



**H1 2019 Results Summary**  
**18<sup>th</sup> July 2019**



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# Business overview

## End to end digital audio technology platform

- Create – Store – Distribute – Monetise podcasts
- Over 13,500 content channels
- Global partners, including: AP, iHeart, & Time

## Distribution network

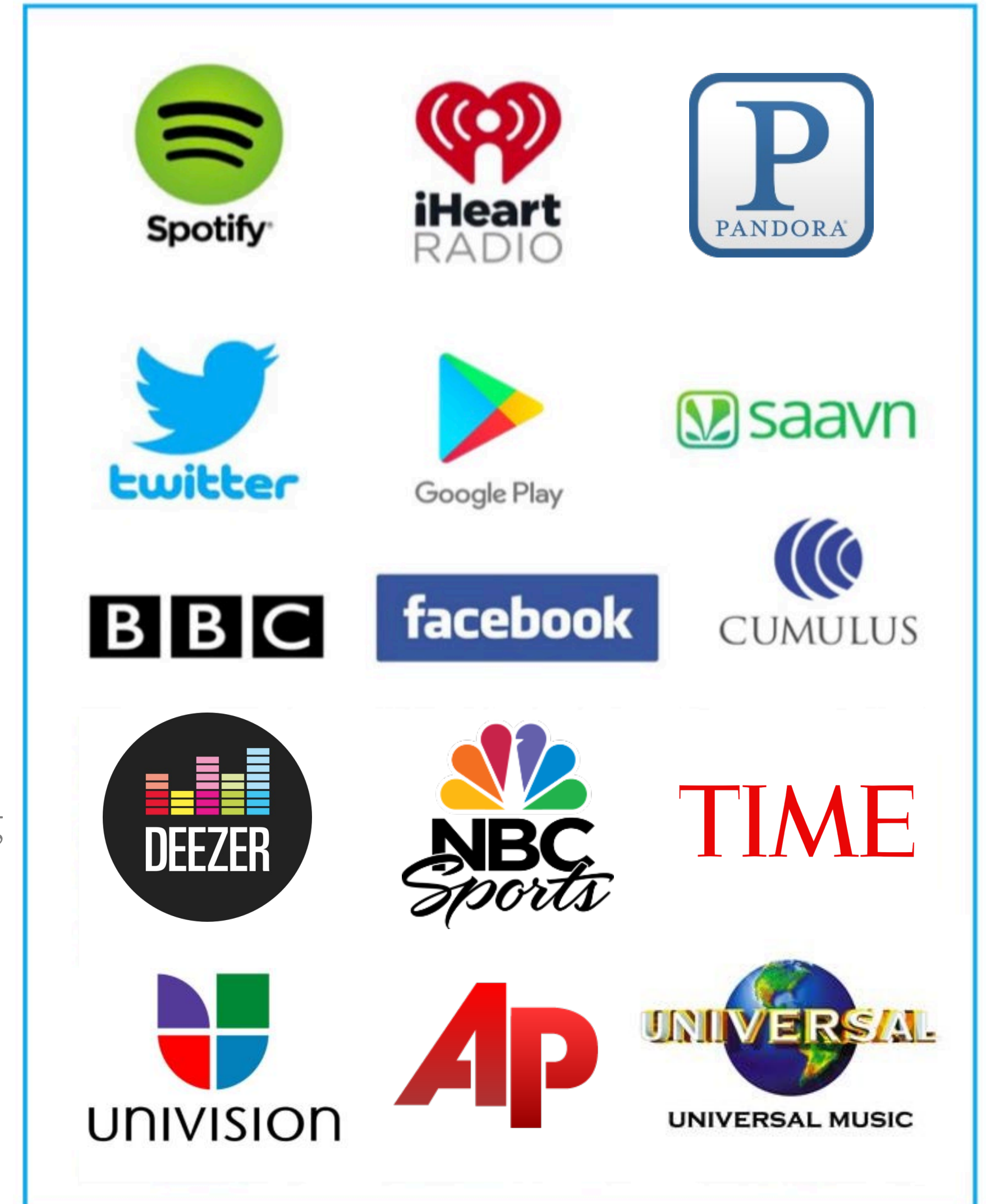
- Direct integration with leading platforms, such as:
  - iTunes, Spotify, GooglePlay, TuneIn & Deezer
- Preferred partner status with: Spotify, iTunes, GooglePlay & Deezer
- 100m monthly active unique users in our network

## Specialist podcast advertising sales

- Direct Sales teams in NYC, London and Mumbai
- Selling high value, high engagement ‘host-endorsed’ advertising
- Multiple network & programmatic integrations - ‘pre-recorded spot’ advertising

## Audioboom Originals Network

- Studios in NYC, London and Mumbai
- Creation of original IP with high quality ‘evergreen’ content
- Creator of numerous iTunes top 10 podcasts





# Revenue streams



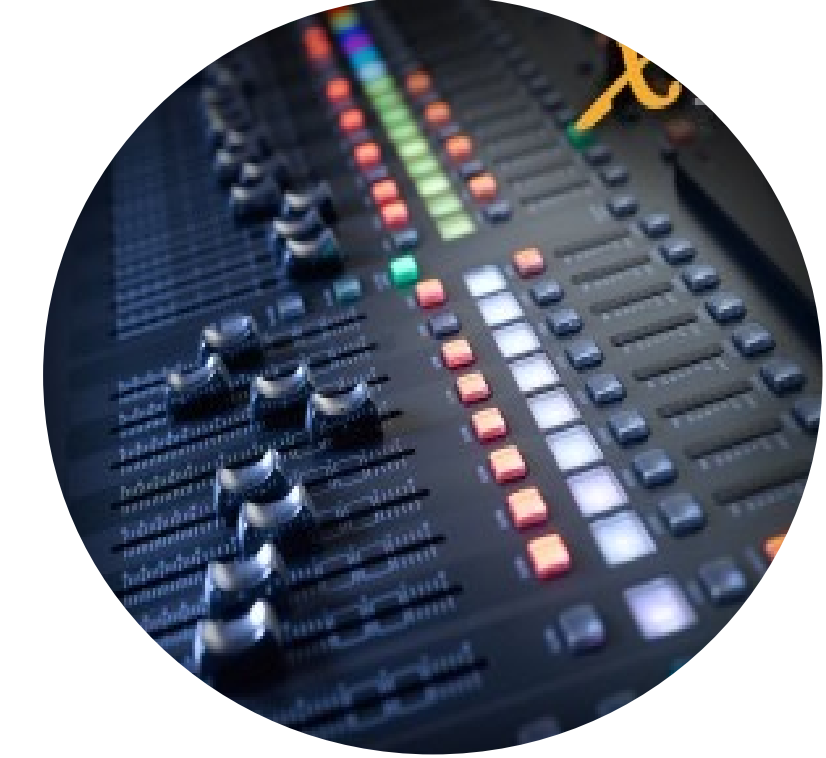
## Host Endorsed \$\$\$

- High value
- High engagement
- Endorsed and delivered by podcast host
- CPM range \$15-\$45
- c90% of Audioboom revenues



## Sponsorships \$\$

- High value
- Medium engagement
- Sold for entire series
- Delivered as top and tail
- Allows for additional live reads
- c5% of Audioboom revenues



## Pre Recorded Spot \$

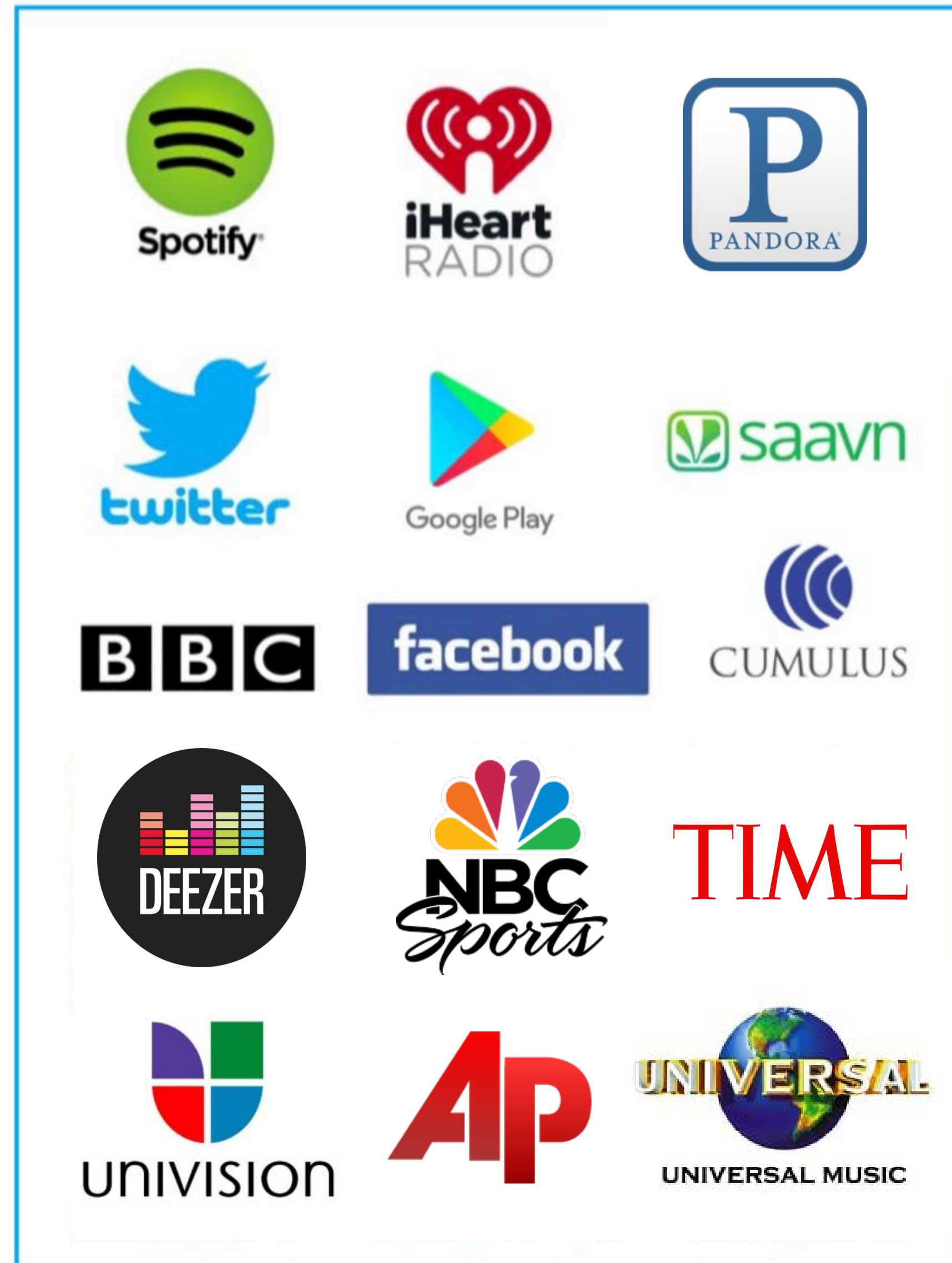
- High volume
- Low engagement
- Low value
- Delivered via ad-server
- CPM range \$2-\$10
- c4% of Audioboom revenues





# Distribution and sales

## Broadcasters



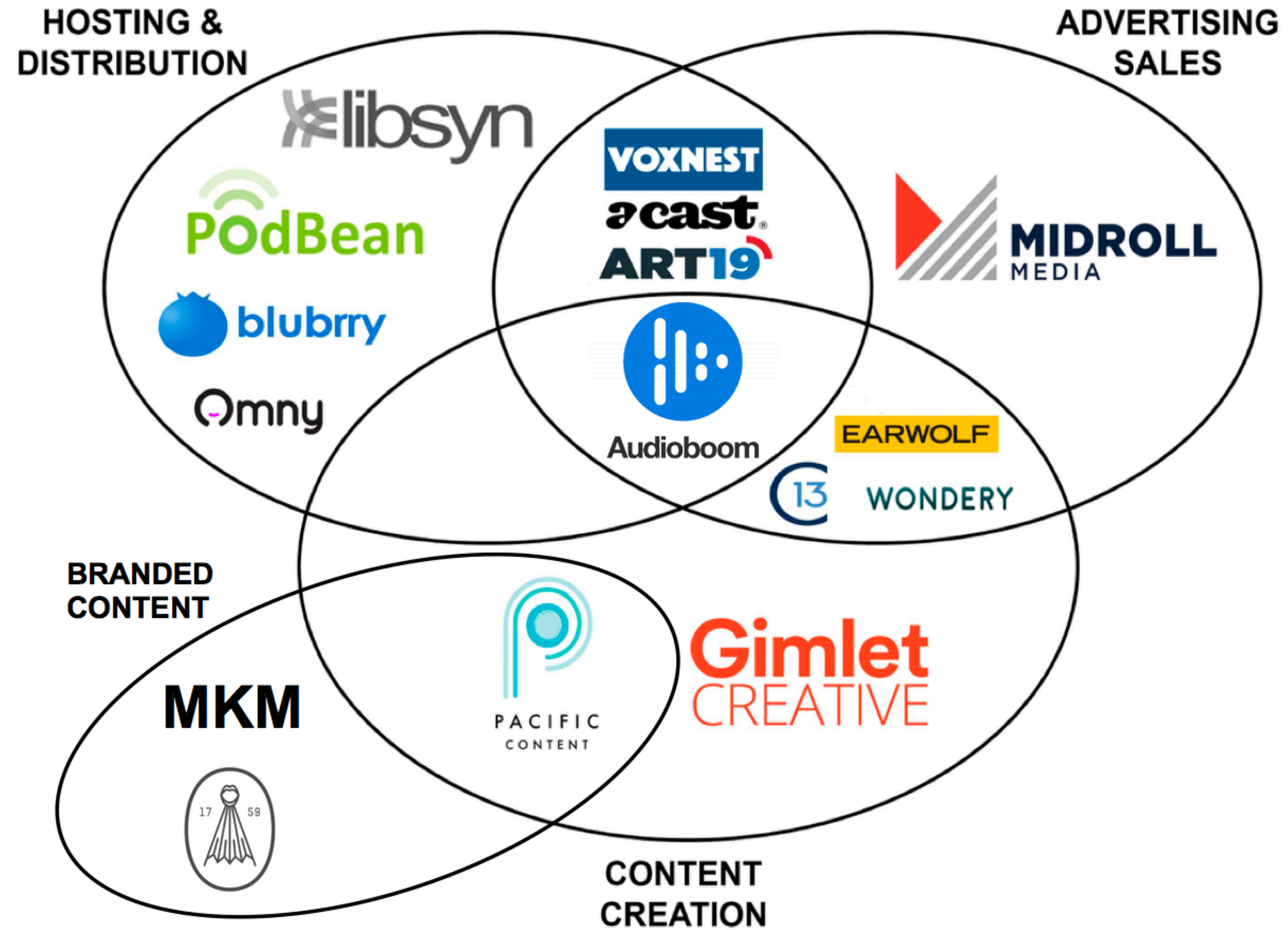
## Agencies



## Brands



# Competitive landscape

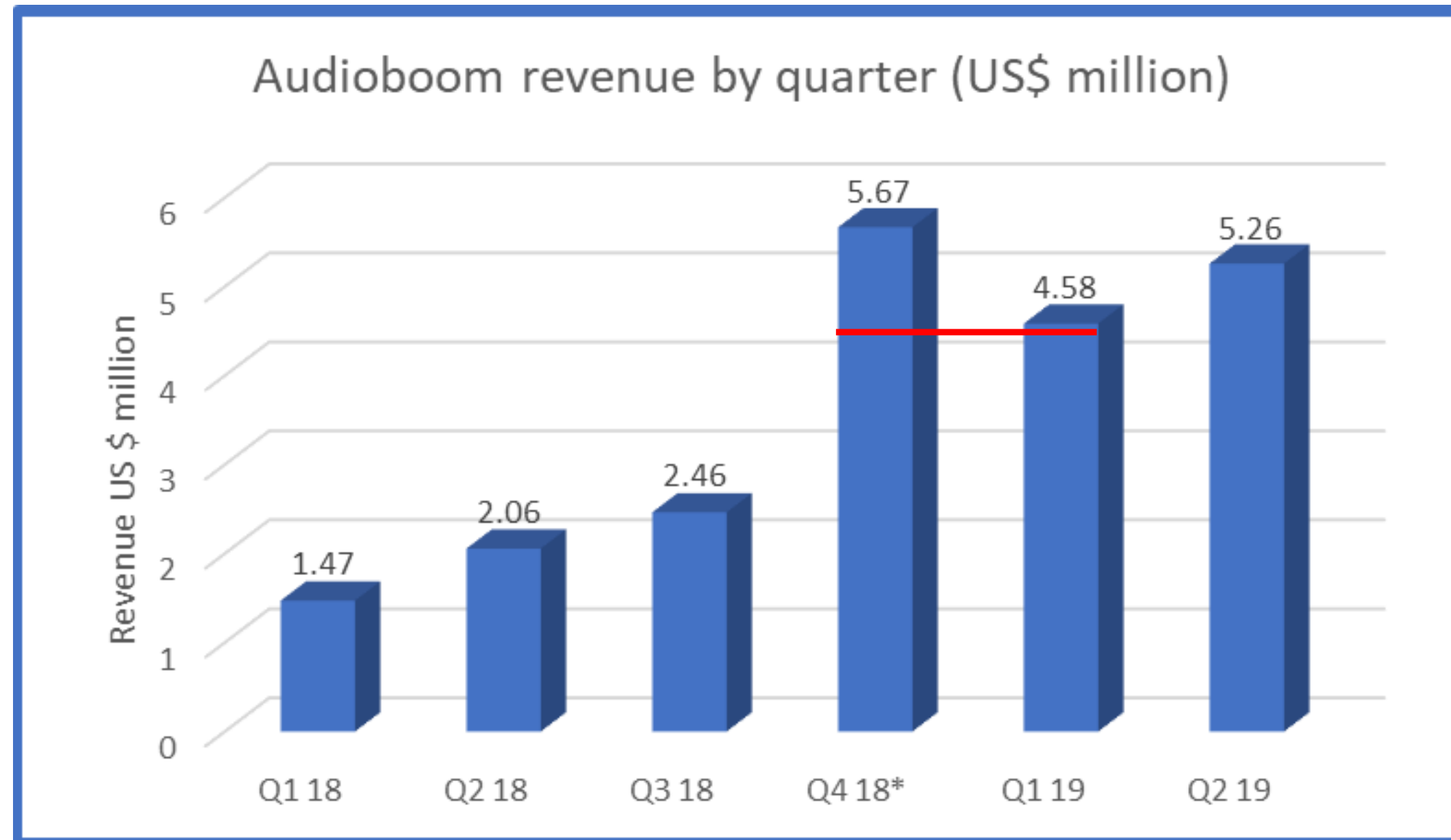




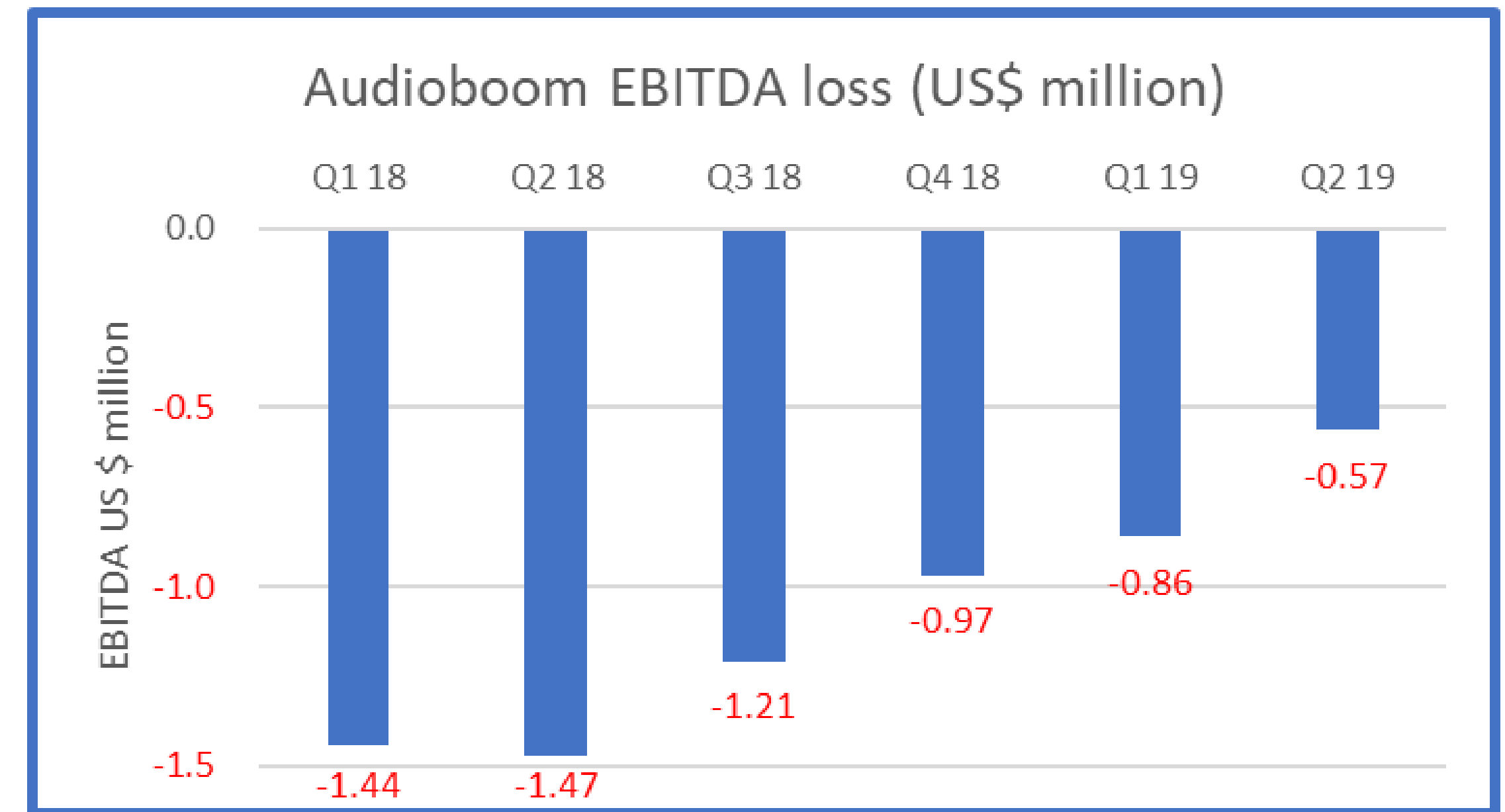
## Headlines for the six months to 30 June 2019

- ✓ **Revenue** increased by 171% to US\$9.8m (H1 2018: US\$3.6m)
- ✓ **Adjusted EBITDA** loss almost halved to US\$1.4m (H1 2018: US\$2.8m loss)
- ✓ **Overall loss** materially reduced to US\$2.8m (H1 2018: US\$5.2m loss)
- ✓ Group **cash** as at 30 June 2019 US\$3.4m (31 May 2018: US\$0.4 million)
- ✓ KPIs all delivered significant growth:
  - **E-CPM** (revenue per 1,000 downloads) increased to US\$26.38 in June 2019, up 51% from US\$17.43 in May 2018
  - **Brand advertiser count** of 212 in June 2019, up 63% from 130 in May 2018
  - **Total available premium advertising impressions** grew to a total of 691m in H1 2019, up from 508m in H1 2018, an increase of 36%
- ✓ Continued our **partnerships** with the most prominent podcasts, including:
  - Undisclosed and the official Formula 1 podcast
  - Exciting new exclusive commercial agreements with Studio71 and All3Media
- ✓ The **Audioboom Originals Network** has a slate of new shows ready to launch in H2 2019, including Mafia and Covert
- ✓ More than 22 brands have now utilised the **Sonic Influencer Marketing platform**
- ✓ The company and its podcast partners won seven awards at the **British Podcast Awards**

# Revenue and EBITDA summary by quarter



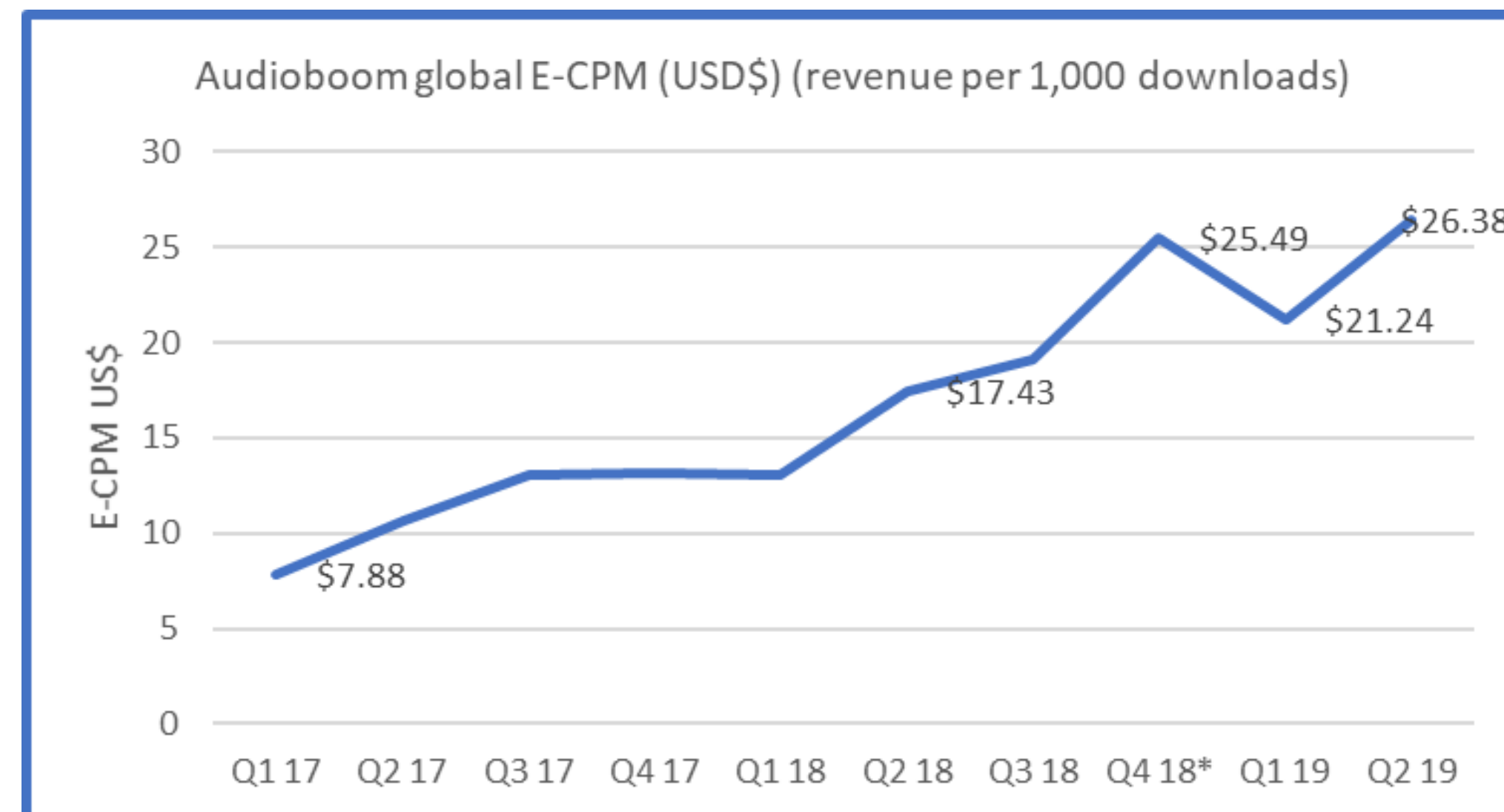
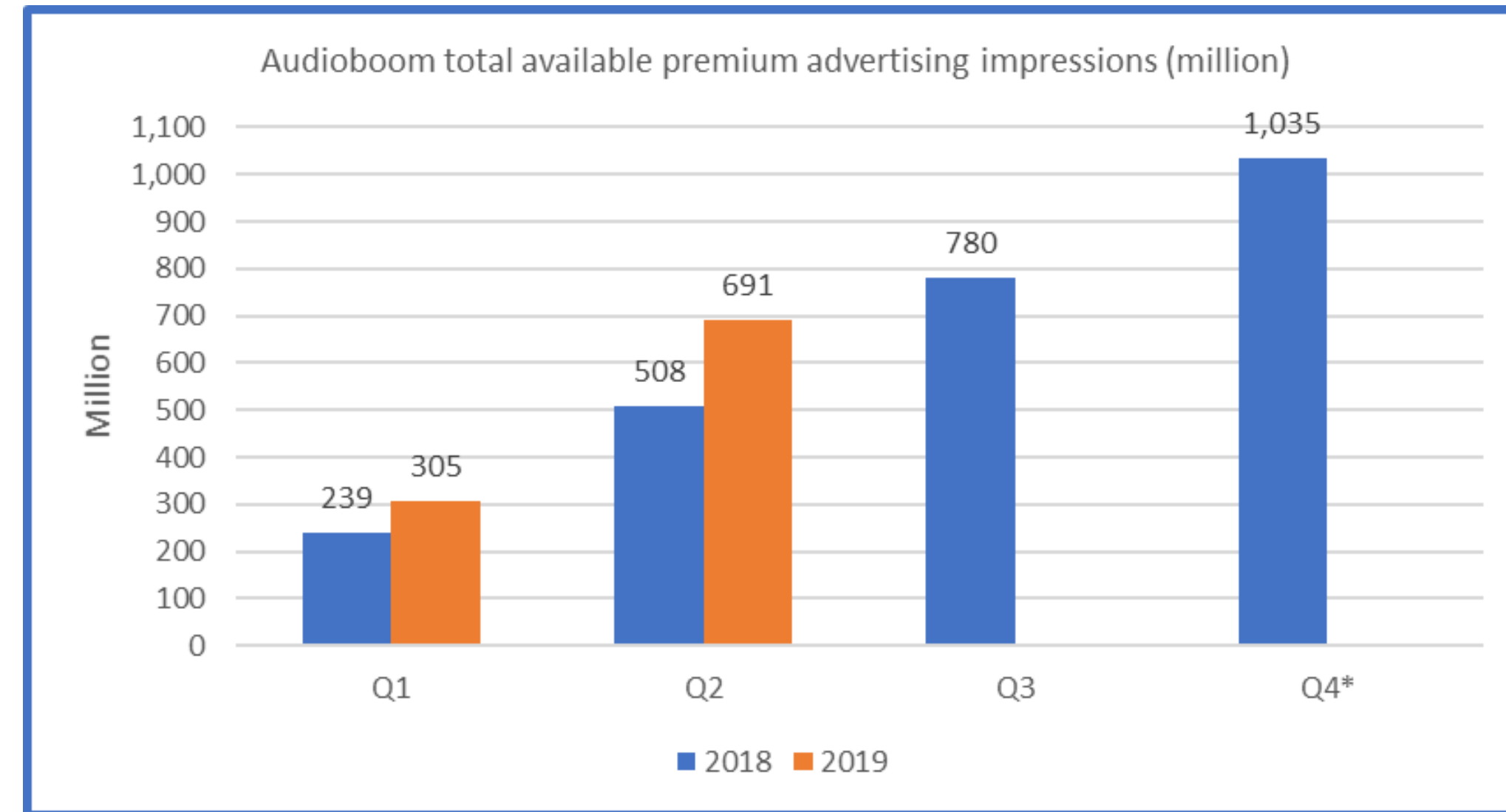
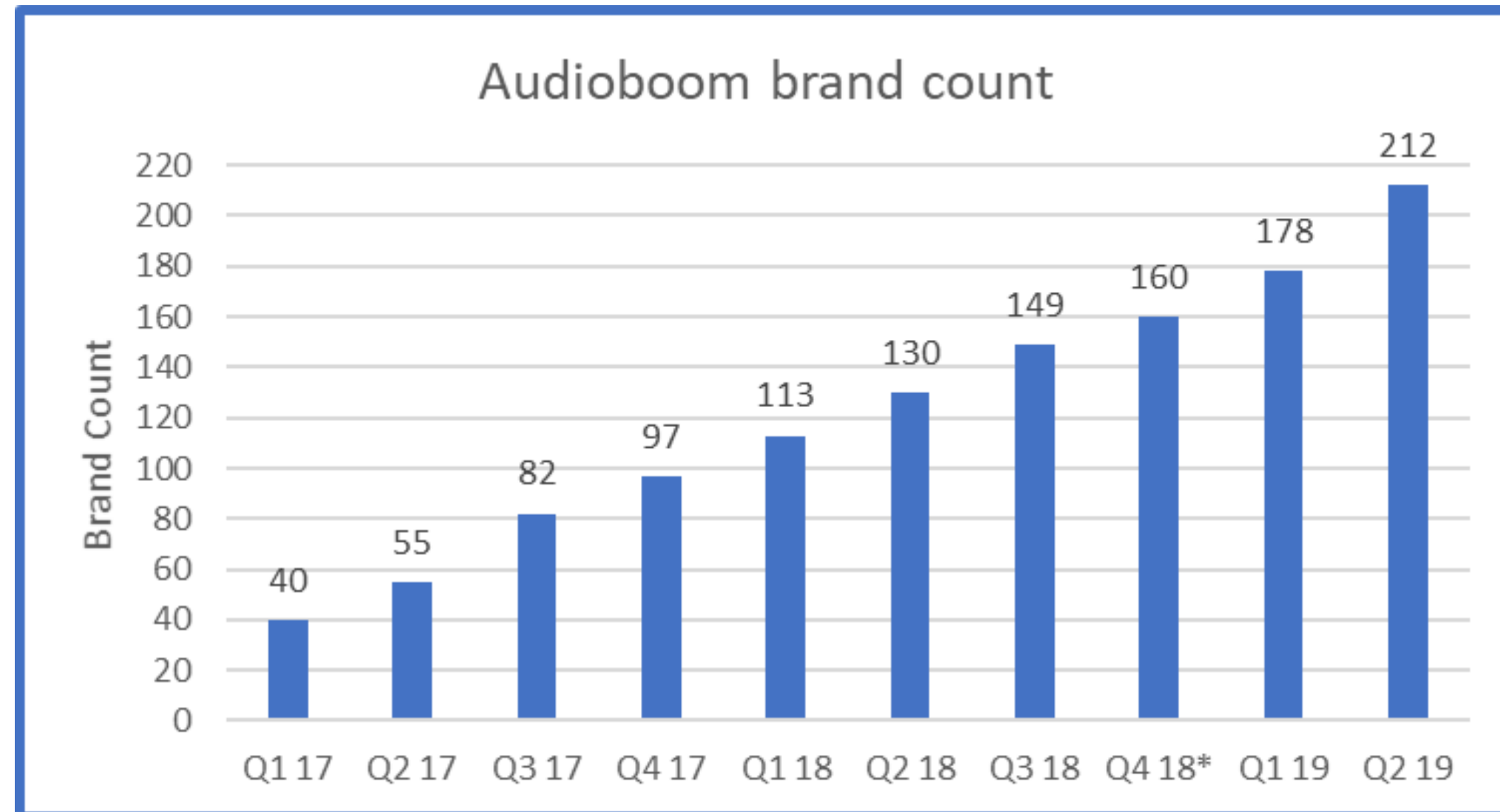
\*Q4 2018 = 4 month period due to year end change to December 31st



- Trend of recording record quarterly revenue continued in 2019 following the step change in Q4 2018
- Encouraging that, on a normalised calendar quarter, revenue in Q1 2019 (US\$4.6m) beat Q4 2018 (US\$4.4m)
- From Q4 2018, significant new revenue contribution from Sonic Influencer Marketing, our platform which enables brands to secure advertising within any globally available podcast
- H1 2019 EBITDA loss almost halved to US\$1.4m following increased revenue, continued focus on cost control and ensuring resources deployed in appropriate areas



# Key performance indicators



- Audioboom will report **three** main operational Key Performance Indicators externally going forwards. The KPIs focus on the main revenue stream of the Company: **Host Endorsed** podcast advertising
- In June 2019, we sold to 212 **Brands**, 52 more than December 2018 and 82 more than May 2018
- Following the 2019 placing and subscriptions, we have increased the **total available premium advertising impressions** to 691 million impressions, 36% more than 2018
- E-CPM** is now a global total, rather than being US specific, 51% higher vs H1 2018 @ US\$26.38

# H1 2019 financial overview

US\$m unless specified	By six month period							Full Year			% Variances	
	H1 2019	H2 2018**	H1 2018	H2 2017	H1 2017	H2 2016	H1 2016	2018***	2017	2016	18 vs 17	17 vs 16
Revenue	9.8	8.1	3.5	3.7	2.4	1.4	0.5	11.7	6.1	1.8	92%	235%
Gross Profit	2.3	2.3	0.9	1.2	0.6	0.4	0.0	3.2	1.9	0.4	70%	407%
Gross Margin %	23%	28%	24%	33%	27%	27%	0.3%	27%	31%	20%		
Administration Costs as a % of Revenue*	38%	55%	107%	105%	186%	263%	777%	71%	125%	371%		
Total Administrative costs*								8.2	7.5	6.7	9%	13%
Adjusted EBITDA*	(1.4)	(2.2)	(2.9)	(2.3)	(3.4)	(3.3)	(3.0)	(5.1)	(5.6)	(6.3)	-9%	-11%
Cash Balance	3.4	1.6	0.4	1.0	4.2	0.9	1.4	1.6	1.0	0.9	63%	13%
Headcount	41	42	51	49		44		42	49	44	-14%	11%

\*earnings before interest, tax, depreciation, amortisation, share based payments and material one-off items

\*\*represents seven month period due to the change to the Company's financial year end

\*\*\*represents 13 month period

- **171% revenue growth** in H1 2019 to US\$9.8m
- **Gross margin** now reflective of the main sources of Group revenue, i.e. mainly Host Endorsed revenue @ 25% margin, lowered to 23% due to the growth in Sonic Influencer Marketing which typically yields a 15% margin
- **Opex as a % of revenue** is decreasing as the business grows. Opex base relatively fixed; variable cost going forwards will be sales commissions on increasing revenue
- **Operating cashflow** before working capital movements reduced from US\$4.9m (H1 2018) to US\$1.8m (H1 2019). **Total operating cash outflow** increased from US\$2.5m (H1 2018) to US\$3.8m (H1 2019) due to material recoupable advances paid and higher trade debtors



# Operational cost overview

- Challenges of 2018 focused attention on having heads in correct departments. Back office functions reduced; additional heads placed into revenue generating areas of sales and content production and new staff in Sonic IM
- Focus on cost control continues; sublet unused UK office space, moved to an outsourced HR support in UK, complete review of every cost incurred in the business completed to minimise cash burn
- Opex base relatively fixed; variable cost going forwards will be sales commissions on increasing revenue
- Salesforce implementation materially complete for Host Endorsed advertising booking. Salesforce now links directly to Xero accounting software, improving the invoicing and partner payment processes
- Company banking moved to HSBC (replacing Barclays UK and SVB US), enabling automated payment runs in the UK
- Improved working capital processes have led to continued good debtor collection Q4 2018 US\$3.8m, Q1 2019 US\$4.5m, Q2 2019 US\$4.1m
- Creditor / partner payments in line with contractual obligations

## 2019 strategic focus

Following an excellent H1 2019, recording record revenue of US\$9.8m, and placing and subscriptions totalling £4.3m in 2019, Audioboom will execute the three key strategic areas in the remainder of 2019 and into 2020



### Tier 1 Podcast Acquisition

- Audioboom has sold the majority of the available inventory for its top 10 podcasts for 2019
- The number of brands advertising on Audioboom inventory is increasing
- Audioboom therefore needs to continue to sign leading Tier 1 podcast talent in order to continue revenue growth recognized to date
- The majority of podcast talent is signed without the need to use incentives, such as advances or minimum guarantees
- However, leading Tier 1 podcast talent do require such incentives, and Audioboom will sign such talent, should they demonstrate repetitive and predictable revenues



### Co-Production

- New co-productions will continue to be launched in 2019
- Co-productions represent the potential for higher gross margins as brands and broadcasters to utilize Audioboom's production and distribution expertise
- Successful launches in 2018 include Formula 1: Beyond the Grid, headline sponsored by Bose. The Formula 1 partnership has been extended to February 2021



### Audioboom Originals Network

- Audioboom currently produces 11 owned and operated shows, including Blank Check, Night Call, The 45<sup>th</sup> and Deliberations
- In 2019, the Audioboom Originals Network will continue to grow significantly, helping to grow the gross margin and contributing materially to the revenue mix
- Second or later seasons will be launched for Mafia, Covert and Dead Man Talking
- New podcasts launching in 2019 include A Life Lived, Truly and Teachers



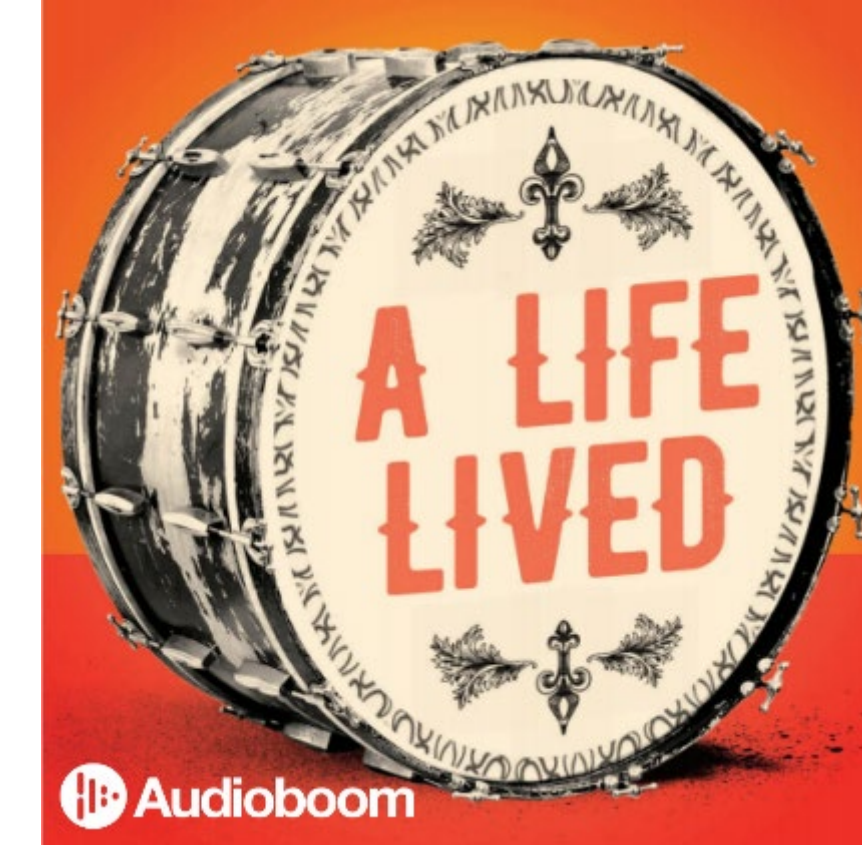
# 2019 Audioboom Originals Launches



HOST: JODIE SWEETIN  
LAUNCHES: JULY 10<sup>TH</sup>  
PARENTING SHOW HOSTED BY  
FULLER HOUSE'S JODIE SWEETIN



HOST: VINNY GUADAGNINO  
LAUNCHES: AUGUST  
JERSEY SHORE'S VINNY G HOSTS  
A WELLNESS AND FITNESS SHOW  
FOR MILLENNIALS



HOST: STEPHANIE OKUPNIAK  
LAUNCHES: SEPTEMBER 3<sup>RD</sup>  
DOCUMENTARY SERIES, LOOKING  
AT THE LIVES OF THE BIGGEST  
STARS IN THE WORLD.

**DARK AIR**  
LAUNCHES: OCTOBER  
STARRING RAINN WILSON

SCRIPTED COMEDY SET IN A  
PUBLIC RADIO STATION,  
WRITTEN AND STARRING RAINN  
WILSON FROM THE OFFICE

**NOTORIOUS KILLERS**  
LAUNCHES: OCTOBER  
HOST: JAMIE RENELL

TRUE CRIME DOCUMENTARY  
STUDYING SOME OF THE  
WORLD'S MOST EVIL SERIAL  
KILLERS

**TRUTH V HOLLYWOOD**  
LAUNCHES: NOVEMBER  
HOST: FLEET COOPER

FILM SHOW LOOKING AT  
HOLLYWOOD MOVIES AND HOW  
THEY OFTEN DIFFER FROM THE  
REAL LIFE EVENTS THEY  
DOCUMENT.

**DATING JAKE PAUL**  
LAUNCHES: NOVEMBER  
HOST: JAKE PAUL

REALITY DATING SHOW  
STARRING ONE OF THE BIGGEST  
INFLUENCERS ON THE PLANT,  
JAKE PAUL

**TRULY**  
LAUNCHES: NOVEMBER  
HOST: TBD

DOCUMENTARY SHOW THAT  
TRAVELS AMERICA TELLING  
STRANGE AND SENSATIONAL  
STORIES ABOUT REAL AMERICAN  
LIFE

## SPV – Guarantee Facility

- A new content funding facility was announced on 17<sup>th</sup> June 2019
- SPV Investments Limited is owned equally by Michael Tobin (Chairman) and Candy Ventures sarl (largest shareholder)
- SPV will provide minimum revenue guarantees to certain leading third-party podcasters
- Guarantee facility up to US\$4 million
- Audioboom will pay SPV 8% of net revenue for which the guarantee has been provided
- Reduces reliance on up front advance payments in certain third-party podcast negotiations
- 2.5 million warrants granted for every US\$1 million of guarantees provided, exercisable at 3.3p per share, five years from grant, up to a maximum of 10 million warrants
- First use of the SPV was for a US\$1 million guarantee, renewing one of Audioboom's most popular entertainment podcasts on an 18-month contract (2.5 million warrants granted)



# Summary and outlook



## H1 2019 summary

- Triple digit revenue growth that outperforms wider market
- Adjusted EBITDA materially reduced
- Continued partnerships with leading podcast talent
- More than 22 brands utilised the Sonic Influencer Marketing platform
- SPV delivered for non-dilutive podcast talent acquisition
- Closing the gap on income statement break-even



## 2019 outlook

- Increasing M&A in the sector (e.g. Spotify buying Gimlet, Parcast and Anchor in 2019)
- Continued focus on podcasts by major distributors; Apple, Google and Spotify
- New AON launches include ‘Never Thought I’d Say This’ and ‘A Life Lived’ and utilisation of our brand-new New York studios
- Further expected use of signings in H2 2019 via SPV facility
- Confident of meeting market expectations for FY 2019



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