

LBG Media plc

("LBG Media", the "Company" or "Group")

Results for the half year ended 30 June 2024

STRONG FIRST HALF FINANCIAL PERFORMANCE AND MEANINGFUL PROGRESS TOWARDS £200M OF REVENUE.

LBG Media, the global digital entertainment business with a focus on young adults, is pleased to announce its results for the half year ended 30 June 2024 ("HY24" or "the period").

Key Highlights

- Record audience of 494m globally, of which 141m is US, highlighting our unparalleled engagement and extensive reach with young adult audiences.¹
- Strong revenue momentum with organic growth of 29% driving operational leverage and a significant increase in profitability.²
- Proven business model driving progress towards £200m of revenue with significant strategic and operational developments across growth lenses of Direct, Indirect and US expansion.
- Strong momentum in the period to date and the Board is confident in delivering on market expectations for the 12 months to 31 December 2024.³

Financial Highlights

	HY24 (£m)	HY23 (£m)	Change %
Revenue			
- Direct	22.0	11.4	92%
- Indirect	19.7	15.3	28%
- Other	0.6	0.5	36%
Total Group Revenue	42.3	27.2	55%
Adjusted EBITDA ⁴	10.2	3.0	240%
Adjusted EBITDA margin ⁴	24%	11%	13ppts
Profit before tax	7.1	(1.2)	703%
Cash and cash equivalents	26.6	32.7	(19%)

- Total Group revenue up 55% on a reported basis, with organic growth of 29%, which is faster than the overall market as our proposition continues to be increasingly compelling for advertisers.
- The strength of our diversified revenue model continues to improve with Direct accounting for more than 50% of total Group revenue for the first time since inception, alongside progression of our Web operations which now account for 45% of total Indirect revenue in HY24.
- Adjusted EBITDA of £10.2m (HY23: £3.0m) up 240% and benefitting from revenue growth, improvements delivered from the ANZ operating model changes and the accretive impact of Betches. Organic growth in adjusted EBITDA in the period was 190%.
- Strong adjusted cash conversion of 152% resulted in cash and cash equivalents of £26.6m at the period end (31 December 2023: £15.8m).⁵

Strategic and Operational Highlights

Direct:

- Continuing to build deeper relationships with blue-chip brands with HY24 brief conversion of 33% and repeat client revenue of 75%.⁶
- Uber Eats sponsored Euros-themed editions of the hugely popular original series “Snack Wars”, launched in June, demonstrates expanding capabilities and success in delivering brand sponsored content in a native format with viewing figures for these episodes surpassing viewership of the Euros final on the BBC.
- Notable wins for the Group in the half-year include Costa Coffee, Wilkinson Sword and GetYourGuide.

Indirect:

- Global audience has grown by 20% year-on-year, to 494m, with a US audience of 141m.
- Web yields, which reflect the level of demand for our Web advertising inventory, are up approximately 90%, benefitting from a focus on high quality content, web platform enhancements as well as strong partner demand for our inventory and reach with young adult audiences.
- Facebook’s new commercial model launched at the end of H1 emphasises engaging and high-quality content – both of which align to our strengths. Whilst this has created some initial volatility, revenues remain resilient and, as we have demonstrated with previous platform changes, our scale and data-driven expertise means we are better placed than anyone to adapt quickly to these changes.

US Expansion:

- Continued to build market share in the US, presenting partners with a ‘one stop shop’ when wanting to connect with the young adult audience.
- Significant wins including Boston Beer Co., NYX and White Castle highlight good momentum and complementary nature of the businesses.
- US operations consolidated into Betches HQ, with a reorganisation of sales teams to better encourage cross portfolio selling and enable growth.

Outlook

With strong financial performance and positive momentum across our growth lenses of Direct, Indirect and US expansion, management remains confident in the size of the opportunity ahead and the line of sight to £200m of revenue. Given the progress in the period to date the Board is confident in delivering on market expectations for the 12 months to 31 December 2024.³

As announced on 24 July 2024, the Group has changed its accounting reference date and financial year end so that, going forward, interim and annual accounts will be prepared and published for the six months ended 31 March and 12 months ended 30 September. The decision to change the year end was taken to better guide business planning and investment pacing and improve visibility over market dynamics, providing transparency for stakeholders by bringing the calendar Q4 spend into the first half of the financial year. As a result, our audited FY24 results, which in the first instance will be for the nine-month period ending 30 September, are expected to be announced in January 2025.

A further update on current trading will be provided at our full year results in January, alongside expanded proforma disclosures for the Annual Report and FY24 results presentation.

CEO, Solly Solomou commented:

"Our strong first-half performance demonstrates excellent progress along our line of sight to £200m of revenue and showcases our team's success in diversifying income and strengthening our operating model. Key sporting event activations and rising audience numbers confirm our position as the number one digital entertainment brand for young adults, a highly sought-after but challenging demographic for marketers.

"I am more excited than ever by the opportunity that lies ahead, particularly in the US, where we are going from strength to strength and where the complementary nature of our combined businesses is already demonstrating success. Our thoughtful and engaging campaigns, which frequently deploy messages of social responsibility, remain central to our mission.

"In the complex digital media landscape, the detailed understanding we have of our audience and our propensity to be agile in such a dynamic market provide a strong foundation for long-term growth and the delivery of shareholder value."

Analyst Presentation

LBG Media plc will be hosting an analyst presentation on 18 September 2024. Attendance is by invitation only. A recording of the presentation will be available on the LBG Media plc website at www.lbgmedia.co.uk/results-reports-presentations/results-and-presentations following the event.

Notes

¹ Audience numbers reflect social followers, unique podcast listeners and average monthly website users in the 6 months to the end of June 2024.

² Organic growth excludes the impact of the Betches acquisition.

³ External market consensus for year ending 31 December 2024: Revenue £86.0m and Adjusted EBITDA £23.5m.

⁴ Adjusted EBITDA – earnings before interest, tax, depreciation, and amortisation adjusted for share based payments (including employers NIC as appropriate) and adjusting items. Adjusted EBITDA margin is adjusted EBITDA divided by Group Revenue represented as a percentage.

⁵ Cash conversion is calculated as operating cash flow divided by adjusted EBITDA.

⁶ Repeat client revenue represents percentage of HY24 Direct revenue from clients that ran campaigns with us in 2022 and 2023.

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Notes to editors

LBG Media is a global digital entertainment business with a focus on young adults and a leading disrupter in the digital media and social publishing sectors. The Group produces and distributes digital content across a range of media including video, editorial, image, audio, and experience (virtual and augmented reality). Since its inception in 2012, the Group has curated a diverse collection of specialist brands using social media platforms (primarily Facebook, Instagram, Snapchat, X, 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.

The Group operates two core routes to market: Direct revenue, which is principally generated from the provision of content marketing services to corporates, brand owners, marketing agencies and other entities such as government bodies and where the relationship with the client is held directly by LBG Media; and Indirect revenue, which is generated via a third-party, such as a social media platform or via a programmatic advertising exchange / online marketplace, which holds the relationship with the brand owner or agency.

BUSINESS OVERVIEW

It has been a strong start to the year for the Group with strong financial performance matched by significant strategic and operational steps designed to position the business for future success. The Company continues to progress along its line of sight to £200m of revenue and, as outlined as part of our FY23 results in April, is doing so by focusing on our three growth lenses of Direct, Indirect and US expansion.

Direct

In HY24, Direct revenue was up 92% to £22.0m (HY23: £11.4m), or by 33% organically. For the first time since the Groups inception, Direct now accounts for more than 50% of total Group revenue.

This growth is fuelled not only by the expansion of our client base but also by the deepening of relationships with existing partners, such as Lloyds and Uber Eats. The strengthening of these partnerships reflects our ability to drive even greater value for our clients, cementing our role as a trusted and integral partner. Additionally, we have secured important new partnerships during the period, including with Costa Coffee, Wilkinson Sword and GetYourGuide, as well as a number of high-profile clients in the US, such as Boston Beer Co., NYX and White Castle.

Our direct brief conversion stood at 33% at HY24. This rate of conversion is a direct result of the deeper relationships we are building with brands, our highly engaged and growing young adult audience, as well as our ability to provide partners real time analytics and ROI insights that demonstrate the value and success of their advertising investment. Underscoring this improving conversion are high levels of repeat client revenue as brands keep coming back to work with us. This metric stood at 75%, meaning that 75% of clients that worked with us in HY24 also worked with us in the two previous years, demonstrating the confidence and trust our clients have in us.

Indirect

Indirect revenue grew by 28% to £19.7m (HY23: £15.3m), or by 27% on an organic basis. Our audience and reach continued to expand, with global audience growing by 20% year-on-year, to 494m. Our US audience now stands at 141m.

Indirect revenue is split between income from social platforms and income from web programmatic streams from our owned and operated websites. Diversification of our indirect channel and the ability to drive revenues from our audience, reach and content via our social platforms and owned and operated webpages provides stability and multiple levers to deliver growth.

Web accounted for 45% of total indirect revenue in HY24 and the acceleration of our Web programmatic offering reflects targeted investment in people and technology as we have driven higher quality sessions and higher yields through HY24. Web sessions are up year-on-year and our yield per session is up approximately 90%. Google's announcement that it is reversing its decision to deprecate third-party cookies can also be taken as positive for the Group, though it will mostly serve to prevent any immediate volatility in revenues.

As indicated as part of our trading update in July, the change in Facebook's commercial model has created some initial volatility in Social revenues. Despite this volatility, revenues have remained resilient as the new model emphasises engaging and high-quality content – both of which align to our strengths. As we have demonstrated with previous platform changes, our scale and data driven expertise means we are extremely well-placed to adapt quickly.

US Expansion

Expanding our operations in the world's largest advertising market presents a huge opportunity from both a Direct and Indirect perspective. Integration between the two businesses has progressed at pace over the last six-months, with US operations now consolidated into Betches HQ and sales teams reorganised to focus on category specialisation. This operational shift, which has seen a reorganisation of sales teams into key sectors such as entertainment, alcohol and spirits and consumer goods, is an enabler for future growth as it helps foster deeper client relationships.

This refined approach is already yielding results, with new high-profile partnerships and a very encouraging pipeline. Betches accounted for £7.1m of revenue and £1.5m of adjusted EBITDA in HY24 and post period-end in H2, the first earnout payment of \$4m was made.

We are increasingly excited by the opportunity that lies ahead in the US market, with significant launches such as Betches Sports in H2, a subsector in which we already have significant experience through SPORTbible, a Group brand. Our refined sales approach seeks to build deeper client relationships and an offering that presents brands with a 'one stop shop' to access our young adult audience.

Events & Awards

Recognising the opportunity UEFA Euro 2024 presented for the Group, and as part of our ongoing programme to build out relationships with new and existing clients, we hosted two events in February which sought to showcase our sporting expertise and ability to place brands at the heart of the action. An intimate client lunch, followed by an agency showcase featuring a Q&A with ex-England footballer Joe Cole, were both a success in kickstarting conversations and securing partnerships with a number of brands as the UEFA Euro 2024 countdown began.

In April, we held our annual client conference which gave brands and agencies the chance to learn more about our commercial capabilities. The event involved a series of tailored presentations shining a light on building cultural relevance through our original programming, transforming news and culture for the social generation and how we found success with The AA on a campaign that helped inject cultural capital into the brand. Feedback was very positive, with partners commenting on the deeper understanding of our commercial capabilities they had obtained as part of the event.

During the first half of the year, we were proud to have been shortlisted for 13 awards recognising the quality of work we produce. Our campaigns with The AA, Jacamo and McDonald's won in the Campaign Media Awards, ensuring we retained our position as the 'most awarded media owner' for the second year in a row, whilst our VISA campaign also won a silver award at the Drum Marketing Awards in the Finance category. Our Studios team's LADbible TV, which recently hit three million subscribers, was nominated for Best Factual Channel and Channel of the Year at the Broadcast Digital Awards.

Purpose Driven Work

LBG Media has a powerful global platform to pursue socially responsible agendas, and we continue to recognise the importance of using our platform as a force for good having run several awareness campaigns in the period. Most recently, we launched our 'You're On Mute' campaign, designed to inspire young people across the country to vote in the general election. We partnered with creators Grime Gran, Star Holroyd and Aydan Alsaad to spread the message to vote and boost election awareness among young adults with the campaign beginning with an out-of-home creative that appeared at sites around Glastonbury festival.

This year we also worked with the charity Stamp Out Spiking to launch our 'End Spiking, Now' campaign, which sought to raise awareness of the severity of the drink spiking problem in the UK, and exert pressure on the UK government to enact legislation changes. The campaign utilised the Group's consumer youth panel, LADnation, and involved an original four-part mini-series titled 'Survivors of Spiking: Our Stories'. This was supported by work with Capital XTRA radio host Jourdan, additional social content and the launch of out-of-home advertising in Manchester, all designed to raise campaign awareness. On 17 July 2024, the UK government announced that drink spiking is to be made a specific offence.

Finally, LBG Media was selected as The Prince's Trust's first ever official social partner for its annual awards that celebrate the achievements of young people who have overcome barriers. We delivered content activation in the build-up to the awards and were present on the red carpet to interview and showcase those in attendance.

FINANCIAL REVIEW

	HY24 (£m)	HY23 (£m)
Revenue	42.3	27.2
Net operating expenses	(35.0)	(28.5)
Operating profit/(loss)	7.3	(1.3)
Adjusted EBITDA ¹	10.2	3.0
<i>Adjusted EBITDA margin²</i>	<i>24%</i>	<i>11%</i>
Depreciation	(1.2)	(0.9)
Amortisation	(1.2)	(0.5)
Share based payments	(0.5)	(2.2)
Adjusting items	-	(0.7)
Operating profit/(loss)	7.3	(1.3)
Net finance costs	(0.6)	—
Share of joint ventures	0.4	0.1
Profit/(loss) before taxation	7.1	(1.2)
Corporation tax credit/(expense)	(2.3)	(0.5)
Profit/(loss) for the period	4.8	(1.7)
Cash and cash equivalents	26.6	32.7

¹ Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, share based payment charge and adjusting items is a non-GAAP metric used by management and is not an IFRS disclosure.

² Adjusted EBITDA % is Adjusted EBITDA divided by Group Revenue represented as a percentage.

FINANCIAL REVIEW (continued)

Key performance indicators ('KPIs')

The Board monitors progress of the Group by reference to the following KPIs:

	HY24	HY23	Change	Change
	(£m)	(£m)	£m	%
Financial				
Revenue	42.3	27.2	15.1	55%
Adjusted EBITDA	10.2	3.0	7.2	240%
Adjusted EBITDA as a % of revenue	24%	11%		13ppts
Profit/(loss) before tax	7.1	(1.2)	8.3	703%
Cash conversion % ¹	152%	182%		
Non-Financial				
Global audience ² (m)	494	410	84	20%
Brief conversion	33%	29%		4ppts
Daily web sessions ³ (m)	5.2	5.1	0.1	2%
Web yield per 1k sessions ³ (£)	9.3	4.9	4.4	90%

¹ Cash conversion is calculated as operating cash flow divided by adjusted EBITDA.

² Global Audience reflects social followers, unique podcast listeners and average monthly website users in the 6 months to June 2024.

³ Daily web sessions reflect unique individual interactions with our website.

Revenue

	HY24	HY23	Change
	(£m)	(£m)	%
Revenue			
Direct	22.0	11.4	92%
Indirect	19.7	15.3	28%
Other	0.6	0.5	36%
Total Group Revenue	42.3	27.2	55%

Total Group revenue reached £42.3m (HY23: £27.2m), marking a substantial 55% increase despite the expected seasonal variation between H1 and H2. The 55% growth included 29% from organic growth, with the remaining portion attributed to the acquisition of Betches.

Direct revenues increased by 92% to £22.0m (HY23: £11.4m), with 33% organic growth being achieved, driven from the Group's growing reputation, quality of work and depth of relationships with global brands. The Group benefited from a number of successful campaign activations across the UEFA Euro 2024 tournament, including Euros-themed editions of the hugely popular original series of "Snack Wars", sponsored by Uber Eats. Significant joint-wins in the US highlight the complementary nature of Betches and LADbible US, enabling the Group to continue to build market share within the territory. A high brief conversion rate is being maintained and is tracking 4ppts higher than the prior period.

Indirect revenue increased by 28% to £19.7m (HY23: £15.3m). Organic growth accounted for 27% of this increase, with improving web yields (up 90%) supporting the Group's strategy of driving specialist content to our audiences that provides contextual relevancy for our advertising partners, enhancing broader revenue diversification.

Net operating expenses

Net operating expenses increased by 23% to £35.0m (HY23: £28.5m) driven by the acquisition of Betches. Excluding Betches, net operating expenses increased by 1% (£0.2m).

Share based payment costs were by £1.6m lower at £0.6m (HY23: £2.2m) due primarily to the Non-Executive Director scheme vesting fully in the prior year. The reduction in share-based payment costs were offset by a 32% (£1.6m) increase in media and production costs correlating to the organic direct revenue growth of 33% achieved within the period. Staff costs excluding Betches remained consistent year on year.

Amortisation of £1.2m (HY23: £0.5m) was up by 135%. The increase is mainly a result of the amortisation arising on intangible assets acquired through the Betches acquisition in October 2023, including brand and relationships.

Depreciation of £1.2m (HY23: £0.9m) was up by 33%, mainly driven by new property lease agreements in the UK and Dublin.

Adjusting items were £nil (HY23: £0.7m). The prior period adjusting items included costs associated with business reorganisations, a one-off retention payment and acquisition related fees.

Adjusted EBITDA

Adjusted EBITDA was £10.2m (HY23: £3.0m) representing a 240% increase in comparison to the prior year, driven by operational leverage, the Betches acquisition and a more efficient ANZ operating model that is delivering benefits as planned. On an organic basis adjusted EBITDA has increased by 190%. Adjusted EBITDA margin increased to 24% (HY23: 11%).

Betches contributed £7.1m of revenue and £1.5m of adjusted EBITDA in HY24 as integration continues to progress well.

Adjusted EBITDA is used for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is an appropriate metric to understand the underlying performance of the Group.

More information on Alternative Performance Measures (APMs) can be found on page 20.

Net finance costs

Net finance costs of £0.6m (HY23: £0.0m) were incurred during the year, mainly due to the unwinding of discount on contingent consideration liability in relation to the acquisition of Betches.

Share of JV

Share in joint ventures was £0.4m profit (HY23: £0.1m) representing our percentage share in the results of Pubity Group Ltd.

Profit/(loss) before tax

Profit before tax was £7.1m (HY23: loss of £1.2m) representing a significant improvement in comparison to the prior year.

Taxation

The tax charge for the period was £2.2m (HY23: £0.6m). The effective tax rate for the period is 32% as a result of permanent and temporary differences.

Cash flow and cash position

Cash and cash equivalents at the period end amounted to £26.6m (FY23: £15.8m, HY23: £32.7m).

The increase in cash of £10.8m in comparison to the year-end includes net cash generated from operating activities of £12.8m, and outflows relating to investing and financing activities of £2.0m.

More information on the cash flow can be found on page 12.

Solly Solomou
Chief Executive Officer

Richard Jarvis
Chief Financial Officer

UNAUDITED INTERIM FINANCIAL INFORMATION – LBG MEDIA PLC

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June 2024 £'000 (unaudited)	Period ended 30 June 2023 £'000 (unaudited)
Revenue	3	42,275	27,247
Net operating expenses	4	(35,002)	(28,499)
Operating profit/(loss)		7,273	(1,252)
Analysed as:			
Adjusted EBITDA¹		10,243	3,013
Depreciation		(1,212)	(911)
Amortisation	8	(1,193)	(507)
Share based payments charge	10	(565)	(2,178)
Adjusting items	4	—	(669)
Group operating profit/(loss)		7,273	(1,252)
Finance income	5	190	55
Finance costs	5	(812)	(58)
Net finance costs		(622)	(3)
Share of post-tax profits of equity accounted joint venture		411	84
Profit/(loss) before taxation		7,062	(1,171)
Income tax expense	6	(2,247)	(553)
Profit/(loss) for the financial year attributable to equity holders of the company		4,815	(1,724)
Currency translation differences (net of tax)		(65)	(78)
Profit/(loss) and total comprehensive income for the financial year attributable to equity holders of the company		4,750	(1,802)
Basic earnings/(loss) per share (pence)	7	2.3	(0.8)
Diluted earnings/(loss) per share (pence)	7	2.2	(0.8)

¹ Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, share based payment charge and adjusting items is a non-GAAP metric used by management and is not an IFRS disclosure.

All results derive from continuing operations.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 £'000 (unaudited)	As at 30 June 2023 £'000 (unaudited)	As at 31 December 2023 £'000 (unaudited)
Assets				
Non-current assets				
Goodwill and other intangible assets	8	39,037	15,707	39,782
Property, plant and equipment		5,620	3,203	5,982
Investments in equity-accounted joint ventures		1,101	443	690
Other receivables		220	124	198
Deferred tax asset		37	651	24
Total non-current assets		46,015	20,128	46,676
Current assets				
Trade and other receivables		27,893	19,500	28,765
Current tax asset		—	—	62
Inventory		25	—	27
Cash and cash equivalents		26,582	32,708	15,800
Total current assets		54,500	52,208	44,654
Total assets		100,515	72,336	91,330
Equity				
Called up share capital		209	207	207
Share premium reserve		28,993	28,993	28,993
Accumulated exchange differences		(1,118)	(49)	(1,053)
Retained earnings		42,393	32,453	37,006
Total equity		70,477	61,604	65,153
Liabilities				
Non-current liabilities				
Non-current lease liability	9	2,291	1,428	2,975
Provisions		479	502	446
Non-current contingent consideration	11	3,849	—	6,523
Deferred tax liability		1,003	445	556
Total non-current liabilities		7,622	2,375	10,500
Current liabilities				
Current lease liability	9	2,555	1,334	2,507
Trade and other payables		13,112	6,077	8,906
Contingent consideration	11	6,423	—	3,016
Current tax liabilities		326	946	1,248
Total current liabilities		22,416	8,357	15,677
Total liabilities		30,038	10,732	26,177
Total equity and liabilities		100,515	72,336	91,330

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Accumulated exchange differences £'000	Retained earnings £'000	Total Equity £'000
Balance as at 1 January 2023	206	28,993	29	31,998	61,226
Loss for the financial period	—	—	—	(1,724)	(1,724)
Currency translation differences (net of tax)	—	—	(78)	—	(78)
Total comprehensive loss for the period	—	—	(78)	(1,724)	(1,802)
Issue of shares in the period	1	—	—	—	1
Share based payments	—	—	—	2,178	2,178
Deferred tax on share options	—	—	—	1	1
Total transactions with owners, recognised directly in equity	1	—	—	2,179	2,180
As at 30 June 2023 (unaudited)	207	28,993	(49)	32,453	61,604
Profit for the financial period	—	—	—	3,390	3,390
Currency translation differences (net of tax)	—	—	(1,004)	—	(1,004)
Total comprehensive (loss)/income for the period	—	—	(1,004)	3,390	2,386
Share based payments	—	—	—	1,675	1,675
Equity settled share options switched to cash settled share options	—	—	—	(494)	(494)
Deferred tax on share options	—	—	—	(18)	(18)
Total transactions with owners, recognised directly in equity	—	—	—	1,163	1,163
As at 31 December 2023 and 1 January 2024 (audited)	207	28,993	(1,053)	37,006	65,153
Profit for the financial period	—	—	—	4,815	4,815
Currency translation differences (net of tax)	—	—	(65)	—	(65)
Total comprehensive (loss)/income for the period	—	—	(65)	4,815	4,750
Issue of shares in the period	2	—	—	—	2
Share based payments	—	—	—	565	565
Deferred tax on share options	—	—	—	7	7
Total transactions with owners, recognised directly in equity	2	—	—	572	574
Balance as at 30 June 2024 (unaudited)	209	28,993	(1,118)	42,393	70,477

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended 30 June 2024 £'000 (unaudited)	Period ended 30 June 2023 £'000 (unaudited)	Year ended 31 December 2023 £'000 (audited)
Net cash flow from operating activities			
Profit/(loss) for the financial period/year	4,815	(1,724)	1,666
Income tax	2,247	553	4,271
Net interest expense	622	3	459
Share of post-tax (profits)/losses of equity accounted joint venture	(411)	(84)	(331)
Operating profit	7,273	(1,252)	6,065
Depreciation charge	1,212	911	2,088
Amortisation of intangible assets	1,193	507	1,369
Asset impairment and release of related liabilities	—	—	318
Share based payments	565	2,178	3,853
Gain on disposal of property, plant and equipment	—	—	(30)
Provisions	9	(38)	—
Decrease/(increase) in trade and other receivables	1,055	1,394	(4,151)
Increase in trade and other payables	4,206	1,786	588
Cash generated/(used) from operations	15,513	5,486	10,100
Tax paid	(2,666)	(192)	(2,898)
Net cash generated from/(used in) operating activities	12,847	5,294	7,202
Cash flows from investing activities			
Purchase of intangible assets	(356)	(798)	(1,045)
Purchase of property, plant and equipment	(327)	(191)	(954)
Stamp duty paid	—	—	(26)
Acquisition of subsidiary, net of cash acquired	—	—	(17,580)
Net cash used in investing activities	(683)	(989)	(19,605)
Cash flows from financing activities			
Shares issued	(2)	—	—
Lease payments	(1,294)	(750)	(1,323)
Lease deposits paid	—	—	(23)
Lease deposits received	—	—	544
Proceeds from share issue	—	—	1
Interest received	140	—	—
Interest paid	(134)	(50)	(142)
Net cash used in financing activities	(1,290)	(800)	(943)
Net increase/ (decrease) in cash and cash equivalents	10,874	3,505	(13,346)
Cash and cash equivalents at the beginning of the period	15,800	29,268	29,268
Effect of exchange rate changes on cash and cash equivalents	(92)	(65)	(122)
Cash and cash equivalents at the end of the period	26,582	32,708	15,800

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. General Information

The principal activity of LBG Media plc ('the Company') is that of a holding company and the principal activity of the Company and its subsidiaries ('the Group') is that of an online media publisher. The Company was incorporated on 20 October 2021 and is a public company limited by shares registered in England & Wales. The registered office of the Company is 20 Dale Street, Manchester, M1 1EZ. The Company registration number is 13693251. The Company is listed on the AIM of the London Stock Exchange.

A copy of the audited annual statutory accounts for the Group and the Half Yearly report can be found on the Company's website: <https://lbgmedia.co.uk>.

2. Basis of preparation

The interim financial information of the Group for the six months ended 30 June 2024, 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 Group and set out in the Annual Report and Financial Statements for the year ended 31 December 2023. The Directors do not anticipate any changes in these accounting policies for the period ended 30 September 2024.

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 2023, does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2023 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 has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with this basis of preparation.

3. Revenue

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

Analysis of revenue

The Group's revenue and operating profit relate entirely to its principal activity.

The analysis of revenue by stream is:

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)
Direct	21,984	11,464
Indirect	19,662	15,321
Other	629	462
	42,275	27,247

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (continued)

4. Net operating expenses

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)
Employee benefit expense	18,167	15,839
Amortisation	1,193	507
Depreciation	1,212	911
Auditor's remuneration	233	155
Legal and professional	1,336	911
Media costs	3,649	2,854
Production costs	3,607	2,152
Travel and expenses	691	672
Establishment costs	4,073	3,136
Foreign currency (gain) / loss	16	238
Adjusting items	—	670
Other expenses	825	454
Total net operating expenses	35,002	28,499

A breakdown of adjusting items has been provided below:

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)
Costs associated with business reorganisations	—	273
One-off retention payment in 2023	—	272
Acquisition related fees	—	124
Total adjusting items	—	669

During the prior period, the Group incurred £0.3m in redundancy costs from business reorganisations, made a one-off retention payment to employees following a reorganisation in late 2022 to address retention risks, and incurred £0.1m in legal and advisory fees related to acquisition activity.

5. Net finance costs

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)
Unwinding of discount on provisions	(10)	(8)
Unwinding of discount on contingent consideration liability	(667)	—
On lease liabilities	(135)	(50)
Finance costs	(812)	(58)
Unwinding of discounts on deposits	5	55
Bank interest received	185	—
Finance income	190	55
Net finance costs	(622)	(3)

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (continued)

6. Income tax expense

Tax expense/(credit) included in consolidated statement of comprehensive income:

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)
Current year tax:		
Current taxation charge for the period	1,822	856
Adjustments in respect of prior periods	(15)	72
Total current tax	1,807	928
Deferred tax:		
Current period	444	(506)
Effect of change in tax rates	—	13
Adjustments in respect of prior periods	(4)	118
Total deferred tax	440	(375)
Total tax on profit on ordinary activities	2,247	553
Equity items		
Current tax	—	—
Deferred tax	(7)	(1)
Total tax recognised in equity	(7)	(1)

Reconciliation of tax charge

The tax assessed for the year is higher (2023: higher) than at the standard rate of corporation tax in the UK. The differences are explained below:

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)
Profit/(loss) before taxation	7,062	(1,171)
Tax on profit/(loss) multiplied by standard rate of corporation tax in the UK at 25% (2023: 22%)	1,766	(258)
Effects of:		
Adjustments in respect of prior periods	(19)	190
Expenses not deductible	209	558
Non-taxable income	(103)	(14)
Effect of change in UK tax rates	—	13
Effects of overseas tax rates	78	(117)
Exempt items	—	19
Amounts not recognised	121	175
FX	—	(12)
Share valuation	195	(1)
Total taxation charge/(credit)	2,247	553

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (continued)

7. Earnings per share

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

Basic earnings per share calculation:

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)	Year ended 31 December 2023 £'000 (audited)
Earnings per share from continuing operations			
Earnings, £'000	4,815	(1,724)	1,666
Number of shares, number	209,079,740	206,458,742	206,542,642
Earnings per share, pence	2.3	(0.8)	0.8

Diluted earnings per share calculation:

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)	Year ended 31 December 2023 £'000 (audited)
Diluted earnings per share from continuing operations			
Earnings, £'000	4,815	(1,724)	1,666
Number of shares, number	219,145,721	217,777,464	217,710,005
Diluted earnings per share, pence	2.2	(0.8)	0.8

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

	6 months to 30 June 2024 (unaudited)	6 months to 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited)
Number of shares in issue at the start of the period	206,542,642	205,714,289	205,714,289
Effect of shares issued in period	2,537,098	744,453	828,353
Weighted average number of shares used in basic earnings per share	209,079,740	206,458,742	206,542,642
Employee share options	10,065,981	11,318,722	11,167,363
Weighted average number of shares used in diluted earnings per share	219,145,721	217,777,464	217,710,005

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (continued)

8. Goodwill and other intangible assets

	Trade- marks & licenses £'000	Software £'000	Relation- ships £'000	Brand £'000	Content library £'000	Goodwill £'000	Social media pages £'000	Total £'000
Cost								
At 1 January 2023	28	1,183	1,300	4,694	300	10,094	1,074	18,673
Additions	—	340	—	—	—	—	458	798
Exchange adjustments	—	—	—	(11)	—	—	(14)	(25)
At 30 June 2023	28	1,523	1,300	4,683	300	10,094	1,518	19,446
Additions	—	184	—	—	—	—	63	247
Acquired through business combinations	—	—	3,850	6,744	—	15,197	—	25,791
Exchange adjustments	—	—	(164)	(283)	—	(646)	(7)	(1,100)
At 31 December 2023	28	1,707	4,986	11,144	300	24,645	1,574	44,384
Additions	—	—	—	—	—	—	356	356
Exchange adjustments	—	—	—	—	—	90	—	90
At 30 June 2024	28	1,707	4,986	11,144	300	24,735	1,930	44,830
Accumulated Amortisation								
At 1 January 2023	27	359	550	1,949	298	—	54	3,237
Charge for the year	—	90	65	256	2	—	94	507
Exchange adjustments	—	—	—	(4)	—	—	(1)	(5)
At 30 June 2023	27	449	615	2,201	300	—	147	3,739
Charge for the year	—	176	160	386	—	—	140	862
Exchange adjustments	—	—	—	2	—	—	(1)	1
At 31 December 2023	27	625	775	2,589	300	—	286	4,602
Charge for the year	—	166	65	860	—	—	102	1,193
Exchange adjustments	—	—	—	(2)	—	—	—	(2)
At 30 June 2024	27	791	840	3,447	300	—	388	5,793
Net book value								
At 30 June 2023	1	1,074	685	2,482	—	10,094	1,371	15,707
At 31 December 2023	1	1,082	4,211	8,555	—	24,645	1,288	39,782
At 30 June 2024	1	916	4,146	7,697	—	24,735	1,542	39,037

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (continued)

9. Borrowings

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)	Year ended 31 December 2023 £'000 (audited)
Current			
Lease liabilities	2,555	1,334	2,507
	2,555	1,334	2,507
Non-current			
Lease liabilities	2,291	1,428	2,975
	2,291	1,428	2,975
Total borrowings	4,846	2,762	5,482

	6 months to 30 June 2024 £'000 (unaudited)	6 months to 30 June 2023 £'000 (unaudited)	Year ended 31 December 2023 £'000 (audited)
Amount repayable			
Within one year	2,555	1,334	2,507
In more than one year but less than two years	1,144	1,131	1,678
In more than two years but less than three years	738	297	580
In more than three years but less than four years	331	—	484
In more than four years but less than five years	78	—	233
	4,846	2,762	5,482

During the period to 30 June 2024, £1,294k (HY23: £750k) was paid by the Group in relation to lease payments and £134k (HY23: £50k) of interest paid in relation to leases.

10. Share based payments

The Group operates a number of Share Option Schemes under which Executive Directors, Non-Executive Directors, managers and team members of the Group are granted options over shares. The Group did not enter into any share based payment transactions with other parties other than employees during the current or prior period.

The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £539k (HY23: £2,178k).

The charge recognised from cash-settled share-based payments in respect of employee services received during the year is £26k (HY23: £nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (continued)

11. Contingent consideration

	6 months to 30 June 2024	6 months to 30 June 2023	Year ended 31 December 2023
	£'000	£'000	£'000
	(unaudited)	(unaudited)	(audited)
At beginning of the period	9,539	—	—
Recognition on the acquisition of subsidiary undertakings	—	—	9,634
Unwinding of discount ¹	668	—	314
Exchange adjustment	65	—	(409)
At period end	10,272	—	9,539
Analysed as:			
Amounts falling due within 12 months	6,423	—	3,016
Amounts falling due after one year	3,849	—	6,523
At period end	10,272	—	9,539

¹ The discount rate used for the unwinding of the contingent consideration is 17.6%.

The contingent consideration is in respect of the acquisition of Betches Media, LLC on 17 October 2023. Refer to the 2023 annual report for further details.

Since the contingent consideration is payable in stages, it was discounted to fair value on the acquisition date and subsequently unwound to profit and loss. Contingent consideration of \$4m for the first tranche of Earnout 1 was paid in July 2024 as a result of the 2023 performance target being achieved.

12. Related party transactions

The following transactions were carried out with related parties:

	6 months to 30 June 2024	6 months to 30 June 2023	Year ended 31 December 2023
	£'000	£'000	£'000
	(unaudited)	(unaudited)	(audited)
Entity controlled by key management personnel			
Purchase of services (1)	242	135	161
Tax settlement on behalf of Director (2)	—	—	(67)
	242	135	94

1) Services are purchased from Kamani Commercial Property Ltd (an entity controlled by a significant shareholder) on normal commercial terms and conditions. Kamani Commercial Property Ltd is a firm belonging to Mahmud Abdullah Kamani, a former Director of the Group. The Group leases the Manchester Dale Street properties from Kamani Commercial Property Ltd. The 'purchase of services' in the table above relates to the payments made in the year for the Dale Street properties for both rent and service charges. Payments made to 30 June 2024 totalled £242k (31 December 2023: £161k, 30 June 2023: £135k). The amount outstanding of the lease liability as at 30 June 2024 is £1,258k (31 December 2023: £1,296k, 30 June 2023: £nil). The outstanding service charge balance at 30 June 2024 is £17k (31 December 2023: £17k, 30 June 2023: £nil) and outstanding property insurance is £nil (31 December 2023: £nil, 30 June 2023: £nil).

2) In 2022, the Group agreed to pay a £224k PAYE liability relating to an undisclosed benefit in kind. In 2023, after an agreement with HMRC, the liability was reduced by £67k and fully settled within the year.

ALTERNATIVE PERFORMANCE MEASURES (APMs) and GLOSSARY OF TERMS

Introduction

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

Purpose

The Directors believe that these APMs provide additional useful information on the underlying performance and position of LBG Media plc. APMs are also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding LBG Media plc's performance. Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes and have remained consistent with prior year.

The key APMs that the Group has focused on this period are as follows:

Adjusted EBITDA	<p>This profit measure shows the Group's Earnings before Interest, Tax, Depreciation and Amortisation adjusted for asset gains and losses, share based payments (including employers NIC as appropriate) and adjusting items.</p> <p>Adjusted EBITDA is used for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is an appropriate metric to understand the underlying performance of the Group.</p>
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A glossary of other terms used in the interim financial information can be found below:

Web sessions	Web sessions are unique interactions with our website in the six months to the end of June 2024.
Organic Growth	Organic growth excludes the impact of the Betches acquisition.
Global audience	Includes global social media platform followers, unique podcast listeners and global monthly online users to LBG Media websites.
Repeat client revenue	Repeat client revenue represents percentage of HY24 Direct revenue from clients that ran campaigns with us in 2022 and 2023.
AIM	The Alternative Investment Market (AIM) is a sub-market of the London Stock Exchange.
Bookings	Bookings represents year-on-year movement in future value of contracts won
Multi-channel	Refers to the Group's portfolio of brands.
Reach	Reach is the total number of people who viewed our content within a particular time period.
Engagements	The measurement of a like, share or comment on social media platforms.
Web yield	Daily web sessions reflect unique individual interactions with our website. Yield per session is per 1,000 sessions.
Cash conversion	Cash conversion is calculated as operating cash flow divided by adjusted EBITDA.
ANZ	Refers to the Group's operations in Australia and New Zealand.