

14 October 2020



**Audioboom**

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

**Audioboom Group plc**

("Audioboom", the "Group" or the "Company")

**Q3 trading update**

***Record third quarter revenue of US\$6.5 million***

***Significant improvement in EBITDA performance over Q3 2019***

**Conclusion of formal sale process**

**£3.15 million subscription for new shares at £2.25 per share  
26.8% premium to last closing share price**

Audioboom (AIM: BOOM), the leading global podcast company, is pleased to provide an update on record trading for the quarter ended 30 September 2020 and announces the conclusion of its strategic review and formal sale process together with a subscription for new ordinary shares to raise £3.15 million at a significant premium to the last closing share price.

**Financial and operating highlights**

- Q3 2020 revenue of approximately US\$6.5 million, **up 15%** on Q3 2019 (US\$5.7 million) and **up 19%** on Q2 2020 (US\$5.4 million). Total revenue for the nine months to 30 September was US\$18.3 million, **up 18%** on the same period last year (US\$15.5 million). Year-on-year growth for the nine months to 30 September outpaced the predicted wider industry average by 73%\*
- Adjusted EBITDA\*\* loss in Q3 of US\$0.4 million represents an improvement of **59%** on Q3 2019 (US\$1.0 million loss). Year to date loss improved **32%** to US\$1.6 million (nine months to 30 September 2020: US\$2.4 million loss)
- Brand advertiser count of 252 as at 30 September 2020, **up 3%** on 30 September 2019 (244)
- Global revenue per 1,000 downloads (eCPM) for September 2020 increased to US\$32.69, **up 19%** on the same period last year (September 2019: US\$27.38) and **up 29%** from June 2020 (US\$25.32). Additionally, in Q3, the Audioboom Originals Network achieved an eCPM of US\$35.85, outperforming our wider network and providing strong value to the business through an enhanced gross margin
- Total available premium advertising impressions for the nine months to 30 September 2020 **up 8%** to 1,235 million (2019: 1,138 million)
- Access to capital of US\$3.8 million as at 30 September 2020, representing Group cash of US\$0.5 million and US\$3.3 million of the SPV loan facility remaining undrawn. This does not include additional proceeds of £3.15 million raised from the subscription announced today. In addition, the Company has US\$3.0 million of the SPV content funding guarantee facility available, which was announced on 17 June 2019.

\* eMarketers August 2020 Podcast Advertising Revenue Report states that US podcast advertising revenue is expected to grow by 10.4% in FY 2020 relative to FY 2019

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

## Key commercial developments

- Expansion of the Audioboom Originals Network with the launch of *Truth Vs Hollywood*, *Baby Mamas No Dramas*, *Huddled Masses*, and *Because Mom Said So*. Audioboom Originals continue to be a key performing area of the business, with an eCPM of US\$35.85, 10% higher than our wider network
- Enhanced our premium sales network through new commercial partnerships with leading podcasts including *Rotten Mango* and *Ari Shaffir's Skeptic Tank*
- Maintained position as the 6<sup>th</sup> largest US podcast publisher and largest international publisher in Australia in the Triton Digital Podcast Reports
- Signed a new commercial partnership with Rogers Sports & Media to monetise Audioboom's advertising inventory in Canada, our fourth largest market
- Renewed our partnership with Nielsen to provide qualitative audience data to inform Audioboom's sales operation
- Significantly improved performance during the quarter from our Ad Network, the programmatic advertising sector of our business, with Q3 revenue from this area being 292% higher than Q1 2020
- Concluded our strategic review and formal sale process with a commitment to providing maximum long-term shareholder value through continued independent growth, supported by a subscription for new shares to raise £3.15 million at a significant premium to the last closing share price

## Conclusion of strategic review and formal sale process

The Company announced on 19 February 2020 that it had commenced a formal sale process ("FSP") under the Takeover Code as part of the Board's strategic review. Despite the impact of the coronavirus pandemic, which was declared shortly after the FSP was launched, the Company engaged with several interested parties during the process and a number of these discussions advanced to a stage at which potential deal structures and outline valuations were proposed and considered. Throughout, the Board has been focussed on achieving what it considers to be maximum value for shareholders and would only consider recommending any potential transaction where the terms of any such deal would create greater shareholder value than would likely be achieved by continuing to pursue the Group's own growth trajectory and plans in its current form. In the current climate, there has been limited interest in paying the level of premium to the prevailing share price that the Board considers would represent appropriate value for shareholders and, as such, the Board has not taken these discussions further.

The Board considers that, given the time elapsed, and in light of the very encouraging continued growth and resilience to global events evidenced by today's trading update, it is in the interests of all shareholders to end the strategic review and FSP at this stage and focus on further organic growth. This does not prevent any parties approaching the Company in due course, but this would no longer be within the framework of a FSP and the Company will not be actively seeking prospective buyers. Audioboom is therefore no longer deemed to be in an "offer period", as defined in the City Code on Takeovers and Mergers.

Management notes that consistent feedback from interested parties during the FSP highlighted the nascent stage of the Company's original content and production operation. Although in its early stages, the Audioboom Originals Network is at the core of the Company's growth strategy with five new podcasts premiering in the final quarter of 2020. Additionally, investment in the production

operation during 2021 will provide an enhanced level of original content, IP, and network audience that the Directors believe will improve business performance significantly.

As the FSP has concluded, the Company has terminated the engagement with Raine Advisors Limited ("Raine"). There are no transaction fees paid or payable to Raine.

### **Subscription**

The Board was recently approached by One Nine Two Pte Ltd ("One Nine Two"), a Singaporean company established to take advantage of high tech growth opportunities, which expressed an interest in subscribing for a 10% stake in the Company. Having resolved to conclude the FSP for the reasons described above, the Board agreed to One Nine Two's offer to subscribe at £2.25 per ordinary share on the basis that it represents a significant premium of 26.8% to the closing mid-market price on 13 October 2020.

Whilst the Company's existing funding remained sufficient to take it through to its forecast cash breakeven position, this subscription will provide further growth capital for investment, principally in original content, aimed at driving additional growth in the medium term.

The subscription, which is unconditional (other than as to Admission) and is within the Company's existing authority to issue shares on a non pre-emptive basis, is for a total of 1,400,000 ordinary shares of no par value in the Company (the "Subscription Shares"), representing 9.96% of the Company's existing issued ordinary share capital (equivalent to 9.06% of the issued ordinary share capital as enlarged by this subscription) and raising net proceeds of approximately £3.15 million.

Application has been made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM ("Admission"). The issue of the Subscription Shares is conditional upon Admission. It is expected that Admission will become effective and dealings in the Subscription Shares will commence at 8:00 am on 5 November 2020. The Subscription Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid in respect of the Company's ordinary shares ("Ordinary Shares") after the date of Admission and will otherwise rank pari passu in all respects with the Company's existing Ordinary Shares.

On Admission, the Company's issued ordinary share capital will consist of 15,456,504 Ordinary Shares, with one voting right each. The Company does not hold any Ordinary Shares in treasury. Therefore, on Admission, the total number of Ordinary Shares and voting rights in the Company will be 15,456,504. With effect from Admission, this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

**Stuart Last, CEO of Audioboom, commented:** *"I am delighted with the speed at which Audioboom has rebounded from the challenges of Covid-19, growing 19% from the second quarter, highlighting the resilience and strong fundamentals that we have built into the business.*

*Our growth continues to outpace that predicted for the wider industry, with revenues for the nine months to 30 September 2020 up 18% on the same period in 2019 – more than 70% faster than the projected US podcast market growth for 2020.*

*New content partnerships with major tier one podcasts such as Rotten Mango and Skeptic Tank, plus strategic initiatives with Nielsen and Rogers Sports & Media will provide good momentum as we move into the final quarter, traditionally our strongest performing period."*

**Michael Tobin, Chairman of Audioboom, commented:** *“I am pleased that Audioboom can continue its growth story as an independent business following the conclusion of our strategic review and formal sale process. We were buoyed by the interest in Audioboom as an acquisition target and as a leader in our field during a process that was impacted significantly by Covid-19. In welcoming today’s subscription by One Nine Two, we are confident that our business model and access to capital can drive our expansion independently and provide the best route to exceptional long-term value for our shareholders.”*

## **Enquiries**

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## **About Audioboom**

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

Audioboom provides technology and advertising services for a premium network of 250 top tier podcasts, with key partners including ‘Casefile True Crime’ (US), ‘The Morning Toast’ (US), ‘No Such Thing As A Fish’ (UK), ‘The Cycling Podcast’ (UK) and ‘The Totally Football Show’ (UK).

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

The platform allows content to be distributed via Apple Podcasts, Spotify, Pandora, Amazon Music, Deezer, Google Podcasts, iHeartRadio, RadioPublic, Saavn, Stitcher, Facebook and Twitter as well as a partner’s own websites and mobile apps. For more information, visit [audioboom.com](http://audioboom.com).