

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014 ("MAR")

27 April 2018

Audioboom Group plc

("Audioboom" or the "Company")

Update on Proposed Acquisition and current trading

Issue of new £1m convertible loan note

Related party transaction with Candy Ventures SARL

The Board ("Board") of Audioboom (AIM: BOOM), the leading spoken word audio on-demand platform, announces that, further to its announcement on 13 February 2018, the process in respect of the Company's proposed acquisition (the "Proposed Acquisition") of the entire issued share capital of Triton Digital Canada Inc ("Triton") and the associated fundraising (the "Acquisition Placing") continues. However, at this stage there can be no certainty that the Proposed Acquisition and the Acquisition Placing will complete. Furthermore, the structure and terms of the Proposed Acquisition and the Acquisition Placing will be different from those outlined in the announcement of 13 February 2018.

The Company's ordinary shares of no par value ("Ordinary Shares") will remain suspended from trading on AIM until such time as either an admission document in respect of the Proposed Acquisition is published or an announcement is released confirming that the Proposed Acquisition is not proceeding. The Board expects to be in a position to make a further announcement in these respects within the next three weeks.

Convertible Loan Note

As highlighted in its announcement on 13 February 2018, as a result of the Proposed Acquisition and the Acquisition Placing not having yet completed, the Company requires further financing in the short-term for working capital purposes, including certain of the transaction costs incurred to date associated with the Proposed Acquisition.

In this regard, Candy Ventures SARL ("Noteholder") has agreed to subscribe for up to £1,000,000 of convertible loan notes ("Convertible Loan Notes") which have been created pursuant to a loan note instrument ("Instrument"). The Convertible Loan Notes attract interest at a rate of 10% per annum which is payable on the redemption, repayment or conversion of the Convertible Loan Notes. During the term of the loan, if the Noteholder so requires, the Convertible Loan Notes will be secured by a fixed and floating second charge over all the undertakings and assets of Audioboom.

The Convertible Loan Notes, including the total amount of accrued but unpaid interest, are convertible at the conversion prices (as detailed below) in whole (but not part) into fully paid Ordinary Shares:

- automatically on (i) completion of the Proposed Acquisition (provided that is on or before 30 June 2018) or (ii) the completion of the fundraising next following the date of the Instrument (and prior to 30 June 2018), pursuant to which Audioboom raises over £3,000,000 in one transaction from the issue of new Ordinary Shares to any person(s) (excluding the conversion of any Convertible Loan Notes into Ordinary Shares and excluding any fundraising in connection with the Proposed Acquisition) (a "Relevant Fundraising"); and
- at the election of the Noteholder at any time after 30 June 2018, if the Proposed Acquisition or a Relevant Fundraising has not completed by that date.

If the Proposed Acquisition completes on or before 30 June 2018, then the principal amount drawn down under the Convertible Loan Notes will be converted into new Ordinary Shares at the same price at which new Ordinary Shares are issued to investors pursuant to the Acquisition Placing.

If the Proposed Acquisition does not complete on or before 30 June 2018 and a Relevant Fundraising is completed by such date, the conversion price will be the higher of:

- 2p; and
- a price equivalent to 65% of the price at which new Ordinary Shares are issued to investors pursuant to the Relevant Fundraising

provided that, if the Relevant Fundraising is at a price less than 2p per share, the conversion price will equal the Relevant Fundraising price.

If neither the Proposed Acquisition nor a Relevant Fundraising is completed on or before 30 June 2018, the Convertible Loan Notes will only be convertible at the election of the Noteholder and at a conversion price of 2p.

An arrangement fee of £50,000 is due and payable by the Company to the Noteholder on the signing of the Instrument and this will be deducted from the amount available for drawdown. In addition, the Company will pay £2,500 of the Noteholder's legal costs associated with the Convertible Loan Notes.

Pursuant to the terms of the Instrument, the Noteholder will subscribe for the Convertible Loan Notes in accordance with a drawdown schedule to be agreed between the parties, with an expectation that all notes will be subscribed for within four weeks of the date of the Instrument. If the Proposed Acquisition completes, the obligation of the Noteholder to subscribe for Convertible Loan Notes which have not at that date fallen due for subscription will lapse.

The obligation of the Noteholder to subscribe for the Convertible Loan Notes is subject to there being no event of default having occurred, and which is continuing, on the due date for payment of any subscription for Convertible Loan Notes. The Noteholder's conversion rights are limited to the extent that the Company has adequate shareholder authority to convert.

Unless the Noteholder has given prior notice to convert, the Convertible Loan Notes will be repaid immediately prior to the completion of an offer or agreement pursuant to which any person or those acting in concert acquires the whole of the ordinary share capital of Audioboom or a controlling interest in the share capital of Audioboom. For these purposes a controlling interest means shares conferring in the aggregate 50% or more of the total voting rights conferred by all the shares in the capital of Audioboom in issue and conferring the right to vote at all general meetings of Audioboom.

To the extent they have not been previously converted or redeemed, the Convertible Loan Notes, and all applicable interest, are immediately due and repayable at par on certain customary events of default occurring. Unless previously repaid or converted, the Convertible Loan Notes will be redeemed at par by Audioboom on the date falling six months after the date of the Instrument. In addition, Audioboom has the right to prepay any of the Notes on 5 business days' prior notice in writing to the Noteholder.

While the Company has issued the Convertible Loan Notes to provide short-term working capital, if the Proposed Acquisition and the Acquisition Placing do not proceed, the Company will require further financing in the short-term. In this regard, the proceeds from the Convertible Loan Notes are expected to provide the Company with sufficient working capital for a period of up to six weeks, although the Company would take appropriate cash management measures to seek to extend such period if required. If sufficient further equity funding is not available in the required time horizon then, in the absence of alternative funding options, the Board considers that it would likely need to take actions to protect the interest of creditors, which may result in the ultimate winding up of the Company. However, the Board is confident that if further funding is required in these circumstances, it will be available and the Board will take such action as is required should the need arise.

Related Party Transaction

Candy Ventures SARL will be the Noteholder. Candy Ventures SARL is a substantial shareholder of Audioboom, having an interest in approximately 13% of the voting rights of Audioboom, and is therefore a related party of Audioboom as defined by the AIM Rules. Nick Candy (90% shareholder of Candy Ventures SARL) is also considered to be a related party of Audioboom by reason of his shareholding in Candy Ventures SARL. Steven Smith, a director of the Company, is also a director and 10% shareholder of Candy Ventures SARL and accordingly he too is a related party of Audioboom.

As such, the Instrument constitutes a related party transaction pursuant to AIM Rule 13. The directors of Audioboom (with the exception of Steven Smith) consider, having consulted with Audioboom's nominated adviser, Allenby Capital Limited, that the terms of the Instrument are fair and reasonable insofar as Audioboom's shareholders are concerned.

Trading update

In its year end update announced on 18 December 2017, Audioboom stated that revenues for the twelve months to 30 November 2017 were expected to exceed £4.8 million (2016: £1.3 million) and that an underlying EBITDA loss of £4.5 million was expected (including certain one-off transactional and legal costs, which totalled over £0.2 million). If these costs were excluded, it was anticipated that the adjusted EBITDA loss for the year would be £4.3 million. The Company now expects that revenues for the twelve months to 30 November 2017 will be £4.7 million, the underlying EBITDA loss will be approximately £4.6 million and the adjusted EBITDA loss for the year will be approximately £4.4 million.

In the first quarter of 2018 (November 2017 – February 2018), the Company's KPIs have demonstrated significant growth compared to the same period in 2017:

- **Unique file requests ("UFRs"):** Q1 2018 UFRs totaled 181 million, compared to 149 million in Q1 2017, an increase of over 20% despite changes to how Audioboom now measures UFRs which has impacted the latest total. The changes reflect Audioboom continuing to take the lead on transparency and best practice in industry reporting
- **Monthly unique users:** 82.3 million for February 2018, compared to 58.4 million for February 2017, an increase of over 40%
- **Available advertising impressions:** Audioboom created a total of 633 million advertising impressions in the quarter, up from 304 million in the same period last year, an increase of over 100%. The "live read" inventory element of this total continues to show impressive growth with a total of 235 million, up more than 12% quarter on quarter (Q4 2017: 209 million)
- **Content channels:** Audioboom hosted 12,948 content channels as at 28 February 2018, an increase of approximately 30% on the prior year (28 February 2017: 10,005). Continued growth in content channels is particularly encouraging given the Company's implementation of paid subscriptions for smaller podcasts that are not suitable for monetisation through advertising

The rationalisation of non-profitable channels, together with the aforementioned change to how UFRs are measured, has resulted in some reduction in monthly unique users and UFRs in Q1 2018 compared to Q4 2017, against a significant increase in "live read" available advertising inventory. The Board believes that this demonstrates the Company's determination to reduce costs whilst improving overall efficiency.

Trading for the quarter remained in line with the Board's expectations in respect of revenue and underlying EBITDA (adjusted for the costs of the Proposed Acquisition and Acquisition Placing). Subject to the positive trading seen in the first quarter being sustained in the second and third quarters, the Board expects to see significant growth in revenue for 2018 compared to 2017.

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About Audioboom

Audioboom is a global podcasting platform that consolidates the business of on-demand audio, making content accessible, wide-reaching and profitable for podcasters, advertisers and brands. AudioBoom operates internationally, with operations across North America, Europe, Asia, Australia and Latin America, and addresses the issue of disparate podcast services by putting all of the pieces of the puzzle together under one umbrella, creating a user-friendly, economical experience.

Audioboom hosts over 12,000 content channels, with key content partners including A+E Networks (US) Associated Press (US), "Casefile" (AUS), Castbox Originals (US), Edith Bowman (UK), "Felon True Crime Podcast" (AUS), "The Heart of It with Estée Lalonde" (UK), India Today (India), "News Roast" (UK), "No Such Thing As A Fish" (UK), "Pound for Pound with Jake Wood and Spencer Oliver" (UK), "Red FM (India), "The Totally Football Show" (UK), "Undisclosed" (US).

Original content produced by Audioboom includes "The 45th" (US), "Black Ops" (US), "I Almost Knew That" (India), "The Psychology Behind with Dr Linda Papadopoulos" (UK), "Ctrl Alt Win Podcast" (India), "Deliberations" (US), "It's Happening with Snooki & Joey" (US), "Mafia" (US), "Mission To Zyxx" (US), "Night Call" (US) and "The Russell Brand Podcast" (UK).

The platform receives over 60 million listens per month and allows partners to share their content via Apple Podcasts, BookMyShow, Deezer, Google Play, iHeartRadio, Saavn, Spotify, Stitcher, Facebook and Twitter as well as their own websites and mobile apps.

For more information for podcasters, advertisers and listeners, visit audioboom.com.