2019

Audioboom Group plc

Annual Report & Financial Statements

Overview

Audioboom Group plc ("Audioboom") is a global leader in podcasting – producing, distributing and monetising premium audio content to millions of listeners around the world. Audioboom operates internationally, with operations and global partnerships across North America, Europe, Asia and Australia.

Audioboom provides technology and advertising services for a premium network of 250 top tier podcasts, with key partners including 'Casefile True Crime' (US), 'The Morning Toast' (US), 'And That's Why We Drink' (US), 'No Such Thing As A Fish' (UK), 'Starburns Audio' (US), 'The Cycling Podcast' (UK) and 'The Totally Football Show' (UK).

The Audioboom Originals Network is a slate of content produced by Audioboom including 'The 45th', 'Covert', 'It's Happening with Snooki & Joey', 'Mafia', 'Dead Man Talking' and 'Blank Check'.

The platform allows content to be distributed via Apple Podcasts, Spotify, BookMyShow, Deezer, Google Podcasts, iHeartRadio, RadioPublic, Saavn, Stitcher, Facebook and Twitter as well as a partner's own websites and mobile apps.

For more information, visit audioboom.com.

Contents

Audioboom

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) Stuart Last (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

Highlights

For the year ended 31 December 2019

Financial highlights[1]

- Revenue increased 91% to US$22.3 million (2018: US$11.7 million for 13 months)
- Adjusted EBITDA[2] loss reduced 38% to US$2.9 million (2018: loss of US$4.7 million)[3]
- Group cash as at 31 December 2019 of US$2.0 million (31 December 2018: US$1.6 million)
- Successfully raised a total of £4.3 million[4] from a placing and subscriptions to secure leading podcasting talent and shows, and to develop co-production and AON opportunities
- New content funding facility with SPV Investments Limited ("SPV"), a special purpose vehicle owned by Michael Tobin, the Company's Chairman and Candy Ventures sarl, the Company's largest shareholder, providing up to US$4 million of minimum guarantees to certain leading content partners of the Company

1) The financial period ended 31 December 2018 was a 13 month period (1 December 2017 – 31 December 2018)

2) Earnings before interest, tax, depreciation, amortisation, share based payments and material one-off items (including corporate restructuring costs)

3) Audioboom has adopted the modified retrospective approach to the implementation of IFRS 16: Leases. There is deemed to be no impact on reserves brought forward. Lease rental costs included within administrative expenditure in the Group's last reported annual financial statements are excluded from the 2018 comparative adjusted EBITDA to ensure consistency of presentation

4) Before expenses

KPIs

- Key performance indicators ('KPIs') all delivered significant growth:
  - Brand advertiser count of 280 as at 31 December 2019, up 75% on 31 December 2018 (160)
  - Global revenue per 1,000 downloads (eCPM) for December 2019 increased 16% to US$29.60 (December 2018: US$25.49)
  - Total available premium advertising impressions for the 12 months to 31 December 2019 up 59% to 1,644 million (2018: 1,035 million for 13 months to 31 December 2018)

Post-year end highlights

- Expansion of the Audioboom Originals Network with the launch of For All Moms, Life's Little Mysteries, Here's The Sitch and Noise Cancelling
- Co-production partnership established with Future Publishing, to create and launch three original content podcasts in 2020 focused on technology, science and video games
- Renewed partnership with a Tier 1 podcast partner, utilising the provision by SPV of a financial guarantee on the Company's contractual commitments – this partnership is expected to deliver material revenue for the Company during 2020 and beyond
- Entered into new distribution partnerships with Pandora (81 million active monthly users) and Amazon Music (65 million active monthly users), and expanded existing distribution partnership with Saavn
- Moved to the IAB V2 certified measurement standard to provide greater transparency to our advertising sales partners
- Entered into a two-year US$4 million secured loan facility arrangement with SPV, providing sufficient headroom to fund the Company through to forecast sustainable positive cash generation on a monthly basis
- Retained Raine Advisors Limited as financial adviser in relation to examining strategic options for the Company, and subsequently established a formal sale process pursuant to the Takeover Code
- Strong start to 2020, with bookings for the first quarter ahead of management expectations

Chairman's Statement

I am pleased to present this Chairman's Statement in respect of my first full year in the position.

Following a challenging 2018, it is particularly satisfying to reflect upon Audioboom's impressive performance in 2019, with material growth in all KPIs, a near doubling of revenues, substantially reduced EBITDA loss, and market expectations exceeded for the first time in the Company's history. It is testament to the efforts of the management team and all staff that growth in the year outpaced that of the wider podcasting industry (which itself continues to expand materially), leading to increased market share and cementing its position as one of the world's largest independent podcast companies.

In his CEO Review, Stuart Last provides detail around the Company's strategy and focus, component parts of the business, operational and financial performance, the strong start to 2020 and the outlook for the remainder of the year in the light of global events.

The Board was pleased to appoint Stuart as CEO following a brief interim period last year. Stuart's key role in the growth of the US business over recent years made him the obvious choice for the role and the Board has been impressed with his performance, ably supported by Brad Clarke as CFO.

We were pleased to secure £4.3 million in growth funding early last year, and I was pleased, personally, to be able to support the Company, along with Candy Ventures sarl (our largest shareholder) and via SPV Investments Limited, through the provision of a US$4 million guarantee facility last year and a US$4 million loan facility earlier this year. The funding and facilities have enabled, and will continue to allow, the Company to acquire and retain high revenue producing, established podcasts and talent, and to develop the Group's higher margin Audioboom Originals Network, all of which will further drive performance. The loan facility is expected to provide sufficient headroom to fund Audioboom through to sustainable positive cash flow generation on a monthly basis.

As you will be aware, the Board appointed Raine Advisors Limited as its financial adviser to examine strategic options for the Company and subsequently the Board established a formal sale process pursuant to the UK Takeover Code. A number of interested parties are actively engaged in the process, but it is possible that Covid-19 could impact the planned timeline. At this point, potential buyer interest in the Company suggests the process will stay the course, but we will continue to evaluate the impact of Covid-19 over the coming weeks. Notwithstanding the formal sales process, the Company remains focussed on its core business strategy and the Q1 2020 results to date indicate that these efforts continue to transform into excellent financial performance.

More generally on the impact of Covid-19, it is clearly far too early to make any firm predictions as to its impact on the Group, but Stuart provides some early reflections in his report. Given the inevitable challenges ahead as the world continues to react to events, 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.

Michael Tobin OBE
Chairman
27 March 2020

Chief Executive Officer's Review

Introduction

I am very pleased to provide my first CEO report since taking on the role in September 2019. In my previous position as Audioboom's Chief Operating Officer, I established our US operations, led our global growth strategy, launched the Audioboom Originals Network, and created our Sonic Influencer Marketing arm. I am proud to now see the results of that work, with the Company exceeding market expectations in 2019 for the first time in its history.

Audioboom is a global leader in podcasting – producing, monetising and distributing premium audio content to millions of listeners around the world. As our growth in 2019 considerably outpaced that of the wider industry, we enhanced our position as one of the biggest independent podcast companies in the world.

2019 was the year we put content at the heart of the business and shifted to a focus on quality and creativity over sheer scale. Audioboom became a fully-fledged media operation, positioned to create maximum value from the fast-growing podcast industry.

During the year we restructured the Company, removed regional teams and managers, and created a structure in which global sales, production and business development units are aligned in strategic focus under the leadership of our highest performing managers.

The outcome was an outstanding set of results that saw revenue almost double and our EBITDA loss significantly reduced.

Momentum has continued into 2020, with our KPIs continuing to show strong growth and bookings exceeding management expectations for the first quarter. However, the Covid-19 virus may impact the business in the coming months. We are still working to understand how much disruption Covid-19 will bring to the podcast industry, but my expectation is for softer sales than expected during the second quarter as advertisers and brands grow more cautious in their approach to the medium, albeit certain sectors may maintain or increase their advertising at this time. It is reasonable to expect that production and consumption of on-demand content, including podcasts, will increase globally during the pandemic, providing increased audience connection and sales inventory as we go further into 2020.

The Chairman has addressed the latest position in respect of the formal sales process in his statement.

Strategy

Audioboom is a media, content and talent company working at the professional end of the podcast industry. We identify three clear areas of growth - each focused on premium content and a premium advertising sales model:

1. **Content Acquisition.** Audioboom develops commercial partnerships with existing independent podcast talent and content networks, where we provide a full slate of professional services, including exclusive advertising representation in our core US and UK markets. Opportunity for accelerated content acquisition comes via the Company's strong working relationships with the major Hollywood talent agencies, including UTA, WME and CAA. Content acquisition of high-quality Tier One podcasts delivers fast revenue growth for the Company, through the sale of high-value, high-engagement host endorsement advertising.

2. **Content Creation.** Through co-production partnerships and original content development from our in-house production teams, the Audioboom Originals Network increases the volume of our premium advertising inventory. Audience consumption and sales-trend data from our wider business informs our show development strategy, with insights into key growth genres and strong sales verticals. Content creation requires up-front investment through content production costs, facilities, and audience acquisition spend, but creates strong revenue growth at a higher gross margin, as well as further revenue potential through IP opportunities, including television adaptation, touring and merchandise sales.

3. **Content Access.** The Sonic Influencer Marketing platform enables brands to connect with audiences across the entire professional-level podcasting landscape. The platform utilises top-tier talent both within the Audioboom network and at all major podcast networks globally, to deliver premium host endorsement advertising campaigns to engaged audiences on behalf of their clients. Sonic Influencer Marketing provides fast revenue growth to the Group, albeit with a lower gross margin than Content Acquisition and Content Creation.

We continue to operate our technology platform which supports Tier Two podcasters and generates revenues through paid podcaster subscriptions and lower-value automated advertising networks. These are considered passive revenue streams by the Company and, as such, we commit a lower level of resource to support their growth.

Overview of the market

2019 was a year of growth and a year of consolidation across the podcast industry, with the US – Audioboom's major market – continuing to lead the charge.

The Interactive Advertising Bureau's Podcast Revenue Study projected the US market size to reach c. US$680 million in 2019 – up 42% on the previous year. It is worth noting that Audioboom's 2018-2019 growth was more than double that of the wider industry, as we increased market share significantly.

Key trends driving the growth of the market are highlighted in the 2020 Edison Infinite Dial survey in which it was reported that 104 million Americans listen to podcasts each month – an increase of 16% on the previous year.

2019 saw an increase in M&A activity within podcasting, as the industry began to consolidate around key pillars of content production, podcast technology and monetisation services. Notable transactions include:

- Spotify's acquisitions of Gimlet Media, Parcast and Anchor
- Entercom's acquisitions of Cadence 13 and Pineapple Street Media
- Rogers Media's acquisition of Pacific Content
- E.W. Scripps' acquisitions of Triton Digital and Omny Media

In 2020 we have already seen further M&A activity, with Spotify acquiring The Ringer network in February.

Operational review

I am pleased to report a strong year of monetisation and operational progress across all areas of the business.

KPIs

Our three Key Performance Indicators are drivers of growth in our most important income stream – premium advertising sales:

- Brand advertiser count of 280 as at 31 December 2019, up 75% on 31 December 2018 (160)
- Global revenue per 1,000 downloads (eCPM) for December 2019 increased 16% to US$29.60 (December 2018: US$25.49)
- Total available premium advertising impressions for the 12 months to 31 December 2019 up 59% to 1,644 million (2018: 1,035 million for 13 months to 31 December 2018)

Content Acquisition – Partnerships

Audioboom saw significant growth in the size of its premium sales network through the acquisition of new content, and the renewal of major content partnerships. Our ability to create competitive financial packages for Tier One podcast partners, followed up with consistent over-performance against the minimum guarantee obligation from our premium advertising sales unit, enhanced our standing as a leading provider of monetisation services in the space.

Access to the SPV content funding facility (see further under "Financial review" below) enabled certain leading independent podcasters and talent agencies to enter into long-term commercial contracts with Audioboom, by providing assurances that the Company would meet its contractual financial obligations as to minimum guarantees.

In the US, we entered into key new partnerships or renewed contracts with The Morning Toast, True Crime Obsessed, Astonishing Legends, Morbid, Waveform and Chatty Broads.

In the UK, we renewed our partnerships with No Such Thing As A Fish, The Totally Football Show and F1: Beyond The Grid.

We now have more than 200 shows in our premium sales network, allowing advertisers to connect with audiences at massive scale through high-quality content and podcasting's leading creative talent. The fill rate of available advertising inventory on our top 10 podcasts was greater than 83% across 2019.

Chief Executive Officer's Review
(continued)

Content Creation – Audioboom Originals Network

During 2019, we continued our commitment to original content creation, expanding the Audioboom Originals Network to 19 shows. Revenue from the network increased to US$0.7 million, growing significantly from 2018 (US$0.3 million). The network was listened to more than 25 million times and created more than 100 million available advertising impressions during the year.

New shows launched in 2019 included What Makes A Killer, A Life Lived and Never Thought I'd Say This – a co-production with Main Event Media. Mafia, Covert and Inbox all returned for new seasons, while The 45th, It's Happening and Blank Check continued to deliver weekly episodes.

We received critical acclaim for our original productions in 2019. Dead Man Talking received the Silver Award for Best True Crime podcast at the UK Podcast Awards, while Blank Check was nominated as one of Time Magazine's top three podcasts of the year.

To support growth in the Audioboom Originals Network, the Company expanded its production facilities in New York City, opening two new studios and a green-room space. Our enhanced facilities will support the creation of more than 40 shows.

We intend for our production arm to grow strongly in 2020, as we invest further in talent, facilities and audience acquisition. The higher gross margin of our original content should contribute significantly to our bottom line, and the impact of our shows will further shift the industry and podcast audience perception of the Company to that of a creative media brand.

Content Access – Sonic Influencer Marketing

2019 was the first full year of operations for Sonic Influencer Marketing, our platform that enables brands to buy advertising inventory within any globally available podcast.

More than 30 brands utilised the service, with the platform generating US$5.2 million in revenue (2018: US$0.8 million) – an outstanding first full year of business. Key clients include Article, Drink Works, Instacart and Hawthorne.

To support the development of Sonic Influencer Marketing we increased headcount in the team to five and opened a dedicated office space in Austin, Texas.

So far in 2020 six new brands have used the platform as we continue to increase our client-base. We expect further strong growth from Sonic Influencer Marketing across the year and for it to contribute significantly to the Group's overall revenues.

SONR News Limited ("SONR")

As previously reported, the majority of SONR staff left the Company in 2018 as Audioboom focussed its efforts on revenue generating initiatives. During 2019 it became clear that the opportunities previously being explored to exploit SONR's NLP and AI technology would not generate a viable, sustainable business. Therefore, the decision was taken to close the business and focus all resources on Audioboom's monetisable core strategy.

Key commercial and strategic partnerships

Voxnest

In September 2019, Audioboom announced a partnership with Voxnest, to provide technology and advertising services.

In the first phase of the partnership, Voxnest provided us with a professional-level advertising toolset that enables dynamic advertising injection on the entire roster of podcasts. For our premium network of shows it gives the option for host endorsements to be delivered at scale, targeted to location, or delivered against a show's archive – creating a second sales window in order to optimise revenue. For our wider group of podcast partners it will connect to ad networks and programmatic exchanges to maximise advertising fill.

Subsequently the partnership has enabled Audioboom to utilise the Interactive Advertising Bureau's V2 Podcast Measurement standard, via Voxnest's certified data platform. Audioboom's premium advertising sales model now utilises IAB V2 certified numbers to provide accurate and transparent pricing to the advertising community.

Nielsen

In September 2019, we also announced a partnership with Nielsen to utilise their Podcast Listener Buying Power Service.

The toolset provides insights into audience profiles and consumer buying habits that help Audioboom improve the way we sell advertising. We are able to create stronger connections between brands and audiences, driving more value to both the advertisers and the talent we work with.

Distribution partnerships

Post period end, the Group entered into new distribution partnerships with Pandora (81 million active monthly users) and Amazon Music (65 million active monthly users), and expanded its existing distribution partnership with Saavn.

Financial review

In 2019, the Company continued to both recognise record revenue growth quarter on quarter and significantly outperformed the overall podcast advertising market. This was achieved having laid strong operational and financial foundations in 2018, allowing our sales and creative staff to work with our content and advertising partners to continue to drive the business, and wider industry, forward.

Revenue growth accelerated in our core revenue segment; premium host endorsement advertising for our podcast partners. This core segment was assisted by excellent growth in Sonic Influencer Marketing in its first full year of trading, and material growth in a key area of focus for the business, the Audioboom Originals Network.

Revenue increased by 91% to US$22.3 million for 2019 from US$11.7 million (13 months to 31 December 2018). In 2019, 90% of Group revenue was generated in the United States, which is the largest and most developed market for podcasting, up from 83% in 2018 due to the continued growth in that territory as well as the first full year of trading at Sonic Influencer Marketing.

Gross margin decreased to 22% in 2019 (13 months to 31 December 2018: 27%). Audioboom has a mix of revenue streams, contributing different gross margins. Direct revenue, where advertising is placed on third party podcasts via the Audioboom sales teams, yielded 24% gross margin in 2019. Audioboom Originals Network contributed 45% gross margin in 2019, and the higher associated gross margin means this is a key area of focus going forward for the Company. Sonic Influencer Marketing typically contributes between 12% and 15% gross margin and therefore despite the growth of this business, it does impact the overall Group gross margin. The year-on-year decline in gross margin is mainly due to the increasing gross revenue contribution of Sonic Influencer Marketing, which accounted for 23% of total top line revenue in 2019 (13 months to 31 December 2018: 7%).

The Company continued to control overheads and we restructured the business to align staff globally and to ensure that every employee contributes to the growth of the business. We continue to monitor the cost base closely and align it to the Company’s operational demands and this will continue into 2020 as we increase focus on the Audioboom Originals Network.

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) recorded an improvement to a loss of US$2.9 million from US$4.7 million (13 months to 31 December 2018).

The total comprehensive loss for the year recorded an improvement to a comprehensive loss of US$7.1 million from US$8.5 million (13 months to 31 December 2018). The cash outflow from operating activities fell to US$5.2 million for the 12 month period (13 months to 31 December 2018: US$7.3 million), a 29% reduction.

The improvements in the working capital cycle can now clearly be seen in improvements in debtor collection days and average payable days. The implementation of the bespoke podcast advertising booking system in 2018, continued improved cash collection and sustained revenue growth has led to a 10% reduction in debtor days from 94 days in 2018 to 86 days in 2019. Average payable days also reduced from 98 days in 2018 to 72 days in 2019.

During the period, the Company raised a total of £4.3 million (before expenses) from the issue of ordinary shares in order to attract and retain leading third party podcast talent and to continue to invest in the growth of the Company. Net cash at the period end was US$2.0 million (31 December 2018: US$1.6 million).

On 17 June 2019, the Company agreed a new content funding facility with SPV pursuant to which SPV provides minimum revenue guarantees to certain leading content

Chief Executive Officer's Review
(continued)

partners of the Company. Audioboom pays SPV 8% of the net advertising revenue (after paying the content partner its share) received by Audioboom, in relation to those podcasts. To date, two leading podcasts have been retained via the SPV guarantee facility, in June 2019 and January 2020.

On 21 June 2019, the Company consolidated every 100 existing ordinary shares of no par value into one new ordinary share of no par value.

The financial results shown above 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.

Loan facility

On 7 February 2020, the Company announced that it had entered into a US$4 million secured loan facility arrangement (the "Facility") with SPV. Historically, the growth of Audioboom has been financed by the issue of equity with consequential dilution to the Company's shareholders, and the Board believes that the expectation of potential equity issues has had a negative impact on the Company's share price. The Facility should provide sufficient funding through to forecast sustainable positive cash generation on a monthly basis. To date, no funds have been drawn down.

Outlook

I am pleased with the strong start we have made in 2020, with bookings for the first quarter ahead of management expectations.

We have continued to sign great new podcasts into our premium sales network, renew some of our biggest publisher partnerships, and sign new clients to Sonic Influencer Marketing.

As mentioned above, our Chairman and largest shareholder have recognised our outstanding performance and are supporting the growth of the business with the Facility. This will allow us to execute our growth strategy across 2020 and should provide sufficient funding to take us through to forecast sustainable positive cash generation on a monthly basis.

This year we will continue to position Audioboom as a high-quality programme-maker within the US. We will invest significantly in content production through our Audioboom Originals Network, ensuring that we are developing creative concepts and strong stories, and we are working with high profile talent that can increase our audience engagement.

Already in 2020, we have launched four new AON shows – For All Moms, Life's Little Mysteries, Noise Cancelling and Here's The Sitch. Revenue-wise the network is expected to deliver substantial growth versus 2019. As more of our AON shows are fully developed by our growing in-house team, we can implement greater controls on production budgets, leading to improved gross margins.

Our AON development slate is oversubscribed for the year, and I'm really excited about some of the new shows we will launch including; Dark Air, Huddled Masses and Truth Vs Hollywood.

All of this comes against an uncertain backdrop of Covid-19, which may disrupt the advertising market and our immediate growth plans. We will provide any update we can in this respect in our Q1 trading update in April. However, with our improved cash position (as supported by the availability of the recently agreed loan facility), focus on content production and market-leading advertising sales operation, we are well placed to continue our expansion as the leading independent podcast company.

Stuart Last
Chief Executive Officer
27 March 2020

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. Post period end, COVID-19 may have an impact on operating cash flow, however, the impact of this is currently unclear.	Management monitors the Group's financial performance closely with a strong focus on cash control. Post period end, the Company has secured US$4 million of loan funding from the Company's Chairman and its largest shareholder which it is expected should fund the Group through to forecast sustainable positive cash generation on a monthly basis. The Directors are satisfied that the loan facility provides sufficient funding to mitigate the liquidity risk posed by the impact of COVID-19. Cash flow modelling, sensitivity testing and business contingency planning have all been completed to make this assessment, and will be kept under review.
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. Professionalisation of the industry means that an increasing amount of podcast content is now being created by major broadcasters, radio groups and media companies – thus reducing the number of successful new independent entrants in the space. There are also an increasing number of competitor networks offering advertising sales services – all vying to create exclusive partnerships with the top independent shows. There can be no assurance that the Group will maintain its success in this area.	As the industry professionalises, an increasing amount of new business with top tier podcasts comes via talent agencies and management companies. Audioboom invests time and resource to develop and maintain strong working relationships with these groups to ensure we remain part of inbound opportunity. 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. Audioboom is increasingly investing in its "owned and operated" content division, where podcasts are developed and produced by its in-house production team. This allows the Company to control production schedules and negates the risk of losing independent podcasts to other networks.

Principal Risks and Uncertainties
(continued)

Risk	Description	Mitigation
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. The impact of COVID 19 may adversely affect the global economy which may hinder global advertising growth.	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 agencies and direct with brands in the UK and the US to continue to build revenues. It should be noted that advertisers affected by COVID 19 may be replaced by advertisers who are less affected by the potential macro-economic changes.
Technology	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 strives to continually innovate in terms of its technology, products and services and also recognises opportunities to utilise third party technology solutions when it does not have the financial or staffing resource to innovate itself.
IT infrastructure	Audioboom's platform is hosted externally by Voxnest and 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 Voxnest and Amazon cloud infrastructure and distributed content system ensures that many multiple copies of the entire Group's web architecture 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.

Risk	Description	Mitigation
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.
Competitive conflict	Sonic Influencer Marketing operates on the buy-side of the advertising divide. As such there are some conflicts with Audioboom which operates on the sell-side. Podcast networks that are competitors with Audioboom may take issue with sharing data or creating partnerships with Sonic Influencer Marketing for fear of data being shared internally or helping a rival grow. This may impact Sonic Influencer Marketing's ability to grow.	The Group has developed a separate Customer Relationship Management system for Sonic Influencer Marketing so that no key data is shared across the two businesses. Only a small, controlled number of staff are able to access both sets of data.

The Strategic Report was approved by the Board of Directors on 27 March 2020 and was signed on its behalf by:

Stuart Last - Chief Executive Officer

Board of Directors

	Michael Tobin OBE Non-executive Chairman	Stuart Last 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.	Before joining Audioboom, Stuart ran podcast operations at Voxnest in New York City. He previously held executive positions at the BBC in London, controlling digital strategy for BBC Radio 2, the UK's biggest radio station and overseeing the development of key brands at BBC Radio 1, including the world-renowned Live Lounge. Stuart joined Audioboom in 2014 and, as Chief Operating Officer, he launched the business in the U.S., leading all strategy, business development, sales and marketing operations.	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.	Stuart was appointed CEO in September 2019 and joined the Board in December of that year.	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 as 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 Candy Ventures sarl, Nick Candy's private investment fund based in Luxembourg.
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 year ended 31 December 2019.

Strategic Report

Details of the Group's strategy and business model during the year and the information that fulfils the requirements of the strategic report can be found in the Strategic Report on pages 3 to 11. 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 18 to 21 forms part of this report.

Results and dividends

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

Directors and their interests

The Directors who served during the year are set out below, together with their beneficial interests in the ordinary shares of the Company. Biographical details are included on pages 12 and 13.

	31 December 2019		31 December 2018[1]	
	Ordinary shares of no par value	**Share options**	Ordinary shares of no par value	Share options
Brad Clarke	**–**	**185,000**	–	65,000
Stuart Last (appointed 20 December 2019)	**4,172**	**250,000**	n/a	n/a
Roger Maddock	**338,461**[2]	**–**	220,000	–
Rob Proctor (resigned 30 September 2019)	**n/a**	**n/a**	20,661	245,038[3]
Steven Smith[4]	**4,764**	**–**	4,764	–
Michael Tobin	**185,476**	**–**[5]	59,082	–[5]

(1) restated to reflect the share consolidation effected in June 2019

(2) includes an indirect interest in 40,000 shares held by The Preston Trust, a trust established for the benefit of the family of Roger Maddock

(3) includes share options that were held by persons connected with Rob Proctor

(4) Steven Smith is a director and 10% shareholder of Candy Ventures sarl, which held 3,582,602 ordinary shares in the Company as at 31 December 2019. In addition, Nick Candy, a director and 90% shareholder of Candy Ventures sarl, is the holder of 70,000 ordinary shares and 120,000 warrants to subscribe for ordinary shares. In addition, at the year end, Candy Ventures sarl held 12,500 warrants to subscribe for ordinary shares in connection with the provision of guarantees by SPV Investments Limited (see note 17 to the financial statements)

(5) Michael Tobin holds 300,000 warrants to subscribe for ordinary shares which were granted on his appointment to the Board. In addition, at the year end, Michael Tobin was interested in 12,500 warrants to subscribe for ordinary shares in connection with the provision of guarantees by SPV Investments Limited (see note 17 to the financial statements)

Further details in respect of the share options and warrants held by Directors are set out in the Remuneration Committee Report on pages 23 to 26.

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]	26.8%
Herald Investment Management Limited	6.6%
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

Our employees are one of our most important stakeholder groups. The Group's policy is to encourage involvement at all levels, as it believes this is essential for the success of the business. Through a recently introduced annual survey, employees are encouraged to present their views and suggestions in respect of the Group's performance and policies. The Board also seeks to deepen employee engagement through the extensive reach of its share option scheme to all levels of staff.

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 announced US$4 million loan facility arrangement with SPV Investments Limited (see note 20 to the financial statements), 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 and also changes outside of expected trading performance), indicate that the Group will have sufficient cash available to continue in operational existence for the next 12 months from the date of approval of the financial statements and beyond. No additional funding is considered to be required and, based on the Board's forecasts, the Group considers that it will not require additional funding for the foreseeable future for the purposes of meeting its liabilities as and when they fall due. The Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, successfully.

In forming this assessment the Directors have considered the possible impact that the global outbreak of COVID-19 may have on the Group. The Directors acknowledge that it is challenging to predict the full impact this may have on the Group. Notwithstanding, management has carried out sensitivity analyses of the Group's cash flow models to quantify the impact of a range of possible outcomes, including lower than anticipated revenues, and the mitigations that the Group has available to it, including a reduction in overhead costs, active working capital management and the availability of finance from SPV Investments Limited. Accordingly, the Directors are satisfied that the Group will continue to be able to meet its ongoing liabilities as and when they fall due in reasonably foreseeable circumstances.

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' Report
(continued)

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.

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 auditors 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. 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.

ON BEHALF OF THE BOARD

Stuart Last
Chief Executive Officer
27 March 2020
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 further 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 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.

The Board intends to review annually how its corporate governance arrangements comply with the provisions of the QCA 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 2019, the following key governance matters were addressed (as described in more detail elsewhere in the Annual Report):

- Resignation of Chief Executive Officer
- Identification and appointment of new Chief Executive Officer
- Executive management remuneration review
- Introduction of Board self-evaluation process
- Review of system of internal and financial controls and reporting
- Methods of, and processes for, shareholder engagement

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 11.

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). Post year end, the delegation of Board authority was reviewed and updated.

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.

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 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. In addition to the Executive Directors, other members of management may be involved in Board discussions as appropriate, 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 year. 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 year the financial controls and processes established during 2018 have continued to evolve and improve. Those controls deemed to be key are as follows: formal monthly financial close process; delivering monthly key financial data to the Board; formalised payment run process reviewed and approved by the Financial Director and Chief Financial Officer leading to reduction in the average credit period for trade purchases; structured debtor collection process leading to reduction in the average credit period on sales of goods and services; detailed budgeting and forecasting process; and continued development of the Audioboom advertising booking system.

A summary of the current principal risks and uncertainties is set out in the section of that name in the Strategic Report on pages 9 to 11. 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.

Corporate Governance Report
(continued)

Composition of the Board

The Board currently comprises five Directors. Further detail on the Directors and independence of the Board are included on pages 12 and 13 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 year.

Committees

Audit Committee

The report of the Audit Committee is set out on pages 27 to 28.

Remuneration Committee

The report of the Remuneration Committee is set out on pages 23 to 26.

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.

Directors' attendance record

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

	Board		Audit Committee		Remuneration Committee[3]	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Brad Clarke	16	14				
Stuart Last (appointed 20 December 2019)[1]	3	3				
Roger Maddock	16	16	3	3	6	6
Rob Proctor (resigned 30 September 2019)	12	11				
Steven Smith[2]	16	15	3	3	6	6
Michael Tobin	16	16	3	3	6	6

(1) reflects attendance whilst interim CEO (non-Board) ahead of appointment as Director

(2) includes attendance via alternate Director appointed for two meetings

(3) during the period the Remuneration Committee also sat as the Nominations Committee at certain meetings as it considered the appointment of the new CEO

Time commitment

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

Board effectiveness and evaluation

During the period, the Board introduced a self-evaluation of Board effectiveness, pursuant to which each Director anonymously completed a questionnaire covering various matters of governance, setting out their own key objectives for the Board, scoring the Board and committees' effectiveness and providing feedback and recommendations on areas that might benefit from further review or improvement.

Key themes, and focus items, arising from this process were:

- ensuring the Group is appropriately funded for growth, the implementation of strategy and to capitalise on opportunities as they arise
- succession planning and breadth of management
- consideration of an additional non-executive Director, with focus on US podcast industry experience

Each of the above has either been addressed or remains under consideration.

Corporate Governance Report
(continued)

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 Group has developed a set of Company values. All employees were invited to contribute ideas to the Company values during a series of off-site brainstorming events. The Board is able to consider whether the Company's values are being recognised through feedback received from employees at these events.

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.

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 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 (in person or by phone) six times during the period. The attendance of its members at those meetings is set out in the table on page 21. 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). There is no additional fee for chairing or 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 increased in line with inflation (2.5%) for 2019. The non-executive Director fees were unchanged during the year.

Annual bonus

During the year, the Executive Directors were eligible for an annual bonus pursuant to which they could earn up to 100 per cent of their base 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.

Remuneration Committee Report
(continued)

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.

460,000 options were granted to Directors during the year (including to Rob Proctor who later resigned as CEO prior to the year-end) and no options granted to Directors were exercised or forfeited whilst in office during the year under review.

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

	Share options	Exercise price	Grant date	Latest exercise date
Brad Clarke	65,000	£2.40	1 September 2018	1 September 2028
	120,000	£1.30	20 March 2019	20 March 2029
Stuart Last	10,660	£4.125	24 September 2015[1]	24 September 2025
	7,000	£3.125	9 March 2016[1]	9 March 2026
	52,340	£2.185	8 May 2017[1]	8 May 2027
	90,000	£1.30	20 March 2019[1]	20 March 2029
	90,000	£2.075	20 December 2019	20 December 2029

1 options granted prior to being appointed as a Director

These options typically vest and become exercisable over a three-year period from their grant, subject (in respect of certain options) 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 relevant financial periods. They may also vest in certain other prescribed circumstances as provided for in the terms of the scheme.

Note - the number and exercise prices of the options have been adjusted to reflect the share consolidation effected in June 2019

Warrants

On his appointment to the Board on 1 September 2018, Michael Tobin was granted 300,000 warrants ('Warrants') over ordinary shares. Following a subsequent amendment to their terms, a first tranche of 100,000 Warrants will be exercisable at a price of £1.30 per share after six months from the date of grant and for five years thereafter. A second tranche of 100,000 Warrants will vest if the Company's share price exceeds £3.30 for 60 days within any rolling six month period. The second tranche Warrants will be exercisable at a price of £3.30 per share from six months after vesting and for five years from that date. A third tranche of 100,000 Warrants will vest if the Company's share price exceeds £5.30 for 60 days within any rolling six month period. The third tranche Warrants will be exercisable at a price of £5.30 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.

In addition, Michael Tobin and Steven Smith are taken to be interested in further warrants over ordinary shares in relation to the Company's agreement with SPV Investments Limited ("SPV") pursuant to which SPV provides guarantees to certain of the Company's podcast partners, as described further in note 17 to the financial statements. However, these warrants were not awarded in relation to their position as directors of Audioboom.

Note - the number and exercise prices of the warrants have been adjusted to reflect the share consolidation effected in June 2019

Directors' remuneration (audited)

The following table shows emoluments paid (or payable) to Directors during the year, 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 12 months compared to the 13 month prior period. There were inflation based increases in the salaries of the executive Directors and no increase in non-executive Director fees in the year. Any remuneration arising when individuals were not a Director of the Company is not disclosed in this note:

	12 months to 31 December 2019			13 months to 30 November 2018
	Salary/fees US$'000	**Bonus US$'000**	**Total emoluments US$'000**	Total emoluments US$'000
Current Directors:				
Brad Clarke (appointed 1 September 2018)	**148**	**88**	**236**	59
Stuart Last (appointed 20 December 2019)[1]	**n/a**	**n/a**	**n/a**	n/a
Roger Maddock (non-executive)	**38**	**–**	**38**	43
Steven Smith (non-executive)	**38**	**–**	**38**	43
Michael Tobin (non-executive Chairman) (appointed 1 September 2018)	**45**	**–**	**45**	13
Past Directors:				
Rob Proctor (resigned 30 September 2019)	**262[2]**	**98**	**360[2]**	280
Malcolm Wall (non-executive Chairman) (resigned 1 September 2018)	**–**	**–**	**–**	47
	532	**186**	**718**	485

1 Given the date of appointment, 2019 figures are considered immaterial

2 Figures include termination payment

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 were pension arrangements in place for Rob Proctor with pension contributions of US$7,605 during the year (2018: US$6,509), and for Brad Clarke with contributions of US$4,302 (2018 (for the period serving as a Director): US$1,469). 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 14.

Remuneration Committee Report
(continued)

Committee performance evaluation

During the period, the operation and performance of the Remuneration Committee were considered by the Board as a component of its self-evaluation process. No material areas of concern were raised and there were no specific actions or recommendations resulting from the exercise. There will be an annual review going forward, from which actions and recommendations may arise which will be reported in next year's Annual Report.

Michael Tobin
Chairman of the Remuneration Committee
27 March 2020

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 year. 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), 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 21. Representatives from the external auditors, Haysmacintyre LLP, and the Executive Directors 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 year and post year 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 and/or treatment of the value of certain intangible assets.

Attention is drawn to note 1 of the financial statements (page 38) in respect of going concern considerations.

Other activities

In addition, during the year and post year 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 9 to 11);
- review and approval of the 2018 audited financial statements;
- review and approval of the 2019 unaudited interim financial statements;
- review and approval of the 2019 audit plan;
- review and approval of the 2019 audited financial statements;

Audit Committee Report
(continued)

- considering the impact of new accounting standards on the Group, including the adoption of IFRS 16 (Leases); and
- considering the impact that the Covid-19 pandemic may have on the Group's cash flows and ability to continue as a going concern, and corresponding reporting of this.

Committee performance evaluation

During the year the operation and performance of the Audit Committee were considered by the Board as a component of its self-evaluation process. No areas of concern were raised and there were no specific actions or recommendations resulting from the exercise. There will be an annual review going forward, from which 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 20 June 2019. The Haysmacintyre LLP Senior Statutory Auditor is Christopher Cork following a rotation due to the previous incumbent's longevity of tenure.

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 year to 31 December 2019, the auditor earned c. £6,400 in respect of non-audit fees (relating to certain tax 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 9 to 11.

Roger Maddock
Chair of the Audit Committee
27 March 2020

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

For the year ended 31 December 2019

Opinion

We have audited the financial statements of Audioboom Group plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 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 2019 and of the Group's loss for the year 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.

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

Risk	Response
Going concern The Group has reported a total comprehensive loss for the year of US$7.1m (2018: US$8.5m) and cash outflows from operating activities of US$5.2m (2018: US$7.3m). These factors indicate that a risk that use of the going concern basis of preparation of the financial statements may not be appropriate.	In response to this risk we performed the following procedures: • Reviewed management's assessment of the appropriateness of the going concern basis of preparation to consider its reasonableness. • Reviewed and assessed management forecasts, used in support of their going concern assessment, including an assessment of key assumptions together with an assessment of sensitivity testing performed by management. • Confirmed the integrity and arithmetical accuracy of management forecasts. • Assessed the historical accuracy of previous forecasts prepared by management. • Obtained and reviewed the financing agreements put in place after the reporting date. • Considered the Directors' assessment of the impact that the COVID-19 outbreak may have on the Group's trading and cash flow prospects and its corresponding impact on the appropriateness of the going concern basis of preparation of these financial statements. • Reviewed the appropriateness of the disclosures made in the financial statements in respect of going concern.
Revenue recognition The Group recognises revenue in respect of the provision of advertising and sponsorship services on its distributed content. There is a risk that reported revenue has been materially misstated either as a result of fraud or error.	In response to this risk we performed the following procedures: • Assessed the Group's accounting policy for each material revenue stream and performed walkthrough procedures to assess the design and implementation of controls. • Tested management review controls in respect of revenue recognition. • Performed substantive procedures on a sample of revenue generating transactions. • Performed detailed cut-off procedures to assess the accuracy of revenue recognised around the reporting date.

Risk	Response
Implementation of IFRS 16: Leases IFRS 16: Leases became effective for accounting periods commencing 1 January 2019 with the result that the Group has adopted the provisions of this standard for the first time. The Group has recognised right of use assets at a cost of US$1.3m and a corresponding lease liability of US$1.3m as at 31 December 2019. There is a risk of material misstatement of assets and liabilities associated with the accounting for this standard's transition.	In response to this risk we performed the following procedures: • Reviewed the IFRS 16 transition calculations against the terms of extant lease agreements and assessed whether management's accounting for leases was consistent with the requirements of the standard. • Assessed the appropriateness of the discount factor used by management in determining the value of the lease liability. • Reviewed the accuracy of the lease disclosures in the Group's financial statements.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We determined overall materiality for the Group financial statements as a whole to be US$332,000 being 1.5% of revenue for the year. We considered it appropriate to determine our materiality based on revenue as we consider this to be the key metric in assessing the financial performance and position of the Company.

We apply a different level of materiality, performance materiality, to determine the extent of our testing and this was set at 75% of the overall financial statements' materiality.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$16,600 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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.

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

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 page 16, 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 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 this 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.

Christopher Cork (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG
27 March 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Continuing operations			
Revenue	2	**22,310**	11,656
Cost of sales		**(17,414)**	(8,505)
Gross profit		**4,896**	3,151
Administrative expenses		**(12,339)**	(11,381)
Adjusted operating loss		**(2,860)**	(4,685)
– Amortisation and impairment of intangible assets	10	**(2,420)**	(578)
– Share based payments	18	**(1,429)**	(385)
– Depreciation		**(60)**	(77)
– Corporate transaction costs	8	**–**	(1,708)
– Depreciation – leases / Rent - leases	16	**(331)**	(404)
– Restructuring costs		**(343)**	(393)
Operating loss	3	**(7,443)**	(8,230)
Finance costs	6	**(97)**	(130)
Loss before tax		**(7,540)**	(8,360)
Income tax credit	7	**221**	272
Loss for the financial period attributable to equity holders of the parent		**(7,319)**	(8,088)
Other comprehensive loss			
Foreign currency translation difference		**193**	(450)
Total comprehensive loss for the period		**(7,126)**	(8,538)
Loss per share from continuing operations Basic and diluted	9	**(55) cents**	(77) cents

All results for both periods are derived from continuing operations.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	As at 31 December 2019 US$'000	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000	As at 31 December 2018 US$'000
ASSETS					
Non-current assets					
Intangible assets	10	**–**		2,420	
Property, plant and equipment	11	**140**		152	
Right of use asset	16	**1,300**		-	
			1,440		2,572
Current assets					
Trade and other receivables	13	**7,120**		4,169	
Cash and cash equivalents		**1,992**		1,581	
			9,112		5,750
TOTAL ASSETS			**10,552**		8,322
Current liabilities					
Trade and other payables	14		**(5,861)**		(4,087)
Deferred taxation	7		**–**		(203)
NET CURRENT ASSETS			**3,251**		1,460
Non-current liabilities					
Lease liability	14		**(1,029)**		–
NET ASSETS			**3,662**		4,032
EQUITY					
Share capital	15		**–**		–
Share premium	15		**56,210**		50,883
Issue cost reserve			**(2,048)**		(2,048)
Foreign exchange translation reserve			**(337)**		(530)
Reverse acquisition reserve			**(3,380)**		(3,380)
Retained earnings			**(46,783)**		(40,893)
TOTAL EQUITY			**3,662**		4,032

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 27 March 2020 and were signed on its behalf by:

Brad Clarke
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Loss from continuing operations	**(7,319)**	(8,088)
Loss for the period	**(7,319)**	(8,088)
Adjustments for:		
Taxation credit	**(221)**	(272)
Amortisation and impairment of intangible assets	**2,420**	578
Effect of retranslation of intangible assets	**–**	183
Depreciation of fixed assets	**60**	77
Effect of retranslation of fixed assets	**(11)**	25
Share based payments	**1,429**	385
Increase in trade and other receivables	**(2,952)**	(856)
Increase in trade and other payables	**1,413**	1,413
Foreign exchange loss	**(17)**	(715)
Cash flows from operating activities	**(5,198)**	(7,270)
Taxation received	**106**	214
Net cash used in operating activities	**(5,092)**	(7,056)
Investing activities		
Purchase of property, plant and equipment	**(36)**	(82)
Net cash used in investing activities	**(36)**	(82)
Financing activities		
Convertible loan interest and fees	**–**	(130)
Proceeds from convertible loan notes	**–**	1,995
Proceeds from issue of ordinary share capital (net of issue costs)	**5,539**	5,794
Net cash generated from financing activities	**5,539**	7,659
Net increase in cash and cash equivalents	**411**	521
Cash and cash equivalents at beginning of period	**1,581**	968
Effect of foreign exchange rate changes	**–**	92
Cash and cash equivalents at end of period	**1,992**	1,581

The Group had no borrowings in either financial period and therefore no reconciliation of net debt has been provided.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	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 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**
Foreign exchange loss on translation of overseas subsidiaries	–	–	–	–	(450)	–	**(450)**
At 31 December 2018	–	50,883	(2,048)	(3,380)	(530)	(40,893)	**4,032**
Loss for the period	–	–	–	–	–	(7,319)	**(7,319)**
Issue of shares	–	5,327	–	–	–	–	**5,327**
Equity-settled share-based payments	–	–	–	–	–	1,429	**1,429**
Foreign exchange gain on translation of overseas subsidiaries	–	–	–	–	193	–	**193**
At 31 December 2019	–	56,210	(2,048)	(3,380)	(337)	(46,783)	**3,662**

Share premium

Share premium represents the consideration paid for shares in excess of par value (nil), 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

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 given on page 1. 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. 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.

New standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2019:

- IFRS 16: Leases

During the year the Group adopted IFRS 16: Leases which is effective from 1 January 2019. The Group has elected to adopt the modified retrospective approach, meaning that it has not restated its comparative financial information. Details of assets recognised as a result of the existence of right of use leases are outlined in note 16.

Standards, amendments and interpretations of published standards not yet effective

Certain standards, amendments to, and interpretations of, published standards have been published that are mandatory for the Group's accounting years beginning on or after 1 January 2020 or later years and which the Group has decided not to adopt early:

- Amendments to references to the conceptual framework in IFRS standards (effective for periods commencing on or after 1 January 2020)
- Definition of a business (amendments to IFRS 3) (effective for periods commencing on or after 1 January 2020)
- Definition of material (amendments to IAS 1 and IAS 8) (effective for periods commencing on or after 1 January 2020)
- Classification of liabilities as current and non-current (amendments to IAS 1) (effective for periods commencing on or after 1 January 2020)

None of the above listed changes are anticipated to have a material impact on the Group's financial statements.

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 announced US$4 million loan facility arrangement with SPV Investments Limited (see note 20), 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 and also changes outside of expected trading performance), indicate that the Group will have sufficient cash available to continue in operational existence for the next 12 months from the date of approval of the financial statements and beyond. No additional funding is considered to be required and, based on the Board's forecasts, the Group considers that it will not require additional funding for the foreseeable future for the purposes of meeting its liabilities as and when they fall due. The Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, successfully.

In forming this assessment the Directors have considered the possible impact that the global outbreak of COVID-19 may have on the Group. The Directors acknowledge that it is challenging to predict the full impact this may have on the Group. Notwithstanding, management has carried out sensitivity analyses of the Group's cash flow models to quantify the impact of a range of possible outcomes, including lower than anticipated revenues, and the mitigations that the Group has available to it, including a reduction in overhead costs, active working capital management and the availability of finance from SPV Investments Limited. Accordingly, the Directors are satisfied that the Group will continue to be able to meet its ongoing liabilities as and when they fall due in reasonably foreseeable circumstances.

Therefore the Directors consider the going concern basis of preparation of these financial statements 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 is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. Revenue comprises:

- Sale of advertising: the value of goods and services is recognised on broadcast of the podcast
- 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. The majority of trade in the Company is in the USA and therefore the Company's functional currency is US Dollars.

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.

Notes
(continued)

Leases

Leases of property for periods longer than one year are capitalised at the fair value of the leased property (disclosed as a right of use asset on the face of the statement of financial position) with the corresponding rental obligations, net of finance charges, included in current and non-current liabilities. The fair value of the lease asset and corresponding liability is calculated as the present value of the minimum value of lease payments for which the Group will become liable, discounted at a rate considered appropriate.

Lease rental payments are split between a reduction in the lease liability and finance cost, with depreciation charges of the right of use asset over its useful economic life recognised as an expense in the Group's income statement.

Payments made under operating leases, where the risks and rewards are not transferred to the Group, are recognised as an expense in the income statement.

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.

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 or, where the value of the services provided is uncertain, with reference to an appropriate valuation methodology. 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 or appropriate valuation methodologies 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.

Notes
(continued)

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 fully impaired the goodwill and intangible assets during the period (2018: US$nil impairment).

IFRS 16: Leases

The Group recognises lease liabilities at the present value of future cash flows. The determination of present value involves judgements and estimates, in particular in relation to the discount factor to be applied to those cash flows. In determining an appropriate discount factor the Directors considered a range of factors including the Group's cost of capital together with the interest rate charged on the Group's external debt facilities. Having considered these factors the Directors have assessed that 8% is an appropriate discount factor to determine the value of the Group's lease liabilities.

2. Revenue

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Subscription	**327**	199
Advertising	**21,983**	11,457
	22,310	11,656

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.

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:

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
United Kingdom	**2,137**	1,901
Rest of the World	**57**	42
USA	**20,116**	9,713
	22,310	11,656

The Group invoiced 44% of its income to three customers who each 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

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Operating loss for the period has been arrived at after charging/(crediting) the following:		
Depreciation of property, plant & equipment	60	77
Amortisation and impairment of intangible assets	2,420	578
Staff costs (refer to note 5 for detail)	6,142	5,302

4. Auditor's remuneration

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Audit services		
Fees payable to the Company auditor for the audit of the consolidated annual financial statements	24	24
The audit of the Company's subsidiaries pursuant to legislation	49	25
Non-audit services		
Tax compliance and advisory services	9	8
Other services	–	13
	82	70

5. Staff costs

	12 months to 31 December 2019 Number	13 months to 31 December 2018 Number
Average number of production, editorial and sales staff	32	36
Average number of management and administrative staff	8	11
	40	47

	US$'000	US$'000
Wages and salaries	4,597	4,490
Social security costs	348	556
Pension costs (defined contribution scheme)	221	81
Share based payments	976	175
	6,142	5,302

Details of Directors' remuneration are set out in the Remuneration Committee Report on pages 23 to 26.

Notes
(continued)

6. Finance costs

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Depreciation – lease interest (see note 16)	**(97)**	–
Convertible loan interest and arrangement fee	**–**	(130)
	(97)	(130)

In the prior period, 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 and director 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 (pre the 100:1 share consolidation), at the time of the Group's £4.5 million fund raise which concluded in June 2018.

7. Taxation

Current tax

No liability to UK corporation tax arose on ordinary activities for the 12 months ended 31 December 2019 nor for the 13 months ended 31 December 2018. The tax credit for both 2019 and 2018 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:

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Loss on ordinary activities before tax	**(7,540)**	(8,360)
Tax at UK corporation tax rate of 19.00% (2018: 19.00%)	**(1,433)**	(1,588)
Expenses not deductible for tax purposes	**534**	393
Additional deductions for R&D expenditure	**(28)**	(83)
Surrender of tax losses for R&D tax credit refund	**9**	35
Adjustment in respect of prior periods (current & inter-company)	**–**	(1)
Deferred tax not recognised	**425**	899
Effect of share based payments	**272**	73
Tax credit and effective tax rate for the period	**(221)**	(272)

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Current tax		
UK corporation tax on losses in the current year	**(18)**	(92)
Deferred tax credit	**(203)**	(180)
Tax credit recognised in the consolidated statement of income	**(221)**	(272)

The Group has carried forward UK losses amounting to US$34.8 million as of 31 December 2019 (2018: US$28.2 million). During the year, the Company has impaired its intangible assets in full, and therefore the deferred tax asset associated with this asset has been impaired in full (2018: US$4.5 million).

There was a deferred tax liability of US$nil (2018: US$203,000 relating entirely to timing differences on intangible assets arising from the acquisition of SONR News Limited by the Group).

8. Corporate transaction costs

In the prior year, 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.

No costs were incurred in the current year in relation to this transaction.

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.

The Company completed a 100:1 share consolidation on 21 June 2019 and the calculations set out below reflect this. 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**
		12 months ended 31 December 2019	
	US$'000	**Thousand**	**Cents**
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	**(7,319)**	**13,385**	**(55)**
		13 months ended 31 December 2018	
	US$'000	Thousand	Cents
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	(8,088)	10,474	(77)

Notes
(continued)

10. Intangible assets

	Software development US$'000	Intellectual property US$'000	Goodwill arising on consolidation US$'000	Total US$'000
Cost				
At 31 December 2018 and 31 December 2019	576	2,164	883	3,623
Amortisation				
At 31 December 2018	123	1,080	–	1,203
Impairment charge	453	1,084	883	2,420
At 31 December 2019	576	2,164	883	3,623
Net book value				
At 31 December 2018	453	1,084	833	2,420
At 31 December 2019	–	–	–	–

The Group has fully impaired the goodwill and intangible assets during the period (2018: US$nil impairment).

The Group purchased SONR News Limited ('SONR'), a natural language processing (NLP) and artificial intelligence (AI) development company, in March 2017 for £1.42 million. The intangible asset previously carried by the Group related 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 it 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 2019, all the Group's intangible assets were subject to an impairment review performed by the Directors.

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 or was 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 reassessed the SONR business plan and associated projected cash flows and the assets held are now deemed to be obsolete and so have no value in use nor any fair value (less cost of sale). This has resulted in an overall impairment charge of US$2.4 million.

11. Property, plant and equipment

	Furniture & equipment US$'000	Computers US$'000	Technical US$'000	Studio US$'000	Total US$'000
Cost					
At 31 December 2018	54	188	3	124	369
Additions	–	36	–	–	36
Disposals	(1)	–	–	–	(1)
At 31 December 2019	53	224	3	124	404
Depreciation					
At 31 December 2018	33	108	3	73	217
Charge for the period	9	33	–	18	60
Disposals	–	–	–	–	–
Foreign exchange effect	–	(13)	–	–	(13)
At 31 December 2019	42	128	3	91	264
Net book value					
At 31 December 2018	21	80	–	51	152
At 31 December 2019	11	96	–	33	140

12. Subsidiaries

As at 31 December 2019, 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.

Notes
(continued)

13. Trade and other receivables

	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000
Amounts receivable for the sale of goods and services	**5,263**	3,063
Allowance for doubtful debts	**(28)**	(70)
Net receivables	**5,235**	2,993
Other receivables	**288**	590
Prepayments and accrued income	**1,535**	521
Taxes recoverable	**62**	65
	7,120	4,169

The average credit period taken on sales of goods and services is 86 days (2018: 94 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$584,000 (2018: US$269,000) which are past due at the reporting date.

14. Trade and other payables

	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000
Current liabilities		
Trade payables	**3,918**	3,058
Other taxes and social security	**55**	65
Accruals and deferred income	**1,492**	793
Other payables	**56**	171
Lease liability	**340**	–
Trade and other creditors due within less than one year	**5,861**	4,087
Non-current liabilities		
Lease liability due within more than one year	**1,029**	–
Total trade and other payables	**6,890**	4,087

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 72 days (2018: 98 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

On 21 June 2019, the Company consolidated every 100 existing ordinary shares of no par value into one new ordinary share of no par value and the numbers below are adjusted to reflect this.

	No. of shares	Share capital US$'000	Share premium US$'000
At 30 November 2017	**9,306,499**	**–**	**43,224**
Shares issued in the period			
Shares issued at 200p each	760,411	–	2,023
Shares issued at 300p each	1,666,000	–	5,636
At 31 December 2018	**11,732,910**	**–**	**50,883**
Shares issued in the year			
Shares issued at 130p each	1,153,847	–	1,931
Shares issued at 250p each	1,120,000	–	3,396
At 31 December 2019	**14,006,757**	**–**	**56,210**

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

16. Right of use asset leases

	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000
Amounts recognised on the balance sheet		
Right of use assets		
Buildings	**1,300**	–
Lease liabilities		
Current	**340**	–
Non-current	**1,029**	–
	1,369	–

The Company has adopted the modified retrospective approach to the implementation of IFRS 16: Leases. As a result, no adjustment has been made to comparative financial information.

	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000
Amounts recognised on the consolidated statement of comprehensive income		
Depreciation charge of right of use assets		
Buildings	**(331)**	–
Interest expense	**(97)**	–
Total cash outflow for leases	**(428)**	–

Notes
(continued)

17. Related party transactions

The following share subscription, issue of warrants and special purpose vehicle notes are quoted before (and after) the 100:1 share consolidation, which was completed on 21 June 2019.

Share subscriptions

Candy Ventures sarl subscribed for 46,153,850 (461,539) new ordinary shares at 1.3p (£1.30) in February 2019 and a further 42,400,000 (424,000) new ordinary shares at 2.5p (£2.50) in May 2019. Candy Ventures sarl is the Company's largest shareholder and an investment vehicle 90% owned by Nick Candy. Steven Smith, a non-executive Director of the Company, is a 10% shareholder and director of Candy Ventures sarl.

Michael Tobin, non-executive Chairman of the Company, subscribed for 3,846,160 (38,462) ordinary shares at 1.3p (£1.30) in February 2019 and a further 3,600,000 (36,000) ordinary shares at 2.5p (£2.50) in May 2019.

Roger Maddock, a non-executive Director of the Company, subscribed for 3,846,160 (38,462) ordinary shares at 1.5p (£1.50) in February 2019 and a further 2,000,000 (20,000) ordinary shares at 2.5p (£2.50) in May 2019. The Preston Trust (being a trust for the benefit of the family of Roger Maddock) subscribed for 4,000,000 (40,000) ordinary shares at 2.5p (£2.50) in May 2019.

Warrants

In order to allow the subscription shares in February 2019 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 (300,000) warrants (split into three tranches of 10,000,000 (100,000) warrants) over new ordinary shares, awarded to him on 3 September 2018, be made conditional upon the Company obtaining shareholder authorities to allot and issue the new ordinary 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 return, and in recognition that such warrants should be an incentive, the Company agreed to (a) lower the exercise prices of the warrants from 2.4p (£2.40), 4.4p (£4.40) and 6.4p (£6.40) to 1.3p (£1.30), 3.3p (£3.30) and 5.3p (£5.30) respectively and (b) lower the share price hurdle for exercise of the second and third tranche of the warrants from 4.4p (£4.40) and 6.4p (£6.40) to 3.3p (£3.30) and 5.3p (£5.30) 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 (120,000) 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 2.5p (£2.50) per ordinary share.

Special Purpose Vehicle

On 17 June 2019, the Company agreed a new content funding facility with SPV Investments Ltd, a special purpose vehicle ('SPV') which has been established and is owned equally by Michael Tobin, the Company's Chairman, and Candy Ventures sarl, the Company's largest shareholder. The SPV will provide minimum revenue guarantees to certain leading new content partners of the Company. Audioboom will pay the SPV 8% of the net advertising revenue (after paying the content partner its share) received by Audioboom, in relation to those podcasts. The underlying providers of the guarantees will be granted 2,500,000 (25,000) warrants to subscribe for ordinary shares in the Company for every US$1 million of guarantee provided, subject to a maximum of 10,000,000 (100,000) warrants. The exercise price of these warrants will be 3.3p (£3.30) per ordinary share each, with such warrants being exercisable for five years from grant. The first guarantee provided by the SPV in June 2019 led to an initial grant of an aggregate of 2,500,000 (25,000) warrants split equally between Michael Tobin and Candy Ventures sarl.

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.

	12 months to 31 December 2019 US$'000	13 months to 31 December 2018 US$'000
Short-term employment benefits	**77**	68
Post-employment benefits	**–**	2
	77	70

Details of Directors' remuneration are set out in the Remuneration Committee Report on pages 23 to 26.

18. Share-based payments

On 21 June 2019, the Company consolidated every 100 existing ordinary shares of no par value into one new ordinary share of no par value and the numbers below are adjusted to reflect this.

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:

	2019		2018	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of period	**563,644**	**1.937**	621,745	2.000
Granted during the period	**809,600**	**1.613**	75,000	2.400
Forfeited/lapsed during the period	**(160,601)**	**1.610**	(133,101)	3.192
Exercised during the period	**–**	**–**	–	–
Outstanding at end of period	**1,212,643**	**1.759**	563,644	1.937
Exercisable at end of period	**631,960**	**1.837**	399,700	2.655

The options outstanding at 31 December 2019 had a weighted average exercise price of £1.76, and a weighted average remaining contractual life of 5 years. The inputs into the Black-Scholes model are as follows:

	2019	2018
Weighted average share price	**2.906**	2.400
Weighted average exercise price	**1.717**	2.400
Expected volatility	**85%**	85%
Expected life	**10 years**	10 years
Risk-free rate	**0.5%**	0.5%
Expected dividend yield	**0%**	0%

Notes
(continued)

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$977,000 related to equity-settled share-based payment transactions for the 12 month period ended 31 December 2019 (13 months to 31 December 2018: US$4,000).

	2019 US$'000	2018 US$'000
Share option charge	**976**	4
Warrant charge	**453**	381
	1,429	385

During the period, the Company revised the terms associated with the warrants to subscribe for ordinary shares held by Michael Tobin, the non-executive Chairman of the Company, which were issued in 2018, details of which are disclosed in note 17.

In addition, in December 2019, 45,000 warrants to subscribe for ordinary shares in the Company previously issued to one of its largest US podcast partners were cancelled in line with the terms of the agreement.

At the year end, the Company had in issue outstanding warrants for a total of 445,000 shares (2018: 705,715 shares) with a weighted average exercise price of £3.08 (2018: £6.00). 245,000 (2018: 275,715) of the warrants were exercisable at the year 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. As at the year end, the Group did not have any external borrowings, did not have access to committed borrowing facilities, and was not subject to externally imposed capital requirements. Post year end, in February 2020, the Company secured a US$4 million debt facility with two related parties (see note 20).

Categories of financial instruments

	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000
Loans & receivables		
Trade and other receivables	**5,523**	3,583
Cash and cash equivalents	**1,992**	1,581
Financial liabilities at amortised cost		
Trade and other payables	**3,975**	3,230

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.

Currency risk management

The Group has limited exposure to foreign currency risk as a result of 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 2019 was:

Current	Over 30 days	Over 60 days	90 days +	Total
US$2,468	US$1,500	US$711	US$584	US$5,263
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.

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.

Notes
(continued)

20. Post balance sheet events

As referenced in note 17, in June 2019 the Company agreed a new content funding facility with SPV Investments Ltd, a special purpose vehicle ('SPV') which has been established and is owned equally by Michael Tobin, the Company's Chairman, and Candy Ventures sarl, the Company's largest shareholder. In January 2020, the second guarantee provided by the SPV led to a grant of an aggregate of 43,750 warrants split equally between Michael Tobin and Candy Ventures sarl.

In February 2020, the Company announced a US$4 million secured loan facility arrangement (the “Facility”) with SPV. The Facility will be drawn down in accordance with an agreed cash flow forecast schedule and has a minimum draw down amount of US$200,000. The Facility will attract interest at a rate of 8 per cent. per annum on drawn down funds, together with a US$80,000 arrangement fee payable on the first draw down, equivalent to 2 per cent. of the full US$4 million available under the Facility. The accrued interest is payable at the date of repayment of the principal amount outstanding. The latest date for repayment is 24 months from the commencement of the Facility, however it may be repaid earlier at the Company's election. Any amounts repaid will not be available for subsequent drawdown. The SPV may require early repayment of some or all of the amounts outstanding if the Company undertakes a future equity fundraising (provided that a minimum of US$3 million of any such fundraise must remain available for other uses by the Company) or if there is a change of control of the Company. The Facility will be secured against the assets of Audioboom Limited and will contain events of default which are customary in nature for this type of loan facility. The interest rate payable will increase to 12 per cent. per annum in the case of default on repayment by the Company. To date, no funds have been drawn down.

On 13 March 2020, the Company issued a further 13,325 ordinary shares of no par value to satisfy the exercise of share options under the Company's share option scheme.

The Directors have considered the potential impact of the Covid-19 pandemic on the Group’s trading prospects and future cash flows. They have concluded both that the going concern basis of preparation of these financial statements is appropriate (details of this consideration can be found in note 1) and that no adjustment is required to the statement of financial position as at 31 December 2019.

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