2017

Audioboom Group plc

Annual Report & Financial Statements

audioBoom

Overview

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 and Australia, and addresses the issue of disparate podcast services by putting all of the pieces of the puzzle together under one umbrella, creating a user-friendly, economical experience.

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

Original content produced by Audioboom includes "The 45th" (US), "Covert" (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, visit audioboom.com.

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Highlights

Financial highlights

- Total revenue increased 260% to £4.7m (2016: £1.3m)
- Adjusted EBITDA* loss of £4.4m (2016: loss of £4.6m)
- Net cash at 30 November 2017 of £0.7m (2016: £0.7m)
- Post-period end:
  - issue of £1.5m of convertible loan notes
  - conditional placing and subscription to raise £4.5m for working capital, further podcast content acquisition and to fund new growth opportunities

*Earnings before interest, tax, depreciation, amortisation, share based payments and one-off transactional and legal costs

Operational highlights and KPIs

- During the year, the Company completed its transformation from a free-to-use product to a subscription and advertising supported platform with the introduction of its subscription service, allowing the Company to focus on high performing content and reduce the number of smaller, uneconomical podcasts
- FY17 Key Performance Indicators ('KPIs') all delivered significant growth:
  - Unique users: 89m for the month of November 2017, compared to 59m for November 2016, an increase of over 50%
  - Total available advertising impressions grew to a total of 2,032m in 2017, up from 242m in 2016, an increase of 740%
  - Total unique file requests ('UFRs') during 2017 were 696m (2016: 430m), an increase of over 60%
  - Hosted 12,426 content channels at 30 November 2017 (2016: 9,527), an increase of over 30%
- The Company's focus on working with the most prominent podcasts was demonstrated with notable new content including *And That's Why We Drink; CLNS Podcast Network; Drink Champs*; *The True Geordie; Estee Lalonde; Remainiacs – The Brexit Podcast;* and the re-signing of *Undisclosed*
- Successful launch of the AudioBoom Originals Network (AON) - central to the Audioboom business model of creating original content and helping to grow gross margins - Audioboom studios produced 10 AON shows during the year from its New York and London studios, including political talk show *The 45th*; sci-fi comedy *Mission to Zyxx*; and the official *US Open Tennis* podcast
- In February 2017, the Company completed the acquisition of SONR News Limited ('SONR'), a Natural Language Processing ('NLP') and Artificial Intelligence ('AI') development company

Post-period end highlights

- KPIs for Q1 2018 (November 2017 - February 2018) all demonstrated significant growth compared to the same period in 2016/17
- Signed multi-year contract to host "Casefile", a major true-crime podcast, further demonstrating growing industry recognition of Audioboom as the 'go-to' podcast advertising company for podcasters and advertisers across the globe
- Withdrew from proposed reverse acquisition of Triton Digital Canada Inc, a leading technology provider to the online audio industry, when, in spite of significant demand, it was not possible to complete the associated placing
- 2018 revenue expected to show significant improvement over 2017

Chairman's Statement

In my statement last year, I reported that the Board and management's efforts in 2017 would remain focused on revenue growth, balanced with cost control. With that in mind I am pleased to be able to introduce this Annual Report which reflects that revenues grew strongly during the year under review and the focus on cost control was maintained. As Rob Proctor expands on further in his CEO Review, all our operational KPIs also recorded significant increases.

By now you will be aware that post period end we were unable to complete our proposed reverse acquisition of Triton Digital Canada Inc, a leading technology provider to the online audio industry ("Triton"). Despite significant demand from institutional investors in the UK and the US, it was not possible to raise the requisite funds to complete the acquisition. This was particularly disappointing as your Board, alongside Triton's management team, had already completed an extensive pre-marketing campaign to institutions in December last year and invested considerable time and resource reaching agreement on terms, carrying out detailed due diligence and preparing all the necessary documentation ahead of the final marketing exercise. Despite a number of very substantial orders from UK and US institutional holders, we were unable to raise the necessary funds to complete the acquisition and whilst we worked hard to explore other deal terms and structures with the vendor, we were ultimately unable to conclude the acquisition.

The Board and management are now fully focused on growing the standalone Audioboom business. The continued rapid growth in the podcasting industry and growing recognition by advertisers, particularly in the US, positions Audioboom strongly to take advantage of the opportunities ahead. The recent successful closing of the conditional placing and subscription to raise £4.5m provides additional working capital for the Company as well as for the acquisition of top quality podcast content and other growth initiatives. We are very pleased with the continuing support of existing shareholders and also look forward to welcoming new investors.

Finally, as ever, I would like to thank the management team and all the staff at Audioboom for their commitment and hard work during the year, especially with all the additional work required in respect of the proposed Triton acquisition. We could not have made the progress we have without their considerable efforts and dedication.

Malcolm Wall
Chairman
8 June 2018

Chief Executive Officer's Review

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

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

The profile of podcasts and on-demand audio exploded in 2017. Audiences and digital advertising budgets continue to flock to the medium; a tremendous validation of our business model.

2017 was a pivotal one for Audioboom. We focused on the best performing global podcasts, saw revenues increase more than 250%, created our own original content studio and re-focused and streamlined overheads. This refined business model is now ready to benefit from the substantial increases in audience and content that we anticipate for the balance of 2018 and beyond.

We continue to shape the industry, in particular with the transparency of our data in the form of analytics, which has been recognised by the Internet Advertising Bureau, who recently invited us to join their advisory panel.

Strategy

Audioboom is committed to attracting the best-established podcasts and podcasters to its platform. Top tier podcasts allow Audioboom to maximise revenue returns by exploiting its now proven in-read advertising sales channels. In order to implement such a strategy, Audioboom will likely be required to provide minimum guarantees against annual revenue potential and advances and signing fees, in addition to promotional and development budgets.

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

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

Overview of the market

According to the Edison Infinite Dial research report for 2018, podcasting is one of the fastest growing digital mediums. The report details the year-on-year growth of both podcast listenership and the overall penetration of podcasting within the US population. Research shows that 112 million Americans listened to a podcast in 2017, which is an increase of 11 per cent. from 2016 and estimated to grow to 124 million in 2018, a further 10 per cent. year on year increase. Overall, 40 per cent. of Americans over the age of 12 have listened to a podcast and 67 million Americans listen to podcasts monthly, which is an increase of 14 per cent. in comparison to 2016. The Edison Infinite Dial research report also shows that 42 million Americans listen to podcasts weekly, which equates to approximately 15 per cent. of the total US population.

The report found that 80 per cent. of listeners hear all (or most of) a podcast, demonstrating a strong level of audience engagement. This implies that all or most of the advertising messages carried by a podcast are being heard by the listeners, which has a positive effect on advertising and subscription revenues.

While mobile devices dominate podcast consumption, the rapid growth of smartspeakers, such as the offerings from Amazon, Apple and Google, is creating further huge opportunity. In 2017, research shows that 7 per cent. of the US population over the age of 12 owned an Amazon or Google smartspeaker – this is forecast to grow to 18 per cent. in 2018.

Total advertising spend on podcasts in the US alone has grown tremendously in recent years from US$43m in 2010, to US$207m last year and forecast to grow to US$395m by 2020 (source: Statista 2018).

Chief Executive Officer's Review
(continued)

Operational Review

I am pleased to report upon another record-breaking year in terms of monetisation, financial results and operational progress across all our Key Performance Indicators ('KPIs'), whilst continuing to successfully focus our commercial efforts on the US, where the podcasting market is more mature and developed.

Unique Users

Unique users for the month of November 2017 totalled 89m, compared to 59m for November 2016, an increase of over 50%.

Ad Impressions

Total available advertising ('ad') impressions grew to a total of 2,032m in 2017, up from 242m in 2016, an increase of 740%.

Unique File Requests ('UFRs')

Total unique file requests ('UFRs') during 2017 were 696m (2016: 430m), an increase of over 60%.

Content Channels

Audioboom hosted 12,426 content channels at 30 November 2017 (2016: 9,527), an increase of over 30%.

The Company's focus on working with the most prominent podcasts was demonstrated with notable new content including *And That's Why We Drink; CLNS Podcast Network; Drink Champs; The True Geordie; Estee Lalonde; Remainiacs – the Brexit Podcast;* and the re-signing of *Undisclosed*. Post-year end, the Company signed a multi-year contract to host "Casefile", a major true-crime podcast, further demonstrating growing industry recognition of Audioboom as the 'go-to' podcast advertising company for podcasters and advertisers across the globe.

In aggregate, these content channels now represent one of the most complete distribution channels in our industry and we look forward to adding more this year.

Audioboom Originals

During the year, Audioboom successfully launched the AudioBoom Originals Network (AON). This initiative is central to the Audioboom business model, creating original content and helping to grow our gross margins.

Audioboom studios produced 10 AON shows from our New York and London studios, including political talk show *The 45th*; sci-fi comedy *Mission to Zyxx*; and the official *US Open Tennis* podcast. AudioBoom Originals are currently creating more than four million available 'in-read' advertising impressions per month, and the network was responsible for approximately 5% of Audioboom's revenue in 2017, despite only being 'live' for six months of the year.

In 2018, we expect the AudioBoom Originals Network will grow significantly, making a material contribution to the Company's forecast revenue. The roster of productions continues to develop well, with second or third seasons of "The 45th", "Blank Check", "Deliberations". "InBox", "It's Happening with Snooki & Joey", and "Mission to Zyxx" all available in 2018. Additionally, Audioboom's latest shows - "Night Call", "Empty Frames", "Mafia" and "Covert" - have been released this year.

Audioboom will also further develop its creative services arm - AudioBoom Studios - in the US, UK, India and Australia. AudioBoom Studios will develop and produce content for premium platforms, podcast networks and brands, and will work as the production partner of CastBox, the Beijing and San Francisco based podcast platform. In India we are creating productions for Book My Show, India's equivalent of Ticketmaster.

Subscription Service

During the year, Audioboom launched its own premium podcast subscription service, which allows content creators with smaller audiences to publish without pre, mid and post roll advertising built into the podcast audio file. The subscription service costs US$9.99 per month and will apply to all existing podcast creators on the Audioboom platform achieving fewer than 10,000 listens per month. The US$9.99 subscription service was also introduced for existing podcast creators on the Audioboom platform achieving in excess of 10,000 listens per month but whom do not want advertising linked to their podcasts. By April 2018 the number of monthly subscribers had grown to 1,271.

Strategic Acquisition

In February 2017, the Company completed the acquisition of SONR News Limited ("SONR") for approximately £1.42m, the consideration being satisfied by the issue of shares at 2.5p per share. The acquisition was primarily focused on acquiring and integrating SONR's engineering and Natural Language Processing teams and its Artificial Intelligence algorithms to further improve our ability to match ads to listeners across our programmatic ad platforms.

Financial Review

Record sales growth during the period saw revenue increase 260% to £4.7m for the 12 months to 30 November 2017 from £1.3m in the equivalent period in 2016.

The Company continued to take steps to control overheads resulting in below budget operating costs for the period, in particular in respect of staff and marketing costs. As a result, the Company's overall trading for the year, as measured by adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, share based payments and one-off transactional and legal costs) recorded a small improvement to a loss of £4.4m from £4.6m in 2016.

Overall, the cash outflow from operating activities increased marginally to £4.8m for the period (2016: £4.7m).

In April 2017, the Company completed a successful placing and subscription, raising a total of £4.5m (before expenses) for working capital, technical development and creative initiatives.

Net cash at the period end was £0.7m (2016: £0.7m). Post period end the Company issued a £1.5m convertible loan note to Candy Ventures sarl and the Company announced the successful closing of a conditional placing and subscription to raise £4.5m for working capital, top quality podcast content acquisition and other growth initiatives. The convertible loan note is expected to convert into ordinary shares on the completion of the fundraise.

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 being cash-flow positive.

Given that the Company derives the majority of its revenues in US Dollars yet currently reports its results in Sterling, the Board is considering moving to reporting in US Dollars going forward.

Current Trading and Outlook

We made significant progress last year, both in terms of operational development and revenue generation, whilst controlling direct costs and investing in sales personnel across our key markets.

KPIs for the first quarter of this year reflected further year-on-year growth:

- Q1 2018 UFRs totalled 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 changes to how UFRs are measured, 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 this demonstrates the Company's determination to reduce costs whilst improving overall efficiency.

Chief Executive Officer's Review
(continued)

Importantly, the number of brands actively advertising on Audioboom content has more than doubled in the past 12 months and currently totals more than 130. The Company is also increasing its "sell-through" rates and CPMs (the rate-card at which advertising is sold).

The Board expects revenues for 2018 to show significant improvement on 2017. Podcasting's continued growth, our platform, model and relationships with the likes of Spotify, Apple, Google, Sony and Deezer means the future should remain bright for Audioboom and its shareholders.

Rob Proctor
Chief Executive Officer
8 June 2018

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 positive cash generative position, the funding of its operations and overheads, together with future growth and expansion, all place demand on the Group's overall cash resources. The Group's cash position remains subject to the availability of funding and continued shareholder support.	Management monitors the Group's financial performance closely with a strong focus on cash control. The Group has benefited significantly from the on-going support of its major shareholder. The Group has recently announced the successful closing of a conditional placing and subscription to raise £4.5 million for working capital purposes, top tier podcast content acquisition and other growth opportunities.
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 growth in securing global quality content partners to the platform. There can be no assurance that the Group will maintain its success in this area.	Content partners are incentivised to use the Audioboom platform in a number of ways – they expand the audience for their content; they save on cost of developing, hosting and updating their own platform; and it provides potential monetisation of the content through advertising. Top tier podcasts may require minimum guarantees against annual revenue potential and advances and signing fees, in addition to promotional and development budgets.
Ability to monetise the advertising opportunity	Success of the Group's strategy relies heavily on its ability to monetise the advertising opportunity. The ability to generate advertising revenue from social and digital media sites is now well established as major companies operating in this space have built up revenues from advertisers who value access to the user groups that are regular visitors to these sites. There can be no assurance that the Group will be successful in continuing to build these revenues if it is exposed to greater competition or suffers lower growth in listens on the platform as well as other factors.	On-going growth in quality content providers, which in turn attracts greater numbers of listens, should allow the Group to create the world's first aggregated audio content syndication and advertising network. While it is still at a relatively early stage, the Group has commenced the monetising of its advertising opportunity and is working with advertising partners in the UK and the US to build revenues.

Principal Risks and Uncertainties
(continued)

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

The Strategic Report was approved by the Board of Directors on 8 June 2018 and was signed on its behalf by:

Rob Proctor - Chief Executive Officer

Board of Directors

	Malcolm Wall Non-executive Chairman	Rob Proctor Chief Executive Officer	Roger Maddock Non-executive Director	Steven Smith Non-executive Director
Background and experience	Malcolm has worked across the media spectrum in the UK and overseas. He has been CEO, Content at Virgin Media, CEO of Abu Dhabi Media, COO of UBM plc and held a number of senior roles within ITV companies.	Prior to joining Audioboom in September 2012, Rob was COO of US social media platform Reality Digital, Inc. for four years, with clients such as Sony Pictures, YouTube, MTV and ITV. He was also Senior Vice President International for Adify Corporation, a US provider of online advertising to networks and advertising agencies. From 1996 to 2001, he was founder and CEO at Simply Internet Limited which he grew to be one of the world's largest public internet access companies employing over 700 people.	Roger has worked in the finance industry in Jersey since 1981, specialising in fund administration. He was a partner in a local chartered accountancy practice and a director of Worthy Trust Company Limited until it was sold to Allied Irish Banks (CI) Limited in 1999 where he was a director of that bank's trust and fund administration companies until 2001. He was the Managing Director of Equitilink International Management Limited and a director of several of the underlying funds of the group.	Steven qualified as a chartered accountant at BDO and subsequently as a chartered tax adviser whilst at KPMG. He has held a number of senior financial positions at large public and private businesses. Steven has been a close adviser to the Candy Brothers for 15 years and currently runs one of their private investment funds.
Date of appointment	Malcolm joined the Board and became Chairman in October 2014.	Rob joined the Board as CEO on the completion of the reverse acquisition of Audioboom Limited in May 2014.	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	Malcolm is the Chairman of Eagle Eye Solutions Group plc and Dock 10 (the Media City production facility). He is a non-executive director of the international film fund, Image Nation.	None	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	Malcolm serves on the Audit Committee and the Remuneration Committee.	None	Roger chairs the Audit Committee.	Steven chairs the Remuneration Committee.
Independence	The Board consider Malcolm to be an independent Director.	Executive – non-independent	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. 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.

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 30 November 2017.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 21. 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 page 9.

	30 November 2017		30 November 2016	
	Ordinary shares of no par value	**Share options**	Ordinary shares of no par value	Share options
Roger Maddock	**17,113,556**	**–**	15,513,556	–
David McDonagh (left 27 July 2017)	**n/a**	**n/a**	–	8,000,000
Rob Proctor	**2,066,153**	**31,411,511[1]**	1,066,153	27,630,741
Steven Smith[2]	**476,403**	**–**	–	–
Malcolm Wall	**1,480,000**	**–**	1,480,000	–
Jason Mackay (resigned 3 February 2017)	**n/a**	**n/a**	360,000	–

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

(2) Steven Smith is a director and 10% shareholder of Candy Ventures sarl, which held 121,162,000 ordinary shares in the Company as at 30 November 2017

The Company has established an EMI option scheme and an "unapproved" share option scheme pursuant to which the CEO 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. The number, exercise price and earliest and latest dates of exercise of options over ordinary shares in the Company held by Directors at the end of the year were as follows:

	Share options	**Exercise price (pence)**	**Earliest exercise date**	**Latest exercise date**
Rob Proctor	27,630,741[1]	1.5p	n/a	20 May 2024

(1) At 30 November 2017, 75 per cent of these options had vested and the balance remained subject to vesting conditions.

No options were granted to Directors during the year and no options granted to Directors were exercised. The options previously granted to David McDonagh were forfeited on his departure.

During the year Rob Proctor exercised 1 million warrants to subscribe for ordinary shares at an exercise price of 1.5p per share. The warrants had been issued in connection with the reverse takeover of Audioboo Limited in May 2014.

Directors' Remuneration (audited)

The following table shows emoluments paid (or payable) to Directors during the financial year and reflects that certain Directors were appointed or resigned during the relevant period:

	2017			2016
	Salary/fees £'000	Bonus £'000	Total emoluments £'000	Total emoluments £'000
Current Directors:				
Roger Maddock (non-executive)	**30**	**–**	**30**	30
Rob Proctor	**150**	**75**	**225**	197
Steven Smith (non-executive)	**30**	**–**	**30**	10
Malcolm Wall (non-executive Chairman)	**35**	**–**	**35**	35
Past Directors:				
Mike Cooper (non-executive)	**–**	**–**	**–**	20
David McDonagh	**83**	**48**	**131**	43
	328	**123**	**451**	335

Service contracts

The Chief Executive Officer has entered into a service contract with the Group that is terminable by either party on not less than six months' prior notice. The non-executive Directors have entered into service contracts with the Group that are terminable by either party on not less than three months' prior notice.

Pensions and private healthcare

There are pension arrangements in place for Rob Proctor with pension contributions of £3,428 during the year (2016: £3,345). There are no private healthcare arrangements in place.

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]	15.7%
Herald Investment Management Limited	6.5%
Slovar Limited (controlled by Kingsley Duffy)	5.2%
Ganesh Holdings International Limited	3.9%

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

Employee involvement

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

Financial risk management objectives and policies

The Group's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review the policies for managing each of these risks on an on-going basis and they are summarised in note 21 to the financial statements. These policies have remained unchanged from previous years.

Report of the Directors
(continued)

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 recent successful placing and subscription to raise £4.5m, the Board's forecasts for the Group, including due consideration of the continued operating losses, projected increase in revenues and decreasing cash-burn of the Group (and taking account of reasonably possible changes in trading performance), indicate that the Group will have sufficient cash available to continue in operational existence for the next 12 months and beyond. Of the £4.5 million fundraise, c. £2.4 million is conditional on the passing of the resolutions to be put to the forthcoming EGM. The Directors are highly confident that these resolutions will be passed. Of that c. £2.4 million, £0.4 million is further conditional on the receipt of advance assurance from HMRC that the shares and the investment qualify for Venture Capital Trust (VCT) purposes. The Directors are confident that such advance assurance will be received. The Board has considered various alternative operating strategies should these be necessary in the light of either the resolutions not being passed (which is considered highly unlikely) , advance assurance not being received from HMRC and/or actual trading performance not matching the Group's forecasts and are satisfied that such revised operating strategies could be adopted, and/or additional financing could be secured, if and when necessary. As a consequence, the Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, successfully. Therefore the Directors consider the going concern basis appropriate.

Directors' indemnity and insurance

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

Directors' Responsibility Statement

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

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

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 year. 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 offer themselves for reappointment as auditors in accordance with section 113 of the Companies (Jersey) Law 1991.

ON BEHALF OF THE BOARD

Rob Proctor
Chief Executive Officer
8 June 2018
Company registration no: 85292 (Jersey)

Corporate Governance Report

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

Compliance statement

As the Company is listed on the Alternative Investment Market it is not required to comply with the provisions of the UK Corporate Governance Code (the "Code") issued in September 2014 and, having taken account of the additional costs and practicalities involved in doing so and the current size and structure of the Company, it does not do so. The Board considers that the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code") provides the most appropriate guidance in respect of best corporate governance practice and disclosure for a company such as the Company. The Board currently draws upon, and benchmarks itself against, this best practice. We believe this approach to the Code and the QCA Code is in the best interests of shareholders.

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.

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). The delegation policy was reviewed during the year.

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 meet six times per year and at any other time as may be necessary to address any specific significant matters that may arise.

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

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

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

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. The Board has reviewed the effectiveness of the system of internal control during the year. Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Composition of the Board

The Board currently comprises four Directors. 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 re-election every year.

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.

Committees

Audit Committee

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.

The purpose of the 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;

Corporate Governance Report
(continued)

- 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 members of the Audit Committee are Roger Maddock (Chairman) and Malcolm Wall.

The external auditors, the Chief Executive Officer, the Chief Financial Officer and members of the internal finance function may be invited to Audit Committee meetings at the discretion of the Committee. The Committee plans to meet at least twice during the year.

The Audit Committee reviews the performance of the external auditors 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.

The agenda for Audit Committee meetings is prepared in conjunction with the Chairman of the Committee. 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 from the external auditors, and papers relating to specific agenda items.

Remuneration Committee

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 year.

The 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;
- to 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 members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Company.

The Remuneration Committee intends that its policy and practice should align with and support the implementation of the Company's strategy and effective risk management for the long term. The policy is intended to motivate the right behaviours and to ensure that any risk created by the remuneration structure is acceptable to the Committee and within the risk appetite of the Board and its strategy.

The remuneration package for 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. There is no additional fee for serving on Board committees and non-executive Directors are not entitled to bonuses or participation in the share option scheme.

The members of the Remuneration Committee during the year were Malcolm Wall (Chairman) and Roger Maddock. The current members are Steven Smith (Chairman) and Malcolm Wall.

The Chief Executive Officer may be invited to Remuneration Committee meetings at the discretion of the Committee. The Committee plans to meet at least twice during the year.

The agenda for Remuneration Committee meetings is prepared in conjunction with the Chairman of the Committee. Submissions are circulated in advance and may include remuneration benchmark surveys and best practice guidelines together with papers relating to specific agenda items.

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 year.

	Board*		Audit		Remuneration**	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Jason Mackay	2	0	–	–	–	–
Roger Maddock	12	12	3	3	0	0
David McDonagh	9	9	–	–	–	–
Rob Proctor	12	11	–	–	–	–
Steven Smith	12	10	–	–	–	–
Malcolm Wall	12	12	3	3	0	0

*There were a larger number of meetings than usual during the year given the acquisition of SONR News Limited and also the fundraising process.

**Remuneration committee matters during the year were dealt with during Board meetings and/or via written resolutions.

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.

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

Opinion

We have audited the financial statements of Audioboom Group plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 November 2017 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 30 November 2017 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.

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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

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

- **Going concern:** The Group continues to make significant losses and recorded large operating cash outflows. Our response to this risk was to review forecasts over the forthcoming twelve months and compare to the overall business plan, analyse detailed budgets and working capital forecasts and consider the Group's capacity to continue trading over the forthcoming twelve months and review and confirm upcoming funding plans to ensure sufficient working capital is available.

- **Acquisition of SONR News Limited:** This new subsidiary was acquired in February 2017 for share only consideration and so there is the risk of misapportionment of post-acquisition results, incorrect recognition of intangible assets and impairment of goodwill not recognised. Our response to this risk was to review the acquisition accounting entries so as to ensure they have been correctly accounted for, review the valuation of any intangible assets separately identified for reasonableness and consider whether they have been allocated properly.

Our application of materiality

Materiality for the Group financial statements as a whole was set at £95,000, determined by pro-rating 2% of draft income for the full year. We report to the Audit Committee any corrected or uncorrected misstatements arising exceeding £5,000.

An overview of the scope of our audit

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

Other information

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

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

Matters on which we are required to report by exception

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

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 12 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.

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

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.

Ian Cliffe (Senior Statutory Auditor)
for and on behalf of haysmacintyre
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG
8 June 2018

Consolidated Statement of Comprehensive Income

Year ended 30 November 2017

	Notes	2017 £'000	2016 £'000
Continuing operations			
Revenue	2	**4,728**	1,312
Cost of sales		**(3,278)**	(1,046)
Gross profit		**1,450**	266
Administrative expenses		**(6,453)**	(5,140)
Adjusted operating loss		**(4,437)**	(4,598)
– Costs of acquisition		**(118)**	–
– Amortisation of intangible assets		**(327)**	–
– Share based payments	20	**(121)**	(276)
Operating loss	3	**(5,003)**	(4,874)
Finance income	6	**1**	5
Loss before tax		**(5,002)**	(4,869)
Taxation on continuing operations	7	**208**	97
Loss for the financial period attributable to equity holders of the parent		**(4,794)**	(4,772)
Other comprehensive income			
Foreign currency translation difference		**(69)**	45
Total comprehensive income for the year		**(4,863)**	(4,727)
Loss per share			
from continuing operations			
Basic and diluted	8	**(0.57) pence**	(0.88) pence

Consolidated Statement of Financial Position

As at 30 November 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Assets					
Non-current assets					
Intangible assets	9	**2,356**		–	
Property, plant and equipment	10	**91**		54	
			2,447		54
Current assets					
Trade and other receivables	12	**2,453**		1,532	
Cash and cash equivalents		**717**		687	
			3,170		2,219
Total assets			**5,617**		2,273
Current liabilities					
Trade and other payables	13		**(1,981)**		(943)
Deferred taxation	7		**(284)**		–
Net current assets			**905**		1,276
Net assets			**3,352**		1,330
Equity					
Share capital	14		**–**		–
Share premium	14		**29,359**		22,595
Issue cost reserve	15		**(1,309)**		(1,309)
Foreign exchange translation reserve	15		**(73)**		(4)
Reverse acquisition reserve	15		**(2,159)**		(2,159)
Retained earnings	16		**(22,466)**		(17,793)
Total equity			**3,352**		1,330

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 22 were approved and authorised for issue by the Board of Directors on 8 June 2018 and were signed on its behalf by:

Rob Proctor
Chief Executive Officer

Consolidated Cash Flow Statement

Year ended 30 November 2017

	Notes	2017 £'000	2016 £'000
Loss from continuing operations		(4,794)	(4,772)
Loss for the year		(4,794)	(4,772)
Adjustments for:			
Taxation credit		(208)	(97)
Interest receivable		(1)	(5)
Amortisation of intangible assets		327	–
Depreciation of fixed assets		42	28
Share based payments		121	276
Increase in trade and other receivables		(921)	(818)
Increase in trade and other payables		543	690
Foreign exchange loss		72	–
Cash flows from operating activities		(4,819)	(4,698)
Taxation received		–	98
Net cash used in operating activities		(4,819)	(4,600)
Investing activities			
Purchase of intangible assets	9	(426)	–
Purchase of property, plant and equipment	10	(96)	(27)
Loss on disposal of property, plant and equipment	10	–	4
Cash on acquisition of subsidiary		13	–
Interest receivable		1	3
Net cash used in investing activities		(508)	(20)
Financing activities			
Loans given		–	(239)
Proceeds from issue of ordinary share capital		5,341	2,389
Net cash generated from financing activities		5,341	2,150
Net increase/(decrease) in cash and cash equivalents		14	(2,470)
Cash and cash equivalents beginning of year		687	3,125
Effect of foreign exchange rate changes		16	32
Cash and cash equivalents at end of year		717	687

Consolidated Statement of Changes in Equity

Year ended 30 November 2017

	Share capital £'000	Share premium £'000	Other reserves (Note 15) £'000	Retained earnings £'000	**Total equity £'000**
At 30 November 2015	–	20,206	(3,517)	(13,297)	**3,392**
Loss for the period	–	–	–	(4,772)	**(4,772)**
Issue of shares	–	2,217	–	–	**2,217**
Equity-settled share-based payments	–	172	–	276	**448**
Other comprehensive income	–	–	45	–	**45**
At 30 November 2016	–	22,595	(3,472)	(17,793)	**1,330**
Loss for the period	–	–	–	(4,794)	**(4,794)**
Issue of shares	–	6,764	–	–	**6,764**
Equity-settled share-based payments	–	–	–	121	**121**
Other comprehensive income	–	–	(69)	–	**(69)**
At 30 November 2017	–	29,359	(3,541)	(22,466)	**3,352**

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

Notes

For the financial year ended 30 November 2017

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 the Alternative Investment Market of the London Stock Exchange ("AIM"). The address of the registered office is provided at the back of this document. The Company is required under AIM rule 19 to provide shareholders with audited consolidated financial statements.

The Group prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The consolidated financial statements have been prepared in accordance with and in compliance with the Companies (Jersey) Law 1991, an amendment to which (Amendment No4 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 year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2018.

Standards, amendments and interpretations that are not yet effective are as follows:

- IFRS 2 Share-based Payment (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods. There are no other standards that are not yet effective and that would be expected to have a significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

No standards have been adopted early. The Directors continue to evaluate the potential impact of the introduction of IFRS 15 and IFRS 16. There is no anticipated material impact on revenue recognition policies arising from the adoption of IFRS 15.

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 recent successful placing and subscription to raise £4.5m, the Board's forecasts for the Group, including due consideration of the continued operating losses, projected increase in revenues and decreasing cash-burn of the Group (and taking account of reasonably possible changes in trading performance), indicate that the Group will have sufficient cash available to continue in operational existence for the next 12 months and beyond. Of the £4.5 million fundraise, c. £2.4 million is conditional on the passing of the resolutions to be put to the forthcoming EGM. The Directors are highly confident that these resolutions will be passed. Of that c. £2.4 million, £0.4 million is further conditional on the receipt of advance assurance from HMRC that the shares and the investment qualify for Venture Capital Trust (VCT) purposes. The Directors are confident that such advance assurance will be received. The Board has considered various alternative operating strategies should these be necessary in the light of either the resolutions not being passed (which is considered highly unlikely), advance assurance not being received from HMRC and/or actual trading performance not matching the Group's forecasts and are satisfied that such revised operating strategies could be adopted, and/or additional financing could be secured, if and when necessary. As a consequence, the Board believes that the Group is well placed to manage its business risks, and longer term strategic objectives, successfully. Therefore the Directors consider the going concern basis appropriate.

Revenue

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

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

Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

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 and loss for the year.

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 on the following basis:

All intangible assets are considered to have a finite useful life and once ready for use, software development is amortised over a period of 5 years on a straight line basis.

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 3 and 5 years.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year 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. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group are obligated to incur when the asset is acquired, if applicable.

Cash and cash equivalents

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

Business combinations

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

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

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

Also included within intangible assets are various assets separately identified in business combinations to which the Directors have ascribed a commercial value and 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

Notes
(continued)

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.

Current and deferred taxation

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

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.

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.

Forecasting

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

Valuation of intangible assets

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

Impairment of goodwill and intangible assets

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Other intangible assets are tested whenever circumstances indicate that their carrying value may not be recoverable. The recoverable amount is determined based on value in use calculations. The Group has not impaired any goodwill or intangible assets during the period (2016: £Nil).

2. Revenue

	2017 £'000	2016 £'000
Subscription	**77**	23
Advertising	**4,651**	1,289
	4,728	1,312

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:

	2017 £'000	2016 £'000
United Kingdom	**297**	424
Rest of World	**156**	–
USA	**4,275**	888
	4,728	1,312

The Group invoiced 54% of its income to one customer who represented more than 10% of the reported revenues.

The Group currently has three geographic revenue regions, however, as the Group recognises revenue for all regions in the UK, there is no separation of income, expenditure and sections of the balance sheet for the purposes of segmental reporting.

Notes
(continued)

3. Operating loss

	2017 £'000	2016 £'000
Operating loss for the year has been arrived at after charging/(crediting) the following:		
Net foreign exchange (gain)/loss	**(72)**	2
Depreciation of property, plant & equipment	**42**	28
Amortisation of intangible assets	**327**	–
Operating lease payments - land and buildings	**315**	112
Staff costs (refer to note 5 for detail)	**3,389**	3,309

4. Auditor's remuneration

	2017 £'000	2016 £'000
Audit services		
Fees payable to the Company auditor for the audit of the parent Company and consolidated annual accounts	**17**	11
The audit of the Company's subsidiaries pursuant to legislation	**29**	22
Non-audit services		
Tax compliance and advisory services	**9**	8
Other services	**18**	–
	73	41

5. Staff costs

	2017 Number	2016 Number
Number of production, editorial and sales staff	**38**	20
Number of management and administrative staff	**11**	24
	49	44

	£'000	£'000
Wages and salaries	**2,946**	2,772
Social security costs	**283**	213
Pension	**39**	48
Share based payments	**121**	276
	3,389	3,309

Details of Directors' remuneration are set out in the Report of the Directors on page 11.

6. Finance income

	2017 £'000	2016 £'000
Bank interest received	1	7
Bank interest paid	–	(2)
	1	5

7. Tax

Current tax (charge)/credit

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2017 nor for the year ended 30 November 2016. The tax credit for both 2017 and 2016 arose in respect of research and development.

Tax reconciliation

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

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(5,002)	(4,869)
Tax at UK corporation tax rate of 19.33 % (2016: 20%)	(967)	(974)
Expenses not deductible for tax purposes	67	96
Effect of share based payments	23	55
Income not taxable for tax purposes	–	96
Additional deduction for R&D purposes	(121)	(42)
Accelerated capital allowances	–	1
Adjustment to tax charge in respect of prior years	15	8
Deferred tax not recognised	775	663
Tax credit and effective tax rate for the year	(208)	(97)

The Group has carried forward UK losses amounting to £15.8m as of 30 November 2017 (2016: £10.9m). As the timing and extent of taxable profits are uncertain, the deferred tax asset of £2.7m (2016: £1.9m) arising on these losses has not been recognised in the financial statements.

A deferred tax liability of £284,000 (2016: £Nil) relates entirely to timing differences on intangible assets arising from the acquisition of SONR News Limited by the Group. During the year, deferred tax of £343,000 was recognised as arising on business combinations. A total of £59,000 was credited to the income statement as the intangible assets have been amortised.

Notes
(continued)

8. 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 year.

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, net loss per share would be decreased by the exercise of options. Therefore, as per IAS33:36 the anti-dilutive potential ordinary shares are disregarded in the calculation of diluted EPS.

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

	Loss	Weighted average number of shares 30 November 2017	Per share amount
	£'000	**Thousand**	**Pence**
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	**(4,794)**	**837,547**	**(0.57)**

		30 November 2016	
	£'000	Thousand	Pence
Basic and diluted EPS			
Loss attributable to shareholders:			
– Continuing and discontinued operations	(4,772)	563,351	(0.88)

9. Intangible assets

	Software development £'000	Intellectual property £'000	Goodwill £'000	Total £'000
Cost				
At 30 November 2016	36	–	–	36
Additions	426	–	–	426
Arising on acquisition (see Note 19)	–	1,603	654	2,257
Disposals	(36)	–	–	(36)
At 30 November 2017	426	1,603	654	2,683
Amortisation				
At 30 November 2016	36	–	–	36
Charge for the year	–	(327)	–	(327)
Disposals	(36)	–	–	(36)
At 30 November 2017	–	(327)	–	(327)
Net book value				
At 30 November 2017	**426**	**1,276**	**654**	**2,356**
At 30 November 2016	–	–	–	–

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

The Group has only one cash generating unit (content related revenues) and consequently goodwill is allocated to this in its entirety. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable value of goodwill is determined from a value in use calculation. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 17% and a weighted average cost of capital of 9%.

The Group has conducted a sensitivity analysis on the impairment test and the Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of goodwill is based would not cause the aggregate carrying amount to exceed its recoverable value.

These sensitives are:

Discount rate:	Increase from 7% to 9%
Growth rate:	Decrease from 17% to 10%

10. Property, plant and equipment

	Furniture & equipment £'000	Computers £'000	Technical £'000	Studio £'000	Total £'000
Cost					
At 30 November 2016	35	97	2	–	134
Additions	8	56	–	32	96
Disposals	–	(6)	–	–	(6)
At 30 November 2017	43	147	2	32	224
Amortisation					
At 30 November 2016	12	83	2	–	97
Charge for the year	5	31	–	6	42
Disposals	–	(6)	–	–	(6)
At 30 November 2017	17	109	2	6	133
Net book value					
At 30 November 2017	**26**	**39**	**–**	**26**	**91**
At 30 November 2016	23	31	–	–	54

Notes
(continued)

11. Subsidiaries

As at 30 November 2017, 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 Leather Market Street, London SE1 3HN, England	Ordinary	100%
Audioboom Inc.	251 Little Falls Drive, Wilmington, Delaware 1980, USA	Ordinary	100%
Audioboom Pty Limited	c/- Ragg Weir, PO Box 325, Hawthorn Victoria 3122, Australia	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 Leather Market Street, London SE1 3HN, England	Ordinary	100%
SONR News Inc (dormant)	901 N Market St Ste, 705 Wilmington, DE 19801, USA	Ordinary	100%
Contentment Limited (in liquidation)	Lynton House, 7-12 Tavistock Square, London WC1H 9LT, England	Ordinary	100%

Audioboom Inc, Audioboom Pty Limited and Audioboom India PVT Limited are held through Audioboom Limited. SONR News Inc (dormant) and Contentment Limited are held through SONR News Limited.

On 1 February 2017 Audioboom Group plc acquired 93.4% of SONR News Limited including its subsidiaries, SONR News Inc and Contentment Ltd. Audioboom Group plc now owns 100% of SONR News Limited. Contentment Limited has now been dissolved.

12. Trade and other receivables

	2017 £'000	2016 £'000
Amounts receivable for the sale of goods and services	**1,798**	516
Allowance for doubtful debts	**(100)**	–
Net receivables	**1,698**	516
Other receivables	**417**	536
Prepayments and accrued income	**74**	348
Taxes recoverable	**264**	132
	2,453	1,532

The average credit period taken on sales of goods and services is 139 days (2016: 95 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 £304,000 (2016: £44,000) which are past due at the reporting date.

13. Trade and other payables

	2017 £'000	2016 £'000
Trade payables	**1,527**	350
Other taxes and social security	**22**	69
Accruals and deferred income	**407**	474
Other payables	**25**	50
	1,981	943

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 88 days (2016: 104 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

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(continued)

14. Stated capital account

	No. of Shares No.	Share capital £	Share premium £
At 30 November 2015	**535,630,339**	**–**	**20,206,661**
Shares issued in the year			
Shares issued at 1.5p each	191,339	–	2,870
Shares issued at 12.5p each	102,200,000	–	2,385,860
At 30 November 2016	**638,021,678**	**–**	**22,595,391**
Shares issued in the year			
Shares issued at 1.5p each	15,076,262	–	226,144
Shares issued at 2.5p each	180,000,000	–	4,307,537
Shares issued at 2p each	40,613,698	–	812,274
Shares issued at 2.5p each as consideration for the acquisition of SONR News Limited	56,938,216	–	1,417,299
At 30 November 2017	**930,649,854**	**–**	**29,358,645**

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

15. Other reserves

	Issue cost reserve £'000	Reverse acquisition reserve £'000	Foreign exchange translation reserve £'000	Other capital reserves £'000
At 1 December 2016	(1,309)	(2,159)	(4)	(3,472)
Other comprehensive income	–	–	(69)	(69)
At 30 November 2017	**(1,309)**	**(2,159)**	**(73)**	**(3,541)**

Foreign exchange translation reserve

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

Reverse acquisition reserve

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

Issue cost reserve

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

16. Retained earnings

	2017 £'000	2016 £'000
Retained earnings	**(22,466)**	(17,793)
Balance at the beginning of the year	**(17,793)**	(13,297)
Net loss attributable to members of the Company	**(4,794)**	(4,772)
Credit to equity for equity-settled share-based payments	**121**	276
Balance at end of year	**(22,466)**	(17,793)

17. Operating lease arrangements

	2017 £'000	2016 £'000
The Group as lessee		
Lease payments under operating leases recognised as an expense in the year	**315**	112
At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
Under one year	**318**	318
Over one year and less than five years	**1,256**	1,310
Over 5 years	**609**	573
	2,183	2,201

18. Related party transactions

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

On 1 February 2017, the Group acquired 93.4% of the ordinary shares in SONR News Limited ("SONR"). The Group subsequently acquired the remaining share capital as part of the same transaction and now holds 100% of SONR. The consideration paid on completion was £1,423,205 in shares and prior to completion the Group had provided £419,015 via loans to SONR. SONR specialises in the development of Natural Language Programming and Artificial Intelligence software. Prior to the acquisition, Candy Ventures sarl held approximately 29.5% of the issued share capital of SONR. Candy Ventures sarl is a substantial shareholder of the Group. Nick Candy (90% shareholder of Candy Ventures sarl) is a previous Director of the Group. Steven Smith, a Director of the Company, is a 10% shareholder of Candy Ventures sarl. Robert Proctor, a Director of the Company, previously held a material shareholding in SONR but this was transferred to Candy Ventures sarl on 3 August 2016 (before the acquisition by the Group) for nominal consideration. The CEO of SONR, Amanda Brown, is an associate of Rob Proctor.

In February 2017, the Group issued a convertible loan note for up to £1,000,000 to Candy Ventures sarl, an investment vehicle owned 90% by Nick Candy, the Group's largest shareholder, and a former non-executive Director. Steven Smith, a Director of the Company, is a 10% shareholder of Candy Ventures sarl. The terms of the loan note provided for interest at a rate of 10% per annum. The Group drew down £800,000 of the loan note before electing to convert the drawn down balance (and accrued interest) into shares, in accordance with its terms, at 2p per share, at the time of the Group's £4.5 million fund raise which concluded in April 2017. Candy Ventures sarl also subscribed for 8,000,000 shares at 2.5p per share in that fund raise.

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(continued)

Roger Maddock, a Director of the Company, subscribed for 1,600,000 shares at 2.5p per share on 23 March 2017 pursuant to a placing and subscription.

During the period Rob Proctor, a Director of the Company, exercised his warrants to subscribe for 1 million shares at an exercise price of 1.5p per share.

Following the departure of the Company's former Chief Financial Officer on 27 July 2017, various financial and accounting services were provided under contract by an individual provided by Candy Capital Limited ("Candy Capital"). Candy Capital is 100 per cent. owned by Nick Candy, who is also a 90 per cent. shareholder of Candy Ventures sarl, which is a substantial shareholder in the Company. The aggregate fees invoiced to the Company by Candy Capital in respect of the above had, as at 30 November 2017, reached £50,031, excluding value added tax. Steven Smith, a director of the Company, is also a director and 10 per cent. shareholder of 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.

	2017 £'000	2016 £'000
Short-term employment benefits	–	89
Post-employment benefits	–	35
	–	124

19. Business combinations

On 1 February 2017, the Group completed the unconditional purchase of the share capital of SONR News Limited ("SONR"). SONR was acquired to allow the Group to use the SONR developed algorithms to accelerate the creation and phased introduction of industry leading, plug-in, intelligent data management platforms that will better inform programmatic ad-serving solutions and audio recommendation engines.

The consideration paid on completion was £1,423,205 in shares and prior to completion the Group had provided £419,015 via loans to SONR. This investment has been included in the Group's balance sheet at its fair value at the date of acquisition. SONR specialises in the development of natural language programming and artificial intelligence software. The acquisition costs of £118,000 have been written off as overheads in the financial period ended 30 November 2017.

The assets and liabilities of SONR were as follows:

	Book value £'000	Fair value adjustment £'000	Fair value to Group £'000
Intangible fixed assets	–	1,603	1,603
Tangible fixed assets	41	(31)	10
Cash at bank	13	–	13
Creditors	(195)	100	(95)
Deferred tax	–	(343)	(343)
Book value of assets acquired	(141)	1,329	1,188
Goodwill on acquisition			654
Fair value of assets acquired			1,842
Discharged by:			
53,165,598 consideration shares issued			1,423
Waiver of loan balance			419
Total consideration			1,842

SONR News Limited contributed a loss of £184,000 to the Group subsequent to acquisition and recorded a loss of £402,000 (including the results of its subsidiary SONR News Inc) for its standalone eleven month period ended November 2017.

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(continued)

20. Share-based payments

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

	2017		2016	
	Number of Share options	**Weighted Average Exercise Price (£)**	Number of Share options	Weighted Average Exercise Price (£)
Outstanding at beginning of period	**66,710,418**	**0.021**	48,659,031	0.020
Granted during the period	**7,983,971**	**0.022**	24,036,029	0.031
Forfeited/lapsed during the period	**(12,519,878)**	**0.030**	(5,895,806)	0.057
Exercised during the period	**–**	**–**	(88,835)	0.015
Outstanding at end of period	**62,174,511**	**0.020**	66,710,419	0.021
Exercisable at end of period	**40,688,002**	**0.017**	34,479,204	0.016

The options outstanding at 30 November 2017 had a weighted average exercise price of 2.0p, and a weighted average remaining contractual life of 7 years. The inputs into the Black-Scholes model are as follows:

	2017	2016
Weighted average share price	**4.078**	3.125
Weighted average exercise price	**2.540**	3.125
Expected volatility	**85%**	85%
Expected life	**10 years**	10 years
Risk-free rate	**0.5%**	0.5%
Expected dividend yield	**0%**	0%

Expected volatility was determined by assessing the movements of the share price since the readmission to AIM in May 2014. The Group recognised total expenses of £121,000 related to equity-settled share-based payment transactions for the period ended 30 November 2017 (2016: £276,000).

	2017 £'000	2016 £'000
Share option charge	**121**	276
Warrant charge	**–**	172
	121	448

At the period end the Company had in issue outstanding share warrants for a total of 42,071,500 shares with a weighted average exercise price of 8.4p. 32,071,500 of the warrants were exercisable at the period end, and the balance may become exercisable subject to performance conditions.

21. 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 Notes 14 to 16. The Group does not have any external borrowings, does not have access to committed borrowing facilities, and is not subject to externally imposed capital requirements.

Categories of financial instruments

	2017 **£'000**	2016 £'000
Loans & receivables		
Trade and other receivables	**2,115**	1,532
Cash and cash equivalents	**717**	687
Financial liabilities at amortised cost		
Trade and other payables	**1,552**	824

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 year 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 year.

Currency risk management

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

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate cash deposits, the analysis is prepared using the average of the amount of cash at each month-end throughout the year.

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.

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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-rating 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 12 for more detail on trade receivables collection period.

The ageing of trade receivables as at 30 November 2017 was:

Current	Over 30 days	Over 60 days	90 days +	Total
£564,000	£434,000	£496,000	£304,000	£1,798,000
31%	24%	28%	17%	

Liquidity risk management

The Group's policy throughout the year 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 13 for more detail on trade payables payment period.

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

Fair value of financial instruments

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

22. Post balance sheet events

On 14 December 2017, the Company issued 4.5 million warrants to subscribe for ordinary shares with an exercise price of 3.125p per share.

In February 2018, the Group entered into an invoice factoring agreement with FastPay Roundabout Limited ("FastPay") pursuant to which FastPay will acquire accounts from the Group for which FastPay will make advances of the purchase price for a factoring fee. The agreement provides for a maximum line amount of £1.1 million and an advance rate of 80 per cent of the gross value of the invoices. The arrangement is secured by a first ranking fixed and floating charge over the Group's assets.

As described in the Chairman's Statement on page 2, the Group's proposed acquisition of Triton did not complete post-period end and the Group incurred material transaction costs as part of the process. The Group will also settle a break fee owing to Triton (or its owners) through the payment of £90,000 in cash and the issue of 16,600,000 ordinary shares in the Company.

In April 2018, the Company issued a convertible loan note for up to £1 million to Candy Ventures sarl and an additional £0.5 million in May 2018. The terms of the loan note provide for interest at a rate of 10% per annum. The Company has drawn down the full amount of the loan note. The principal amount of the loan note (and accrued interest) will convert into ordinary shares at 2p per share in accordance with the terms of the loan notes on the completion of the recently announced fundraise (see below). Candy Ventures sarl is a substantial shareholder of the Company. Nick Candy (90% shareholder of Candy Ventures sarl) is a former director of the Company. Steven Smith, a director of the Company, is a 10% shareholder and director of Candy Ventures sarl.

The Company has recently announced a conditional placing and subscription to raise £4.5 million for working capital, top tier podcast content acquisition and other growth initiatives. Candy Ventures sarl have subscribed for 33,333,333 shares at 3p per share and Roger Maddock, a non-executive Director of the Company, has indicated his intention to subscribe for 3,333,334 shares at 3p per share as part of this fundraise.

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Directors, Advisers and Officers

Company registration number:	85292
Registered office:	PO Box 264 Forum 4 Grenville Street St Helier Jersey JE4 8TQ
Directors:	Malcolm Wall (Non-executive Chairman) Robert Proctor (Chief Executive 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
Registrars:	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Auditors:	Haysmacintyre 10 Queen Street Place London EC4R 1AG

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