



10 YEARS FROM ITS CREATION, LBG MEDIA HAS GROWN TO BECOME ONE OF THE MOST EXCITING MEDIA BRANDS IN THE WORLD.

SOLLY SOLOMOU – CHIEF EXECUTIVE

We are building and engaging with youth audiences globally. We continue to innovate, creating original, stand out, award-winning content, leading by example with our employee policies and we are proud to be at the centre of key cultural moments. 2022 has seen us work with more brands, launch new products and lead with new formats. We ventured into new geographies, became leaders on platforms such as TikTok, as well as focusing on exciting M&A opportunities.

We remain absolutely focused on our mission to give the youth generation a voice by building communities that laugh, think and act. This will guide our progress in the year ahead.

The Group delivered a strong performance in 2022, with revenue up 15% to £62.8m (2021: £54.5m). Adjusted EBITDA and profit before tax fell by 6% and 10% respectively, but remain robust at £15.7m and £7.3m (2021: £16.8m and £8.1m). As guided in our interim statement, performance was weighted towards the second half of the year with the Group benefiting from improving momentum in both Direct and Indirect revenues.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

REVENUE

£62.8m

2021: £54.5m

ADJUSTED EBITDA

£15.7m

2021: £16.8m

PROFIT BEFORE TAX

£7.3m

2021: £8.1m

The Rock featured in our Ask the Audience format, which we edited into a YouTube short episode



The second half is typically our strongest period. Our growth in Q4 2022 was further supported by the FIFA World Cup. This benefited our Direct revenue performance.

There have been significant macro-economic challenges in 2022 having an impact on advertising spend and these have contributed towards revenue growth being lower than expected at the start of the year. We invested in our workforce over the past few years, with employee numbers in H1 2022 being at a level consistent with planned revenue growth. With revenue growth being lower than expected our cost base was too high and, as such, the Group made the difficult decision to reduce its staffing costs in H2. This involved restructuring the business, including the redundancy of 43 employees. Whilst this decision was necessary, we ensured that employees were consulted and treated compassionately throughout.

We have continued to engage our global audience, which increased by 102m YoY to over 366m followers as at 31 December 2022. Our audience generated over 98bn content views during the year, up 68% YoY and continued to be highly engaged, with 1.4bn interactions over the year.

Revenue

Both our core revenue channels, Direct and Indirect, contributed to the Group's strong growth in 2022. This was despite the challenging economic conditions. Direct revenue, which is generated from the provision of content marketing services to marketing agencies and other entities such as government bodies, grew by £4.1m to £27.8m (2021: £23.7m). During the

year, we undertook significant work with various brands including partnerships with Muller Rice, John Lewis, Specsavers, Boxpark, Google and Budweiser. Q4 was a record quarter for Direct revenue, when we worked with a number of clients who spent increasingly large sums with us during the period.

Indirect revenue, which is generated via third parties, such as social media platforms (e.g. Facebook, Snapchat, YouTube) through social videos or via programmatic advertising exchanges/online marketplaces, grew by £3.9m to £33.6m (2021: £29.7m). The Group's Indirect operations achieved +38% YoY growth in views with Facebook, along with 42% on YouTube.

The Group is already one of the largest publishers on TikTok with 29m followers, which presents significant revenue opportunities for LBG Media when the platform monetises.

With the indirect channel, we have also continued to focus on web editorials hosted on our websites. LBG Media is now one of the fastest growing news publishers globally and in December 2022, SPORTbible was the fastest growing website (source: Press Gazette custom list).

FIND OUT MORE ON PAGE 18

CHIEF EXECUTIVE'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

Increasing engagement through our diverse own brand portfolio

In addition to the ongoing strength of LBG Media's brands in the UK, our core international markets consisting of Australia and Ireland have delivered a very strong performance in 2022. The performance in Australia was particularly strong, and included the renewal of the Group's contract with Amazon Prime in that market.

The data insight capabilities we gain through our research platform, LADnation, form an integral part of much of our work with its insights ensuring campaigns are effective and measurable.

LADnation now comprises of c.55,000 people, who form our panel, and enables us to gain unique insights into consumer thinking in advance of activating specific campaigns.

LBG Media continues to be a magnet for A list stars. This year, we welcomed huge names including: The Rock, Tom Holland, Margot Robbie, KSI, Ryan Reynolds, Raheem Sterling, David Beckham, Saoirse Ronan, Max Verstappen, Elizabeth Olsen, Zac Efron, Anya Taylor-Joy, Zoe Kravitz, and P!nk to name a few.



We have continued our focus to ensure we engage effectively with both existing and new audiences. We are also investing in younger audiences, particularly those on TikTok, Snapchat and Instagram, which we are already monetising directly when we work with brands. We are well placed to benefit from indirect revenues when such opportunities arise on these particular platforms.

Impact and recognition

We have continued to place a great emphasis on having a positive impact by tackling complex social issues.

This year, our flagship original series 'Minutes With' reached its 100th episode. The series has championed unheard voices, and has featured plane crash survivors, a Taliban hostage and a young woman with Tourette's syndrome, to name a few. At the end of 2022, we created a special episode of Minutes With featured Laura Nuttall, a terminally ill woman. We wanted to tell Laura's story and help her tick off an item on her bucket list. LBG Media are champions of women's sport, and will be putting a huge focus on to this in 2023, so we surprised Laura with a visit from Lioness Chloe Kelly within the episode.

In 2022, we strived to build further credibility amongst marketing, publishing and original content industries, as the most innovative, creative and effective social publisher in the UK. We were recognised across 13 awards, with wins including being named Commercial Team of



100th episode of 'Minutes With'

the Year twice, at the Campaign Media Awards and the Drum Online Media Awards. Other wins included LADTV being named Web Channel of the Year at the Broadcast Digital Awards, securing three wins for our 'Soldier is a Soldier' campaign with the British Army which included a win at the Mediaweek Awards, and three awards for our partnership with Tampax. Additionally, our Data, Intelligence and Planning team were awarded a win for 'Transformation with Data' at the DATAIQ Awards, as well as 'Best New Venture' for our consumer research youth panel, LADnation at the Market Research Awards.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

Strategic progress on our three core pillars

Geographies: We have made good progress during 2022, as we prepare to expand further and monetise our audience in the United States. LBG Media now has six employees in the US and we have recently rebranded one of our core brands, UNILAD, to make it more relevant for this market. With US-centric content, approach and language, the audience for this brand has increased by 1.3m followers in three months. Our team in the US is focused on educating the market and speaking to US-based counterparts of brands we already work with in other geographies. Revenue is anticipated to commence in 2023.

Mergers & Acquisitions (“M&A”): In May 2022, we completed the small bolt-on acquisition of the Go Animals Facebook pages, which we rebranded to Furry Tails. Furry Tails is monetising well with the brand’s followers reaching 7.8m this year. In 2022 the Group also acquired the Facebook pages of “Irish Banter” which has since been rebranded to LADbible Ireland (Facebook). To support our growth ambitions, in January 2023, we created a new position to be solely responsible for M&A and have since welcomed our first M&A Director into this role. Post year-end, in March 2023, we completed the acquisition of the social media pages and content from Lessons Learned in Life Inc. This is discussed further in Note 26.

Capabilities: The investment into the Group’s own website proposition has been a big area of focus and the Group is already benefiting from an increasing amount of traffic coming from Google. In addition, LADnation continues to help us secure business with clients and is now an integral part of our offer.

Outlook

Notwithstanding the cost challenges faced within H1 2022, the KPIs that drove our strong performance in Q4 have continued into the new financial year, and website traffic and video numbers are encouraging. Our proven ability to deliver engaging long and short-form content puts us in a strong position to benefit from the increasing demand for this in the year ahead. The investment we have made into our websites has also increased the opportunities for us to monetise this resource in the year ahead.

We are confident that 2023 will see the efforts of our investment into the US market start to deliver direct revenues in that geography. The Group has a healthy pipeline of prospects across all entities, many of which have significantly larger budgets than we have handled previously.

With the global digital media market forecast to grow by 8% in 2023, (source: Group M: This Year Next Year report) and LBG Media’s position within some of the fastest growing segments of the digital media market, the Board is confident that the Group is well positioned to meet market expectations for 2023.

Solly Solomou
Chief Executive
11 April 2023

115m
US AUDIENCE

