

 **CANNES  
LIONS**

11 CANNES LIONS

 **The Drum  
Awards  
Online Media**  
Winner 2021

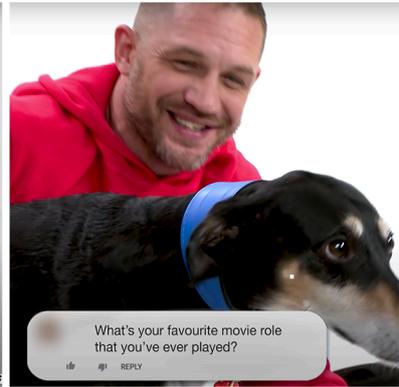
PUBLISHER OF THE YEAR

**MediaWeek  
AWARDS**  
by campaign

MEDIA BRAND OF THE YEAR

**BROADCAST  
DIGITAL  
AWARDS 2021**

ORIGINAL WEB CHANNEL OF THE YEAR  
AND SHORT FORM FORMAT OF THE YEAR



**LBG  
MEDIA  
PLC**

**ADMISSION TO AIM**

*Zeus Capital*

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Document or the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This Document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued and to be issued share capital of LBG Media plc. This Document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this Document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the FCA or any other competent authority.

**Application has been made for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 15 December 2021.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.**

The Company and the Directors, whose names appear on page 9 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect the import of such information.

**The whole of this Document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is drawn in particular to Part III of this Document entitled "Risk Factors", which describes certain risks associated with an investment in LBG Media plc.**

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## **LBG MEDIA PLC**

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 13693251)*

**Placing of 17,142,857 New Shares at 175 pence per Share**

**Vendor Placing of 46,323,368 Shares at 175 pence per Share**

**and**

**Admission to trading on AIM**

*Zeus Capital*

***Nominated Adviser and Broker***

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### **Enlarged Share Capital immediately following Admission**

<i>Number</i>	<i>Issued and fully paid</i>	<i>Amount £</i>
205,714,286	ordinary shares of £0.001 each	205,714.29

Zeus Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser and broker in connection with the Placing, the Vendor Placing and Admission, and will not be responsible to any other person for providing the protections afforded to customers of Zeus Capital or advising any other person in connection with the Placing, the Vendor Placing and Admission. Zeus Capital's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to the London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to acquire Placing Shares in reliance on any part of this Document. Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus Capital by the FSMA or the regulatory regime established under it, Zeus Capital does not accept any responsibility whatsoever for the contents of this Document, and no representation or warranty, express or implied, is made by Zeus Capital with respect to the accuracy or completeness of this Document or any part of it.

This Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan. The Shares have

not been and will not be registered under the US Securities Act nor under the applicable securities laws of any states of the United States of America or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Shares may not be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, Japan or to any national, resident or citizen of the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States of America regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States of America.

Copies of this Document will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered offices of the Company and the offices of Zeus Capital at 10 Old Burlington Street, London W1S 3AG for one month from Admission. This Document is also available on the Company's website, **[www.ladbiblegroup.com](http://www.ladbiblegroup.com)**.

## IMPORTANT INFORMATION

This Document should be read in its entirety before making any decision to subscribe for or purchase Shares. Prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Zeus Capital or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this Document nor any offer or acquisition of Shares made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this Document or any subsequent communications from the Company, Zeus Capital or any of their respective affiliates, officers, directors, employees, advisers or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this Document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or any other person, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person, regarding the Placing, the Vendor Placing, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this Document, by means of a supplement to it, if a significant new factor that may affect the evaluation of the Placing or the Vendor Placing by prospective investors occurs prior to Admission or if it is noted that this Document contains any mistake or substantial inaccuracy. This Document, and any supplement thereto, will be made public in accordance with the AIM Rules for Companies. This Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Zeus Capital or any of their respective representatives, that any recipient of this Document should subscribe for or purchase any of the Shares. Prior to making any decision as to whether to subscribe for or purchase any Shares, prospective investors should read the entirety of this Document and, in particular, the section headed "Risk Factors". Investors should ensure that they read the whole of this Document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorized or other appropriate advisers) of the Company and the terms of this Document, including the risks involved. Any decision to purchase Shares should be based solely on this Document and the prospective investor's own (or such prospective investor's FSMA-authorized or other appropriate advisers') examination of the Company. Investors who subscribe for or purchase Shares in the Placing and/or Vendor Placing will be deemed to have acknowledged that: (i) they have not relied on Zeus Capital or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Document for their investment decision; (ii) they have relied only on the information contained in this Document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this Document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Zeus Capital.

### **Notice to prospective investors in the United Kingdom**

No Shares have been offered or will be offered pursuant to the Placing or Vendor Placing to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which has been approved by the FCA, except that Shares may be offered to the public at any time:

- to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation); or
- in any other circumstances falling within section 86 of FSMA,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to section 85 of FSMA and each person who initially acquires any Shares or to whom any offer is made under the Placing or Vendor Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2 of the Prospectus Regulation.

Neither the Company nor Zeus Capital has authorised, nor does each of them authorise, the making of any offer of Shares in circumstances in which an obligation arises for the Company and/or Zeus Capital to publish a prospectus or a supplemental prospectus in respect of such offer.

For these purposes, the expression “**an offer to the public**” in relation to any offer of Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares and the expression the “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, this Document is being distributed to, and is directed only at such persons in the United Kingdom who are: (i) “qualified investors” (within the meaning of Article 2 of the Prospectus Regulation) and (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**FPO**”); and/or (b) who are high net worth entities falling within Article 49(2)(a) to (d) of the FPO; and (ii) other persons to whom it may otherwise lawfully be distributed (each a “relevant person”). Any investment or investment activity to which this Document relates is available only to relevant persons and will be engaged in only with such persons. Persons who are not relevant persons should not rely on or act upon this Document.

#### **Notice to prospective investors in the EEA**

In relation to each Member State of the European Economic Area (“**EEA**”) other than the United Kingdom (each a “**Member State**”), no Shares have been offered or will be offered pursuant to the Placing or Vendor Placing to the public in that Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Member State, or in accordance with the EEA Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the EEA Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in the EEA Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EEA Prospectus Regulation) in such Member State; or
- in any other circumstances falling within Article 1(4) of the EEA Prospectus Regulation,

provided that no such offer of Shares shall require the Company or any other person to publish a prospectus pursuant to Article 23 of the EEA Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EEA Prospectus Regulation and each person who initially acquires any Shares or to whom any offer is made under the Placing or Vendor Placing will be deemed to have represented, acknowledged and agreed that it is a “**qualified investor**” within the meaning of the EEA Prospectus Regulation.

Neither the Company nor Zeus Capital has authorised, nor does each of them authorise, the making of any offer of Shares in circumstances in which an obligation arises for the Company and/or Zeus Capital to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression “**an offer to the public**” in relation to any offer of Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, and the expression the “**EEA Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended).

## **Forward looking statements**

Certain statements in this Document are or may constitute “forward looking statements”, including statements about current beliefs and expectations. In particular, the words “expect”, “anticipate”, “estimate”, “may”, “should”, “could”, “plans”, “intends”, “will”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. They appear in a number of places throughout this Document and include, but are not limited to, statements regarding intentions, beliefs or current expectations concerning, among other things, the Group’s results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, the forward looking statements contained in this Document. In addition, even if the developments of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this Document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in the Group’s business strategy, political and economic uncertainty and other factors discussed in Part I and Part III of this Document.

Any forward-looking statements in this Document reflect current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations and growth strategy. Investors should specifically consider the factors identified in this Document which could cause results to differ before making an investment decision. Subject to the requirements of applicable law or regulation, the Group undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this Document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this Document.

Any forward looking statement in this Document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this Document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

## **Presentation of financial information**

The consolidated historical financial information of the HFI Group for the three years ended 31 December 2020, which is set out in Part IV of this Document, and the unaudited interim financial information of the HFI Group for the six month period to 30 June 2021, which is set out in Part V of this Document, have been prepared in accordance with IFRS.

Certain non-financial measures such as EBITDA (earnings before interest, tax, depreciation and amortisation) and Adjusted EBITDA (EBITDA adjusted for loss on disposal of intangible assets and exceptional costs / income) have been included in the financial information contained in this Document as the Directors believe that these present important alternative measures with which to assess the Group’s performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or other measures of performance under IFRS. In addition, the Company’s calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

## **Rounding**

The financial information and certain other figures in this Document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this Document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

## **Market, industry, and economic data**

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Document constitute management's estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources, as described in the footnotes to such information. All third-party information set out in this Document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified and the Company and the Directors accept no responsibility for its accuracy or completeness.

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information.

## **No incorporation of website information**

The contents of the Company's website, any website mentioned in this Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Document, and prospective investors should not rely on such information.

## **Interpretation**

Certain terms used in this Document are defined and certain technical and other terms used in this Document are explained in the sections termed "Definitions" and "Glossary".

All references to legislation in this Document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any legislation or regulation or any provision of it shall include any amendment, modification, re-enactment or extension thereof. Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Words importing the singular shall include the plural and vice versa, and words implying any gender or the neutral gender shall include both genders and the neutral gender.

## **Reorganisation**

Except where the context otherwise requires, all of the information in this Document is presented as if the Reorganisation described in paragraph 3 of Part VII of this Document had already taken place as at the date of this Document. All steps associated with that Reorganisation will be completed prior to, or with effect from, Admission.

It is intended that the Deferred Shares will be purchased by the Company as soon as is practicable after Admission for the aggregate sum of £1. No application will be made for any Deferred Shares to be admitted to trading on AIM or to trading, dealing or listing on any Recognised Investment Exchange or other trading facility or market. The Placing and the Vendor Placing will be of Shares; no Deferred Shares will be comprised in the Placing or the Vendor Placing and, accordingly, no Placee will at any time hold any share in the capital of the Company, other than Shares. This Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, any Deferred Shares. The Deferred Shares will not be registered under the securities laws or regulations of any country or state.

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## PLACING STATISTICS

### Placing statistics

Placing Price (per Share)	175 pence
Number of Existing Shares	188,571,429
Number of Shares in the Placing to be issued by the Company (the New Shares)	17,142,857
Number of Shares in the Vendor Placing to be sold by the Selling Shareholders (the Sale Shares)	46,323,368
New Shares as a percentage of the Existing Shares	9.09 per cent.
Sale Shares as a percentage of the Existing Shares	24.57 per cent.
Number of Shares in issue immediately following Admission	205,714,286
Market capitalisation of the Company at the Placing Price immediately following Admission <sup>(1)</sup>	£360.0 million
Gross proceeds of the Placing receivable by the Company	£30.0 million
Estimated net proceeds of the Placing receivable by the Company <sup>(2)</sup>	£25.0 million
Gross proceeds of the Vendor Placing receivable by the Selling Shareholders	£81.1 million
AIM ticker	LBG
ISIN	GB00BKPH9R58
SEDOL	BKPH9R5
LEI	213800MF1QX5EE3RAV98

#### Notes:

- (1) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Placing Price.
- (2) After deduction of estimated commissions, fees and expenses payable by the Company of approximately £5.0 million.

## EXPECTED TIMETABLE

Publication of this Document	7 December 2021
Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 15 December 2021
CREST accounts credited (where applicable)	as soon as is reasonably practical on 15 December 2021
Dispatch of definitive share certificates (where applicable)	Within 10 business days of Admission

*All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.*

## COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	<b>David John Wilson</b> <i>(Non-Executive Chairman)</i> <b>Alexander William Solomou</b> <i>(Chief Executive Officer)</i> <b>Arian Mahmoud Kalantari</b> <i>(Chief Operating Officer)</i> <b>Timothy John Croston</b> <i>(Chief Financial Officer)</i> <b>Richard Charles Flint</b> <i>(Non-Executive Director)</i> <b>Carol Mary Kane</b> <i>(Non-Executive Director)</i> <b>Alexandra Clare Jarvis</b> <i>(Non-Executive Director)</i>
<b>Company secretary</b>	Emma Thomas
<b>Registered office</b>	20 Dale Street Manchester M1 1EZ
<b>Website</b>	<a href="http://www.ladbiblegroup.com">www.ladbiblegroup.com</a>
<b>Nominated Adviser and Broker</b>	<b>Zeus Capital Limited</b> 82 King Street and 10 Old Burlington Street Manchester London M2 4WQ W1S 3AG
<b>Legal advisers to the Company</b>	<b>Addleshaw Goddard LLP</b> One St Peter's Square Manchester M2 3DE
<b>Legal advisers to the Nominated Adviser and Broker</b>	<b>DWF Law LLP</b> 1 Scott Place 2 Hardman Street Manchester M3 3AA
<b>Auditors and Reporting Accountant</b>	<b>BDO LLP</b> 3 Hardman Street Manchester M3 3AT
<b>Registrars</b>	<b>Link Market Services Limited</b> 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
<b>Receiving Agents</b>	<b>Link Market Services Limited</b> Corporate Actions 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
<b>PR advisers to the Company</b>	<b>Buchanan Communications Ltd</b> 107 Cheapside London EC2V 6DN

## DEFINITIONS

<b>Adjusted EBITDA</b>	a non-GAAP measure of earnings before interest, taxation, depreciation, amortisation and non-underlying items
<b>Admission</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>Admission Document or Document</b>	this document dated 7 December 2021
<b>AIM</b>	the AIM market of the London Stock Exchange
<b>AIM Rules for Companies</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>AIM Rules for Nominated Advisers</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
<b>Articles</b>	the articles of association of the Company which will be in force as at Admission, a summary of which is set out in paragraph 4 of Part VII of this Document
<b>Audit Committee</b>	the audit committee of the Board, as constituted from time to time
<b>Board</b>	the board of directors of the Company
<b>Companies Act</b>	the Companies Act 2006 (as amended)
<b>Concert Party</b>	all of the persons who are Shareholders immediately before Admission, being Alexander Solomou, LAD Investments Limited, Makkma Investments Limited, Hugh Chappell, Timothy Croston, Colin Gottlieb, Richard Hughes, Cheryl Solomou, Angelos Solomou, David Wilson and Arian Kalantari
<b>CREST</b>	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & International in accordance with the CREST Regulations
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including (i) any enactment or subordinate legislation which amends those regulations and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
<b>Dealing Day</b>	a day on which the London Stock Exchange is open for the transaction of business
<b>Deferred Shares</b>	the deferred shares of £0.001 each in the capital of the Company referred to in paragraph 3.4.1 of Part VII of this Document
<b>Directors</b>	the directors of the Company as at the date of this Document, whose names appear on page 9 of this Document
<b>Disclosure and Transparency Rules or DTRs</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
<b>EBITDA</b>	earnings before interest, taxation, depreciation and amortisation

<b>EEA</b>	the European Economic Area
<b>EEA Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market
<b>EMI Options</b>	the enterprise management incentive options subsisting over (i) 602 A ordinary shares in LADbible Group Limited granted on 18 November 2014 and (ii) 17 C ordinary shares in LADbible Group Limited granted on 24 March 2017, in each case to Arian Kalantari
<b>Enlarged Share Capital</b>	the issued share capital of the Company immediately following Admission, comprising the Existing Shares and the New Shares
<b>EU</b>	the European Union
<b>Euroclear UK &amp; International</b>	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
<b>EUWA</b>	the European Union (Withdrawal) Act 2018, as amended
<b>Executive Directors</b>	the executive Directors of the Company as at the date of this Document, being Alexander Solomou, Arian Kalantari and Timothy Croston
<b>Existing Shares or Existing Share Capital</b>	the 188,571,429 Shares in issue immediately prior to completion of the Placing
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>FY17, FY18, FY19, FY20</b>	financial years ended 31 December 2017, 2018, 2019, 2020, respectively
<b>Group or LBG Media Group</b>	the Company and its subsidiaries and subsidiary undertakings (in each case as defined in the Companies Act)
<b>HFI Group</b>	LADbible Group Limited and its subsidiaries and subsidiary undertakings (in each case as defined in the Companies Act)
<b>Historical Financial Information</b>	the consolidated financial information of the HFI Group for the three years ended 31 December 2020 as set out in Part IV of this Document
<b>HMRC</b>	HM Revenue and Customs
<b>HY20, HY21</b>	six months ended 30 June 2020, 2021, respectively
<b>IFRS</b>	International Accounting Standards as adopted by the United Kingdom in accordance with section 474(1) of the Companies Act
<b>Interim Financial Information</b>	the unaudited consolidated financial information of the HFI Group for the six months ended 30 June 2021 as set out in Part V of this Document
<b>LBG Media or the Company</b>	LBG Media plc

<b>Lock-in Agreements</b>	the lock-in and orderly market agreements entered into by the Company, Zeus Capital, the Directors, each of the Selling Shareholders and Richard Hughes, details of which are set out in paragraphs 15 of Part I and 17.4 of Part VII of this Document
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Makkma Relationship Agreement</b>	the relationship agreement entered into between the Company, Makkma Investments Limited and Zeus Capital, summary details of which are set out in paragraph 17.9 of Part VII of this Document
<b>MAR</b>	the UK version of Regulation (EU) No 96/2014 of the European Parliament and of the Council on 16 April 2014 on market abuse, as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019
<b>Member State</b>	a member state of the EEA
<b>New Shares</b>	the 17,142,857 new Shares to be issued by the Company pursuant to the Placing
<b>Nominated Adviser and Broker Agreement</b>	the nominated adviser and broker agreement summary details of which are set out in paragraph 17.1 of Part VII of this Document
<b>Nomination Committee</b>	the nomination committee of the Board, as constituted from time to time
<b>Non-Executive Directors</b>	the non-executive directors of the Company as at the date of this Document, being David Wilson, Richard Flint, Carol Kane and Alexandra Jarvis
<b>Official List</b>	the Official List of the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA
<b>Options</b>	options to subscribe for Shares
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Placees</b>	the subscribers for New Shares pursuant to the Placing and purchasers of Sale Shares pursuant to the Vendor Placing
<b>Placing</b>	the conditional placing of the New Shares at the Placing Price pursuant to the Placing Agreement
<b>Placing Agreement</b>	the conditional agreement entered into on or about the date of this Document between the Company, Zeus Capital and the Directors in relation to the Placing and Admission, summary details of which are set out in paragraph 17.2 of Part VII of this Document
<b>Placing Price</b>	175 pence per Placing Share
<b>Placing Shares</b>	the New Shares and the Sale Shares
<b>Proposals</b>	the Placing, Vendor Placing and Admission

<b>Prospectus Regulation</b>	the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Prospectus (Amendment, etc) (EU Exit) Regulations 2019
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under Part VI of the FSMA, as amended
<b>QCA</b>	the Quoted Companies Alliance
<b>QCA Code</b>	the Corporate Governance Code 2018 published by the QCA
<b>Receiving Agents</b>	Link Market Services Limited (trading as Link Group)
<b>Recognised Investment Exchange</b>	has the meaning given to it in section 285 of the FSMA
<b>Registrars</b>	the Company's registrars, being Link Market Services Limited (trading as Link Group), 10 <sup>th</sup> Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL
<b>Regulation S</b>	Regulation S promulgated under the US Securities Act
<b>Relationship Agreements</b>	the Solomou Relationship Agreement and the Makkma Relationship Agreement
<b>Remuneration Committee</b>	the remuneration committee of the Board, as constituted from time to time
<b>RIS</b>	(a) a primary information provider or  (b) an incoming information society service that has its establishment in an EEA State other than the United Kingdom and that disseminates regulated information in accordance with the minimum standards set out in article 12 of the TD Implementing Directive
<b>Sale Shares</b>	the 46,323,368 Shares (being part of the Existing Shares) to be sold by the Selling Shareholders pursuant to the Vendor Placing
<b>Selling Shareholder Agreements</b>	the conditional agreements entered into on or about the date of this Document between each of the Selling Shareholders, the Company and Zeus Capital in relation to the Vendor Placing and Admission, summary details of which are set out in paragraph 17.3 of Part VII of this Document
<b>Selling Shareholders</b>	LAD Investments Limited, Makkma Investments Limited, Alexander William Solomou, Arian Kalantari, Angelos Solomou, Cheryl Solomou, Colin Gottlieb and Hugh Chappell who will each be disposing of certain shares pursuant to the Vendor Placing
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	ordinary shares of £0.001 each in the capital of the Company
<b>Share Schemes</b>	the Share Schemes of the Company, details of which are set out in paragraph 10 of Part VII of this Document

<b>Solomou Relationship Agreement</b>	the relationship agreement entered into between the Company, the Solomou Shareholders and Zeus Capital, summary details of which are set out in paragraph 17.8 of Part VII of this Document
<b>Solomou Shareholders</b>	Alexander Solomou and LAD Investments Limited
<b>Takeover Code</b>	the City Code on Takeovers and Mergers published by the Panel for the time being
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>Unapproved Option</b>	the share option granted to Colin Gottlieb on 4 October 2019 over 94 C ordinary shares in LADbible Group Limited which does not qualify as an enterprise management incentive option
<b>uncertificated or uncertificated form</b>	recorded on the relevant register of the share or security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>US or United States</b>	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
<b>US Persons</b>	has the meaning given in Regulation S
<b>US Securities Act</b>	the US Securities Act of 1933, as amended
<b>VAT</b>	UK value added tax
<b>Vendor Placing</b>	the conditional placing of the Sale Shares by Zeus Capital as agents for the Selling Shareholders, at the Placing Price pursuant to the Selling Shareholders Agreements
<b>Zeus Capital</b>	Zeus Capital Limited
<b>£ and p</b>	United Kingdom pounds sterling and pence respectively
<b>€ or Euro</b>	the single European currency
<b>\$ or Dollar</b>	United States dollars

## GLOSSARY

<b>Accolade</b>	an award or privilege which is granted as a special honour or as an acknowledgement of merit or praise
<b>AdX Google</b>	an ad exchange network. This means it is a programmatic advertising platform, offering real-time bidding on ad spaces to ad networks
<b>Augmented reality</b>	an interactive experience of a real-world environment with enhanced real world objects
<b>Branded Content</b>	development and promotion of bespoke content for specific brands
<b>CAGR</b>	compound annual growth rate
<b>Cloud-based</b>	stored, managed, and processed on a network of remote servers hosted on the internet
<b>CloudFlare</b>	a secure content distribution network
<b>Content Marketing</b>	a form of marketing focused on creating, publishing, and distributing content for a targeted audience online
<b>CPM</b>	cost per mille (the amount an advertiser pays a website per one thousand visitors who see its advertisements)
<b>Data Management Platform (DMP)</b>	a platform used to gather data, organise, and share it with other marketing technology systems
<b>Digital Content</b>	information available for download or distribution on electronic media
<b>ESG</b>	environmental, social, and governance
<b>Facebook</b>	online social media and social networking service
<b>Generation Z</b>	the generation of people born between 1997 and 2012
<b>Google BigQuery</b>	a fully-managed enterprise data warehouse
<b>Google Cloud Platform</b>	a suite of cloud computing services
<b>HD quality</b>	high-definition video
<b>Instagram</b>	a photo and video sharing social media site
<b>KPI</b>	key performance indicator
<b>LADX</b>	a high-performance advertising product which uses adaptive streaming technology
<b>M&amp;A</b>	mergers and acquisitions
<b>Millennials</b>	the generation of people born between 1981 and 1996
<b>Monetisable</b>	convertible into revenue-generating activities, services, or assets
<b>Programmatic Advertising</b>	the use of software to automate the buying and selling of digital advertising

<b>Snapchat</b>	a multimedia instant messaging app and service
<b>Social Media</b>	collective term for websites and applications that focus on communication, community-based input, interaction, content-sharing and collaboration
<b>Social Media Page</b>	a profile or webpage specific to the user or organisation that created it, used to create and share content specific to the user or organisation
<b>Streaming</b>	a method of transmitting or receiving data (especially video and audio material) over a computer network as a steady, continuous flow, allowing playback to start while the data is still being received
<b>TikTok</b>	a short-form, video-sharing app that allows users to create and share videos ranging from 15 seconds to three minutes, on any topic
<b>Twitter</b>	a microblogging and social networking service on which users post and interact with messages known as 'tweets'
<b>Virtual Reality</b>	the use of computer modelling and simulation that enables a person to interact with an artificial three-dimensional environment
<b>Youtube</b>	an online video sharing and social media platform owned by Google

## INVESTMENT SUMMARY

**The following information is derived from, and should be read in conjunction with, the whole of this Document, including, in particular, the section headed Risk Factors relating to the Group in Part III of this Document. Shareholders should read the whole of this Document and not rely on this Investment Summary section.**

LBG Media, founded in 2012, has established itself as one of the world's leading digital media and youth content publishers, utilising both in-house content and content from third parties to generate interactions with its global audience of over one billion per annum.

### Key strengths and advantages

The Directors believe that LBG Media has a number of key strengths and advantages that are important to the success of the business:

- **One of the largest youth publishers in the world accessing a coveted, but hard-to reach demographic**  
The Group reaches almost two thirds of 18 to 34 year-olds in the UK alone through a portfolio of ten core own brands, and has more than 262 million social media followers throughout the world
- **Multi-brand, multi-channel digital publisher with market leading levels of engagement**  
28 billion content views in 2020 with an engaged audience provide an international community on which new content can be readily distributed and monetised
- **Millions of daily audience interactions generate measurable and rich data to provide valuable insights to brand owners**  
Growing portfolio of long-term global brand and agency partnerships across a wide range of verticals, who are attracted not only to the Group's scale and engagement, but its ability to feedback robust insights designed around their individual marketing objectives
- **Symbiotic partnerships established between LBG Media and leading global social media platforms**  
Platforms recognise the value of the Group's engaging content to drive increased dwell time attracting branded marketing spend on which to share in the upside, while LBG Media is provided access to a global stage on which to distribute its content and build its audience
- **Positioned in sweet spot of marketing: digital advertising sector aided by significant tailwinds and structural growth drivers**  
LBG Media operates across some of the fastest growing sectors within the £346 billion global digital advertising market. Favourable industry dynamics include the growth of mobile display, video and native advertising, as well as the roll out of 5G connectivity
- **In-house production capabilities deliver fast and relevant content at low-cost**  
Ability to rapidly react to emerging social trends, with the experience and infrastructure to identify, produce, edit and distribute content within a matter of hours, significantly faster than traditional media publishers
- **Strong financial track record with diversified revenue streams, delivering robust sustainable margins and high cash conversion**  
From FY18 to FY20 the Group achieved revenue growth of c.48 per cent., averaging a three year operating cashflow conversion of c.83 per cent. across the same period. The continued growth in revenues has helped the Group grow Adjusted EBITDA margins to c.31 per cent. in HY21
- **Proven track record of M&A**  
The management team has experience in delivering value-accretive acquisitions and successful integrations, including the acquisition of its closest UK competitor, UNILAD, in 2018

- **Multi award-winning media brand and content creator**  
Recognised for producing innovative and positive content, tackling important social topics, the Group has been awarded prestigious accolades that include Media Brand of the Year 2021, as well as several individual awards for its innovative branded content campaigns
- **Organic growth strategy focussed on expanding capabilities and growing within existing geographies, supplemented by future M&A opportunities**  
Leveraging its existing global, social, and digital platforms to grow its loyal communities, the Group hopes to further expand its presence in core markets to help build scale
- **Strong social responsibility and commitment to improving awareness of wider social issues**  
The Group regularly produces engaging campaigns to promote equality, diversity, sustainability and inclusion across its community of followers
- **A proven and experienced founder-led management team**  
Led by co-founders Alexander (“Solly”) Solomou (CEO) and Arian Kalantari (COO), the Group has invested in a highly experienced Board and wider senior team to assist it in achieving its ambitious long-term growth objectives

## PART I

### INFORMATION ON THE GROUP

#### 1. Introduction

LBG Media is a multi-brand, multi-channel digital youth publisher and is a leading disrupter in the digital media and social publishing sectors. The Group produces and distributes digital content across a range of mediums including video, editorial, image, audio, and experience (virtual and augmented reality). Since its inception in 2012, the Group has curated a diverse collection of ten core specialist brands using social media platforms (primarily Facebook, Instagram, Snapchat, Twitter, Youtube and TikTok) and has built multiple websites to reach new audiences and drive engagement. Each brand is dedicated to a distinct popular interest point (e.g. sport, gaming etc.), which is designed to achieve broader engagement, increase relevance and ultimately build a loyal community of followers.

Through internally created content and content provided by third parties, including that of its audience, the Group generated 28 billion views in 2020. The Directors believe the Group's ability to efficiently evaluate and analyse data insights and trends means it has built a deep understanding of how to effectively relate to audiences and their emotions. The accumulated data from daily audience interactions provides invaluable insight that can be shared with brand owners to assist in maximising engagement, reach and designing effective marketing solutions for the hard-to-reach youth audience.

The Group principally operates from its London and Manchester offices in the United Kingdom, with smaller operations in select geographies including Australia, New Zealand, and Ireland. Digital distribution and social media are not confined by geographical borders, enabling a global, highly scalable platform for growth, allowing the Group to amass critical scale, de-risking future expansion opportunities.

Digital advertising, specifically spend via social media, has seen a marked acceleration over the last decade, corresponding with the decline of traditional media (e.g. newspapers, tabloids and television advertising). Born out of the rise in social media, specifically Facebook as one of the early social networks, LBG Media has inherently developed the agility and flexibility required to operate within the fast-moving digital environment, compared to the more traditional media outlets who require wholesale transformation to evolve with the digital age. Enabled by technology, the Group seeks to remain at the forefront of marketing by developing new, low-cost methods to interact with its audience. The market for social video advertising is forecast to grow by c.18 per cent. per annum over the coming years owing to favourable market dynamics such as the rollout of 5G. The increasingly digitally-enabled global population is expected to see a prioritisation of marketing spend to online methods and mediums.

LBG Media has grown significantly since its inception, which has been reflected in its financial performance to date. Having generated £15.3 million revenue in the year to December 2017, the Group recently recorded £23.0 million revenue in the six months ended 30 June 2021 alone. Despite being initially impacted by COVID-19 in FY20, as brand owners significantly scaled back marketing spend amid unprecedented uncertainty and cash conservation measures, the Group maintained strong margins over the full year and generated c.£5.3 million Adjusted EBITDA. Growth accelerated in the first six months of 2021 with a c.130 per cent. increase in revenue from HY20 to HY21, achieving Adjusted EBITDA margins of c.31 per cent. in HY21. The Directors believe that continued investment throughout FY20 has positioned the business to continue its strong growth into future periods and deliver sustainable margins.

As a youth publisher with significant reach and engagement, LBG Media is committed to social responsibility. The Group is focussed on providing a voice and platform to promote equality and social awareness. Through its innovative in-house production capabilities and the ability to leverage the influence of its celebrity partners, the Group won a Cannes Lions award for its campaign to promote awareness of ocean plastic waste. Additionally, in October, the Group won 'Media Brand of the Year' at the Media Week Awards 2021.

The Directors believe that admission to AIM will provide access to a source of long-term capital to strengthen the balance sheet and support the Group's continued organic growth strategy, while also enabling the Group to explore potential acquisition opportunities. Admission to AIM is expected to enable more effective incentivisation of management and employees via participation in long-term incentive plans. The Vendor Placing will also provide a partial cash realisation for existing Shareholders.

The Placing will result in the issue of 17,142,857 New Shares, raising approximately £30.0 million, which will be used to capitalise the balance sheet and provide the funds to facilitate future strategic initiatives, which may include acquisitions or entry into new international jurisdictions. In addition, the Selling Shareholders propose to sell 46,323,368 Sale Shares under the Vendor Placing. Further details of the Placing and Vendor Placing are set out in paragraph 14 of this Part I.

## **2. History and background**

The Group was co-founded in 2012 by Alexander (“Solly”) Solomou, the Chief Executive Officer, and Arian Kalantari, the Chief Operating Officer, whilst studying at university. The concept behind LBG Media was formed after the founders identified an opportunity that Facebook, a then relatively new social media platform, could provide a low cost route to market to distribute content and engage with a hard-to-reach youth audience.

The rise of social media and the progressive increases in accessibility (e.g. greater smart phone adoption, specifically the growth in popularity of the Apple iPhone) marked the start of a fundamental shift away from traditional media and towards digital and mobile formats. LBG Media was founded with the purpose of being a digital only media and content creator without the legacy ‘traditional media’ systems.

The Group’s first social media page, in 2012, was one of the first third-party media outlets to publish open and publicly viewable content on Facebook, with previous interactions on the platform being predominantly amongst closed social groups. LBG Media also launched its first website ([www.ladbible.com](http://www.ladbible.com)) in 2012. Today, the Group has over 262 million social media followers worldwide (including in markets it is not actively targeting), operates six websites and several social media pages across multiple platforms. The websites are:

- LADbible Group ([www.ladbiblegroup.com](http://www.ladbiblegroup.com)) – Group information, service offering, and case studies
- LADbible ([www.ladbible.com](http://www.ladbible.com)) – News site and viral content
- UNILAD ([www.UNILAD.co.uk](http://www.UNILAD.co.uk)) – Youth platform for breaking news and relatable viral content. This includes separate sections covering technology, adventure, and sound
- GAMINGbible ([www.gamingbible.co.uk](http://www.gamingbible.co.uk)) – Gaming website covering the latest releases, news, emerging trends, opinions, and hardware
- SPORTbible ([www.sportbible.com](http://www.sportbible.com)) – Sports news website
- Tyla ([www.tyla.com](http://www.tyla.com)) – Female targeted news

By 2015, the growth of digital media meant marketing spend on it had overtaken that of the traditional media. LBG Media capitalised on this having very effectively positioned itself within the social media niche to build first mover advantage, leveraging increasing digital budgets. By this stage, social media platforms had recognised the value of content creators like LBG Media. To increase engagement and dwell time, they partnered with the Group to encourage content through means of revenue share models on adverts displayed on LBG Media’s content. By 2015, the Group had aggregated 12 billion content views and had developed a loyal following of c.34 million across its platforms and websites.

In 2016, LBG Media launched its in-house branded content arm, Joyride. Joyride was established to create a means of interacting directly with brands and their marketing agencies, rather than indirectly through social media platforms. The Directors recognised the value of the data insights from its cumulative interactions with its active youth audience. These interactions provide the Group with a powerful means from which to analyse and interpret customer sentiment, in order to design bespoke content solutions on behalf of brand owners and agencies. LBG Media invested significantly in its branded content solutions team over the subsequent years, appointing Colin Gottlieb, formerly CEO of Omnicom Media Group for the EMEA region and co-founder of the leading UK media agency, Manning Gottlieb OMD, as Chief Growth Officer to strengthen the Group’s commercial offering.

In 2018, the Group was presented with the opportunity to purchase the trade and assets of its closest UK competitor, UNILAD, out of administration. Like LBG Media, UNILAD produced and distributed digital content on social media through a range of different mediums. The acquisition further enhanced the Group’s reach, increasing the total social media following by over 60 million and growing the Group’s social media

following across the world, particularly in the United States. The acquisition also brought with it several new, high profile clients, including the Army and KFC, with which the Group remains actively engaged today.

Following the acquisition of UNILAD, the Group expanded internationally, incorporating LADbible Australia in December 2018, LADbible Ireland in July 2019, and LADbible New Zealand in March 2021. Expansion into these territories was enabled by the Group’s pre-existing digital presence and social media following. The primary purpose of the Group’s physical presence in these territories is to enable the cultivation of relationships with brand owners and agencies and to gain a deeper knowledge of local market dynamics, with the aim of growing the Group’s bespoke marketing offering.

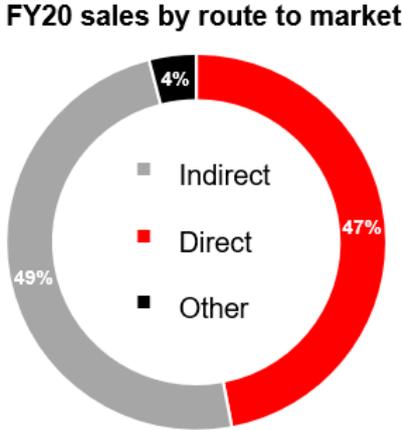
In 2020, the Group strengthened its executive Board with the appointment of Tim Croston as Chief Financial Officer to assist the Company in its preparation for Admission. Tim has over 30 years’ experience in finance across both the UK and US and was formerly the CFO and Head of Investor Relations of AIM-quoted Nichols Plc for a period of 10 years.

**3. Business overview**

As a leading ‘fast media’ digital publisher and distributor of online content, LBG Media both creates and distributes content through a range of mediums to drive interactions with its audience. LBG Media has significant reach amongst the harder-to-reach younger generations (the “Millennials” and “Generation Z”), who brand owners seek to reach and influence. Almost two thirds of all 18 to 34 year-olds in the UK currently view the Group’s digital content. The captive younger audience, combined with the global 28 billion content views achieved in 2020, have positioned LBG Media as a key route for brand owners and marketing agencies to interact with the end-consumer.

**3.1 Routes to market**

The Group provides its customers (brand owners and agencies) with several ways to access its global audience. These can be simplified into two core routes to market: ‘Direct Revenue’ and ‘Indirect Revenue’. Additional non-core revenue is recognised within ‘Other’.



Source: Management information  
Note: Split of sales by revenue for FY20 (audited)

- **Direct Revenue:** where revenue is generated from the provision of content marketing services to corporates, brand owners, marketing agencies and other entities such as government bodies. The relationship with the client is held directly by LBG Media. The Group’s in-house 170+ strong creative team designs and produces bespoke branded content and commercial marketing solutions, with the resulting marketing campaigns then distributed across the Group’s social media and website platforms. The Group collects real time feedback and data insights for its partners.

Direct Revenue can also include some revenue from direct display advertising, where brand owners’ pre-existing content (not created by LBG Media) can be displayed across the Group’s websites, for an agreed fee.

*Example of a Direct Revenue campaign:*

1. LBG Media receives a brief from a brand-owner / agency which details the specific marketing goal to be addressed (ranging across the full marketing funnel from raising brand awareness, to driving activation)
  2. Research is undertaken by LBG Media, which can often include conducting polls and gathering insights from the Group's audience to understand latest brand sentiment
  3. Creative ideas are developed to address the marketing goal, which may include challenging audience preconceptions identified from research
  4. Client reviews and approves the creative concept, awarding and entering a contract with the Group for defined deliverables over a specified period of time
  5. Content is produced by LBG Media's creative and production team, with budgets controlled and managed by the Group in reference to a predetermined client spend, including sourcing talent, location, as well as wider production and editing costs
  6. Client reviews and approves content
  7. LBG Media's activation team distributes the content to its global audience across chosen platforms and LBG Media brands specific to the client's targeted audience
  8. Post Campaign Analysis (PCA) is undertaken to measure campaign success based on a number of KPIs defined at the outset of the engagement. Typical KPIs include content views, impressions and sentiment analysis
- **Indirect Revenue:** where revenue is generated via a third-party, such as a social media platform (e.g. Facebook, Snapchat, YouTube) through social videos or via a programmatic advertising exchange / online marketplace, which holds the relationship with the brand owner or agency.

The revenue generated from social media platforms is derived from brand owners spending directly with platforms such as Facebook, which then provide advertising space for content. The creative content, such as videos uploaded by LBG Media to the social platforms, provides the necessary advertising space and digital impressions (i.e. views) to promote the brand owner's adverts. Social media platforms encourage brand safe engaging content from trusted publishers, like LBG Media, to increase user dwell time, and the Group's typical 55/45 (in the Group's favour) revenue share with the platforms reflects its ability to achieve this.

*Example of a Facebook Indirect Revenue campaign:*

1. Brand owner / agency approaches Facebook with a pre-produced advertisement and specific target demographics (i.e. age, gender, geographical location) they want to reach
2. Facebook algorithms match the target demographics with appropriate content currently reaching the desired audience, that is being published across its platform
3. The advertisement is inserted within the matched content (e.g. video in-play advertisement)
4. Revenue generated by Facebook in respect of the placed advertisement is shared via a revenue share model, typically 55/45, with the creator of the content in which the advertisement was inserted alongside

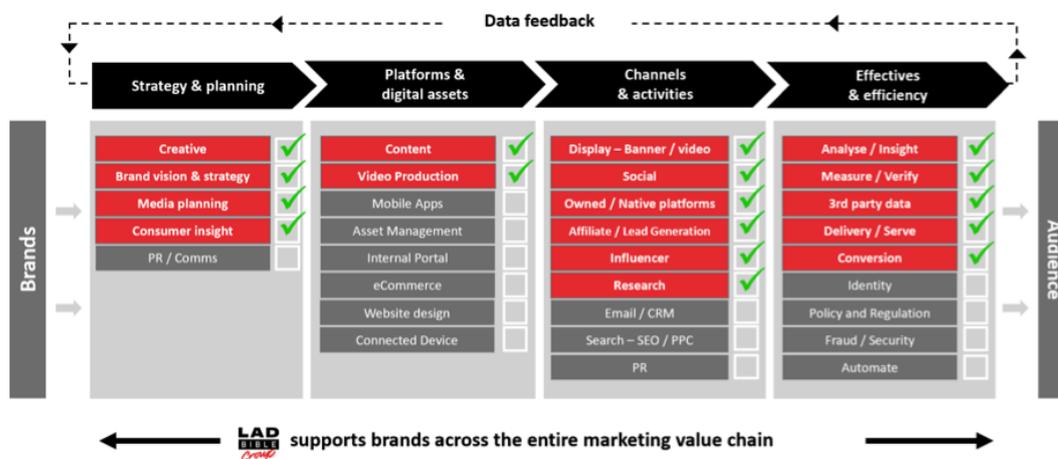
The programmatic advertising exchanges offer a low cost means of revenue generation for the Group, with the Group uploading its inventory of advertising space from its websites and editorial articles (e.g. web banners), which is then automatically matched with advertisers bidding for exposure through an open marketplace.

- **Other:** Non-core revenue to the Group. This includes ad hoc licensing arrangements for third-party websites to use the content owned by the Group, programming and consultation work.

By providing two core routes to market, the Group's objective is to connect brand owners and other partners with its hard-to-reach audience in the most effective way. LBG Media provides services across the various stages of the marketing value chain: from designing the strategy directly with the brand owners; to producing digital content via its in-house production team; and distributing content through its channels (e.g. social media, websites). The billions of interactions the Group continuously generates from its digital content enables it to accurately assess, measure, and conduct real-time analysis as to the effectiveness of content, fuelling a bank of knowledge as to what makes content effective. These

valuable data insights can then be fed back to brand owners to support the creative design of future marketing campaigns. The data can also be used by LBG Media to produce and distribute content that it can be confident will generate interest with its audience.

The below diagram summarises the capabilities of the Group and its ability to support brand owners and other partners in connecting with audiences, across each stage of the marketing value chain.

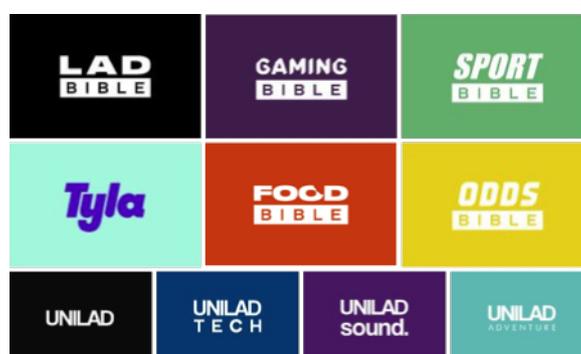


Source: Management information

### 3.2 Own brand portfolio

Since incorporation, the Group has curated ten core specialist brands, with the aim of building a diverse community by providing relevant, entertaining, and engaging content specific to popular topics of interest. LBG Media’s portfolio of own brands includes interests such as sports, gaming, music, technology, and travel. Through segregation of brands and the content delivered through each, the Group can achieve broader engagement within the global population and importantly deliver more relevant content to users, increasing brand loyalty. The diversification of LBG Media’s portfolio brands also enables the Group to provide brand owners, such as sports clothing providers or gaming companies, with specific channels from which to most effectively advertise to their target audience (e.g. through SPORTbible and UNILAD).

The acquisition of UNILAD enabled the Group to expand its brand portfolio with the addition of four established brands, bringing with it a total follower base of over 60 million. The acquired brands addressed specific sector niches that LBG Media did not previously serve, including travel, music and technology (UNILAD, UNILAD tech, UNILAD sound, and UNILAD adventure). It also provided the Group with access to a large audience of followers in the United States.



Source: Management information

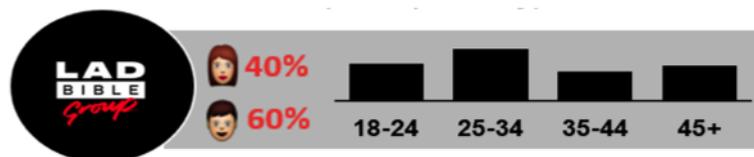
### 3.3 Audience

From the point of incorporation, the Group has been structured and designed to deliver fast and relevant video and editorial content, predominantly through social media platforms, to engage with its hard-to-reach younger audience. By targeting the younger generation, often referred to as ‘Generation Z’

and 'Millennials', the Group has built significant scale and is now positioned as one of the largest youth publishers in the world. In the UK alone, the Group reaches almost two thirds of 18 to 34 year-olds.

The 18 to 34 year-old demographic is often viewed as the most coveted for advertisers and brand-owners, with studies showing higher average spending power amongst this segment of the population. Having grown up in a digital era, the Generation Z population (those born between 1996 and 2012) have been proven to be more receptive to online advertisements. For brand owners, the opportunity to connect with younger generations also enables them to build long-term valuable relationships to deliver repeat or recurring revenues.

Through expansion of the brand portfolio, LBG Media has built a highly diverse audience, split between both female (40 per cent.) and male (60 per cent.). The Group's overall audience demographic is split as below:

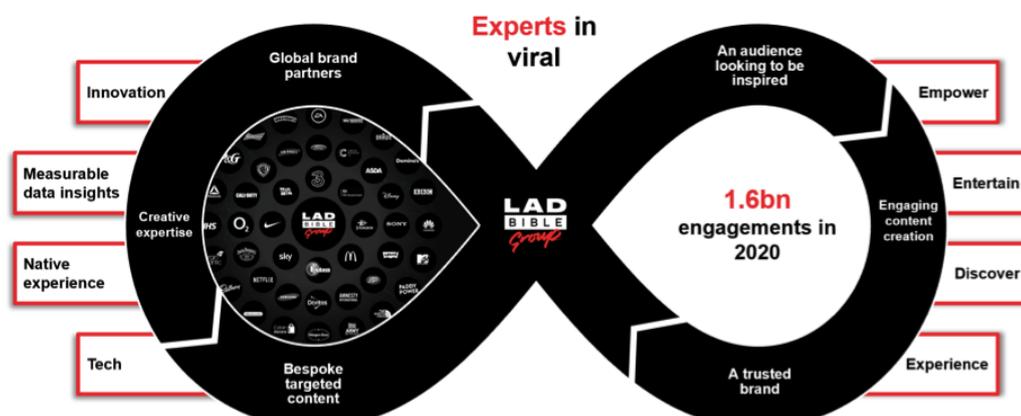


Source: Management information

As a leading youth publisher, the Directors place social responsibility at the core of the business. This includes maintaining tight controls over safe content distribution, safeguarding and promoting strong values of inclusion and diversity amongst its followers. The Group regularly undertakes social awareness programmes and produces educational content; a summary of some recent examples are contained in paragraph 5 of this Part I.

### 3.4 Viral loop

The Group's business model is designed such that successful engagement levels breed further future success by means of a self-perpetuating loop:



Source: Google Analytics, Facebook Analytics, CrowdTangle, Snapchat Analytics, Twitter Analytics, YouTube Analytics, TikTok Analytics, Google Ads Manager, Management information

Through the design and delivery of engaging content, in forms that can be readily absorbed and enjoyed by its audience, LBG Media has built significant scale and engagement. The volume of engagement has in turn attracted brand-owners to partner with the Group in seeking to access its active community, to either raise brand awareness or directly encourage brand purchases. Using measurable data insights and years of experience, LBG Media can use its creative expertise to deliver innovative, bespoke content for brand-owners and partners (e.g. native video advertisements) which will then be distributed to LBG Media's audience, increasing engagements and new content to drive brand loyalty.

### 3.5 Multi-channel monetisation

LBG Media has built an effective model to monetise the relationship it has with its audience. Within its two core revenue channels, Direct and Indirect, the Group provides several means to access its global

audience. This revenue model provides diversification, with income sourced from a range of blue-chip brands, government agencies, social platforms, and SMEs.

### 3.5.1 Direct Revenue

#### (a) Branded content

Branded content sales relate to the in house development and promotion of bespoke content on behalf of brand-owners and partners to generate awareness and encourage demand for the products or services. The relationship with the end client will typically be held via a marketing agency, albeit the Group does deal directly with several clients. Given LBG Media’s experience in producing fast and relevant digital content, it collaborates with some of the largest media agencies, including, amongst others, WPP, Group M, Omnicom, Publicis and Dentsu Aegis.

LBG Media’s branded content offering is delivered by the Group’s in-house creative team, Joyride. Joyride helps brands and other partners navigate the competitive digital content space by tapping into LBG Media’s huge community of over 250 million followers across the Group’s social channels. This community gives the Group unfiltered insights into what content best connects with the younger generation, while providing access to a significant content distribution platform. The bespoke content produced is designed to find relatable ways to make young people listen and engage.

Contracts are typically negotiated and agreed between a few months and a year in advance of the campaign, providing a level of forward revenue visibility for the Group. Some contracts can include additional revenue uplift factors determined by the success (i.e. number of impressions or interactions) of the content being distributed. Although contracts do not typically go beyond a year, the Group’s long-term relationships with many of its clients have ensured strong client retention, reflected by 68 per cent. of all brand-owners contracted in FY20, spending with the Company in FY21. Not all brand partners commit to annual digital content production budgets but may engage the Group in subsequent periods.

The Group aims to keep third-party costs to between 20 per cent. and 40 per cent. of its branded content contracts. Budgets are managed by the production team in reference to a predetermined client spend, with talent, location, production and editing managed within this context.

The Group’s pipeline is managed by a client solutions team of c.30 people who have direct relationships with leading advertising agencies, and smaller independent agencies. Relationships with larger recurring clients are also managed directly by this team. Although the Group is sector agnostic, the Directors have identified ten key verticals (the “LAD10”) to target, which enable the Group to appropriate key insights and data to share with future partners. Examples of some recent high-profile partners delivered in each of the key verticals are presented below.



Source: Management information

(b) Direct display

Direct display revenue relates to the sale of advertising on the Group's own websites. The adverts displayed (banner ads, pre-roll videos etc.) are the clients' own adverts (i.e. the Group does not create this content). As with branded content, the Group typically holds the relationship with these clients or their agencies directly.

Branded content sales are often accompanied by an element of direct display as part of a consolidated service offering, as direct display typically focusses on driving sales of a product whereas branded content is generally linked to raising awareness. Revenue is recognised at the point the advert goes live and is negotiated on an individual customer basis.

The Group has a range of advert formats which are shown below:

- (i) Standard formats are available on both mobile and desktop and include adverts that appear either (i) within the content of an article or (ii) banner adverts that are displayed across the top or bottom of a page.
- (ii) Rich formats are available on mobile and include social amplification adverts that take the form of posts on the relevant social network, allowing users to interact with ads as they would a social post. Inter-scroller adverts are revealed as a user scrolls through social content.
- (iii) Video formats are available on mobile and desktop and include pre-roll video advertising that plays before a selected piece of content and outstream adverts that auto play within the content of an article.

In September 2020, the Group launched LADX, an optimisation tool that enables the streaming of video-based advertising formats, which would otherwise be in static format (i.e. a banner ad, to be delivered as a video without streaming lags). This adaptive streaming technology provides the capability to deliver ads 25 times quicker and in HD quality.

### 3.5.2 Indirect

(a) Social video

Social video relates to the publication of video content across social media platforms. The videos include those produced in-house at the Group's studios, or alternatively those sourced through third-party suppliers or via the Group's audience. Content acquisition costs in FY20 totalled c.16 per cent. of the total revenue derived from social video.

Before a video is uploaded to a social media platform, the Group edits and packages each content which may include adding subtitles, music and the Group's branding in a process that takes approximately half a day per video. This process optimises the video for maximum content views and for effective monetisation.

Published content is sourced from the three main sources outlined in the table below:

<i>Source</i>	<i>Description</i>
<b>In-house</b>	<p>Low-cost content produced within the LBG Media studios. This will include popular original content series such as the GAP – based on short form episodes addressing conflicting views on relevant or topical matters.</p> <p>This will also include video content containing well known celebrities, who approach the Group to build their personal brands or promote any upcoming movies / performances / sporting events with the Group's audience. No payments are made to celebrities to feature within content.</p>
<b>Audience submissions</b>	<p>The Group currently runs a scheme whereby followers can submit videos to the content team who will review and pay a moderate fee (c.£100) for the full rights and ownership of the video, if deemed appropriate.</p>

All content is reviewed and edited to ensure it is safe for wider distribution across social media. LBG Media estimates that it receives over 1,000 audience videos submitted per week by its audience.

**Content partners/  
Third-party providers**

The Group currently holds a number of monthly retainers with select video sourcing platforms who amalgamate video libraries and onward sell access to their content for wider distribution (on an unlimited basis), as well as amounts paid on an individual content piece basis to third-party providers.

Revenue is recognised each time a monetisable view of a video is registered on a social platform, on which an advert has been overlaid before or during the video. In order to register a monetisable view and participate in the revenue share, each video must be of a minimum duration and the length of time viewed by a user must meet defined criteria. These terms are specific to each platform. The respective social media platform manages the relationship with the brand-owner but will accrue LBG Media's proportion of the marketing revenue under a revenue share model, becoming payable at end of the following month.

The Group derives substantial social video revenue from the in-video advertising functionality within Facebook, and has seen a significant increase from £0.9 million in FY18 to £4.2 million in FY19 and £7.2 million in FY20 (183 per cent. on a 2-year CAGR). LBG Media's 55/45 revenue share agreement with Facebook demonstrates the importance of the Group's content creation in driving dwell time on social media platforms.

The Group has accumulated over 100 million active followers on other social platforms where in-video advertising has not been fully enabled (for example on leading global platforms such as Instagram and TikTok). The Directors believe that this functionality will be enabled across all social platforms in the future, with some platforms currently in the trial phases before wider rollout. This could provide a significant opportunity for LBG Media to leverage its existing audience and video content which is already being optimised and distributed across other social platforms, but without the benefit of advertising income on some platforms. The size of the opportunity for the Group is demonstrated by LBG Media being the single largest content publisher on TikTok as at the date of this Document. In July 2021, the Group was invited, as one of a select few digital content producers globally, to participate in the alpha testing phase of Instagram's video monetisation.

(b) Web programmatic

Web programmatic relates to the sale of advertising space (primarily banner advertising) on the Group's websites through an open marketplace. The Group sets a floor price, which is reviewed on a weekly basis and optimised depending on the publication it features, the advert placement and region. The available space is then subsequently sold through an auction process via several automated ad exchanges, including AdX Google, Rubicon, AppNexus, and PubMatic. Under these models, advertisers typically pay a set price per 1,000 views of their advert (known as CPM). Bidders (brand owners) do not have sight over the space they are bidding for, only the audience size and demographics. Similarly, LBG Media does not have visibility over what brand is advertised, with the intermediaries responsible for advertising content meeting regulatory requirements, albeit LBG Media does have the oversight and control to ensure content is appropriate for its audience.

The programmatic offering allows smaller enterprises, as well as large multi-nationals, to access LBG Media's large and notoriously hard-to-reach audience to gain brand visibility and drive positive outcomes.

3.5.3 Other

Other revenue primarily relates to licensing of content to third parties and contributes c.4 per cent. of total revenues. The Directors believe that this revenue stream will continue to be a small part of the overall business.

**4. Content creation, production and optimisation**

**4.1 Content creation**

LBG Media distributes content from a variety of sources. One of the key advantages of the Group is its capability to produce original content, which can be tailored specifically for its clients (Branded content) or used to promote emotion-provoking fast and relevant content based on trends and insights.

The Group currently has a team of c.170 in-house content creators dedicated to creating and refining engaging content to achieve the greatest possible impact with its target audience. While the content creators edit and optimise existing or user submitted content, the Group also has a production team focussed on delivering engaging original video series. Examples include:

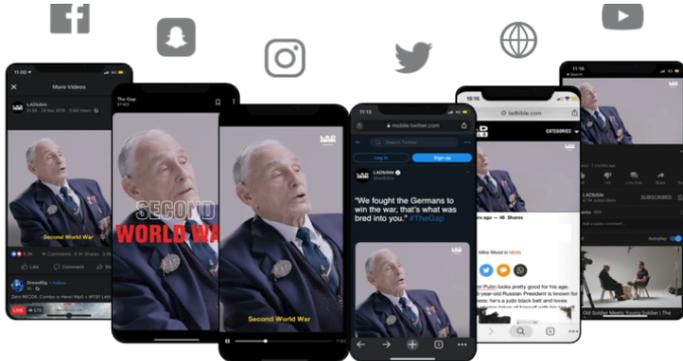
- ‘The GAP’: a series designed to provide thought-provoking content, based on conversations around taboo subjects, such as depression and personality disorders;
- ‘Agree to Disagree’: a series filming face-to-face interactions between people who share opposite views on particular topics such as football or political beliefs; and
- ‘Minutes with’: a series of intimate interviews with both celebrities and people with interesting backgrounds.

The Group has a production studio in London where the majority of its original content is designed and produced. The nature of the Group’s agile operations allows it to react quickly to emerging trends and for video content to be created, edited, and published in as little as half a day.

**4.2 Distribution and social platforms**

Both in-house content and third-party content is optimised for delivery across social platforms. The Group typically distributes an average of 30 videos each day and the Directors see an opportunity to increase this number with continued investment in high-quality people.

The ability to repurpose videos and digital content enables the Group to effectively leverage content to deliver additional revenue at minimal marginal cost, while ensuring the maximum impact on each platform. LBG Media has direct relationships with all major social media platforms including, Facebook, Snapchat, Instagram, TikTok, Twitter, and YouTube.



**4.3 Analysis**

The ability to publish content across the breadth of social media platforms provides the Group with valuable data insights and significant live data on current trends and topics, which it is able to utilise in shaping new concepts for content delivery. Each social media view, comment, ‘like’ or emotive response to its content provides the Group with real-time monitoring of each content’s success. Enabled by real-time data and the Group’s agile production capabilities, LBG Media is able to pilot new content so it can invest in engaging concepts and quickly move on from that which does not resonate, thereby de-risking its creative process.

LBG Media’s content accumulated 116 million annual comments in 2020, with c.658 million individuals being reached. To collate its data, the Group uses two core integrated technology platforms, Google BigQuery and a bespoke sentiment analysis tool. Each platform enables the collation of data and generates proprietary custom analytics, covering social media platforms, programmatic exchanges, salesforce data and the Group’s websites.

Further detail of the Group's information technology infrastructure is outlined in paragraph 8 of this section.

## 5. Social responsibility

The Directors recognise the importance of being an environmentally and socially responsible business. As a leading social youth publisher, the Group is aware that it has a powerful global platform to push socially responsible agendas, represent its audience, and enable those that do not have equal opportunities to have their voices heard. The Group's mission statement, 'to give the youth generation a voice by building communities that laugh, think and act', echoes this intention.

In July 2020, the Group launched its diversity and inclusion strategy. The strategy states that LBG Media is committed to building a diverse and inclusive workforce in an environment where everyone feels comfortable to be themselves. This accelerates the Group's commitment to ensuring that all young people are given a voice. The Group aims to achieve this by reaching out to its audience to understand concerns, promoting wider conversations and investing in this area to ensure they can help instil lasting change.

Leveraging its global reach, LBG Media has run several social awareness campaigns to address key social issues, raise awareness within communities and governments, and educate its audience. Some selected examples are shown below.



**Trash Isles** – a major social responsibility campaign, in partnership with The Plastic Ocean Foundation, which was designed with the aim of empowering young people in lobbying the United Nations to acknowledge the rising levels of plastic waste in the oceans. The campaign served to raise wider awareness amongst LBG Media's audience by uncovering facts about the impact of plastic on the environmental ecosystem. LBG Media's novel campaign involved registering a floating mass of plastic waste, approximately the size of France (in the North Pacific Ocean) as an official country, on the premise that the wider UN members would be obliged to clean it up. The campaign involved registering leadership and figureheads, which included several celebrity partners including Judie Dench, Al Gore, Dwayne 'The Rock' Johnson, and Sir David Attenborough.

Within the first 60 days, the campaign reached over 250 million people globally. Following the initial awareness raised, LBG Media recommended people to take action by encouraging the general public to 'become a citizen' and, in doing so, make a pledge to reduce their consumption of single-use plastic. Over 100 thousand people signed up to become citizens within the first week, making 'Trash Isles' larger than 25 UN-recognised countries by population.

The Group was awarded with two highly regarded Grand Prix awards at the 2018 Cannes Lions' annual festival of creativity.



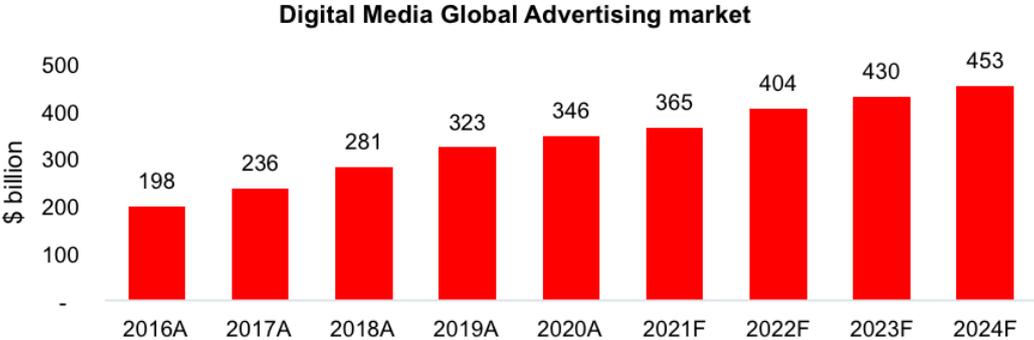
**U OK M8?** – a campaign to drive conversation and understanding around mental health amongst young people. The objectives of the campaign were: (i) inform and change attitudes around mental health conditions; (ii) educate and simplify mental health conditions to help people to understand and empathise; and (iii) shift attitudes and remove misconceptions around specific mental health conditions.

The campaign has been delivered over a number of years, continuing into 2021, culminating in over 44 million people reached. Across each period, LBG Media has produced original content, shared real stories around mental health on its dedicated UOKM8? hub on ladbible.com and collaborated with boohooMAN on exclusive UOKM8? apparel, donating all profits to the charity MIND, which is focussed on providing support for mental health issues.

**6. Market Overview**

**6.1 Digital media market**

The Group operates within the wider global advertising market, which was valued at c.\$578 billion in 2020. This market includes traditional print advertising (magazines, billboards etc.). Within the wider advertising market, the digital media market was valued at \$346 billion in 2020 and has grown at a CAGR of 20.1 per cent. from 2012 to 2020. Although growth softened to 8.2 per cent. in 2020, against a wider 5.8 per cent. decline in the global advertising market, due to retracted advertising budgets during the impact of COVID, this represented an increase in overall market share for digital media. Accelerated digital transformation during the pandemic and growing e-commerce activity all contribute towards the trend of increased marketing spend being directed to digital channels.

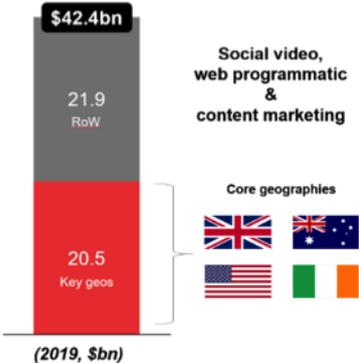


Source: Commissioned third-party reports

The global digital media market is forecast to grow at 8.2 per cent. CAGR from 2020 to 2024. However, within this market LBG Media operates within some of the fastest growing segments, which include social video (20 per cent. CAGR, 2020 – 2023), web programmatic (11 per cent. CAGR, 2020 – 2023) and content marketing (15 per cent. CAGR, 2020 – 2024). The Directors believe that the Group is appropriately positioned to benefit from and be a key force in driving the growth in its respective markets.

Within the global market, the Group has identified four core geographies of focus, being the United Kingdom, Australia, Ireland and the United States, albeit no presence or cost has been committed to forming operations in the United States. The addressable market for the Group within these geographies was estimated at c.\$20.5 billion in 2019, with a further \$21.9 billion available in countries outside the core geographies, but available through the Group’s multi-channel global distribution.

**LBG Media’s addressable market**



Source: Management information and commissioned third-party reports

## 6.2 **Market dynamics and sector trends**

Within LBG Media's markets, there have been a number of favourable dynamics and tailwinds that have impacted the Group's market landscape and will continue to shape the future of the digital media market. These dynamics include:

### (a) *Growth in mobile display advertising*

The growth in mobile display advertising can be partly attributed to growing smartphone penetration, with both greater ownership of devices and increases in the daily time spent on them. US statistics have shown that the average time spent on a smartphone per day since 2009 has increased at a CAGR of 25 per cent., with studies showing an average of 186 minutes per day in 2020. On the assumption of eight hours sleep, this would represent almost 20 per cent. of an individual's day spent on the device, providing a key opportunity to engage with its audience. The UK average was recently estimated at 148 minutes per day.

Smartphones provide individuals with 'on-the-go' accessibility to social media applications and engaging content at the press of a button. As such, brand owners have increasingly recognised the importance of this advertising stream as reflected by 56 per cent. of total digital advertising spend in the UK now being spent on smartphones.

Globally, smartphone penetration is estimated at around 45 per cent., with significant opportunities for growth in emerging markets, like India. The Group has amassed a following in India with no specific targeting undertaken.

### (b) *Growth in video advertising formats*

Video advertising formats represent the fastest growing and most popular advertising formats within the display advertising space, representing c.46 per cent. of the £6.2 billion UK display advertising spend in 2019, an increase of 34 per cent. from the prior year. Video formats are considered to provide a more engaging experience for users than standard display (i.e. banners) and sponsored content, with a high proportion of viewers retaining brand messaging when consumed via video.

Statistics have shown that 78 per cent. of people watch videos online each week and 55 per cent. of those watch every day. This level of reach and engagement has been critical to businesses shaping their advertising budgets, with 81 per cent. of businesses using video in their marketing strategies in 2020, an increase of 63 per cent. on the prior year.

LBG Media's focus on high quality video production and the ability to readily distribute through social media platforms, has enabled the Group to capture the upside from this continued trend. With consumers demanding more videos and the rollout of 5G, this is expected to only encourage future demand for video content.

### (c) *Roll out of 5G connectivity*

The adoption of fifth generation cellular wireless (5G) technology is expected to revolutionise the advertising creative space. It will improve users' experiences by improving load times on streaming content, with very low latency and download speeds c.10x faster than 4G.

The higher download speeds will enable higher quality content to be distributed, including high resolution videos (e.g. 4K), as well as new innovative and immersive advertising forms such as augmented reality and interactive adverts. The Directors expect this to be a key driver for future engagement and to open up new revenue opportunities for the Group, enabling more granular real-time analytics to assist in personalising future advertising campaigns and their messaging. An example being improved precision on location data, which can enable more effective geo-targeting for brand-owners.

The current 5G adoption levels across Western Europe and North America are less than 5 per cent., but are expected to significantly accelerate, rising to more than 70 per cent. by 2026.

(d) *Growth of native advertising*

Native adverts are designed to blend the promotional advert with the content associated with the platform or website it is featured on. Native adverts are a less intrusive and softer-sell advertising approach compared to a more obvious banner or pop-up advertisement or promotion. Rather than a brand advert being played before or after a video, the product will instead be featured within the video content itself, which is believed to increase the authenticity and be more immersive to the user. Examples of this include the video content mentioning a brand, or in-video branding/graphics.

Native advertising has been growing as a trend due to higher reported engagement amongst viewers and click through rates. LBG Media has years of experience of producing native ad content. In Europe, the UK is expected to be the largest native advertising market, with expected growth from \$5.81 billion in 2020 to \$27.42 billion by 2025.

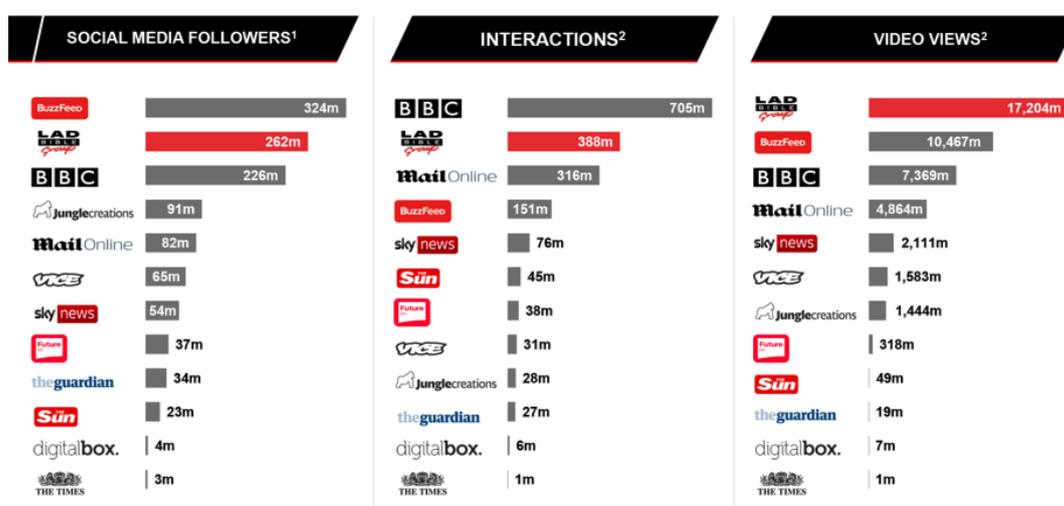
### 6.3 **Competitive landscape**

The UK digital media market is highly fragmented. The traditional media outlets now typically operate a hybrid model (e.g. Daily Mail / Mail Online, The Guardian and The Sun etc.), having transitioned at least part of their businesses online to compete with the pure play digital media companies like LBG Media. The diverse, fragmented market allows for media outlets to each have different addressable markets.

In the main, the Group is competing for user engagement with other online youth publishers like BuzzFeed and Vice, but also with the news websites who challenge for their market share of advertising revenue. By demonstrating the scale of its growing audience, frequent engagement and the younger demographic, LBG Media expects to be able to continue to disrupt the market and attract more brand-owners to spend their advertising budgets with the Group. Moreover, the effectiveness of video advertising and native display adverts, both of which the Directors considers LBG Media to be a specialist in, provide a key opportunity to capture a larger market share within what is a high growth market.

As one of the early adopters of online video publication, the Group is now a leading disrupter in the digital media and social publishing sector with over 28 billion content views per annum across its websites and social media platforms.

The below tables illustrate the scale of the audience, the level of engagement and video views within the six months to 30 June 2021 compared to selected competitors in the digital media space. While BuzzFeed has a larger social media base, it was founded in 2006, six years before LBG Media. Similarly, although the BBC provides a comparison to the level of daily interactions, it is not a direct competitor, being prohibited from commercial advertising. For advertisers, the leading interactions and video views amongst its comparable peers provide an indication to the level of visibility that could be obtained.



Source: management information & crowdtable

1: As at June 2021

2: Six months to June 2021,

## 7. Operations

### 7.1 Management structure

The Executive Board, comprising of Solly Solomou, Arian Kalantari, and Tim Croston, forms the majority of the Operational Board, which, as well as the three members of the Executive Board, also includes Colin Gottlieb (Chief Growth Officer). The Executive and Operational boards are supported by a wider 15 person senior management team, across functions such as IT, finance and legal counsel.

To both facilitate the high growth achieved to date and to help professionalise the structure of the business for future growth and an AIM listing, the Group has invested in senior management personnel across the business. Senior management help to manage the growing customer base (both in volume and value), as well as head the international divisions and provide the strength in depth in their respective areas. The wider leadership team have, between them, decades of experience in the digital marketing industry.

As of 22 November 2021, the Group had 436 employees, split across six locations:

<b>Location</b>	<b>Date opened</b>	<b>Functions</b>	<b>Employees as at 22 November 2021</b>
London, UK	January 2016	Board functions, Client solutions, marketing, Joyride, programmatic, HR, talent, legal	232
Manchester, UK	July 2013	Technology, finance, content, HR, talent	161
Sydney, Australia	December 2018	Content / commercial	31
Dublin, Ireland	July 2019	Content / commercial	7
Melbourne, Australia	February 2021	Content / commercial	4
Auckland, New Zealand	March 2021	Content / commercial	1

Source: Management information

Note: The headcount split between Manchester and London represents an estimate based on the key functions located in each office

The Group has established centralised functions for finance, technology, legal and HR in order to retain greater control of all decision making at head office and reduce administrative costs from deploying additional departments and hiring specialists. The Group does however contract third-party support in the local jurisdictions where required, including legal advice on matters of local law.

### 7.2 Operating model

The Group's model is asset light and highly scalable, with the largest cost in the business being employees. In FY20, employee costs totalled c.49 per cent. of revenue, an increase on FY19, due to COVID-19 suppressed revenue and due to a Board decision to invest in headcount by increasing the number of content creators as well as the senior management team.

In the Group's existing locations, the additional personnel costs to deliver revenue growth are considered marginal when compared with the Group being able to deliver strong c.31 per cent. EBITDA margins in the six months to 30 June 2021.

The direct revenue side of the business typically provides the business with revenue visibility on average for a period of up to six months ahead as contract negotiations are usually negotiated between a few months and a year in advance. This helps the business to accurately predict when additional staff resource will be required. The Group typically sees a seasonal element to marketing spend, with historically c.60 per cent. of the revenue being recognised in the latter six months of the year, amid brands looking for exposure prior to Black Friday sales and Christmas. Should the Group require short term support in these peak periods to deliver revenue, it draws upon a number of approved contractors. However, it remains the Directors' intention to hire employees on a permanent basis where possible.

## 8. Information Technology

As a digitally enabled business, IT capability is of key importance to the Group. LBG Media has invested internally across both personnel and infrastructure, while also enlisting the services of various third-party suppliers to deliver improvements in both productivity and outputs, and assess the effectiveness of the systems.

Technology costs are the largest overhead cost for the business, representing £1.7 million for the year to December 2020, which was broadly consistent with the previous year (FY19: £1.6 million). This includes the cost of data tools and hosting, which have increased historically as more social platforms and data needs to be analysed. The Group has, however, invested in proprietary technologies and engaged software providers to identify cost effective ways to analyse data.

### 8.1 **Operations**

The Group has an IT team of c.20 employees, whose roles are split between the operational internal IT team, which supports the wider employee and contractor base, alongside a defined team which is assigned with the development of user-facing applications, including the maintenance of the Group's six websites and mobile applications.

The Group capitalises the costs associated with development projects, which include the time cost of the in-house developers, to the degree that the projects are expected to deliver future value. In FY20, the Group capitalised costs associated with operational updates to the mobile app and new features on the website (e.g. infinite scrolling). The total capitalised cost for the period was £0.4 million.

### 8.2 **Infrastructure**

LBG Media has made the strategic decision to host all applications and data storage off-premises, in the Cloud. This provides the Group with the ability to readily expand into new jurisdictions without significant hardware costs and has enabled the wider employee base to remain effective while working from home during government imposed COVID restrictions.

LBG Media has standardised its technology infrastructure using both Cloud-based platforms as a service (PaaS) and Software as a Service (SaaS), which provide the Group with a level of functionality, security, scalability and resilience that it could not achieve without considerable investment.

The Directors believe that the IT infrastructure is well invested and they do not expect the Group to incur any significant costs in the short to medium term. The IT infrastructure, including the provision of hosting and networking, the architecture of applications developed in-house and the selection of accredited third-party application suppliers, has been specifically designed to avoid single points of failure and to flex future capacity with growth. The Group uses Google Cloud Platform (GCP) and Amazon Web Services (AWS), which respectively implement automatic failover to ensure continuation of service and the integrity of the data.

### 8.3 **Data management platform and sentiment analysis**

The Directors believe that a key strength of the Group has been the ability to interpret masses of data and traffic it has accumulated, and continues to accumulate, through interactions with its audience. The Group has achieved over 700 million interactions in the first six months of FY21 alone. The social media platforms not only provide the stage for distributing material, but they also provide the feedback loop through comments, 'likes', emotive responses, polls, votes and shares.

Using Google analytics and a third-party commissioned software, the Group is able to aggregate this information to detect any trends from the data. One such trend identified TikTok as an emerging social platform, before its surge in users in the UK in 2020, allowing the Group to become an early adopter and build a sizable audience through increased content distribution. LBG Media is now the largest digital content publisher on the platform with c.27.6 million followers.

The Group commissioned a reputable third-party software provider to maximise the collection of rich data for targeting new audiences and attracting brand owners, and ultimately to design a Data Management Platform (DMP). The DMP enables LBG Media to be more proactive with its clients as it is now able to provide extensive insights and feedback as well as analysis of its audience to improve overall monetisation. The DMP has provided a number of key advantages, which include:

- **Data collection on all users** – the DMP does not rely on third-party cookies, but instead the audience data, permitting more data collection on all their users, including any fleeting users

- **Improved audience segmentation** – this is particularly valuable to advertisers who can better understand a potential customer’s intent to purchase and its brand affiliation within defined categories
- **New data-enabled audience offerings** – this allows sales teams to be more proactive in packaging the insights to initiate strategic conversations with advertisers about target audience
- **Generate rich data insights** – this allows the collation of multiple data points on users to provide feedback to brand owners, including which audience segments engaged most with an advertising campaign

As well as understanding audiences and data, the Group’s data science allows for real-time sentiment analysis tracking on content performance, so the Group can micro-analyse content, to swiftly remove underperforming assets and replace where necessary.

#### 8.4 **User facing applications**

The user facing applications of the Group are those of its websites, the mobile app and the branded webpages on the social networks e.g. Facebook.

The development and daily updates of the Group’s websites have been supported by a number of established third-party suppliers, including CloudFlare, Google, Amazon Web services and ContentStack. The webpages have been designed using a technology stack that is shared across each of the webpages that is highly flexible should the Group want to change the look and feel of a specific webpage, or expand its website portfolio (e.g. new portfolio brand websites).

The Group recently commissioned reputable third-party assessments for GDPR, IT security status and wider IT environment reviews. The review included cookie consents and cyber security. The Board is committed to ensuring a secure and safe IT infrastructure and has recently appointed a Data Protection Officer (DPO) to help manage the responsibilities in this area.

### 9. **Growth strategy**

LBG Media has a proven track record of delivering strong organic growth, as well as growth through the acquisition and successful integration of UNILAD in 2018. The Group remains ambitious and wants to grow and enhance its position in the marketplace, leveraging its credibility as a listed company. By leveraging its existing global, social, and digital platforms to grow its loyal communities, the Group hopes to further expand its presence in core markets to help build scale. The Directors strategy for growth can be summarised into the below three core pillars.

#### 9.1 **Geographies**

The Group currently has a physical presence across four territories: the UK, Ireland, Australia, and New Zealand. Entry to these territories was underpinned by the audiences and engagement with them. By continuing to create and publish relevant digital content, the Directors expect to further grow these communities and build brand awareness levels within them. The majority of the Group’s revenue is generated in the UK (FY20: 94 per cent.).

Operating in the digital media space, international audiences are readily accessible. The Directors have identified the United States, one of the largest digitally social markets in the world, as a key growth market. LBG Media has already built a substantial global community of social media followers in the United States alone, despite being strategically focused on the UK market thus far. The Directors believe that active audiences in new geographies provide a foundation for future growth across both the Indirect and Direct revenue streams and help to de-risk geographic expansion.

#### 9.2 **Mergers & Acquisitions (“M&A”)**

The Group has proven, through its successful acquisition and integration of UNILAD, that M&A is a viable proposition to enhance future growth. The acquisition strategy will be centred around bolstering LBG Media’s existing global footprint.

Although the Group has already successfully expanded into new territories organically, the Directors believe that certain markets may be better accessed through selective acquisitions, particularly where an established digital media brand with a physical presence and understanding of the local market already exists. In these circumstances, M&A could help the Group to scale its reach and build its Direct Revenue arm significantly faster than a time-intensive organic approach.

M&A could also prove to be more efficient in acquiring new, supplementary brands when compared to building a new brand with its own distinct popular interest point from a standing start. The Directors believe M&A, in these circumstances, could provide an opportunity for the Group to deliver significant incremental growth in the brand's reach, by promoting it via the Group's existing global brands and communities.

### 9.3 Capabilities

The Group has been at the forefront of social media, being one of the first digital content creators to publish content on Facebook. This agile model allows the Group to actively replicate content across newly emerging social platforms, ensuring content reaches the widest possible audience.

The Directors intend to continue to expand the Group's capabilities to produce innovative content and drive engagement. Examples of innovations to date include virtual reality, augmented reality and LADX.

Increasing audience monetisation is key to driving future growth. Facebook, Snapchat and YouTube are currently the only social media platforms which facilitate the monetisation of its users through adverts. Facebook introduced this functionality in 2018 and, as a result, LBG Media saw an increase in social video revenue from £0.9 million in FY18 to £4.2 million in FY19 (366 per cent. y-o-y growth), owing in part to the acquisition of UNILAD. During 2021, LBG Media was invited by Instagram as one of a select few digital content producers across the globe, to partake in alpha testing for the monetisation of Instagram's users through in-video adverts. The Directors believe these capabilities will be introduced across all social media platforms as the platforms mature, providing significant upside opportunities.

The Group has primarily focussed on the LADbible brand, with the volume of new content added to its other portfolio brands, such as FOODbible, materially lower. The Directors believe that increasing focus on other brands, provides the ability to grow their audiences and increase associated revenue.

## 10. Selected historical financial information

The following financial information has been derived from the financial information contained in Part IV (Historical Financial Information) and Part V (Unaudited Interim Financial Information) of this Document and should be read in conjunction with the full text of this Document. Investors should not rely solely on the summarised information set out below.

	<i>Year ended 31 December 2018 Audited £000</i>	<i>Year ended 31 December 2019 Audited £000</i>	<i>Year ended 31 December 2020 Audited £000</i>	<i>Six months ended 30 June 2021 Unaudited £000</i>
Revenue	20,368	29,023	30,170	23,006
Net operating expenses	(16,533)	(25,865)	(25,784)	(17,352)
<b>Operating profit</b>	<b>3,835</b>	<b>3,158</b>	<b>4,386</b>	<b>5,654</b>
Finance income	25	73	29	–
Finance costs	(228)	(1,108)	(347)	(132)
Share of post-tax profits of equity accounted joint venture	–	–	45	70
<b>Profit before taxation</b>	<b>3,632</b>	<b>2,123</b>	<b>4,113</b>	<b>5,592</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>4,866</b>	<b>5,745</b>	<b>5,333</b>	<b>7,196</b>

1 Profit before net finance costs, tax, depreciation, amortisation, loss on disposal of intangible assets and exceptional (costs)/income

## 11. Current trading and prospects

Trading for the period from 30 June 2021, being the date to which the unaudited interim financial information in Part V has been prepared, to the date of this Document was consistent with the Board's expectations.

Since HY21, the Group has continued to perform strongly, registering its single highest revenue per trading month in the Company's history in October 2021. There has been no significant change in the financial position or financial performance of the HFI Group since 30 June 2021, being the date to which the unaudited interim financial information in Part V of this Document has been prepared.

## 12. Directors and Operational Board

### 12.1 Directors

The following table lists the names, ages, positions and dates of appointment as a director for each Director:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Date appointed</i>
David Wilson	59	Non-Executive Chairman	7 December 2021
Alexander Solomou	30	Chief Executive Officer	3 April 2012
Timothy Croston	58	Chief Financial Officer	23 May 2020
Arian Kalantari	30	Chief Operating Officer	3 April 2012
Carol Kane	55	Non-Executive Director	7 December 2021
Alexandra Jarvis	45	Non-Executive Director	7 December 2021
Richard Flint	49	Non-Executive Director	7 December 2021

The business address of all the Directors is 20 Dale Street, Manchester, M1 1EZ.

The management expertise and experience of each of the Directors is set out below:

#### **David 'Dave' John Wilson (59) – Non-Executive Chairman**

Dave has over 28 years' international, operational, and board level experience. He spent over 12 years at GB Group Plc, joining as the Group Finance & Operations Director in 2009. During his tenure, Dave successfully completed 14 acquisitions and two divestments and oversaw growth in the market capitalisation from £14 million to £1.8 billion. Dave currently holds the role of Non-Executive Director and Audit Committee Chair at musicMagpie Plc. Previous board positions have included roles as Chief Financial Officer and Chief Operating Officer of EazyFone Group, Chief Financial Officer at Codemasters and EXI Group, and Chief Operating Officer for a division within Fujitsu.

#### **Alexander 'Solly' William Solomou (30) – Chief Executive Officer**

Solly co-founded LBG Media in 2012. In the following nine years, Solly has led the Group and its strategic direction, growing it to a £30 million plus turnover business, while building a wealth of experience in digital advertising and content creation. Solly was awarded the Ernst and Young Entrepreneur of the Year North award in 2016 and holds a Business Management Degree from the University of Leeds.

#### **Arian Mahmoud Kalantari (30) – Chief Operating Officer**

Arian co-founded LBG Media in 2012. Arian has almost ten years of experience within the digital advertising and content creation sector. Since founding LBG Media, Arian has been instrumental to the growth in the Group's operations from what was a two-person operation to the current 436 person, multi-national business. Arian holds an International Business Degree from the University of Liverpool.

#### **Timothy 'Tim' John Croston (58) – Chief Financial Officer**

Tim has over 30 years' finance experience which was gained by working across both the UK and US, which included ten years as Chief Financial Officer of AIM listed Nichols Plc (Vimto soft drinks) from 2010 to 2020. During that period, the market cap of the company grew from c.£110 million to over £509 million. Tim was also responsible for investor relations and oversaw five successful acquisitions. Previous roles include Non-Executive Director and Audit Committee Chair at The Riverside Group Limited from 2017 to 2020. Tim is a qualified accountant (ACCA 1992, FCCA 1998).

**Carol Mary Kane (55) – Non-Executive Director**

Carol co-founded Boohoo Group Plc, one of the leading fashion groups, in 2006 following the identification of the opportunity for online retail. During her time at Boohoo Group Plc, Carol has helped take the company through an AIM market listing and has grown the company to a now £1.7 billion revenue business. Through her roles at Boohoo Group Plc, Carol has extensive experience working across marketing, product and brand strategy both domestically and abroad.

**Alexandra ‘Alex’ Clare Jarvis (45) – Non-Executive Director**

Alex is currently the Chief Strategy Officer and co-founder at Toppan Digital Language, an innovative digital translation technology service provider. Alex’s roles at Toppan include building value through corporate development, strategic initiatives, mergers and acquisitions, finance, and governance. Alex previously worked for SDL plc, an LSE Main market company, as the Senior Vice President and Executive Board member for Strategy, M&A, IR and Corporate Marketing. Prior to joining SDL plc, Alex was a Partner at Peel Hunt LLP, a UK-based investment bank, where she was the senior equity analyst for the technology sector.

**Richard Charles Flint (49) – Non-Executive Director**

Richard has over 20 years’ experience in online businesses, formerly serving as Executive Chair of Sky Betting & Gaming and prior to this appointment in October 2018, Richard served as Chief Executive Officer of Sky Betting & Gaming for 10 years. During his tenure at Sky Betting & Gaming he was awarded a number of high profile awards, including the Compliance Lifetime Achievement Award at the global regulatory awards in 2020 and Glassdoor’s No. 1 CEO in 2018. Richard currently holds the role of Non-Executive Director at FTSE 100 – Flutter Entertainment Plc, is the Chairperson of Butternut Box and was a former Non-Executive Director of Welcome to Yorkshire. Richard holds a 1st class degree in Engineering, Economics and Management from Keble College, Oxford and a Master’s in public policy from the Kennedy School of Government, Harvard University, on a Fulbright Scholarship.

## 12.2 **Operational Board**

The Company’s Operational Board is formed of the Executive Directors as listed above, and the below senior manager:

**Colin Gottlieb (60) – Chief Growth Officer**

Colin joined the Group in 2019 as a strategic Board Advisor. Colin has over 30 years’ experience at senior levels across the media and publishing industry, most recently as the CEO of Omnicom Media Group for the EMEA region. He was the also co-founder & managing partner of the UK media agency, Manning Gottlieb OMD, a company which he sold to Omnicom Media Group in 1997. During his time, Colin was accredited with building Omnicom Media Group in EMEA from a standing start, connecting over 90,000 employees across 63 countries.

## 13. **Share plans**

13.1 The Company has established four employee share plans (the “**Share Schemes**”) which it intends will be operated following Admission. The Share Schemes comprise two discretionary share plans, the LBG Media plc Long Term Incentive Plan (the “**LTIP**”) and the LBG Media plc LADbible Incentive Plan (the “**LADbible Incentive Plan**”) (together, the “Discretionary Plans”), and two all-employee plans, the LBG Media plc Share Incentive Plan (the “**SIP**”) and the LBG Media plc Save As You Earn Plan (the “**SAYE Plan**”). A summary of the Share Schemes are set out in paragraph 10 of Part VII of this Document.

13.2 David Wilson and Carol Kane will be granted awards prior to, but conditional on, Admission (the “**Pre-IPO Awards**”) as follows:

- (i) David Wilson: option over 1,030,527 Shares, equating to £1.8 million at the Placing Price, at a price of £0.001 per Share; and
- (ii) Carol Kane: option over 1,428,571 Shares, equating to £2.5 million at the Placing Price, at a price of £0.001 per Share.

The Pre-IPO Awards are one-off awards which will vest on the second anniversary of Admission. Vesting will be conditional on the award holder continuing to serve as a Non-Executive Director. The Pre-IPO Awards will be forfeited if the award holder ceases to serve as a Non-Executive Director prior to the vesting date for any reason other than (i) death, (ii) injury, ill-health or disability evidenced to the satisfaction of the Board or (iii) otherwise in the Board's absolute discretion. No performance conditions apply to these awards.

## **14. Placing, Vendor Placing, Placing Agreement and Selling Shareholder Agreements**

### **14.1 The Placing**

The Company is proposing to raise a total of approximately £30.0 million by way of a conditional placing by the Company of the New Shares, at the Placing Price with new investors.

The New Shares will represent approximately 8.33 per cent. of the Enlarged Share Capital at Admission.

### **14.2 The Vendor Placing**

The Selling Shareholders have indicated a desire to realise a proportion of their investment in the Company. The Vendor Placing will allow the Selling Shareholders to achieve this.

Under the Vendor Placing, the Selling Shareholders have agreed to sell 46,323,368 Sale Shares at the Placing Price and Zeus Capital has agreed to use its reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price. The Sale Shares will represent approximately 22.52 per cent. of the Enlarged Share Capital at Admission. The Company will not receive any proceeds from the sale of the Sale Shares.

### **14.3 The Placing Agreement**

Pursuant to the Placing Agreement, Zeus Capital has agreed to use its reasonable endeavours to procure subscribers for the New Shares at the Placing Price. The Company and the Directors have given certain warranties (and the Company has given an indemnity) to Zeus Capital, all of which are customary for this type of agreement.

The Placing and Vendor Placing, which are not underwritten (save as to the settlement of Placee obligations), are conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 15 December 2021 (or such later date as Zeus Capital and the Company may agree, being no later than 15 January 2022).

The New Shares being subscribed for pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Shares in issue (including the Sale Shares) and will participate in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. The Placing Shares will, immediately on and from Admission, be freely transferable.

Zeus Capital has the right under the Placing Agreement to terminate the Placing Agreement and not proceed with the Placing or the Vendor Placing if, prior to Admission, certain events occur including certain force majeure events. If such right is exercised by Zeus Capital, the Placing and Vendor Placing will lapse and any monies received in respect of the Placing and Vendor Placing will be returned to investors without interest.

Further details of the Placing Agreement are set out in paragraph 17.2 of Part VII of this Document.

### **14.4 The Selling Shareholder Agreements**

Pursuant to the Selling Shareholder Agreements, Zeus Capital has agreed to use its reasonable endeavours to procure purchasers for the Sale Shares, at the Placing Price. Each of the Selling Shareholders has given certain warranties to Zeus Capital, all of which are customary for this type of agreement.

The Vendor Placing, which is not underwritten (save as to the settlement of Placee obligations), is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 15 December 2021 (or such later date as Zeus Capital and the Company may agree, being no later than 15 January 2022).

Further details of the Selling Shareholder Agreements are set out in paragraph 17.3 of Part VII of this Document.

## **15. Lock-in and orderly market arrangements**

Pursuant to the Lock-in Agreements:

- each of the Directors has undertaken, for a period of 12 months from Admission, not to dispose of any of the Shares in which they are interested at Admission or subsequently, subject to customary exemptions and/or with the permission of Zeus Capital and the Company. Each of the Directors has also undertaken, for a further period of 12 months, to comply with certain requirements designed to maintain an orderly market in the Shares; and
- each of Angelos Solomou, Cheryl Solomou, Colin Gottlieb, Hugh Chappell, Makkma Investments Limited and Richard Hughes has undertaken, for a period of 6 months from Admission, not to dispose of any of the Shares in which they are interested at Admission or subsequently, subject to customary exemptions and/or with the permission of Zeus Capital and the Company. Each of them (with the exception of Angelos Solomou and Cheryl Solomou) has also undertaken, for a further period of 6 months, to comply with certain requirements designed to maintain an orderly market in the Shares.

Further details of the Lock-in Agreements are set out in paragraph 17.4 of Part VII of this Document.

## **16. Relationship Agreements**

The Company, Zeus Capital and the Solomou Shareholders have entered into the Solomou Relationship Agreement and the Company, Zeus Capital and Makkma Investments Limited have entered into the Makkma Relationship Agreement. These Relationship Agreements regulate the ongoing relationship between the Company, the Solomou Shareholders and Makkma Investments Limited with a view to ensuring that, amongst other things, transactions and relationships between the Company, the Solomou Shareholders and Makkma Investments Limited are entered into on an arm's length basis. The Solomou Relationship Agreement also provides the Solomou Shareholders with the right to appoint and maintain one Director for so long as they (together with their connected persons) maintain an interest in 10 per cent. or more of the issued share capital of the Company. Summaries of the terms of the Relationship Agreements are set out in paragraphs 17.8 and 17.9 of Part VII of this Document.

## **17. Use of proceeds**

The gross proceeds of the Placing will be used to:

- provide permanent capital from institutional investors to enable the Directors to take long term investment decisions;
- refinance the Group's capital structure, including the settlement of existing third-party debt and payment of transaction fees;
- strengthen the existing business through investment and organically grow the Company's global contract base; and
- increase the strength of the balance sheet to provide the capacity to make selective strategic acquisitions in key territories.

In addition to enabling the Placing and the Vendor Placing, the Directors believe that Admission will provide the Group with increased reputation and profile and the ability to incentivise key employees.

## **18. Taxation**

Information regarding taxation is set out in paragraph 18 of Part VII of this Document. These details are intended only as a general guide to the current tax position in the UK.

**If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.**

## **19. Admission, settlement and dealings**

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Shares on AIM will commence at 8.00 a.m. on 15 December 2021.

The Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Shares in uncertificated form, Shares will be credited to their CREST stock accounts on 15 December 2021. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Shares to be issued pursuant to the Placing or transferred pursuant to the Vendor Placing are expected to be dispatched by post to such Shareholders within 10 business days of Admission.

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Shares in CREST. The Company will apply for the Enlarged Share Capital to be admitted to CREST from the date of Admission.

## **20. Interests in Shares**

Upon Admission, the Directors will in aggregate be interested in, directly and indirectly, 92,682,353 Shares representing approximately 45.05 per cent. of the Enlarged Share Capital. Further information is available in paragraph 6.1 of Part VII of this Document.

## **21. Corporate Governance**

The Directors acknowledge the importance of the principles set out in the QCA Code. Further details on how the Company intends to comply with the QCA Code are set out in Part II of this Document.

Immediately following Admission, the Board will comprise 7 directors, 3 of whom shall be executive directors and 4 of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors will receive appropriate and timely information. Briefing papers will be distributed to all directors in advance of Board meetings. All directors will have access to the advice and services of the Chief Financial Officer, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Board will be supported by Emma Thomas, the Company Secretary and in-house counsel and procedures will be in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

### ***Board Committees***

The Company will, upon Admission, have established Audit, Nomination and Remuneration Committees.

The Audit Committee will have Alexandra Jarvis as chairperson and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least twice a year. David Wilson, Richard Flint and Carol Kane will be the other members of the Audit Committee.

The Nomination Committee will have Carol Kane as chairperson and will identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as required. Richard Flint, David Wilson and Alexandra Jarvis will be the other members of the Nomination Committee.

The Remuneration Committee will have Richard Flint as chairperson and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least once a year. David Wilson, Carol Kane and Alexandra Jarvis will be the other members of the Remuneration Committee.

### **Share Dealing Code**

The Directors understand the importance of complying with the AIM Rules for Companies relating to dealings by directors and certain other employees of the Group in the Shares and have established a share dealing code. The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees. The Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM. The Board will comply with Rule 21 of the AIM Rules for Companies relating to the Company maintaining an appropriate share dealing code, which incorporates the requirements of MAR and will take reasonable steps to ensure compliance by the Group's applicable employees.

### **22. Dividend policy**

The Directors intend to re-invest a significant portion of the Company's earnings to facilitate plans for further growth. Accordingly, whilst the Directors do not expect to declare any dividend in respect of the current financial year ending on 31 December 2021, it is the Board's intention, should the Group generate a sustained level of distributable profits, to consider a progressive dividend policy in future years. Declaration of dividends will always remain subject to all applicable legal and regulatory requirements and recommendations of final dividends and payments of interim dividends will be at the discretion of the Board. The Board will only exercise such discretion where it is commercially prudent to do so, taking into account the policy set out above. Whilst the Board considers dividends as the primary method of returning capital to Shareholders, it may, at its discretion, consider share purchases, when advantageous to Shareholders and where permissible. The Company may revise its dividend policy from time to time.

### **23. Applicability of the Takeover Code**

The Company is incorporated in the UK and its Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code ("Rule 9"), any person who acquires an interest in shares (as defined in the Takeover Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the Takeover Code) with that person) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code by reason of the presumption, in paragraph (9) of the definition of 'Acting in Concert' in the Takeover Code, that all of the existing shareholders in the Company as at the date of this Document are acting in concert.

Immediately following Admission, the Concert Party will be interested in, in aggregate, 144,540,962 Shares, representing approximately 70.26 per cent. of the Enlarged Share Capital. As described in paragraph 6 of Part VII of this Document, it has been agreed that David Wilson, Alexander Solomou, Arian Kalantari, Tim Croston and Colin Gottlieb will be granted options shortly after Admission under the Share Schemes to subscribe for up to 1,030,527, 964,286, 867,857, 867,857 and 2,039,880 new Shares respectively ("CP Options") which, if exercised in full, would result in members of the Concert Party holding, in aggregate, 150,311,369 Shares, representing approximately 71.07 per cent. of the Enlarged Share Capital following the exercise of those rights (assuming that there are no other changes to the Enlarged Share Capital prior to such exercise). To the extent that the exercise of CP Options increases the Concert Party's interest in Shares through a Rule 9 threshold (for example, should CP Options be exercised when the aggregate interest of the Concert Party has reduced to less than 50 per cent. of the Enlarged Share Capital), the Panel has confirmed that any such increase would not trigger an obligation to make a mandatory offer pursuant to Rule 9 on the basis that the consequence of such increases have been fully disclosed in this Document. David Wilson, Alexander Solomou, Arian Kalantari, Tim Croston and Colin Gottlieb and other members of the Concert Party who are directors or employees of the Group may in the future be granted further options under the Share Schemes or other share incentive schemes to subscribe for further Shares.

For so long as the Concert Party's aggregate interest remains above 50 per cent., it will generally be able to increase its holding of Shares without incurring any obligation on any member of the Concert Party under Rule 9 to make a general offer to Shareholders, and Shareholders will not benefit from any specific minority shareholder protection other than to the extent prescribed under the relevant law. However, should any individual member of the Concert Party:

- (i) acquire any interest in Shares such that they are interested in 30 per cent. or more of the voting rights of the Company; or
- (ii) where such individual member is already interested in 30 per cent. or more of the voting rights of the Company but does not hold Shares carrying more than 50 per cent. of the voting rights of the Company) acquire any further interest in Shares,

the Panel may regard this as giving rise to an obligation upon that member of the Concert Party to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the individual member of the Concert Party or any other member of the Concert Party in the previous 12 months.

Further details concerning the shareholdings of the Concert Party are set out in paragraph 6.3 of Part VII of this Document.

## **24. Risk factors**

Your attention is drawn to the risk factors set out in Part III of this Document and to the paragraph relating to forward looking statements therein. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

## **25. Additional information**

You should read the whole of this Document and not just rely on the information contained in this Part I.

Your attention is drawn to the information set out in Parts II to VII (inclusive) of this Document which contains further information on the Group.

## PART II

### CORPORATE GOVERNANCE

As a company that will be admitted to trading on AIM, the Company is not required to adopt a specific corporate governance code. However, it is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

The Directors support a high standard of corporate governance and have decided to comply with the QCA Code. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. The Company will comply with the QCA Code with effect from Admission, as detailed below.

#### **Principle 1: Establish a business strategy and business model which promote long-term value for shareholders**

The Group's business model and strategy is set out in Part I of this Document. The Directors believe that the Group's model and growth strategy, which includes the potential expansion into additional overseas jurisdictions (including the United States), strategic acquisitions, signing of larger clients on long term campaigns, growing its indirect headcount to enable it to deliver more content and grow this revenue stream further and monetise other publication platforms helps to promote long-term value for Shareholders.

The principal risks facing the Group are set out in Part III of this Document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission.

#### **Principle 2: Seek to understand and meet shareholder needs and expectations**

Prior to Admission, the Company's executive management undertook a roadshow which has informed the Company as to its shareholders' expectations following Admission.

In due course following Admission the Company's annual report and notice of AGM will be sent to all Shareholders and will be available for download from the Company's website.

There will be an active dialogue maintained with Shareholders. Shareholders will be kept up to date via announcements made via a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will be announced via a Regulatory Information Service. The Company's AGM will be an opportunity for Shareholders to meet with the Non-Executive Chairman and other members of the Board. The meeting is open to all Shareholders, giving them the option to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of the AGM will be announced via a Regulatory Information Service.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored and the Company intends to engage with Shareholders where votes are not in favour of resolutions at AGMs to understand their motivation.

There is also a designated email address for investor relations, [investors@ladbiblegroup.com](mailto:investors@ladbiblegroup.com), and all relevant contact details are included on the Group's website.

#### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Group takes its corporate social responsibilities, including its wider ESG responsibilities, very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including Shareholders, employees, customers, suppliers and the communities in which the Group operates, in order to achieve long term success.

The Group has established a number of initiatives to support the development and welfare of its employees. The Directors believe that key to the success of the business is promoting strong social values, including the importance of promoting inclusion, diversity and equality to its community of followers. The Group will regularly seek feedback from its audience and wider stakeholders, to maintain an inclusive culture and implement best working practices.

The Directors will maintain an open and ongoing dialogue with its stakeholders to help promote the long-term success of the Group.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The principal risks facing the Group are set out in Part III of this Document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission.

The risks involved and the specific uncertainties for the Group will be regularly monitored through a strategic risk register and the full Board will formally review such risks at each Board meeting and adapt them as the Group's operations grow and evolve. All proposals reviewed by the Board will include a consideration of the issues and risks of the proposal. Where necessary, the Board draws on the expertise of appropriate external consultants or advisers to assist in dealing with or mitigating risk. In the future, the Board intends to establish departmental risk registers to embed risk management throughout the operational agenda of the Group.

**Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair**

On Admission the Board will comprise the following persons:

- The Non-Executive Chairman;
- Three Non-Executive Directors; and
- Three Executive Directors.

The biographies of the Directors are set out in paragraph 12 of Part I of this Document. The Non-Executive Chairman is David Wilson, and the Non-Executive Directors are Carol Kane, Alexandra Jarvis and Richard Flint.

Alexandra and Richard are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board.

The Board is also supported by the Audit Committee, the Remuneration Committee and the Nomination Committee, further details of which are set out in paragraph 21 of Part I of this Document. The Nomination Committee will keep the composition of the Board under regular review, taking into account the relevant skills, experience, independence, knowledge and gender balance of the Board. The Directors will be subject to retirement by rotation at every third AGM of the Company.

The Board will meet regularly and hold at least six board meetings per annum. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.

The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional executive and non-executive directors as the Company fulfils its growth objectives.

**Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities**

The skills and experience of the Directors are summarised in their biographies set out in paragraph 12 of Part I of this Document.

The Directors believe that the Board has the appropriate balance of diverse skills and experience to deliver on its core objectives. Experiences are varied and contribute to maintain a balanced board that has the appropriate level and range of skill to assist the Group's strategy and growth objectives. The Chairman and

the Non-Executive Directors provide additional experience in operating in public market companies, recent governance experience and each offer wider business skills which help to strengthen the Board and widen its capabilities.

The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules for Companies.

**Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Directors will consider seriously the effectiveness of the Board, Audit Committee, Nomination Committee, Remuneration Committee, and individual performance of each Director.

Post-Admission, the Company intends to establish a formal process for the regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. Until then, the Non-Executive Chairman is responsible for ensuring an effective Board.

**Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The Group has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all their internal and external dealings.

The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group. The Group will incorporate the promotion and reward of demonstrating strong ethical values and behaviours as part of its people processes.

The culture is set by the Board and is regularly considered and discussed at Board meetings.

**Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Non-Executive Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit Committee, Nomination Committee and Remuneration Committee, further details of which are set out in paragraph 21 of Part I of this Document. There are certain material matters which are reserved for consideration by the full Board.

The Board intends to review the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward. This will be coordinated by the Audit Committee.

**Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

Responses to the principles of the QCA Code and the information that will be contained in the Company's annual report and accounts provide details to all stakeholders on how the Company is governed. The Board views that the annual report and accounts as well as its half year report as key communication channels through which progress in meetings the Group's objectives and updating its strategic targets can be given to the Shareholders following Admission.

Additionally, the Board will use the Company's AGMs as a primary mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress.

The Company's website will be updated on a regular basis with information regarding the Group's activities and performance, including financial information.

There is also a designated email address for investor relations, [investors@ladbiblegroup.com](mailto:investors@ladbiblegroup.com), and all contact details are included on the Group's website.

## **PART III**

### **RISK FACTORS**

An investment in the Shares may be subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this Document and the risks attaching to such an investment, including, in particular, the risks described below (which are not set out in any order of priority), before making any investment decision in relation to the Shares.

The information below does not purport to be an exhaustive list of relevant risks, since the Group's performance might be affected by other factors, including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of information in this Document and their individual circumstances. An investment in the Shares should only be made by those with the necessary expertise to evaluate fully that investment.

This Document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part III. The Directors believe that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as at the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part III. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. Save to the extent required by applicable law and the AIM Rules for Companies, the Company disclaims any obligation to update any such forward-looking statements in this Document to reflect future events or developments.

Prospective investors are advised to consult an independent adviser authorised under the FSMA. If any of the following risks relating to the Group were to materialise, the Group's reputation, business, financial condition, results of future operations and/or prospects could be materially and adversely affected. In such cases, the market price of the Shares could decline and an investor may lose part or all of his, her or its investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group.

In addition to the usual risks associated with an investment in a company, the Directors consider the following risk factors to be significant to potential investors.

#### **RISKS RELATING TO THE GROUP'S BUSINESS**

##### **The Group has a dependency on digital advertising revenue**

Digital advertising is a critical source of revenue for the Group, accounting for c.96 per cent. of revenue in FY20. The Group's success depends, in part, on its ability to maintain and expand its relationships with existing brand advertisers, including the advertising agencies that represent them. Whilst the Group has successfully retained a significant proportion of these clients each year, its success also depends, in part, on its ability to develop new relationships with other brand advertisers and advertising agencies. Digital advertising is sold by the Group through orders with third party agencies. Notwithstanding the fact that a significant proportion of the Group's clients are retained each year, these orders do not typically include long-term obligations requiring them to purchase from the Group and can be cancelled upon short notice and without penalty. As a result, the Group has limited visibility as to future advertising revenue streams from its clients, which is standard across the digital advertising industry and the marketing services sector generally.

In addition, the Group's digital advertising products face competition for advertising revenues from a variety of sources, such as other international content providers, newspapers, television, radio and other forms of media and social media. Whilst the Group is well positioned competitively due to its large youth audience (typically aged 18 to 34), the Group's success also depends, in part, on its ability to remain competitive in the market in which it operates. The launch of new competing digital services that attract consumers, advertisers or user generated content, or a significant increase in the market share of any of the Group's existing competitors, could lead to a reduction in the Group's digital advertising revenues.

A number of other factors outside of the Group's control could also lead to reductions in the Group's digital advertising revenues. Such factors include: a decline in the popularity of, or demand for, the Group's editorial content or perceptions of the Group's brands and/or publications; a decrease in the price of online advertising generally or the pricing of the Group's offering or competing offerings; and other factors such as the prevailing economic climate, levels of employment, disposable income, interest rates, consumer sentiment, advertising regulations and consumer perception of economic conditions in any of the territories in which the Group operates.

Technological developments by operating systems and internet browsers which prevent advertisements being delivered to, or data being collected from, customers may also lead to reductions in the Group's digital advertising revenue. For example, in April 2021, Apple announced the introduction of new privacy controls which will allow users to prevent having their data collected by apps. Such apps will include a number of the social media platforms used by the Group through which revenue is generated.

### **The Group may fail to maintain the reputation and strength of its brands**

The Group's success depends, in part, on the strength of its brands, image and reputation. Consumers have an expectation that the Group will offer a large selection of curated, high quality content, and this reputation has strengthened its image and brands. However, there are a number of factors which could damage the Group's reputation, making it difficult for the Group to attract and retain its audience and clients. The Group may receive negative publicity or media coverage as a result of legal proceedings in which it is involved and may also receive negative media coverage as a result of reviews and comments (including on public social networking websites). Notwithstanding that the Group has deleted the majority of historic content published prior to 2016 (as well as some more recent historic content), the Group may also suffer reputational damage arising out of the re-circulation of historic content published by the Group.

The Group's reputation may be adversely affected in the event that the Group is unable to provide the quality of content demanded by its audience. In addition to self-sourced content, the Group receives limited content from third parties. The Group would be adversely affected if these third-party suppliers were to cease providing content or if the quality of the content provided were to fall.

Such negative developments need not actually occur to cause reputational damage; even an incorrect perception among the Group's audience, clients and consumers generally could damage the Group's image. If the Group is unable to maintain and enhance the strength of its brands, then its ability to retain and expand its audience as well as advertising clients and its attractiveness to existing and potential audiences and advertisers may be impaired.

### **The Group is dependent on the popularity of, and its relationships with, social media platforms**

The Group's success as a social media publisher is reliant on the continued popularity of social media as a means of creating, sharing and consuming content. There is a risk to the Group that if any of the social media platforms with which it engages cease to be a market leader, cease to operate at all or cease to regard the Group as a preferred partner (for example, the Group has limited contractual assurance as to the duration or terms of its relationships with such social media platforms). Given the Group's significant younger audience, the Group would be adversely affected by a negative change in the perception of social media platforms by young people. Social media platforms may also be subject to adverse publicity and/or legal, regulatory or governmental action that may materially impede the provision of services and infrastructure.

Further, social media platforms may change their policies and algorithms from time to time or may decide to expand their operations such that they compete directly with the Group. New social media platforms may develop, including in specific jurisdictions or regions, which may result in reduced traffic on existing social media platforms. Whilst the Group publishes content on all major social media platforms in the markets in which it operates, and is proactive in developing audiences on new social media platforms that are developed, the Group may not be able to or it may take time to develop strong relationships with such new social media platforms or adapt its offering to such new social media platforms.

**System interruptions (including cyber-attacks) can make the Group's websites unavailable and could affect the security of such websites**

The Group has in place robust procedures and controls to mitigate system interruptions in relation to the Group's IT systems. However, not all interruptions can be prevented, and any such interruptions may result in operational failures and may make the Group's websites temporarily unavailable, which in turn, may adversely affect the Group's business. In addition, the Group's IT systems rely, in part, on the services of third-party providers. Any interruptions in the services provided by such third parties, which are outside the control of the Group, would impact the operation of the Group's business.

Inadequate performance of the Group's IT systems could also affect the security of the Group's websites. The Group and its service providers might not have the resources or technical sophistication to anticipate or prevent all types of cyber-attacks. IT security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by employees or by persons with whom the Group has commercial relationships. Advances in computer capabilities and technology may also increase the frequency, sophistication or likelihood of security breaches. As a result, the Group may, in the future, need to devote significant resources to protect against security breaches or to address problems caused by any such breaches.

**Systems interruptions of third-party social media platforms, which are outside the control of the Group, would impact the operation of the business**

The Group relies, in part, on the services of third-party social media providers (for instance, for the distribution of content). Any interruptions in the services provided by such social media platforms, which are outside the control of the Group, would impact the Group's ability to publish content, reach audiences and generate advertising revenue. Social media platforms may experience attempts to break into their IT systems and infrastructure, and such social media platforms may not have the resources or technical sophistication to anticipate or prevent all types of attacks or to protect its users from the impact of such attacks.

**The loss of or a failure to hire and retain key personnel or a failure to maintain good relationships with the Group's workforce could adversely affect the Group's business**

The Group's future success depends, in part, on its senior management team and long-standing senior employees, who possess a wealth of knowledge of the Group's business, as well as experience within the Group's industry. The loss of any members of senior management or long-standing employees, particularly those with specific knowledge of the business, could harm the Group's business. The overall competence of the Group's employees, freelancers, journalists and consultants, is important for the operation of the business and the Group's successful development and growth. The Group faces competition from competitors for qualified personnel and the Group's success is therefore also dependent on its ability to attract, train, motivate and retain highly qualified individuals. In order to ensure that such qualified individuals are attracted and retained by the Group, the Group may have to offer increased compensation packages and other benefits which could lead to higher personnel costs, which currently accounts for c.60 per cent. of the Group's total operational costs in 2021.

**The Group may be unable to protect its intellectual property effectively from misappropriation by others, including current or potential competitors**

The Group's success depends, in part, upon the protection of its intellectual property. The business, its logo, brand names, websites' domain names, content and technology underpinning the Group's websites rely on the protection of registered domain names and trademarks, copyright and trade secret laws and confidentiality agreements. Unauthorised parties may attempt to copy or otherwise obtain and use the

Group's content and other intellectual property, and advances in technology have exacerbated the risk by making it easier to duplicate and disseminate content. Policing unauthorised use of the Group's intellectual property can be difficult and expensive. As the Group expands into new jurisdictions, some of which may have less robust protections for intellectual property, the cost of protecting, and the risk of third-party infringement of, its intellectual property increases.

The Group's business depends, to an extent, on using and granting licences to its licensees to use various types of content, including audio-visual material, photos, images and text. As a publisher, the Group is responsible for any intellectual property or other infringement relating to the same and as a licensor, the Group is responsible to its licensees. The Group may be the subject of claims of infringement of the rights of others or party to claims to determine the scope and validity of the intellectual property rights of others. Such claims, whether or not valid, may require the Group to spend significant sums in litigation, pay damages, re-brand or re-engineer services or acquire licences to third party intellectual property, which, in turn, may distract management attention from the day to day operation of the Group's business.

**The Group may make acquisitions and investments which could divert management's attention, result in operating difficulties and otherwise disrupt the Group's operations**

The Group has historically, and may in the future, acquire other businesses, products or technologies. The completion of any such acquisitions may not achieve the anticipated combined revenue, cost synergies or other anticipated benefits to the Group, may not strengthen the Group's competitive position or achieve the Group's anticipated goals in a timely manner, or at all. There is also a risk that such acquisitions may be viewed negatively by the Group's audience, clients, financial markets or investors. In addition, any acquisitions the Group undertakes may lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel.

**The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, and other future potential natural disasters or outbreaks, could materially impact the Group's business and future results of operations and financial condition**

A novel strain of coronavirus causing COVID-19 disease, identified in late 2019, has spread throughout the world. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 has resulted in governments throughout the world implementing numerous measures to try to contain the virus and has led to materially increased volatility and declines in financial markets. The spread of COVID-19 and the resulting countermeasures have led the Group to modify its operational practices (including implementing a work-from-home policy). Despite the implementation of vaccination programmes throughout the world, the duration of COVID-19 restrictions are highly uncertain and stricter measures may be put in place in the future. Whilst the Group has been resilient during the height of the COVID-19 pandemic and is presently well placed, the full economic impact of COVID-19 is outside of the Group's control and will depend on the spread of the virus and the response of the global community generally, which is highly uncertain and cannot be predicted.

**The Group is exposed to risks associated with currency fluctuations**

The Group reports its results in sterling, however it holds and operates contracts across the world. Therefore, the Group's presentation of consolidated financial statements and results of operations may be affected by both the transaction and translation effects of foreign currency exchange rate fluctuations. The Group currently hedges against exchange rate risk for US dollars. The Group is exposed to transaction effects when it incurs costs or generates revenue in different currencies, in particular the Euro, US dollar and Australian dollar. As the Group's business expands into new markets, the Group may be subject to increased exposure to foreign currency exchange rate fluctuations.

**The Group is exposed to risks associated with its overseas operations**

The Group currently has overseas operations in Australia, Ireland and New Zealand and may look to extend operations into other countries as part of its growth strategy. In expanding its business into other territories, the Group will be subject to the risk that it is unable to generate the expected level of audience engagement, brand strength or client interest in such territories, for example as a result of cultural or market differences.

In addition, each of the jurisdictions in which the Group currently operates and any future jurisdictions into which the Group expands, is subject to different regulatory, fiscal, and legal environments which could change in the future and could impact how the Group conducts its business in these territories. If the Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government enforcement action and/or fines.

### **The Group is subject to various risks which may not be adequately insured**

The Group is exposed to risks due to external factors beyond its control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to the interruption of the Group's business operations, personal injuries, damage to third-party property or the environment. Although the Group insures itself against such losses to a level and at a cost it deems appropriate, the Group's insurance policies are subject to exclusions and limitations and the Group cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy.

### **The Group may be subject to legal proceedings, including libel claims, in relation to its websites, other digital and social media services or advertisements**

The Group may become subject to legal proceedings, including actual or alleged libel claims, claims for breach of contract, misuse of private information, infringement of copyright and breach of the data protection laws, in relation to its content, websites, other digital and social media services or advertisements (including third party content). The Group may incur significant costs in defending future legal actions which may not be fully recoverable, irrespective of whether it is successful in defending any claims and it may be subject to adverse publicity or reputational harm as a result of such claims or similar actions. In addition, certain types of content are banned, restricted or regulated in some jurisdictions and failure to comply with relevant laws and/or regulations in such jurisdictions could increase the Group's expenses and harm its reputation and relationships with its audience, advertisers, advertising agencies, clients and suppliers.

### **The Group is subject to a variety of laws and regulations, and future laws and regulations might impose additional requirements and other obligations on the Group's business**

A number of laws and regulations apply to the Group's business. Such laws and regulations are constantly evolving and can be subject to differing interpretation. Legislative and regulatory bodies may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance. Given the potential broad scope and timing of legal and regulatory development, the Group cannot guarantee that its practices have historically complied, or will in the future comply fully, with all applicable laws and regulations and their interpretation. Any failure, or perceived failure, by the Group to comply with any of these applicable laws or regulations could result in damage to the Group's reputation, and any legal action brought against the Group as a result of actual or alleged non-compliance could further damage its reputation and result in substantially increased legal expenses and/or penalties. The Group currently dedicates, and as laws and regulations develop will need to continue to dedicate, significant time and resource to ensure compliance with the legal and regulatory landscape in which it operates.

### **The Group is required to ensure compliance with data protection regulations**

The Group is required to observe data protection laws in each of the countries in which it currently operates, including the regime that applies in the United Kingdom, namely the retained EU law version of the EU General Data Protection Regulation (Regulation (EU) 2016/679) and the Data Protection Act 2018. Any data breach by the Group, or any failure to comply with relevant data protection laws, including any historic non-compliance, may, amongst other things, result in significant fines from the Information Commissioner's Office in the UK and/or claims brought against the Group by affected third parties. The Group may also face fines and/or claims as a result of a breach of personal data by either the Group or any of its service providers, including as a result of any historic breaches. In the event that the Group fails to comply with local requirements on data protection or privacy laws or has failed to comply historically, it may also be exposed to significant liability under contracts in relation to its clients, which could potentially have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

### **Application of existing tax laws, rules or regulations are subject to interpretation by taxing authorities**

The application of tax laws in the jurisdictions in which the Group currently operates is subject to interpretation. In assessing the business operations of the Group, including its international operations, the relevant taxing authorities may challenge the Group's methodologies or determine that the manner in which the Group operates its business does not achieve the intended tax consequences, which could increase its worldwide effective tax rate and adversely affect its financial results. In addition, whilst the Group has sought advice in relation to the structuring of the Group from a tax perspective, such structuring may be challenged or deemed inappropriate by the relevant taxing authorities, which could, in turn, lead to additional financial liability for the Group.

### **Changes in accounting standards**

Changes in accounting standards, rules and regulations may have a significant impact on the reported financial results of the Group and it is currently impossible to specify or ascertain the effect of such changes or new standards, which will be dependent on the financial position of the Group at the time. In addition, in connection with financial reporting under any new or amended accounting standards, the Group will be required to make its own accounting judgements and elections, which also cannot be determined at this time.

### **Past performance**

The past performance of the Group is not a guide to future performance of the Group and no representation is made or warranty given regarding future performance of the Group.

### **A failure by the Directors to execute the Group's growth strategy or to manage any associated growth**

The Group has experienced high growth historically which has placed, and may continue to place, certain demands on its resources, systems, internal controls and management. A number of factors may undermine the Group's ability to sustain its growth or to effectively execute its growth strategy. Such factors include: any failure by the Group to successfully compete with new market entrants or existing competitors; any failure to attract or retain key employees; any failure or lack of resource in connection with the Group's M&A strategy; a failure by the Group to compete successfully or grow in new territories; or legal and regulatory developments with respect to any of the jurisdictions in which the Group operates or may operate in the future.

The costs associated with implementing the Group's growth strategy may, whether such strategy is successful or not, cause a decrease in the Group's operating profit margin. In addition, the time required to execute such strategy could divert the Group management's attention from other business concerns. A failure by the Directors to execute the Group's growth strategy, or to manage any associated growth, could have an adverse effect on the Group's business, financial condition and results of operations.

## **RISKS RELATING TO THE PLACING, THE SHARES AND THE AIM MARKET**

### **Funding and use of proceeds of the Placing**

The Group is currently cash generative and benefits from sufficient working capital for the near term. Accordingly, at present, the Directors do not believe there is any requirement to raise any further external finance for the Group. However, there is a risk that the Group may need to raise funding in the future for a number of reasons, including working capital, to fund an acquisition or expansion, for general corporate purposes or to restructure its balance sheet.

### **Share price volatility and liquidity**

AIM is a trading platform designed principally for growth companies and, as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, will be maintained. The Shares may therefore be subject to large price fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AIM carries a higher risk than an investment in shares listed on the Official List.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Group. There can be no guarantee that the value of an investment in the Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Shares by other investors, (iii) financial and operational results of the Group, (iv) changes in research analysts' recommendations and any failure by the Group to meet the expectations of research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions and (vi) other factors which are outside of the control of the Group.

Shareholders may sell their Shares in the future to realise their investment. Sales of substantial amounts of Shares following Admission and/or termination of the existing lock-in restrictions (the terms of which are summarised in paragraph 15 of Part I of this Document), or the perception that such sales could occur, could materially adversely affect the market price of the Shares. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

### **Investment risk**

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to the sector in which the Group operates.

### **Market perception**

Market perception of the Group may change, potentially affecting the value of investors' holdings of Shares and the ability of the Company to raise funds by the issue of further Shares or otherwise. Negative perceptions of the Group's competitors may result in negative market perception of the industry as a whole, which would have an adverse effect on price of the Shares as well as the Company's ability to raise further funds either publicly or privately.

### **Determination of Placing Price**

Placees will commit to subscribe for or purchase the Shares at the Placing Price, which is a fixed price, prior to satisfaction of all conditions for the Shares to be issued. The Placing Price may not accurately reflect the trading value of the Shares when issued, the Company's potential earnings or any other recognised criteria of value.

### **Dilution**

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Shares, warrants and/or options to subscribe for new Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors.

### **Legislation and tax status**

This Document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation of them. Such interpretation may not be correct and it is always possible that legislation, regulation, rules and practices may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### **Dividends**

There can be no assurance as to the level of future dividends, if any. The payment and amount of any future dividends of the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting practice.

### **Costs of compliance with AIM corporate governance and accounting requirements**

In becoming a public company with shares admitted to trading on AIM, the Group will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Group may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Group expects to incur significant legal and financial compliance costs as a result of these rules and regulations and, if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### **There is no guarantee that the Group will maintain its quotation on AIM**

The Group cannot assure investors that the Group will always retain a quotation on AIM. If it fails to retain such a quotation, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Shares. Additionally, if, in the future, the Group decides to obtain a quotation on another exchange in addition to AIM, the level of liquidity of the Shares traded on AIM could decline.

## PART IV

### HISTORICAL FINANCIAL INFORMATION

#### Section A

#### Accountant's Report on the Historical Financial Information



The Directors  
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Dear Sir or Madam

BDO LLP  
3 Hardman Street  
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7 December 2021

#### **LADbible Group Limited and its subsidiaries (together, the “HFI Group”)**

##### **Introduction**

We report on the financial information set out in Section B of Part IV of the admission document dated 7 December 2021 of LBG Media plc (the “Company”) (the “Admission Document”).

##### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the HFI Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its results, cash flows and changes in equity for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 in accordance with International Accounting Standards as adopted by the United Kingdom.

##### **Responsibilities**

The directors of the Company are responsible for preparing the financial information in accordance with International Accounting Standards as adopted by the United Kingdom.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

##### **Basis of preparation**

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of

Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and the HFI Group in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Conclusions relating to going concern**

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Existing Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly, the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP  
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Section B Historical Financial Information

### Consolidated statements of comprehensive income

		Year ended 31 December 2018 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2020 £'000
	Note			
<b>Revenue</b>	4	20,368	29,023	30,170
Net operating expenses	6	<u>(16,533)</u>	<u>(25,865)</u>	<u>(25,784)</u>
<b>Operating profit</b>		3,835	3,158	4,386
Analysed as:				
<b>Adjusted EBITDA<sup>1</sup></b>		4,866	5,745	5,333
Depreciation	10	(704)	(1,107)	(1,205)
Amortisation	9	(145)	(753)	(901)
Loss on disposal of intangible assets	9	–	–	(481)
Exceptional (costs)/income	6	<u>(182)</u>	<u>(727)</u>	<u>1,640</u>
<b>Operating profit</b>		3,835	3,158	4,386
Finance income	7	25	73	29
Finance costs	7	<u>(228)</u>	<u>(1,108)</u>	<u>(347)</u>
<b>Net finance costs</b>		(203)	(1,035)	(318)
Share of post-tax profits of equity accounted joint venture	13	<u>–</u>	<u>–</u>	<u>45</u>
<b>Profit before taxation</b>		3,632	2,123	4,113
Income tax expense	8	<u>(716)</u>	<u>(408)</u>	<u>(1,143)</u>
<b>Profit and total comprehensive income for the financial year</b>		<u>2,916</u>	<u>1,715</u>	<u>2,970</u>
Basic earnings per share (£)	28	0.96	0.57	0.98
Diluted earnings per share (£)	28	0.92	0.54	0.94

1 Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, loss on disposal of intangible assets and exceptional (costs)/income is a non-GAAP metric used by management and is not an IFRS disclosure.

## Consolidated statements of financial position

		<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	
	<i>2018</i>	<i>2019</i>	<i>2020</i>	
<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill and other intangible assets	9	16,636	16,310	15,055
Property, plant and equipment	10	5,858	5,166	4,598
Investments in equity-accounted joint ventures	13	–	–	244
Other receivables	14	409	409	436
Deferred tax asset	19	18	–	–
<b>Total non-current assets</b>		<u>22,921</u>	<u>21,885</u>	<u>20,333</u>
<b>Current assets</b>				
Trade and other receivables	14	11,133	10,125	13,680
Cash and cash equivalents	15	6,280	5,742	6,937
<b>Total current assets</b>		<u>17,413</u>	<u>15,867</u>	<u>20,617</u>
<b>Total assets</b>		<u><u>40,334</u></u>	<u><u>37,752</u></u>	<u><u>40,950</u></u>
<b>Equity</b>				
Called up share capital	21	–	–	–
Share premium reserve		–	–	63
Retained earnings		8,995	10,728	14,154
<b>Total equity</b>		<u>8,995</u>	<u>10,728</u>	<u>14,217</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liability	11	5,374	4,650	3,689
Other interest-bearing loans and borrowings	17	1,250	11,400	10,248
Provisions	18	193	193	206
Deferred tax liability	19	1,004	1,007	594
<b>Total non-current liabilities</b>		<u>7,821</u>	<u>17,250</u>	<u>14,737</u>
<b>Current liabilities</b>				
Lease liability	11	712	868	1,039
Other interest-bearing loans and borrowings	17	18,250	3,650	2,952
Trade and other payables	16	4,169	4,825	7,415
Current tax liabilities		387	431	590
<b>Total current liabilities</b>		<u>23,518</u>	<u>9,774</u>	<u>11,996</u>
<b>Total liabilities</b>		<u>31,339</u>	<u>27,024</u>	<u>26,733</u>
<b>Total equity and liabilities</b>		<u><u>40,334</u></u>	<u><u>37,752</u></u>	<u><u>40,950</u></u>

## Consolidated statement of changes in equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Total Equity £'000</i>
<b>Balance as at 1 January 2018</b>	–	–	5,983	5,983
Profit for the financial year	–	–	2,916	2,916
<b>Total comprehensive income for the year</b>	–	–	2,916	2,916
Share based payments (note 20)	–	–	96	96
<b>Total transactions with owners, recognised directly in equity</b>	–	–	96	96
<b>Balance as at 31 December 2018 and 1 January 2019</b>	–	–	8,995	8,995
Profit for the financial year	–	–	1,715	1,715
<b>Total comprehensive income for the year</b>	–	–	1,715	1,715
Share based payments (note 20)	–	–	18	18
<b>Total transactions with owners, recognised directly in equity</b>	–	–	18	18
<b>Balance as at 31 December 2019 and 1 January 2020</b>	–	–	10,728	10,728
Profit for the financial year	–	–	2,970	2,970
<b>Total comprehensive income for the year</b>	–	–	2,970	2,970
Share based payments (note 20)	–	–	138	138
Deferred tax on share options (note 19)	–	–	318	318
Issue of share capital (note 21)	–	63	–	63
<b>Total transactions with owners, recognised directly in equity</b>	–	63	456	519
<b>Balance as at 31 December 2020</b>	–	63	14,154	14,217

## Consolidated statements of cash flows

		Year ended 31 December 2018 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2020 £'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	27	4,610	6,742	1,950
Tax paid		(777)	(361)	(1,088)
<b>Net cash generated from operating activities</b>		<u>3,833</u>	<u>6,381</u>	<u>862</u>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	9	(559)	(427)	(127)
Purchase of property, plant and equipment	10	(396)	(330)	(254)
Repayment of loan	6	–	–	4,000
Acquisition	12	(17,000)	–	–
Interest received	7	22	73	1
<b>Net cash (used)/generated in investing activities</b>		<u>(17,933)</u>	<u>(684)</u>	<u>3,620</u>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	17	(1,039)	(19,450)	(1,850)
Drawdowns from borrowings	17	17,000	15,000	–
Lease payments	11	(748)	(655)	(1,165)
Lease incentives received		1,109	–	–
Proceeds from share issue	21	–	–	63
Interest paid	17	(216)	(693)	(335)
Loan redemption fees		–	(415)	–
Directors' loan account	24	(68)	(22)	–
<b>Net cash generated/(used) in financing activities</b>		<u>16,038</u>	<u>(6,235)</u>	<u>(3,287)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,938</u>	<u>(538)</u>	<u>1,195</u>
Cash and cash equivalents at the beginning of the year		<u>4,342</u>	<u>6,280</u>	<u>5,742</u>
<b>Cash and cash equivalents at the end of the year</b>	15	<u><u>6,280</u></u>	<u><u>5,742</u></u>	<u><u>6,937</u></u>

## Notes to the Historical Financial Information

### 1. General information

LADbible Group Limited is registered in England & Wales, with company registration number 08018627. The principal activity is that of an online media publisher. The registered office is 20 Dale Street, Manchester, M1 1EZ.

This Historical Financial Information presents the financial track record of LADbible Group Limited and its subsidiaries (together the "HFI Group") for the three years ended 31 December 2020 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. This Historical Financial Information has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with this basis of preparation summarised below.

The preparation of Historical Financial Information requires the Directors to exercise their judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 3.

The financial information for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 does not constitute HFI Group's statutory accounts for those years.

Statutory accounts for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 have been delivered to the Registrar of Companies.

The auditors' reports on the accounts for 31 December 2020, 31 December 2019 and 31 December 2018 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Historical Financial Information is presented in sterling and, unless otherwise stated, amounts are expressed in pounds, to the nearest thousand.

In the consolidated statement of financial position at 31 December 2020 in this Historical Financial Information, a deferred tax asset of £318k has been recognised in relation to share options, with a corresponding £318k credit recognised within retained earnings. This deferred tax asset was not reflected within the 2020 financial statements submitted to the Registrar of Companies, this adjustment corrects an error in the calculation of the deferred tax asset related to the valuation of each share under the option schemes.

### 2. Significant accounting policies

The principal accounting policies applied in the preparation of this Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### ***Basis of preparation***

This Historical Financial Information has been prepared on a going concern basis under the historical cost convention; in accordance with UK adopted international accounting standards.

#### *Consolidation*

Subsidiaries are all entities over which the HFI Group has control. The HFI Group controls an entity when the HFI Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the HFI Group and are deconsolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between HFI Group companies are eliminated.

### *Going concern*

The Historical Financial Information has been prepared on a going concern basis. In determining the appropriate basis of preparation of the Historical Financial Information, the Directors have considered whether the HFI Group can continue in operational existence for the foreseeable future.

Whilst acknowledging the negative impact that the Covid-19 pandemic will continue to have on the UK economy beyond 2021, having consulted with stakeholders extensively during the last few months, including banks, staff and customers, the Directors consider the HFI Group to be in a strong and well prepared position and are confident in the market outlook. The HFI Group took Government support to defer the Q1 FY20 VAT payments both in the UK and Australia. It was also agreed with the bank that there would be a loan payment holiday and waiver of covenants from 30 September 2020 to 30 June 2021. No staff were furloughed during the period covered by the Historical Financial Information, or subsequently.

Various scenarios for trading over the next twelve months have been modelled, with varying degrees of sensitivity analysis taken into consideration, and the most likely scenarios indicate strong liquidity and banking covenant headroom. Even when modelling plausible “worst-case” scenarios, including for example revenues for the forecast period being consistent with the last 12 months actual revenues, after taking mitigating actions there is still reasonable liquidity and banking covenant headroom for at least the next twelve months. Modelling revenue as being consistent with 2020 is considered a reasonable worst case scenario due to a decrease in revenue during lockdown and a subsequent increase towards the end of 2020 and continuing into 2021. As a result, the Directors consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

### *Standards, amendments and interpretations which are not effective or early adopted*

There are no new standards, amendments and interpretations that are not yet effective that would have a material effect on the HFI Group’s results or net assets and as such have not been presented in this note.

### **Foreign currency**

#### (i) *Functional and presentation currency*

Items included in the Historical Financial Information of the HFI Group are measured using the currency of the primary economic environment in which the HFI Group operates (‘the functional currency’). The Historical Financial Information is presented in ‘Pounds Sterling’ (£), which is also the HFI Group’s functional currency.

On consolidation, the results of overseas operations are translated into £ at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### **Revenue**

Revenue is grouped within three streams; direct, indirect and other income:

- (1) Direct revenue relates to sales driven streams, includes content marketing and direct display;
- (2) Indirect revenue includes social video, web advertising and content recommendation revenues; and
- (3) Other income includes affiliate, licensing, programming and social consultancy.

To determine whether to recognise revenue, the HFI Group follows a 5-step process as follows:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price, stated net of rebates, VAT and other sales related taxes. Revenue is recognised either at a point in time, or over-time as the HFI Group satisfies performance obligations by transferring the promised services to its customers as described below.

- (i) Content marketing and direct display – recognised when performance obligations are met (i.e. when individual products are delivered to the customer), at a point in time net of any agency rebate;
- (ii) Web advertising – recognised at the point a digital advert is delivered;
- (iii) Social video – recognised at the point a digital advert is delivered, net of revenue share taken by platform partners;
- (iv) Content recommendation – recognised upon referral of new customers to our partners;
- (v) Affiliates commissions – recognised upon referral of new customers to our partners, as well as commission earned on active accounts;
- (vi) Programming – recognised when performance obligations are met (i.e. when individual products are delivered to the customer), at a point in time;
- (vii) Social consultancy – recognised over the life of the agreement with the customer; and
- (viii) Licensing – see below.

For those licensing agreements where the following apply, all revenue is recognised immediately at the start date of the contract:

- (a) The customer has access to draw all videos/credits down immediately; and
- (b) The HFI Group has no obligation to “update the video bank” to make it current.

For those licensing agreements where the following apply, all revenue is recognised over the contract period:

- (a) The customer has access to draw down a set number of videos/credits per period (often a month); and
- (b) Where the customer can draw down all videos immediately at the start of a period, but the HFI Group has an obligation to “update the video bank” to make it current over the contracted period (this is not the case for any current contracts).

Although revenue is grouped within three separate streams, the HFI Group analyses revenue on a gross basis namely within the adjusted EBITDA and profit before tax KPI reporting. Due to this, the HFI Group does not believe there are any IFRS 8 considerations around the requirement to disclose operating segments for reporting purposes.

### ***Exceptional income/costs***

The HFI Group presents as exceptional income/costs and non-recurring items on the face of the income statement those significant items of expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year so as to facilitate comparison with prior years and assess trends in financial performance more readily. These costs are analysed in note 6.

### ***Taxation***

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other

comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

(ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Historical Financial Information. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Historical Financial Information.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

### ***Intangible assets***

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the trade and asset acquisitions and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable, and are initially recognised at fair value.

#### *Goodwill*

Goodwill on trade and asset acquisitions is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently in events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Other intangible assets that are acquired by the HFI Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite and is presented within operating expenses. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

#### *Trademarks and licences*

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 3 years.

### *Software*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the HFI Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employees costs.

### *Amortisation of intangible assets*

Capitalised software development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over their estimated useful lives of 3-10 years.

Branded content relationships relate to content relationships acquired following the acquisition of the Unilad brand. They are amortised over their estimated useful lives of 10 years.

The Brand which was acquired from Bentley Harrington Limited (trading as Unilad) in October 2018 is amortised over its estimated useful life of 10 years.

Content libraries which were acquired from Bentley Harrington Limited are a collection of videos that are owned on an exclusive basis which are then either licensed to third parties or published. The libraries are amortised over their estimated useful lives of 3 years. Note, this is only following acquisitions and in line with HFI Group policy, the entity does not capitalise the videos it acquires in its day to day activities.

### **Property, plant and equipment**

Property, plant and equipment (PPE) are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. There is no de minimis level regarding the capitalisation of PPE.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. Those useful lives by category are as follows:

Fixtures and fittings	3 years
Computer equipment	3 years
Right of use asset	Over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

PPE are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in net operating expenses.

## **Leased assets**

### *Leases*

At inception of a contract, the HFI Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *As a lessee*

The HFI Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the HFI Group's incremental borrowing rate. Generally, the HFI Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

The HFI Group presents right-of-use assets within property, plant and equipment in note 10.

### *Short term leases and low value assets*

The HFI Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term. See further detail in note 11.

## **Joint ventures**

The HFI Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the HFI Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

In assessing the classification of interests in joint arrangements, the HFI Group considers:

- The structure of the joint arrangement,
- The legal form of joint arrangements structured through a separate vehicle,
- The contractual terms of the joint arrangement agreement, and
- Any other facts and circumstances (including any other contractual arrangements).

The HFI Group accounts for its interest in joint ventures in the same manner as investments in Associates (i.e. using the equity method, where further detail of this treatment can be seen above).

Any premium paid for an investment in a joint venture above the fair value of the HFI Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

## **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

## **Financial instruments**

### *Financial assets*

Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The HFI Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on the contractual cash flow characteristics of the financial asset. All financial assets of the HFI Group are held at amortised cost.

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are non-interest bearing, initially recorded at fair value (the transaction price). A loss allowance for expected credit losses is recognised based upon the lifetime expected credit losses in cases where the credit risk on trade and other receivables has increased significantly since initial recognition. In cases where the credit risk has not increased significantly, but there is no financing component within the receivable the HFI Group measures the loss allowance based upon the lifetime expected credit losses. This assessment is performed on a collective basis considering forward-looking information.

### *Financial liabilities*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The HFI Group's borrowings, finance leases, trade and other payables fall into this category of financial instruments.

The HFI Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

## **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown as a deduction, net of tax, from the proceeds. The excess of proceeds of a share issue over the nominal value is presented within share premium.

## **Provisions**

Provisions are recognised when the HFI Group has a legal or constructive present obligation as a result of a past event, it is probable that the HFI Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision

is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the year in which it arises.

### **Share based payments**

The HFI Group operates equity-settled share-based remuneration plans for certain employees. None of the HFI Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

### **Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

## **3. Critical judgements and estimates in supplying the accounting policies**

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

### **Accounting estimates**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *– Impairment of goodwill and other intangible assets (note 9)*

The carrying amount of goodwill, relating solely to the acquisition of the trade and assets of Bentley Harrington Limited (trading as Unilad), is £10.1m (2019: £10.1m, 2018: £10.1m). The carrying amount of acquired intangible assets relating solely to the acquisition of the trade and assets of Bentley Harrington Limited (trading as Unilad) is £4.6m as at 31 December 2020 (2019: £5.3m, 2018: £6.0m). Non-acquisition related intangible assets (Trademarks and Licences and Software) amount to £0.4m as at 31 December 2020 (2019: £0.9m, 2018: £0.6m).

The Directors are confident that the carrying amount of goodwill and other acquired intangible assets is fairly stated and having carried out the most recent annual impairment review have determined the value in use to be £27.5m. The forecasted cash generation for the Cash Generating Unit ("CGU") and the Weighted Average Cost of Capital ("WACC") represent significant assumptions and should the assumptions prove to be incorrect there would be a significant risk of a material adjustment within the next financial year.

The projected EBITDA margin in the 5 year forecast is 46.6 per cent. per annum. A reduction in this rate of 5 percentage points would lead to a reduction in the value in use of £3.0m.

The cash flows are based on a five-year forecast with revenue growth rates of 17.5 per cent. per annum. This growth rate is deemed reasonable as it is consistent with historical growth rates of the wider HFI Group. Subsequent years are based on a reduced growth rate of 2.00 per cent. into perpetuity. A decrease in the annual revenue growth rate of 17.5 per cent. by 5 percentage points

would lead to a reduction in the value in use of £4.6m. A decrease in the perpetuity growth rate of 1 percentage point would lead to a reduction in the value in use of £1.7m.

The discount rate used was the HFI Group's post-tax WACC of 13.0 per cent. The WACC used for the impairment review is reflective of the industry sector WACC rather than the WACC used in investment decisions. An increase in the WACC rate of 1 percentage point would lead to a reduction in the value in use of £2.4m.

Notwithstanding the headroom in the aforementioned impairment assessment, it is clear that if there were to be a decrease in the revenue growth rates or EBITDA margin, or if the WACC rate were to be increased, then there could be an impairment of goodwill. Management considers the likelihood of such movements to be low and therefore no impairment has been recorded.

– *Amounts recoverable from Bentley Harrington*

At 31 December 2020, a receivable of £1.18m has been recorded as an other receivable. This is in relation to amounts to be recovered from Bentley Harrington Limited (in administration). In October 2018 the HFI Group acquired a loan that Alex Partridge had receivable from Bentley Harrington Limited totalling £5m, for cash consideration of £3.5m. In 2020, a total of £4m has been recovered in cash from Bentley Harrington Limited. A further £1.18m was confirmed by the administrators of Bentley Harrington Limited (Leonard Curtis) as receivable in December 2020. On the basis of this confirmation, management believed at 31 December 2020 that a cash inflow was virtually certain and has therefore recognised the amount as an asset at the period end. This amount was subsequently recovered in June 2021.

The consolidated statement of cash flows presented within the Historical Financial Information differs from the financial statements for the period ended 31 December 2020 as a result of correcting the presentation of loan payments received in the period of £4m from operating activities to investing activities.

– *Goodwill and Intangible assets arising on acquisition (note 9)*

The process of estimating the value of customer contracts and customer relationships on acquisition includes an element of forecasting and judgement. The Directors review customer contracts and customer relationships on an annual basis which also involves an element of judgement as to the length of the contract and relationship.

### **Significant accounting judgements**

– *Assessment of control over Pubity HFI Group Ltd*

As detailed in note 2, Joint Ventures, the HFI Group has assessed whether it has control over Pubity Group Ltd, of which the HFI Group holds 30 per cent. of the equity. Due to the fact that, contractually, the HFI Group has 50 per cent. of the voting rights of the entity, and following consideration of the wider stakeholder arrangement, it has been deemed that there is no control over the entity. All key decisions must be jointly agreed, therefore the investment is treated as a Joint Venture.

There are no further judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at any period end.

## **4. Revenue**

The trading operations of the HFI Group are in the online media publishing industry and are all continuing. All assets of the HFI Group reside in the UK with the exception of £379k of property, plant and equipment held in Australia (2019: £22k, 2018: £Nil).

### **Analysis of revenue**

The HFI Group's revenue and operating profit relate entirely to its principal activity. Note that gross margin is not assessed separately for the revenue streams below.

The analysis of revenue by stream is:

	<i>2018</i> £'000	<i>2019</i> £'000	<i>2020</i> £'000
Direct	11,462	12,283	14,206
Indirect	7,915	14,175	14,644
Other	991	2,565	1,320
	<u>20,368</u>	<u>29,023</u>	<u>30,170</u>

The geographical analysis of revenue by customer location is:

	<i>2018</i> £'000	<i>2019</i> £'000	<i>2020</i> £'000
United Kingdom	11,746	15,274	13,625
Ireland	7,275	11,023	13,544
Australia	29	315	1,400
USA	889	1,910	871
Rest of the World	429	501	730
	<u>20,368</u>	<u>29,023</u>	<u>30,170</u>

### **Major customers**

In 2020 there were four major customers that individually accounted for at least 10 per cent. of total revenue (Customer A: 23 per cent., customer B: 16 per cent., customer C: 10 per cent., customer D: 10 per cent.) (2019: three customers (Customer A: 29 per cent., customer B: 15 per cent., customer D: 10 per cent.), 2018: four customers (Customer A: 18 per cent., customer B: 15 per cent., customer D: 11 per cent., customer E: 11 per cent.)). The total revenues relating to these customers in 2020 were £17,846k (2019: £15,924k, 2018: £11,242k).

## **5. Employees and Directors**

The average monthly number of persons employed by the HFI Group (including Directors) during the year, analysed by category, was as follows:

	<i>Number of employees 2018</i>	<i>Number of employees 2019</i>	<i>Number of employees 2020</i>
Sales	32	27	33
Administration	156	224	247
	<u>188</u>	<u>251</u>	<u>280</u>

The aggregate payroll costs of these persons were as follows:

	<i>2018</i> £'000	<i>2019</i> £'000	<i>2020</i> £'000
Wages and salaries	7,167	11,284	13,223
Social security costs	784	1,148	1,303
Other pension costs	121	225	260
Share based payments (note 19)	96	18	138
	<u>8,168</u>	<u>12,675</u>	<u>14,924</u>

The HFI Group operates a defined contribution plans which receives fixed contributions from HFI Group companies. The HFI Group's legal or constructive obligation for these plans is limited to the contributions.

The expense recognised in the year ended 31 December 2020 in relation to these contributions was £260k (2019: £225k, 2018: £121k).

Pension contributions included in accruals at 31 December 2020 were £85k (2019: £nil, 2018: £23k).

### **Key management compensation**

Key management includes Directors and other key management. The compensation paid or payable to key management for services is shown below:

	2018 £'000	2019 £'000	2020 £'000
Salaries including bonuses	760	415	781
Social security costs	99	54	103
Short term monetary benefits	9	–	2
Share based payments (note 19)	96	18	138
<b>Total benefits</b>	<u>964</u>	<u>487</u>	<u>1,024</u>

### **Directors**

The Directors' emoluments were as follows:

	2018 £'000	2019 £'000	2020 £'000
Directors' aggregate emoluments	<u>300</u>	<u>430</u>	<u>724</u>

### **Highest paid Director**

The emoluments received by the highest paid Director in respect of qualifying services totalled £291k (2019: £242k, 2018: £167k) including pension contributions of £1k (2019: £nil, 2018: £1k).

## **6. Net operating expenses**

	2018 £'000	2019 £'000	2020 £'000
Employee benefit expense (note 5)	8,168	12,675	14,924
Amortisation (note 9)	145	753	901
Loss on disposal of intangible assets (note 9)	–	–	481
Depreciation (note 10)	704	1,107	1,205
Auditor's remuneration	50	106	71
Legal and professional	417	479	673
Media costs	1,191	2,052	1,878
Production costs	2,214	3,589	3,081
Travel and expenses	632	1,037	366
Establishment costs	2,188	3,182	3,141
Loss/(profit) on foreign currency	40	(104)	383
Exceptional costs/(income)	182	727	(1,640)
Other expenses	602	262	320
<b>Total net operating expenses</b>	<u>16,533</u>	<u>25,865</u>	<u>25,784</u>

Auditor's remuneration in 2020 includes £nil (2019: £0.02m, 2018: £nil) for tax advice and £nil (2019: £0.08m, 2018: £0.01m) for other services. 2019 and 2018 fees relate to the former auditor, PricewaterhouseCoopers LLP. 2020 fees relate to BDO LLP.

A breakdown of exceptional costs/(income) are provided below:

	2018 £'000	2019 £'000	2020 £'000
Amounts recoverable from Bentley Harrington	–	–	(1,680)
Pubity legal costs	–	–	40
Unilad restructuring costs	–	727	–
Legal fees	182	–	–
<b>Total exceptional costs/(income)</b>	<u>182</u>	<u>727</u>	<u>(1,640)</u>

#### **Amounts recoverable from Bentley Harrington**

In October 2018 the HFI Group acquired a loan that Alex Partridge, the founder of Unilad, had receivable from Bentley Harrington Limited totalling £5m, for cash consideration of £3.5m. Upon acquisition of the loan, the HFI Group recorded £3.5m as receivable. In the year ended 31 December 2020, a total of £4m has been received in cash from Bentley Harrington Limited.

A further £1.18m was confirmed by the administrators of Bentley Harrington Limited (Leonard Curtis) as receivable in December 2020. On the basis of this confirmation, as at 31 December 2020, management believes that a cash inflow is virtually certain and has therefore recognised the amount as an asset at the year end.

The amount disclosed as exceptional income above includes £0.5m received in 2020 in excess of the original £3.5m recorded as an asset, plus the final tranche due in 2021 of £1m, plus an additional £0.18m interest. The full amount of this outstanding balance has been received in June 2021.

#### **Pubity legal costs**

This relates to the legal costs in relation to the acquisition of shares in Pubity Group Limited. For further details on the acquisition of these shares, please see note 12.

#### **Unilad restructuring costs**

This cost relates to the restructuring expenses incurred to integrate the Unilad business within the HFI Group in the year ended 31 December 2019. The £727k was paid in the year ended 31 December 2019.

#### **Legal fees**

This cost relates to legal fees incurred during the acquisition and subsequent restructure of Unilad, including legal and HR advice. This amount also includes fees an early settlement penalty on the repayment of the other loans from related parties.

### **7. Net finance costs**

	2018 £'000	2019 £'000	2020 £'000
On bank loans	–	(127)	(184)
On other liabilities	(148)	(379)	–
On loan redemption and arrangement fees	–	(415)	–
Unwinding of discount on provisions	–	–	(12)
On lease liabilities	(80)	(187)	(151)
<b>Finance costs</b>	<u>(228)</u>	<u>(1,108)</u>	<u>(347)</u>
<b>Finance income</b>	<u>25</u>	<u>73</u>	<u>29</u>
<b>Net finance costs</b>	<u>(203)</u>	<u>(1,035)</u>	<u>(318)</u>

### **Loan redemption and arrangement fees**

This related to the loan redemption and arrangement fees that were entered into by the HFI Group, in relation to Makkma Investments Limited, a £17m loan settled within 2019, and the new HSBC loan of £15m. The loan was to fund the acquisition of trade and assets of Bentley Harrington Limited (trading as Unilad). The £415k was paid in the year ended 31 December 2019.

## **8. Income tax expense**

### **Tax expense included in profit or loss**

	2018 £'000	2019 £'000	2020 £'000
<b>Current year tax:</b>			
Current taxation charge for the year	616	358	1,213
Adjustments in respect of prior years	169	48	25
<b>Total current tax</b>	<u>785</u>	<u>406</u>	<u>1,238</u>
<b>Deferred tax:</b>			
Current year	(80)	(110)	(239)
Effect of change in tax rates	4	12	122
Adjustments in respect of prior years	7	100	22
<b>Total deferred tax</b>	<u>(69)</u>	<u>2</u>	<u>(95)</u>
<b>Total tax on profit on ordinary activities</b>	<u><u>716</u></u>	<u><u>408</u></u>	<u><u>1,143</u></u>

### **Reconciliation of tax charge**

The tax assessed for the year is higher (2019: higher 2018: higher) than at the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £'000	2019 £'000	2020 £'000
<b>Profit before taxation</b>	<u>3,632</u>	<u>2,123</u>	<u>4,113</u>
Tax on profit multiplied by standard rate of corporation tax in the UK at 19.00% (2019: 19.00%, 2018: 19.00%)	690	403	781
<b>Effects of:</b>			
Foreign tax at different rates	–	(54)	–
Non-deductible expenses	122	(66)	159
Non-taxable income	–	22	–
Enhanced research and development tax relief	–	(206)	–
Unrecognised deferred tax asset	–	182	–
Effect of change in tax rates	4	12	122
Adjustments in respect of prior years	176	148	47
Income not taxable	–	–	(17)
Other	(276)	(33)	–
Share valuation	–	–	51
<b>Total taxation charge</b>	<u><u>716</u></u>	<u><u>408</u></u>	<u><u>1,143</u></u>

### **Tax rate changes**

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25 per cent. from 1 April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at the substantively enacted rate of 19 per cent., consistent with the rate used in 2019 and 2018.

## 9. Goodwill and other intangible assets

	<i>Trademarks and licenses</i> £'000	<i>Software</i> £'000	<i>Relationships</i> £'000	<i>Brand</i> £'000	<i>Content library</i> £'000	<i>Goodwill</i> £'000	<i>Total</i> £'000
<b>Cost</b>							
At 1 January 2018	109	–	–	–	–	–	109
Acquisitions	–	–	1,300	4,500	300	10,094	16,194
Additions	106	453	–	–	–	–	559
<b>At 31 December 2018</b>	<b>215</b>	<b>453</b>	<b>1,300</b>	<b>4,500</b>	<b>300</b>	<b>10,094</b>	<b>16,862</b>
Additions	21	406	–	–	–	–	427
<b>At 31 December 2019</b>	<b>236</b>	<b>859</b>	<b>1,300</b>	<b>4,500</b>	<b>300</b>	<b>10,094</b>	<b>17,289</b>
Additions	–	127	–	–	–	–	127
Reclassification	(107)	107	–	–	–	–	–
Disposals	(85)	(624)	–	–	–	–	(709)
<b>At 31 December 2020</b>	<b>44</b>	<b>469</b>	<b>1,300</b>	<b>4,500</b>	<b>300</b>	<b>10,094</b>	<b>16,707</b>
<b>Accumulated amortisation</b>							
At 1 January 2018	81	–	–	–	–	–	81
Charge for the year	3	15	27	94	6	–	145
<b>At 31 December 2018</b>	<b>84</b>	<b>15</b>	<b>27</b>	<b>94</b>	<b>6</b>	<b>–</b>	<b>226</b>
Charge for the year	15	54	130	450	104	–	753
<b>At 31 December 2019</b>	<b>99</b>	<b>69</b>	<b>157</b>	<b>544</b>	<b>110</b>	<b>–</b>	<b>979</b>
Charge for the year	8	203	131	453	106	–	901
Elimination on disposal	(83)	(145)	–	–	–	–	(228)
<b>At 31 December 2020</b>	<b>24</b>	<b>127</b>	<b>288</b>	<b>997</b>	<b>216</b>	<b>–</b>	<b>1,652</b>
<b>Net book value</b>							
<b>At 31 December 2018</b>	<b>131</b>	<b>438</b>	<b>1,273</b>	<b>4,406</b>	<b>294</b>	<b>10,094</b>	<b>16,636</b>
<b>At 31 December 2019</b>	<b>137</b>	<b>790</b>	<b>1,143</b>	<b>3,956</b>	<b>190</b>	<b>10,094</b>	<b>16,310</b>
<b>At 31 December 2020</b>	<b>20</b>	<b>342</b>	<b>1,012</b>	<b>3,503</b>	<b>84</b>	<b>10,094</b>	<b>15,055</b>

The carrying amount of goodwill, relating solely to the acquisition of the trade and assets of Bentley Harrington Limited (trading as Unilad), is £10.1m (2019: £10.1m, 2018: £10.1m). The carrying amount of acquired intangible assets relating solely to the acquisition of the trade and assets of Bentley Harrington Limited (trading as Unilad) is £4.6m as at 31 December 2020 (2019: £5.3m, 2018: £6.0m). Non-acquisition related intangible assets (Trademarks and Licences and Software) amount to £0.4m as at 31 December 2020 (2019: £0.9m, 2018: £0.6m).

The Directors are confident that the carrying amount of goodwill and other acquired intangible assets is fairly stated and have carried out an impairment review which determined the value in use to be £27.5m. The forecast cash generation for the Cash Generating Unit (“CGU”) and the Weighted Average Cost of Capital (“WACC”) represent significant assumptions and should the assumptions prove to be incorrect there would be a significant risk of a material adjustment within the next financial year.

The cash flows are based on a five-year forecast with revenue growth rates of 17.5 per cent. per annum. This growth rate is deemed reasonable as it is consistent with historical growth rates of the wider HFI Group. Subsequent years are based on a reduced growth rate of 2.00 per cent. into perpetuity. A decrease in the annual revenue growth rate of 17.5 per cent. by 5 percentage points would lead to a reduction in the value in use of £4.6m. A decrease in the perpetuity growth rate of 1 percentage point would lead to a reduction in the value in use of £1.7m.

The projected EBITDA margin in the 5 year forecast is 46.6 per cent. per annum. A reduction in this rate of 5 percentage points would lead to a reduction in the value in use of £3.0m. The discount rate used was the HFI Group’s post-tax WACC of 13.0 per cent. The WACC used for the impairment review is reflective of the

industry sector WACC rather than the WACC used in investment decisions. An increase in the WACC rate of 1 percentage point would lead to a reduction in the value in use of £2.4m.

Notwithstanding the headroom in the aforementioned impairment assessment, it is clear that if there were to be a decrease in the revenue growth rates or EBITDA margin, or if the WACC rate were to be increased, then there could be an impairment of goodwill. Management consider the likelihood of such movements to be low and therefore no impairment has been recorded.

Note in 2020, a reclassification was made to correctly recognise software within the correct asset group, from trademarks and licences.

## 10. Property, plant and equipment

	<i>Fixtures and Fittings £'000</i>	<i>Computer Equipment £'000</i>	<i>Right of Use Asset £'000</i>	<i>Total £'000</i>
<b>Cost</b>				
<b>At 1 January 2018</b>	521	281	1,034	1,836
Additions	295	101	5,534	5,930
Disposals	(24)	(34)	(849)	(907)
<b>At 31 December 2018</b>	792	348	5,719	6,859
Additions	152	178	89	419
Disposals	(1)	(34)	–	(35)
<b>At 31 December 2019</b>	943	492	5,808	7,243
Additions	11	243	383	637
Disposals	(290)	(335)	–	(625)
<b>At 31 December 2020</b>	664	400	6,191	7,255
<b>Accumulated Depreciation</b>				
<b>At 1 January 2018</b>	177	203	592	972
Charge for the year	128	137	439	704
Disposals	(15)	(21)	(639)	(675)
<b>At 31 December 2018</b>	290	319	392	1,001
Charge for the year	203	130	774	1,107
Elimination on disposal	(1)	(30)	–	(31)
<b>At 31 December 2019</b>	492	419	1,166	2,077
Charge for the year	176	131	898	1,205
Elimination on disposal	(290)	(335)	–	(625)
<b>At 31 December 2020</b>	378	215	2,064	2,657
<b>Net book value</b>				
<b>At 31 December 2018</b>	502	29	5,327	5,858
<b>At 31 December 2019</b>	451	73	4,642	5,166
<b>At 31 December 2020</b>	286	185	4,127	4,598

Depreciation is charged to net operating expenses in the consolidated statements of comprehensive income.

£254k (2019: £330k, 2018: £396k) of additions relate to cash movements in the year. The remaining additions relate to non-cash recognition of the right of use asset. The right of use asset is a lessee's right to use an asset over the life of a lease and are all related to property leases.

## 11. Leases

The HFI Group leases the offices and treats the UK and Australia leases under IFRS16, recognising the leases on the balance sheet.

### **Right-of-use assets**

The HFI Group includes right-of-use assets as part of property, plant and equipment in the balance sheet. Their carrying value as at 31 December 2020 was £4,127k (2019: £4,642k, 2018: £5,327k). See note 10.

### **Lease liabilities**

The HFI Group includes lease liabilities on the balance sheet. The carrying amounts of lease liabilities for the reporting periods are set out below:

	2018 £'000	2019 £'000	2020 £'000
<b>Current</b>			
Lease liabilities	712	868	1,039
<b>Non-current</b>			
Lease liabilities	5,374	4,650	3,689
<b>Total lease liabilities</b>	<u>6,086</u>	<u>5,518</u>	<u>4,728</u>

### **Lease liabilities maturity analysis**

	2018 £'000	2019 £'000	2020 £'000
<b>Amount repayable</b>			
Within one year	712	868	1,039
In more than one year but less than two years	1,187	1,039	1,081
In more than two years but less than three years	1,055	1,081	1,027
In more than three years but less than four years	1,091	1,027	862
In more than four years but less than five years	1,038	862	537
In more than five years	1,003	641	182
	<u>6,086</u>	<u>5,518</u>	<u>4,728</u>

### **Lease liabilities movements in period**

	As of 1 January £'000	Payments £'000	Interest charge £'000	Interest paid £'000	New leases £'000	As at 31 December £'000
Year end 31 December 2020	5,518	(1,165)	151	(151)	375	4,728
Year end 31 December 2019	6,086	(655)	187	(187)	87	5,518
Year end 31 December 2018	499	(748)	72	–	6,263	6,086

A short-term lease of an office space has been held with total costs in the year ended 31 December 2020 of £68k. As at 31 December 2020, three months of lease payments were committed to in relation to this lease totalling £16k in costs to the HFI Group.

## 12. Business combinations

On 16 October 2018, the HFI Group acquired the trade and business assets of Bentley Harrington Limited (the “Unilad business”) for cash consideration of £17m. The Unilad business operates as an online media publisher.

<i>Consideration as at 16 October 2018</i>	<i>£'000</i>
Cash	17,000
Total consideration	<u>17,000</u>

### **Recognised amounts of identifiable assets acquired and liabilities assumed**

	<i>Values recognised at acquisition</i>		
	<i>Book value</i>	<i>Adjustments</i>	<i>Fair value</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Assets</b>			
Other intangibles – brand	–	4,500	4,500
Other intangibles – branded content relationships	–	1,300	1,300
Other intangibles – content library	–	300	300
Trade and other receivables	2,166	(323)	1,843
Deferred tax	–	(1,037)	(1,037)
<b>Total identifiable assets</b>	<u>2,166</u>	<u>4,740</u>	<u>6,906</u>
Goodwill			10,094
<b>Total</b>			<u>17,000</u>

### **The fair value adjustments reflect:**

The identification of separately identifiable other intangible assets and the deferred tax on those assets; and the subsequent receipt of cash from debtors acquired with a nil value at the date of acquisition.

The Unilad business contributed £5,810k to revenue and incurred a loss before tax of £950k in the year to 31 December 2019. The entity was a shell company before the acquisition of the trade and assets, so all the results are related to the acquisition.

## 13. Investments in equity-accounted joint ventures

On 27 August 2020 the HFI Group acquired 30 per cent. of the share capital of Pubity Group Ltd for £nil consideration. Pubity Group Ltd is an online media publisher, incorporated and operating in the United Kingdom.

The contractual arrangement provides the HFI Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Pubity Group Ltd. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated Historical Financial Information using the equity method. Summarised financial information in relation to the joint venture is presented below.

A fair value exercise regarding the consideration for Pubity Group Ltd has been performed using a “value of service” approach, concluding that the fair value of consideration in the entity was £199k, made up of £123k of back office support staff costs, £45k of Director support and £31k of office space provided by the HFI Group as part of the shareholder agreement. The remaining addition in the year ended 31 December 2020, relates to the HFI Group’s share of total comprehensive income of £45k, totalling the additions as £244k.

Deferred consideration of £199k was recorded at acquisition relating to services that the HFI Group has to provide to Pubity Group Limited for £Nil consideration over a two year period. The deferred consideration will unwind over the next two years.

Name	Country of incorporation and principal place of business	Proportion of ownership interest held as at 31 December 2020
Pubity Group Ltd	United Kingdom	30%

### Summarised financial information (Pubity Group Ltd)

	2020 £'000
<b>As at 31 December</b>	
Current assets	287
Non-current assets	2
Current liabilities	(103)
Net assets (100%)	186
HFI Group share of net assets (30%)	56
<b>Period ended 31 December</b>	
Revenue	371
Profit from continuing operations	151
Total comprehensive income (100%)	151
HFI Group share of total comprehensive income (30%)	45

### 14. Trade and other receivables

	2018 £'000	2019 £'000	2020 £'000
Trade receivables not past due	1,402	3,031	3,727
Trade receivables past due	2,898	1,089	4,263
Less: provision for credit losses	(42)	(41)	(96)
<b>Trade receivables net</b>	4,258	4,079	7,894
Work in progress	–	189	259
Other receivables	4,214	4,010	1,969
Directors' loan receivable	34	56	53
Prepayments	428	113	512
Contract asset – accrued income	2,608	2,087	3,429
<b>Total trade and other receivables</b>	11,542	10,534	14,116
Less: non-current portion – other receivables	(409)	(409)	(436)
<b>Current portion</b>	11,133	10,125	13,680

Trade receivables and all other receivables (including work in progress, other receivables, Directors' loan receivable and accrued income) are stated net of provisions of £96k (2019: £41k, 2018: £42k). Trade and other receivables are assessed for impairment based upon the expected credit losses model. The lifetime expected loss provision for trade receivables is £96k (2019: £41k, 2018: £42k) at an expected loss rate of 1.2 per cent. (2019: 1.0 per cent., 2018: 1.0 per cent.) on gross trade receivables.

Work in progress relates to costs incurred on content marketing campaigns in excess of the total costs for the campaign recognised in net operating expenses. The output method is used to determine the stage of completion of a content marketing campaign. This is used to derive the costs to be recognised in any period based upon the budgeted final cost for each content marketing campaign.

The accrued income balance of £3,429k (2019: £2,087k, 2018: £2,608k) relates to revenue recognised which had not been invoiced to the customer at the period end. The balance has increased in the year due

to increased Q4 activity in 2020 (2019: this balance reduced in the year due to the focus on prompt invoicing, 2018: the balance increased in the year due to increases in revenue).

It is expected that all of accrued income held at 31 December 2020 will be invoiced and cash received within 2021 (2018 and 2019 amounts were received within the subsequent year). There is no difference between the carrying value and fair value of the financial assets noted above. Receivables not past due and past due but not impaired are generally with well-established counter-parties with good credit quality.

Non-current other receivables relate to security deposits on property leases.

The carrying amounts of the HFI Group's trade and other receivables are denominated in the following currencies:

	<i>2018</i> <i>£'000</i>	<i>2019</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
<b>Split by currency</b>			
UK Pound	10,695	9,899	11,165
United States Dollar	797	399	2,138
Australian Dollar	–	106	653
Euro	50	130	150
Other currencies	–	–	10
	<u>11,542</u>	<u>10,534</u>	<u>14,116</u>

#### 15. Cash and cash equivalents

	<i>2018</i> <i>£'000</i>	<i>2019</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	6,280	5,742	6,937
	<u>6,280</u>	<u>5,742</u>	<u>6,937</u>
<b>Split by currency</b>			
UK Pound	6,255	5,248	5,414
United States Dollar	6	492	1,219
Australian Dollar	9	–	260
Euro	10	2	44
	<u>6,280</u>	<u>5,742</u>	<u>6,937</u>

#### 16. Trade and other payables

	<i>2018</i> <i>£'000</i>	<i>2019</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
<b>Current:</b>			
Trade payables	1,296	1,353	1,964
Tax and social security	690	826	1,794
Accruals	1,196	1,820	1,714
Deferred income	747	736	1,601
Deferred consideration	–	–	164
Other payables	240	90	178
	<u>4,169</u>	<u>4,825</u>	<u>7,415</u>

There is no difference between the carrying value and fair value of the financial liabilities noted above. The deferred income balance of £1,601k (2019: £736k, 2018: £736k) relates to contracts with customers where invoices have been raised in advance of revenue being recognised.

It is expected that all of the deferred income recorded at 31 December 2020 will be recorded as revenue in the forthcoming year. All of the deferred income recorded at 31 December 2019 and 31 December 2018 was recognised as revenue within the subsequent year.

The carrying amounts of the HFI Group's trade and other payables are denominated in the following currencies:

	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Split by currency</b>			
UK Pound	4,082	4,684	7,060
United States Dollar	73	–	101
Euro	14	129	58
Australian Dollar	–	12	196
	<u>4,169</u>	<u>4,825</u>	<u>7,415</u>

## 17. Borrowings

	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Current</b>			
Bank loans	–	2,400	2,952
Other loans	18,250	1,250	–
Lease liabilities	712	868	1,039
	<u>18,962</u>	<u>4,518</u>	<u>3,991</u>
<b>Non-current</b>			
Bank loans	–	11,400	10,248
Other loans	1,250	–	–
Lease liabilities	5,374	4,650	3,689
	<u>6,624</u>	<u>16,050</u>	<u>13,937</u>
<b>Total borrowings</b>	<u>25,586</u>	<u>20,568</u>	<u>17,928</u>

### **Bank and other loans**

	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Amount repayable</b>			
Within one year	18,250	3,650	2,952
In more than one year but less than two years	1,250	2,400	2,952
In more than two years but less than three years	–	2,400	2,952
In more than three years but less than four years	–	2,400	4,344
In more than four years but less than five years	–	2,400	–
In more than five years	–	1,800	–
	<u>19,500</u>	<u>15,050</u>	<u>13,200</u>

#### **– Bank loans**

In June 2020 the HFI Group agreed a capital payment holiday with HSBC in relation to loan payments due in 2020. The total capital payments deferred amounted to £1.8m. Capital payments re-commenced in March 2021. This is not considered a substantial loan modification per IFRS 9 paragraph 17.

#### **– Other loans**

The balance was paid in full by 3 April 2020. The loan was a non-interest bearing loan to the HFI Group.

A reconciliation from opening to closing borrowings can be found below.

**Changes in liabilities arising from financing activities**

	As of 1 January 2020 £'000	Net receipts/ (payments) £'000	Interest charge £'000	Interest paid £'000	New leases £'000	As at 31 December 2020 £'000
Bank loans	13,800	(600)	179	(179)	–	13,200
Other loans	1,250	(1,250)	5	(5)	–	–
Lease liabilities	5,518	(1,165)	151	(151)	375	4,728
<b>Total</b>	<b>20,568</b>	<b>(3,015)</b>	<b>335</b>	<b>(335)</b>	<b>375</b>	<b>17,928</b>

	As of 1 January 2019 £'000	Net receipts/ (payments) £'000	Interest charge £'000	Interest paid £'000	New leases £'000	As at 31 December 2019 £'000
Bank loans	–	13,800	127	(127)	–	13,800
Other loans	19,500	(18,250)	379	(379)	–	1,250
Lease liabilities	6,086	(655)	187	(187)	87	5,518
<b>Total</b>	<b>25,586</b>	<b>(5,105)</b>	<b>693</b>	<b>(693)</b>	<b>87</b>	<b>20,568</b>

	As of 1 January 2018 £'000	Net receipts/ (payments) £'000	Interest charge £'000	Interest paid £'000	New leases £'000	Non-cash movement £'000	As at 31 December 2018 £'000
Bank loans	39	(39)	–	–	–	–	–
Other loans	–	16,000	144	(216)	–	3,572	19,500
Lease liabilities	499	(748)	72	–	6,263	–	6,086
<b>Total</b>	<b>538</b>	<b>15,213</b>	<b>216</b>	<b>(216)</b>	<b>6,263</b>	<b>3,572</b>	<b>25,586</b>

A short-term lease of an office space has been held with total costs in the year ended 31 December 2020 of £68k. As at 31 December 2020, three months of lease liability was committed to in relation to this lease totalling £16k in costs to the HFI Group.

The non-cash movement in other loans in 2018 relates to a third party loan with Alex Partridge. The HFI Group acquired from Alex Partridge a loan that he had as being receivable from Bentley Harrington Limited (the company from which the HFI Group acquired the trade and assets of the Unilad brand). The loan payable to Alex Partridge is offset by a corresponding receivable from Bentley Harrington Limited/cash received from Bentley Harrington Limited in the period since the loan was acquired (i.e. there was not a cash inflow from Alex Partridge at inception which gave rise to the loan position). As such, this is a non-cash movement in the above reconciliation.

## 18. Provisions

Dilapidations have been recognised to account for the cost of returning leased properties to their original condition.

	<i>Dilapidations</i> £'000
<b>At 1 January 2018 &amp; 2019</b>	193
Charged to profit or loss	–
<b>At 31 December 2018 &amp; 2019</b>	193
Charged to profit or loss	13
<b>At 31 December 2020</b>	206

The discount rate applied to this provision is 3.25 per cent. and it is expected to mature in 2026, at the end of the life of the lease.

## 19. Deferred tax liability/(asset)

	<i>2018</i> £'000	<i>2019</i> £'000	<i>2020</i> £'000
Liability at start of year	17	1,004	1,007
Adjustment in respect of prior years	7	100	22
Arising on acquisition	1,037	–	–
Deferred tax charge/(credit) to statement of comprehensive income for the year	(57)	(116)	(117)
Deferred tax charge/(credit) on share based payments	–	–	(318)
Other	–	19	–
Liability at end of year	<u>1,004</u>	<u>1,007</u>	<u>594</u>
Asset at start of year	–	(18)	–
Deferred tax charge/(credit) to statement of comprehensive income for year	(18)	18	–
Asset at end of year	<u>(18)</u>	<u>–</u>	<u>–</u>
<b>The deferred tax asset relates to the following:</b>			
Losses	<u>(18)</u>	<u>–</u>	<u>–</u>
	<u>(18)</u>	<u>–</u>	<u>–</u>
<b>The deferred tax liability/(assets) relates to the following:</b>			
Arising on acquired intangible assets	1,037	862	–
Accelerated capital allowances on property, plant and equipment	2	170	948
Temporary differences	(30)	(25)	(36)
Deferred tax on share options	–	–	(318)
Other	(5)	–	–
	<u>1,004</u>	<u>1,007</u>	<u>594</u>

Deferred tax primarily relates to the reversal of timing differences on capital allowances. Unrecognised deferred tax assets as at 31 December 2020 were £182k, relating to unrecognised losses in overseas subsidiaries (2019: £182k, 2018: £Nil).

## 20. Share based payments

LADbible Group Limited has a number of share option agreements with employees. All of these agreements have employment conditions attached and vest over the period to an “exit event”. An “exit event” is defined as a sale of the business, through private sale or listing. The table below summarises the option agreements entered into by year.

<i>Grant-Vest</i>	<i>Exercise price per share options (pence)</i>	<i>Share options</i>		
		<i>2018</i>	<i>2019</i>	<i>2020</i>
2014 – 2023	1	602	602	602
2017 – 2023	7,037	204	190	17
2019 – 2023	1	–	94	94
2020 – 2023	1	–	–	158
		<u>815</u>	<u>886</u>	<u>871</u>

The table below illustrates the movement of the average exercise price of share options, including the impact of those shares forfeited during the year.

	<i>2018</i>		<i>2019</i>		<i>2020</i>	
	<i>Average Exercise price in share option (pence)</i>	<i>Options</i>	<i>Average Exercise price in share option (pence)</i>	<i>Options</i>	<i>Average Exercise price in share option (pence)</i>	<i>Options</i>
<b>At 1 January</b>	1,846	816	1,846	816	1,509	886
Granted	–	–	1	94	–	–
Forfeited	–	–	–	–	(7,037)	(173)
Lapsed	–	–	(7,037)	(24)	–	–
<b>At 31 December</b>	<u>1,846</u>	<u>816</u>	<u>1,509</u>	<u>886</u>	<u>168</u>	<u>713</u>

Within 2020, 158 shares were acquired by employees which fell within the scope of IFRS 2 as employment conditions were included within the share purchase agreements. The valuation of these shares in excess of the amounts paid by employees for the shares was £443k, to be recognised as an employee expense over the vesting period of 3 years.

### **Expenses arising from share-based payment transactions**

	<i>2018 £'000</i>	<i>2019 £'000</i>	<i>2020 £'000</i>
Options issued under employee option plan	96	18	–
Shares acquired within the scope of IFRS 2	–	–	138
	<u>96</u>	<u>18</u>	<u>138</u>

The charge relating to the options and shares acquired within the scope of IFRS 2 has been included in staff costs in note 5.

The nominal value of all shares or options acquired is consistent with that disclosed for all shares in note 21.

The following information is relevant in the determination of the fair value of options granted and shares acquired within the scope of IFRS 2 during the year under equity-share based remuneration schemes operated by the HFI Group.

	2014	2017	2019	2020
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Share price at date of grant/acquisition (pence)	1	7,037	1	1
Contractual life (in days)	2,506	1,649	1,097	1,094
Volatility relative to comparator index	45.00%	55.00%	55.00%	55.00%
Dividend growth rate relative to comparator index	0.00%	0.00%	0.00%	0.00%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The HFI Group did not enter into any share-based payment transactions with parties other than employees during the period covered by the Historical Financial Information.

## 21. Called up share capital

	<i>A Ordinary shares</i> <i>Number</i>	<i>A1 Ordinary shares</i> <i>Number</i>	<i>A2 Ordinary shares</i> <i>Number</i>	<i>B Ordinary shares</i> <i>Number</i>	<i>C Ordinary shares</i> <i>Number</i>	<i>Total</i> <i>Number</i>
<b>At 1 January 2018</b>	10,000	–	–	4,671	280	14,951
Issued during the year	–	–	–	–	–	–
<b>At 31 December 2018</b>	10,000	–	–	4,671	280	14,951
Issued during the year	–	–	–	–	–	–
<b>At 31 December 2019</b>	10,000	–	–	4,671	280	14,951
Redesignated in the year	(10,000)	2,541	7,459	–	–	–
Issued during the year	–	–	–	–	158	158
<b>At 31 December 2020</b>	–	2,541	7,459	4,671	438	15,109

	<i>A Ordinary shares</i> <i>£</i>	<i>A1 Ordinary shares</i> <i>£</i>	<i>A2 Ordinary shares</i> <i>£</i>	<i>B Ordinary shares</i> <i>£</i>	<i>C Ordinary shares</i> <i>£</i>	<i>Total</i> <i>£</i>
<b>At 1 January 2018</b>	100	–	–	47	3	150
Issued during the year	–	–	–	–	–	–
<b>At 31 December 2018</b>	100	–	–	47	3	150
Issued during the year	–	–	–	–	–	–
<b>At 31 December 2019</b>	100	–	–	47	3	150
Redesignated in the year	(100)	25	75	–	–	–
Issued during the year	–	–	–	–	1	1
<b>At 31 December 2020</b>	–	25	75	47	4	151

On 16 January 2020, LADbible Group Limited adopted new articles of association, changing the name of the Ordinary A shares to A1 and A2. The 10,000 A ordinary shares of £0.01 each in the capital of LADbible Group Limited were converted into and redesignated as 2,541 A1 ordinary shares of £0.01 each and 7,459 A2 ordinary shares of £0.01 each.

### Nominal value

The A1 Ordinary, A2 Ordinary, B Ordinary and C Ordinary shares all have a nominal value of £0.01 per share.

### Share issue

On 24 July 2020, an allotment of shares was made, with 158 C Ordinary shares being allotted for cash for a nominal value of £0.01 per share. The shares were acquired for cash consideration of £63k, the balance being share premium.

### ***Voting rights***

The holders of the A1 Ordinary, A2 Ordinary and the B Ordinary shares carry the right to vote at general meetings of the Company. C Ordinary shares carry no rights to vote. For further details of other rights attached to the shares, see the resolution of adoption of Articles of Association, published on Companies House on 29 January 2020.

### ***Dividends***

Where dividends are declared, the Directors (in the case of an interim dividend) or the Shareholders (in the case of a final dividend) may direct that the dividends are paid in respect of all classes or shares, or one or more classes of shares at their discretion.

## **22. Financial risk management**

The HFI Group uses various financial instruments. These include cash, issued equity instruments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the HFI Group's operations.

The existence of these financial instruments exposes the HFI Group to a number of financial risks, which are described in more detail below.

The main risks arising from the HFI Group's financial instruments are currency risk, credit risk, interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Risk management policies remained consistent throughout the period covered by the Historical Financial Information.

### ***Currency risk***

The HFI Group contracts with certain customers in US Dollars and Euros and manages this foreign currency risk through close management of foreign currency positions including the use of forward currency contracts.

### ***Credit risk***

The HFI Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the HFI Group's trade receivables.

In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with borrowings ageing and collection history.

The Directors consider that the HFI Group's trade receivables were impaired for the year ended 31 December 2020 and a provision for credit losses of £96k was made (2019: £41k, 2018: £42k). See note 13 for further information on financial assets that are past due.

### ***Interest rate risk***

The HFI Group finances its operations through a mixture of retained profits and bank borrowings. The HFI Group's exposure to interest rate fluctuations on its borrowings is managed with the use of a fixed rate facility.

### ***Liquidity risk***

The HFI Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

The HFI Group policy throughout the period covered by the Historical Financial Information has been to ensure continuity of funding. Short-term flexibility is achieved by the cash balances held by the HFI Group.

The table below analyses the HFI Group's undiscounted non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

### Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting years under review may also be categorised as follows:

	2018 £'000	2019 £'000	2020 £'000
<b>Financial assets</b>			
<i>Non-current:</i>			
Other receivables	409	409	436
	<u>409</u>	<u>409</u>	<u>436</u>
<i>Current:</i>			
Trade and other receivables	8,063	7,680	9,427
Cash and cash equivalents	6,280	5,742	6,937
	<u>14,343</u>	<u>13,422</u>	<u>16,364</u>
<b>Financial liabilities</b>			
<i>Non-current:</i>			
Borrowings	(6,624)	(16,050)	(13,937)
<i>Current:</i>			
Borrowings	(18,962)	(4,518)	(3,991)
Trade and other payables	(1,536)	(1,443)	(2,142)
Accruals	(1,196)	(1,820)	(1,714)
	<u>(21,694)</u>	<u>(7,781)</u>	<u>(7,847)</u>
<b>Net financial assets and liabilities</b>	<u>(13,566)</u>	<u>(9,944)</u>	<u>(4,985)</u>

### 23. Commitments

There were no capital commitments at any of the period ends covered by the Historical Financial Information

### 24. Related party transactions

The following transactions were carried out with related parties:

	2018 £'000	2019 £'000	2020 £'000
<b>Entity controlled by key management personnel</b>			
Purchase of services <sup>(1)</sup>	185	184	229
Shares acquired by management <sup>(2)</sup>	–	–	63
Directors' loan account <sup>(3)</sup>	–	22	(3)
Interest on other loans <sup>(4)</sup>	143	379	–
Lease surrender <sup>(5)</sup>	–	100	–
	<u>328</u>	<u>685</u>	<u>289</u>

(1) Services are purchased from Kamani Commercial Property Ltd, an entity controlled by key management personnel on normal commercial terms and conditions. The entity controlled by key management personnel is a firm belonging to Mahmud Abdullah Kamani, a Director of the Company. The HFI Group rents the Manchester Dale street properties from Kamani Commercial Property Ltd. The "purchase of services" in the table above relates to the lease depreciation and interest attributable to the Dale Street properties which has been recognised as a cost in the income statement in all the HFI reporting periods. The amount outstanding of the lease liability as at 31 December 2020 is £425k (2019: £586k, 2018: £651k). The outstanding service charge balance at 31 December 2020 is £Nil (2019: £812, 2018: £Nil) and for property insurance of £611 (2019: £654, 2018: £536). Rent paid in the year ended 31 December 2020 is £177k (2019: £177k, 2018: £78k).

(2) On 24 July 2020, an allotment of shares was made, with 158 C Ordinary shares being allotted for cash for a nominal value of £0.01 per share. These shares were allotted to Directors who paid £63k for their allocation. See note 20 for further details.

(3) This relates to third party payments made by the HFI Group on behalf of the Directors for personal expenses.

(4) This relates to interest and redemption fees on loans from related parties. The loan was fully repaid within 2019.

(5) This relates to related party lease surrender costs recognised as expenses in 2019.

Year-end balances arising from purchases of services and interest on other loans:

	2018 £'000	2019 £'000	2020 £'000
<b>Entity controlled by key management personnel</b>			
Directors' loan account	34	56	53
Other loans from related parties	17,000	–	–
	<u>17,034</u>	<u>56</u>	<u>53</u>

## 25. Ultimate controlling party

The ultimate controlling party is A. Solomou by virtue of his shareholding.

## 26. Subsequent events

On 8 March 2021, LADbible New Zealand Limited was incorporated as part of the ongoing international strategy of the HFI Group, as a trading entity.

LADbible New Zealand Limited is an online media publisher. The registered office of LADbible New Zealand Limited is 4th Floor, Smith and Caughey Building, 253 Queen Street, Auckland, 1141, NZ.

On 21 April 2021 new articles of association for LADbible Group Limited were adopted in substitution and exclusion of the existing articles of the business (which were dated 16 January 2020). As part of the same exercise, a variation of rights took place, with further information available within filings made on 13 May 2021 on Companies House.

On 25 November 2021, LADbible Group Limited restructured its shares so that each share was split into 200 individual shares, meaning that the number of shares increased from 15,109 to 3,021,800.

As set out in paragraph 17.7 of Part VII of this Document, on 25 November 2021 LBG Media plc became the ultimate holding company and LBG Holdco Limited became the intermediate holding company of LADbible Group Limited.

## 27. Cash generated from operations

	2018 £'000	2019 £'000	2020 £'000
<b>Profit for the financial year</b>	2,916	1,715	2,970
Income tax	716	408	1,143
Net interest expense (note 7)	203	1,035	318
Share of post tax profits of equity accounted joint venture	–	–	(45)
<b>Operating profit</b>	<u>3,835</u>	<u>3,158</u>	<u>4,386</u>
Depreciation charge (note 10)	704	1,107	1,205
Amortisation of intangible assets (note 9)	145	753	901
Loss on disposal of non-current assets	18	4	481
Share based payments (note 20)	96	18	138
Decrease in Directors' loan account	–	–	(3)
(Increase)/decrease in trade and other receivables	(2,248)	839	(7,581)
Increase in trade and other payables	2,060	863	2,423
<b>Cash generated from operations</b>	<u><u>4,610</u></u>	<u><u>6,742</u></u>	<u><u>1,950</u></u>

## 28. Earnings per share

There is no difference between profit as disclosed within the income statement and earnings used within the earnings per share calculation for the reporting periods.

*Basic earnings per share calculation:*

	2018	2019	2020
<b>Earnings per share from continuing operations</b>			
Earnings, £'000	2,916	1,715	2,970
Number of shares, number	14,951	14,951	15,030
<b>Earnings per share, £</b>	195.04	114.71	197.60

*Diluted earnings per share calculation:*

	2018	2019	2020
<b>Diluted earnings per share from continuing operations</b>			
Earnings, £'000	2,916	1,715	2,970
Number of shares, number	15,594	15,608	15,743
<b>Diluted earnings per share, £</b>	186.99	109.88	188.66

*Reconciliation from weighted average number of shares used in basic earnings per share to diluted earnings per share:*

	2018	2019	2020
Number of shares in issue at the start of the period	14,951	14,951	14,951
Effect of shares issued in the period	–	–	79
Weighted average number of shares used in basic earnings per share	14,951	14,951	15,030
Employee share options	643	657	713
<b>Weighted average number of shares used in diluted earnings per share</b>	<u>15,594</u>	<u>15,608</u>	<u>15,743</u>

*Share restructure:*

On 25 November 2021, LADbible Group Limited restructured its shares so that each share was split into 200 individual shares, meaning that the number of shares increased from 15,109 to 3,021,800. We have disclosed below the effect on earnings per share and diluted earnings per share if this restructure had taken place as at each of the period ends.

*Basic earnings per share calculation (post share restructure):*

	2018	2019	2020
<b>Earnings per share from continuing operations</b>			
Earnings, £'000	2,916	1,715	2,970
Number of shares, number	3,021,800	3,021,800	3,021,800
<b>Earnings per share, £</b>	0.96	0.57	0.98

*Diluted earnings per share calculation (post share restructure):*

	2018	2019	2020
<b>Diluted earnings per share from continuing operations</b>			
Earnings, £'000	2,916	1,715	2,970
Number of shares, number	3,164,400	3,164,400	3,164,400
<b>Diluted earnings per share, £</b>	0.92	0.54	0.94

*Reconciliation from weighted average number of shares used in basic earnings per share to diluted earnings per share (post share restructure):*

	<i>2018</i>	<i>2019</i>	<i>2020</i>
Number of shares in issue at the start of the period	3,021,800	3,021,800	3,021,800
Effect of shares issued in the period	—	—	—
	<hr/>	<hr/>	<hr/>
Weighted average number of shares used in basic earnings per share	3,021,800	3,021,800	3,021,800
Employee share options	142,600	142,600	142,600
	<hr/>	<hr/>	<hr/>
<b>Weighted average number of shares used in diluted earnings per share</b>	<u><u>3,164,400</u></u>	<u><u>3,164,400</u></u>	<u><u>3,164,400</u></u>

## PART V

### UNAUDITED INTERIM FINANCIAL INFORMATION

#### Section A Review Report on the Unaudited Interim Financial Information



3 Hardman Street  
Manchester  
M3 3AT

The Directors  
LBG Media plc  
20 Dale Street  
Manchester  
M1 1EZ

7 December 2021

Zeus Capital Limited  
82 King Street  
Manchester  
M2 4WQ

Dear Sir or Madam

#### **LBG Media plc (the “Company”)**

#### **LADbible Group Limited and its subsidiaries (together, the “HFI Group”)**

#### **Introduction**

We report on the interim financial information set out in Section B of Part V. This financial information has been prepared for inclusion in the admission document dated 7 December 2021 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 30 June 2020 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

#### **Responsibilities**

The directors of the Company are responsible for preparing the interim financial information in accordance with the AIM Rules for Companies.

It is our responsibility to express a conclusion based on our review of the interim financial information.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410) issued by the Financial Reporting Council for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with the AIM Rules for Companies.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP  
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Section B – Unaudited Interim Financial Information

### Unaudited consolidated statements of comprehensive income

		Six months to 30 June 2021 £'000	Six months to 30 June 2020 £'000	Year ended 31 December 2020 £'000
Revenue	3	23,006	9,872	30,170
Net operating expenses		<u>(17,352)</u>	<u>(11,539)</u>	<u>(25,784)</u>
<b>Operating profit/(loss)</b>		5,654	(1,667)	4,386
Analysed as:				
<b>Adjusted EBITDA<sup>1</sup></b>		7,196	(684)	5,333
Depreciation		(648)	(521)	(1,205)
Amortisation		(402)	(462)	(901)
Loss on disposal of intangible assets		–	–	(481)
Exceptional (costs)/income	4	(492)	–	1,640
<b>Group operating profit/(loss)</b>		5,654	(1,667)	4,386
Finance income		–	1	29
Finance costs		<u>(132)</u>	<u>(86)</u>	<u>(347)</u>
<b>Net finance costs</b>		<u>(132)</u>	<u>(85)</u>	<u>(318)</u>
Share of post-tax profits of equity accounted joint venture		70	–	45
<b>Profit/(loss) before taxation</b>		<u>5,592</u>	<u>(1,752)</u>	<u>4,113</u>
Income tax expense	5	<u>(1,395)</u>	–	<u>(1,143)</u>
<b>Profit/(loss) and total comprehensive income/(loss)</b>		<u><u>4,197</u></u>	<u><u>(1,752)</u></u>	<u><u>2,970</u></u>
Basic earnings/(losses) per share (£)	10	1.39	(0.58)	0.98
Diluted earnings/(losses) per share (£)	10	1.33	(0.55)	0.94

1 Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, loss on disposal of intangible assets and exceptional income/(costs) is a non-GAAP metric used by management and is not an IFRS disclosure.

All results derive from continuing operations.

## Unaudited consolidated statements of financial position

		<i>As at</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2020</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2020</i> <i>£'000</i>
	<i>Note</i>			
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill and other intangible assets		14,652	15,981	15,055
Property, plant and equipment		4,188	4,716	4,598
Investments in equity-accounted joint ventures		315	–	244
Other receivables		1,643	410	436
Deferred tax asset		61	–	–
<b>Total non-current assets</b>		<u>20,859</u>	<u>21,107</u>	<u>20,333</u>
<b>Current assets</b>				
Trade and other receivables		12,245	4,633	13,680
Cash and cash equivalents		12,590	6,659	6,937
Current tax asset		–	656	–
<b>Total current assets</b>		<u>24,835</u>	<u>11,948</u>	<u>20,617</u>
<b>Total assets</b>		<u>45,694</u>	<u>33,055</u>	<u>40,950</u>
<b>Equity</b>				
Called up share capital		–	–	–
Share premium reserve		63	–	63
Retained earnings		19,244	9,054	14,154
<b>Total equity</b>		<u>19,307</u>	<u>9,054</u>	<u>14,217</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liability	6	3,187	3,905	3,689
Other interest-bearing loans and borrowings	6	8,772	11,724	10,248
Provisions		210	194	206
Deferred tax liability		–	1,006	594
<b>Total non-current liabilities</b>		<u>12,169</u>	<u>16,829</u>	<u>14,737</u>
<b>Current liabilities</b>				
Lease liability	6	1,318	877	1,039
Other interest-bearing loans and borrowings	6	2,952	1,476	2,952
Trade and other payables		7,797	4,819	7,415
Current tax liabilities		2,151	–	590
<b>Total current liabilities</b>		<u>14,218</u>	<u>7,172</u>	<u>11,996</u>
<b>Total liabilities</b>		<u>26,387</u>	<u>24,001</u>	<u>26,733</u>
<b>Total equity and liabilities</b>		<u>45,694</u>	<u>33,055</u>	<u>40,950</u>

## Unaudited consolidated statement of changes in equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
<b>As at 1 January 2020</b>	–	–	10,728	10,728
Profit for the financial year	–	–	2,970	2,970
Total comprehensive income for the year	–	–	2,970	2,970
Share based payments	–	–	138	138
Deferred tax on share options	–	–	318	318
Issue of share capital	–	63	–	63
Total transactions with owners, recognised directly in equity	–	63	456	519
<b>As at 31 December 2020</b>	–	63	14,154	14,217
<b>As at 1 January 2020</b>	–	–	10,728	10,728
Loss for the financial period	–	–	(1,752)	(1,752)
Total comprehensive loss for the period	–	–	(1,752)	(1,752)
Share based payments	–	–	78	78
Total transactions with owners, recognised directly in equity	–	–	78	78
<b>As at 30 June 2020 (unaudited)</b>	–	–	9,054	9,054
<b>As at 1 January 2021</b>	–	63	14,154	14,217
Profit for the financial period	–	–	4,197	4,197
Total comprehensive income for the period	–	–	4,197	4,197
Share based payments	–	–	115	115
Deferred tax on share options	–	–	778	778
Total transactions with owners, recognised directly in equity	–	–	893	893
<b>As at 30 June 2021 (unaudited)</b>	–	63	19,244	19,307

## Unaudited consolidated statements of cash flows

		<i>Six months to 30 June 2021 £'000</i>	<i>Six months to 30 June 2020 £'000</i>	<i>Year ended 31 December 2020 £'000</i>
<b>Cash flows from operating activities</b>				
Cash generated from operations	7	7,435	2,380	1,950
Tax received/(paid)		290	(1,088)	(1,088)
<b>Net cash generated from operating activities</b>		<u>7,725</u>	<u>1,292</u>	<u>862</u>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets		–	(133)	(127)
Purchase of property, plant and equipment		(146)	(71)	(254)
Repayment of loan		1,204	2,500	4,000
Loans to Directors		(1,200)	–	–
Interest received		–	–	1
<b>Net cash (used)/generated in investing activities</b>		<u>(142)</u>	<u>2,296</u>	<u>3,620</u>
<b>Cash flows from financing activities</b>				
Repayment of borrowings		(1,476)	(1,850)	(1,850)
Lease payments		(315)	(736)	(1,165)
Proceeds from share issue		–	–	63
Interest paid		(139)	(85)	(335)
<b>Net cash used in financing activities</b>		<u>(1,930)</u>	<u>(2,671)</u>	<u>(3,287)</u>
<b>Net increase in cash and cash equivalents</b>		<u>5,653</u>	<u>917</u>	<u>1,195</u>
Cash and cash equivalents at the beginning of the period		<u>6,937</u>	<u>5,742</u>	<u>5,742</u>
<b>Cash and cash equivalents at the end of the period</b>		<u><u>12,590</u></u>	<u><u>6,659</u></u>	<u><u>6,937</u></u>

## Notes to the unaudited interim financial information

### 1. Basis of preparation

The interim financial information of LADbible Group Limited and its subsidiaries (together the “HFI Group”) for the six months ended 30 June 2021, which is unaudited, has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (‘IFRS’) and the accounting policies adopted by the HFI Group and set out in Section B of Part IV to this Admission Document. The Directors do not anticipate any change in these accounting policies for the year ending 31 December 2021.

The unaudited interim financial information has been prepared on a going concern basis under the historical cost convention. The unaudited interim financial information is presented in pounds sterling and all values are rounded to the nearest thousand pounds (£’000), except where otherwise indicated. The interim financial information, including for the year ended 31 December 2020, does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The statutory accounts for 31 December 2020 have been delivered to the Registrar of Companies and the auditor’s report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

This unaudited interim financial information presents the financial track record of the HFI Group for the interim periods for six months ended 30 June 2020 and 2021 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. This unaudited interim financial information has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with this basis of preparation.

In the consolidated statement of financial position at 31 December 2020 in this Historical Financial Information, a deferred tax asset of £318k has been recognised in relation to share options, with a corresponding £318k credit recognised within retained earnings. This deferred tax asset was not reflected within the 2020 financial statements submitted to the Registrar of Companies, this adjustment corrects an error in the calculation of the deferred tax asset related to the valuation of each share under the option schemes.

The consolidated statement of cash flows presented within the Historical Financial Information differs from the financial statements for the period ended 31 December 2020 as a result of correcting the presentation of loan payments received in the period of £4 million from operating activities to investing activities.

### 2. Summary of significant accounting policies

The principal accounting policies adopted are set out in this Section B of Part IV to this Admission Document.

### 3. Revenue

The trading operations of the HFI Group are in the online media publishing industry and are all continuing.

#### ***Analysis of revenue***

The HFI Group’s revenue and operating profit relate entirely to its principal activity. Note that gross margin is not assessed separately for the revenue streams below.

The analysis of revenue by stream is:

	<i>6 months to 30 June 2021 £'000 (unaudited)</i>	<i>6 months to 30 June 2020 £'000 (unaudited)</i>	<i>Year ended 31 December 2020 £'000 (audited)</i>
<b>Revenue</b>			
Direct	9,098	4,151	14,206
Indirect	13,088	5,287	14,644
Other	820	434	1,320
	<u>23,006</u>	<u>9,872</u>	<u>30,170</u>

#### 4. Exceptional items

A breakdown of exceptional costs/(income) are provided below:

	<i>6 months to 30 June 2021 £'000 (unaudited)</i>	<i>6 months to 30 June 2020 £'000 (unaudited)</i>	<i>Year ended 31 December 2020 £'000 (audited)</i>
<b>Exceptional costs/(income)</b>			
Initial public offering costs	516	–	–
Amounts recoverable from Bentley Harrington	(24)	–	(1,680)
Pubity legal costs	–	–	40
Total exceptional costs/(income)	<u>492</u>	<u>–</u>	<u>(1,640)</u>

#### **Initial public offering costs**

During 2021, professional services firms have provided services in relation to the completion of the initial public offering. This work commenced from March 2021 and the total costs recognised up to June 2021 are £516k.

#### **Amounts recoverable from Bentley Harrington**

In October 2018, the HFI Group acquired a loan that Alex Partridge, the founder of Unilad, had receivable from Bentley Harrington Limited totalling £5m, for cash consideration of £3.5m. Upon acquisition of the loan, the HFI Group recorded £3.5m as receivable. In the year ended 31 December 2020 a total of £4m had been received in cash from Bentley Harrington Limited. A further £1.20m was confirmed by the administrators of Bentley Harrington Limited (Leonard Curtis) as receivable in December 2020.

The amount disclosed as exceptional income in the year ended 31 December 2020 above included £0.5m paid in 2020 in excess of the original £3.5m recorded as an asset, plus the final tranche paid in 2021 of £1m, plus an additional £0.24m interest. The full amount of the outstanding balance was received in June 2021.

The £24k recognised in the 6 months to June 2021 relates to additional interest received on the outstanding debt, which was not recognised as a receivable at 31 December 2020.

#### **Pubity legal costs**

This related to the legal costs in relation to the acquisition of shares in Pubity Group Limited.

## 5. Income tax expense

### Tax expense included in profit or loss

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
Current period tax:			
Current taxation charge/(credit) for the period	1,273	(221)	1,213
Adjustments in respect of prior periods	(1)	25	25
Total current tax	<u>1,272</u>	<u>(196)</u>	<u>1,238</u>
Deferred tax:			
Current period	(97)	113	(239)
Effect of change in tax rates	269	61	122
Adjustments in respect of prior periods	(49)	22	22
Total deferred tax	<u>123</u>	<u>196</u>	<u>(95)</u>
Total tax on profit on ordinary activities	<u><u>1,395</u></u>	<u><u>-</u></u>	<u><u>1,143</u></u>

### Reconciliation of tax charge

The tax assessed for the period ended 30 June 2021 is higher (period ended 30 June 2020: higher, year ended 31 December 2020: higher) than at the standard rate of corporation tax in the UK. The differences are explained below:

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
<b>Profit before taxation</b>	<u>5,592</u>	<u>(1,752)</u>	<u>4,113</u>
Tax on profit multiplied by standard rate of corporation tax in the UK at 19.00% for Jun 21 (Jun 20: 19.00%, Dec 20: 19.00%)	1,062	(333)	781
<b>Effects of:</b>			
Foreign tax at different rates	6	-	-
Non-deductible expenses	91	80	159
Effect of change in tax rates	269	61	122
Adjustments in respect of prior periods	(50)	47	47
Income not taxable	-	(9)	(17)
Other	17	-	-
Unrecognised losses	-	128	-
Share valuation	-	26	51
<b>Total taxation charge</b>	<u><u>1,395</u></u>	<u><u>-</u></u>	<u><u>1,143</u></u>

### Tax rate changes

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25 per cent. from 1 April 2023. This rate has not been substantively enacted at 30 June 2021, as a result deferred tax balances as at 30 June 2021 continue to be measured at 19 per cent.

## 6. Borrowings

	<i>6 months to 30 June 2021 £'000 (unaudited)</i>	<i>6 months to 30 June 2020 £'000 (unaudited)</i>	<i>Year ended 31 December 2020 £'000 (audited)</i>
<b>Current</b>			
Bank loans	2,952	1,476	2,952
Lease liabilities	1,318	877	1,039
	<u>4,270</u>	<u>2,353</u>	<u>3,991</u>
<b>Non-current</b>			
Bank loans	8,772	11,724	10,248
Lease liabilities	3,187	3,905	3,689
	<u>11,959</u>	<u>15,629</u>	<u>13,937</u>
<b>Total borrowings</b>	<u><u>16,229</u></u>	<u><u>17,982</u></u>	<u><u>17,928</u></u>
	<i>6 months to 30 June 2021 £'000 (unaudited)</i>	<i>6 months to 30 June 2020 £'000 (unaudited)</i>	<i>Year ended 31 December 2020 £'000 (audited)</i>
<b>Amount repayable</b>			
Within one year	4,270	2,353	3,991
In more than one year but less than two years	4,094	3,914	4,033
In more than two years but less than three years	3,891	3,944	3,979
In more than three years but less than four years	3,740	3,797	5,206
In more than four years but less than five years	234	3,740	537
In more than five years	–	234	182
	<u>16,229</u>	<u>17,982</u>	<u>17,928</u>

### **Bank loans**

In June 2020 the Group agreed a capital payment holiday with HSBC in relation loan payments due in 2020. The total capital payments deferred amounted to £1.8m. Capital payments re-commenced in March 2021. This is not considered a substantial loan modification per IFRS 9 paragraph 17.

## 7. Cash generated from operations

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
Profit/(loss) for the financial period/year	4,197	(1,752)	2,970
Income tax	1,395	–	1,143
Net interest expense	132	85	318
Share of post tax profits of equity accounted joint venture	(70)	–	(45)
<b>Operating profit/(loss)</b>	<u>5,654</u>	<u>(1,667)</u>	<u>4,386</u>
Depreciation charge	648	521	1,205
Amortisation of intangible assets	402	462	901
Loss on disposal of fixed assets	–	–	481
Share based payments	115	79	138
Increase in Directors' loan account	–	–	(3)
Increase in provisions	3	–	–
Decrease/(increase) in trade and other receivables	231	2,991	(7,581)
Increase/(decrease) in trade and other payables	382	(6)	2,423
<b>Cash generated from operations</b>	<u><u>7,435</u></u>	<u><u>2,380</u></u>	<u><u>1,950</u></u>

## 8. Related parties

The following transactions were carried out with related parties:

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
<i>Entity controlled by key management personnel</i>			
Directors' loan account <sup>(1)</sup>	1,200	–	(3)
Shares acquired by management <sup>(2)</sup>	–	–	63
Purchase of services <sup>(3)</sup>	135	114	229
	<u>1,335</u>	<u>114</u>	<u>289</u>

(1) On 30 March 2021, the HFI Group provided a five year, interest free (for the first 12 months) loan of £1,200,000 to Alexander Solomou. After 12 months, interest shall accrue on the loan at 0.5 per cent. per annum. The loan is repayable on demand.

(2) On 24 July 2020, an allotment of shares was made, with 158 C Ordinary shares being allotted for cash for a nominal value of £0.01 per share. These shares were allotted to Directors who paid £63k for their allocation.

(3) Services are purchased from Kamani Commercial Property Ltd, an entity controlled by key management personnel on normal commercial terms and conditions. The entity controlled by key management personnel is a firm belonging to Mahmud Abdullah Kamani, a Director of the Company. The Group rents the Manchester Dale street properties from Kamani Commercial Property Ltd. The "purchase of services" in the table above relates to the lease depreciation and interest attributable to the Dale Street properties which has been recognised as a cost in the statement of comprehensive income. The amount outstanding of the lease liability as at 30 June 2021 is £343k (30 Jun 2020: £506k, 31 Dec 2020: £425k). The outstanding service charge balance at 30 June 2021 is £Nil (30 Jun 2020: £661, 31 Dec 2020: £Nil) and for property insurance of £Nil (30 Jun 2020: £Nil, 31 Dec 2020: £611). Rent paid in the 6 months to 30 June 2021 was £89k (6 months to 30 June 2020: £89k, year ended 31 December 2020: £177K).

Year-end balances arising from purchases of services and interest on other loans:

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
<b>Entity controlled by key management personnel</b>			
Directors' loan account	1,256	56	53
	<u>1,256</u>	<u>56</u>	<u>53</u>

## 9. Subsequent events

On 25 August 2021, the Group provided a five year, interest free (for the first 12 months) loan of £1,500,000 to Arian Kalantari. After 12 months, interest shall accrue on the loan at 0.5 per cent. per annum. The loan is repayable on demand.

On 25 November 2021, LADbible Group Limited restructured its shares so that each share was split into 200 individual shares, meaning that the number of shares increased from 15,109 to 3,021,800.

As set out in paragraph 17.7 of Part VII of this Document, on 25 November 2021 LBG Media plc became the ultimate holding company and LBG Holdco Limited became the intermediate holding company of LADbible Group Limited.

## 10. Earnings per share

There is no difference between profit as disclosed within the income statement and earnings used within the earnings per share calculation for the reporting periods.

*Basic earnings per share calculation:*

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
<b>Earnings/(losses) per share from continuing operations</b>			
Earnings/(losses), £'000	4,197	(1,752)	2,970
Number of shares, number	15,109	14,951	15,030
<b>Earnings/(losses) per share, £</b>	277.79	(117.18)	197.60

*Diluted earnings per share calculation:*

	6 months to 30 June 2021 £'000 (unaudited)	6 months to 30 June 2020 £'000 (unaudited)	Year ended 31 December 2020 £'000 (audited)
<b>Diluted earnings/(losses) per share from continuing operations</b>			
Earnings/(losses), £'000	4,197	(1,752)	2,970
Number of shares, number	15,822	15,664	15,743
<b>Diluted earnings/(losses) per share, £</b>	265.26	(111.85)	188.66

Reconciliation from weighted average number of shares used in basic earnings per share to diluted earnings per share:

	6 months to 30 June 2021 Number (unaudited)	6 months to 30 June 2020 Number (unaudited)	Year ended 31 December 2020 Number (audited)
Number of shares in issue at the start of the period	15,109	14,951	14,951
Effect of shares issued in the period	–	–	79
Weighted average number of shares used in basic earnings per share	15,109	14,951	15,030
Employee share options	713	713	713
Weighted average number of shares used in diluted earnings per share	<u>15,822</u>	<u>15,664</u>	<u>15,743</u>

### Share restructure:

On 25 November 2021 Ladbible Group Limited restructured its shares so that each share was split into 200 individual shares, meaning that the number of shares increased from 15,109 to 3,021,800. We have disclosed below the effect on earnings per share and diluted earnings per share if this restructure had taken place as at each of the period ends.

Basic earnings per share calculation (post share restructure):

	6 months to 30 June 2021 (unaudited)	6 months to 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)
<b>Earnings/(losses) per share from continuing operations</b>			
Earnings/(losses), £'000	4,197	(1,752)	2,970
Number of shares, number	3,021,800	3,021,800	3,021,800
<b>Earnings/(losses) per share, £</b>	1.39	(0.58)	0.98

Diluted earnings per share calculation (post share restructure):

	6 months to 30 June 2021 (unaudited)	6 months to 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)
<b>Diluted earnings/(losses) per share from continuing operations</b>			
Earnings/(losses), £'000	4,197	(1,752)	2,970
Number of shares, number	3,164,400	3,164,400	3,164,400
<b>Diluted earnings/(losses) per share, £</b>	1.33	(0.55)	0.94

*Reconciliation from weighted average number of shares used in basic earnings per share to diluted earnings per share (post share restructure):*

	<i>6 months to 30 June 2021 Number (unaudited)</i>	<i>6 months to 30 June 2020 Number (unaudited)</i>	<i>Year ended 31 December 2020 Number (audited)</i>
Number of shares in issue at the start of the period	3,021,800	3,021,800	3,021,800
Effect of shares issued in the period	—	—	—
Weighted average number of shares used in basic earnings per share	3,021,800	3,021,800	3,021,800
Employee share options	142,600	142,600	142,600
Weighted average number of shares used in diluted earnings per share	<u>3,164,400</u>	<u>3,164,400</u>	<u>3,164,400</u>

## **PART VI**

### **UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following unaudited pro forma statement of net assets of the Group (the “unaudited pro forma statement of net assets”) has been prepared by the Directors to illustrate the effect on the net assets of the Group as if the receipt of the Placing proceeds and the repayment of Directors’ loans and third-party debt had taken place on 30 June 2021.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and illustrates the impact of the Placing and the repayment of Directors’ loans and third-party debt as if they had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the unaudited pro forma statement of net assets may differ from the Group’s actual financial position or results.

The unaudited pro forma statement of net assets is based on the net assets of the HFI Group as at 30 June 2021 as set out in the interim financial information of the HFI Group set out in Section B of Part V of this document.

The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing such information, and on the basis set out in the notes below.

		<i>Adjustments</i>			
	<i>HFI Group as at 30 June 2021 £'000 (Note 1)</i>	<i>Net proceeds of the Placing receivable by the Company £'000 (Note 2)</i>	<i>Repayment of external bank loan £'000 (Note 3)</i>	<i>Repayment of director loan £'000 (Note 4)</i>	<i>Pro Forma Net Assets £'000 (Note 5)</i>
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill and other intangible assets	14,652	–	–	–	14,652
Property, plant and equipment	4,188	–	–	–	4,188
Investments in equity-accounted joint ventures	315	–	–	–	315
Other receivables	1,643	–	–	(1,200)	443
<b>Total non-current assets</b>	<b>20,798</b>	<b>–</b>	<b>–</b>	<b>(1,200)</b>	<b>19,598</b>
<b>Current assets</b>					
Trade and other receivables	11,991	–	–	–	11,991
Cash and cash equivalents	12,590	25,000	(11,724)	1,200	27,066
Current tax asset	–	–	–	–	–
<b>Total current assets</b>	<b>24,581</b>	<b>25,000</b>	<b>(11,724)</b>	<b>1,200</b>	<b>39,057</b>
<b>Total assets</b>	<b>45,379</b>	<b>25,000</b>	<b>(11,724)</b>	<b>–</b>	<b>58,655</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liability	3,187	–	–	–	3,187
Other interest-bearing loans and borrowings	8,772	–	(8,772)	–	–
Provisions	210	–	–	–	210
Deferred tax liability	1,034	–	–	–	1,034
<b>Total non-current liabilities</b>	<b>13,203</b>	<b>–</b>	<b>(8,772)</b>	<b>–</b>	<b>4,431</b>
<b>Current liabilities</b>					
Lease liability	1,318	–	–	–	1,318
Other interest-bearing loans and borrowings	2,952	–	(2,952)	–	–
Trade and other payables	7,543	–	–	–	7,543
Current tax liabilities	2,152	–	–	–	2,152
<b>Total current liabilities</b>	<b>13,965</b>	<b>–</b>	<b>(2,952)</b>	<b>–</b>	<b>11,013</b>
<b>Total liabilities</b>	<b>27,168</b>	<b>–</b>	<b>(11,724)</b>	<b>–</b>	<b>15,444</b>
<b>Net Assets</b>	<b>18,211</b>	<b>25,000</b>	<b>–</b>	<b>–</b>	<b>43,211</b>

**Notes:**

- (1) The net assets of the HFI Group have been extracted, without material adjustment, from the consolidated interim financial information of the HFI Group as at 30 June 2021 as set out in Section B of Part V: "Unaudited Interim Financial Information".
- (2) This column reflects the net proceeds of the Placing receivable by the Company being gross proceeds of £30.0 million receivable by the Company, less estimated fees and expenses in relation to the Placing and Admission of £5.0 million payable by the Company.
- (3) This column reflects the refinancing that is taking place in connection with the Proposals, being the repayment of the existing external bank loan, £11.724 million as of 30 June 2021, (of which £8.772 million is classified within non-current liabilities and £2.952 million is classified within current liabilities as of 30 June 2021). The repayment will be funded using the net proceeds of the Placing. These adjustments do not take account of any movements in these balances subsequent to 30 June 2021.
- (4) This column reflects the repayment on Admission by Alexander Solomou of the director loan receivable of £1.2 million. Note, no adjustment has been made to include the repayment on Admission by Arian Kalantari of the director loan receivable of £1.5 million, as this loan was made after 30 June 2021 so is not included in the net assets of the HFI Group as at 30 June 2021. This loan is detailed in the subsequent events note as set out in Section B of Part V: "Unaudited Interim Financial Information".
- (5) No adjustment has been made to take account of the financial performance of the HFI Group since 30 June 2021 nor of any other event saved as disclosed above.

## PART VII

### ADDITIONAL INFORMATION

#### 1 RESPONSIBILITY

The Directors (whose names appear on page 9 of this Document) and the Company (whose registered office appears on page 9 of this Document) accept responsibility, both collectively and individually, for the information contained in this Document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors, the information contained in this Document is in accordance with the facts and contains no omission likely to affect the importance of such information.

#### 2 THE COMPANY

- 2.1 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales as a private company limited by shares on 20 October 2021 under the Companies Act with the name Project Apollo Topco Limited and with registered number 13693251. Its name was changed to LBG Media Limited on 19 November 2021.
- 2.2 On 26 November 2021, the Company was re-registered as a public limited company under the Companies Act as LBG Media plc.
- 2.3 The Company has no administrative, management or supervisory bodies other than the Board, the Nomination Committee, the Remuneration Committee and the Audit Committee. The Company is governed by the Articles and the principal legislation under which the Company operates, and pursuant to which the New Shares will be issued, is the Companies Act and subordinate legislation made under the Companies Act.
- 2.4 The Company's registered office and principal place of business is 20 Dale Street, Manchester, M1 1EZ. The telephone number at that address is 0161 228 7637.
- 2.5 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is [www.ladbiblegroup.com](http://www.ladbiblegroup.com).
- 2.6 The principal activity of the Company is to act as the holding company of the Group. The principal activity of the Group is to provide digital media and social publishing services.
- 2.7 The liability of the members of the Company is limited.
- 2.8 The Company is the ultimate holding company of the Group. The Company has 16 wholly owned subsidiaries details of which are set out below:

<i>Name</i>	<i>Date of incorporation</i>	<i>Country of incorporation</i>	<i>Issued share capital</i>	<i>Principal activity</i>	<i>% of issued share capital held by the Company (as at Admission)</i>
LBG Holdco Limited	10 August 2021	England and Wales	3 ordinary shares of £1	Intermediate holding company for the Group	100
LADbible Group Limited	4 April 2012	England and Wales	508,200 A1 ordinary shares of £0.00005 934,200 B ordinary shares of £0.00005 87,600 C ordinary shares of £0.00005 1,491,800 A2 ordinary shares of £0.00005	Online media publisher	100

<i>Name</i>	<i>Date of incorporation</i>	<i>Country of incorporation</i>	<i>Issued share<sup>10</sup> capital</i>	<i>Principal activity</i>	<i>% of issued share capital held by the Company (as at Admission)</i>
UNILAD Group Limited	12 September 2018	England and Wales	1 ordinary share of £1.00	Online media publisher	100
LADbible Ireland Limited	18 July 2019	Ireland	1 ordinary share of €1.00	Online media publisher	100
LADbible Australia Pty Ltd	7 December 2018	Australia	100 ordinary shares of AUS\$1.00	Online media publisher	100
LADbible New Zealand Limited	8 March 2021	New Zealand	1,000 ordinary shares of NZ\$1.00	Online media publisher	100
LADbible US Inc	12 March 2018	United States of America	100 shares of \$0.01	Non-trading	100
Studio Joyride Limited	16 December 2016	England and Wales	1 ordinary share of £1.00*	Non-trading	100
CONTENTbible Limited	3 October 2015	England and Wales	100 ordinary shares of £1.00	Non-trading	100
GAMINGbible Limited	14 June 2016	England and Wales	1 ordinary share of £1.00*	Non-trading	100
Pretty52 Limited	3 October 2013	England and Wales	1 ordinary share of £1.00*	Non-trading	100
LASSbible Limited	7 January 2015	England and Wales	100 ordinary shares of £1.00	Non-trading	100
ODDSbible Limited	5 January 2015	England and Wales	100 ordinary shares of £1.00*	Non-trading	100
SPORTbible Limited	3 October 2013	England and Wales	1 ordinary share of £1.00*	Non-trading	100
LADbible Limited	18 November 2013	England and Wales	1 ordinary share of £1.00*	Non-trading	100
FOODbible Limited	13 June 2017	England and Wales	1 ordinary share of £1.00	Non-trading	100

\*Share capital is unpaid.

2.9 The Company (through LADbible Group Limited) is a minority shareholder of one company which is set out below:

<i>Name</i>	<i>Date of incorporation</i>	<i>Country of incorporation</i>	<i>Issued share capital</i>	<i>Principal activity</i>	<i>% of issued share capital held by LADbible Group Limited (as at Admission)</i>
Pubity Group Ltd	24 June 2019	England and Wales	45 A ordinary shares of £1.00, 30 B ordinary shares of £1.00 and 25 C ordinary shares of £1.00	Online media publisher	30

### 3 SHARE CAPITAL

- 3.1 The share capital history of the Company is as follows:
- 3.1.1 on incorporation on 20 October 2021, the issued share capital of the Company was £60, comprising of one ordinary share of £60;
  - 3.1.2 on 25 November 2021, pursuant to the Exchange Agreement, referred to in paragraph 17.7 below, the following shares were issued by the Company:
    - (i) 508,199 A1 ordinary shares of £60 each;
    - (ii) 1,491,800 A2 ordinary shares of £60 each;
    - (iii) 934,200 B ordinary shares of £60 each; and
    - (iv) 87,600 C ordinary shares of £60 each;
  - 3.1.3 on 25 November 2021, the one ordinary share of £60 was re-designated as one A1 ordinary share of £60;
  - 3.1.4 the Unapproved Option over 94 C ordinary LADBible Group Limited shares was adjusted and exchanged and the Company granted a replacement Unapproved Option over 18,800 C ordinary shares in the Company ("**Replacement Unapproved Option**"). Prior to the Reorganisation, the Replacement Unapproved Option was exercised in respect of 12,400 C ordinary shares in the Company, following which the Replacement Unapproved Option subsisted in respect of the remaining 6,400 C ordinary shares in the Company. The subsisting Replacement Unapproved Option was subsequently adjusted to be in respect of 382,158 Shares;
  - 3.1.5 the EMI Option over 602 A ordinary LADBible Group Limited shares was adjusted and exchanged and the Company granted a replacement EMI Option over 120,400 A ordinary shares in the Company ("**Replacement A EMI Option**"). Prior to the Reorganisation, the Replacement A EMI Option was exercised in full, and therefore no Replacement A EMI Option subsists;
  - 3.1.6 the EMI Option over 17 C ordinary LADBible Group Limited shares was adjusted and exchanged and the Company granted a replacement EMI Option over 3,400 C ordinary shares in the Company ("**Replacement C EMI Option**"). Prior to the Reorganisation, the replacement C EMI Option was exercised in full, and therefore no Replacement C EMI Option subsists; and
  - 3.1.7 on 25 November 2021, the Company carried out a reduction of its share capital from £181,308,000 to £302,180 by the reduction of the nominal value of each of the shares mentioned in paragraphs 3.1.2 and 3.1.3 above from £60 to £0.10.
- 3.2 In readiness for Admission, the Company will undertake a reorganisation of its share capital ("**Reorganisation**"), which will take effect immediately prior to Admission. Pursuant to the Reorganisation:
- 3.2.1 the 120,400 A ordinary shares of £0.10 each will be subdivided into and re-designated as 7,189,360 Shares and 4,850,640 Deferred Shares;
  - 3.2.2 the 508,200 A1 ordinary shares of £0.10 each will be subdivided into and re-designated as 17,142,859 Shares and 33,677,141 Deferred Shares;
  - 3.2.3 the 1,491,800 A2 ordinary shares of £0.10 each will be subdivided into and re-designated as 102,281,733 Shares and 46,898,267 Deferred Shares;
  - 3.2.4 the 934,200 B ordinary shares of £0.10 each will be subdivided into and re-designated as 55,783,226 Shares and 37,636,774 Deferred Shares; and
  - 3.2.5 the 103,400 C ordinary shares of £0.10 each will be subdivided into and re-designated as 6,174,251 Shares and 4,165,749 Deferred Shares.
- 3.3 On completion of the Reorganisation, the issued share capital of the Company will be £315,800.00, comprising 188,571,429 Shares and 127,228,571 Deferred Shares.

- 3.4 Immediately following Admission:
- 3.4.1 the issued share capital of the Company (including the New Shares to be issued pursuant to the Placing) will be £332,942.86, comprising 205,714,286 Shares and 127,228,571 Deferred Shares. It is intended that the Company will buy back all of the Deferred Shares for £1 in aggregate as soon as is practicable after Admission;
  - 3.4.2 there will be options to subscribe for 3,631,121 Shares ("**Options at Admission**") pursuant to the Share Schemes;
  - 3.4.3 The Options at Admission include the Replacement Unapproved Option over 382,158 Shares which will continue to subsist following Admission in accordance with its terms as referred to in paragraph 10.7 of Part VII of this Document.
- 3.5 On 7 December 2021, by resolutions of the Company, in each case conditional on Admission:
- 3.5.1 the Directors were authorised, pursuant to section 551 of the Companies Act, to exercise all the powers of the Company to allot equity securities:
    - (i) up to an aggregate nominal value of £68,571.43; and
    - (ii) up to an aggregate nominal value of £137,142.86 (such amount to be reduced by any allotments made under the authority referred to in paragraph 3.5.1(i) above) in connection with a rights issue in favour of the holders of Shares in proportion (as nearly as may be practicable) to their existing holdings on the record date for such allotment,such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired;
  - 3.5.2 the Directors were empowered to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash pursuant to the authorities referred to in paragraph 3.5.1 above as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power is limited to:
    - (i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities in favour of holders of Shares in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary, but subject to such restrictions or other arrangements as the Directors deem necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
    - (ii) the allotment of equity securities (other than under the power referred to in paragraph 3.5.2(i) above) up to an aggregate nominal amount of £10,285.71,such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before the end of such period make an offer or agreement which would or might require equity securities to be allotted after expiry of the power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired;
  - 3.5.3 the Directors were authorised, in addition to the authority granted under the resolution referred to in paragraph 3.5.2 above, to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash pursuant to the authorities conferred in paragraph 3.5.1 above as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power is:
    - (i) limited to the allotment of equity securities up to an aggregate nominal value of £10,285.71; and
    - (ii) used only for the purposes of financing (or refinancing if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to

be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of Admission,

such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before the end of such period make an offer or agreement which would or might require equity securities to be allotted after expiry of the power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired; and

- 3.5.4 the Directors were authorised to make market purchases of up to 10 per cent. of the issued ordinary share capital of the Company immediately following Admission.
- 3.6 As at the date of this Document, the Directors do not have any present intention to exercise the authorities and powers referred to in paragraph 3.5 above. Those authorities and powers are in addition to the authorities and powers which were conferred for the purposes of the allotment and issue of New Shares pursuant to the Placing and the buyback of the Deferred Shares.
- 3.7 The Company does not have an authorised share capital and there is therefore no authorised but unissued share capital.
- 3.8 Except as disclosed in this Document, no share capital of the Company, or of any other company within the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.9 Save as disclosed in this Part VII:
- 3.9.1 no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;
- 3.9.2 no person has any preferential subscription rights for any share capital of the Company;
- 3.9.3 the Company does not hold any treasury shares (i.e. shares in the Company held by itself);
- 3.9.4 none of the Company's wholly owned subsidiaries holds any of the Company's shares;
- 3.9.5 the Company has no convertible securities, exchangeable securities or securities with warrants in issue; and
- 3.9.6 there are no acquisition rights or obligations over the share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 3.10 The Shares have been created under the Companies Act.
- 3.11 The expected issue date of the New Shares is 15 December 2021. The New Shares will on Admission rank *pari passu* in all respects with the Existing Shares, including as regards the right to receive all dividends and other distributions declared, made or paid after the date of this Document. The Shares are freely transferable in accordance with the Articles.
- 3.12 The Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.
- 3.13 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises or a time limit after which entitlement to dividend lapses and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.14 The Company does not have in issue any securities not representing share capital.
- 3.15 There are no issued but not fully paid Shares.
- 3.16 The Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

3.17 The Existing Shares have not been admitted to listing or dealing on a Recognised Investment Exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Shares on any such exchange other than the application to be made in connection with Admission.

3.18 The currency of the Placing and Vendor Placing is Sterling.

3.19 It is intended that the Deferred Shares will be purchased by the Company as soon as is practicable after Admission for the aggregate sum of £1. No application will be made for any Deferred Shares to be admitted to trading on AIM or to trading, dealing or listing on any Recognised Investment Exchange or other trading facility or market. The Placing and the Vendor Placing will be of Shares; no Deferred Shares will be comprised in the Placing or the Vendor Placing and, accordingly, no Placee will at any time hold any share in the capital of the Company, other than Shares. This Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, any Deferred Shares. The Deferred Shares will not be registered under the securities laws or regulations of any country or state.

#### **4 ARTICLES OF ASSOCIATION**

The Articles, which were adopted by the Company on 7 December 2021, conditional upon Admission, contain provisions to the following effect.

For the purposes of this paragraph 4:

- (a) “**Director**” means a director of the Company;
- (b) “**Holder**” means, in relation to a Share, the Member whose name is entered in the register of members of the Company as its holder, and **Joint Holder** means, in relation to a Share, each member whose name is entered in the register of members of the Company as its joint holder;
- (c) “**Member**” means a member of the Company; and
- (d) “**Share**” means a share in the capital of the Company.

#### **Objects**

4.1 The Articles do not provide for: (i) any objects of the Company and, accordingly, the Company’s objects are unrestricted; or (ii) any purposes for which the Company was established.

#### **Share class rights**

4.2 The rights attached to any class of Shares may be varied with the consent in writing of the Holders of not less than three-quarters in nominal value of the issued Shares of the class or with the sanction of a special resolution passed at a separate meeting of the Holders of Shares of the class.

4.3 The Shares confer full voting and economic rights on their holders.

4.4 The Deferred Shares do not confer any voting or economic rights on their holders nor any right to attend or speak at a general meeting. The Articles permit the Company to purchase all of the Deferred Shares for total consideration of £1, which the Company intends to do as soon as is practicable after Admission.

#### **Transfer of shares**

4.5 Subject to the Articles, a Member may transfer all or any of his Shares:

- 4.5.1 in the case of certificated Shares, by an instrument of transfer in writing in any usual form or in another form approved by the Board signed by or on behalf of the transferor and (in the case of a transfer of a Share which is not fully paid) by or on behalf of the transferee; or
- 4.5.2 in the case of uncertificated Shares, without a written instrument in accordance with the CREST Regulations.

- 4.6 The Board may refuse to register a transfer of certificated Shares if:
- 4.6.1 any of the shares are partly paid;
  - 4.6.2 the transfer is in favour of more than four joint transferees;
  - 4.6.3 the transfer is in favour of a minor, bankrupt or person of mental ill health; or
  - 4.6.4 the Board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under section 793 of the Companies Act.
- 4.7 Without prejudice to the above, the Board may also refuse to register a transfer of certificated shares unless:
- 4.7.1 the instrument of transfer is properly stamped or is certified or otherwise shown to the Board's satisfaction to be exempt from stamp duty and is presented for registration to the Company at its registered office or such other place as the Board may decide, accompanied by the certificate for the Shares to which it relates (except in the case of a transfer by a person to whom the Company was not required to issue a share certificate and has not issued one in respect of the Share concerned) and any other evidence as the Board may require to show the right of the person signing the instrument to make the transfer or, if the instrument is signed by some other person on his behalf, the authority of such person to do so;
  - 4.7.2 all the Shares to which it relates are fully paid and of the same class; and
  - 4.7.3 it is in favour of a single transferee or not more than four joint transferees, in each case being a natural or legal person.

#### **Dividends and other distributions**

- 4.8 All dividends on Shares are to be paid according to the amounts paid up (otherwise than in advance of calls) on their nominal value, or otherwise in accordance with the terms concerning entitlement to dividends on which Shares were issued. All unclaimed dividends may be made use of by the Board for the Company's benefit until claimed. Any dividend unclaimed for twelve years from the date the dividend was declared or became due for payment will be forfeited and shall revert to the Company.
- 4.9 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. If the Directors act in good faith, they shall not incur any liability to the Holders of Shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any Shares having non-preferred or deferred rights.

#### **General meetings**

- 4.10 Every Member who is present at a general meeting in person or by proxy is entitled to one vote on a resolution put to the meeting on a show of hands (except that a proxy has one vote for and one vote against the resolution if he has been duly appointed by more than one Member entitled to vote on the resolution and has been instructed (or exercises a discretion given) by one or more of those Members to vote for it and by one or more other of those Members to vote against it) and to one vote for every Share of which he is the holder on a resolution put to the meeting on a poll. The vote of the senior of joint holders who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the holders appear in the Company's register of Members in respect of the joint holding.
- 4.11 The Articles require the Board to convene annual general meetings in accordance with company legislation and shall decide if the meeting is to be held as a physical meeting or via an electronic forum or as both a physical meeting or via an electronic forum or as both a physical meeting and via an electronic forum. The Board may convene a general meeting which is not an annual general meeting whenever and wherever it considers appropriate. The Company is required to give notice of a general meeting to each Member (other than one who, under the Articles or any restrictions imposed on any Shares, is not entitled to receive it or to whom the Company has not sent and is not required to send its latest annual accounts and reports) at a time and date selected by the Board in accordance with the Articles and company legislation, to the Directors on the date of the notice and to the auditors on that date. If and to the extent that the meeting is to be held as a physical meeting, the place of the

meeting (including any satellite meeting place arranged, which shall be identified as such in the notice) and if and to the extent that the meeting is to be held via an electronic forum or electronic forums, all information which a member will need in order to access such electronic forum or electronic forums at that time and date in order to attend and participate at the general meeting, including such identification and security requirements as may be determined in accordance with these Articles or by the Board.

- 4.12 A Member who is entitled to attend and vote at a general meeting is entitled to appoint another person, or two or more persons in respect of different Shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting.
- 4.13 A corporation which is a Member may, by resolution of its directors or other governing body, authorise one or more persons as it thinks fit to act as a representative for it at any general meeting of the Company. The Company may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation's behalf at the meeting.

### **Interests in Shares not disclosed to the Company**

- 4.14 If the Company gives notice under section 793 of the Companies Act in relation to any Shares to a Member or another person appearing to be interested in such Shares and the recipient fails to give the Company the information required within fourteen days afterwards, the holder of such Shares is not entitled to attend or vote at a general meeting or exercise any other rights in respect of them in relation to a general meeting or a poll. Where such Shares represent at least 0.25 per cent. of the issued Shares of their class (i) the Company may withhold payment of any dividend or other distribution or amount payable in respect of them, (ii) the Member is not entitled to elect to receive Shares instead of a dividend, and (iii) the Board may refuse to register the transfer of any such Shares unless (1) the Member is not himself in default in supplying the information required and proves to the satisfaction of the Board that no person in default of supplying the information required is interested in any Shares which are the subject of the transfer or (2) the transfer is shown to the Board's satisfaction to be made by a Member to a third party unconnected with that Member or with any other person appearing to be interested in the Shares and made pursuant to (A) an acceptance of a takeover offer, (B) a sale through a Recognised Investment Exchange or any other securities investment exchange outside the United Kingdom on which (in either case) such Shares have been admitted to trading on the Company's application or (C) a sale of the whole of the beneficial interest in the Shares.

### **Return of capital**

- 4.15 On a winding up of the Company and subject to company legislation, the Company's assets available for distribution shall be divided among the Members in proportion to the nominal amounts of capital paid up on their Shares, subject to the terms of issue of or rights attached to any Shares.

### **Lien and forfeiture**

- 4.16 The Company has a first and paramount lien on each partly paid Share for all amounts payable to the Company (whether due or not) in respect of such Share. The Board may sell any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been sent to the holder of the Share demanding payment and stating that if the notice is not complied with the Share may be sold.
- 4.17 Subject to the terms on which Shares are allotted, the Board may make calls on Members in respect of any money unpaid on their Shares. Each Member shall (subject to receiving at least 14 days' notice) pay to the Company the amount called on his Shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.

## **Board powers**

- 4.18 The Company's business is to be managed by the Board. The Board may exercise all the Company's powers and may do on the Company's behalf all such acts as may be done by it or on its behalf and which are not required to be exercised or done by the Company in general meeting subject (in all cases) to company legislation, the Articles and any direction that the Company gives to the Board by passing a special resolution.
- 4.19 The Board may delegate any of its powers under the Articles and any other of its powers that can be delegated:
- 4.19.1 to such person or persons or to any Board committee;
  - 4.19.2 to such an extent (including in relation to any matter or any territory, region or country);
  - 4.19.3 on such terms and subject to such conditions;
  - 4.19.4 for such period or indefinitely; and
  - 4.19.5 by such means, as the Board considers appropriate.
- 4.20 The Board may:
- 4.20.1 grant to any person or persons or to any Board committee to whom it delegates any power the power to sub-delegate that power (with or without a power of further sub-delegation) to one or more persons or to a sub-committee;
  - 4.20.2 retain or exclude the right of the Board to exercise any delegated power collaterally with the person or persons or the Board committee to whom it has been delegated; and
  - 4.20.3 revoke the delegation or alter its terms or conditions.

## **Directors – appointment, retirement and removal**

- 4.21 At any one time the total number of Directors may not be less than two and not more than 12. These limits may be changed by ordinary resolution of the Company. The Company may by ordinary resolution appoint as a Director a person who is willing to act as such provided that:
- 4.21.1 notice is given of the resolution identifying the person concerned by name; and
  - 4.21.2 if that person is not recommended for appointment by the Board, the Company receives at its registered office that person's written confirmation of his willingness to be appointed as a Director at least seven days before the date appointed for the holding of the general meeting at which the resolution is to be considered.
- 4.22 The Board may appoint as a Director any person who is willing to act as such.
- 4.23 At each annual general meeting:
- 4.23.1 each person who is a Director on a date selected by the Board in relation to an annual general meeting that is not more than 14 days before, and no later than, the date of the notice of that meeting (the **"selection date"**) and was appointed as such after the previous annual general meeting is to be proposed for election as a Director;
  - 4.23.2 each other person who is a Director on the selection date and has remained as such without being appointed or elected or re-elected as such at one of the two previous annual general meetings is to be proposed for re-election as a Director; and
  - 4.23.3 if the Board so decides, any other person selected by the Board who is a Director on the selection date can be proposed for re-election as a Director,  
provided that, in each case, the person concerned is a Director immediately before the commencement of the meeting and has confirmed to the Board that he is willing to continue as a Director.
- 4.24 If a resolution for the election or re-election as a Director of any person who was a Director at the commencement of an annual general meeting is put to vote at that meeting but not passed, that person will remain in office until the meeting appoints someone in his place or (if it does not do so) until the end of the meeting, when (subject to the next paragraph) he will cease to be a Director.

- 4.25 If at the end of an annual general meeting there would otherwise be no Directors, each person to whom the previous paragraph applies:
- 4.25.1 shall remain in office as a Director until someone else who was not a Director at the commencement of that meeting is appointed as a Director by the Company in general meeting, when he will cease to be a Director; and
- 4.25.2 may, in his capacity as a Director for so long as he remains in office in accordance with this paragraph, act (with any other persons to whom this paragraph applies as the Board) only:  
(A) for the purposes of convening and holding a general meeting to appoint Directors; and  
(B) as he considers necessary or appropriate in order to comply with any legal or regulatory requirement applicable to the Company or the Directors or to him as a Director.
- 4.26 The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with company legislation, remove any Director before the expiration of his period of office.

### **Directors – fees and remuneration**

- 4.27 The maximum aggregate amount of fees that the Company may pay to all the Directors for their services as such is £850,000 per annum, or such larger amount as the Company may by ordinary resolution decide. These fees are to be divided among the Directors in such proportions as the Board decides or, if no decision is made, equally. A Director may also receive from the Company, in addition to or instead of such fees, salary or other remuneration payable to him, whether payable pursuant to the other provisions of the Articles or in his capacity as an employee of any company within the Group.
- 4.28 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the discharge of their duties as Directors, including any professional fees incurred by them.
- 4.29 The Board may provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances for persons who are or were directors of the Company and their relatives and dependants.

### **Directors' interests**

- 4.30 A Director is not required (provided he has disclosed his interest in the matter to the other Directors in accordance with the Companies Act (if that act obliges him to do so)) to account to the Company for any profit, remuneration or other benefit which he derives from or in connection with (i) being a party to or otherwise interested in any arrangement or transaction with the Company or in which the Company is otherwise interested, (ii) holding any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and on such terms, including as to remuneration, as the Board may decide, (iii) acting by himself or through a firm with which he is associated in a professional capacity for the Company or any body corporate in which the Company is interested (other than as auditor), or (iv) being a director or other officer of, or employed by or otherwise interested in any body corporate in which the Company or any other undertaking in the Group (a "**Group Undertaking**") is interested or which has an interest in the Company or in any other Group Undertaking. A Director or former Director will not be accountable to the Company for any benefit provided to him or his dependants in accordance with any provision in the Articles.
- 4.31 A Director shall not vote or be counted in the quorum on any resolution of the Board concerning any contract in which he has an interest (and, if he votes on it, his vote is not to be counted) unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or only arises from or relates to one or more of the following matters:
- 4.31.1 the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of any Group Undertaking;
- 4.31.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of a Group Undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- 4.31.3 an offer of securities by a Group Undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - 4.31.4 a contract with or relating to another company in which he does not have to his knowledge an interest (as that term is used in Part 22 of the Companies Act) in Shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in, such company;
  - 4.31.5 an arrangement for the benefit of employees of any Group Undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
  - 4.31.6 insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including any Director; or
  - 4.31.7 a proposal for the Company (1) to provide him with an indemnity permitted by company legislation, (2) to provide him with funds in circumstances permitted by company legislation to meet his defence expenditure in respect of any civil or criminal proceedings or regulatory investigation or other regulatory action or in connection with any application for any category of relief permitted by company legislation, or (3) to do anything to enable him to avoid incurring any such expenditure.
- 4.32 The Board may authorise any situation or matter relating to a particular Director to which section 175 of the Companies Act applies (each a **“Conflict Matter”**) on such terms as they think fit. For the Board to do so, a Director must propose to the Board that the Conflict Matter concerned be so authorised. The Board may terminate or withdraw any such authorisation by giving notice to the Director concerned. Any terms to which such an authorisation is made subject may include that the Director concerned (i) is not obliged to disclose to the Company confidential information obtained by him (other than in his capacity as its Director or as its employee or agent or, if the Directors so decide, in any other capacity that would otherwise oblige him to disclose it to the Company) in any situation to which such authorisation applies, nor to use any such information directly or indirectly for the Company's benefit, where to do so would amount to a breach of a duty of confidence to any third party, where the Director concerned has previously disclosed to the Board the existence of the conflict and the third party's identity, and (ii) may absent himself from any Board discussions, and make arrangements not to receive documents and information, relating to the Conflict Matter concerned for so long as he reasonably believes that he has or may have a conflict of interest in respect of it.

#### **Directors' indemnity and insurance**

- 4.33 Subject to company legislation, the Company may:
- 4.33.1 indemnify any Director or any director of any associated company against any liability pursuant to any qualifying third party indemnity provision or any qualifying pension scheme indemnity provision, or on any other basis as is lawful, in each case on such terms as the Board may decide; and
  - 4.33.2 purchase and maintain for any Director or any director of any associated company insurance against any liability.

#### **Borrowing powers**

- 4.34 The Board may exercise all the Company's powers to borrow money and to mortgage or charge all or part of its undertaking, property and assets (present or future) and uncalled capital and to issue debentures and other securities and to give security, whether outright or as collateral for a debt, liability or obligation of the Company or of a third party.

#### **Untraced Shareholders**

- 4.35 Subject to the Articles, the Company may sell any Shares registered in the name of a Member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal and, on those Shares, no dividend is cashed and no dividend is paid on them through a completed funds transfer following such advertisement. Until the Company can account to the Member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

## **5 MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT**

5.1 The Company is subject to the Takeover Code. Brief details of the Panel and the Takeover Code are described below.

### **5.2 Mandatory takeover bids under the Takeover Code**

5.2.1 The obligation to make a mandatory bid is a requirement of the Takeover Code. The Panel is an independent body which issues and administers the Takeover Code. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers and its statutory functions are set out in Part 28 of the Companies Act.

5.2.2 The Takeover Code will apply to the Company from Admission. The Takeover Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror.

5.2.3 The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. The General Principles are applied in accordance with their spirit in order to achieve the underlying purpose. In addition to the General Principles, the Takeover Code contains a series of rules. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected. Rule 9 of the Takeover Code provides that, except with the consent of the Panel, when:

- (1) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carries 30 per cent. or more of the voting rights of a company to which the Takeover Code applies; or
- (2) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested;

then, that person and, depending on the circumstances, the persons acting in concert with him, must extend offers in cash to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights, to acquire the balance of the shares not held by him and his concert parties.

The offer must be in cash at not less than the highest price paid for any shares by the person required to make the offer or any person acting in concert with him for any interest in shares of that class during the preceding 12 months.

### **5.3 Compulsory acquisition – squeeze out under the Companies Act 2006**

Sections 974 to 991 of the Companies Act provide that, if following a takeover offer (as defined in section 974 of the Companies Act) an offeror acquires or contracts to acquire not less than 90 per cent. of the shares (both by value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares which the offeror has not acquired or contracted to acquire. To do so, the offeror sends a notice to the holders of shares who had not accepted the offer informing them that it will compulsorily acquire their shares and six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which holds the consideration on trust for the relevant holders of shares. The consideration in respect of shares that are compulsorily acquired must, in general, be the same as the consideration that was available under the takeover offer.

#### 5.4 Compulsory acquisition – sell out under the Companies Act 2006

Pursuant to sections 983 to 985 of the Companies Act, if an offeror acquires or contracts to acquire not less than 90 per cent. of the shares (both by value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer subject to certain time limits. The offeror is required to give any such holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised by a shareholder after the end of the period of three months from the end of the period within which the offer can be accepted or, if later, three months from the date of the notice which is served on the holder of shares notifying the holder of the holder's sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 6 DIRECTORS AND OTHER INTERESTS

### 6.1 Interests in Shares

The interests of the Directors and of members of their respective families (as defined in the glossary to the AIM Rules for Companies) (all of which are legal and beneficial unless otherwise stated) in Shares as at the date of this Document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Name</i>	<i>As at the date of this Document*</i>		<i>Immediately following Admission</i>	
	<i>Number of Shares</i>	<i>Percentage of issued Shares</i>	<i>Number of Shares</i>	<i>Percentage of issued Shares</i>
Alexander Solomou**	114,303,998	60.62	85,727,999	41.67
Arian Kalantari	7,392,382	3.92	5,544,286	2.70
Timothy Croston	943,454	0.50	943,454	0.46
David Wilson	398,044	0.21	398,044	0.19
Carol Kane	Nil	Nil	Nil	Nil
Alexandra Jarvis	Nil	Nil	11,428	0.01
Richard Flint	Nil	Nil	57,142	0.03

\* These holdings of Shares are presented as if the Reorganisation described in paragraph 3 of this Part VII had already taken place as at the date of this Document. All steps associated with that Reorganisation will be completed prior to, or with effect from, Admission. The Deferred Shares are excluded as the Company intends to purchase them as soon as is practicable after Admission.

\*\* The interests of Alexander Solomou include Shares held by LAD Investments Limited, a company of which Alexander Solomou is a director and the sole shareholder.

### 6.2 Interests in Options

The interests as at Admission of the Directors and of members of their respective families (as defined in the glossary to the AIM Rules for Companies) (all of which will be legal and beneficial unless otherwise stated) in Options pursuant to the Share Schemes will be:

<i>Name</i>	<i>Number of Shares under Option</i>
David Wilson	1,030,527
Alexander Solomou	964,286*
Arian Kalantari	867,857*
Timothy Croston	867,857*
Carol Kane	1,428,571
Alexandra Jarvis	Nil
Richard Flint	Nil

\* It has been agreed that these options will be granted shortly after Admission and will be subject to the terms outlined in paragraph 10 of this Part VII.

### 6.3 Interests of the Concert Party

The interests of the Concert Party (all of which, unless otherwise stated, are legal and beneficial) in Shares as at the date of this Document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Name</i>	<i>As at the date of this Document*</i>		<i>Immediately following Admission</i>	
	<i>Number of Shares</i>	<i>Percentage of issued Shares</i>	<i>Number of Shares</i>	<i>Percentage of issued Shares</i>
Alexander Solomou	12,022,265	6.38	4,114,286	2.00
LAD Investment Limited	102,281,733	54.24	81,613,713	39.67
Makkma Investments Limited	54,577,038	28.94	42,075,635**	20.45**
Arian Kalantari	7,392,382	3.92	5,544,286	2.70
Richard Hughes	3,931,774	2.09	5,081,818***	2.47***
Hugh Chappell	3,343,889	1.77	2,229,259	1.08
Colin Gottlieb	1,683,886	0.89	1,042,743	0.51
Tim Croston	943,454	0.50	943,454	0.46
Cheryl Solomou	998,482	0.53	748,862	0.36
Angelos Solomou	998,482	0.53	748,862	0.36
David Wilson	398,044	0.21	398,044	0.19

\* These holdings of Shares are presented as if the Reorganisation described in paragraph 3 of this Part VII had already taken place as at the date of this Document. All steps associated with that Reorganisation will be completed prior to, or with effect from, Admission. The Deferred Shares are excluded as the Company intends to purchase them as soon as is practicable after Admission.

\*\* These figures include 1,142,857 Shares which will be held by members of Mahmud Kamani's family. Mahmud Kamani is the controlling shareholder of Makkma Investments Limited.

\*\*\* These figures include 1,150,044 Shares which will be held by Zeus Capital, the majority shareholder of which is Clare Hughes, Richard Hughes' spouse.

## 6.4 Directorships

Other than in respect of the Group, the Directors currently hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the publication of this Document:

<i>Name</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>David Wilson</i>	Music Magpie PLC Wilson's Consulting Limited 迪安科 (Beijing GBG Information Technology Co Ltd) GBG (Malaysia) Sdn. Bhd. GB Group Plc, German Branch Idscan Research Bilişim Teknolojileri Sanayi Ve Ticaret Limited Şirketi PT Fraud Solutions Indonesia 3D Windows SL GBG (Europe) S.L. GBG (Australia) Pty Ltd (Dubai Branch) GBG (Singapore) Pte. Ltd GB Group PLC (New Zealand Branch) Idology International, LLC Loqate Inc VIX Verify SA (Pty) Ltd	Capscan Limited Capscan Parent Limited Citizensafe Limited CRD (UK) Limited Data Discoveries Holdings Limited Data Discoveries Limited Eware Interactive Limited Farebase Limited G B Mailing Systems Limited GBG ANZ Pty Ltd GBG (Australia) Pty Ltd GBG (Australia) Holding Pty Ltd GB Group Plc GB Group Plc (Australia Company No. (ACN): 620 786 254) Green ID Limited IDology Inc IDScan Biometrics Limited Inkfish Services Limited Loqate Inc. Managed Analytics Limited Mastersoft (NZ) Limited Mastersoft Group Pty Ltd Postcode Anywhere (Europe) Limited Investigate 2020 Ltd Advanced Checking Services Limited CDMS Limited GB Datacare Limited GB Information Management Ltd Fastrac Ltd. Safer Clubbing At Night Network (Scan Net) Ltd Telme.com Limited Postcode Anywhere (North America) Limited Postcode Anywhere Holdings Limited Transactis Limited TMG.TV Ltd VIX Verify Global Pty Ltd VIX Verify International Pty Ltd Datasan Pty Ltd PCA Predict Inc

<i>Name</i>	<i>Current directorships</i>	<i>Past directorships</i>
Alexander Solomou	LAD Investments Limited Pubity Group Ltd	Forward Thinking Digital Ltd
Arian Kalantari		Forward Thinking Digital Ltd
Timothy Croston	Just Bee Drinks Limited	Nichols plc Miniurban Limited Dayla Liquid Packing Limited Beacon Drinks Limited Alexander Drink Distributors Limited Cariel Soft Drinks Limited Beacon Holdings Ltd Ben Shaws Dispense Drinks Limited Cabana Soft Drinks Limited Festival Drinks Limited The Noisy Drinks Co Ltd Riverside Urban Services Ltd Riverside Consultancy Services Limited Vimto (Out of Home) Limited Whirley Drinkworks UK Limited D J Drink Solutions Limited The Noisy Drink Company North West Limited Adrian Mecklenburgh Limited The Riverside Group Limited
Richard Flint	Flutter Entertainment plc Dogmates Limited RCF Ventures Limited	Cyan Blue Core Limited Senet Group For Responsible Gambling Hestview Limited Cyan Bidco Limited Core Gaming Limited Model Consulting Limited Welcome to Yorkshire

<i>Name</i>	<i>Current directorships</i>	<i>Past directorships</i>
Carol Kane	boohoo.com UK Limited Boohoo Group Plc Boohoo.com USA Inc Shanghai Wasabi Frog Trading Co Ltd Boohoo.com Australia Pty Ltd The Black Cube Property Company Limited Prettylittlething.com Limited 21Three Clothing Company Limited Nasty Gal Limited Prettylittlething.com USA Inc Nastygol.com USA Inc Boohoo France SAS Boohoo.com Germany GMBH boohoo holdings Limited CoastLondon.com Limited KarenMillen.com Limited Prettylittlething.com France SAS The Red Cube Ltd Pancorp1 Limited Oasis Fashions Online Limited Warehouse Fashions Online Limited Boohoo Italy S.r.l. Miss Pap UK Limited Boohoo.com USA Limited Boo Who Limited Acraman 1878 Limited Acraman 1880 Limited Acraman 1879 Limited Dorothy Perkins Online Limited Debenhams.com Online Limited Wallis Online Limited Burton Online Limited Boohoo.com UK Limited Liaison Office Turkey Boohoo Property Holdings Limited Pancorp2 Limited Beverley House Management Company (Cullercoats) Limited	The Pinstripe Property Company Investment Co Limited The Red Orange Clothing Company Limited
Alexandra Jarvis	Globalexicon Limited Chelsea Walk Management Company Limited	Peel Hunt LLP

- 6.5 Save as disclosed in this paragraph 6, at the date of this Document none of the Directors has:
- 6.5.1 had any unspent convictions in relation to indictable offences;
  - 6.5.2 been declared bankrupt or entered into an individual voluntary arrangement;

- 6.5.3 been a director of any company at the time of or within twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
  - 6.5.4 been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;
  - 6.5.5 had any asset which has been the subject of a receivership or has been a partner of a partnership at the time of or within the twelve months preceding any asset of the partnership being the subject of a receivership; or
  - 6.5.6 been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 6.6 Save as disclosed at paragraph 17.10 of this Part VII, there are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.
  - 6.7 Save as otherwise disclosed in this Document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.
  - 6.8 None of the Directors or any member of their respective families (as defined in the glossary to the AIM Rules for Companies) is interested in any related financial product referenced to the Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Shares, including a contract for difference or a fixed odds bet).
  - 6.9 Each of the Directors, Selling Shareholders and Richard Hughes have each given an undertaking not to dispose of any of their Shares, save in certain specified circumstances. Further details of these undertakings are set out in paragraph 15 of Part I of this Document.

## **7 DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

### **7.1 Executive Directors' service agreements**

#### ***Alexander Solomou***

LADbible Group Limited is a party to a service agreement dated 7 December 2021 with Alexander Solomou under which he is employed as the Group's Chief Executive Officer at an annual salary of £250,000 plus a discretionary bonus, together with the following benefits: private medical insurance for himself, directors' and officers' insurance and life insurance cover. Alexander is entitled to 30 days' holiday, including bank holidays. The service agreement is terminable on 12 months' written notice by either party. Alexander is subject to the following post-termination restrictions, each of which lasts for 12 months post-termination: a non-competition covenant, non-solicitation of and non-dealing with certain restricted clients, non-contact with certain restricted contacts of the Group and non-solicitation of certain employees or suppliers, as well as confidentiality undertakings. Each of these restrictions is reduced by any period spent on garden leave prior to termination. Alexander is eligible to participate in the Company's discretionary bonus plan. Annual bonuses will be linked to the Group's performance in relation to certain financial, operational, strategic and ESG measures and are determined at the discretion of the Board.

#### ***Arian Kalantari***

LADbible Group Limited is a party to a service agreement dated 7 December 2021 with Arian Kalantari under which he is employed as the Group's Chief Operating Officer at an annual salary of £225,000 plus a discretionary bonus, together with the following benefits: private medical insurance for himself, directors' and officers' insurance and life insurance cover. Arian is entitled to 30 days' holiday, including bank holidays. The service agreement is terminable on 12 months' written notice by either party. Arian is subject to the following post-termination restrictions, each of which lasts for 12 months post-termination: a non-competition covenant, non-solicitation of and non-dealing with certain restricted clients, non-contact with certain restricted contacts of the Group and non-solicitation of

certain employees or suppliers, as well as confidentiality undertakings. Each of these restrictions is reduced by any period spent on garden leave prior to termination. Arian is eligible to participate in the Company's discretionary bonus plan. Annual bonuses will be linked to the Group's performance in relation to certain financial, operational, strategic and ESG measures and are determined at the discretion of the Board.

### ***Timothy Croston***

LADbible Group Limited is a party to a service agreement dated 7 December 2021 with Timothy Croston under which he is employed as the Group's Chief Finance Officer at an annual salary of £225,000 plus a discretionary bonus, together with the following benefits: pension contributions of 3 per cent. per annum, private medical insurance for himself, directors' and officers' insurance and life insurance cover. Timothy is entitled to 30 days' holiday, including bank holidays. The service agreement is terminable on 12 months' written notice by either party. Timothy is subject to the following post-termination restrictions, each of which lasts for 12 months post-termination: a non-competition covenant, non-solicitation of and non-dealing with certain restricted clients, non-contact with certain restricted contacts of the Group and non-solicitation of certain employees or suppliers, as well as confidentiality undertakings. Each of these restrictions is reduced by any period spent on garden leave prior to termination. Timothy is eligible to participate in the Company's discretionary bonus plan. Annual bonuses will be linked to the Group's performance in relation to certain financial, operational, strategic and ESG measures and are determined at the discretion of the Board.

## **7.2 Non-Executive Directors' letters of appointment**

Each Non-Executive Director has entered into a letter of appointment with the Company pursuant to which they were appointed as a Non-Executive Director on 7 December 2021. The letters of appointment provide for payment of annual remuneration for each of the Non-Executive Directors as follows:

- (a) David Wilson – £150,000;
- (b) Richard Flint – £70,000;
- (c) Carol Kane – £70,000; and
- (d) Alexandra Jarvis – £70,000.

The fees payable to the Non-Executive Directors cover all duties, including any service on the board of any Group Company or committee of the Board.

The letters of appointment are terminable on one month's notice by either party. The Non-Executive Directors are subject to confidentiality restrictions following termination.

## 8 SELLING SHAREHOLDERS

The following table contains details of the Selling Shareholders and the Sale Shares to be sold by them pursuant to the Vendor Placing:

<i>Name</i>	<i>Business address</i>	<i>Number of Sale Shares</i>	<i>Position, office or material relationship with the Group during the past 3 years</i>
Alexander Solomou	20 Dale Street, Manchester, M1 1EZ	7,907,979	Chief Executive Officer
LAD Investments Limited*	20 Dale Street, Manchester, M1 1EZ	20,668,020	company wholly owned by Alexander Solomou
Makkma Investments Limited	Fifth Floor, 37 Esplanade, St. Helier, JE1 2TR, Jersey	13,644,260	Independent shareholder
Arian Kalantari	20 Dale Street, Manchester, M1 1EZ	1,848,096	Chief Operating Officer
Hugh Chappell	20 Dale Street, Manchester, M1 1EZ	1,114,630	Independent shareholder
Colin Gottlieb	20 Dale Street, Manchester, M1 1EZ	641,143	Chief Growth Officer
Angelos Solomou	20 Dale Street, Manchester, M1 1EZ	249,620	parent of Alexander Solomou
Cheryl Solomou	20 Dale Street, Manchester, M1 1EZ	249,620	parent of Alexander Solomou

\* LAD Investments Limited is wholly owned by Alexander Solomou

## 9 SIGNIFICANT SHAREHOLDERS

9.1 Other than the holdings of the Directors, which are set out in paragraph 6.1 above, the Directors are aware of the following persons who, as at 6 December 2021 (being the most recent practicable date prior to the publication of this Document), were interested, directly or indirectly, in 3 per cent. or more of the Company's share capital or voting rights, or will be, immediately following Admission:

<i>Name</i>	<i>Immediately prior to Admission, the % of issued Shares</i>	<i>Following Admission and the Placing and the Vendor placing, the % of issued Shares</i>
Makkma Investments Limited	28.94	19.90
abrdn	Nil	7.16
Canaccord Genuity Inc	Nil	4.30
Slater Investments	Nil	3.85
MI Chelverton UK Equity Growth Fund	Nil	3.00

9.2 The Directors are not aware of any person (other than any Director, as referred to in paragraph 6.1 above) who is at the date of this Document interested, directly or indirectly, in the Company's share capital or voting rights and who will on Admission be interested, directly or indirectly, in 3 per cent. or more of the Company share capital or voting rights. No major Shareholder of the Company has any different voting rights from the other Shareholders.

9.3 The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

9.4 As at 6 December 2021 (being the latest practicable date prior to publication of this Document) save as disclosed in paragraphs 6.1, 6.2 and 9.1, the Company is not aware of any person or persons who, directly or indirectly, controls the Company, or who, on Admission, will, directly or indirectly, control the Company.

## 10 SHARE SCHEMES

The Company has established four employee share plans (the “**Share Schemes**”) which it intends to operate following Admission. The Share Schemes comprise two discretionary share plans, the LBG Media plc Long Term Incentive Plan (the “**LTIP**”) and the LBG Media plc LADbible Incentive Plan (the “**LADbible Incentive Plan**”) (together, the “**Discretionary Plans**”), and two all-employee plans, the LBG Media plc Share Incentive Plan (the “**SIP**”) and the LBG Media plc Save As You Earn Plan (the “**SAYE Plan**”).

Reference in this paragraph 10 to the Board includes any designated committee of the Board. Information on the principal features of each of the Share Plans is summarised below.

### 10.1 The LTIP

#### **Status**

The LTIP is a discretionary share plan. Under the LTIP, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the “**Grantor**”) may, within certain limits and subject to any applicable performance conditions, grant awards (“**LTIP Awards**”) to eligible employees which may take the form of (i) nil-cost options over Shares (“**LTIP Options**”), (ii) conditional awards (i.e. a conditional right to acquire Shares) (“**LTIP Conditional Awards**”) and/or (iii) Shares which are subject to restrictions and the risk of forfeiture (“**LTIP Restricted Shares**”). No payment is required for the grant of an LTIP Award (unless the Board determines otherwise).

As an alternative, and at the discretion of the Grantor, awards of LTIP Restricted Shares may be granted over growth shares in a subsidiary of the Company (“**Growth Shares**”), as opposed to over Shares.

#### **Eligibility**

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Grantor, provided that (unless the Board determines otherwise) they have not given or received notice of termination.

In any financial year, any employees participating in the LTIP will not be able to participate in the LADbible Incentive Plan.

#### **Grant of LTIP Awards**

The Grantor may grant LTIP Awards over Shares (or Growth Shares) to eligible employees.

No LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

It is anticipated that the first LTIP awards (the “**Initial LTIP Awards**”) will be granted shortly after Admission to the Executive Directors with a maximum opportunity equal to 112.5 per cent. of each individual’s base salary (the “**Base Amount**”) being subject to financial targets over the three financial years beginning FY22. The Base Amount only vests for achievement of financial performance in excess of the market consensus.

Subject to the achievement of the Base Amount, there will be an additional opportunity equal to 562.5 per cent. of each individual’s base salary (the “**Stretch Amount**”) measured at the date of grant, which is subject to stretching total shareholder return targets of 25 per cent., 50 per cent. and 75 per cent. CAGR over the three financial years beginning FY22.

For the first set of LTIP Awards, the Board reserves the right to calculate market value by reference to the Placing Price.

### **Performance and other conditions**

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the performance measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided the Grantor considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

### **Vesting**

LTIP Awards will normally vest on the third anniversary of the date of grant to the extent that any applicable performance conditions have been satisfied. LTIP Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting upwards or downwards if in its opinion the level of vesting resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance, the participant's personal performance and such other factors as the Board may consider appropriate.

### **Malus**

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Shares (or Growth Shares, as applicable) subject to a participant's LTIP Award shall be reduced (including to nil) and/or that additional conditions shall be imposed on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (i) discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Company or any Group company;
- (ii) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct;
- (iii) exposure of the Company or a Group company to current and future risks, including liquidity risk and concentration risk; or
- (iv) other circumstances where, in the Board's reasonable opinion, it determines that any act or omission of the participant has caused or is reasonably expected to damage the business interests or reputation of the Company, the Group or a Group company or that such action would be appropriate having regard to any other circumstances.

### **Clawback**

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Shares (or Growth Shares, as applicable), payment of cash or reduction of awards.

### **Cessation of employment**

Except in certain circumstances set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of their death, ill-health, injury, disability, redundancy, retirement with the agreement of his or her employer or in other circumstances determined at the discretion of the Board ("**Good Leaver Reason**") their LTIP Award will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or Director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or Director for a Good Leaver Reason, the Board can alternatively decide that their LTIP Award will vest early when they leave. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for a Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that LTIP Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

### **Corporate events**

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement, or winding-up of the Company, LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of a takeover, such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest in the event of a compulsory acquisition of Shares, they may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest, to the extent determined by the Board taking into account the same factors as set out above. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow LTIP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an LTIP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company and the participant) alternatively decide that LTIP Awards will not vest but that the unvested portion of the LTIP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

### **Additional grant**

On Admission, it is intended that Colin Gottlieb will be granted an option over 789,865 Ordinary Shares under the LTIP, at a price of £0.001 per share. The option will vest on 17 September 2022 subject to continued employment. No performance conditions apply to this award.

## **10.2 The LADbible Incentive Plan**

### **Status**

The LADbible Incentive Plan is a discretionary share plan. Under the LADbible Incentive Plan, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the "**Grantor**") may, within certain limits and subject to any applicable performance conditions, grant awards ("**Incentive Plan Awards**") to eligible employees which may take the form of (i) nil-cost options over Shares ("**Incentive Plan Options**"), (ii) conditional awards (i.e. a conditional right to acquire Shares) ("**Incentive Plan Conditional Awards**") and/or (iii) Shares which are subject

to restrictions and the risk of forfeiture (“**Incentive Plan Restricted Shares**”). No payment is required for the grant of an Incentive Plan Award (unless the Board determines otherwise).

### ***Eligibility***

All employees (excluding Executive Directors) of the Group are eligible for selection to participate in the LADbible Incentive Plan at the discretion of the Grantor, provided that (unless the Board determines otherwise) they have not given or received notice of termination.

In any financial year, any employees participating in the LADbible Incentive Plan will not be able to participate in the LTIP.

### ***Grant of Incentive Plan Awards***

The Grantor may grant Incentive Plan Awards over Shares to eligible employees with a maximum total market value in any financial year of up to 56.25 per cent. of the relevant individual's base salary. For the first set of Incentive Plan Awards, the Board reserves the right to calculate market value by reference to the Placing Price.

No Incentive Plan Awards may be granted more than 10 years from the date when the LADbible Incentive Plan was adopted.

### ***Performance and other conditions***

The Board may impose performance conditions on the vesting of Incentive Plan Awards. Where performance conditions are specified for Incentive Plan Awards, the performance measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to Incentive Plan Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided the Grantor considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

### ***Vesting***

Incentive Plan Awards will normally vest on the third anniversary of the date of grant to the extent that any applicable performance conditions have been satisfied. Incentive Plan Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting upwards or downwards if in its opinion the level of vesting resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance, the participant's personal performance and such other factors as the Board may consider appropriate.

### ***Malus***

The Board may decide, at the vesting of Incentive Plan Awards or at any time before, that the number of Shares subject to a participant's Incentive Plan Award shall be reduced (including to nil) and/or that additional conditions shall be imposed on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (i) discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Company or any Group company;
- (ii) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct;
- (iii) exposure of the Company or a Group company to current and future risks, including liquidity risk and concentration risk; or
- (iv) other circumstances where, in the Board's reasonable opinion, it determines that any act or omission of the participant has caused or is reasonably expected to damage the business

interests or reputation of the Company, the Group or a Group company or that such action would be appropriate having regard to any other circumstances.

### ***Clawback***

The Board may apply clawback to all or part of a participant's Incentive Plan Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an Incentive Plan Award. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

### ***Cessation of employment***

Except in certain circumstances set out below, an Incentive Plan Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of a Good Leaver Reason their Incentive Plan Award will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or Director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the Incentive Plan Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or Director for a Good Leaver Reason, the Board can alternatively decide that their Incentive Plan Award will vest early when they leave. The extent to which an Incentive Plan Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the Incentive Plan Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the Incentive Plan Award and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that Incentive Plan Options vest for a Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that Incentive Plan Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

### ***Corporate events***

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement, or winding-up of the Company, Incentive Plan Awards will vest early. The proportion of the Incentive Plan Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the Incentive Plan Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that Incentive Plan Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of a takeover, such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that Incentive Plan Options vest in the event of a compulsory acquisition of Shares, they may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Board may determine that Incentive Plan Awards shall vest, to the extent determined by the Board taking into account the same factors as set out above. Incentive Plan Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow Incentive Plan Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an Incentive Plan Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company and the participant) alternatively decide that Incentive Plan Awards will not vest but that the unvested portion of the Incentive Plan Awards will be replaced by equivalent new awards over shares in the new acquiring company.

### 10.3 **SIP**

#### **Status**

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Shares can be provided to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be: (i) awarded up to £3,600 worth of free Shares ("**SIP Employee Free Shares**") each year; (ii) offered the opportunity to buy Shares with a value of up to the lower of £1,800 and 10 per cent of the employee's pre-tax salary a year ("**Partnership Shares**"); (iii) given up to two free Shares ("**Matching Shares**") for each Partnership Share bought; and/or (iv) allowed or required to purchase Shares using any dividends received on Shares held in the SIP ("**Dividend Shares**"). The Board may determine that different limits shall apply in the future should the relevant legislation change in this respect.

#### **SIP Trust**

The SIP operates through a UK resident trust (the "**SIP Trust**"). The trustee of the SIP Trust purchases or subscribes for Shares that are awarded to or purchased on behalf of participants in the SIP. A participant will be the beneficial owner of any Shares held on their behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue.

If a participant ceases to be in relevant employment, they will be required to withdraw their SIP Employee Free Shares, Partnership Shares, Matching Shares and Dividend Shares from the SIP Trust (or the SIP Employee Free Shares and Matching Shares may be forfeited as described below).

#### **Eligibility**

Each time that the Board decides to operate the SIP, all eligible UK resident tax-paying employees of the Company and its subsidiaries participating in the SIP must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate must have completed a minimum qualifying period of employment before they can participate, as determined by the Board in relation to any award of Shares under the SIP which may be different for each type of award from time to time. In the case of SIP Employee Free Shares (and, in certain circumstances, Partnership Shares and Matching Shares) that period must not exceed 18 months or, in certain other circumstances and only in the case of Partnership Shares or Matching Shares, six months.

#### **SIP Employee Free Shares**

Up to £3,600 worth of SIP Employee Free Shares may be awarded to each employee in a tax year. SIP Employee Free Shares must be awarded on the same terms to each employee, but the number of SIP Employee Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the SIP Employee Free Shares from the SIP Trust (or otherwise dispose of the SIP Employee Free Shares) unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the SIP Employee Free Shares will be forfeited if the participant leaves relevant employment other than in the circumstances of injury, disability, redundancy,

retirement, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employee's employer ceases to be an associated company (each a "**SIP Good Leaver Reason**") or on death. Forfeiture can only take place within three years of the SIP Employee Free Shares being awarded.

### ***Partnership Shares***

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10 per cent. of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Board, must be no greater than £10 on any occasion. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the "**Accumulation Period**") or Partnership Shares can be purchased out of deductions from the participant's pre-tax salary when those deductions are made. A participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. If there is an Accumulation Period, the number of Shares purchased shall be determined by dividing the participant's aggregate pay deducted during the Accumulation Period by the market value of the Partnership Shares.

Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time.

### ***Matching Shares***

The Board may, at its discretion, offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all participants up to a maximum of two Matching Shares for every Partnership Share purchased (or such other maximum as may be provided by statute). There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Matching Shares from the SIP Trust unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the Matching Shares will be forfeited if the participant leaves relevant employment other than for a SIP Good Leaver Reason or on death or if the related Partnership Shares are withdrawn from the SIP. Forfeiture can only take place within three years of the Matching Shares being awarded.

### ***Re-investment of dividends***

The Board may allow or require a participant to re-invest the whole or part of any dividends paid on Shares held in the SIP. Dividend Shares must be held in the SIP Trust for no less than three years.

### ***Corporate events***

In the event of a general offer for the Company (or a similar takeover event taking place) during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of a corporate re-organisation, any Shares held by participants may be replaced by equivalent shares in a new holding company.

### ***Variation of capital***

Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Shares acquired or awarded under the SIP, in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

### ***Rights attaching to Shares***

Any Shares allotted under the SIP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

## 10.4 SAYE Plan

### **Status**

The SAYE Plan is an all-employee savings related share option plan which has been designed to satisfy the conditions set out in schedule 3 to the Income Tax (Earnings & Pensions) Act 2003 so that Shares may be provided to UK employees of the Group in a tax-efficient manner.

### **Eligibility**

Each time that the Board decides to operate the SAYE Plan, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SAYE Plan must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate may be required to have completed a minimum qualifying period of employment (which may be up to five years) before they can participate, as determined by the Board in relation to any award of an option under the SAYE Plan.

### **Savings contract and grant of option**

In order to participate in the SAYE Plan, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three or five year period. A Participant who enters into a savings agreement is granted an option to acquire Shares under the SAYE Plan ("**SAYE Option**").

The number of Shares over which an SAYE Option may be granted is limited to the number of Shares that may be acquired at the SAYE Option exercise price out of the proceeds of the linked savings contract. The exercise price per Share will be the amount determined by the Board which will not be less than 80 per cent. (or such other percentage as is permitted by the applicable legislation) of the market value of a Share on the date specified by the Board for the purposes of the relevant invitation.

Contributions may be made between £5 a month and the maximum permitted under the applicable legislation (currently £500 a month) or up to such lesser sum as the Board may determine. At the end of the three or five year savings contract, employees may either withdraw their savings on a tax free basis or utilise such sum and any bonus or interest due under the savings contract to acquire Shares under the linked SAYE Option granted to the Participant under the SAYE Plan.

### **Exercise of SAYE Options**

SAYE Options may normally only be exercised for a period of six months following the maturity of the related savings contract. If not exercised by the end of this period, the relevant SAYE Options will lapse.

SAYE Options may be exercised earlier with the proceeds of savings made under the linked savings contract and any interest due in certain specified circumstances including death, retirement, cessation of employment due to injury, disability or redundancy, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company or on death.

### **Rights relating to the Shares**

Shares issued and/or transferred under the SAYE Plan will not confer any rights on any Participant until the relevant SAYE Option has been exercised and the Participant in question has received the underlying Shares. Any Shares allotted when an SAYE Option is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

### **Corporate events**

In the event of a takeover, scheme of arrangement, or winding-up of the Company, SAYE Options may normally be exercised early with the proceeds of savings made under the linked savings contract and any interest due.

If there is a corporate event resulting in a new person or company acquiring control of the Company, SAYE Options may in certain circumstances be replaced by equivalent new options over shares in the acquiring company.

#### ***Variation of capital***

If there is a variation of share capital of the Company, the Board may make such adjustments to SAYE Options, including the number of Shares subject to SAYE Options and the SAYE Option exercise price, as it considers to be fair and reasonable.

### **10.5 Provisions applying to each of the Discretionary Plans**

#### ***Variation of capital***

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted over Shares under each of the Discretionary Plans, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

#### ***Dividend equivalents***

In respect of any award over Shares granted under the Discretionary Plans, the Board may decide that participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

#### ***Alternative settlement***

At its discretion, the Board may decide to satisfy awards granted under the Discretionary Plans with a payment in cash or Shares (or Growth Shares, under the LTIP) equal to any gain that a participant would have made had the relevant award been satisfied with Shares (or Growth Shares, under the LTIP).

#### ***Rights attaching to Shares***

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the Discretionary Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

### **10.6 Provisions applying to each of the Share Schemes**

#### ***Awards not transferable***

Awards granted under the Share Schemes (other than where indicated otherwise in connection with the SIP under paragraph 10.3 of this Part VII) are not transferable other than to a participant's personal representatives in the event of death, provided that under the Discretionary Plans, Shares (or Growth Shares, under the LTIP) subject to Awards may be held by the trustees of an employee benefit trust as nominee for the participants.

#### ***Limits***

The Share Schemes may operate over newly issued Shares, treasury Shares or Shares purchased in the market. The rules of each of the Share Schemes provide that, in any period of 10 years, not more than 10 per cent of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. Shares issued out

of treasury under the relevant Share Schemes will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse or which were issued or issuable before Admission shall be disregarded for the purposes of these limits. For the avoidance of doubt, the Pre-IPO Awards will count towards these limits.

### ***Amendments***

The Board may, at any time, amend the provisions of the Share Schemes in any respect and may amend the SIP trust deed by way of a supplemental deed. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

### ***Overseas plans***

The Board may, at any time, establish further plans based on the Share Schemes for overseas territories. Any such plan shall be similar to the relevant Share Schemes, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

### ***Benefits not pensionable***

The benefits received under the Share Schemes are not pensionable.

## **10.7 The LADBible Employee Share Option Plan**

### ***Status***

The LADBible Employee Share Option Plan (“**ESOP**”) is a discretionary share option plan. Under the ESOP, the Board, the Company may, within certain limits and subject to any applicable performance conditions, grant options over Shares (“**ESOP Options**”) to eligible employees. No payment is required for the grant of an ESOP Option (unless the Board determines otherwise).

Although the ESOP was originally drafted to allow the possibility for the Company to grant tax-advantaged Enterprise Management Incentives (“**EMI**”) options, the Company no longer meets the qualifying conditions to grant EMI options.

There is an outstanding share option which was granted under the ESOP, which is summarised below. However it is not intended that any further awards will be made under this plan.

### ***Eligibility***

All employees (including Executive Directors) of the Group are eligible for selection to participate in the ESOP at the discretion of the Company.

### ***Vesting conditions and corporate events***

The Board may impose conditions on the vesting of ESOP Options, including a vesting schedule.

Under the rules of the ESOP, to the extent they have vested (or to such further extent as is determined in the discretion of the Board), ESOP Options will be exercisable in the event of an “Exit”. An Exit is defined under the ESOP as a listing or sale (which can mean a sale following a general offer or a change of control by other means) of the Company, or any other event that the Board considers to be an Exit.

### ***Cessation of employment***

Under the rules of the ESOP, except in certain circumstances set out below, an ESOP Option will lapse 30 days after a participant ceases to be employed by or hold office with the Group. However, under the rules of the ESOP if a participant so ceases because of their death, incapacity, or in other circumstances determined at the discretion of the Board, their ESOP Option will be retained by the participant to the extent that it has vested (or to such further extent as is determined in the discretion of the Board), and shall otherwise lapse.

### **Outstanding Share options**

As detailed in paragraph 3.1.4 above, the Unapproved Option was exchanged for the Replacement Unapproved Option. The Replacement Unapproved Option was exercised in part shortly prior to Reorganisation and will therefore subsist over 382,158 Shares. The remaining part of the Replacement Unapproved Option will continue to subsist following Admission in accordance with its terms. Subject to Colin Gottlieb's continued employment, the Replacement Unapproved Option will become exercisable in respect of the remaining 382,158 Shares on 17 September 2022.

#### **10.8 Pre-IPO Awards**

David Wilson and Carol Kane will be granted awards prior to, but conditional on, Admission (the "**Pre-IPO Awards**") as follows:

- (i) David Wilson: option over 1,030,527 Shares, equating to £1.8 million at the Placing Price, at a price of £0.001 per Share; and
- (ii) Carol Kane: option over 1,428,571 Shares, equating to £2.5 million at the Placing Price, at a price of £0.001 per Share.

The Pre-IPO Awards are one-off awards which will vest on the second anniversary of Admission. Vesting will be conditional on the award holder continuing to serve as a Non-Executive Director. The Pre-IPO Awards will be forfeited if the award holder ceases to serve as a Non-Executive Director prior to the vesting date for any reason other than (i) death, (ii) injury, ill-health or disability evidenced to the satisfaction of the Board or (iii) otherwise in the Board's absolute discretion. No performance conditions apply to these awards.

### **11 EMPLOYEES**

The Group employs approximately 430 employees.

### **12 RELATED PARTY TRANSACTIONS**

12.1 Between 1 January 2018 and 6 December 2021, being the latest practicable date prior to publication of this Document, there have been the following related party transactions:

- (a) the loans referred to in paragraph 17.10 of this Part VII; and
- (b) leases between LADbible Group Limited and Kamani Commercial Property Limited relating to:
  - (i) Office Suites 3.1, 3.2 and 3.3 and the Office Suite on the Left Hand Side of the first floor, 20 Dale Street, Manchester M1 1EZ; and
  - (ii) Unit 5.2, Fifth Floor, 20 Dale Street, Manchester, M1 1EZ,

as detailed in note (1) on paragraph 24 of Part IV of this Document.

12.2 Save as disclosed in paragraph 12.1 above and in the notes to the Historical Financial Information and the Interim Financial Information, the Company has not entered into any related party transactions of the type set out in the standards adopted according to the Regulation (EC) No. 1606/2002 during the period covered by the Historical Financial Information and up to the date of this Document.

### **13 WORKING CAPITAL**

In the opinion of the Directors, having made due and careful enquiry, and taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Company and the Group will be sufficient for their present requirements, that is for at least the twelve months from the date of Admission.

## **14 PREMISES**

### **14.1 The Group occupies on a leasehold basis:**

Unit 5.2, Fifth Floor, 20 Dale Street, Manchester, M1 1EZ – Head office

Second Floor, Relay Building, 1 Commercial Street, London, E1 7PT – Offices

Office Suites 3.1, 3.2 and 3.3 and the Office Suite on the Left Hand Side of the first floor, 20 Dale Street, Manchester, M1 1EZ – Offices

First Floor, 25 William Street, Balaclava, Victoria, 3183, Melbourne, Australia - Offices

Apartment 307 at The Astley, 61 Houldsworth Street, Manchester, M1 2FA – Accommodation

Apartment 308, Park Vista Tower, 5 Cobblestone Square, London, E1W 3AY – Accommodation

### **14.2 The Group has licences to occupy the following offices:**

All of the basement of 483 Riley Street, Surry Hills, 2010 New South Wales, Sydney, Australia

Huckletree D2, The Academy, 42 Pearse St, Dublin, Ireland

6/98 Anzac Street, Takapuna, Auckland, 0622, New Zealand

## **15 INTELLECTUAL PROPERTY**

The Group holds certain intellectual property rights that are of key importance to its business, including trademarks and domain names. A considerable amount of the Group's material intellectual property estate is comprised of unregistered property rights, subsisting as copyright and know-how.

The Directors are not aware of any patents or other intellectual property rights, licences, particular contracts, or manufacturing processes on which the Company is dependant.

## **16 LEGAL AND ARBITRATION PROCEEDINGS**

The Company is not, and has not been, engaged in any governmental, legal or arbitration proceedings in the previous twelve months and, so far as the Company is aware, there are no such proceedings pending or threatened, which may have or may have had in the recent past a significant effect on the Group's financial position or profitability, other than a potential dispute relating to the ownership of a social media page. The Directors do not consider such potential dispute to be material in the context of the Group or the Proposals.

## **17 MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this Document which are or may be material or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this Document.

### **17.1 Nominated Adviser and Broker Agreement**

Pursuant to a nominated adviser and broker arrangement dated 7 December 2021 entered into between Zeus Capital and the Company, the Company appointed Zeus Capital as its nominated adviser and broker for the purposes of the AIM Rules for Companies. The Company has agreed to pay Zeus Capital an annual fee for its services as nominated adviser and broker under the agreement. The agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to Zeus Capital. The agreement is terminable upon not less than 3 months' prior written notice (such notice to expire no sooner than 12 months from the date of the agreement) by either the Company or Zeus Capital (and is otherwise terminable in accordance with its terms).

## 17.2 **Placing Agreement**

Pursuant to the Placing Agreement dated 7 December 2021 and entered into between the Company, the Directors and Zeus Capital, Zeus Capital has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure Placees to subscribe for the New Shares at the Placing Price.

Under the Placing Agreement, the Company has agreed to pay Zeus Capital a corporate finance fee and a commission on the aggregate value of the New Shares issued pursuant to the Placing at the Placing Price, together with all costs and expenses of Zeus Capital properly incurred, arising out of, or incidental to, the Placing and Admission (together in each case with any applicable VAT).

The Placing Agreement is conditional upon, amongst other things, Admission occurring on or before 8.00 a.m. on 15 December 2021 (or such later date as the Company and Zeus Capital may agree, being not later than 8.00 a.m. on 15 January 2022). The Placing Agreement contains warranties from the Company and the Directors in relation to, amongst other things, the accuracy of the information in this Document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Zeus Capital in respect of certain liabilities resulting from the carrying out by Zeus Capital of its obligations or services under or in connection with the Placing Agreement. Zeus Capital has the right to terminate the Placing Agreement in certain circumstances prior to Admission including, in particular, in the event of a breach of the warranties or a force majeure event.

## 17.3 **Selling Shareholder Agreements**

Pursuant to the Selling Shareholder Agreements, Zeus Capital and the relevant Selling Shareholder have agreed, subject to certain conditions, that Zeus Capital will act as agent for the Selling Shareholder and to use their reasonable endeavours to procure Placees for the Sale Shares to be sold by the Selling Shareholder at the Placing Price. The Selling Shareholder Agreements are conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 15 December 2021 or by such later date as is agreed in writing between the Company and Zeus Capital, being not later than 8.00 a.m. on 15 January 2022.

Each Selling Shareholder has agreed to pay Zeus Capital a commission on the aggregate value of the Sale Shares sold by the Selling Shareholder at the Placing Price, together with certain costs and expenses of the Placing and any applicable VAT.

Zeus Capital has the right to terminate the Selling Shareholder Agreements prior to Admission in certain circumstances, including, *inter alia*, any breach by the relevant Selling Shareholder of any of their obligations or warranties in the relevant Selling Shareholder Agreement or termination of the Placing Agreement. If a Selling Shareholder Agreement is terminated, no Sale Shares will be sold on behalf of the Selling Shareholder party to that Selling Shareholder Agreement under the Vendor Placing. The Selling Shareholder Agreements are governed by English law and are subject to the exclusive jurisdiction of the English courts.

## 17.4 **Lock-in Agreements**

The Company, Zeus Capital, each of the Directors, the Selling Shareholders and Richard Hughes have entered into a Lock-in Agreement, further details of which are set out in paragraph 15 of Part I of this Document.

## 17.5 **Agreement relating to a Shareholders' Agreement**

On 25 November 2021, the Company, LADbible Group Limited, Alexander William Solomou, LAD Investments Limited, Makkma Investments Limited, Hugh Chappell, Timothy Croston, Colin Gottlieb, Cheryl Solomou, Angelos Solomou, David Wilson and Richard Hughes entered into an agreement in relation to a shareholders' agreement dated 2 June 2017 (as varied on 16 January 2020 and 31 March 2021) entered into by the same parties (other than the Company) (the "**Shareholders' Agreement**"). The purpose of that agreement is to apply the Shareholders' Agreement (which regulated the relationship between LADbible Group Limited and its shareholders before the Reorganisation) to the relationship between the Company and its shareholders in the period between

the Reorganisation and Admission. Both the Shareholders' Agreement and that agreement will automatically terminate upon Admission.

#### 17.6 Shareholders' agreement

LADbible Group Limited, Kit Chilvers, Iyrah Rodway-Williams and Pubity Group Ltd entered into a shareholders' agreement dated 27 August 2020 in relation to the operation and management of Pubity Group Ltd, of which LADbible Group Limited is a 30% shareholder.

#### 17.7 Exchange agreements

On 25 November 2021, in connection with the Reorganisation, the Company entered into a share exchange agreement (the "**Exchange Agreement**") with the then shareholders of LADbible Group Limited. The purpose of the Exchange Agreement was to insert the Company as a new holding company of the Group prior to Admission. Pursuant to the Exchange Agreement, the Company acquired all of the issued share capital of LADbible Group Limited with full title guarantee, fully paid and free from encumbrances in consideration of the issue of the Consideration Shares (as defined therein) to the then shareholders of LADbible Group Limited.

On 25 November 2021, the Company and LBG Holdco Limited ("**Midco**") entered into a further share exchange agreement (the "**Midco Exchange Agreement**"). The purpose of the Midco Exchange Agreement was to insert Midco as a wholly owned subsidiary of the Company and intermediate holding company of LADbible Group Limited prior to Admission. Pursuant to the Midco Exchange Agreement, Midco acquired all of the issued share capital of LADbible Group Limited with full title guarantee, fully paid and free from encumbrances in consideration of the issue of the new ordinary shares to the Company.

On 25 November 2021, in connection with the Reorganisation, the Company entered into an option exchange agreement (the "**Option Exchange Agreements**") with each of the then holders of options over shares of LADbible Group Limited. Pursuant to the Option Exchange Agreements, the option holders exchanged their options over shares of LADbible Group Limited for the options over shares of the Company.

#### 17.8 Solomou Relationship Agreement

The Company, Zeus Capital and the Solomou Shareholders entered into the Solomou Relationship Agreement on 7 December 2021, which includes, amongst other things, provisions intended to ensure that the Company will, following Admission, be able to operate independently of the Solomou Shareholders for as long as they and their connected parties ("**Solomou Shareholder Group**") together hold 10 per cent. or more of the voting rights in respect of the entire issued share capital of the Company. Under the Solomou Relationship Agreement, the Solomou Shareholders, as far as they are able to as Shareholders, shall, and have agreed to procure (so far as they are able) that each other member of the Solomou Shareholder Group shall, amongst other things:

- (i) be managed for the benefit of Shareholders as a whole and independently of the Solomou Shareholder Group; and
- (ii) conduct all transactions and agreements with the Group on an arm's length and nominal commercial terms.

The Solomou Relationship Agreement also provides that, for so long as the Solomou Shareholder Group is interested in 10 per cent. or more of the voting rights in respect of the entire issued share capital of the Company, the Solomou Shareholders shall be entitled to nominate one director for appointment to the Board.

#### 17.9 Makkma Relationship Agreement

The Company, Zeus Capital and Makkma Investments Limited entered into the Makkma Relationship Agreement on 7 December 2021, which includes, amongst other things, provisions intended to ensure that the Company will, following Admission, be able to operate independently of Makkma Investments Limited for as long as it and its connected parties ("**Makkma Shareholder Group**") together hold 10

per cent. or more of the voting rights in respect of the entire issued share capital of the Company. Under the Makkma Relationship Agreement, Makkma Investments Limited, as far as it is able to as a Shareholder, shall, and has agreed to procure (so far as it is able) that each other member of the Makkma Shareholder Group shall, amongst other things:

- (i) be managed independently of the Makkma Shareholder Group; and
- (ii) conduct all transactions and agreements with the Group on an arm's length and nominal commercial terms.

#### 17.10 **Directors' loans**

LADbible Group Limited (as lender) and Alexander Solomou (as borrower) entered into a loan agreement dated 30 March 2021 to loan the sum of £1,200,000 from the Group to Alexander Solomou.

LADbible Group Limited (as lender) and Arian Kalantari (as borrower) entered into a loan agreement dated 25 August 2021 to loan the sum of £1,500,000 from the Group to Arian Kalantari.

Pursuant to the Selling Shareholder Agreements, these loans will be settled within two dealing days following Admission.

#### 17.11 **Asset and share purchase agreements**

Unilad Group Limited, Bentley Harrington Limited (in administration) and Andrew Poxon and Andrew Duncan (as joint administrators) entered into an asset purchase agreement dated 16 October 2018 in relation to the acquisition, by Unilad Group Limited, of certain assets of Bentley Harrington Limited (in administration).

#### 17.12 **Banking facility agreement**

LADbible Group Limited and HSBC UK Bank plc entered into a facility agreement dated 12 June 2019 pursuant to which a sterling term loan facility with a limit of £15,000,000, secured by way of a debenture, is provided to LADbible Group Limited.

### 18 **TAXATION**

18.1 The following statements are intended only as a general guide as at the date of this Document to UK tax legislation and to the current practice of HMRC and do not constitute tax advice. These statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in the UK, who hold their Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold five per cent. or more of the Shares, are not addressed. Levels and bases of taxation are subject to change. **Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the UK is strongly recommended to consult his professional advisers immediately.**

#### 18.2 **Stamp Duty and Stamp Duty Reserve Tax**

The statements below are intended as a general guide to the current position. The comments below apply whether or not a Shareholder is resident in the UK.

It should be noted that certain categories of person, including market makers, brokers, dealers and other specified market intermediaries, may be entitled to exemption from stamp duty and stamp duty

reserve tax (“**SDRT**”) in respect of purchases of securities in specified circumstances, and professional advice should be sought if these rules apply.

The statements do not apply to certain other categories of person (including persons connected with depositary arrangements and clearance services) who may be liable at a higher rate of 1.5 per cent or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Generally, no charge to stamp duty or SDRT should arise on the issue of Placing Shares or on their registration in the names of applicants.

A subsequent transfer on the sale of Shares will not be subject to stamp duty or SDRT for so long as the Company is admitted to trading on AIM, provided AIM remains a recognised growth market (as construed in accordance with section 99A of the Finance Act 1986) and that the shares in the Company remain admitted to trading on AIM but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear.

Should the recognised growth market exemption not apply, a transfer of, or agreement to transfer, the shares in the Company may give rise to a charge to stamp duty or SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. Stamp duty and SDRT are, in general, payable by the purchaser.

### 18.3 **Dividends**

The UK taxation implications relevant to the receipt of dividends on the Placing Shares are as follows:

There is no UK withholding tax on dividends.

Individual holders of Placing Shares will be taxable on the total of the dividend actually received. For the tax year 2021/22, the first £2,000 of dividend income received by an individual is subject to zero per cent. tax. The rate of tax payable on dividends in excess of the above threshold is 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. These rates will increase to 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers for dividends paid after 6 April 2022.

A holder of Placing Shares which is a company resident for tax purposes in the UK will have to pay corporation tax in respect of any dividends it receives from another company unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt when received by a UK resident company shareholder.

### 18.4 **Disposal of shares acquired under the Placing**

A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. The Shareholder’s annual exemption if available and any capital losses they have may reduce the capital gain subject to capital gains tax. Capital gains falling within the basic rate band will be subject to tax at a rate of 10 per cent. with capital gains falling into the upper and additional rate subject to tax at a rate of 20 per cent. Please note that the UK Government commissioned a review of the capital gains tax regime in July 2020 and these rates could increase in future years.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Shares. To the extent certain conditions are met, it may be possible for chargeable gains realised on the disposal of shares to be exempt from UK corporation tax as a result of the substantial shareholding exemption. However, this is dependent on the circumstances at the time of the disposal and advice should be sought from your professional advisers.

The current rate of corporation tax is 19 per cent. At Budget 2021 the UK government announced that the UK corporation tax rate would remain at 19 per cent for the tax years beginning 1 April 2021 and 1 April 2022 before increasing to 25 per cent beginning 1 April 2023 (subject to the 19 per cent rate continuing to apply for companies with profits of not more than £50,000, with marginal relief for profits of up to £250,000).

A Shareholder who is not resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a branch, agency or permanent establishment and such Shares are to have been used, held or acquired for the purposes of such UK branch, agency or permanent establishment.

## **19 CONSENTS**

- 19.1 The nominated adviser and broker to the Company is Zeus Capital, which is authorised and regulated in the UK by the FCA. Zeus Capital has given and not withdrawn its written consent to the issue of this Document with the inclusion of its name and reference to it in the form and context in which it appears.
- 19.2 BDO LLP, in the capacity of Reporting Accountants to the Company, has given and not withdrawn its consent to the inclusion in this Document of its reports set out in Section A of Part IV and Section A of Part V of this Document and has authorised the contents of these reports for the purposes of Schedule Two to the AIM Rules for Companies.

## **20 SIGNIFICANT CHANGE**

Since the date of its incorporation, the Company has not commenced operations and, save for the effects of entering the Exchange Agreement and the Placing, has no material assets or liabilities.

Save for the Placing and as disclosed in this Document, there has been no significant change in the financial performance or financial position of the HFI Group since 30 June 2021, the date to which the unaudited interim financial information in Part V of this Document has been prepared.

## **21 OTHER INFORMATION**

- 21.1 Richard Hughes is the spouse of Clare Hughes, the majority shareholder of Zeus Capital, and was a minority shareholder of LADbible Group Limited before the Reorganisation. Immediately before Admission, Richard Hughes will hold 3,931,774 Shares in the Company. Richard Hughes is not disposing of any Shares at Admission and Zeus Capital is subscribing for 1,150,044 in the Placing. Following Admission these aggregate shareholdings will represent 2.47 per cent. of the Enlarged Share Capital immediately following Admission. Richard has undertaken to the Company and Zeus Capital, pursuant to an undertaking dated 7 December 2021, not to dispose any of his Shares at any time during the 6 month period following Admission and only to sell such Shares during the subsequent 6 month period with the prior consent of Zeus Capital and the Company and through Zeus Capital (or such broker as may be nominated by a successor nominated adviser).
- 21.2 PricewaterhouseCoopers LLP of No 1 Spinningfields, 1 Hardman Square, Manchester, M3 3EB were auditors to the HFI Group for the years ended 31 December 2018 and 2019. BDO LLP of 3 Hardman Street, Spinningfields, Manchester, M3 3AT were auditors to the HFI Group for the year ended 31 December 2020. PricewaterhouseCoopers LLP and BDO LLP are members of and regulated by the Institute of Chartered Accountants in England and Wales.
- 21.3 Save in respect of:
- fees paid to PricewaterhouseCoopers LLP as market research adviser and tax adviser to the Group;
  - fees paid to Maddocks as Australian legal adviser to the Group;

- fees paid to Swan Partners Limited as adviser on financial position and prospects procedures to the Group;
- fees paid to Wilson's Consulting Limited in relation to David Wilson's consultancy arrangement with the Group; and
- fees paid to Refinitiv Financial Solutions, due diligence provider to the Group,

no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the twelve months preceding the date of this document received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

- 21.4 The accounting reference date of the Company is 31 December.
- 21.5 The gross proceeds of the Placing receivable by the Company are expected to be £30.0 million, with the net proceeds of the Placing receivable by the Company, after settling fees and expenses, expected to be approximately £25.0 million.
- 21.6 The total costs and expenses relating to the Placing and Admission, payable by the Company, are estimated to amount to approximately £5.0 million (excluding VAT).
- 21.7 It is expected that definitive share certificates in respect of certificated Placing Shares will be despatched by first class post within 10 business days of Admission. In respect of uncertificated Placing Shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as is reasonably practical on 15 December 2021. No temporary documents of title will be issued.
- 21.8 The Company confirms that, where information in this Document has been sourced from a third party, it has been accurately reproduced and the source of the information has been identified. So far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 21.9 The Placing Price of 175 pence represents a premium of 174.999 pence above the nominal value of £0.001 per Share. The Placing Price is payable in full on application.
- 21.10 The Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing and the Vendor Placing, transfers will be certified against the register of members. The Company has applied to Euroclear UK & International, the operator of CREST, for the Shares to be admitted to CREST with effect from Admission and Euroclear UK & International has agreed to such admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under CREST. CREST is a voluntary system and holders of Shares who wish to retain share certificates will be able to do so.
- 21.11 No person has made a public takeover bid for the Company's issued share capital since the Company's incorporation or in the current financial period and the Company is not aware of the existence of any takeover pursuant to the rules of the Takeover Code.
- 21.12 Except as set out in this Document, there are no arrangements relating to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 21.13 Except as stated in this Document, there have been no principal investments made by the Company during the last three financial years. The Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.
- 21.14 Save as disclosed in this Document, the Group is not dependent on any patents, licences, industrial or commercial or financial contracts or new manufacturing processes which have a material effect on the Group's business or profitability.

- 21.15 Save as disclosed in this Document, there are no environmental issues that the Directors have determined may affect the Group's utilisation of tangible fixed assets and the Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely have a material effect on the Company's prospects for the current financial year.
- 21.16 Save as disclosed in this Document, there have been no significant recent trends in sales and inventory and cost and selling prices of the Group since 30 June 2021.
- 21.17 Save as disclosed in this Document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 21.18 The financial information set out in this Document does not constitute statutory accounts within the meaning of section 434 of the Companies Act. Statutory accounts for the HFI Group have been delivered to the registrar of companies for the years ended 31 December 2018, 2019 and 2020. Auditors' reports in respect of the statutory accounts for each of the years ended 31 December 2018, 2019 and 2020 have been made under section 495 of the Act and each such report was an unqualified report and did not contain any statement under section 498(2) or (3) of the Companies Act.
- 21.19 There are no arrangements under which future dividends are waived or agreed to be waived.

## **22 AVAILABILITY OF THIS DOCUMENT**

Copies of this Document will be available to the public free of charge from the registered office of the Company at 20 Dale Street, Manchester, M1 1EZ and from the offices of Zeus Capital, at 82 King Street, Manchester, M2 4WQ, during normal office hours (Saturdays, Sundays and public holidays excluded) for a period of at least one month from the date of Admission. A copy of this Document is also available free of charge on the Company's website at [www.ladbiblegroup.com](http://www.ladbiblegroup.com).

Dated: 7 December 2021

## PART VIII

### TERMS AND CONDITIONS OF THE PLACING AND THE VENDOR PLACING

#### PLACING TERMS

IMPORTANT INFORMATION FOR INVITED PLACEEES ONLY REGARDING THE PLACING AND VENDOR PLACING.

THE INFORMATION AND TERMS CONTAINED IN THIS DOCUMENT AND THIS PART VIII (THE “**PLACING TERMS**”) ARE RESTRICTED AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL (EACH A “**RESTRICTED TERRITORY**”).

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING OR VENDOR PLACING. THIS DOCUMENT AND THE PLACING TERMS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION (WHICH MEANS REGULATION 2017/1129 AS AMENDED FROM TIME TO TIME) (THE “**PROSPECTUS REGULATION**”) (“**QUALIFIED INVESTORS**”); OR (B) IN THE UNITED KINGDOM, PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF THE UK VERSION OF THE EU PROSPECTUS REGULATION WHICH FORMS PART OF DOMESTIC LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “**UK PROSPECTUS REGULATION**”) AND WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “**ORDER**”); OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC”) OF THE ORDER; OR (C) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”).

THIS DOCUMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS DOCUMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS DOCUMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE “**US SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS” WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE US SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS DOCUMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligation to forward a copy of this Document should seek appropriate advice before taking any action.

This Document should be read in its entirety. In particular, you should read and understand the information provided in this Part VIII.

By participating in the Placing and/or the Vendor Placing together and individually (the **"Placing"** in this Part VIII only), each person who chooses to participate in the Placing (a **"Placee"**) will be deemed to have read and understood this Document in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part VIII.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges to Zeus Capital, the Company and the Selling Shareholders (amongst other things) that:

- (a) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it only for the purposes of its business;
- (b) in the case of a Relevant Person in the United Kingdom who acquires any Placing Shares pursuant to the Placing:
  - (i) it is a Qualified Investor within the meaning of Article 2(e) of the UK Prospectus Regulation; and
  - (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation:
    - (A) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than Qualified Investors or in circumstances in which the prior consent of Zeus Capital has been given to the offer or resale; or
    - (B) where Placing Shares have been acquired by it on behalf of persons in any Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- (c) in the case of a Relevant Person in a member state of the EEA (each a **"Relevant State"**) who acquires any Placing Shares pursuant to the Placing:
  - (i) it is a Qualified Investor within the meaning of Article 2(e) of the EU Prospectus Regulation; and
  - (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation:
    - (A) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in a Relevant State other than Qualified Investors or in circumstances in which the prior consent of Zeus Capital has been given to the offer or resale; or
    - (B) where Placing Shares have been acquired by it on behalf of persons in a Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;
- (d) it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Document;
- (e) it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part VIII;

- (f) except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph (d) above) is outside the United States and is acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the US Securities Act;
- (g) it acknowledges that the Placing Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States; and
- (h) the Company, the Selling Shareholders and Zeus Capital will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings, acknowledgements and agreements.

### **No prospectus**

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Document and any information publicly announced through a Regulatory Information Service (as defined in the AIM Rules for Companies) by or on behalf of the Company on or prior to Admission (the "**Publicly Available Information**") and subject to any further terms set forth in the form of confirmation to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this Document is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of Zeus Capital, the Company, the Selling Shareholders or any other person and none of Zeus Capital, the Company, the Selling Shareholders or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

None of Zeus Capital, the Company, any Selling Shareholder and any other person acting on such person's behalf makes any representation to any Placee regarding an investment in the Placing Shares.

### **Details of the Placing Agreement, the Selling Shareholder Agreement and the Placing Shares**

Pursuant to the Placing Agreement and subject to the terms and conditions set out in the Placing Agreement, Zeus Capital, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the New Shares at the Placing Price.

Pursuant to the Selling Shareholder Agreements and subject to the terms and conditions set out in the Selling Shareholder Agreements, Zeus Capital as agent for and on behalf of the Selling Shareholders, has agreed to use its reasonable endeavours to procure Placees for the Sale Shares at the Placing Price.

The New Shares will, when issued, and the Sale Shares will, when purchased, be subject to the articles of association for the time being of the Company and credited as fully paid and will rank *pari passu* in all respects with the Existing Shares in the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Shares after the date of issue of the New Shares or purchase of the Sale Shares (as applicable).

### **Application for admission to trading**

Application will be made to the London Stock Exchange for admission of the Shares (including the Placing Shares) to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on or around 15 December 2021 (or such later date as the Company and Zeus Capital may agree in writing, in any event being not later than 15 January 2022) and that dealings in the Shares on AIM will commence at the time of Admission.

## Participation in the Placing

This Part VIII gives details of the terms and conditions of, and the mechanics of participation in, the Placing and Vendor Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares. Zeus Capital and the Company shall be entitled to effect the Placing by such alternative method as they may, in their sole discretion, determine.

## Principal terms of the Placing

- (a) Zeus Capital is acting as bookrunner to the Placing, as agent for and on behalf of the Company and the selling shareholders. Zeus Capital is authorised and regulated in the United Kingdom by the FCA and is acting for the Company (in respect of the New Shares) and for the Selling Shareholders (in respect of the Sale Shares) and no one else in connection with the matters referred to in this Document and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to the customers of Zeus Capital or for providing advice in relation to the matters described in this Document.
- (b) Participation in the Placing will only be available to persons who may lawfully do so, and who are invited by Zeus Capital to participate in the Placing. Zeus Capital and any of its affiliates are entitled to participate in the Placing as principal.
- (c) The final number of Placing Shares to be issued or acquired at the Placing Price will be agreed and determined between Zeus Capital and the Company and such details will be announced by the Company through a Regulatory Information Service pursuant to the placing results announcement.
- (d) Each Placee's allocation in the Placing shall be determined by Zeus Capital and the Company. Placees commitments to subscribe for and/or acquire Placing Shares will be made orally to Zeus Capital on a recorded telephone line or via email or via electronic message. That commitment will give rise to an irrevocable and legally binding commitment by that person (who at that point becomes a Placee), in favour of Zeus Capital and the Company, under which it agrees to subscribe for and/or acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part VIII and in accordance with the Company's articles of association for the time being. Except with Zeus Capital's written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted. The terms of this Part VIII will also be deemed incorporated in the form of confirmation.
- (e) Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Zeus Capital (as agent for the Company and the Selling Shareholders), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for and/or acquire and the Company has agreed to allot and issue, and/or the relevant Selling Shareholder has agreed to sell, to that Placee.
- (f) Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be subscribed for and/or acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
- (g) All obligations of Zeus Capital under the Placing (excluding the Vendor Placing) will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing (excluding the Vendor Placing)" and to the Placing (excluding the Vendor Placing) not being terminated on the basis referred to below under "Termination of the Placing (excluding the Vendor Placing)".
- (h) All obligations of Zeus Capital under the Vendor Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Vendor Placing" and to the Vendor Placing not being terminated on the basis referred to below under "Termination of the Vendor Placing".
- (i) By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

- (j) To the fullest extent permissible by law and applicable FCA rules, none of: (a) Zeus Capital, (b) any of Zeus Capital's affiliates, agents, directors, officers, consultants, (c) to the extent not contained within (a) or (b), any person connected with Zeus Capital as defined in the FSMA ((b) and (c) being together "affiliates" and individually an "affiliate" of Zeus Capital), (d) any person acting on Zeus Capital's behalf, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither Zeus Capital, nor any of its affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as Zeus Capital and the Company may agree.

### **Registration and Settlement**

If Placees are allocated any Placing Shares in the Placing they will be sent a form of confirmation or electronic trade confirmation by Zeus Capital, as soon as it is able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to Zeus Capital.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by Zeus Capital in accordance with either the standing CREST or certificated settlement instructions which they have in place with Zeus Capital.

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place in respect of the Placing Shares on 15 December 2021 and Admission is expected to occur no later than 8.00am on 15 December 2021 unless otherwise notified by Zeus Capital.

Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Zeus Capital may agree that the Placing Shares should be issued in certificated form. Zeus Capital reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing London Interbank Offered Rate (LIBOR) as determined by Zeus Capital.

Each Placee agrees that, if it does not comply with these obligations, Zeus Capital may sell, charge by way of security (to any funder of Zeus Capital) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for Zeus Capital's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by Zeus Capital as a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation or electronic trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### **Conditions of the Placing (excluding the Vendor Placing)**

All reference to the Placing in the paragraphs under the heading "Conditions of the Placing (excluding the Vendor Placing)" exclude the Vendor Placing.

The obligations of Zeus Capital under the Placing Agreement and the Placing are, conditional upon, *inter alia*:

- (a) the Company allotting the New Shares in accordance with the terms of the Placing Agreement;
- (b) the performance by the Company and the Directors of their obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;
- (c) the Selling Shareholder Agreements having become unconditional (save only as to any obligations under the Placing Agreement and Admission);
- (d) Zeus Capital not having exercised its right to terminate the Placing Agreement; and
- (e) Admission occurring by not later than 8.00am on 15 December 2021 (or such later date as the Company and Zeus Capital may agree in writing, in any event being not later than 15 January 2022),

(all conditions to the obligations of Zeus Capital included in the Placing Agreement being together, the “**conditions**”).

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and Zeus Capital may agree, provided that the time for satisfaction of the condition set out in (e) above shall not be extended beyond 8.00am on 15 January 2022, or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee’s rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under “Termination of the Placing (excluding the Vendor Placing)” below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by Zeus Capital, in its absolute discretion, by notice in writing to the Company, and Zeus Capital may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees’ commitments as set out in this Document.

Zeus Capital may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither Zeus Capital, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision which any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision which any of them may make as to the satisfaction of any condition or in respect of the Placing and by participating in the Placing, each Placee agrees that any such decision is within the absolute discretion of such persons.

### **Conditions of the Vendor Placing**

The obligations of Zeus Capital under the Selling Shareholder Agreements are, and the Vendor Placing in respect of each relevant Selling Shareholder is, conditional upon, *inter alia*:

- (a) the performance by the Selling Shareholder of its obligations under the relevant Selling Shareholder Agreement to the extent that they fall to be performed prior to Admission;
- (b) Zeus Capital not having exercised its right to terminate the relevant Selling Shareholder Agreement;
- (c) Zeus Capital not having exercised its right to terminate the Placing Agreement; and
- (d) Admission occurring by not later than 8.00am on 15 December 2021 (or such later date as the Company and Zeus Capital may agree in writing, in any event being not later than 15 January 2022),

(all conditions to the obligations of Zeus Capital included in each of the Selling Shareholder Agreements being together, the “**seller conditions**”).

If any of the seller conditions set out in the relevant Selling Shareholder Agreement are not fulfilled or, where permitted, waived in accordance with the relevant Selling Shareholder Agreement within the stated time periods (or such later time and/or date as the Company and Zeus Capital may agree, provided that the time

for satisfaction of the seller condition set out in (d) above shall not be extended beyond 8.00 a.m. on 15 January 2022, or the relevant Selling Shareholder Agreement is terminated in accordance with its terms, the Vendor Placing in respect of that Selling Shareholder will lapse and the Placee's rights and obligations in respect of it shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Vendor Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Vendor Placing" below and will not be capable of rescission or termination by it.

Certain seller conditions may be waived in whole or in part by Zeus Capital, in its absolute discretion, by notice in writing to the Company, and Zeus Capital may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this Document.

Zeus Capital may terminate any of the Selling Shareholder Agreements in certain circumstances, details of which are set out below.

Neither Zeus Capital, the Selling Shareholders, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision which any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Vendor Placing nor for any decision which any of them may make as to the satisfaction of any seller condition or in respect of the Vendor Placing, and by participating in the Vendor Placing, each Placee agrees that any such decision is within the absolute discretion of such persons.

### **Termination of the Placing (excluding the Vendor Placing)**

All references to the Placing in the paragraphs under the heading "Termination of the Placing (excluding the Vendor Placing)" exclude the Vendor Placing.

Zeus Capital may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

1. Zeus Capital becomes aware that any statement contained in the Placing Documents (as such term is defined in the Placing Agreement) has become or been discovered to be untrue, incorrect or misleading in any material respect or there has been a material omission therefrom;
2. Zeus Capital becomes aware that any of the warranties was, when given, untrue, inaccurate or misleading in any material respect;
3. Zeus Capital becomes aware that any of the warranties is not, or has ceased to be, true, accurate or not misleading in any material respect (or would not be true, accurate or not misleading in any material respect if then repeated) by reference to the facts subsisting at the time;
4. Zeus Capital becomes aware that circumstances have occurred or are likely to occur which in the reasonable opinion of Zeus Capital (acting in good faith) will result in any of the warranties not being, or ceasing to be, true, accurate or not misleading in any material respect (or would not be true, accurate or not misleading in any material respect if then repeated);
5. Zeus Capital becomes aware that there is a material breach by the Company or a Director of its respective obligations under the Placing Agreement;
6. the appointment of Zeus Capital as agent of the Selling Shareholders by the Selling Shareholders is terminated for whatever reason;
7. the appointment of Zeus Capital as nominated adviser and broker to the Company is terminated for whatever reason;
8. the Application (as such term is defined in the Placing Agreement) is withdrawn or refused for any reason;
9. a matter, fact, circumstance or event has arisen such that in the reasonable opinion of Zeus Capital (acting in good faith) a Supplementary Admission Document is required to be published;

10. Zeus Capital becomes aware there has occurred, a material adverse change in the business affairs of the Group or in the financial or trading position or prospects of the Group or the Company which is material in the context of the Placing and/or Admission in the reasonable opinion of Zeus Capital (acting in good faith);
11. the Company or the Directors fail to accept Zeus Capital's advice on matters leading to the Company's or Zeus Capital's inability to comply in any material respects with the AIM Rules, Nomad Rules, FSMA, UK MAR or other applicable laws or regulations; or
12. a matter has arisen that, in the reasonable opinion of Zeus Capital (acting in good faith), would result in Admission adversely affecting the reputation or integrity of the London Stock Exchange.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and Zeus Capital that the exercise by the Company or Zeus Capital of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or Zeus Capital and that neither of the Company nor Zeus Capital need make any reference to such Placee and that neither Zeus Capital, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing (excluding the Vendor Placing)" section above and will not be capable of rescission or termination by it after the issue by Zeus Capital of a form of confirmation confirming each Placee's allocation and commitment in the Placing.

#### **Termination of the Vendor Placing**

Zeus Capital may terminate any of the Selling Shareholder Agreements, in accordance with their terms, at any time prior to Admission if, *inter alia*:

1. Zeus Capital becomes aware that any of the warranties was, when given, breached;
2. Zeus Capital becomes aware that any of the warranties is breached (or would be breached if then repeated) by reference to the facts subsisting at the time;
3. circumstances have occurred or are likely to occur which in the reasonable opinion of Zeus Capital (acting in good faith) will result in any of the warranties being, breached (or would be breached if then repeated);
4. the appointment of Zeus Capital as agent of the Selling Shareholder is terminated for whatever reason; or
5. Zeus Capital becomes aware of a breach by the Selling Shareholder of its obligations under the relevant Selling Shareholder Agreement which, in the reasonable opinion of Zeus Capital (acting in good faith), is material in the context of the Placing and/or Admission.

If any the Selling Shareholder Agreements is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Vendor Placing as described in this Document in respect of that Selling Shareholder shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Vendor Placing, each Placee agrees with the Company and Zeus Capital that the exercise by Zeus Capital of any right of termination or any other right or other discretion under any of the Selling Shareholder Agreements shall be within the absolute discretion of Zeus Capital and that neither of the Company nor Zeus Capital need make any reference to such Placee and that neither Zeus Capital, the Company, the Selling Shareholder nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Vendor Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the “Conditions of the Vendor Placing” section above and will not be capable of rescission or termination by it after the issue by Zeus Capital of a form of confirmation confirming each Placee’s allocation and commitment in the Vendor Placing.

### **Representations, warranties and further terms**

By participating in the Placing, each Placee (and any person acting on such Placee’s behalf) represents, warrants, acknowledges and agrees with Zeus Capital, the Company and the Selling Shareholders (for itself and for any such prospective Placee) that (save where Zeus Capital expressly agrees in writing to the contrary):

- (a) it has read and understood this Document in its entirety and that its subscription or acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Selling Shareholders, the Placing Shares or otherwise, other than the information contained in this Document and the Publicly Available Information;
- (b) it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Regulation or the UK Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;
- (c) it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither Zeus Capital, the Selling Shareholders, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Document, or the Publicly Available Information; nor has it requested neither of Zeus Capital, the Selling Shareholders, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
- (d) neither Zeus Capital, nor any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information or for any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- (e) the only information on which it is entitled to rely and on which it has relied in committing to subscribe for and/or acquire Placing Shares is contained in the Publicly Available Information and this Document, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information and the information contained in this Document;
- (f) neither Zeus Capital, the Selling Shareholders, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information or the information contained in this Document;
- (g) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information available to it is still current and relied on that investigation for the purposes of its decision to participate in the Placing;
- (h) it has not relied on any investigation that Zeus Capital or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
- (i) the content of this Document and the Publicly Available Information has been prepared by, and is exclusively the responsibility of, the Company and that none of Zeus Capital, the Selling Shareholders or any persons acting on behalf of any of them is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this

Document or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Document, the Publicly Available Information or otherwise. Nothing in this Part VIII shall exclude any liability of any person for fraudulent misrepresentation;

- (j) the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of any Restricted Territory and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within a Restricted Territory or in any country or jurisdiction where any such action for that purpose is required;
- (k) it and/or each person on whose behalf it is participating:
  - (i) is entitled to subscribe for and/or acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
  - (ii) has fully observed such laws and regulations;
  - (iii) has capacity and authority and is entitled to enter into and perform its obligations as a subscriber and/or an acquirer of Placing Shares and will honour such obligations; and
  - (iv) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Part VIII) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription for or acquisition of Placing Shares;
- (l) it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed for and/or acquired will not be, a resident of, or with an address in, or subject to the laws of, any Restricted Territory, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of any Restricted Territory and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- (m) the Placing Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the US Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the US Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- (n) it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are subscribing for or acquired will be, outside the United States subscribing for or and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the US Securities Act;
- (o) it (and any account for which it is purchasing) is not subscribing for or acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the US Securities Act;
- (p) it will not distribute, forward, transfer or otherwise transmit this Document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted this Document, any part of it or any such presentational materials to any person;
- (q) neither Zeus Capital, their affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Zeus Capital and Zeus Capital has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or the Selling Shareholder Agreements nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

- (r) it has the funds available to pay for the Placing Shares for which it has agreed to subscribe for and/or acquire and acknowledges and agrees that it will make payment to Zeus Capital for the Placing Shares allocated to it in accordance with the terms and conditions of this Document at the due times and dates set out in this Document, failing which the relevant Placing Shares may be placed with others on such terms as Zeus Capital may, in its absolute discretion, determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Document) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- (s) no action has been or will be taken by any of the Company, the Selling Shareholders, Zeus Capital or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- (t) the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither Zeus Capital nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to subscribe for and/or acquire Placing Shares pursuant to the Placing and agrees to pay the Company and Zeus Capital in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of Zeus Capital or transferred to a CREST stock account of Zeus Capital who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- (u) it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and Zeus Capital for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
- (v) the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- (w) it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- (x) it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any member state of the EEA within the meaning of the Prospectus Regulation;
- (y) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- (z) it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
- (aa) if it is a financial intermediary, as that term is used in the UK Prospectus Regulation, the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in the United Kingdom other than Qualified Investors, or in circumstances in which the express prior written consent of Zeus Capital has been given to the offer or resale;

- (bb) if in the United Kingdom, it is a qualified investor within the meaning of the UK Prospectus Regulation and a person (i) having professional experience in matters relating to investments and who falls within the definition of ‘investment professionals’ in Article 19(5) of the Order; or (ii) who is a high net worth entity falling within Article 49(2)(a) to (d) of the Order; or (iii) to whom this Document may otherwise lawfully be communicated;
- (cc) if it is a financial intermediary, as that term is used in the EU Prospectus Regulation (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in any member state of the EEA other than Qualified Investors, or in circumstances in which the express prior written consent of Zeus Capital has been given to the offer or resale;
- (dd) if in a member state of the EEA, it is a “Qualified Investor” within the meaning of the EU Prospectus Regulation;
- (ee) it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
- (ff) neither Zeus Capital nor any of its affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Document or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this Document or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;
- (gg) neither Zeus Capital, the Selling Shareholders, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of Zeus Capital, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings or indemnities contained in the Placing Agreement nor the exercise or performance of Zeus Capital’s rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- (hh) Zeus Capital may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account and, except as required by applicable law or regulation, Zeus Capital will not make any public disclosure in relation to such transactions;
- (ii) Zeus Capital and each of its affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Zeus Capital and/or any of its affiliates, acting as an investor for its or their own account(s). None of Zeus Capital, the Selling Shareholders or the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
- (jj) it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the “**Regulations**”) and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- (kk) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the UK version of the Market Abuse Regulation (Regulation 596/2014) which is part of English law by virtue of the European Union (Withdrawal) Act 2018, as amended (“**UK MAR**”) and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;

- (ll) in order to ensure compliance with Regulations, Zeus Capital (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to Zeus Capital's or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at Zeus Capital's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at Zeus Capital's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Zeus Capital (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, Zeus Capital and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
- (mm) its commitment to subscribe for or acquire Placing Shares on the terms set out in this Document and in the form of confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's, the Selling Shareholders', or Zeus Capital's conduct of the Placing;
- (nn) it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- (oo) it irrevocably appoints any duly authorised officer of Zeus Capital as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf (without any obligation to do so) necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this Document;
- (pp) the Company, Zeus Capital, the Selling Shareholders and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings, acknowledgements and agreements, which are given to Zeus Capital, on their own behalf and on behalf of the Company, and are irrevocable;
- (qq) if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
- (rr) neither it nor, as the case may be, its clients expect Zeus Capital to have any duties or responsibilities to such persons similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Source Book, and that Zeus Capital is not acting for it or its clients, and that Zeus Capital will not be responsible for providing the protections afforded to customers of Zeus Capital or for providing advice in respect of the transactions described herein;
- (ss) it is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;
- (tt) it will (or will procure that its nominee will) if applicable, make notification to the Company of its interest in Shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;
- (uu) it represents and warrants that, to the extent it has received any inside information (for the purposes of UK MAR) and section 56 of the Criminal Justice Act 1993) in relation to the Company or any related company subject to UK MAR and the securities of the Company or any such related company, it has not:
  - (i) dealt (or attempted to deal) in the securities of the Company or any related company;
  - (ii) encouraged, recommended or induced another person to deal in the securities of such company; or
  - (iii) unlawfully disclosed inside information in respect of the Company or any related company to any person, prior to the information being made publicly available;

- (vv) it undertakes to Zeus Capital at the time of making its commitment to acquire Placing Shares that it will confirm in writing to Zeus Capital in the form of confirmation sent by Zeus Capital to Placees the number of Placing Shares it intends to subscribe for and/or;
- (ww) as far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company;
- (xx) it is responsible for obtaining any legal, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or Zeus Capital to provide any legal, tax or other advice to it;
- (yy) it will not distribute any document relating to the Placing Shares and it will be subscribing for and/or acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only;
- (zz) it is subscribing for and/or acquiring the Placing Shares for its own account or is subscribing for and/or acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Document;
- (aaa) time is of the essence as regards its obligations under this Part VIII;
- (bbb) any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Zeus Capital;
- (ccc) the Placing Shares will be issued or sold subject to the terms and conditions of this Part VIII; and
- (ddd) these terms and conditions in this Part VIII and all documents into which this Part VIII is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to subscribing for and/or acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Zeus Capital in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, the Selling Shareholders, Zeus Capital and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Part VIII or incurred by Zeus Capital, the Selling Shareholders, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Document, and further agrees that the provisions of this Part VIII shall survive after the completion of the Placing.

The agreement to allot and issue New Shares or to sell Sale Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue, or sale, to Placees, or such persons as they nominate as their agents, direct by the Company or Selling Shareholders. Such agreement assumes that the Placing Shares are not being subscribed for or acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and none of the Company, the Selling Shareholders or Zeus Capital shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify Zeus Capital accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on their subscription for or acquisition of any Placing Shares or the agreement by them to subscribe for or to acquire any Placing Shares, and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the

allocation, allotment, issue, sale, transfer or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company, the Selling Shareholders and Zeus Capital in the event that either the Company, the Selling Shareholders and/or Zeus Capital has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements, agreements, indemnities and undertakings contained in this Part VIII are given to Zeus Capital, the Company and the Selling Shareholders and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that Zeus Capital does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement or the Selling Shareholder Agreements.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Zeus Capital may (at its absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with Zeus Capital, any money held in an account with Zeus Capital on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from Zeus Capital's money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Document are to London time, unless otherwise stated. All times and dates in this Document may be subject to amendment. No statement in this Document is intended to be a profit forecast, and no statement in this Document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing and Vendor Placing will not be admitted to trading on any stock exchange other than AIM.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Document.

