commercial health of the Company.

Composition

The Remuneration Committee is solely comprised of non-executive Directors. During the period the committee comprised Malcolm Wall (Chairman) (to 1 September 2018), Michael Tobin (Chairman) (from 1 September 2018), Roger Maddock and Steven Smith. The current membership is Michael Tobin (Chairman), Roger Maddock and Steven Smith. The Chief Executive Officer may be invited to attend meetings of the Remuneration Committee at the discretion of the Remuneration Committee.

Remuneration Committee meetings

The Remuneration Committee met three times during the period. The attendance of its members at those meetings is set out in the table on page 22. The agenda for Remuneration Committee meetings is prepared in conjunction with the committee chairman. Submissions are circulated in advance and may include remuneration benchmark surveys and guidance on best practice together with papers relating to specific agenda items.

Remuneration policy

The Remuneration Committee intends that its policy and practice should align with, and support the implementation of, the Group's strategy, be in line with the Group's approach to risk management and promote the long-term success of the Group. The policy is intended to motivate the right behaviours and to ensure that any risk created by the remuneration structure is acceptable to the Remuneration Committee and within the strategy and risk appetite of the Company.

The remuneration package for the Executive Directors comprise a combination of annual salary, annual performance bonus and share options with performance criteria. Remuneration for non-executive Directors consists of an annual fee (currently £30,000 per annum for non-executive Directors and £35,000 per annum for the non-executive Chairman per annum). There is no additional fee for serving on Board committees and non-executive Directors are not entitled to bonuses or participation in the share option scheme. However, as noted further below, on his appointment to the Board on 1 September 2018, Michael Tobin was granted warrants over ordinary shares.

Implementation of the policy

Salary

The Remuneration Committee continues to review the salaries of the Executive Directors against appropriate benchmarks for executive directors of AIM and FTSE SmallCap companies of a similar scale and nature. The level of salaries, when taken in conjunction with the overall remuneration packages, are considered by the Remuneration Committee to be appropriate to help attract, retain and motivate high calibre Executive Directors and reflect the experience of the individuals concerned.

The Executive Directors' salaries were unchanged during the period. Post period end, they have been increased in line with inflation (2.5%) for 2019. The non-executive Director fees were unchanged during the period and will remain unchanged for 2019.

Annual bonus

During the period, the Executive Directors were eligible for an annual bonus pursuant to which they could earn up to 50 per cent of their base annual salary. Objective performance criteria were established against which the bonus awards for the period were calculated and paid. The criteria included the requirement to meet internal and market expectations in respect of revenue and adjusted EBITDA for the period, together with specific focus items for the respective Directors.

For 2019, the maximum potential bonus is to be increased to 100 per cent of annual salary, with 50 per cent linked to meeting internal and market expectations in respect of revenue and adjusted EBITDA and a potential further 50 per cent linked to outperformance.

Share options

The Company established an EMI option scheme and an 'unapproved' share option scheme on 19 May 2014 pursuant to which the CEO, CFO and other members of staff have been or may be granted share options. Options granted under this scheme may have a vesting schedule and/or performance conditions attached.

6,500,000 options were granted to Directors during the period and no options granted to Directors were exercised. 6,907,685 options granted to Directors were forfeited.

The number, exercise price and earliest and latest dates of exercise of options over ordinary shares in the Company held by Directors at the end of the period were as follows:

	Share options	Exercise price	Earliest exercise date	Latest exercise date
Brad Clarke	6,500,000[1]	2.4p	1 September 2018[1]	1 September 2028
Rob Proctor	20,723,056[2]	1.5p	n/a	20 May 2024

1 At the period end, 2,000,000 options had vested and were exercisable with the balance subject to time-vesting and performance conditions

2 At the period end, all options had vested and were exercisable. During the period, 6,907,685 options (representing 25% of the original option award of 27,630,741) were forfeited due to non-satisfaction of performance conditions

Post period end, on 20 March 2019, the following grants of options to subscribe for ordinary shares in the Company were made to Directors:

		Number of share options granted	Exercise price	Total share options now held
Brad Clarke	Chief Financial Officer	12,000,000	1.3p	18,500,000
Rob Proctor	Chief Executive Officer	25,000,000	1.3p	45,723,056

These options may vest and become exercisable over a three-year period, subject to the satisfaction of performance conditions relating to how the Company performs by reference to its internal budgets and external market expectations in each of the financial periods ending 31 December 2019, 31 December 2020 and 31 December 2021. They may also vest in certain other prescribed circumstances as provided for in the terms of the Scheme.

Remuneration Committee Report
(continued)

Warrants

On his appointment to the Board on 1 September 2018, Michael Tobin was granted 30,000,000 warrants ('Warrants') over ordinary shares. Following a subsequent amendment to their terms, a first tranche of 10,000,000 Warrants will be exercisable at a price of 1.3p per share after six months from the date of grant and for five years thereafter. A second tranche of 10,000,000 Warrants will vest if the Company's share price exceeds 3.3p for 60 days within any rolling six-month period. The second tranche Warrants will be exercisable at a price of 3.3p per share from six months after vesting and for five years from that date. A third tranche of 10,000,000 Warrants will vest if the Company's share price exceeds 5.3p for 60 days within any rolling six-month period. The third tranche Warrants will be exercisable at a price of 5.3p per share from six months after vesting and for five years from that date. The Warrants can only vest if Michael Tobin is Chairman at the relevant time, however once vested they remain exercisable throughout the relevant exercise window irrespective of whether he is Chairman at the time of exercise.

Directors' remuneration (audited)

The following table shows emoluments paid (or payable) to Directors during the period, applying the average exchange rates (GBP to US$) used in the financial statements and reflecting that certain Directors were appointed or resigned during the relevant period and that the period under review was 13 months compared to the 12 month prior period. There were no increases in individual Directors' fees or salaries in the period. Any remuneration arising when the above named individuals were not Directors of the Company is not disclosed in this note:

	13 months to 31 December 2018			12 months to 30 November 2017
	Salary/fees US$'000	**Bonus US$'000**	**Total emoluments US$'000**	Total emoluments US$'000
Current Directors:				
Brad Clarke (appointed 1 September 2018)	**49**	**10**	**59**	n/a
Roger Maddock (non-executive)	**43**	**–**	**43**	38
Rob Proctor	**217**	**63**	**280**	288
Steven Smith (non-executive)	**43**	**–**	**43**	38
Michael Tobin (non-executive Chairman) (appointed 1 September 2018)	**13**	**–**	**13**	n/a
Past Directors:				
David McDonagh (resigned 27 July 2017)	**–**	**–**	**–**	168
Malcolm Wall (non-executive Chairman) (resigned 1 September 2018)	**47**	**–**	**47**	45
	412	**73**	**485**	577

Service contracts

The Chief Executive Officer and Chief Financial Officer have entered into service contracts with the Group that are terminable by either party on not less than six months' prior notice. The non-executive Directors have entered into letters of appointment with the Group that are terminable by either party on not less than three months' prior notice.

Pensions and private healthcare

There are pension arrangements in place for Rob Proctor with pension contributions of US$6,509 during the period (2017: US$4,577), and for Brad Clarke with contributions of US$1,469 (for the period serving as a Director) (2017: Nil). There are no private healthcare arrangements in place.

Directors' share interests

The Directors' shareholdings in the Company are set out in the Directors' Report on page 16.

Michael Tobin
Chairman of the Remuneration Committee
30 May 2019

Audit Committee Report

Overview

The purpose of the Audit Committee is to assist the Board in the effective discharge of its responsibilities for financial reporting, corporate control and risk management. Its objectives are:

- to increase shareholder confidence and to ensure the credibility and objectivity of published financial information;
- to assist the Board in meeting its financial reporting responsibilities;
- to assist the Board in ensuring the effectiveness of the Company's internal accounting and financial controls;
- to strengthen the independent position of the Company's external auditors by providing channels of communication between them and the non-executive Directors; and
- to review the performance of the Company's external auditing functions.

The role of the Audit Committee is documented in its terms of reference which were adopted by the Board in April 2014 and reviewed during the period. Its role of is one of oversight. The Audit Committee has no executive powers with regard to its recommendations and does not relieve the Executive Directors of their responsibilities for these matters.

Composition

During the period, the Audit Committee was solely comprised of non-executive Directors: Roger Maddock (Chairman), Malcolm Wall (until 1 September 2018), Michael Tobin (from 1 September 2018) and Steven Smith (from 1 September 2018). The current membership is Roger Maddock (Chairman), Michael Tobin and Steven Smith.

Audit Committee meetings

The Audit Committee met three times during the period. The attendance of its members at those meetings is set out in the table on page 22. Representatives from the external auditors, Haysmacintyre LLP, the Executive Directors and other members of the finance team were invited to attend meetings as required, although the Audit Committee reserves time for discussion without invitees present.

The agenda for Audit Committee meetings is prepared in conjunction with the committee chairman. Submissions are circulated in advance and may include drafts of interim and annual financial statements, related papers from management, audit planning and key issues memoranda prepared by the external auditors and other papers relating to specific agenda items.

Activities of the Audit Committee

Key financial reporting activities

During the period and post period end, the Audit Committee considered specifically those matters with the potential likelihood to have the greatest significant impact on the financial statements. As in previous periods, these included the projections forming the basis of the Directors' assessment of going concern, including the facilities and funding available to the Group for the projection period, and the support for the carrying value of certain intangible assets. The impact of the change in reporting currency and the additional disclosure requirements of the QCA Code were also considered.

Attention is drawn to the Independent Auditor's Report on pages 30 to 31 in these respects and to note 1 of the financial statements (page 38) in respect of going concern considerations.

Other activities

In addition, during the period and post period end, the Audit Committee also undertook the following key activities:

- monitoring the Group's working capital and cash position and adequacy of available facilities and funding;
- monitoring and updating the identified principal risks and uncertainties facing the business and the measures to mitigate these (see pages 12 and 13);
- review and approval of the 2017 audited financial statements;

- review and approval of the 2018 unaudited interim financial statements;
- review and approval of the 2018 audit plan;
- review and approval of the 2018 audited financial statements; and
- considering the impact of new accounting standards on the Group.

Committee performance evaluation

As noted under 'Board effectiveness and evaluation' in the Corporate Governance Report, a formal Audit Committee performance evaluation process was not undertaken during the period. Post period end the Board has carried out a self-evaluation of Board effectiveness, from which further actions and recommendations may arise which will be reported in next year's Annual Report.

External auditor

Haysmacintyre LLP were first appointed as the Group's external auditor following the Company's re-admission to AIM in 2014. They were last re-appointed at the AGM on 11 July 2018. The Haysmacintyre LLP audit partner is Ian Cliffe and he has held the role since Haysmacintyre LLP were appointed.

The Audit Committee noted that Haysmacintyre LLP converted from a partnership to a limited liability partnership on 1 April 2019 and concluded this did not impact their independence or competence to act as the Group's external auditor.

The Audit Committee reviews the performance of the external auditor on an annual basis and plans to meet with them during the year as required to discuss audit planning, any potential changes in accounting policies or related accounting issues, any issues arising from the half year review or full year audit and any other special matters or investigations deemed necessary by the Board.

Auditor independence and provision of non-audit services

The Audit Committee reviews with management the engagement of the external auditor for non-audit services and the level of associated non-audit fees. For the period to 31 December 2018, the auditor earned c. £10,000 in respect of non-audit fees (relating to certain tax and foreign exchange matters). The Audit Committee is satisfied as to the independence of the auditor.

Risk management and internal control

The Group's approach to risk management, identified principal risks and the steps taken to manage those risks are outlined on pages 12 to 13.

Roger Maddock
Chair of the Audit Committee
30 May 2019

Independent Auditor's Report to the Shareholders of Audioboom Group plc

Opinion

We have audited the financial statements of Audioboom Group plc (the 'Company') and its subsidiaries (the 'Group') for the period ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Going concern:** The Group continues to make losses and record operating cash outflows giving rise to a risk that the financial statements may be misstated because they should not have been prepared on a going concern basis. Our response to this risk was to review forecasts and facilities likely to be available over the forthcoming twelve months and compare to the overall business plan, analyse detailed budgets and working capital forecasts and consider the Group's capacity to continue trading over the forthcoming twelve months to ensure sufficient working capital is available.
- **Goodwill and intangible assets:** The Group recognises intangible assets with material carrying values on its balance sheet. Given the Group has recorded continuing losses in the period, there is a risk that these intangible assets (including goodwill and separately identified assets arising on consolidation) are materially overstated. Our response to this risk was to review

impairment assessments performed by the Directors which assessed the value in use and recoverable values of these assets, and to consider whether the assumptions used in these assessments were appropriate and whether there are sufficient externally verifiable indicators to demonstrate the impairment assessments have been prepared on a reasonable basis.

Our application of materiality

Materiality for the Group financial statements as a whole was set at £150,000, determined as 1.5% of draft income for the thirteen month period. We report to the Audit Committee any corrected or uncorrected misstatements identified exceeding £7,500.

An overview of the scope of our audit

Our audit scope included all components and was performed to component materiality. Our audit work therefore covered 100% of Group revenue, Group loss and total Group assets and liabilities. It was performed to the materiality levels set out above.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibility statement set out on pages 17 to 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

Independent Auditor's Report to the Shareholders of Audioboom Group plc (continued)

accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Cliffe (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG
30 May 2019

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2018

	Notes	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Continuing operations			
Revenue	2	**11,656**	6,056
Cost of sales		**(8,505)**	(4,198)
Gross profit		**3,151**	1,858
Administrative expenses		**(11,381)**	(8,266)
Adjusted operating loss		**(5,089)**	(5,629)
– Costs of acquisition		**–**	(128)
– Amortisation of intangible assets		**(578)**	(442)
– Share based payments	18	**(385)**	(155)
– Depreciation		**(77)**	(54)
– Corporate transaction costs	8	**(1,708)**	–
– Restructuring costs		**(393)**	–
Operating loss	3	**(8,230)**	(6,408)
Finance income	6	**–**	1
Finance costs	6	**(130)**	–
Loss before tax		**(8,360)**	(6,407)
Income tax credit	7	**272**	266
Loss for the financial period attributable to equity holders of the parent		**(8,088)**	(6,141)
Other comprehensive loss			
Foreign currency translation difference		**(450)**	(67)
Total comprehensive loss for the period		**(8,538)**	(6,208)
Loss per share from continuing operations Basic and diluted	9	**(0.77) cents**	(0.73) cents

All results for both periods are derived from continuing operations.

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	As at 31 December 2018 US$'000	As at 31 December 2018 US$'000	As at 30 November 2017 US$'000	As at 30 November 2017 US$'000
ASSETS					
Non-current assets					
Intangible assets	10	**2,420**		3,181	
Property, plant and equipment	11	**152**		122	
			2,572		3,303
Current assets					
Trade and other receivables	13	**4,169**		3,312	
Cash and cash equivalents		**1,581**		968	
			5,750		4,280
TOTAL ASSETS			**8,322**		7,583
Current liabilities					
Trade and other payables	14		**(4,087)**		(2,674)
Deferred taxation	7		**(203)**		(383)
NET CURRENT ASSETS			**1,460**		1,223
NET ASSETS			**4,032**		4,526
EQUITY					
Share capital	15		**–**		–
Share premium	15		**50,883**		43,224
Issue cost reserve			**(2,048)**		(2,048)
Foreign exchange translation reserve			**(530)**		(80)
Reverse acquisition reserve			**(3,380)**		(3,380)
Retained earnings			**(40,893)**		(33,190)
TOTAL EQUITY			**4,032**		4,526

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements for Audioboom Group plc (Jersey company registration number 85292), which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and related Notes 1 to 20 were approved and authorised for issue by the Board of Directors on 30 May 2019 and were signed on its behalf by:

Brad Clarke
Chief Financial Officer

Audioboom

Consolidated Cash Flow Statement

For the period ended 31 December 2018

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Loss from continuing operations	**(8,088)**	(6,141)
Loss for the period	**(8,088)**	(6,141)
Adjustments for:		
Taxation credit	**(272)**	(266)
Amortisation of intangible assets	**578**	442
Effect of retranslation of intangible assets	**183**	–
Depreciation of fixed assets	**77**	54
Effect of retranslation of fixed assets	**25**	14
Share based payments	**385**	155
Increase in trade and other receivables	**(856)**	(1,399)
Increase in trade and other payables	**1,413**	1,497
Foreign exchange loss	**(715)**	(2,416)
Cash flows from operating activities	**(7,270)**	(8,060)
Taxation received	**214**	–
Net cash used in operating activities	**(7,056)**	(8,060)
Investing activities		
Purchase of intangible assets	**–**	(575)
Purchase of property, plant and equipment	**(82)**	(123)
Cash on acquisition of subsidiary	**–**	18
Interest receivable	**–**	1
Net cash used in investing activities	**(82)**	(679)
Financing activities		
Convertible loan interest and fees	**(130)**	–
Proceeds from convertible loan notes	**1,995**	–
Proceeds from issue of ordinary share capital	**5,794**	8,456
Net cash generated from financing activities	**7,659**	8,456
Net increase/(decrease) in cash and cash equivalents	**521**	(283)
Cash and cash equivalents at beginning of period	**968**	858
Effect of foreign exchange rate changes	**92**	393
Cash and cash equivalents at end of period	**1,581**	968

Consolidated Statement of Changes in Equity

For the period ended 31 December 2018

	Share capital US$'000	Share premium US$'000	Issue cost reserve US$'000	Reverse acquisition reserve US$'000	Foreign exchange translation reserve US$'000	Retained earnings US$'000	**Total equity US$'000**
At 30 November 2016	–	34,768	(2,048)	(3,380)	(13)	(27,204)	**2,123**
Loss for the period	–	–	–	–	–	(6,141)	**(6,141)**
Issue of shares	–	8,456	–	–	–	–	**8,456**
Equity-settled share-based payments	–	–	–	–	–	155	**155**
Other comprehensive income	–	–	–	–	(67)	–	**(67)**
At 30 November 2017	–	43,224	(2,048)	(3,380)	(80)	(33,190)	**4,526**
Loss for the period	–	–	–	–	–	(8,088)	**(8,088)**
Issue of shares	–	7,659	–	–	–	–	**7,659**
Equity-settled share-based payments	–	–	–	–	–	385	**385**
Other comprehensive income	–	–	–	–	(450)	–	**(450)**
At 31 December 2018	–	50,883	(2,048)	(3,380)	(530)	(40,893)	**4,032**

Share premium

Share premium represents the consideration paid for shares in excess of par value, less directly attributable costs.

Issue cost reserve

The issue cost reserve arose from expenses incurred on share issues.

Reverse acquisition reserve

The reverse acquisition reserve relates to the reverse acquisition of Audioboom Limited by Audioboom Group plc on 20 May 2014.

Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Notes
For the period ended 31 December 2018

1. Accounting policies

General information and basis of preparation

Audioboom Group plc is incorporated in Jersey under the Companies (Jersey) Law 1991. The Company's shares are traded on AIM, the market of that name, operated by the London Stock Exchange. The address of the registered office is set out at the back of this Annual Report. The Company is required under AIM rule 19 to provide shareholders with audited consolidated financial statements.

The Group prepares its consolidated financial statements in accordance with International Accounting Standards ('IAS') and International Financial Reporting Standards ('IFRS') as adopted by the EU. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The consolidated financial statements have been prepared in accordance with and in compliance with the Companies (Jersey) Law 1991, an amendment to which (Amendment No. 4 s. 105(11) – 2009) means separate parent company financial statements are not required.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements, except as stated below.

New standards, amendments to standards or interpretations not yet adopted by the Group

The Directors do not currently expect any of the following standards issued by the IASB to have a material impact on the Group:

- Amendments to IFRS 2: Classification and Measurement of Share-based payment Transactions (effective 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)
- Annual Improvements to IFRS Standards 2014-2016 cycle dealing with maters in IFRS 1 First-time Adoption and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2018)
- IFRIC 23: Uncertainty over Income Tax Positions (effective 1 January 2019)
- IFRS 9: Financial Instruments (effective 1 January 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)
- IFRS 17: Insurance Contracts (effective 1 January 2021)

The adoption of IFRS 15: Revenue from Contracts with Customers is not expected to have a material impact on the Group's reported results in the following financial period. The Company recognises advertising revenue upon broadcast of content and there are not deemed to be multiple obligations in terms of the services offered, therefore there is not expected to be a change to the presentation of revenue.

The adoption of IFRS 16: Leases is expected to have a material impact on the Group's reported results in the following financial period. The total future minimum lease payments under the non-cancellable operating leases is approximately US$2.4 million (2017: US$2.9 million) (see note 16).

Notes
(continued)

Key accounting policies

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient funds to continue in operational existence for the foreseeable future. Following the recently completed placing and subscription to raise £2.8 million, the Board's forecasts for the Group, including due consideration of the continued operating losses, projected increase in revenues and decreasing cash-burn of the Group (and taking account of reasonably possible changes in trading performance), indicate that the Group will have sufficient cash available to continue in operational existence for the next 12 months and beyond. The Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, successfully. Therefore the Directors consider the going concern basis appropriate.

Revenue

Revenue represents amounts receivable for services provided in the normal course of business, and excludes intra-group sales, Value Added Tax and trade discounts. Revenue comprises:

- Sale of advertising: the value of goods and services is recognised on broadcast
- Sale of programmes and content: the value of goods and services supplied is recognised on delivery of content
- Sponsorship income: the value of goods and services is recognised over the time to which it relates
- Sale of subscriptions: the value of goods and services is recognised across the period of subscription

Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US Dollars, which is the presentational currency of the consolidated financial statements. During the period, the Group changed its reporting currency from Pounds Sterling to US Dollars as the Group will continue to derive the majority of its revenues in US Dollars in the future.

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 or loss for the period.

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 the transactions are used.

Intangible assets

Intangible fixed assets are stated at cost less amortisation. Internally developed software is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Amortisation is calculated to write down the cost of all intangible fixed assets by equal annual instalments over their expected useful lives.

All intangible assets are considered to have a finite useful life and, once ready for use, software development is amortised over a period of five years on a straight line basis.

The carrying values of assets, other than those to which IAS 36: Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in the income statement immediately. When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are between three and five years.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Costs also comprise the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group are obligated to incur when the asset is acquired, if applicable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Business combinations

The Group comprises a holding company and a number of individual subsidiaries and all of these have been included in the consolidated financial statements in accordance with the principles of acquisition accounting as laid out by IFRS 3: Business Combinations.

Intangible assets include goodwill arising on the acquisition of subsidiaries and represents the difference between the fair value of the consideration payable and the fair value of the net assets that have been acquired.

Goodwill is not amortised but is subject to an annual impairment review. Impairment tests on goodwill are undertaken at the balance sheet date. The recoverable value of goodwill is estimated on the basis of value in use, defined as the present value of the cash generating units with which the goodwill is associated. When value in use is less than the book value, an impairment is recorded and is irreversible.

Notes
(continued)

Intangible assets that have been separately identified and initially measured at fair value as a result of business combinations have been ascribed a useful economic life. The ascribed value of these intangible assets is being amortised on a straight-line basis over their estimated useful economic life, which is considered to be five years.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income on a straight-line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Warrants

Warrants issued to Directors, employees and third-party suppliers are measured at the fair value of the service provided with reference to comparable cash settled transactions. Warrants are ascribed a value at the date of grant, with this value recognised as an expense in the statement of comprehensive income over the relevant vesting period.

Current and deferred taxation

Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising in subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of income.

Financial Instruments

Financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivable financial assets, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Equity instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Critical accounting judgements and key areas of estimation uncertainty

Share based compensation

The Group issues equity settled share based payments to certain Directors and employees, which have included grants of options in the current period. Equity settled share based payments are measured at fair value at the date of grant, with the charge being recognised within the statement of comprehensive income over the period of service to which the grant relates.

The fair value of share options is measured using a Black-Scholes framework. The Directors have used judgement in the calculation of the fair values of the share based compensation which has been granted during the period, and different assumptions in the model would change the financial result of the business.

Warrants

The Group issues warrants to certain Directors and third parties, which have included grants of warrants in the current period. Warrants are measured at the fair value of the service provided with reference to comparable cash settled transactions at the date of grant, with the charge being recognised within the statement of comprehensive income over the period of service to which the grant relates.

Forecasting

The Group prepares medium-term forecasts based on Board approved budgets and five-year financial models. These are used to support judgements in the preparation of the Group's financial statements including the decision on whether to recognise deferred tax assets and for the Group's going concern assessment.

Valuation of intangible assets

In ascribing a fair value to intangible assets acquired as part of a business combination, the Directors make significant estimates as to the future economic benefit expected to arise from such assets, as well as the fair value of costs a market participator would incur to re-develop them.

Impairment of goodwill and intangible assets

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Other intangible assets are tested whenever circumstances indicate that their carrying value may not be recoverable. The recoverable amount is determined based on value in use calculations. The Group has not impaired any goodwill or intangible assets during the period (2017: US$Nil).

2. Revenue

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Subscription	**199**	99
Advertising	**11,457**	5,957
	11,656	6,056

The Directors consider the Group to operate within one operating segment, content related revenue, and consequently expenditure and balance sheet analysis is not presented between subscription and advertising services.

Notes
(continued)

Geographical information

The Group's operations are principally located in the UK and the USA. The main assets of the Group, cash and cash equivalents, are held in Jersey.

The Group's revenue from external customers by geographical location is detailed below:

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
United Kingdom	**1,901**	381
Rest of the World	**42**	200
USA	**9,713**	5,475
	11,656	6,056

The Group invoiced 44% of its income to two customers who represented more than 10% of the reported revenues.

The Group currently has three geographic revenue regions, however, as the Group's controlling operations are primarily based in the UK, there is no separation of income, expenditure and sections of the balance sheet for the purposes of segmental reporting.

3. Operating loss

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Operating loss for the period has been arrived at after charging/(crediting) the following:		
Net foreign exchange gain	**–**	(92)
Depreciation of property, plant & equipment	**77**	54
Amortisation of intangible assets	**578**	442
Operating lease payments – land and buildings	**470**	403
Staff costs (refer to note 5 for detail)	**5,302**	4,340

4. Auditor's remuneration

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Audit services		
Fees payable to the Company auditor for the audit of the consolidated annual financial statements	**24**	22
The audit of the Company's subsidiaries pursuant to legislation	**25**	37
Non-audit services		
Tax compliance and advisory services	**8**	12
Other services	**13**	23
	70	94

5. Staff costs

	13 months to 31 December 2018 Number	12 months to 30 November 2017 Number
Average number of production, editorial and sales staff	**36**	38
Average number of management and administrative staff	**11**	11
	47	49

	US$'000	US$'000
Wages and salaries	**4,490**	3,773
Social security costs	**556**	362
Pension costs (defined contribution scheme)	**81**	50
Share based payments	**175**	155
	5,302	4,340

Details of Directors' remuneration are set out in the Remuneration Committee Report on page 26.

6. Finance income/(expenditure)

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Bank interest received	**–**	1
Convertible loan interest and arrangement fee	**(130)**	–
	(130)	1

In April and May 2018, the Group issued convertible loan notes for up to £1.5 million to Candy Ventures sarl, an investment vehicle owned 90% by Nick Candy, the Group's largest shareholder, and a former non-executive Director. Steven Smith, a Director of the Company, is a 10% shareholder of Candy Ventures sarl. The terms of the loan note provided for interest at a rate of 10% per annum and an arrangement fee. The Group drew down the full balance of the loan note before converting the loan (and accrued interest) into shares, in accordance with its terms, at 2p per share, at the time of the Group's £4.5 million fund raise which concluded in June 2018.

Notes
(continued)

7. Tax

Current tax charge/(credit)

No liability to UK corporation tax arose on ordinary activities for the 13 months ended 31 December 2018 nor for the year ended 30 November 2017. The tax credit for both 2018 and 2017 arose in respect of research and development.

Tax reconciliation

The taxation credit on the loss for the period differs from the amount computed by applying the corporation tax rate to the loss before tax for the following reasons:

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Loss on ordinary activities before tax	**(8,360)**	(6,407)
Tax at UK corporation tax rate of 19.00% (2017: 19.33%)	**(1,588)**	(1,238)
Expenses not deductible for tax purposes	**393**	86
Additional deductions for R&D expenditure	**(83)**	(163)
Surrender of tax losses for R&D tax credit refund	**(35)**	–
Adjustment in respect of prior periods (current & inter-company)	**(1)**	19
Deferred tax not recognised	**969**	1,000
Effect of share based payments	**73**	30
Tax credit and effective tax rate for the period	**(272)**	(266)

The Group has carried forward UK losses amounting to US$28.2 million as of 31 December 2018 (2017: US$20.2 million). As the timing and extent of taxable profits are uncertain, a deferred tax asset of US$4.5 million (2017: US$3.6 million) arising on these losses has not been recognised in the financial statements.

A deferred tax liability of US$203,000 (2017: US$383,000) relates entirely to timing differences on intangible assets arising from the acquisition of SONR News Limited by the Group. During 2017, deferred tax of US$463,000 was recognised as arising on business combinations. A total of US$160,000 (2017: US$79,000) was credited to the income statement as the intangible assets have been amortised.

8. Corporate transaction costs

On 13 February 2018, the Group announced its intention to acquire the entire issued share capital of Triton Digital Canada Inc for a cash consideration of US$185 million. On 15 May 2018, the Group announced that the proposed acquisition would not be proceeding as it was not possible to complete the placing required to raise the required funds. The Group did however incur US$1.7 million of costs in relation to corporate fees incurred during the aborted acquisition process.

9. Loss per share

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share, or increase the loss per share. For a loss-making company with outstanding share options, the net loss per share would be decreased by the exercise of options. Therefore, as per IAS33:36, the anti-dilutive potential ordinary shares are disregarded in the calculation of diluted EPS.

Reconciliation of the loss and weighted average number of shares used in the calculation are set out below:

	Loss	Weighted average number of shares	Per share amount
		13 months ended 31 December 2018	
	£'000	**Thousand**	**Cents**
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	**(8,088)**	**1,047,439**	**(0.77)**

		12 months ended 30 November 2017	
	US$'000	Thousand	Cents
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	(6,141)	837,547	(0.73)

10. Intangible assets

	Software development US$'000	Intellectual property US$'000	Goodwill arising on consideration US$'000	Total US$'000
Cost				
At 30 November 2017 and 31 December 2018	576	2,164	883	3,623
Amortisation				
At 30 November 2017	–	442	–	442
Charge for the period	123	455	–	578
Foreign exchange effect	–	183	–	183
At 31 December 2018	123	1,080	–	1,203
Net book value				
At 31 December 2018	453	1,084	883	2,420
At 30 November 2017	576	1,722	883	3,181

Software development and intellectual property are being amortised over a period of five years and have economic useful lives of between four and five years remaining.

The Group purchased SONR News Limited ('SONR'), a neurolinguistic programming (NLP) and artificial intelligence (AI) development company, in March 2017 for £1.42 million. The intangible asset carried by the Group relates in its entirety to that acquisition and subsequent development costs capitalised in relation to SONR and its associated intellectual property.

The Group tests goodwill annually for impairment, or more frequently if there are indications that they might be impaired. Other intangibles are subject to tests for impairment where there are considered to be indicators that such tests are required. As at 31 December 2018, all the Group's intangible assets were subject to an impairment review performed by the Directors.

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(continued)

The recoverable value of goodwill arising on consolidation and other intangible assets was measured with reference to expected discounted future cash flows arising and commercial valuations associated with opportunities and partnerships that SONR is in the process of securing. In making this assessment, the Directors have considered the probability of potential opportunities and partnerships being formally agreed and the sensitivity of recoverable values to changes in their associated valuations.

The Directors have concluded that the potential opportunities and partnerships being explored by SONR have indicated that the overall inherent value of the SONR intellectual property carried on the consolidated statement of financial position as at 31 December 2018 would be significantly exceeded should those opportunities and partnerships be crystallised, and the associated benefits flow to the Group. As a result of this assessment, therefore, the Directors have concluded that no impairment charge should be made.

11. Property, plant and equipment

	Furniture & equipment US$'000	Computers US$'000	Technical US$'000	Studio US$'000	Total US$'000
Cost					
At 30 November 2017	58	198	3	42	301
Additions	–	–	–	82	82
Disposals	(4)	(10)	–	–	(14)
At 31 December 2018	54	188	3	124	369
Depreciation					
At 30 November 2017	21	147	3	8	179
Charge for the period	12	–	–	65	77
Disposals	–	(8)	–	–	(8)
Foreign exchange effect	–	(31)	–	–	(31)
At 31 December 2018	33	108	3	73	217
Net book value					
At 31 December 2018	21	80	–	51	152
At 30 November 2017	37	51	–	34	122

12. Subsidiaries

As at 31 December 2018, Audioboom Group plc held more than 20% of the share capital of the following companies:

	Registered office	Class of shares	% held by parent
Audioboom Limited	The Morocco Store, 1a-1b Leathermarket Street, London SE1 3HN, England	Ordinary	100%
Audioboom Inc.	251 Little Falls Drive, Wilmington, Delaware 1980, USA	Ordinary	100%
Audioboom India PVT Limited	Office # 5, Silver Fern Commercial, 3rd Floor, Near Karve Statue, Karve Road, Kothrud, Pune 411038, Maharashtra, India	Ordinary	100%
SONR News Limited	The Morocco Store, 1a-1b Leathermarket Street, London SE1 3HN, England	Ordinary	100%
Austin Advertising Inc.	1013 Centre Road, Suite 403S, Wilmington, Delaware 19805, USA	Ordinary	100%

Audioboom Inc and Audioboom India PVT Limited are held through Audioboom Limited. Austin Advertising Inc is held through Audioboom Inc.

During the period Audioboom Pty Limited (Australia) was dissolved.

13. Trade and other receivables

	As at 31 December 2018 US$'000	As at 30 November 2017 US$'000
Amounts receivable for the sale of goods and services	**3,063**	2,428
Allowance for doubtful debts	**(70)**	(135)
Net receivables	**2,993**	2,293
Other receivables	**590**	563
Prepayments and accrued income	**521**	100
Taxes recoverable	**65**	356
	4,169	3,312

The average credit period taken on sales of goods and services is 94 days (2017: 139 days). No interest is charged on receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and likelihood of recovery as assessed by the Directors.

Included in the Group's trade receivable balance are debtors with a carrying amount of US$269,000 (2017: US$410,000) which are past due at the reporting date.

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14. Trade and other payables

	As at 31 December 2018 US$'000	As at 30 November 2017 US$'000
Trade payables	**3,058**	2,062
Other taxes and social security	**65**	30
Accruals and deferred income	**793**	550
Other payables	**171**	32
	4,087	2,674

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 98 days (2017: 88 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

15. Stated capital account

	No. of shares	**Share capital US$'000**	**Share premium US$'000**
At 30 November 2016	**638,021,678**	**–**	**34,768**
Shares issued in the year			
Shares issued at 1.5p each	15,076,262	–	289
Shares issued at 2.5p each	180,000,000	–	5,396
Shares issued at 2p each	40,613,698	–	1,006
Shares issued at 2.5p each as consideration for the acquisition of SONR News Limited	56,938,216	–	1,765
At 30 November 2017	**930,649,854**	**–**	**43,224**
Shares issued in the period			
Shares issued at 2p each	76,041,095	–	2,023
Shares issued at 3p each	166,600,000	–	5,636
At 31 December 2018	**1,173,290,949**	**–**	**50,883**

There is no authorised share capital and all shares rank *pari passu*. All issued share capital is fully paid up. All ordinary shares have nil par value.

16. Operating lease arrangements

	As at 31 December 2018 US$'000	As at 30 November 2017 US$'000
The Group as lessee		
Lease payments under operating leases recognised as an expense in the period	**470**	403

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Under one year	**434**	1,684
Over one year and less than five years	**311**	429
Over 5 years	**1,696**	822
	2,441	2,935

17. Related party transactions

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

In April and May 2018, the Group issued convertible loan notes for up to £1.5 million to Candy Ventures sarl, an investment vehicle owned 90% by Nick Candy, the Group's largest shareholder, and a former non-executive Director. Steven Smith, a Director of the Company, is a 10% shareholder of Candy Ventures sarl. The terms of the loan note provided for interest at a rate of 10% per annum and an aggregate arrangement fee of £75,000. Pursuant to the terms of the loan note, the Company had covenanted to maintain sufficient shareholder authority to satisfy conversion of the notes. Candy Ventures sarl agreed to waive this covenant, in order to allow the Company to utilise its then existing share authorities for its June 2018 fundraise. The Group drew down the full balance of the loan note before converting the loan (and accrued interest) into shares, in accordance with its terms, at 2p per share, at the time of the Group's £4.5 million fund raise which concluded in June 2018. Candy Ventures sarl also subscribed for 33,333,333 shares at 3p per share in that fund raise.

Roger Maddock, a non-executive Director of the Company, subscribed for 3,333,334 shares at 3p per share on 8 June 2018 pursuant to the placing and subscription.

In conjunction with his appointment, Michael Tobin, the non-executive Chairman of the Company, was awarded 30,000,000 warrants over new ordinary shares of no par value in the Company. A first tranche of 10,000,000 warrants will be exercisable at a price of 2.4p per share after 3 March 2019 and for five years thereafter. A second tranche of 10,000,000 warrants will vest if the Company's share price exceeds 4.4p for 60 days within any rolling six-month period. The second tranche warrants will be exercisable at a price of 4.4p from six months after vesting and for five years from that date. A third tranche of 10,000,000 warrants will vest if the Company's share price exceeds 6.4p for 60 days within any rolling six-month period. The third tranche warrants will be exercisable at a price of 6.4p from six months after vesting and for five years from that date. Post period end the share price hurdles and exercise prices were amended (see note 20). The warrants can only vest if Michael Tobin is Chairman at the relevant time, however, once vested, they remain exercisable throughout the relevant exercise window irrespective of whether he is Chairman at the time of exercise. The warrants are not transferable.

Following the departure of the Company's former chief financial officer on 27 July 2017, various financial and accounting services were provided under contract by an individual provided by Candy Capital Limited ('Candy Capital'). Candy Capital is 100 per cent. owned by Nick Candy, who is also a 90 per cent. shareholder of Candy Ventures sarl, which is a substantial shareholder in the Company. The aggregate fees invoiced to the Company by Candy Capital in the period was US$75k (2017: US$46k), excluding value added tax. Steven Smith, a director of the Company, is also a director and 10 per cent. shareholder of Candy Ventures sarl.

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Remuneration of key management personnel

The remuneration of key management personnel of the Group, excluding Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	13 months to 31 December 2018 US$'000	12 months to 30 November 2017 US$'000
Short-term employment benefits	**68**	–
Post-employment benefits	**2**	–
	70	–

Details of Directors' remuneration are set out in the Remuneration Committee Report on page 26.

18. Share-based payments

The Company has share option schemes for employees of the Group. Options are exercisable at the price agreed at the time of the issue of the share option. The vesting period and/or any performance conditions vary between employees. If the options remain unexercised after a period of 10 years from date of grant the options expire. Options are typically forfeited if the employee leaves the Group before the options vest. Details of the share options granted during the period are as follows:

	2018		2017	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of period	**62,174,511**	**0.020**	66,710,418	0.021
Granted during the period	**7,500,000**	**0.024**	7,983,971	0.022
Forfeited/lapsed during the period	**(13,310,106)**	**0.032**	(12,519,878)	0.030
Exercised during the period	**–**	**–**	–	–
Outstanding at end of period	**56,364,405**	**0.019**	62,174,511	0.020
Exercisable at end of period	**39,969,967**	**0.027**	40,688,002	0.017

The options outstanding at 31 December 2018 had a weighted average exercise price of 1.9 pence, and a weighted average remaining contractual life of 6 years. The inputs into the Black-Scholes model are as follows:

	2018	2017
Weighted average share price	**2.400**	4.078
Weighted average exercise price	**2.400**	2.540
Expected volatility	**85%**	85%
Expected life	**10 years**	10 years
Risk-free rate	**0.5%**	0.5%
Expected dividend yield	**0%**	0%

Expected volatility was determined by assessing the movements of the share price since the readmission to AIM in May 2014. The Group recognised total expenses of US$4,000 related to equity-settled share-based payment transactions for the 13-month period ended 31 December 2018 (12 months to 30 November 2017: US$155,000).

	2018 US$'000	2017 US$'000
Share option charge	**4**	155
Warrant charge	**381**	–
	385	155

During the period, the Company issued warrants to subscribe for ordinary shares to Michael Tobin, the non-executive Chairman of the Company, details of which are disclosed in note 17.

In addition, in December 2017, the Company issued 4,500,000 warrants to subscribe for ordinary shares in the Company to one of its largest US podcast partners. The warrants have an exercise price of 3.125p and become exercisable in three equal tranches of 1,500,000 on each of 1 August 2018, 1 August 2019 and 1 August 2020, provided that the partner continues to engage with the Company. The warrants have a final exercise date of 1 August 2022.

At the period end the Company had in issue outstanding share warrants for a total of 70,571,500 shares with a weighted average exercise price of 6.0 pence. 27,571,500 of the warrants were exercisable at the period end, and the balance may become exercisable subject to performance conditions.

19. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to meet their financial obligations as they arise while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group does not have any external borrowings, does not have access to committed borrowing facilities, and is not subject to externally imposed capital requirements.

Categories of financial instruments

	As at 31 December 2018 US$'000	As at 30 November 2017 US$'000
Loans & receivables		
Trade and other receivables	**3,583**	2,856
Cash and cash equivalents	**1,581**	968
Financial liabilities at amortised cost		
Trade and other payables	**3,230**	2,096

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximates to their fair values.

Financial and market risk management objectives

It is, and has been throughout the period under review, the Group's policy not to use or trade in derivative financial instruments. The Group's financial instruments comprise its cash and cash equivalents and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial assets and liabilities is to provide finance for the Group's operations in the period.

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Currency risk management

The Group has limited exposure to foreign currency risk as a result of the majority of its cash being held in Sterling, or it matching local currency costs to local currency receipts; thus the main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the period under review.

Interest rate risk management

The Group's policy is to ensure that it maximises the interest income on surplus cash. This involves placing cash in a mix of fixed rate and floating rate short-term deposits. There is no prescribed ratio of fixed to floating rate.

The Group holds the majority of its cash and cash equivalents in corporate current accounts. These accounts offer a competitive interest rate with the advantage of quick access to the funds.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities after assessing credit quality using independent rating agencies and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. Please refer to note 13 for more detail on trade receivables collection period.

The ageing of trade receivables (US$'000s) as at 31 December 2018 was:

Current	Over 30 days	Over 60 days	90 days +	Total
US$1,630	US$944	US$220	US$269	US$3,063
53%	31%	7%	9%	

Liquidity risk management

The Group's policy throughout the period has been to ensure continuity of funds. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Please refer to note 14 for more detail on trade payables payment period.

All financial liabilities are non-interest bearing and fall due within one month.

Fair value of financial instruments

The fair value of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

20. Post balance sheet events

In February 2019, the Company announced a subscription to raise £1.5 million to fund its rapidly increasing portfolio of podcasting content. 115,384,670 shares were issued at a price of 1.3 pence per share with the proceeds predominantly being used to meet the upfront payments required to secure new and existing podcast content and their audiences. Michael Tobin and Roger Maddock, non-executive Directors of the Company, each subscribed for 3,846,160 shares representing an approximate amount of £50,000 each. Candy Ventures sarl, an investment vehicle owned 90% by Nick Candy, the Group's largest shareholder, subscribed for 46,153,850 shares, representing an approximate amount of £600,000.

In order to allow the subscription shares to be issued on a timely basis and within the Company's existing share allotment authorities and without the need to convene an extraordinary general meeting of the Company, Michael Tobin agreed that the exercise of his 30,000,000 warrants (split into three tranches of 10,000,000 warrants) over new ordinary shares awarded to him on 3 September 2018 (see note 17) be made conditional upon the Company obtaining shareholder authorities to allot and issue the new shares arising on exercise of the warrants free of pre-emption rights. Such authority was granted at a general meeting held on 21 May 2019. In addition, in recognition that such warrants should be an incentive, the Company agreed to (a) lower the exercise prices of the warrants from 2.4p, 4.4p and 6.4p to 1.3p, 3.3p and 5.3p respectively and (b) lower the share price hurdle for exercise of the second and third tranche of the warrants from 4.4p and 6.4p to 3.3p and 5.3p respectively.

In addition, and in order to obtain a substantial participation in the subscription, the Company agreed with Nick Candy to extend the exercise period of 12,000,000 warrants over new ordinary shares held by him, granted pursuant to an agreement dated 2 April 2016, from 2 April 2019 to 31 March 2024. These warrants have an exercise price of 2.5 pence per ordinary share.

In May 2019, the Company concluded a placing and subscription raising a further £2.8 million to fund growth to accelerate the acquisition of established podcast content and their audiences, development of co-production content partnerships and Audioboom Originals production, to deliver valuable original content. Candy Ventures sarl subscribed for 42,000,000 new ordinary shares at 2.5p. Michael Tobin, Roger Maddock and the Preston Trust (being a trust for the benefit of the family of Roger Maddock) subscribed for 3,600,000, 2,000,000 and 4,000,000 new ordinary shares at 2.5p respectively.

Notice of Annual General Meeting

Audioboom Group plc

(incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 85292)

Notice is given that the annual general meeting of the members of the Company will be held at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG on Thursday 20 June 2019 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions. Resolutions 1 to 6 will be proposed as ordinary resolutions and Resolutions 7 to 9 will be proposed as special resolutions.

ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the audited accounts of the Company for the period ended 31 December 2018 together with the report of the auditors thereon.

2. To re-elect Brad Clarke who retires at the meeting and who, being eligible, offers himself for re-election as a director of the Company (each a **Director** and together the **Directors**).

3. To re-elect Roger Maddock who retires at the meeting and who, being eligible, offers himself for re-election as a Director.

4. To re-elect Michael Tobin who retires at the meeting and who, being eligible, offers himself for re-election as a Director.

5. To re-appoint haysmacintyre as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Article 6.2 of the Articles of Association of the Company (**Articles**) to exercise all the powers of the Company to allot ordinary shares of no par value in the capital of the Company (**Ordinary Shares**) and to grant rights to subscribe for, or to convert any security into, Ordinary Shares up to a maximum of 465,000,000 Ordinary Shares, being approximately one third of the current issued share capital of the Company. The authority conferred on the Directors under this Resolution 6 shall expire at the earlier of the conclusion of the next annual general meeting of the Company and the date falling 18 months after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or rights to subscribe for, or to convert any security into, Ordinary Shares to be granted after such expiry and the Directors may allot Ordinary Shares or grant rights to subscribe for, or to convert any security into, Ordinary Shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

7. That, subject to the passing of Resolution 6, the Directors be and they are hereby empowered pursuant to Article 6.7 of the Articles to allot equity securities (within the meaning of Article 6.6) for cash or otherwise pursuant to the authority conferred by Resolution 6, as if Article 6.3 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities consisting of, or the right to subscribe for, or convert any security into shares in the Company, up to a maximum of 140,000,000 Ordinary Shares, being approximately 10% of the current issued share capital of the Company, and this authority shall expire at the earlier of the conclusion of the next annual general meeting of the Company and the date falling 18 months after the passing of this Resolution, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8. That, pursuant to Article 38A(b) of the Companies (Jersey) Law, the 1,400,675,700 ordinary shares of no par value each in the issued share capital of the Company immediately following this meeting be consolidated and divided into 14,006,757 ordinary shares of no par value each, such shares having the rights and being subject to the restrictions set out in the

Articles, and where such consolidation results in a particular member being entitled to a fraction of a share, all such fractional entitlements shall be aggregated and sold on the market for the benefit of the applicable shareholders in accordance with Article 50 of the Articles. Where fractional entitlements to shares are so aggregated and sold, any amount due to a shareholder, being less than £3, will be retained by the Company. If this Resolution 8 is passed, then the amounts of Ordinary Shares referred to in Resolutions 6, 7 and 9 will be recalculated accordingly (by way of dividing each such amount by 100).

9. That the Company be and is hereby generally and unconditionally authorised to make one or more market purchases of Ordinary Shares pursuant to Article 57 of the Companies (Jersey) Law 1991 as amended (the **Law**) provided that:

9.1 the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 209,000,000 (being approximately 14.99 % of the share capital of the Company in issue as at the date of this document);

9.2 the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 1 penny;

9.3 the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which any Ordinary Share is contracted to be purchased by the Company;

9.4 the Directors can, prior to each such purchase, make the solvency statement required by the Law and fulfil all other requirements of the Law in relation to purchases of a company's own shares;

9.5 this authority will expire at the conclusion of the next annual general meeting of the Company held after the date on which this resolution is passed or, if earlier, 18 months after that date;

9.6 this authority shall only be capable of variation, revocation or renewal by special resolution of the Company; and

9.7 the Company may make a contract or contracts to purchase Ordinary Shares under this authority before this authority expires which will or may be executed and completed wholly or partly after its or their expiration and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts after its or their expiration.

By order of the board

AST Secretaries Limited
Company Secretary

Registered office:
PO Box 264
Forum 4
Grenville Street
St Helier
Jersey JE4 8TQ

Date: 30 May 2019

Notice of Annual General Meeting
(continued)

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend and (on a poll) vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. Under Jersey law a special resolution requires a two-thirds rather than three quarters majority of those voting at the meeting in person or by proxy to vote in favour of the resolution.

3. Pursuant to Article 40(1) of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company has specified that only those members registered on the register of members of the Company at close of business on 18 June 2019 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after this time will be disregarded in determining the rights of any person to attend and vote at the meeting.

4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact Link Asset Services. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, proxy appointments will be invalid.

6. If you do not indicate to your proxy how to vote on any resolution, your proxy will vote or abstain from voting at his discretion. Your proxy will vote (or abstain from voting) as he thinks fit in relation to any other matter which is put before the meeting.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution.

8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold his vote.

9. To appoint a proxy using the proxy form, it must be:

   9.1 completed and signed;

   9.2 sent or delivered to Link Asset Services PXS1, 34 Beckenham Road, Beckenham Kent BR3 4ZF; and

   9.3 received no later than 10.00 a.m. on 18 June 2019.

10. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

11. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

12. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

Changing proxy instructions

13. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut off time for receipt of proxy appointments specified in those paragraphs also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.

14. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Link Asset Services.

15. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

16. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

17. The revocation notice must be received by Link Asset Services no later than 10.00 a.m. on 18 June 2019.

18. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 19 below, your proxy appointment will remain valid.

19. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

CREST

20. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 10.00 a.m. on 20 June 2019 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

21. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

22. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Notice of Annual General Meeting
(continued)

23. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Total voting rights

24. As at 30 May 2019, the Company's issued share capital comprises 1,400,675,619 ordinary shares of no par value. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 May 2019 is 1,400,675,619.

Communication

25. Except as provided above, members who have general queries about the meeting should contact Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Explanatory Information for the Resolutions

The following explanatory information is provided by way of background to the special business of the meeting:

Authority of Directors to allot shares (Resolution 6 – ordinary resolution)

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting pursuant to the Company's articles of association. The authority granted at the Company's last Extraordinary General Meeting is due to expire at this year's Annual General Meeting.

Accordingly, Resolution 6 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares up to a maximum of 465,000,000 ordinary shares (assuming no share consolidation). This represents approximately one third of the current total issued ordinary share capital of the Company, in accordance with current guidelines. This authority will expire immediately following the Annual General Meeting in 2020 or, if earlier, 18 months following the Resolution being passed.

Disapplication of pre-emption rights (Resolution 7 – special resolution)

If the Directors wish to exercise the authority under Resolution 6 and offer shares for cash, the Company's articles of association require that, unless shareholders have given specific authority for the waiver of the contractual pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. The authority granted at the Company's last Extraordinary General Meeting is due to expire at this year's Annual General Meeting. Accordingly, Resolution 7 would authorise the Directors to disapply the contractual pre-emption provisions.

This would provide the Directors with a degree of flexibility to act in the best interests of the Company by allotting shares for cash to persons other than pro rata to existing shareholders up to a maximum of 140,000,000 ordinary shares (assuming no share consolidation). This represents approximately 10% of the current total issued ordinary share capital of the Company, in accordance with market practice. This authority will expire immediately following the Annual General Meeting in 2020 or, if earlier, 18 months following the Resolution being passed.

Approval of share consolidation (Resolution 8 – special resolution)

This resolution will be proposed to approve the consolidation of all the existing ordinary shares of no par value each of the Company immediately after the meeting, into new ordinary shares of the Company of no par value each on the basis that each 100 existing ordinary shares will be consolidated into one new ordinary share (disregarding fractions). If this resolution 8 is passed, then immediately after the meeting (but before the share consolidation is carried out), 81 ordinary shares of the Company will be issued so as to increase the Company's issued share capital to the nearest round number divisible by 100. Where the share consolidation results in a particular shareholder being entitled to a fraction of a share, all such fractional entitlements will be aggregated and sold on the market for the benefit of the applicable shareholders, provided that any amount due to a shareholder, being less than £3, will be retained by the Company. Further explanation is provided on pages 9 and 10 of the Chief Executive Officer's Review in the Annual Report.

Authority for the Company to purchase its own shares (Resolution 9 – special resolution)

The Company's articles of association and the Companies (Jersey) Law 1991 permit the purchase by the Company of its own shares subject to shareholders' prior approval being obtained.

This Resolution is to authorise the Company to buy back up to 209,000,000 ordinary shares (assuming no share consolidation). The authority would expire at the conclusion of the 2020 Annual General Meeting or, if earlier, 18 months following the Resolution being passed.

The Resolution specifies the maximum number of ordinary shares which may be purchased (representing 14.99 per cent of the Company's issued share capital) and the maximum and minimum prices at which they may be bought, reflecting the requirements of the Companies (Jersey) Law 1991.

Explanatory Information for the Resolutions
(continued)

The Board has no present intention of exercising this power and the granting of this authority should not be taken to imply that any ordinary shares will be purchased. No purchase of ordinary shares will be made unless the Board considers it to be in the best interests of all shareholders.

Action to be taken

You will find enclosed a Form of Proxy for use at the Annual General Meeting. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the Annual General Meeting. Forms of Proxy should be returned so as to be received by Link Asset Services at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and in any event no later than 48 hours before the time appointed for holding the Annual General Meeting.

Recommendation

Your Directors consider that all the Resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend shareholders to vote in favour of all the Resolutions, as they intend to do in respect of their own beneficial holdings.

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Directors, Advisers and Officers

Company registration number:	85292
Registered office:	PO Box 264 Forum 4 Grenville Street St Helier Jersey JE4 8TQ
Directors:	Michael Tobin OBE (Non-executive Chairman) Robert Proctor (Chief Executive Officer) Brad Clarke (Chief Financial Officer) Roger Maddock (Non-executive Director) Steven Smith (Non-executive Director)
Company secretary:	AST Secretaries Limited
Nominated adviser and broker:	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Solicitors:	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Registrar:	Link Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Auditor:	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

Audioboom