

L B G M E D I A P L C



Annual Report and Accounts 2022

IN THIS ISSUE

Overview

Strategic Report

Governance

Financials

Overview

| | |
|--------------------------|----|
| 2022 Highlights | 01 |
| Company Overview | 02 |
| Our Audience | 03 |
| Publisher with a Purpose | 04 |
| Our Brands | 05 |

P02

COMPANY OVERVIEW

P05

OUR BRANDS

Strategic Report

| | |
|-----------------------------------|----|
| Chairman's Statement | 07 |
| Chief Executive's Review | 09 |
| Investment Case | 13 |
| Market Overview | 14 |
| Business Model | 16 |
| Revenue Streams in Focus | 18 |
| Our Strategy | 19 |
| Strategy in Action | 22 |
| ESG | 29 |
| Section 172 | 36 |
| Chief Financial Officer's Review | 41 |
| Principal Risks and Uncertainties | 45 |

P19

OUR STRATEGY

Governance

| | |
|--|----|
| Board of Directors | 49 |
| Corporate Governance Report | 51 |
| Nomination Committee Report | 55 |
| Audit Committee Report | 56 |
| Remuneration Committee Report | 58 |
| Directors' Report | 63 |
| Statement of Directors' Responsibilities | 66 |

P63

DIRECTORS' REPORT

Financials

| | |
|--|-----|
| Independent Auditor's Report | 68 |
| Consolidated Statement of Comprehensive Income | 77 |
| Consolidated Statement of Financial Position | 78 |
| Consolidated Statement of Cash Flows | 79 |
| Consolidated Statement of Changes in Equity | 80 |
| Notes to the Financial Statements | 81 |
| Company Balance Sheet | 115 |
| Company Statement of Changes in Equity | 116 |
| Notes to the Company Financial Statements | 117 |
| Glossary of Terms | 123 |
| Shareholder Information | 124 |

P115

COMPANY BALANCE SHEET

LBG MEDIA IS A MULTI-BRAND, MULTI-CHANNEL DIGITAL YOUTH PUBLISHER WITH A GLOBAL AUDIENCE

Revenue (£)

62.8m

↑ 15%

| | |
|------|--------|
| 2022 | £62.8m |
| 2021 | £54.5m |

- ▶ Significant revenue growth of 15% year on year to £62.8m

Adjusted EBITDA (£)

15.7m

↓ 6%

| | |
|------|--------|
| 2022 | £15.7m |
| 2021 | £16.8m |

- ▶ Staff cost reduction exercise in Q4 performed with decisive action taken to reduce costs, benefitting current and future years

Profit before tax (£)

7.3m

↓ 10%

| | |
|------|-------|
| 2022 | £7.3m |
| 2021 | £8.1m |

- ▶ Profit before tax remains strong at £7.3m (2021: £8.1m)

Cash (£)

29.3m

↓ 15%

| | |
|------|--------|
| 2022 | £29.3m |
| 2021 | £34.3m |

- ▶ Cash conversion reduced due to settlement of prior year IPO costs, cash impact of adjusting items, acquisition activity and significant working capital movement due to strong Q4 trading

▶ [LBGMEDIA.CO.UK](https://www.lbgmedia.co.uk)

OUR PURPOSE IS TO GIVE THE YOUTH GENERATION A VOICE BY BUILDING COMMUNITIES THAT LAUGH, THINK AND ACT.



ONE OF THE LARGEST
AND MOST ENGAGED
PUBLISHERS ON
SOCIAL MEDIA OF
ALL TIME

Source: Tubular, 16/01/23

+1bn
**GLOBAL
REACH**

Source: Creator Studio,
12/01/23

98bn
**VIEWS
IN 2022**

Source: Tubular, 16/01/23



We are the world's **all-time most viewed**
and engaged publisher on Facebook

Source: Tubular, 16/01/23, all sites, "all time" metrics for video views
and engagement used



Our websites are visited by
43% of all adults in the UK

Source: Google Analytics, 12/01/23 Applied to ONS 18+ figure



We are one of the **biggest UK publishers** on TikTok

Source: TikTok



2bn all time Instagram engagements

Source: Tubular, 16/01/23



32 snapchat shows globally

Source: Snapchat



2m hours of watch time
per month on YouTube

Source: YouTube Studio, 12/01/23.

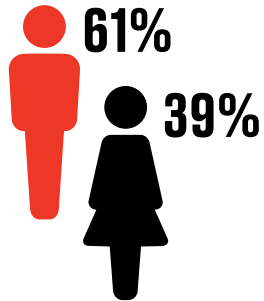
COMPANY OVERVIEW CONTINUED

OUR AUDIENCE

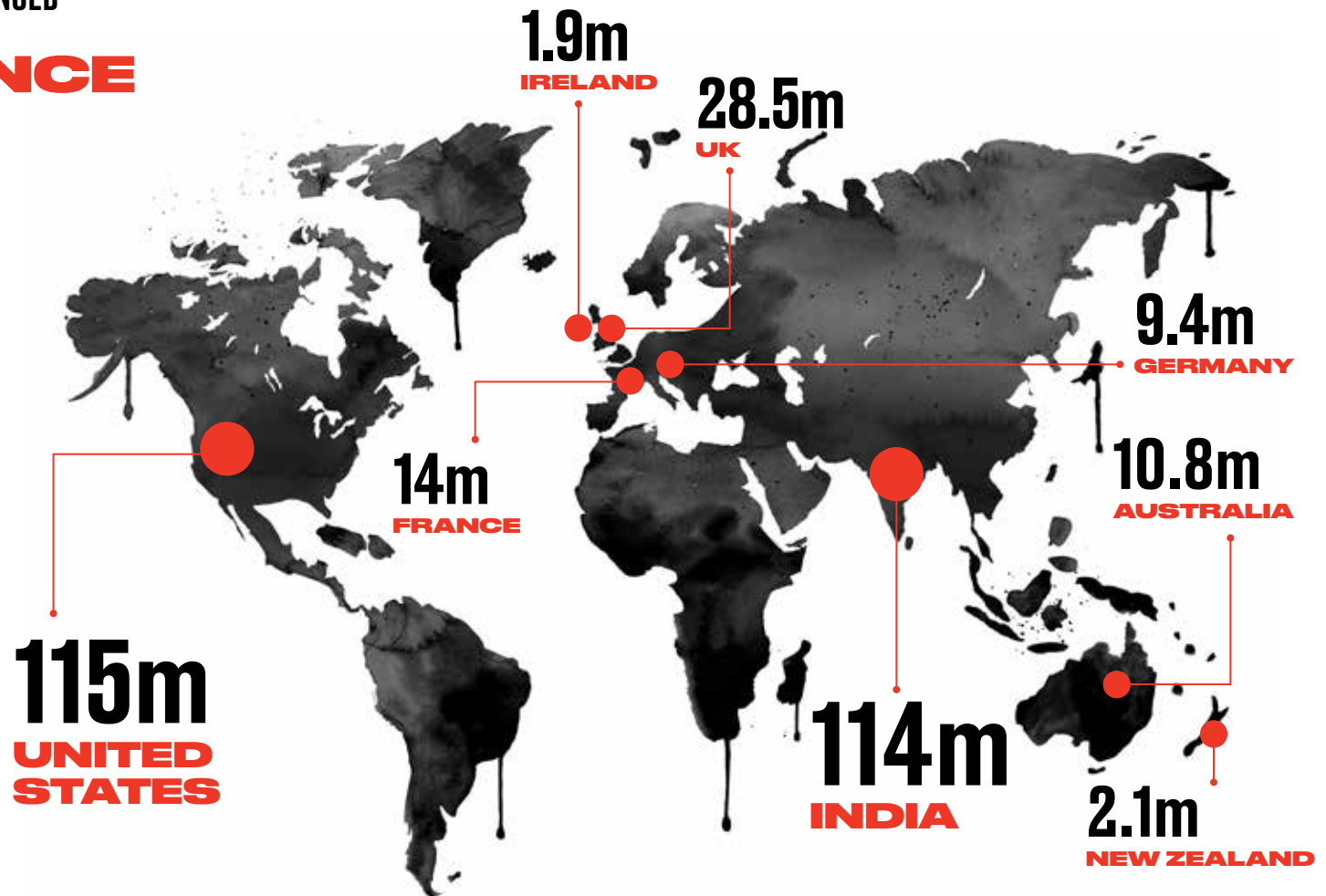
WE HAVE A
GLOBAL AUDIENCE

Facebook Reach by country – Source:
Facebook Creator Studio and the
Page Insights Facebook API

AUDIENCE BY GENDER:



Audiences by gender – Source:
Creator Studio, 13/02/23 applied against:
Manual count per Page & Platform



**MORE GEN Z
WATCH OUR
CONTENT THAN
ANY OF OUR
COMPETITORS.**

Source: YouGov & Tübular, 16/01/23

366m

GLOBAL AUDIENCE
in 2022

Source: Manual count per Page & Platform – LBG Followers sheet,
03/01/23

LBG MEDIA IS PROUD TO BE A PUBLISHER WITH A PURPOSE.

Our mission is to give the youth generation a voice by building communities that **laugh, think and act.**

We take our mission seriously, actively creating, sharing and discovering purpose driven content that spotlights real issues our audience care about.



Read about our Someone You Love Campaign here:

<https://www.ladbiblegroup.com/news/someone-you-love/>

and our groundbreaking global abortion policy here:

<https://www.ladbiblegroup.com/news/abortion-policy/>



Our audience are at the heart of everything we do - we are insight-led; our content and insight teams work in tandem and are agile.

Find out more about our special episode of The Gap with two incredible trans women from different generations:

<https://www.ladbiblegroup.com/news/pride-celebrations/>

and read about our trans and non binary inclusion policy here:

<https://www.ladbiblegroup.com/news/trans-and-non-binary-inclusion-policy/>



We are proud to have worked with some of the world's biggest brands on campaigns that touch every aspect of popular culture. However, importantly, we specialise in creating impactful, thought-provoking campaigns, alongside our partners, to help drive real tangible change.

Read about Tyla's amazing body positive campaign with Coppafeel here:

<https://www.ladbiblegroup.com/casestudy/coppafeel/>

OUR BRANDS

Overview

Strategic
Report

Governance

Financials

SERVING BOTH **NICHE** AND
MAINSTREAM AUDIENCES.

**FUNNY,
POSITIVE,
INFORMATIVE
AND EASILY
ACCESSIBLE
TO ALL**

Proudly mainstream content you'd share with family and mates. Relatable to everyone, offering a bit of a break from the rest of the world. Celebrating the everyday with a British tone of voice and a global outlook.



**ALL PLAYERS
WELCOME**

Accessible and relatable content covering mainstream gaming. Incredible gameplay and products, as well as stories of gamers themselves, and a celebration of the culture around gaming. It is seriously knowledgeable, as well as entertaining and fun.



**UPLIFTING,
INSIGHTFUL
AND
DISTINCTIVELY
DOWN UNDER**

Celebrating the unique experience of the Aussie LAD. From the unique to the everyday, we offer a global outlook through a local lens.



**THE VOICE
OF THE FANS**

SPORTbible unifies fans of all sports and all sides. It doesn't talk down to its audience, it speaks their language. It's informed (the mate you want on a pub quiz for a sports round), passionate and funny. SPORTbible inspires its audience through amazing stories within sport.



**THIS
CONTENT
WILL MAKE
YOU HUNGRY**

This isn't a brand that's earnest or takes itself too seriously. It's fun and accessible. Our food loves are relatable (fast/street food) and remarkable, not unaffordable and high end.



**WITTY,
CHEEKY, AND
UNIQUELY
IRISH**

Showcasing the best of Irish life. Curating and creating engaging content that captures the vibrancy and the unique wit of Irish culture. Starting conversations locally and internationally.

OUR BRANDS CONTINUED

Overview

Strategic Report

Governance

Financials



A LIFESTYLE BRAND WITH A GLOBAL OUTLOOK AND OFTEN US-LED

Bold stories and news about people and what connects them the world over. We bring you US news and entertainment by shining a light on people and their stories.



MAKING TECH EXCITING

Cuts through the complex, making subjects simple and interesting to the masses. Tone is fun and inclusive for everyone to understand and enjoy. Accessibility is at its core.



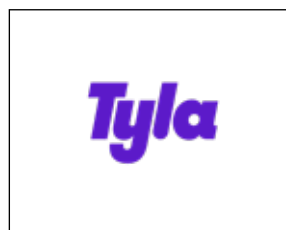
AMAZING TALENT, AMAZING MUSIC

A music page that's about the people doing it. A page born from hip-hop culture, that now spans all sorts of unique sounds, and incredible talents. Something for everyone, regardless of the genre you're into, as long as you're into talented people being great at what they do, and learning something new.



TRAVEL THROUGH THE EYES OF THE PEOPLE DOING IT

This isn't glossy promo videos or tourist boards. This is first-person experiences that are insightful, emotional, inspirational and authentic. The real side of travelling from those who have dedicated their lives to those experiences and insights.



FEMALE-LED, FOCUSING ON ALL OF LIFE'S PLEASURES

Smart, informative, warm and funny. Your best friend in the group chat that brings the fun to all occasions and isn't scared to be self-deprecating - she doesn't take herself too seriously! She knows her fashion, high street is her go-to but through effortless style she makes it look high end. She is a beauty junkie and will always give you the best tips and tricks to up your game. The tone is celebratory and relatable.



HOME OF UPLIFTING, INSIGHTFUL ANIMAL STORIES

Acquired in the year, Furry Tails celebrates relationships between humans and animals, from funny moments with pets to incredible rescues in the wild.



IT'S BEEN ANOTHER YEAR OF **PROGRESS AND GLOBAL EXPANSION** FOR LBG MEDIA.

It has been another year of progress and expansion for LBG Media, and I'm pleased to present the Group's Annual Report and Accounts for the year ended 31 December 2022.

Our progress in 2022 has been achieved despite a challenging macro-economic environment and the Group has continued to deliver on the strategy set out at the time of our IPO in December 2021.

In addition to our strong performance in our core markets of the UK, Ireland and Australia, we have made progress across all three pillars of our growth strategy:

- ▶ On geographic expansion, we have started to establish a team in the US to tap into the significant Direct revenue opportunities that are available to us in this market;
- ▶ On M&A, we acquired the social pages of Go Animals, which we rebranded to Furry Tails, seeing excellent growth since acquisition; and

- ▶ On expanding our capabilities, we have continued to develop our LADnation research platform, which is now an integral part of the offer we present to clients.

Given the ongoing macro-economic challenges impacting advertising spend, management considered it prudent to reduce its cost base in the year (see CEO report on page 9) and following this we are well placed to continue to deliver on our strategy in the future.

LBG Media continues to produce engaging and relevant content for its youth audience and the Board and I are delighted with the 25% increase in followers across our brands, and 62% increase in audience engagements reflecting the support they have shown us over the past year. Furthermore, the positive reaction and support we have received around many of our campaigns, particularly our coverage of the horrific events in Ukraine, show what an engaged, thoughtful, and caring audience we have.

It is a great privilege to serve as Chair of LBG Media and I would like to take this opportunity to thank the whole team for their hard work throughout the year.

**DAVE WILSON –
CHAIRMAN, LBG MEDIA**

CHAIRMAN'S STATEMENT CONTINUED

Overview

Strategic
Report

Governance

Financials

Performance Overview

The Group delivered significant revenue growth in 2022, growing revenue by 15% to £62.8m. Whilst we acknowledge that the Group did not achieve its initial revenue and profit targets for 2022, we are pleased with our robust performance given the rapidly changing macro-economic issues affecting the UK and international markets during the year. Growth in H2 was particularly strong, across both our Direct and Indirect revenue streams. Adjusted EBITDA (non-IFRS measure) for the year was down 6% but remains strong at £15.7m. Profit before tax fell by 10% but held well at £7.3m, despite the challenging economic environment. A more detailed analysis of our financial results can be found in the CFO review section starting on page 41.

Corporate Governance

The Directors believe in maintaining the highest standards of corporate governance, and as such, we have complied with the QCA Code since we listed on AIM in December 2021. We will continue to follow this framework to ensure that the Group has a strong governance culture and remains a sustainable business for the long-term.

Board and Our People

We have a talented and diverse Board that is ideally set up to support LBG Media's growth strategy. I would like to thank the Board for their diligence and guidance throughout the year.

We continue to work hard to create an inclusive and supportive environment for all our employees. Alongside introducing new policies and new internal community groups, I am proud to say

that we are above the industry standard 8% in LGBTQ+ representation at 13% and Disability representation at 12%. We also continue to meet our diversity target of ensuring 20% of our leadership team are from an ethnic minority group.

Dividend

The Board understands the importance of dividends to many shareholders, but given the high-growth nature of the Group, the Directors plan to reinvest much of the Group's earnings to facilitate this growth. The Board will consider a progressive dividend policy at the appropriate time.

Outlook

The strong revenue growth (15% YoY) and payroll cost reduction shows the Group's resilience and adaptability which puts the business in good shape to deliver continued growth in the years ahead.

The £30m we raised at IPO is still to be deployed, giving us significant firepower for both M&A and organic growth opportunities.

Our teams remain dedicated to our core purpose, to give the youth generation a voice by creating communities that laugh, think and act. Despite challenging times, LBG Media continues to deliver and dominate as a leading global media publisher, through stand out editorial, video, partnerships, original content and much more. We have a strong foundation for growth in 2023 and beyond.

Dave Wilson
Chairman
11 April 2023

20%

**ETHNIC MINORITY
LEADERSHIP**

62.8m

REVENUE

13%

**LGBTQ+
WORKFORCE**



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

SOLLY SOLOMOU – CHIEF EXECUTIVE

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

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

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

CHIEF EXECUTIVE'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

REVENUE

£62.8m

2021: £54.5m

ADJUSTED EBITDA

£15.7m

2021: £16.8m

PROFIT BEFORE TAX

£7.3m

2021: £8.1m

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



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

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

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

Revenue

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

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

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

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

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

FIND OUT MORE ON PAGE 18

CHIEF EXECUTIVE'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

Increasing engagement through our diverse own brand portfolio

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

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

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

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



13
AWARDS

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

Impact and recognition

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

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

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



100th episode of 'Minutes With'

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

CHIEF EXECUTIVE'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

Strategic progress on our three core pillars

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

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

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

Outlook

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

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

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

Solly Solomou
Chief Executive
11 April 2023

115m

US AUDIENCE



INVESTMENT CASE

ONE OF THE LARGEST YOUTH PUBLISHERS IN THE WORLD

Overview

Strategic Report

Governance

Financials

Fast Growing Digital Media Market

We operate in a fast-growing market and have a huge opportunity in our global target addressable market. The global digital advertising market was valued at \$541bn by 2022, and is forecast to grow at a CAGR of 8.0% to reach \$680bn by 2025. We are focused on some of the fastest growing segments of this market, including social video, web programmatic and content marketing (source: Group M).

One of the Largest Youth Publishers in the World

We have consistently delivered significant multi-platform audience growth, establishing ourselves as one of the largest youth publishers in the world. LADbible is the most viewed Facebook page globally, while UNILAD is the second, and we are now one of the largest publishers on TikTok in the UK and Ireland. Our reach spans nearly two thirds of the UK's 18–34 year-olds, a notoriously hard to reach and highly engaged audience, positioning us well as a key partner to brands looking to capture their attention.

With significant audience interaction, the vast amount of data we gather and analyse provides us with an unmatched view and unique insight into behavioural trends, helping us to continuously tailor our content to ensure it's engaging and relevant.

Significant Growth Drivers

Our significant growth drivers are organic growth, geographic expansion, M&A and capabilities. These are discussed in detail in the Strategy section on page 20.

Balanced Revenue Model

Our revenue model is balanced across our Direct (44% in 2022), and Indirect divisions (54% in 2022), with other revenue streams relating to the licencing of our content to third parties (2% in 2022). Direct revenue is generated from the provision of content marketing services to corporates, brand owners, marketing agencies and other entities such as government bodies. Indirect revenue is generated via a third party, such as a social media platform, through social videos or via a programmatic advertising exchange or online marketplace.

Attractive Financial Model

We have scaled quickly, delivering strong historic revenue growth over recent years. In the five years to 31 December 2022, revenue has grown at a CAGR of 25%.

We are highly profitable generating an Adjusted EBITDA margin of 25% in 2022.

Our asset light business model is highly scalable and strongly cash generative.

Cash Generation and Balance Sheet Strength

The Group has a track record of strong cash generation. Cash generated from operations has averaged at £5.5m per annum over the last five years, giving the Group the ability to reinvest for growth.

The Group balance sheet is healthy with net current assets of £43.8m and net assets of £61.2m.

WE ARE NOW ONE OF THE LARGEST PUBLISHERS ON TIKTOK IN THE UK AND IRELAND.

MARKET OVERVIEW

FAST GROWING DIGITAL MEDIA MARKET

Overview

Strategic Report

Governance

Financials

Global Advertising Market

We operate within the global advertising market, valued at \$808bn in 2022. This market was estimated to have grown at 6.5% in 2022, compared to an impressive post-covid-19 growth rate of 24.4% in 2021. Looking ahead, growth in this market is forecast to be 5.9% in 2023 (source: Group M).

This softening in growth was against a macro economic backdrop that posed significant difficulties for companies, with persistent inflation, rising interest rates, the ongoing war in Ukraine, and supply chain disruption all increasing companies' caution.

We operate in some of the highest spending advertising markets globally: the US, where we are expanding our presence, has the world's largest spend, while the UK was the largest advertising market in Europe in 2022 (source: Dentsu 2023 Global Ad Spend Forecasts).

Digital Media Market

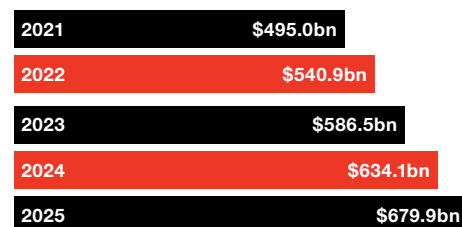
Sitting within the global advertising market is the digital media market. Increasing global internet penetration and rising demand for online content, particularly during the pandemic, have made digital advertising one of the most indispensable marketing tools available, resulting in global digital advertising spend reaching an all-time high in 2022.

This market growth outpaced other segments of the global advertising market, with global digital advertising estimated to have grown 9.3% in 2022. Growth for 2023 is forecast to slow slightly to 8.4% amid economic uncertainty (source: Group M).

Due to factors such as accelerated digital transformation during the pandemic and growing e-commerce activity, share of digital advertising as a proportion of total global advertising spend continues to increase, reaching 67% of total advertising spend in 2023, and forecast to increase to 73% by 2027 (source: Group M).

Within the global digital media market, Display advertising, the sector in which we operate, saw an increase of 14.1% in 2022. Within this, Video spend rose by 24.4% and Social spend by 18.8%, as usage grows on content platforms such as Instagram and TikTok, and demand continues to strengthen for short-form video formats (source: Dentsu 2023 Global Ad Spend Forecasts).

Digital advertising spending worldwide from 2021-2025



(Source: Group M)

We have four core geographies of focus, the UK, the US, Australia and Ireland, however, our addressable market is not limited to these territories, and the opportunity for us throughout all geographies is vast, as global digital advertising spend continues to grow. In addition, we operate in some of the fastest growing segments of this digital advertising market, including social video, web programmatic and content marketing, and we are positioned to benefit from, and be a key force in, driving the growth in our respective markets.

Market Dynamics and Sector Trends

We are well positioned to benefit from current trends within the global advertising market, including the growth and development of mobile and video advertising formats, and technological advancements, including the rollout of 5G connectivity.

Growth in Mobile Display Advertising

Across the world, time spent on mobile phones, and in particular smartphones, continues to grow. Younger users spend the longest amount of time online, with 18–24 year-olds in the UK spending more than five hours online a day (source: Ofcom Online Nation 2022 Report).

Penetration of smartphones also continues to increase across the globe changing the way people consume their digital content and providing significant opportunities for growth in emerging markets such as India.

Growth in Mobile Display Advertising continued

Given the increase in smartphone penetration and use, it is unsurprising then that growth in mobile advertising, and in particular mobile display advertising, is strong, as brand owners increasingly recognise the importance of this advertising stream. In the UK, mobile advertising accounted for 60% of the total digital advertising spend in 2021. Within mobile display advertising, mobile social media is the UK's fastest growing advertising market (source: 2021 IAB UK & PwC Digital Adspend Study).

One of the main trends within mobile social media advertising is monetisation of social networks and messenger apps. Whereas monetisation is more established on certain platforms, such as Facebook, on others it is in earlier stages of development. Social platforms are exploring more options for monetising the content on their apps and sites, with both TikTok and YouTube having recently launched programmes for monetising their short video content. We continue to explore ways of working with social networks where we can use our knowledge and experience to partner with platforms and benefit from these growth opportunities.

Growth in Video Advertising Formats

In the UK, video is the largest display format, accounting for 56% of display spend, and it continues to drive the majority of growth in display advertising.

The rollout of fifth generation cellular wireless ('5G') continues globally, with adoption levels expected to rise significantly over the next few years, enhancing users' experience of video content as faster download speeds enable higher quality content to be distributed, ensuring future demand for video content is only likely to grow. Our focus on high quality video production and the ability to readily distribute through social media platforms, has enabled us to capture the upside from this continued trend.

We are well positioned in the social video advertising market, which is seeing particularly strong growth. The global market, estimated to be worth \$14bn in 2022, is expected to grow at a CAGR of 30% over the next ten years to 2032, to a total of just under \$200bn (source: <https://www.futuremarketinsights.com/reports/social-video-advertising-market>).

Within video advertising there is also growth in spending on immersive content, such as augmented reality, as people move from not just watching content on social media, but participating too. Immersive marketing allows consumers to interact with a product directly inside an advert in real time. As platforms increase investment in these capabilities and new technology becomes available, customers want brands to deliver experiences that use it. We are at the forefront of this new technology, working in tandem with these platforms to test new features, which allows us to both reach new audiences and offer our brand partners unique campaigns.

Growth of Native and Influencer Advertising

While traditional advertising, such as banners and popups, are designed to stand out, native adverts are designed to blend a promotional advert with the content featured on a platform or website. They are a less intrusive and softer-sell advertising approach, matching the look and feel of the platform they appear on. Rather than a brand advert being played before or after a video, the product will instead be featured within the video itself, to increase the authenticity and be more immersive to the user.

We have vast experience of producing native video advertising content, an area where we expect to see significant growth. The global native video advertising market was estimated to be \$4bn in 2022, growing at a CAGR of 25% to reach \$38bn in 2032 (source: <https://www.futuremarketinsights.com/reports/native-video-advertising-market>).

A developing area within native advertising, in which we are growing our scale and expertise, is influencer marketing, which involves a brand collaborating with an online influencer to market one of its products or services. Influencer marketing is a fast growing and effective form of marketing: worldwide, the influencer marketing market was forecast to be \$16.4bn in 2022, up from \$6.5bn in 2019, pre-pandemic (source: Statista).

WE CREATE A POSITIVE CYCLE OF **AUDIENCE GROWTH, INSIGHTS AND TARGETED CONTENT**



WE GENERATE **REVENUE** BY PROVIDING BRANDS ACCESS TO OUR **GLOBAL AUDIENCE**

CUSTOMERS

BRAND OWNERS ▶
REPEAT BUSINESS WITH
A ROSTER OF WELL-
ESTABLISHED GLOBAL
BRANDS

MEDIA AGENCIES ▶
WORKING WITH MAJOR
MEDIA AGENCY GROUPS

ROUTES TO MARKET

DIRECT ▶
BESPOKE FULL
FUNNEL MARKETING



INDIRECT ▶
PROGRAMMATIC
ADVERTISING



40+

STRONG CREATIVE TEAM

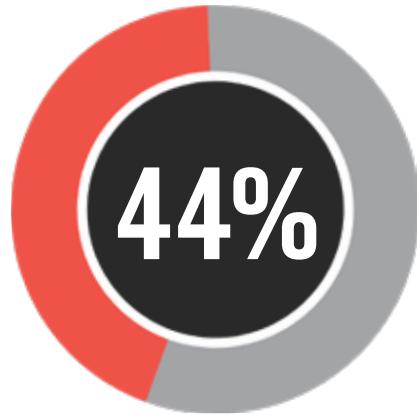
REVENUE

**DIVERSIFIED
REVENUE MODEL**



| Category | Revenue |
|----------|---------|
| DIRECT | £27.8M |
| INDIRECT | £33.6M |
| OTHER | £1.4M |

REVENUE STREAMS IN FOCUS



DIRECT

DESCRIPTION

We provide content marketing services to media agencies and brand owners where we have a direct relationship.

INCLUDES

Branded content

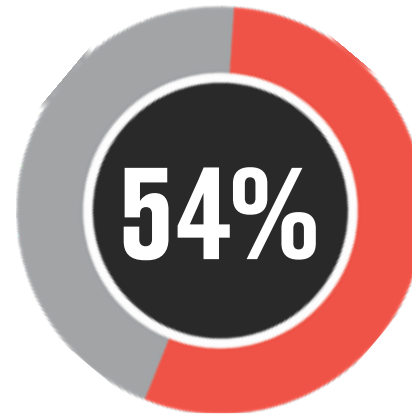
Our in-house studio and creative team design and produce bespoke branded content solutions for our customers that is distributed to our audience via social media platforms.

Direct display and video

We sell website advertising space directly to our customers on a number of views (ad impressions) basis at an agreed price per 1,000 views.

Social Agency

Management of social channels on behalf of brands.



INDIRECT

DESCRIPTION

We generate revenue on social platforms and our websites, where we are indirectly engaged with the end customer.

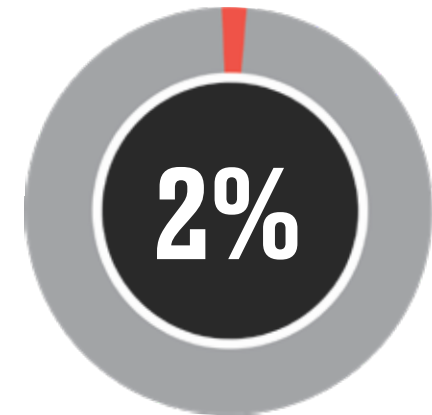
INCLUDES

Social video

We have revenue share arrangements with social platforms where advertising appears alongside our content.

Web programmatic

We use automated technology, which brings together advertisers and publishers, to facilitate the buying and selling of website advertising space on an auction basis.



OTHER

DESCRIPTION

Includes content licensing and affiliate revenue.

INCLUDES

Licensing

Where content is sold either on a clip by clip or package basis. Typical customers are television channels and other media publishers.

OUR STRATEGY

Overview

Strategic
Report

Governance

Financials

IN THE TEN YEARS SINCE ITS INCEPTION, LBG MEDIA HAS DEMONSTRATED A CLEAR ABILITY TO DELIVER STRONG GROWTH, EVOLVING INTO ONE OF THE MOST EXCITING MEDIA BRANDS IN THE WORLD, CREATING AWARD-WINNING CONTENT AT THE HEART OF YOUTH CULTURE.

Our strategy for growth focuses on three key pillars: Geographies, M&A and Capabilities. These pillars are underpinned by organic growth. During 2022, we have continued to refine and develop these three areas, optimising our internal structure to facilitate delivery of our strategic objectives.

2022 saw us continue to deliver across these areas, with expansion into new territories, exciting new M&A opportunities and the launch of innovative new products and content. As a result, we saw a significant expansion of our global audience which increased to 366m at the end of 2022, up 102m over the year, resulting in 98bn content views over the year, up 31%.

LBG Media Annual Report and Accounts 2022

THREE KEY GROWTH PILLARS



OUR STRATEGY

OUR STRATEGY CONTINUED

Overview

Strategic
Report

Governance

Financials

Geographies

We have identified the United States as a key growth market, being the third largest social media market in the world with more than 300m social media users. In 2022, we established a physical presence in New York, embedding ourselves into the culture and building strong connections in order to expand and monetise our US audience. We have already built a substantial global community of social media followers in the United States, from our huge multi-platform audience of Millennials & Gen Z, reaching nearly two thirds of 18-34 year olds across our existing channels. Our team in the US is now focused on producing dedicated content for an American audience, building brand partnerships and driving growth in direct revenue, with UNILAD becoming the central point of our offering in the US. We anticipate to start generating revenues in 2023 and we see huge scope for growth in the US in the near-term.

Aside from the UK, which is our home market, we have an established physical presence across three other territories: Australia, New Zealand, and Ireland. We constantly look to hone our global strategy, and operating in these markets, we have built experience and knowledge which will be used as we expand our presence in the US and look to new territories and opportunities in the future. All our international markets delivered a strong performance in 2022, but particularly Australia, where, following the success of its investigative documentary series, UNHEARD, with Amazon Prime Video in 2021, LADbible Australia launched

its own dedicated content studio, to focus on creating the local content that is most relevant to the Australian audience.

Active audiences in new geographies provide a foundation for future growth across both the direct and indirect revenue streams and help to de-risk geographic expansion.

M&A

Having successfully expanded into new territories organically, we believe that certain markets may be better accessed through selective acquisitions, rather than building from the ground up. Where a recognised brand with an understanding of the local market already exists, we can apply our expertise at driving engagement with an audience, alongside monetisation, to establish ourselves in the most efficient way possible. We have begun to build a dedicated M&A function, including the creation of a new position solely responsible for M&A, with a remit to identify opportunities which help the Group scale its reach and expand market share. In 2022, we made a small, bolt-on acquisition of the Go Animals Facebook pages, which we have subsequently rebranded to 'Furry Tails', adding a new genre of content and increasing our follower base. Furry Tails, which is based in the UK, is already monetising well, and we have seen the brand's followers jump to 7.8m since acquisition. With a strong cash position, we are well placed to take advantage of opportunities as and when they arise.

Capabilities

Our agile model allows us to actively replicate content across platforms, ensuring it reaches the widest possible audience. Increasing monetisation is key to driving our growth and we are focused on building followers and interactions so that as opportunities arise with new platforms enabling the monetisation of content, we are well placed to take advantage of the deep engagement we have built with our audiences.

Products

We continue to expand our capabilities to produce innovative content and drive engagement. During 2022, we launched LADcreator Network, which unites and amplifies more than 50,000 of the world's best creators, allowing brands to tap into key target communities with hand selected creators. We want LADcreator Network to be the place to come to for the next big thing, in an exponentially growing market.

We also launched LADnation, a research youth panel of more than 55,000 Gen Z and Millennials, which offers brands real-time insight into the social generation's consumer habits and motivations. LADnation is discussed on page 23.

OUR STRATEGY CONTINUED

Overview

Strategic
Report

Governance

Financials

Products continued

It was also a significant year of progress for Immersive, our cutting-edge, stand-alone studio focused on emerging technologies, with the introduction of our first Augmented Reality filter on TikTok, meaning we now execute AR on all of the platforms we publish on. We also ran experiential activities with Google and Boxpark, as part of our Direct media campaign, with a huge global brand at the UK's most popular fan zone.

Platforms

Increasing audience monetisation is key to driving future growth. Social media platforms are increasingly looking to facilitate the monetisation of users through advertising. On some platforms, such as Facebook, Snapchat and YouTube, this capability is already well established. LADbible is the most viewed Facebook page globally, with UNILAD second, so our ability to generate revenue through this functionality is hugely beneficial to the Group.

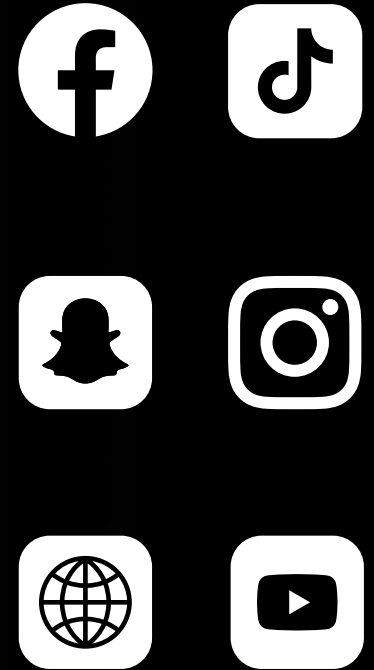
We are confident that these monetisation capabilities will be introduced across all social media platforms as they mature, providing significant upside opportunities for us. We are investing significantly in younger audiences, particularly on TikTok, where the Group is one of the largest publishers of content, and on Instagram, and are already monetising these platforms directly, through working with brands. We are ready to benefit from Indirect revenues, as soon as these opportunities arise.

We have also continued to develop the Group's own website proposition, focusing on web editorials and investing in a new team, which has delivered impressive growth.

Brands

We have a portfolio of 12 brands, which are positioned in line with our mission of giving the youth generation a voice. The Group has primarily focused on the LADbible brand, with UNILAD now becoming the focus of our US portfolio, with content developed specifically for an American audience. Supported by the FIFA World Cup, SPORTbible progressed hugely through the year, becoming our fastest growing website.

We have added TikTok specialists to specific brands, such as SPORTbible, so that we are best placed to capitalise on monetisation opportunities, as well as making ourselves as attractive as possible to a broader range of commercial partners. We have also streamlined our editorial process across brands to drive efficiency.



STRATEGY IN ACTION - CAPABILITIES

BECOMING A DIGITAL BROADCASTER

Our LADstudios division goes from strength to strength and leads by example in giving a platform to unheard voices. We once again took home 'Best Original Web Channel' at this year's Broadcast Digital Awards.



We have also now launched our own Sydney based studio, LADbible Australia YouTube channel and released three new series dedicated to shining a light on Aussie stories specifically.

As our content has evolved, we no longer fit the mould of a digital publisher. We are more than news, stories and UGC. Instead, we are forging ahead as a Digital Broadcaster, creating evergreen, distinctive content that is bespoke to each platform. This is an exciting moment in our journey as we start talking to brands about more comprehensive partnerships that go further than branded content. We have also launched our own podcasts and vodcasts focusing on Sport and real life stories, building on our successful 'Minutes With' video series.



STRATEGY IN ACTION - CAPABILITIES

LADNATION

“IN ITS FIRST YEAR, LADNATION HAS BECOME AN AWARD WINNING AND INTEGRAL PART OF LBG MEDIA THAT MAJOR BRANDS ARE ALREADY ENLISTING AS PART OF THEIR CAMPAIGNS.”

Tim Pearson - Chief Revenue Officer

This year we launched LADnation panel, our own consumer youth research capability, which helps brands fully get to grips with the motivations of Gen Z and Millennials.

As a leading digital publisher for the social generation, we are perfectly positioned to offer unparalleled insight to clients through our incredible reach (Source: Facebook Creator Studio and the Page Insights Facebook API Facebook Analytics / YouGov, 18/08/23), spanning two thirds of 18–34-year-olds.

LADnation has already amassed more than 55,000 engaged participants in the panel, the vast majority of which are between 18 and 34, with numbers growing rapidly.

What separates LADnation from traditional research agencies is its place sat within LBG Media. As experts in youth culture, we are able to bundle behavioural data from all our different branches into a uniquely insightful package.

LADnation offers several bespoke solutions to garner the critical insights brand partners are looking to discover, including audience insight, pre-testing, and brand tracking. We want to drive actual consideration and improve efficiency, never wasting media.

In 2022, we worked with several major brands including The British Army, Warner Bros, and

Pepsi. The Army wanted to better understand what young people wanted from the workplace, especially around barriers to enlisting. We ran seven iterations of a pre-testing survey, gaining deeper understanding of perceptions and pre-conceived myths, in order to drive consideration of the Army as a career.

Our real time insights into the youth’s consumer habits and desires led to us winning the award for Best New Venture at the Market Research Society Awards, which increased direct requests with LADnation from clients.

As LADnation evolves, our aim is for it to become a lot more upstream in the planning processes of our wider media offerings with partners.

LADnation is set to be the most engaged Gen Z research company and provider of youth datasets in the UK.



STRATEGY IN ACTION - CAPABILITIES

IMMERSIVE

**“2022 WAS A
SIGNIFICANT YEAR
OF PROGRESS FOR
OUR IMMERSIVE
CAPABILITIES. WINS
INCLUDE PARTNERSHIPS
WITH MAJOR BRANDS
AND OUR FIRST
AR FILTER ON TIKTOK ”**

Joe Williams - Head of Immersive

Immersive is our cutting-edge, stand-alone studio, focused on emerging technologies, with capabilities across Augmented Reality, Virtual Reality, Web3, and the Metaverse.

While the majority of LBG Media’s content is for ‘lean back’ consumption, content produced by Immersive engages audience participation with a ‘lean forward’ approach.

If the Group identifies an opportunity for audience participation with a brand partner, that’s where we come into our own.

2022 was a significant year of progress for us with the introduction of our first Augmented Reality (AR) filter on TikTok, meaning we now execute AR on every single platform on which we publish. Through our partnerships with Google and Boxpark, we ran experiential AR activities as part of a truly 360 media campaign, with one of the biggest global brands at the most popular fan zone in the UK, with a branded tournament-long immersive experience.

There is huge scope for growth in this rapidly expanding market, and we are focused on harnessing Artificial Intelligence for the benefit of our AR output, as well as expanding into location-based Extended Reality.

As Immersive develops, we will continue to service our commercial partners, while developing an external presence as a B2B creative studio.



STRATEGY IN ACTION - CAPABILITIES

LADCREATOR NETWORK

“LADCREATOR NETWORK HAS ACCESS TO OVER 50,000 CREATORS AND INVESTS IN CREATOR RELATIONSHIPS TO ACHIEVE STAND OUT RESULTS”

Tim Pearson – Chief Revenue Officer

In mid-2022, LBG Media launched LADcreator Network, which allows brands to access some of the world’s best creators.

Our aim was to develop our own way for our clients to tap into the already vast creator economy. LADcreator Network unites and amplifies the creators who really influence the key target demographic in which we lead the market.

By harnessing existing talent and creative relationships, we’re able to boost content through LBG Media’s portfolio of brands to different audiences, and drive return. This is what sets us apart.

We have access to more than 50,000 UK Creators – ranging from up-and-coming micro creators and gamers to reality stars and professional footballers – who are hand selected depending on the client brief, target audience and desired impact.

At the end of 2022, LADcreator Network ran a reactive FIFA World Cup campaign, using multiple creators from different genres. We led on the creative process, using a mixture of stories in a watch-along party setting, while one creator also made a paid ad, and a compilation was used across our channels.

The industry is still growing exponentially, so we are focused on our overall offer to creators, trying to capture the most engaged, up-and-coming creators. We want to build cohorts of creators as faces of our different channels, building loyalty and opening opportunities for a broader range of client and monetisation opportunities.

LADcreator Network is the place to come for the next big thing. We’re getting creators at the start of their journey, helping them grow; championing everyday heroes to become creators.



WEB

“2022 WAS A TRANSFORMATIVE YEAR FOR OUR WEB OPERATION, WITH RECORD RESULTS UNDERPINNED BY INCREDIBLE AUDIENCE ENGAGEMENT, EDITORIAL EXCELLENCE, AND SIGNIFICANT PROGRESSION IN OUR TECHNICAL CAPABILITIES ACROSS OUR FIVE WEB BRANDS.”

Jon Birchall - Director of Editorial Strategy

Total Sessions grew 23% year on year, with Page Views increasing by 32% and total Users increasing by 35% in 2022. On Site Video plays increased 60% year on year, as the team looked to grow its multimedia offering on site.

This growth accelerated in the second half of the year, with H2 2022 outperforming H1 2022 by 31% for Sessions and 40% for On Site Video plays.

A significant focus for the team was diversifying our Web audience, both in terms of geography and site referrals. We saw an 11% growth in Organic Search audience year on year, alongside growth on Twitter and Instagram of 128% and 339% respectively. Our focus on US audience growth also yielded fantastic results, seeing US Web sessions grow 52% vs 2021.

Audience grew in parallel with our programmatic revenue yields, which improved by 18% vs 2021.

These results were largely driven by a reorganisation of the Web team in H2, with a focus on centralising our Editorial team and focusing on a new Audience development strategy: Reflect, Discover, Connect and Monetise. This strategy was designed to not only encourage top line audience growth, but also ensure long-term, sustainable and consistent improvements across our web brands.

We also created a new team structure across Editorial, with a greater focus on core content areas such as News, Entertainment and Community. This allowed for a more targeted approach in covering core passion points for our audiences in multiple territories, all the while tied to newly drafted brand pillars for each of our sites.

We are also incredibly proud of the brilliant content delivered by the editorial team. From round-the-clock coverage of huge events such as the World Cup, the Oscars and the death of Queen Elizabeth II to exclusive and original series across subjects such as abortion rights in the US and the rental market for people in the UK, our team continued to be at the forefront of stories which matter to the youth and young adults.

STRATEGY IN ACTION - GEOGRAPHIES

INTERNATIONAL EXPANSION

Overview

Strategic
Report

Governance

Financials

United States

This year, we established a physical presence in New York, with the aim of building on our existing successful follower base in the US. Growing into the United States has been a long-term ambition of the Group, with social media platforms having a wide reach and millions of active users every day. Having a team on the ground will allow us to further expand and monetise our US audience.

UNILAD will be the central brand of our US offering, having already achieved significant penetration in the market, with dedicated American content becoming its focus moving forward.

US setup activities are discussed within the CFO report on page 43.



Ireland

LADbible Ireland has grown consistently since its launch in 2020, building on the Group's significant reach to deliver local content.

In July 2022, we acquired a local Facebook page which was rebranded into LADbible Ireland, and the page has since grown by more than 150,000 followers. This also allowed us to generate indirect revenue for the business for the first time, with a specialist hire joining to deliver further indirect growth.

LADbible Ireland is now the biggest local publisher on Instagram and on TikTok, as well as the most viewed and engaged with publisher on Facebook in Ireland.

This year saw significant organic growth, as we really grew our credibility among brands. We won our biggest brief to date, creating a campaign for Heineken's local stout, Island's Edge. As well as developing branded content, we hosted experiential events for them, broadening our remit and capabilities.

Australia and New Zealand

There was plenty to shout about from our Australian and New Zealand businesses too, where LADbible Australia launched its own studio to create the best local content. Meanwhile, our LADbible New Zealand TikTok channel saw enormous growth; becoming a market leader in just a few months after its Q3 launch.

We won four industry awards, and were nominated for a further six, for our investigative



documentary series, UNHEARD, and fantasy drama, The Wheel of Time, both with Amazon Prime.

We were awarded Best Social or Digital Campaign at the Promax Awards for our Metaverse project with The Wheel of Time, where fans could create their own avatar and experience the universe from the show for themselves.




Earlier in the year we launched goodLAD across Facebook and Instagram providing positive, uplifting, and good-vibes only content, in an effort to brighten social media feeds and make our audience laugh and think more positively. goodLAD has already amassed close to 6m followers, having only started in mid-2022.

We also expanded the reach of LADbible Social, our in-house social content agency for brands in the region, with a new partnership with V Energy Drink in New Zealand, running all their social media channels.

STRATEGY IN ACTION - M&A

M&A STRATEGY

M&A is a core part of our strategy. There are two types of acquisition that the group is pursuing, being bolt-on and strategic. Acquisitions within these buckets then fall into 2 separate categories. These are discussed in the table below:

| | BOLT-ON | STRATEGIC |
|---------------------|--|--|
| AUDIENCE | <p>A bolt-on audience acquisition would be the purchase of high follower, under-monetised social media accounts. These pages would typically provide additional coverage in either geographies or verticals currently not provided in our existing brand portfolio.</p> | <p>A strategic audience acquisition would be the purchase of a more established digital publisher with multiple income streams. These pages would typically provide additional coverage in either geographies or verticals currently not covered in our existing brand portfolio.</p> |
| CAPABILITY | <p>A bolt-on capability acquisition would be the purchase of a small to mid-size business which operates in a field not currently occupied by the Group. Acquisitions will be complimentary and provide synergies to the wider Group.</p> | <p>A strategic capability acquisition would be the purchase of a more established business which operates in a field not currently occupied by the Group. Acquisitions will be complimentary and provide synergies to the wider Group.</p> |
| RECENT TRANSACTIONS | <p>Within the year we acquired GO Animals (rebranded as Furry Tails). and Irish Banter (rebranded as LADbible Ireland - Facebook). Post year end we acquired Lessons Learned in Life (LLIL).</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div> | <p>In 2022 the Group appointed its first M&A Director to execute on it's M&A strategy. In 2023 opportunities for strategic acquisitions will be assessed.</p> |

SUSTAINABILITY MATERIALITY ASSESSMENT

Overview

Strategic
Report

Governance

Financials

This year, we conducted our first materiality assessment to identify the sustainability issues that matter most to LBG Media, or require most attention from us, and that will make a significant difference in the world. Undertaking this materiality assessment will help the Group define our sustainability strategy and targets, investment opportunities and demonstrate leadership in the digital publishing space by guiding us to continually act responsibly.

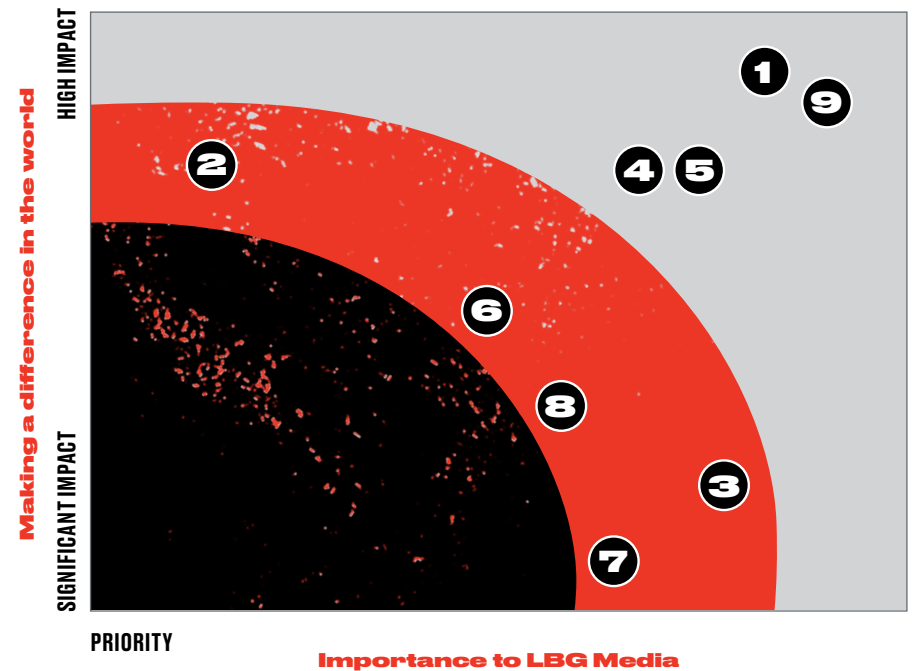
Process

We undertook a peer benchmarking exercise to identify a broad range of potentially significant material issues within the digital publisher space. We also consulted SASB and MSCI industry standards for the Interactive Media and Services sector to cross check completeness of the data. From this, we were able to develop a full list of material issues that were both relevant and significant to the future development of LBG Media. The issues were then organised across three pillars: Planet Earth, People and Society, and Better Business.

We consulted with key representatives across the Group to discuss the level of stakeholder interest in each metric, and the impact each metric could have on the business, be that a potential risk or opportunity. Following this, we developed definitions for each issue to ensure that they were unique and relevant to LBG Media, as well as being actionable by individuals or functions across the Group.

Having established an aggregated selection of material issues which were deemed most important to LBG Media for at least the next financial year, the list was ranked as a group exercise by the Senior Management Team and plotted on the matrix shown here.

MATERIALITY MATRIX



Planet Earth

① Decarbonisation in our business

② Climate-positive action

People and society

③ Talent acquisition and retention

④ Equality, diversity and inclusion

⑤ Mental health and wellbeing

⑥ Utilising the digital space for good

Better Business

⑦ Business ethics and governance

⑧ Responsible content and voice

⑨ Safeguarding online users

SUSTAINABILITY MATERIALITY ASSESSMENT

CONTINUED

Definitions of our material issues

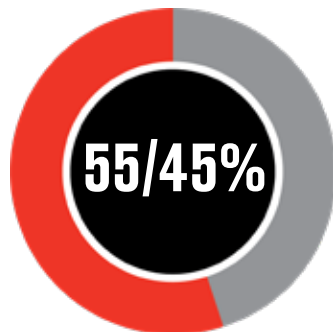
- 1** **Decarbonisation in our business**
GHG emissions due to human activity are the dominant cause of climate change since the mid-20th century. We will investigate the most impactful ways to reduce the harmful emissions our business activities create, and implement measures to reduce them.
- 2** **Climate-positive action**
Using our content, creativity and global reach, we will raise awareness of key climate-related issues most relevant to our youth communities, with a view to creating significant behaviour change and forming lower carbon footprint habits in this group. We will investigate responsible ways of reducing the carbon footprint the use of digital technology impacts (E-waste).

We will continue to engage with our stakeholders and employees on climate-positive topics.
- 3** **Talent acquisition and retention**
Continue to attract and retain high quality, engaged team members who share our brand values and whose skills will help drive growth.
- 4** **Equality, diversity and inclusion**
Commit to building equity in our organisation, whilst also supporting a diverse and inclusive culture.
- 5** **Mental health and wellbeing**
Provide tailored mental health and well being initiatives for our employees, and continue to support our global audience on mental health through our content.
- 6** **Utilising the digital space for good**
Be a leader in the ever-changing landscape of social and digital communication, and continue to work closely with companies who see us as a trusted partner to help them engage with the youth audience.
- 7** **Business ethics and governance**
Uphold accounting, tax, employment and publishing guidance and regulations and apply the highest standards of corporate governance in all jurisdictions. Expect ethical values and behaviour to be applied to all aspects of our business, both as individuals and in the conduct of the organisation as a whole.
- 8** **Responsible content and voice**
Using our powerful global presence and content generation to promote a socially responsible agenda. Be advocates of, and a positive influence on, the younger generation.
- 9** **Safeguarding online users**
Ensure that our content and activities aid the safety and protection of our global audience, across all our brands and platforms.

DIVERSITY & INCLUSION

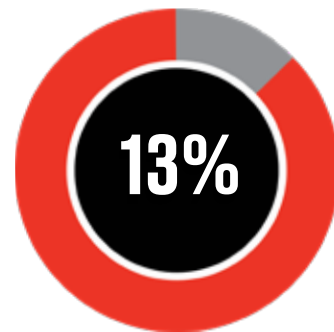
LBG Media has a strong commitment to build a diverse and inclusive workforce, that reflects our huge global audience, in an environment where everyone feels comfortable to be themselves. This means leading by example, challenging ourselves and our audience to think differently through thought-provoking content and creating an environment where our people can directly influence the work we do.

HOW ARE WE DOING?

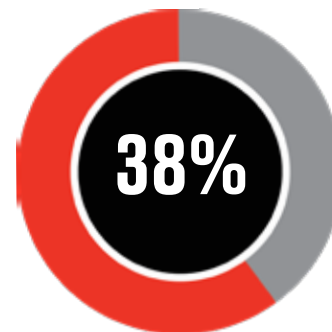


GENDER SPLIT
0% AS NON-BINARY

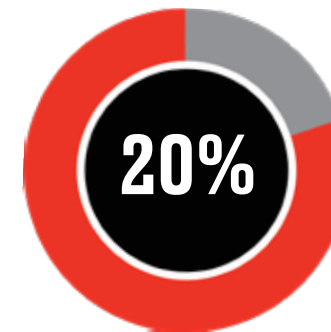
♂ Male ♀ Female



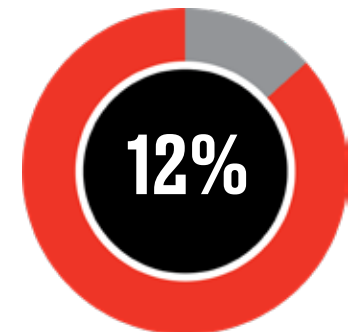
OF OUR
WORKFORCE LGBTQ+



WOMEN IN
SENIOR MANAGEMENT
ROLES



DIVERSE
LEADERSHIP



DISABILITY

A REMINDER OF OUR TARGETS:

50/50%

GENDER SPLIT,
WITH >1%
AS NON-BINARY

8%

OF OUR
WORKFORCE
LGBTQ+

50%

WOMEN IN
SENIOR
MANAGEMENT
ROLES

20%

DIVERSE
LEADERSHIP

12%

DISABILITY

OUR IMPACT

Overview

Strategic
Report

Governance

Financials

Inspiring the next generation in media

LBG Media is passionate about providing opportunities for young people from diverse backgrounds to start their careers in media. In previous years we have launched future talent initiatives, delivered mentoring programmes and worked with the Prince's Trust.

Access to the industry

We are proud to be one of the partners of Merky FC, an initiative backed by Stormzy which will provide young black heritage people across the UK with access to a host of multi-year, paid professional roles, opportunities and mentoring throughout football. Currently black and mixed heritage people make up only 6.7% of people in senior roles in football.

Merky Foundation and Adidas have rallied brands from the football industry, to come together on a multi-year initiative that will change the game.

We are also proud to have been able to build upon our work with the Government's Kickstart scheme and have now hired six young people through the scheme in various roles across the business. We have also launched another two apprenticeships as part of our LADpprentice initiative and have continuing partnerships with the Prince's Trust and Andy Taylor Foundation.



AN INCLUSIVE WORKFORCE

Overview

Strategic
Report

Governance

Financials

An environment where our people can be their true authentic selves

In 2022, we have made real strides to introduce important policies to ensure our people feel empowered and comfortable to come to work and be their true authentic selves, without fear of judgement or discrimination.

We launched our Trans and Non-Binary Inclusion Policy which put in place clear support and guidance for employees who identify as trans and non-binary. It includes support and resources available to employees internally at LBG Media, as well as external resources who are partnered with the company such as Gendered Intelligence. The policy also covers language and identity, transition, dress code, facilities, confidentiality, safeguarding, as well as offering medical and paid leave.

We also expanded our internal inclusion and ally communities, and introduced LADWaves: focused around supporting, empowering and raising awareness of neurodiversity in the workplace; and TRIBE Network - our community committed to championing and spreading awareness of black and minority ethnic cultures, topics and celebrations.

Supporting our people

We also led the industry in establishing a groundbreaking new abortion policy to help support our global workforce.

Putting the wellbeing of employees first, the policy entitles up to ten days paid time off for an abortion procedure. The policy also commits to giving employees travel allowances up to \$10,000 to support travel to access healthcare in relation to an abortion, in cases where the procedure is banned or restricted where they live. Sinead Allchurch, HR Director said:

“It’s important to us that all employees feel supported through situations which may be personally challenging and difficult. We believe that everyone has the right to make decisions in relation to their body, health and have access to comprehensive healthcare”.

This policy is in addition to LBG Media’s provision of private healthcare, mental health support, our LADfamily policies which provide enhanced maternity, adoption, shared parental and paternity leave as well as pregnancy loss paid leave, fertility leave, workplace nursery benefits and time off for dependants.



GENDER PAY GAP

According to the Office for National Statistics (ONS), the overall gender pay gap amongst all UK employees in 2022 was 8.3% - at LBG Media, this gap is currently 5.3%.

We believe there is value in recognising equal pay as a measurement and we are confident that everyone, regardless of gender, is paid the same, for like-for-like work within their roles. A gender pay gap doesn't exist on an individual role basis within LBG Media.

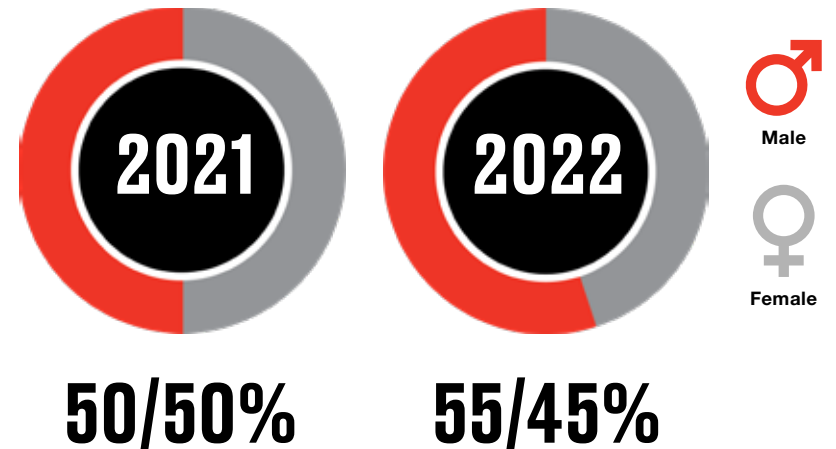
We are proud to have continued to keep our gap substantially lower than the UK average, but we also acknowledge that there's still work to do. We are dedicated to continuing to work towards closing the gender pay gap and building out a diverse and inclusive workforce, with greater representation at all levels.

LBG MEDIA'S 2022 GENDER PAY GAP OF 5.3% REMAINS INDUSTRY LEADING.

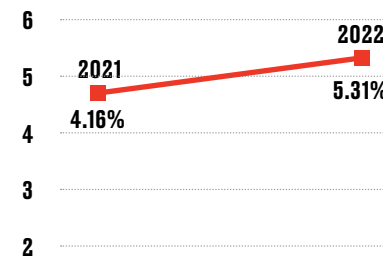
Our median pay gap in comparison, remains in favour of our female employees. This year, this is in part due to us achieving a more equal split of genders across each quartile which is an ambition we set last year. In contrast to last year, where there was a higher percentage of male employees at junior levels, we have worked hard to diversify and attract more women into the company at the beginning of their careers which is also reflected in the quartiles.

Although we currently have a higher percentage of male employees, we are proud to have made substantial progress in seeing the number of male and females become more equal in the last year, (55% male, 45% female) and we remain focused going further. Importantly, we have seen this gap reduce at more senior levels, with more females hired in senior positions. However, we recognise that there is more work to be done with regards to bonuses delivered to females within the company and this is something we are looking to prioritise as part of our wider people strategy.

GENDER SPLIT

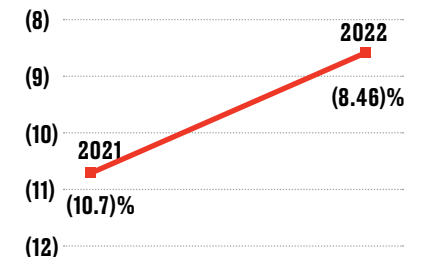


MEAN



MEAN PAY GAP The difference in the average hourly rate of men's and women's pay. The mean (average) is calculated by adding together all values and dividing by the number of values. The mean is the overall average of the whole sample and can thus be subject to the influences of any extremely high or low salaries at the top or bottom of the sample. In other words, the mean is subject to skewing by a small number of outliers. For example, a 10% mean pay gap means that the average pay of men is 10% more than women.

MEDIAN



MEDIAN PAY GAP Calculating the median involves taking all salaries in a sample, lining them up in order from lowest to highest, and picking the middle-most salary. For example, a 20% median pay gap reflects that the average pay of women by this measurement is 20% less than men. The median measurement is less impacted by the highest and lowest outliers than the mean value.

GENDER PAY GAP CONTINUED

BONUS GAP

QUARTILES

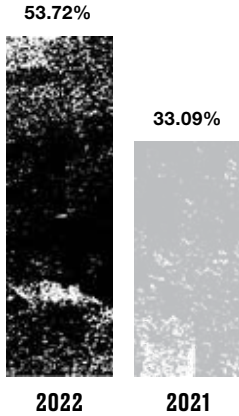
Overview

Strategic Report

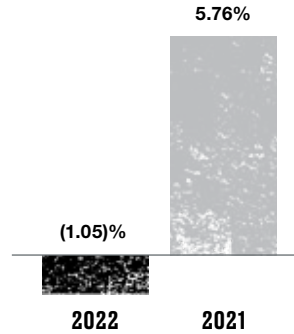
Governance

Financials

MEAN



MEDIAN



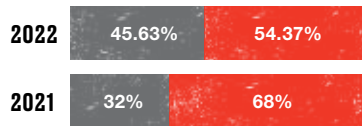
MEAN

2022: 53.72%
2021: 33.09%

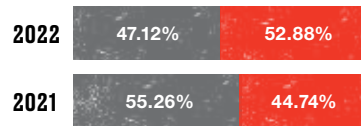
MEDIAN

2022: (1.05%)
2021: 5.76%

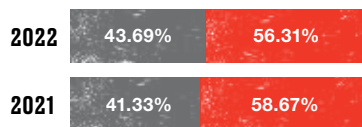
QUARTILE 1



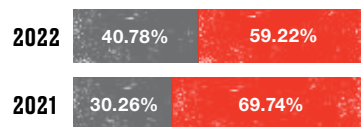
QUARTILE 2



QUARTILE 3



QUARTILE 4



Female Male

OUR GENDER PAY GAP CONTINUES TO BE FAR AHEAD OF THE NATIONAL AVERAGE, AND WE HAVE MADE STEADY PROGRESS IN IMPROVING MALE AND FEMALE REPRESENTATION ACROSS ALL QUARTILES.

We have also listed out ambitious diversity and inclusion plans, and our Diversity and Inclusion report details our ambition. We will continue to work on ensuring fairer representation in all areas of the business and are committed to continue narrowing the pay gap, as well as ensuring that we continue to recruit a diverse team across all of LBG Media.



SECTION 172

THIS STATEMENT SETS OUT HOW OUR BOARD OF DIRECTORS, BOTH INDIVIDUALLY AND COLLECTIVELY, ACT WITH REGARD TO SECTION 172(1) OF THE COMPANIES ACT 2006 WHEN UNDERTAKING THEIR DUTIES DURING 2022.

We have a broad range of stakeholders who influence or are affected by our day-to-day activities, and have varying needs and expectations. Our aim is to ensure that the perspectives, insights and opinions of stakeholders are understood and taken into account when key operational, investment or business decisions are being made, so those decisions:

- ▶ are more robust and sustainable in themselves; and
- ▶ support LBG Media's strategic approach of creating value for shareholders and society.

The Board considers that this statement focuses on those risks and opportunities that are strategically important to LBG Media, and consistent with the Group's size and complexity.

Engagement with all stakeholders is critical to the Group achieving long-term success. As such, the Board regularly considers all stakeholders when making decisions regarding the Group's long-term strategy and operations.

Our key stakeholders are those who influence or are affected by our day-to-day activities. These stakeholder groups have varying needs and expectations; our aim at LBG Media is to engage effectively with all of them, to develop and maintain positive and productive relationships.





SECTION 172 CONTINUED

Overview

Strategic
Report

Governance

Financials

| KEY STAKEHOLDER | WHY WE ENGAGE | IMPACT TO LBG MEDIA | VALUE CREATED |
|---|---|---|--|
| EMPLOYEES  | Engagement helps attract, retain and develop a diverse and talented workforce. | Diversity in our people and our thoughts helps us to create content our audience love, with many of our colleagues being part of the communities we reach. | Our workforce reflects the communities we serve. Our culture is a powerful asset and empowers and enables our people to deliver high quality content for our audience. |
| SHAREHOLDERS  | We place great importance on having constructive relationships with all shareholders and seek to ensure there is an appropriate level of dialogue with them on all matters, including strategy, governance and remuneration, throughout the year. | Our investors provide finance, strategic direction and stewardship. Shareholders are directly consulted by the Board on such matters as Remuneration Policy and views are sought on key corporate activity. | Successful execution of the strategy drives strong earnings performance. |
| AUDIENCE  | Our audience is at the centre of everything we do. Without them we would not exist. It is therefore vital we create vibrant, engaging content to attract and retain our audience. | Commercial opportunities are driven primarily by the access we have to our audience. | Creating a large, diverse audience, often in the hard to target 18-34 year old range, differentiates our media offering versus our competitors. |
| CUSTOMERS AND PLATFORMS  | Fostering healthy reciprocal relationships helps to ensure LBG Media achieves the greatest all-round value from its investments and activities. | Developing mutually beneficial relationships with our commercial partners and suppliers is a fundamental contributor to our long-term sustainability. | Through alignment with our values, continuous improvement and risk we build mutual confidence and respect. |

EMPLOYEES**Group engagement**

- Multi-channel engagement through quarterly town hall meetings (led by our CEO, COO and CFO)
- Annual group-wide events
- The weekly 'LBG Roundup' email sent to all staff summarising the key events of the week across the business

How the Board engaged in 2022

- Employee engagement surveys
- D&I survey
- Q&A sessions with all staff at quarterly town halls and annual events
- Department led team meetings
- Mentoring of key talent
- Blended working approach
- Team socials and events

What we learnt

- Communication of business strategy and direction is important to our employees
- Blend of work and home life is important
- That our employees feel part of a team
- That employees feel that we have a genuine care for their wellbeing
- That our employees believe LBG Media is a great place to work

What are we going to do in 2023?

- Continue to build out Learning and Development programme
- D&I initiatives, groups and partnerships
- Wellness
- Global Mobility
- Further engagement surveys
- Continue and build on town halls and communication

Measuring engagement and value created

- Overall Employee engagement score of 74%
- 92% of our employees are happy with the blended working approach
- 84% feel they are part of a team
- 84% believe their manager cares about their wellbeing
- 83% would recommend LBG Media as a great place to work

SHAREHOLDERS**Group engagement**

- Responding to queries from shareholders, and holding meetings with all types of investors on an ongoing basis
- Ad hoc updates with investors to help them to understand the business
- Continuous communication with buy-side analysts (who act as a conduit with shareholders)
- Communicating shareholder views to LBG Media's senior management teams
- Bi-annual roadshow to communicate results

How the Board engaged in 2022

A programme of Director-investor meetings covering key financial announcements, long-term priorities and specific issues at investors' request

- Participation in virtual and physical investor conferences
- Chair meeting with top shareholders to maintain the interaction and to obtain feedback
- Regular Board updates on investor and financial market sentiment
- Detailed reporting of shareholder feedback during and after half- and full-year results roadshows

What we learnt

- Investors are highly engaged with LBG Media and understand the strategy that underpins our future growth plans. They are keen to see the traction from these and they are supportive of the strategy and its implementation
- Focus on ensuring key management is retained, good succession planning is in place across the leadership teams as well as appropriate future remuneration policy

What are we going to do in 2023?

- Continue to engage with our shareholders throughout 2023 through regular communication including the AGM
- Board members are available should investors like to hear an update and share feedback

Measuring engagement and value created

- Basic earnings per share (EPS) 2.6p
- Diluted earnings per share (EPS) 2.5p

AUDIENCE**Group engagement**

- Surveyed our audience via our LADnation workstream around key topics to help inform content ideas and commercial partnerships
- Recognised and activated content including Vox Pops around culturally relevant moments such as Pride and Suicide Prevention Month
- Undertook partnerships with high profile events, e.g. Parklife where we activated an on-the-ground presence and interviewed audience members in the crowd

How the Board engaged in 2022

- Audience engagement figures form part of every Board meeting agenda

What we learnt

- Engagement from our audience drives everything we do and informs our content strategies across our brands
- Our audience loves to experience key moments in the cultural calendar through LBG Media's channels
- Partnerships with high profile events brings in new audiences
- Creating a wide range of content for all of our platforms is integral in our strategy to be where our audience are

What are we going to do in 2023?

- Activate Brand Campaigns around issues that are important to our audience
- Create content to raise awareness and money to support issues around the world, e.g. Turkey and Syria Earthquake
- Create Contra partnerships with high profile events and platforms to help reach new audiences

Measuring engagement and value created

- LBG Media has 12.2bn All-Time engagements globally (where engagements are based off likes, comments and shares) and is top 2 for all-time engagements - across Facebook, Instagram, YouTube & Twitter

CUSTOMERS AND PLATFORMS**Group engagement**

- Ongoing, strong relationships with the key advertising agencies, fostered through regular meetings
- Regular meetings with the largest social media platforms including Meta, Google and Snapchat

How the Board engaged in 2022

- The relationships with key media agencies and platforms form part of every Board meeting agenda

What we learnt

- Platforms look to us for case studies, feedback and Beta testing meaning that we can test capabilities and expand our offering
- Our agencies look to us as experts in the social media space and value our insight on new and emerging technologies and platform changes
- By improving agency knowledge of capabilities, our Immersive, LADcreator and LADnation products were used in campaigns this year to great success
- Potential customers discovered through improved relationships with PR agencies
- Potential to deepen our relationship with platforms and form an active part of their comms plans in 2023

What are we going to do in 2023?

- 2023 kick off meetings with platforms including TikTok and Google/YouTube to discuss comms opportunities at key B2B events throughout the year
- Roll out a new masterclass timetable for media agencies in topics such as Immersive and TikTok
- Launch masterclasses for PR agencies on earned media opportunities to open up improved access to A list talent

Measuring engagement and value created

- LBG Media has become one of the biggest publishers on TikTok in the UK
- Successful partnerships with Warner Bros, British Army and Pepsi all using LADnation for the first time
- Created our first Augmented Reality filter on TikTok meaning we can now activate AR on all platforms we publish on
- Direct revenue grew by 17% to £27.8m (2021: £23.7m)

SECTION 172 CONTINUED

Overview

Strategic
Report

Governance

Financials

Key decisions made in the year

| STRATEGIC DECISION | STAKEHOLDER GROUP IMPACTED | ENGAGEMENT WITH STAKEHOLDERS |
|---|----------------------------|--|
| M&A activity (see M&A section, page 28 for details) | Employees | M&A activity, as one of our three strategic pillars, was communicated to employees by the Board via town hall meetings throughout the year. Key acquisitions are included as part of the town hall presentations so employees are able to understand the operations we have acquired and the reasons for acquisition. The opportunity for employees to ask questions on M&A activity is afforded through the Q&A sessions at the end of each town hall meeting. |
| | Investors | Material acquisitions (of which there were none in the year) have to be reported to the wider market at the contract signing date. For other acquisitions, investors are kept informed via the bi-annual and annual report and accounts. |
| Restructuring (see CFO report, page 43 for details) | Employees | The restructuring was communicated to employees firstly by a company wide email from Solly Solomou, followed by a town hall meeting. The reasons for the restructuring were discussed as part of the email and meeting. There was a detailed Q&A session at the end of the town hall, where employees were able to ask the Board questions in relation to the restructuring. A formal consultation period was held for those affected. During this process the Board decision was taken to not pay the executive directors for 4 months. |
| | Investors | Investors are kept informed via the bi-annual and annual report and accounts. |
| Non payment of dividends | Investors | As expected, the decision was made to not pay a dividend in the year. This is consistent with the prior period and also expected to continue in the near future as the Group focusses on reinvesting its profits to support growth. Investors are kept informed via the bi-annual and annual report and accounts. |



**“STRONG REVENUE GROWTH
OF 15% YEAR ON YEAR TO £62.8M”**

TIM CROSTON – CHIEF FINANCIAL OFFICER

STRONG REVENUE GROWTH

Highlights

- ▶ Strong revenue growth of 15% year on year to £62.8m (2021: £54.5m).
- ▶ Adjusted EBITDA margin of 25% despite economic headwinds (2021: 31%).
- ▶ Profit before tax of £7.3m (2021: £8.1m).
- ▶ A significant closing cash position, with cash of £29.3m (2021: £34.3m) after investment in acquisitions of £1.1m and settlement of IPO related liabilities in year of £2.6m. Net cash outflow from operating activities of £1.4m (2021: £12.3m inflow).
- ▶ The Group remains debt free, aside from IFRS16 lease liabilities.

Revenue

| | 2022 £m | 2021 £m | 2022 v 2021 % |
|----------------|-------------|------------|------------------|
| Direct | 27.8 | 23.7 | 17% |
| Indirect | 33.6 | 29.7 | 13% |
| Other | 1.4 | 1.1 | 33% |
| Revenue | 62.8 | 54.5 | 15% |

Group revenue increased to £62.8m (2021: £54.5m), a 15% increase in comparison to the prior year. The growth was driven by both primary routes to market.

Direct revenue grew 17% to £27.8m, as a result of increased activity with new and existing clients in the UK, Australia and Ireland.

Indirect revenue grew by 13%, primarily driven by a 56% increase in the number of views totalling 98.4bn (2021: 62.9bn) across web and social video. The increase in views was a result of continued investment in people in order to create engaging content across our platforms and publications (Source: Tubular Labs 2023).

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Overview

Strategic
Report

Governance

Financials

Net operating expenses

The significant operating expenses during the year were:

- Payroll costs excluding share based payments (see below) and restructuring costs of £24.8m (2021: £21.5m), up 15% due to continued investment in our team to support the growth of the business.
- Media costs of £7.4m (2021: £4.4m), up 68%, driven by an increase in content acquisition costs to support view growth, coupled with an increase in marketing spend post covid-19.
- Establishment costs of £5.7m (2021: £4.2m) up 34% due to investment in our technology infrastructure.
- Production costs of £4.6m (2021: £3.7m), up 26% supporting the growth of our Direct revenue, coupled with inflationary impact on costs.
- Travel and expenses costs of £1.6m (2021: £1.3m), up 28%, with the early part of the prior year being suppressed due to covid-19 restrictions.

Depreciation

Depreciation of £1.6m (2021: £1.3m) was up 23%, mainly reflecting new IFRS16 property leases in international territories.

Amortisation

Amortisation of £0.8m (2021: £0.8m) is consistent with prior year.

Share based payments

Share-based payments costs were £3.6m (2021: £1.5m). Similar to other newly listed businesses, we introduced long term incentive plan schemes for senior managers. In addition, all employees across the Group were offered the opportunity to enter the LADbible share incentive plan within the year.

Key performance indicators (“KPIs”)

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

| | 2022 | 2021 | 2022 v 2021 | |
|-------------------------------------|------|------|-------------|-------|
| | £m | £m | £m | % |
| Financial | | | | |
| Revenue | 62.8 | 54.5 | 8.3 | 15% |
| Adjusted EBITDA | 15.7 | 16.8 | (1.1) | (6%) |
| Adjusted EBITDA as a % of revenue | 25% | 31% | | |
| Profit before tax | 7.3 | 8.1 | (0.8) | (10%) |
| Profit before tax as a % of revenue | 12% | 15% | | |
| Non-Financial | | | | |
| Global audience (m)* | 366 | 264 | 102 | 39% |
| Content views (bn)** | 98 | 63 | 35 | 56% |
| Average number of employees (no.) | 470 | 388 | 82 | 21% |

* Global audience includes social followers and unique website users in December.

** Content views is annual views of content across all social platforms and websites. The definition of what constitutes a view can vary across the social platforms.

15%
**REVENUE
GROWTH**

12%
PBT %

Adjusted EBITDA

Adjusted EBITDA was £15.7m (2021: £16.8m). Adjusted EBITDA fell in the year due to an investment in the cost base of the business to drive future growth.

Adjusted EBITDA is used for internal performance analysis to assess the execution of our strategies and is a benchmark that has been used by management and the investment community to assess the performance of the Group since IPO. As such, management believe that this adjusted measure is an appropriate measure to assess the performance of the Group. Note that using Adjusted EBITDA produces a materially different result to the most closely related IFRS based metric, being Profit Before Tax. It is therefore important to understand the nature of any adjusting items, which are discussed below.

Adjusting items

Adjusting items are all items that are not indicative of the underlying performance of the business. They are adjusted to ensure consistency between periods. These totalled £2.2m (2021: £4.9m), with the key items summarised as follows:

- In the year the Group completed a restructuring of its workforce, the reasons for which are discussed within the CEO report on page 10. This included 43 redundancies of permanent employees, alongside the creation of a new team structure delivering our direct revenue stream, known internally as LAD360 2.0. Costs include termination costs, creative team advisory and legal fees associated with the restructuring program, totalling £1.6m. The restructure is viewed to be a one-off exercise and there are no current plans to complete a similar exercise in the future. As such, these costs are classified as adjusting items.
- The Group opened its first office in New York in the second half of 2022. Costs of the initial setup of the US business have been classified as adjusting items within the year. These costs totalled £0.6m and relate to the cost of US employees engaged with the setup of the new business (including their travel and accommodation costs), the incremental costs of employees seconded to the US business, as well as legal and advisory fees. Initial setup activities included rebranding of Unilad to target the US market, sourcing premises and staff recruitment. As all of these costs have

been incurred prior to any US revenue being earned by the company management deem it appropriate to classify these costs as adjusting items as they are not indicative of the underlying performance of the business.

- Two significant tax liabilities have been accrued in 2022. Tax due diligence work prior to the IPO of the Group made a recommendation on which the business has subsequently acted. This resulted in the Group agreeing in the year to settle a PAYE liability on behalf of two employees, totalling £0.2m. As this was a one-off settlement, it has been classified as an adjusting item. The second tax liability recorded relates to historic underpaid state payroll taxes in Australia of £0.1m. These liabilities were identified following a change in tax advisor and a subsequent review of tax positions. As the quantum of the liability is not indicative of the future state payroll tax charge, it has been classified as an adjusting item in the year.
- During the year the Group received £0.3m (2021: £1.2m) from Bentley Harrington Limited. Consistent with prior periods, amounts received from Bentley Harrington Limited have been classified as adjusting items (further detail can be found within note 6).
- Adjusting items in the prior year of £4.9m related to the advisor fees and administration costs associated with the December 2021 IPO.

All adjusting items are taxable and have been included within the tax charge at a tax rate of 19%.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Overview

Strategic Report

Governance

Financials

Share of JV

Share in joint ventures was £0m (2021: £0.1m), representing our share in the results of Pubity Group Ltd.

Profit before tax

Profit before tax decreased to £7.3m (2021: £8.1m).

Taxation

The tax charge for the year was £2.0m (2021: £2.9m). In the prior year there were significant non-deductible IPO related expenses, meaning that the effective tax rate in the prior year (36%) was higher than the current year (27%).

Balance sheet

Net assets grew to £61.2m (2021: £52.3m) as a result of Group trading performance.

Net current assets grew to £43.8m (2021: £37.0m), largely as a result of Group trading performance.

Trade and other receivables grew to £20.4m (2021: £15.2m), driven by an increase of accrued income from £5.8m in 2021 to £11.1m in 2022. The increase was due to a significant increase in Q4 revenue versus the prior year.

Trade and other payables reduced to £4.3m (2021: £11.2m). This reduction was driven by three main

factors. The first being the settlement in year of IPO related liabilities accrued at the prior year end, totalling £2.6m. The second being there is no bonus provision at the period end (2021: £1.1m). Thirdly, due to the timing of direct revenue campaigns, deferred income has reduced by £1.1m versus the prior year.

Included in non-current assets are intangible assets of £15.4m (2021: £14.6m). The majority of this position represents the acquired goodwill and other separately identified intangible assets from our acquisition of the UNILAD business in October 2018. In 2022, the Group acquired the 'Go Animals' Facebook and Instagram social media pages for total consideration of £1.1m, accounting for the increase in the intangible asset balance in the year.

Cashflow and cash position

Cash at the year-end amounted to £29.3m (2021: £34.4m).

Net cash generated from operations fell to £1.3m (2021: £13.0m). The decrease was driven by two main factors:

1) Trade and other receivables increased by £5.2m (2021: £2.7m increase), driven by a significantly improved Q4 revenue performance in 2022 (£24.8m), versus 2021 (£18.6m).

2) Trade and other payables decreased by £7.0m in the year (2021: £3.8m increase), following the settlement of IPO related liabilities and bonus'.

Net cash outflows due to investing activities increased to £2.2m (2021: £0.6m inflow), driven by the acquisition of intangible assets of £1.7m in the year.

Net cash outflows due to financing activities were £1.5m (2021: inflows £14.5m). Outflows in 2022 relate solely to lease payments of £1.3m (2021: £1.1m). In 2021, the Group repaid £13.2m in borrowings, paid £0.3m in interest and received net inflows from the IPO of £30.0m.

Tim Croston

Chief Financial Officer

11 April 2023

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for risk management, which is reviewed regularly to ensure mitigating actions are in place. The principal risks and uncertainties which may impact the Group's performance are set out below.

DEPENDENCY ON DIGITAL ADVERTISING REVENUE

Risk and impact

Digital advertising is a critical source of revenue for the Group. 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.

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. 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 macroeconomic climate, consumer sentiment, advertising regulations and consumer perception of economic conditions in any of the territories in which the Group operates.

Mitigation

The Group is well positioned competitively due to its large youth audience (typically aged 18 to 34) and works with a diverse range of clients in different industries, sectors and territories, and has successfully retained a significant proportion of key clients each year.

DEPENDENCY ON SOCIAL MEDIA PLATFORMS

Risk and impact

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 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.

Mitigation

The Group works with a diverse range of social media platforms and has strong relationships with each of them, reducing reliance on any single platform. The Group continues to monitor publicity and legal/regulatory trends to ensure that it keeps ahead of any changes that may impact the Group.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Overview

Strategic
Report

Governance

Financials

CYBERSECURITY AND SYSTEM INTERRUPTIONS

Risk and impact

Interruptions in the Group's IT systems may result in operational failures and may make the Group's websites temporarily unavailable. In addition, the Group's IT systems rely, in part, on the services of third-party providers, including social media platforms. 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 and the Group's ability to publish content, reach audiences and generate advertising revenue.

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.

Mitigation

The Group reviews and seeks continuous improvement to ensure that robust procedures and controls to mitigate system interruptions in relation to the Group's IT systems.

RELIANCE ON KEY EMPLOYEES

Risk and impact

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.

Mitigation

The Group has an experienced senior management team with extensive industry experience and a deep understanding of the Group's business, many of whom are long-standing employees who have taken on additional responsibilities to progress within the Group.

In order to attract and retain the best talent, the Group has a people strategy in place consisting of a variety of measures, including: competitive reward, remuneration and benefit packages; training and development; career progression; mentorship; wellbeing initiatives; and the opportunity to work on innovative and original projects. The Group invests significant time in developing its talent and future leaders, whilst also keeping an eye out for talent outside the Group for when the time comes to bring in new skills and expertise.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Overview

Strategic
Report

Governance

Financials

DATA PROTECTION

Risk and impact

The Group is required to observe data protection laws in each of the countries in which it currently operates. 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 it 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, 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.

Mitigation

The Group has established processes and procedures to ensure compliance with data protection laws and best practice, and provisions are included in contracts with third party processors.

This Strategic Report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

Solly Solomou
Chief Executive Officer
11 April 2023



LBG
MEDIA

Overview

Strategic
Report

Governance

Financials

Governance

| | |
|---|----|
| Board of Directors | 49 |
| Corporate Governance Report | 51 |
| Nomination Committee Report | 55 |
| Audit Committee Report | 56 |
| Remuneration Committee Report | 58 |
| Directors' Report | 63 |
| Statement of Directors' Responsibilities | 66 |

GOVERNANCE

BOARD OF DIRECTORS

Overview

Strategic
Report

Governance

Financials



**DAVE
WILSON**

NON-EXECUTIVE CHAIRMAN

Dave has over 35 years of 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 £14m to £1.8bn. 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.



**ALEX 'SOLLY'
SOLOMOU**

CHIEF EXECUTIVE OFFICER

Solly co-founded LBG Media in 2012. In the following ten years, Solly has led the Group and its strategic direction, growing it to a £60m+ 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
KALANTARI**

CHIEF OPERATING OFFICER

Arian co-founded LBG Media in 2012. Arian has 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 470 person, multi-national business. Arian holds an International Business Degree from the University of Liverpool.



**TIM
CROSTON**

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.£110m to over £509m. 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).

BOARD OF DIRECTORS CONTINUED

Overview

Strategic
Report

Governance

Financials

**CAROL
KANE****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 £2.0bn revenue business. Through her roles at Boohoo Group Plc, Carol has extensive experience working across marketing, product and brand strategy both domestically and abroad.

**ALEX
JARVIS****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.

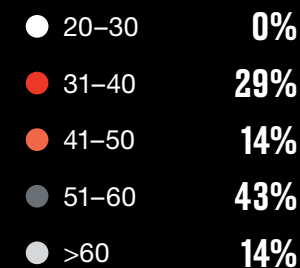
**RICHARD
FLINT****NON-EXECUTIVE DIRECTOR**

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 ten 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 company – Flutter Entertainment Plc, is the Chairperson of Butternut Box and was a former Non-Executive Director of Welcome to Yorkshire.

BOARD GENDER SPLIT



BOARD MEMBER AGE



VALUING HIGH STANDARDS

On behalf of the Board, I am pleased to introduce the Group's Corporate Governance Report for the financial year ended 31 December 2022.

The Board recognises the value and importance of high standards of corporate governance. We aim to apply these in a manner which is most suited to the Group's ambitions and culture, and best addresses the Board's accountability to shareholders and other stakeholders.

The Group voluntarily observes the requirements of the QCA Corporate Governance Code (the 'Code') as the Board feels that this Code is most appropriate for the Group's size and stage of development.

In this section of our report we have set out how our governance framework underpins our day-to-day activities and decisions, and provided further insight into how the Board and its Committees operate.

Dave Wilson
Chairman
11 April 2023

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 Group with the framework to help ensure that a strong level of governance is maintained, enabling the Group to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders.

PRINCIPLE 1

Establish a business strategy and business model which promote long-term value for shareholders

The Directors believe that the Group's business model and growth strategy helps to promote long-term value for Shareholders. The business strategy includes:

- Expansion into additional overseas jurisdictions (including the United States);
- Strategic acquisitions;
- Further enhance the monetisation of our existing portfolio of publication and platforms;
- Signing of larger deals on long-term campaigns;
- Growing headcount to enable the delivery of more content and scale our indirect revenue stream.

More details on our Growth Strategy can be found on pages 19 to 21.

The principal risks facing the Group are set out on pages 45 to 47. 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 Group's Executive Management undertook a roadshow which has informed the Group as to its shareholders' expectations following Admission.

There is 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, 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 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 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**

The Board is comprised of the Non-Executive Chairman, three Non-Executive Directors and three Executive Directors. Executive Directors work full time. The Chairman is contracted to work 36-48 days per annum. Other Non-Executive Directors are contracted to work 12 days per annum.

The biographies of the Directors are set out on page 49. The Non-Executive Chairman is Dave Wilson, and the Non-Executive Directors are Carol Kane, Alex Jarvis and Richard Flint. Alex and Richard are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board. The shareholdings held by Alex and Richard are immaterial and therefore based upon the judgement of the Board they are independent. Non-Executive Director independence will be reviewed annually.

The Board is also supported by the Audit Committee, the Remuneration Committee and the Nomination Committee. 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. In 2022 the Board met six times.

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 on page 49.

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, have 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.

The Board and Committees receive training as appropriate, including technical updates on the latest accounting, auditing, tax, and reporting developments. The balance of skills of the Board is reviewed at least on an annual basis. The Board has access to professional advisers at the Company's expense if necessary. The Board maintains its skillset through regular updates and training sessions provided by its advisors.

| Date of Board Meeting | Board Member Attendees |
|-----------------------|------------------------|
| 27 January 2022 | All Directors attended |
| 30 March 2022 | All Directors attended |
| 26 May 2022 | All Directors attended |
| 28 July 2022 | All Directors attended |
| 29 September 2022 | All Directors attended |
| 24 November 2022 | All Directors attended |

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.

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.

The Group's first Board evaluation took place in March 2023. Feedback is currently under consideration and improvement actions will be implemented in the current months.

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. Evidence of this can be found in our ESG report on pages 29 to 35.

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. 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 the Annual Report and accounts as well as its half year report as key communication channels through which progress in meeting 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.

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

NOMINATION COMMITTEE REPORT

Overview

Strategic
Report

Governance

Financials



“I AM PLEASED TO PRESENT THIS REVIEW OF THE ACTIVITIES OF THE NOMINATION COMMITTEE”.

CAROL KANE
CHAIR OF THE NOMINATION COMMITTEE

| Nomination Committee Member | Member Since |
|-----------------------------|--------------|
| Carol Kane (Chair) | 2021 |
| Dave Wilson | 2021 |
| Alex Jarvis | 2021 |
| Richard Flint | 2021 |

Key objectives

The Nomination Committee supports the Board in Executive and non-Executive succession planning. Our key objectives as a Nomination Committee are:

- ▶ To make sure the Board has individuals with the necessary range of skills and knowledge and diversity of experiences to lead the Company.
- ▶ To ensure that it is effective in discharging its responsibilities and overseeing appropriately all matters relating to corporate governance.

Key responsibilities

- ▶ Ensure succession plans are reviewed.
- ▶ Improve diversity on the Board and in the pipeline for senior management roles.
- ▶ Further strengthen the senior management team.

Key areas of focus in 2022

- ▶ Board and Committee composition and succession planning.

Key priorities in 2023

- ▶ Oversight of the Executive Leadership Team’s (ELT) development and succession planning.

I am pleased to present this review of the activities of the Nomination Committee during 2022. The Committee comprises four Non-Executive Directors: I act as Committee Chair, with my colleagues Dave Wilson, Alex Jarvis and Richard Flint as the other members. Alex and Richard are considered independent Directors. The shareholdings held by Alex and Richard are immaterial and therefore based upon the judgement of the Board they are considered independent. Dave Wilson and I are not

considered to be independent Directors due to our participation in the company’s share-based remuneration scheme.

The Terms of Reference for the Nomination Committee describe the role and responsibilities of the Committee more fully and can be found on our website.

The Nomination Committee has not held any meetings in the year, which is as expected given the Group was only formed in December 2021. It is expected that the first meetings of the Nomination Committee will be held in 2023.

Board changes in the year

There have been no Board changes in the year, as expected.

ELT succession planning

During 2022, the Board have monitored the changes to the organisational structure and approved changes to key leadership roles. During the year, the Board discussed succession plans for executives below Board level on a number of occasions. The Committee will continue to keep a watching brief on the market and potential talent and will continue to monitor the ELT and senior management talent pool to ensure that succession planning for business-critical roles is proactively reviewed and to ensure the development of a diverse pipeline for succession for the Board and the ELT.

Carol Kane
Chair of the Nomination Committee
11 April 2023

AUDIT COMMITTEE REPORT

Overview

Strategic
Report

Governance

Financials



**“I AM PLEASED TO PRESENT THE
AUDIT COMMITTEE REPORT
FOR THE FIRST FULL YEAR SINCE
THE GROUP’S LISTING.”**

ALEX JARVIS
CHAIR OF THE AUDIT COMMITTEE

4

**COMMITTEE
MEMBERS**

LBG Media Annual Report and Accounts 2022

Membership and Attendance

The members of the Audit Committee are the four Non-Executive Directors and I act as Chair. The Board is satisfied that the Audit Committee has sufficient relevant and recent financial experience. The Audit Committee members also have a wide range of executive experience to support our broader discussions about risk management.

Four Audit Committee meetings were held in the year, with the attendees indicated in the table below.

| Audit Committee Member | Number of Meetings Attended |
|------------------------|-----------------------------|
| A Jarvis (Chair) | 4 |
| R Flint | 3 |
| D Wilson | 4 |
| C Kane | 2 |

In addition to the Audit Committee members, the Executive Directors and other senior management are invited to attend the Committee meetings when relevant.

Aims of the Committee

The general aims of the Audit Committee are to:

- ▶ Increase shareholder confidence in, and the credibility and objectivity of, published financial information;
- ▶ Ensure that the financial performance, position and prospects of the Group are properly monitored and reported on;
- ▶ Assist the Board in meeting its financial reporting responsibilities and ensure that the Group’s published financial statements comply with all applicable statutory requirements and accounting standards;
- ▶ Support the independent position of the auditor by providing channels of communication between them and the Non-Executive Directors; and
- ▶ Review the performance of the auditor.

The Audit Committee’s activities are guided by its terms of reference, which were reviewed during the year to ensure they remain fit for purpose. The terms of reference are available on the Group’s website.

Performance against aims in 2022

The primary challenge in 2022 related to external market conditions and their impact on the reliability of forecasts as the year progressed. This was exacerbated by the seasonal weighting of advertising spend to the fourth quarter. The forecasting methodology was reviewed in detail by management at the end of 2022 and has been strengthened for 2023.

AUDIT COMMITTEE REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Significant issues

The Committee, external auditors and management considered the following issues to be significant in relation to the 2022 financial statements:

| Matters considered | Conclusion |
|---------------------|---|
| Revenue recognition | The Committee has continued to challenge management on the appropriateness of the revenue recognition policies, including assessing the risks of the revenue reporting processes used by the Group's largest platform client. |
| Going concern | The Committee has discussed Going Concern with management and has concluded that it was appropriate to produce the accounts on a Going Concern basis. |
| Adjusting items | The Committee reviewed the accounting treatment of the items listed in note 6 and assessed management's view that they are appropriate in relation to the size and/or nature of the Group to be treated as adjusting items. |

External audit

The Audit Committee monitors the independence and objectivity of the external auditor, BDO. It is our policy that BDO is not engaged to perform any non-audit services following the IPO. As Chair, I meet with the auditor without the presence of the Executive Directors at least once a year and maintain an open channel between the auditor and the Non-Executive Directors. BDO has been the Company's auditor since year-end 2020 and the Committee is satisfied with its independence

and effectiveness. The policy of the Committee is to open external audit services to tender at least every ten years.

In addition to the full-year audits, the Audit Committee asked the auditor to provide an Interim Review Report for the financial statements for the half-year period ended 30 June 2022. Although the review procedures were less extensive than those performed at audit, the Committee considered it valuable to be able to have a detailed discussion with the auditor at the half-year point, given that 2022 was the Group's first full year on the market.

Internal audit

The Company does not currently have an internal audit function. During the year, the Audit Committee discussed the merits of establishing such a function or engaging the services of a third party internal audit provider in the future. In early 2023, the Committee has started to consider the route-map towards establishing an internal audit programme.

Whistleblowing and Anti-Bribery and Corruption

The Committee reviewed the Company's whistleblowing and anti-bribery and corruption policies and procedures and considered them to be adequate and operating effectively. No whistleblowing reports or reports of non-compliance have been received by the Committee.

Alex Jarvis

Chair of the Audit Committee

11 April 2023

REMUNERATION COMMITTEE REPORT



“ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT THE COMPANY’S REMUNERATION REPORT FOR 2022, WHICH SETS OUT THE REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR, AND HOW REMUNERATION WILL OPERATE IN 2023.”

RICHARD FLINT
CHAIR OF THE REMUNERATION COMMITTEE

Following the transition from a private to a listed company, the Remuneration Committee has continued to develop remuneration in a way that encourages strong operational and financial performance to support the achievement of overall business objectives. The four main elements of

the remuneration package continue to be base salary, benefits, a cash-based annual bonus and a long-term share incentive. Details on each of these elements are set out in this report.

Annual bonus outcomes for 2022

No bonus was awarded to the Directors in relation to the performance within 2022. Whilst the business performance was strong in the final quarter of 2022, the annual targets were not achieved and therefore no bonus was paid. The Directors received a bonus payment in February 2022, which was in relation to the 2021 Group performance.

All-employee share awards

To promote retention of talent in a highly competitive market and alignment with shareholder value we granted a tax advantaged free share award of value up to £3,600 to all UK employees during the year under the Company’s Share Incentive Plan, as well as awards of shares of equivalent value (as far as permitted by local laws and regulations) and a top-up cash payment, where applicable, to overseas employees in Australia and Ireland.

Executive Director salary increases for 2023

The Remuneration Committee recognises the need to exhibit restraint regarding executive remuneration, particularly in the context of the current cost of living crisis and inflationary pressures which are having a significant adverse impact on our employees and broader stakeholders. In this context, no inflationary salary increases were awarded to the Executive Directors in 2023.

I hope that you find the information in this report helpful and informative, and I look forward to receiving feedback from our investors on the information presented. The Remuneration Committee would like to thank shareholders for their input and engagement throughout the year and we welcome any comments or questions that you may have on this report or generally in relation to the Company’s remuneration. If so please contact me via the Company Secretary.

Richard Flint

Chair of the Remuneration Committee
11 April 2023

Remuneration policy

Composition of the Committee

The Committee members since IPO have been Richard Flint (Chair), David Wilson, Carol Kane and Alexandra Jarvis. The Committee will normally meet three times a year to review the remuneration of the Executive Directors.

Remuneration policy

The Committee’s overall approach is focused on ensuring the Company’s remuneration policy is aligned with shareholders’ interests whilst also enabling the Company to attract, retain and motivate high quality executive management. The key objectives of the Company’s remuneration policy are to:

- ▶ align Executive and shareholder interests;
- ▶ underpin an effective pay-for-performance culture; and
- ▶ support retention, motivation and recruitment of talented people.

REMUNERATION COMMITTEE REPORT CONTINUED

Remuneration policy continued

The table below summarises the key elements of the remuneration policy for Executive Directors

| Element and link to strategy | Operation | Maximum potential value | Performance conditions |
|--|---|--|--|
| <p>Base salary and benefits</p> <p>Supports the recruitment and retention of Executive Directors, reflecting their roles skills and experience.</p> | <p>Salaries are reviewed annually and any changes are normally effective from 1 January in the financial year.</p> <p>The Executive Directors receive benefits which include, but are not limited to, family private health cover, death in service life assurance and travel expenses for business-related travel.</p> | <p>Base salaries will be set at an appropriate level with a comparator group of comparable sized listed companies and will normally increase with increases made to the wider employee workforce.</p> <p>The value of benefits are not capped.</p> | N/A |
| <p>Pension</p> <p>Supports recruitment and retention of Executive Directors.</p> | <p>The Committee retains discretion to provide pension funding in the form of a salary supplement or a direct contribution to a pension scheme. Any salary supplement would not form part of the salary for the purposes of determining the extent of participation in the Company's incentive arrangements.</p> | <p>Pension funding for the Executive Directors is aligned with the wider workforce, currently equal to 3% of base salary.</p> | N/A |
| <p>Annual bonus</p> <p>Rewards the Executive Directors for delivering on key strategic and financial goals, encouraging sustainable performance of the business.</p> | <p>Annual bonuses are paid in cash, with no deferral into shares.</p> | <p>Maximum opportunity of 75% of base salary.</p> | <p>The annual bonus is based on a blend of financial and non-financial metrics which are aligned to the business strategy.</p> |
| <p>LBG Media plc Long Term Incentive Plan ('LTIP')</p> <p>To incentivise and reward long-term performance and value creation. To align the interests of Executives and shareholders in the long term.</p> | <p>LTIP awards are granted annually.</p> <p>LTIP awards will vest at the end of a three-year period subject to the Executive Directors' continued employment and satisfaction of the performance conditions.</p> | <p>Maximum opportunity of 675% of base salary.</p> | <p>The LTIP awards are subject to financial targets measured over three financial years.</p> |
| <p>LBG Media plc Share Incentive Plan ('SIP')</p> <p>To encourage equity ownership across all employees and create a culture of ownership.</p> | <p>The Company offers a HMRC approved SIP scheme for all employees. The operation of this plan will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.</p> | <p>Maximum permitted based on HMRC limits from time to time.</p> | N/A |
| <p>LBG Media plc Save As You Earn Plan ('SAYE')</p> <p>To encourage equity ownership across all employees and create a culture of ownership.</p> | <p>The Company intends to implement a SAYE scheme for all employees. The operation of these plans will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.</p> | <p>Maximum permitted based on HMRC limits from time to time.</p> | N/A |

REMUNERATION COMMITTEE REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Non-Executive Directors

The Non-Executive Directors have entered into letters of appointment with the Company, which may be terminated by either party giving one month's written notice. The Non-Executive Directors' fees are determined by the Board.

Annual Report on Remuneration

The following table summarises the total gross remuneration of the Directors who served during the year to 31 December 2022 (2021: 1 month period). Note that the Executive Directors waived their salary in the final 4 months of 2022, coinciding with the restructuring process. The benefits for the Directors relate to private medical health insurance.

| | Salary / fee £'000 | | Benefits £'000 | | Pension £'000 | | Bonus £'000 | | Total £'000 | |
|--------------------------------|--------------------|------|----------------|------|---------------|------|-------------|------|-------------|------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Executive Directors | | | | | | | | | | |
| Alexander Solomou | 175 | 43 | 1 | – | – | – | – | – | 176 | 43 |
| Arian Kalantari | 158 | 13 | 1 | – | – | – | – | – | 159 | 13 |
| Timothy Croston | 158 | 20 | 3 | – | 5 | 1 | – | 200 | 166 | 221 |
| Non-Executive Directors | | | | | | | | | | |
| David Wilson | 150 | 8 | – | – | – | – | – | – | 150 | 8 |
| Richard Flint | 70 | 4 | – | – | – | – | – | – | 70 | 4 |
| Carol Kane | 70 | 4 | – | – | – | – | – | – | 70 | 4 |
| Alexandra Jarvis | 70 | 4 | – | – | – | – | – | – | 70 | 4 |

Annual Bonus

Based on the performance during the year, the Committee determined that the Executive Directors achieved an annual bonus payout of 0% of maximum opportunity in 2022.

REMUNERATION COMMITTEE REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Long term incentive awards

As detailed in the 2021 Annual Report, following the IPO long term incentive awards were granted to the Executive Directors on 22 December 2021. The awards were granted by way of a nil cost option and an acquisition of shares in LBG Holdco Limited, and are subject to performance conditions to be measured over the period to 31 December 2024. Details of these awards are set out in the table below.

No LTIP awards were granted during 2022 to the Executive or Non-Executive Directors. Note 20 has a list of 2022 share schemes.

Director share interest

| | Long Term Incentive Plan - Executive Directors | | Non-Executive Director Awards | Non-Executive Director Awards | Total in share schemes | Share holdings held | Total interest in shares |
|----------------------|--|-----------------|-------------------------------|-------------------------------|------------------------|---------------------|--------------------------|
| | <i>Vested</i> | <i>Unvested</i> | <i>Vested</i> | <i>Unvested</i> | | | |
| Dave Wilson | – | – | – | 1,030,527 | 1,030,527 | 398,044 | 1,428,571 |
| Carol Kane | – | – | – | 1,428,571 | 1,428,571 | – | 1,428,571 |
| Alex Jarvis | – | – | – | – | – | 23,920 | 23,920 |
| Richard Flint | – | – | – | – | – | 57,142 | 57,142 |
| Alex “Solly” Solomou | – | 321,428 | – | – | 321,428 | 86,677,999 | 86,999,427 |
| Arian Kalantari | – | 289,284 | – | – | 289,284 | 5,544,286 | 5,833,570 |
| Tim Croston | – | 289,284 | – | – | 289,284 | 943,454 | 1,232,738 |
| Total | | 899,996 | | 2,459,098 | 3,359,094 | 93,644,845 | 97,003,939 |

REMUNERATION COMMITTEE REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Implementation of remuneration policy in 2023

We summarise below the Executive Director salaries, pension levels and incentive opportunities for 2023:

Base salary

Alexander Solomou: £262,500

Arian Kalantari: £236,250

Timothy Croston: £236,250

Pension funding

3% of base salary.

Annual bonus

The maximum bonus opportunity for the Executive Directors will be 75% of salary.

Bonus awards will be determined based on performance against stretching financial and strategic targets. The actual performance targets are not disclosed as they are considered to be commercially sensitive.

Bonus awards will be paid in cash.

LTIP

In line with our Remuneration Policy, the Committee intends to grant an LTIP award to each of the Executive Directors during the course of 2023. Further details will be set out in an RNS at the time of grant.

Non-Executive Director fees for 2023

Chair fee: £150,000

Non-Executive Director fee: £70,000

Attendance at Remuneration Committee meetings

The Committee met two times in 2022, and all relevant Committee members were present at every meeting.

Richard Flint

Chair of the Remuneration Committee

11 April 2023

DIRECTORS' REPORT

Overview

Strategic
Report

Governance

Financials

The Directors present their report together with the audited financial statements of the Group and the Parent Company (the 'Company') for the year ended 31 December 2022.

Principal activities

The principal activity of the Group continued to be that of an online media publisher.

Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties and comments on future developments, is given in the Strategic Report.

Key performance indicators ('KPIs')

Details of our key performance indicators can be found in the CFO Report on pages 41 to 44.

Results and dividends

The Group recorded revenue in the year of £62.8m (2021: £54.5m) and profit after tax of £5.4m (2021: £5.2m).

No dividends £nil (2021: £nil) were declared, proposed or paid in the year.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

| Name of Director | Date appointed |
|------------------|------------------|
| A Solomou | 21 October 2021 |
| A Kalantari | 7 December 2021 |
| T Croston | 25 November 2021 |
| D Wilson | 7 December 2021 |
| A Jarvis | 7 December 2021 |
| R Flint | 7 December 2021 |
| C Kane | 7 December 2021 |

All the Directors are subject to election by the shareholders at the forthcoming Annual General Meeting following their appointment during the year.

The Directors who held office during the year and at 31 December 2022, had the following interests in the Ordinary shares of the Company.

| Name of Director | Number |
|------------------|------------|
| A Solomou | 86,677,999 |
| A Kalantari | 5,544,286 |
| T Croston | 943,454 |
| D Wilson | 398,044 |
| R Flint | 57,142 |
| A Jarvis | 23,920 |

In addition to the interests in Ordinary shares shown above, the Group operates a number of option incentive plans. Certain employees and Directors of the Company were granted share options under these plans, further details of which can be found in the Remuneration Report on page 58.

The market price of the Company's shares at the end of the financial year was 121.50p (2021: 198.25p) and the range of prices during the year ended 31 December 2022 was between 51.00 and 206.50p. During the year, A. Solomou purchased a further 950,000 shares and A. Jarvis purchased a further 12,492 shares in the Group.

Details on related party transactions with Directors are provided in Note 24 of the Group financial statements.

Directors' indemnities and insurance

The Company has made qualifying third-party indemnity provisions for the benefit of the Directors, which were in force during the year and up to the date of this report.

Substantial shareholdings

As at 31 March 2023, the Company has been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests in 3% or more of its voting rights:

| Director | % |
|---|--------|
| Solo Investments Holdings Limited (wholly owned by A Solomou) | 41.99% |
| Makkma Investments Limited | 20.21% |
| abrdn | 6.88% |
| Canaccord Genuity Inc | 4.22% |
| Slater Investments | 3.83% |

Subsequent events

Details of subsequent events are disclosed in Note 26.

DIRECTORS' REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Financial risk management

Information relating to the principal risks and uncertainties of the Group are included within the Strategic Report. The financial risk management policies are disclosed within Note 22.

Employees

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in its performance. Further details are disclosed within the S172 statement on page 36.

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Engagement with suppliers, customers and others in a business relationship with the Company

Details of how Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year are disclosed within the S172 statement on page 36.

Political donations

The Directors confirm that no donations for political purposes were made during the year £nil (2021: £nil).

Share capital and voting

The Company has one class of equity share, namely £0.001 Ordinary shares. The Ordinary shares have full voting, dividend and capital distribution rights, including on winding up. They are non-redeemable. The rights and obligations attaching to these shares are governed by the Companies Act 2006 and the Company's Articles.

As at 31 December 2022, the Company's issued share capital comprised 205,714,289 Ordinary £0.01 shares totalling £205,714.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website at www.lbgmedia.co.uk.

Corporate Governance

The Group's statement on Corporate Governance can be found in the Corporate Governance Report which is incorporated by reference and forms part of this Directors' Report.

Going concern

The Company generated profit after tax of £5.4m during the year ended 31 December 2022 (2021: £5.2m) and, at that date, the Company's total assets exceeded its total liabilities by £61.2m (2021: £52.3m) and it had net current assets of £43.8m (2021: £37.0m).

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future.

The Directors have considered the principle risks and uncertainties with respect to their assessment of going concern, none of which in the opinion of the Directors give rise to specific risk to the going concern status of the company. In particular reliance on key individuals and relationships with social media platforms do not give rise to any concerns with respect to projected trading in the forthcoming 12 months.

The appalling and concerning events in Ukraine have affected us all on a personal basis. As a Group we have no significant revenue or costs associated with Russia or Ukraine. We will continue to closely monitor the ongoing situation and impact on the Group. We will also continue to monitor the increased inflation rate and potential impending recession and the impact this may have on the Group.

Whilst acknowledging the negative impact that the covid-19 pandemic may continue to have on the UK economy for 2023 and beyond, having consulted with stakeholders extensively during the last few years, including banks, staff and customers, the Directors consider the Group to be in a strong and well prepared position and are confident in the market outlook.

DIRECTORS' REPORT CONTINUED

Overview

Strategic Report

Governance

Financials

Going concern continued

The Group will continue to monitor the latest position regarding country restrictions on TikTok. Whilst the Group has grown significant audiences on TikTok the platform is currently is not contributing significantly to revenue or costs.

Given the significant cash reserves within the Group and the strong net current and total net asset position, there is not considered to be a plausible scenario where the Group would cease to trade as a going concern within 12 months of the date of these financial statements. The Directors have run an extreme downside sensitivity scenario at 30% of forecast 2023 revenue and including the current cash balance the Group would still have sufficient cash beyond 30 June 2024.

Streamlined Energy and Carbon Report ('SECR')

The Streamlined Energy and Carbon Reporting ('SECR') regulations were implemented on 1 January 2020. This report considers relevant energy and carbon usage for the period from 1 January 2022 to 31 December 2022. The information in this report relates to the UK territory only.

To calculate the information in the tables presented below, management have used source documents such as travel expenses and invoices to make reliable calculations of CO₂ emissions and energy consumption.

Reporting parameters

The reporting parameters are the financial year ended 31 December 2022 and cover the operations of the Company. The main energy usage for the Company is grid electricity within the offices, given there is no requirement for further energy usage.

The reporting intensity ratio used is tonnes of CO₂ emissions per £k turnover. It is considered that this provides the best representation of activity, in line with other SECR reporting and industry standards.

| Energy consumption and greenhouse gas emissions | kWh/annum (year ended 31/12/2022) | kWh/annum (year ended 31/12/2021) |
|---|-----------------------------------|-----------------------------------|
| Total electricity and gas | 190,838 | 88,519 |
| Total transport | 259,052 | 10,286 |
| Total | 449,890 | 98,805 |

Increase in kWh year on year due to the covid-19 impact on the prior period causing a reduction in office use and travel across the business.

Note that all of the emissions above are scope 2. There are no scope 1 emissions. Further, electricity and gas emissions are combined as these records are received combined from the landlords of the properties occupied in the UK.

We have not taken any measures to increase energy efficiency in the year.

Intensity ratio

The energy intensity metric being reported is tCO₂e/£k turnover and the results are shown opposite.

| | Emissions kgCO ₂ e/annum | Turnover, £k | Intensity ratio tCO ₂ e/£k turnover |
|--------------------------|--|--------------|--|
| Year ended 31/12/2022 | 104,888 | 62,809 | 0.1670% |
| Year ended 31/12/2021 | 92,877 | 54,502 | 0.1704% |

Disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

Independent auditor

The auditor, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

The Directors' Report was approved on behalf of the Board on 20 April 2022.

By order of the Board

Tim Croston
Chief Financial Officer
11 April 2023

20 Dale Street, Manchester, M1 1EZ
Registered number: 13693251

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Overview

Strategic
Report

Governance

Financials

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, ensuring the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Tim Croston
Chief Financial Officer

11 April 2023

20 Dale Street
Manchester
M1 1EZ

Registered number: 13693251

Overview

Strategic
Report

Governance

Financials

Financials

| | |
|--|-----|
| Independent Auditor's Report | 68 |
| Consolidated Statement of Comprehensive Income | 77 |
| Consolidated Statement of Financial Position | 78 |
| Consolidated Statement of Cash Flows | 79 |
| Consolidated Statement of Changes in Equity | 80 |
| Notes to the Financial Statements | 81 |
| Company Balance Sheet | 115 |
| Company Statement of Changes in Equity | 116 |
| Notes to the Company Financial Statements | 117 |
| Glossary of Terms | 123 |
| Shareholder Information | 124 |

INDEPENDENT AUDITOR'S REPORT

Overview

Strategic
Report

Governance

Financials

Opinion on the financial statements

In our opinion:

- ▶ the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- ▶ the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- ▶ the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of LBG Media PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated statement of total Comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated and statement of changes, notes to the financial statements, the Company balance sheet, the Company statement of changes in equity, and the notes to the Company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

We obtained the Directors' assessment that supports the Board's conclusions with respect to going concern and performed the following:

- ▶ We challenged the rationale for the assumptions utilised in the forecasts, using our knowledge of the business and the sector and wider commentary available from stock market analysts;
- ▶ We considered the appropriateness of the Directors' forecasts by testing their mathematical accuracy, assessing historical forecasting accuracy and understanding the Directors' consideration of downside sensitivity analysis and reverse stress testing;
- ▶ We re-performed sensitivities on the Directors' base case and stressed case scenarios, considered the likelihood of these occurring and understood and challenged the mitigating actions the Directors' would take under these scenarios; and
- ▶ We assessed the going concern disclosures against the requirements of the accounting standards, and assessed the consistency of the disclosures with the Directors' forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Overview

| | |
|--------------------------|--|
| Coverage | 100% (2021: 99%) of Group profit before tax |
| | 98% (2021: 98%) of Group revenue |
| | 94% (2021: 99%) of Group total assets |
| Key audit matters | The key audit matter in 2022 and 2021 was considered to be Revenue Recognition. |
| Materiality | Group financial statements as a whole |
| | £360k (2021: £655k) based on 5% (2021: 5%) of profit before tax (2021: profit before tax adjusted for initial public offering ('IPO') related costs incurred) |

An overview of the scope of our audit

The Group operates predominantly from the UK, with operations in Australia, Ireland, New Zealand and the USA.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's systems of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's main trading entity being LADbible Group Limited and the Parent Company which were considered to be the significant components. Full scope audits were performed on these components by the Group engagement team.

- the Parent Company,
- LADbible Group Limited.

In addition to the above, one component of the Group, LADbible Australia Pty Limited, was subject to specified audit procedures by the Group engagement team. Review procedures were performed on the financial information of the remaining non-significant components of the Group, also by the Group engagement team.

At Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter

Revenue recognition

Refer to Note 2 – Revenue recognition accounting policy, Note 4 Revenue, and Note 14 Trade receivables, in relation to accrued income.

The Group has a number of revenue streams as detailed at Note 2, each of which contain different performance obligations with regard to the appropriate revenue recognition under IFRS 15 Revenue from Contracts with Customers, which has led to our assessment of this being a Key Audit Matter.

We have assessed that the risk of material misstatement could arise from:

- ▶ An inappropriate use of manual journals in revenue, in relation to all revenue streams;
- ▶ The existence and accuracy of Indirect revenues recognised including the reliance placed on external data by the Directors within certain revenue streams that confirms the number of views of videos on social media and views of advertisements on websites;
- ▶ The existence and accuracy of revenue recognised throughout the year in respect of Direct revenue; and
- ▶ Improper revenue recognition before completion of performance obligations, specifically with a focus on revenue recognised around the year end.

How the scope of our audit addressed the key audit matter

The audit procedures included the following:

- ▶ For a sample of journal entries recorded in revenue throughout the year, we assessed the validity of the transactions by agreeing them to source documentation;
- ▶ We checked a sample of Direct revenue recognised by performance obligation during the year and either side of year end to contracts with customers to ensure revenue was accurately recognised. We further checked the confirmation of the delivery of the obligations in the year to ensure revenue was recognised in the correct period;
- ▶ We checked a sample of accrued income balances at the year end to supporting documentation. This included checking that the revenue and accrued revenue was recorded in the correct period with procedures such as: agreeing to proof of obligation delivery, agreeing to contractual terms, confirming customer acceptance and subsequent invoicing as well as receipt of cash;
- ▶ For a sample of Indirect revenue recognised during the year, and for a sample focusing on the period either side of year end, we obtained external third party statements to confirm that revenue was recognised in the correct period; and
- ▶ We challenged those charged with governance on revenue streams where management place reliance on third party data, as explained in Note 2, by performing our own assessment of the reliability of related amounts due from the customers by agreeing to third party confirmation of revenue and cash receipt, as well as reviewing contractual terms for any matters impacting revenue recognition, to check the appropriateness of recognition of revenue based on third party data.

Key observations:

Based on the procedures performed, we found management's revenue recognition policy to be in line with the requirements of applicable accounting standards and the recognition of revenue in the year to be appropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| | Group financial statements | | Parent Company financial statements | |
|--|--|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Materiality | £360,000 | £655,000 | £140,000 | £300,000 |
| Basis for determining materiality | Set based on 5% of profit before tax | Set based on 5% of profit before tax adjusted for IPO related costs | Set based on 39% of Group Materiality | Set based on 46% of Group Materiality |
| Rationale for the benchmark applied | We consider profit before tax to be the most relevant measure for users of the financial statements. | We consider adjusted profit before tax to be the most relevant measure for users of the financial statements. Due to the initial public offering during the year, significant costs have been incurred and recognised as adjusting items. We have considered these costs to be appropriate to add back to profit before tax in calculating materiality on the basis that these costs are one-off items incurred in the current year. | As the Parent Company does not trade and acts as an investment holding company, calculating materiality based on a total gross or net asset basis would give rise to a materiality significantly in excess of Group materiality. We have utilised a materiality at 39% of Group materiality, to reduce aggregation risk when considering the materiality thresholds applied to each of the 2 significant components of the audit. | As the Parent Company does not trade and acts as an investment holding company, calculating materiality based on a total gross or net asset basis would give rise to a materiality significantly in excess of Group materiality. We have utilised a materiality at 46% of Group materiality, to reduce aggregation risk when considering the materiality thresholds applied to each of the 3 significant components of the audit. |

INDEPENDENT AUDITOR'S REPORT CONTINUED

Our application of materiality continued

| | Group financial statements | | Parent Company financial statements | |
|--|--|---|--|---|
| | 2022 | 2021 | 2022 | 2021 |
| Performance materiality | £252,000 | £426,000 | £98,000 | £195,000 |
| Basis for determining performance materiality | <p>70% of materiality</p> <p>This was considered appropriate based on:</p> <ul style="list-style-type: none"> - cumulative knowledge of the Group - degree of estimation in financial statements - the trade of the Group being contained in two principal trading companies and one principal holding company. | <p>65% of materiality</p> <p>This was considered appropriate based on:</p> <ul style="list-style-type: none"> - cumulative knowledge of the Group - degree of estimation in financial statements - the trade of the Group being contained in two principal trading companies and one principal holding company, and; - the initial public offering in the year. | <p>70% of materiality</p> <p>This was considered appropriate based on:</p> <ul style="list-style-type: none"> - cumulative knowledge of the Group - degree of estimation in financial statements - the trade of the Group being contained in two principal trading companies and one principal holding company. | <p>65% of materiality</p> <p>This was considered appropriate based on:</p> <ul style="list-style-type: none"> - cumulative knowledge of the Group - degree of estimation in financial statements - the trade of the Group being contained in two principal trading companies and one principal holding company, and; - the initial public offering in the year. |

Component materiality

Aside from the Parent Company whose materiality is detailed above, the Group has one other significant component. Materiality for the significant component was allocated based on a percentage of 90% of the Group materiality which was dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality therefore was set at £324,000. In the audit of the component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £7,200 (2021: £13,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the Parent Company financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of Directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Annual Report and the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, UK adopted international accounting standards and UK Companies Act 2006; those that relate to the payment of employees; and industry related such as compliance with infringement and defamation legislation, data protection and advertising standards legislation. Our audit procedures included, but were not limited to:

- ▶ holding discussions with those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- ▶ reviewing minutes of Board meetings for instances of non-compliance with laws and regulation and fraud;
- ▶ reviewing a sample of legal costs incurred and any known legal correspondence throughout the year for instances of non-compliance with laws and regulation;

obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

INDEPENDENT AUDITOR'S REPORT CONTINUED

Overview

Strategic
Report

Governance

Financials

Extent to which the audit was capable of detecting irregularities, including fraud continued

- ▶ challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of goodwill and other intangibles, and assessment of control over Pubity Group Ltd;
- ▶ identifying and testing journal entries to source documentation, in particular any journal entries posted with unusual account combinations or including specific keywords to supporting documentation;
- ▶ performing the procedures set out in the key audit matters section above in response to the risk of fraud in revenue recognition;
- ▶ incorporating an element of unpredictability into the audit procedures, by testing a sample of immaterial employee expenses incurred in the year to supporting documentation to assess the validity, and performing revenue recognition testing within an insignificant component of the group;
- ▶ agreeing the financial statement disclosures to underlying supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graham Ellis (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Manchester

11 April 2023

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Year ended 31 December 2022 £'000 | Year ended 31 December 2021 £'000 |
|---|------|---|---|
| Revenue | 4 | 62,809 | 54,502 |
| Net operating expenses | 6 | (55,810) | (46,255) |
| Expected credit loss reversal | 14 | 467 | - |
| Operating profit | | 7,466 | 8,247 |
| Analysed as: | | | |
| Adjusted EBITDA ¹ | | 15,682 | 16,757 |
| Depreciation | 11 | (1,633) | (1,332) |
| Amortisation | 10 | (804) | (793) |
| Share based payment charge | 20 | (3,552) | (1,527) |
| Adjusting items | 6 | (2,227) | (4,858) |
| Operating profit | | 7,466 | 8,247 |
| Finance income | 8 | 18 | 26 |
| Finance costs | 8 | (161) | (258) |
| Net finance costs | | (143) | (232) |
| Share of post-tax profits of equity accounted joint venture | 13 | - | 115 |
| Profit before taxation | | 7,323 | 8,130 |
| Income tax expense | 9 | (1,976) | (2,899) |
| Profit for the financial year attributable to equity holders of the company | | 5,347 | 5,231 |
| Currency translation differences (net of tax) | | 29 | - |
| Profit and total comprehensive income for the financial year attributable to equity holders of the company | | 5,376 | 5,231 |
| Basic earnings per share (pence) | 7 | 2.6 | 3.0 |
| Diluted earnings per share (pence) | 7 | 2.5 | 3.0 |

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Overview

Strategic Report

Governance

Financials

| | Note | As at 31 December 2022 £'000 | As at 31 December 2021 £'000 |
|--|------|------------------------------------|------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill and other intangible assets | 10 | 15,436 | 14,558 |
| Property, plant and equipment | 11 | 3,670 | 3,705 |
| Investments in equity-accounted joint ventures | 13 | 359 | 359 |
| Other receivables | 14 | 592 | 469 |
| Deferred tax asset | 19 | 260 | – |
| Total non-current assets | | 20,317 | 19,091 |
| Current assets | | | |
| Trade and other receivables | 14 | 20,370 | 15,153 |
| Current tax asset | | 378 | – |
| Cash and cash equivalents | 15 | 29,268 | 34,338 |
| Total current assets | | 50,016 | 49,491 |
| Total assets | | 70,333 | 68,582 |
| Equity | | | |
| Called up share capital | 21 | 206 | 206 |
| Share premium reserve | | 28,993 | 28,993 |
| Accumulated exchange differences | | 29 | – |
| Retained earnings | | 31,998 | 23,082 |
| Total equity | | 61,226 | 52,281 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Non-current lease liability | 12 | 1,960 | 2,648 |
| Provisions | 18 | 540 | 209 |
| Deferred tax liability | 19 | 394 | 920 |
| Total non-current liabilities | | 2,894 | 3,777 |
| Current liabilities | | | |
| Current lease liability | 12 | 1,282 | 1,111 |
| Trade and other payables | 16 | 4,295 | 11,209 |
| Current tax liabilities | | 636 | 204 |
| Total current liabilities | | 6,213 | 12,524 |
| Total liabilities | | 9,107 | 16,301 |
| Total equity and liabilities | | 70,333 | 68,582 |

The notes on pages 81 to 114 are an integral part of these financial statements.

The financial statements on pages 77 to 114 were approved by the Board of Directors and authorised for issue on 11 April 2023, and were signed on its behalf by:

Tim Croston
Chief Financial Officer

Registered number: 13693251

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Year ended 31 December 2022 £'000 | Year ended 31 December 2021 £'000 |
|---|------|---|---|
| Net cash flow from operating activities | | | |
| Profit for the financial year | | 5,347 | 5,231 |
| Income tax | | 1,976 | 2,899 |
| Net interest expense | 8 | 143 | 232 |
| Share of post-tax profits of equity accounted joint venture | | – | (115) |
| Operating profit | | 7,466 | 8,247 |
| Depreciation charge | 11 | 1,633 | 1,332 |
| Amortisation of intangible assets | 10 | 804 | 793 |
| Share based payments | 20 | 3,552 | 1,527 |
| Loss on disposal | | 21 | – |
| Decrease in Directors' loan account | | – | 53 |
| Provisions | | – | 3 |
| Increase in trade and other receivables | | (5,210) | (2,730) |
| (Decrease) / increase in trade and other payables | | (6,971) | 3,779 |
| Cash generated from operations | | 1,295 | 13,004 |
| Tax paid | | (2,693) | (678) |
| Net cash generated from operating activities | | (1,398) | 12,326 |
| Cash flows from investing activities | | | |
| Purchase of intangible assets | 10 | (1,675) | (295) |
| Purchase of property, plant and equipment | 11 | (544) | (353) |
| Repayment of loan | | – | 1,204 |
| Loans to Directors | | – | (2,700) |
| Repayment of loan by Directors | | – | 2,700 |
| Net cash used in investing activities | | (2,219) | 556 |
| Cash flows from financing activities | | | |
| Repayment of borrowings | 17 | – | (13,200) |
| Lease payments | 17 | (1,227) | (1,055) |
| Lease deposits paid | | (105) | – |
| Costs incurred on IPO charged to share premium | | – | (990) |
| Proceeds from share issue | 21 | – | 30,000 |
| Proceeds from share options vested | | – | 14 |
| Interest paid | 17 | (121) | (250) |
| Net cash used in financing activities | | (1,453) | 14,519 |
| Net (decrease)/increase in cash and cash equivalents | | (5,070) | 27,401 |
| Cash and cash equivalents at the beginning of the year | 15 | 34,338 | 6,937 |
| Cash and cash equivalents at the end of the year | 15 | 29,268 | 34,338 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Note | Share capital £'000 | Share premium £'000 | Accumulated exchange differences £'000 | Retained earnings £'000 | Total equity £'000 |
|--|------|------------------------|------------------------|--|----------------------------|-----------------------|
| Balance as at 1 January 2021 | | – | 63 | – | 14,154 | 14,217 |
| Profit for the financial year | | – | – | – | 5,231 | 5,231 |
| Total comprehensive income for the year | | – | – | – | 5,231 | 5,231 |
| Share based payments | 20 | – | – | – | 1,527 | 1,527 |
| Deferred tax on share options | | – | – | – | (318) | (318) |
| Current tax deduction on exercise of share options | | – | – | – | 2,600 | 2,600 |
| Initial public offering – IPO costs to share premium | | – | (990) | – | – | (990) |
| Shares issued on incorporation | | – | – | – | – | – |
| Share for share exchange and capital reduction | | 302 | – | – | (302) | – |
| Exercise of share options | | 14 | – | – | – | 14 |
| Share issue on IPO | | 17 | 29,983 | – | – | 30,000 |
| Share repurchase and reduction of share premium | | (127) | (63) | – | 190 | – |
| Total transactions with owners, recognised directly in equity | | 206 | 28,930 | – | 3,697 | 32,833 |
| Balance as at 31 December 2021 and 1 January 2022 | | 206 | 28,993 | – | 23,082 | 52,281 |
| Profit for the financial year | | – | – | – | 5,347 | 5,347 |
| Currency translation differences (net of tax) | | – | – | 29 | – | 29 |
| Total comprehensive income for the year | | – | – | 29 | 5,347 | 5,376 |
| Share based payments | 20 | – | – | – | 3,552 | 3,552 |
| Deferred tax on share options | | – | – | – | 17 | 17 |
| Total transactions with owners, recognised directly in equity | | – | – | – | 3,569 | 3,569 |
| Balance as at 31 December 2022 | | 206 | 28,993 | 29 | 31,998 | 61,226 |

NOTES TO THE FINANCIAL STATEMENTS

Overview

Strategic
Report

Governance

Financials

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.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial information has been prepared on a going concern basis under the historical cost convention, in accordance with UK adopted international accounting standards.

The financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

New standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- ▶ Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- ▶ Definition of Accounting Estimates (Amendments to IAS 8); and
- ▶ Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- ▶ IFRS 16 Leases (Amendment to Liabilities in a Sale and Leaseback);
- ▶ IAS 1 Presentation of Financial Statements (Amendment to Classification of Liabilities as Current or Non-current)
- ▶ IAS 1 Presentation of Financial Statements (Amendment to Non-current Liabilities with Covenants)

There is no material impact expected to the Group as a result of new standards. Amendments for periods following 1 January 2024 are not yet UK endorsed.

Initial public offering ('IPO')

The Company's shares were admitted to trading on the Alternative Investment Market ('AIM'), a market operated by the London Stock Exchange, on 15 December 2021. These financial statements are the Company's second subsequent to its admission to AIM. In connection with the admission to AIM, the Group undertook a Group reorganisation of its corporate structure which resulted in the Company becoming the ultimate holding company of the Group.

The principal steps of the Group reorganisation are discussed within the 2021 Annual Report.

The financial statements were approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 11 April 2023.

The principal accounting policies adopted are set out below.

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the 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 Group and are deconsolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

2. Significant accounting policies continued

Going concern

The Company generated profit after tax of £5.3m during the year ended 31 December 2022 (2021: £5.2m) and, at that date, the Company's total assets exceeded its total liabilities by £61.2m (2021: £52.3m) and it had net current assets of £43.8m (2021: £37.0m).

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future.

The Directors have considered the principle risks and uncertainties with respect to their assessment of going concern, none of which in the opinion of the Directors give rise to specific risk to the going concern status of the Company. In particular reliance on key individuals and relationships with social media platforms do not give rise to any concerns with respect to projected trading in the forthcoming 12 months.

The appalling and concerning events in Ukraine have affected us all on a personal basis. As a Group we have no significant revenue or costs associated with Russia or Ukraine. We will continue to closely monitor the ongoing situation and impact on the Group. We will also continue to monitor the increased inflation rate and potential impending recession and the impact this may have on the Group.

Whilst acknowledging the negative impact that the covid-19 pandemic may continue to have on the UK economy for 2023 and beyond, having consulted with stakeholders extensively during the last few years, including banks, staff and customers, the Directors consider the Group to be in a strong and well prepared position and are confident in the market outlook.

The Group will continue to monitor the latest position regarding country restrictions on TikTok. Whilst the Group has grown significant audiences on TikTok the platform is currently is not contributing significantly to revenue or costs.

Given the significant cash reserves within the Group and the strong net current and total net asset position, there is not considered to be a plausible scenario where the Group would cease to trade as a going concern within

12 months of the date of these financial statements. The Directors have run an extreme downside sensitivity scenario at 30% of forecast 2023 / 2024 revenue and including the current cash balance the Group would still have sufficient cash beyond 30 June 2024.

Currencies

i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£).

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. All exchange differences arising from consolidation are recognised as a separate component of equity and presented separately in the Consolidated statement of changes in equity.

Revenue recognition

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

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

2. Significant accounting policies continued

Revenue recognition continued

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

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 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, 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) Social agency – recognised over the life of the agreement with the customer; and
- vii) Licensing – see below.

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

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

For those licensing agreements where the following apply, all revenue should be 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 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, as the Directors analyse revenue at this gross level, the Directors do not monitor or review gross margin by revenue stream. The Directors analyse the Group’s adjusted EBITDA and profit before tax as key performance indicators. Due to this, the Group does not believe there are any IFRS 8 considerations around the requirement to disclose operating segments for reporting purposes.

The following revenue streams’ revenue recognition rely on the use of third party data from social media platforms and Google ad manager confirming the number of impressions and views:

- i) Content marketing and direct display
- ii) Web advertising
- iii) Social video

Adjusting items

The Group presents as adjusting items on the face of the consolidated statement of comprehensive income those significant items of expense/income which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow users 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.

2. Significant accounting policies continued

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 financial statements. 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 financial statements.

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 if 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 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 three years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

2. Significant accounting policies continued

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 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 employee 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 three to ten 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 ten years.

Brands relate to social media pages acquired. They are amortised over their estimated useful lives of three to ten 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 three years. Note, this is only following acquisitions and in line with Group policy; the entity does not capitalise the videos it acquires in its day-to-day activities because the individual value of each video acquired is not material.

Property, plant and equipment

Property, plant and equipment ('PPE') are stated at historic 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: | Three years |
| Computer equipment: | Three 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.

2. Significant accounting policies continued

Leased assets

Leases

At inception of a contract, the 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 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 Group's incremental borrowing rate. Generally, the Company 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 Group presents right-of-use assets within property, plant and equipment in Note 11.

Short-term leases and low-value assets

The 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 12.

Joint ventures

The 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 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 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 Group accounts for its interest in joint ventures using the equity method.

Any premium paid for an investment in a joint venture above the fair value of the 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 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.

2. Significant accounting policies continued

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 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 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, and amounts owed by Group undertakings, are classified at amortised cost and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) less provisions for impairment. These assets are held to collect contractual cash flows being solely the payments of the principal amount and interest. Provisions for impairment of trade receivables are recognised for expected lifetime credit losses using the simplified approach. Impairment reviews of other receivables, including those due from related parties, use the general approach whereby 12-month expected losses are provided for and lifetime credit losses are only recognised where there has been a significant increase in credit risk, by monitoring the creditworthiness of the other party.

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 Group's borrowings, lease liabilities, trade and most other payables fall into this category of financial instruments.

The 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.

Share premium represents the difference between the nominal value of shares issued and the fair value of consideration received. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Dilapidation provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the 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.

2. Significant accounting policies continued

Share based payments

The Group operates equity settled share based remuneration plans for certain employees. None of the 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.

The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the awards. The calculation of fair value includes assumptions regarding the number of cancellations and excludes the impact of any non-market vesting conditions (for example, revenue growth per annum). Nonmarket vesting conditions are included in assumptions about the number of awards that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity for equity-settled awards.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The post IPO share based remuneration schemes have market based vesting conditions included within the assumptions.

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.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange rate risks and recognises these at fair value in its balance sheet. Any changes to the fair value of derivatives are recognised in the income statement. In accordance with its treasury policy, the Group does not hold or issue any derivative financial instruments for trading purposes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

3. Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements 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.

- ▶ Goodwill and intangible assets arising on acquisition (Note 10)
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

There are no significant accounting judgements.

4. Revenue

The trading operations of the Group are in the online media publishing industry and are all continuing. All assets of the Group reside in the UK with the exception of £904k of property, plant and equipment held in Australia (2021: £318k), £44k held in Ireland (2021: £nil), and £15k held in US (2021: £nil).

Analysis of revenue

The 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:

| | 2022 £'000 | 2021 £'000 |
|----------|---------------|---------------|
| Direct | 27,806 | 23,734 |
| Indirect | 33,601 | 29,716 |
| Other | 1,402 | 1,052 |
| | 62,809 | 54,502 |

The geographical analysis of revenue by customer location is:

| | 2022 £'000 | 2021 £'000 |
|-------------------|---------------|---------------|
| United Kingdom | 23,579 | 19,697 |
| Ireland | 25,485 | 25,311 |
| Australia | 4,476 | 2,781 |
| US | 7,102 | 5,729 |
| Rest of the World | 2,167 | 984 |
| | 62,809 | 54,502 |

Note that the revenue allocated to the US is generated by UK entities within the Group and not the newly set up US operations, where revenue is expected to be first generated in 2023.

Major customers

In 2022 there were 2 major customers that individually accounted for at least 10% of total revenue (2021: 1) (Customer A: 33% and Customer B: 11%) (2021: Customer A: 38%). The total revenues relating to these customers in 2022 were £27,623k (2021: £20,675k).

Management have assessed the classification of the social agency revenue stream and concluded that this should be recognised within Direct rather than Other revenue. This is because social agency contracts are direct with the customer and involve all elements typically seen in the Direct revenue stream. For comparability purposes a prior period reclassification has been made to the 31 December 2021 results.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

5. Employees and Directors

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

| | Number of employees 2022 | Number of employees 2021 |
|----------------|-----------------------------|-----------------------------|
| Sales | 61 | 42 |
| Administration | 409 | 346 |
| | 470 | 388 |

The aggregate payroll costs of these persons were as follows:

| | 2022 £'000 | 2021 £'000 |
|----------------------------|---------------|---------------|
| Wages and salaries | 22,125 | 18,885 |
| Social security costs | 2,476 | 2,347 |
| Other pension costs | 499 | 409 |
| Share based payments | 3,552 | 1,527 |
| Total payroll costs | 28,652 | 23,168 |
| Capitalised payroll costs | (308) | (154) |
| Net payroll costs | 28,344 | 23,014 |

The Group operates a defined contribution plan which receives fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to these contributions was £499k (2021: £409k).

Pension contributions included in accruals at 31 December 2022 were £nil (2021: £86k).

Key management compensation

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

| | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| Salaries including bonuses | 1,443 | 1,551 |
| Social security costs | 251 | 206 |
| Short-term monetary benefits | 10 | 15 |
| Share based payments (note 20) | 2,975 | 1,527 |
| Total short-term benefits | 4,679 | 3,299 |

Directors

The Directors' emoluments were as follows:

| | 2022 £'000 | 2021 £'000 |
|---------------------------------|---------------|---------------|
| Directors' aggregate emoluments | 861 | 1,285 |

Highest paid Director

The emoluments received by the highest paid Director in respect of qualifying services totalled £176k (2021: £556k) including pension contributions of £nil (2021: £8k).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

6. Net operating expenses

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| Employee benefit expense | 28,344 | 23,014 |
| Amortisation | 804 | 793 |
| Depreciation | 1,633 | 1,332 |
| Auditor's remuneration | 217 | 428 |
| Legal and professional | 1,513 | 363 |
| Media costs | 7,391 | 4,407 |
| Production costs | 4,646 | 3,696 |
| Travel and expenses | 1,648 | 1,286 |
| Establishment costs | 5,658 | 4,233 |
| Loss on foreign currency | 898 | 632 |
| Adjusting items | 2,227 | 4,858 |
| Other expenses | 831 | 1,213 |
| Total net operating expenses | 55,810 | 46,255 |

Auditor's remuneration in 2022 includes £180k (2021: £100k) for the audit of the Group (£10k for the audit of the Company; 2021: £10k); £37k (2021: £nil) for half year audit; and £nil (2021: £318k) for other services in respect of the IPO.

In 2021, fees payable to the Auditor for other services are in respect of work required for the Group to complete its IPO. BDO were selected to undertake this work after consideration of the impact this may have on their independence, which it was concluded would not be impinged by undertaking the work. Fees of this type are ad hoc in nature and occur in respect of major events. Any such further occurrence will require Audit Committee approval.

A breakdown of adjusting items is provided below:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Initial public offering (IPO) related costs | – | 4,882 |
| Amounts recoverable from Bentley Harrington | (335) | (24) |
| Restructuring | 1,571 | – |
| US Setup costs | 626 | – |
| Tax settlements | 365 | – |
| Total adjusting items | 2,227 | 4,858 |

Initial public offering ('IPO') related costs

IPO costs relate to the Group's admission to AIM in December 2021, which include £3,223k of adviser fees and commission, £581k in relation to Company bonuses that were contingent on the transaction, £476k in relation to tax and restructuring advice, £376k on legal advisory and £226k of other IPO related costs. Note that £990k of IPO related costs have been debited to share premium in addition to the amount disclosed as adjusting items above. £4,828k of the total IPO related costs (including those debited to share premium) were paid during the year ended 31 December 2021. The remaining balance was settled within 2022, leaving £nil unpaid at the year end.

Amounts recoverable from Bentley Harrington Limited

At the end of 2020 a receivable of £1,180k was recorded as an asset. This relates to amounts due from Bentley Harrington Limited - a company in administration. In October 2018, the group had acquired a loan from a creditor of Bentley Harrington Limited of £5,000k.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

6. Net operating expenses continued

Amounts recoverable from Bentley Harrington Limited continued

The receivable at the end of 2020 was in relation to this loan. In 2021, £1,204k was received from the administrators of Bentley Harrington Limited, being £24k more than the amount included as receivable at 31 December 2020. Consistent with prior years, the £24k difference was then recorded as an adjusting item (as the receipt was in relation to transactions outside the normal course of business). Within 2022 a further receipt of £335k was received relating to statutory interest not accrued at the end of 2021. Again, this was recognised as an adjusting item.

Restructuring

In 2022 the Group completed a restructuring of its workforce. Details of the restructure can be found in the CFO report on page 43.

US Setup costs

In 2022, the Group opened its first office in the United States, in New York. Costs in relation to the initial setup of the US business have been classified as adjusting items within the year. Details of these costs can be found in the CFO report on page 43.

Tax settlements

Two significant tax settlements have been made in 2022. Details of these costs can be found in the CFO report on page 43.

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:

| | 2022 | 2021 |
|--|-------------|-------------|
| Earnings per share from continuing operations | | |
| Earnings, £'000 | 5,347 | 5,231 |
| Number of shares, number | 205,714,289 | 176,682,740 |
| Earnings per share, pence | 2.6 | 3.0 |

Diluted earnings per share calculation:

| | 2022 | 2021 |
|--|-------------|-------------|
| Diluted earnings per share from continuing operations | | |
| Earnings, £'000 | 5,347 | 5,231 |
| Number of shares, number | 211,879,344 | 177,177,443 |
| Diluted earnings per share, pence | 2.5 | 3.0 |

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

| | 2022 | 2021 |
|---|--------------------|-------------|
| Number of shares in issue at the start of the period | 205,714,289 | 174,951,429 |
| Effect of shares issued in period | – | 1,731,311 |
| Weighted average number of shares used in basic earnings per share | 205,714,289 | 176,682,740 |
| Employee share options | 6,165,055 | 494,703 |
| Weighted average number of shares used in diluted earnings per share | 211,879,344 | 177,177,443 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

8. Net finance costs

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| On loan notes | – | (107) |
| Unwinding of discount on provisions | (30) | (3) |
| On lease liabilities | (121) | (148) |
| Other interest | (10) | – |
| Finance costs | (161) | (258) |
| Unwinding of discounts | 18 | 26 |
| Finance income | 18 | 26 |
| Net finance costs | (143) | (232) |

9. Income tax expense

Tax expense included in profit or loss

| | 2022 £'000 | 2021 £'000 |
|---|---------------|----------------|
| Current year tax: | | |
| Current taxation charge for the year | 2,144 | 2,357 |
| Adjustments in respect of prior years | 604 | (69) |
| Foreign tax incurred | – | 604 |
| Total current tax | 2,748 | 2,892 |
| Deferred tax: | | |
| Current year | (432) | (448) |
| Adjustments in respect of prior years | (131) | 179 |
| Effect of change in tax rates | (209) | 276 |
| Total deferred tax | (772) | 7 |
| Total tax on profit on ordinary activities | 1,976 | 2,899 |
| Equity items | | |
| Current tax | – | (2,600) |
| Deferred tax | (17) | 318 |
| Total tax recognised in equity | (17) | (2,282) |

Reconciliation of tax charge

The tax assessed for the year is higher (2021: higher) than at the standard rate of corporation tax in the UK. The differences are explained below:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Profit before taxation | 7,323 | 8,130 |
| Tax on profit multiplied by standard rate of corporation tax in the UK at 19.00% (2021: 19.00%) | 1,391 | 1,545 |
| Effects of: | | |
| Adjustments in respect of prior years | 473 | 134 |
| Expenses not deductible | 113 | 1,067 |
| Non-taxable income | – | (41) |
| Losses | – | (202) |
| Effect of change in UK tax rates | (209) | 276 |
| Effects of overseas tax rates | (106) | 270 |
| Exempt items | 11 | 23 |
| Amounts not recognised | 131 | 51 |
| Foreign exchange | 24 | – |
| Share valuation | 148 | (224) |
| Total taxation charge | 1,976 | 2,899 |

The 'adjustments in respect of prior years' balance in the year includes a £475k increase in the tax liability for years 2017 to 2019 after a review of historic R&D claims.

The Finance Act 2020, which was substantively enacted in June 2021, increased the UK rate of corporation tax from 19% to 25% from April 2023. Therefore, the future rate of UK corporation tax of 25% has been used when calculating UK deferred tax at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Goodwill and other intangible assets

| | Trademarks and licences £'000 | Software £'000 | Relationships £'000 | Brand £'000 | Content library £'000 | Goodwill £'000 | Social Media Pages £'000 | Total £'000 |
|---------------------------------|-------------------------------------|-------------------|------------------------|----------------|--------------------------|-------------------|--------------------------------|----------------|
| Cost | | | | | | | | |
| At 1 January 2021 | 44 | 469 | 1,300 | 4,500 | 300 | 10,094 | – | 16,707 |
| Additions | – | 170 | – | 126 | – | – | – | 296 |
| Disposals | (16) | – | – | – | – | – | – | (16) |
| At 31 December 2021 | 28 | 639 | 1,300 | 4,626 | 300 | 10,094 | – | 16,987 |
| Additions | – | 544 | – | 57 | – | – | 1,074 | 1,675 |
| Exchange adjustments | – | – | – | 11 | – | – | – | 11 |
| At 31 December 2022 | 28 | 1,183 | 1,300 | 4,694 | 300 | 10,094 | 1,074 | 18,673 |
| Accumulated amortisation | | | | | | | | |
| At 1 January 2021 | 24 | 127 | 288 | 997 | 216 | – | – | 1,652 |
| Charge for the year | 13 | 109 | 132 | 457 | 82 | – | – | 793 |
| Elimination on disposal | (16) | – | – | – | – | – | – | (16) |
| At 31 December 2021 | 21 | 236 | 420 | 1,454 | 298 | – | – | 2,429 |
| Charge for the year | 6 | 122 | 129 | 493 | – | – | 54 | 804 |
| Exchange adjustments | – | 1 | 1 | 2 | – | – | – | 4 |
| At 31 December 2022 | 27 | 359 | 550 | 1,949 | 298 | – | 54 | 3,237 |
| Net book value | | | | | | | | |
| At 1 January 2021 | 20 | 342 | 1,012 | 3,503 | 84 | 10,094 | – | 15,055 |
| At 31 December 2021 | 7 | 403 | 880 | 3,172 | 2 | 10,094 | – | 14,558 |
| At 31 December 2022 | 1 | 824 | 750 | 2,745 | 2 | 10,094 | 1,020 | 15,436 |

10. Goodwill and other intangible assets continued

The carrying amount of goodwill, relating solely to the acquisition of the trade and assets of Bentley Harrington Limited (trading as 'UNILAD'), is £10,094k. The carrying amount of other acquired intangible assets relating solely to the acquisition of the trade and assets of Bentley Harrington Limited is £3,496k as at 31 December 2022 (31 December 2021: £4,054k). Non-acquisition related intangible assets (trademarks and licences, and software) amount to £825k as at 31 December 2022 (31 December 2021: £410k). During the year, £nil (2021: £16k) of fully written down assets were disposed of.

In 2022, the Group acquired the social media accounts, the social media content, the IP records, the third party rights, the records and all intellectual property rights connected to such assets for total consideration of £1.1m from Creation Stage Ltd. The core social media accounts acquired were branded "Go Animals", and have been subsequently rebranded by the Group as "Furry Tails". The combined assets acquired have been added to a new asset category, being labelled "Social Media Pages".

Within the year, £1,675k of the additions were paid for (2021: £295k).

As performance is monitored at a Group level, the Group is considered to be one cash generating unit ('CGU'). The recoverable amount of a CGU is determined by a value-in-use calculation. These calculations use cash flow projections derived from data and metrics used on an ongoing basis, with the key assumptions being those regarding discount rates, growth rates, future gross margin improvements and cash flows.

The key assumptions for the value-in-use calculations are:

- ▶ cash flows before income taxes are based on approved budgets and management projections;
- ▶ a long-term growth rate of 2.0% (2021: 2.0%) for the period beyond which detailed budgets and forecasts do not exist, based on macroeconomic projections for the geographies in which the entity operates; and
- ▶ a post-tax discount rate of 14.0% (2021: 13.6%) based upon the risk-free rate for government bonds adjusted for a risk premium to reflect the increased risk of investing in equities and investing in the Group's specific sector and regions.

Management has applied sensitivities to the key assumptions, including discount rates and growth rates, and believes that there are no reasonably possible scenarios which would result in an impairment of goodwill.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

11. Property, plant and equipment

| | Fixtures and fittings £'000 | Computer equipment £'000 | Right-of-use assets £'000 | Total £'000 |
|---------------------------------|-----------------------------------|--------------------------------|---------------------------------|----------------|
| Cost | | | | |
| At 1 January 2021 | 540 | 524 | 6,191 | 7,255 |
| Additions | 29 | 326 | 85 | 440 |
| Disposals | (299) | (102) | – | (401) |
| At 31 December 2021 | 270 | 748 | 6,276 | 7,294 |
| Additions | 137 | 407 | 1,236 | 1,780 |
| Disposals | (4) | (29) | (443) | (476) |
| Exchange adjustments | 1 | 5 | 33 | 39 |
| At 31 December 2022 | 404 | 1,131 | 7,102 | 8,637 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 378 | 215 | 2,064 | 2,657 |
| Charge for the year | 150 | 208 | 974 | 1,332 |
| Disposals | (300) | (100) | – | (400) |
| At 31 December 2021 | 228 | 323 | 3,038 | 3,589 |
| Charge for the year | 53 | 284 | 1,296 | 1,633 |
| Elimination on disposal | – | (12) | (262) | (274) |
| Exchange adjustments | – | 2 | 17 | 19 |
| At 31 December 2022 | 281 | 597 | 4,089 | 4,967 |
| Net book value | | | | |
| At 1 January 2021 | 162 | 309 | 4,127 | 4,598 |
| At 31 December 2021 | 42 | 425 | 3,238 | 3,705 |
| At 31 December 2022 | 123 | 534 | 3,013 | 3,670 |

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

£544k (2021: £353k) 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.

All right-of-use assets are properties.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

12. Leases

The Group leases the offices and treats the UK and Australia leases under IFRS 16, recognising the leases on the balance sheet.

Right-of-use assets

The Group includes right-of-use assets as part of property, plant and equipment on the balance sheet. Their carrying value as at 31 December 2022 was £3,013k (2021: £3,238k). See note 11.

Lease liabilities

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

| | 2022 £'000 | 2021 £'000 |
|--------------------------------|---------------|---------------|
| Current | | |
| Lease liabilities | 1,282 | 1,111 |
| Non-current | | |
| Lease liabilities | 1,960 | 2,648 |
| Total lease liabilities | 3,242 | 3,759 |

Lease liabilities maturity analysis

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Amount repayable | | |
| Within one year | 1,282 | 1,111 |
| In more than one year but less than two years | 1,162 | 1,062 |
| In more than two years but less than three years | 798 | 859 |
| In more than three years but less than four years | – | 727 |
| In more than four years but less than five years | – | – |
| In more than five years | – | – |
| | 3,242 | 3,759 |

Lease liabilities maturity analysis (including interest)

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Amount repayable | | |
| Within one year | 1,368 | 1,218 |
| In more than one year but less than two years | 1,211 | 1,133 |
| In more than two years but less than three years | 812 | 900 |
| In more than three years but less than four years | – | 742 |
| In more than four years but less than five years | – | – |
| In more than five years | – | – |
| | 3,391 | 3,993 |

For the lease liability movements in the year, see note 17.

During the year, short-term leases of office space were held for LADBible Australia and LADBible Ireland Limited. There were also two short-term leases of pool flats for LADBible Group Limited employees. The total costs during the year and lease liabilities at the end of the year are shown below.

| | 2022 £'000 | 2021 £'000 |
|---------------------------------------|---------------|---------------|
| Total cost in the year | | |
| LADBible New Zealand office space | – | 1 |
| LADBible Australia office space | 8 | – |
| LADBible Ireland office space | 20 | 34 |
| LADBible Group pool flats | 33 | 19 |
| | 61 | 54 |
| Lease liability as at year end | | |
| LADBible New Zealand office space | – | 3 |
| LADBible Australia office space | – | – |
| LADBible Ireland office space | – | 13 |
| LADBible Group pool flats | 28 | 29 |
| | 28 | 45 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

13. Investments in equity-accounted joint ventures

On 27 August 2020 the Group acquired 30% 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. Pubity Group's registered office is 20 Dale Street, Manchester, M1 1EZ.

The contractual arrangement provides the 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 financial statements using the equity method. Summarised financial information in relation to the joint venture is presented later in this note.

A fair value exercise regarding the consideration for Pubity Group Ltd was performed in 2020, 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 LADBible Group Limited, as part of the shareholder agreement.

In 2022, additions in the year relates to the Group's share of total comprehensive income of £nil (2021: £115k).

Deferred consideration of £199k was recorded at acquisition relating to services that the Group has to provide to Pubity Group Limited for £nil consideration over a two-year period. The deferred consideration has been unwound within the year.

| Name | Country of incorporation and principal place of business | Proportion of ownership interest held as at 31 December 2021 |
|--|--|--|
| Pubity Group Ltd | United Kingdom | 30% |
| Summarised financial information (Pubity Group Ltd) | | |
| | 2022 | 2021 |
| | £'000 | £'000 |
| As at 31 December | | |
| Current assets | 510 | 679 |
| Non-current assets | 4 | – |
| Current liabilities | (93) | (166) |
| Net assets (100%) | 421 | 513 |
| Group share of net assets (30%) | 126 | 154 |
| Period ended 31 December | | |
| Revenue | 899 | 1,211 |
| Profit from continuing operations | – | 383 |
| Total comprehensive income (100%) | – | 383 |
| Group share of total comprehensive income (30%) | – | 115 |
| Carrying amount of investment | | |
| | £'000 | |
| Brought forward as at 1 January 2021 | 244 | |
| Group share of total comprehensive income | 115 | |
| Brought forward as at 1 January 2022 | 359 | |
| Group share of total comprehensive income | – | |
| Carried forward as at 31 December 2022 | 359 | |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

14. Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Trade receivables not past due | 5,231 | 4,733 |
| Trade receivables past due | 2,829 | 3,262 |
| Less: provision for credit losses | (18) | (467) |
| Trade receivables net | 8,042 | 7,528 |
| Work in progress | 137 | 223 |
| Other receivables | 1,001 | 1,120 |
| Prepayments | 709 | 913 |
| Contract asset – accrued income | 11,073 | 5,838 |
| Total trade and other receivables | 20,962 | 15,622 |
| Less: non-current portion – other receivables | (592) | (469) |
| Current portion | 20,370 | 15,153 |

Trade receivables and all other receivables (including work in progress, other receivables and accrued income) are stated net of provisions of £18k (2021: £467k). Trade and other receivables are assessed for impairment based upon the expected credit losses model as well as individually impaired trade receivables. The lifetime expected loss provision and individually impaired trade receivables is £18k (2021: £467k) at an expected loss rate of 2.2% (2021: 5.8%) on gross trade receivables.

The accrued income balance of £11,073k (2021: £5,838k) relates to revenue recognised which had not been invoiced to the customer at the period end. An accrued income provision of £242k (recorded at the prior year end) was released as revenue within the year, leaving the accrued income provision as £nil at the year end.

It is expected that all of accrued income held at 31 December 2022, will be invoiced and cash received within 2023. All of the accrued income recorded at 31 December 2021 was invoiced and cash received within 2022. 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 Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end, adjusted for forward looking information. Note that a provision of £242k was held against the contract asset - accrued income balance in 2021. This was released in 2022 as uncertainty on recovery of accrued positions diminished.

14. Trade and other receivables continued

The lifetime expected loss provision for trade receivables is as follows:

| 31 December 2022 | Current | More than 30 days past due | More than 60 days past due | More than 120 days past due | Total |
|------------------------------|---------|----------------------------------|----------------------------------|-----------------------------------|-------|
| Expected loss rate | 0.1% | 0.1% | 0.1% | 1.5% | |
| Gross carrying amount, £'000 | 6,542 | 632 | 444 | 442 | 8,060 |
| Loss provision, £'000 | 9 | 1 | 1 | 7 | 18 |

| 31 December 2021 | Current | More than 30 days past due | More than 60 days past due | More than 120 days past due | Total |
|------------------------------|---------|----------------------------------|----------------------------------|-----------------------------------|-------|
| Expected loss rate | 0.7% | 34.4% | 0.3% | 90.1% | |
| Gross carrying amount, £'000 | 7,160 | 537 | 44 | 254 | 7,995 |
| Loss provision, £'000 | 53 | 185 | – | 229 | 467 |

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Opening provision as at 1 January | (467) | (96) |
| Amount released | 467 | – |
| New charge in year | (18) | (371) |
| Closing provision as at 31 December | (18) | (467) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

14. Trade and other receivables continued

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

| | 2022 £'000 | 2021 £'000 |
|----------------------------|---------------|---------------|
| In these currencies | | |
| UK Pound | 13,105 | 9,402 |
| United States Dollar | 5,138 | 3,764 |
| Australian Dollar | 1,933 | 1,582 |
| Euro | 714 | 856 |
| New Zealand Dollar | 72 | 18 |
| | 20,962 | 15,622 |

15. Cash and cash equivalents

| | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| Cash and cash equivalents | | |
| Cash at bank and in hand | 29,268 | 34,338 |
| | 29,268 | 34,338 |
| In these currencies | | |
| UK Pound | 15,544 | 32,728 |
| United States Dollar | 12,543 | 962 |
| Australian Dollar | 327 | 353 |
| Euro | 838 | 295 |
| New Zealand Dollar | 16 | – |
| | 29,268 | 34,338 |

Foreign exchange movements on cash flows are immaterial and are therefore not included within the cash flow statement.

16. Trade and other payables

| | 2022 £'000 | 2021 £'000 |
|-----------------------------|---------------|---------------|
| Current: | | |
| Trade payables | 1,172 | 1,959 |
| Tax and social security | 825 | 3,267 |
| Accruals | 1,866 | 4,163 |
| Deferred income | 179 | 1,255 |
| Forward contracts liability | – | 409 |
| Deferred consideration | – | 56 |
| Other payables | 253 | 100 |
| | 4,295 | 11,209 |

There is no difference between the carrying value and fair value of the financial liabilities noted above. The deferred income balance of £179k (2021: £1,255k) 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 2022 will be recorded as revenue in the forthcoming year. All of the deferred income recorded at 31 December 2021 was recognised as revenue within the subsequent year.

All forward contract positions were settled by the year end (2021: liability of £409k).

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

| | 2022 £'000 | 2021 £'000 |
|----------------------------|---------------|---------------|
| In these currencies | | |
| UK Pound | 3,609 | 9,370 |
| United States Dollar | 143 | 235 |
| Euro | 59 | 119 |
| Australian Dollar | 484 | 1,484 |
| New Zealand Dollar | – | 1 |
| | 4,295 | 11,209 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

17. Borrowings

| | 2022 £'000 | 2021 £'000 |
|-------------------------|---------------|---------------|
| Current | | |
| Lease liabilities | 1,282 | 1,111 |
| | 1,282 | 1,111 |
| Non-current | | |
| Lease liabilities | 1,960 | 2,648 |
| | 1,960 | 2,648 |
| Total borrowings | 3,242 | 3,759 |

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Amount repayable | | |
| Within one year | 1,282 | 1,111 |
| In more than one year but less than two years | 1,162 | 1,062 |
| In more than two years but less than three years | 798 | 859 |
| In more than three years but less than four years | – | 727 |
| | 3,242 | 3,759 |

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

Net cash

| | 2022 £'000 | 2021 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 29,268 | 34,338 |
| Lease liabilities | (3,242) | (3,759) |
| Net cash | 26,026 | 30,579 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic Report

Governance

Financials

17. Borrowings continued

| | As of 1 January 2022 £'000 | New leases £'000 | Payments £'000 | Interest charge £'000 | Interest paid £'000 | Non-current to current movements £'000 | Disposals £'000 | FX £'000 | Other cash movements £'000 | As at 31 December 2022 £'000 |
|---|----------------------------------|---------------------|-------------------|--------------------------|------------------------|---|--------------------|-------------|----------------------------------|---------------------------------------|
| Lease liabilities - current | (1,111) | (201) | 1,227 | (121) | 121 | (1,388) | 209 | (18) | – | (1,282) |
| Lease liabilities - non current | (2,648) | (709) | – | – | – | 1,388 | 9 | – | – | (1,960) |
| Total arising from movements in financing activities | (3,759) | (910) | 1,227 | (121) | 121 | – | 218 | (18) | – | (3,242) |
| Cash and short-term deposits | 34,338 | | | | | | | | (5,070) | 29,268 |
| Net cash | 30,579 | (910) | 1,227 | (121) | 121 | – | 218 | (18) | (5,070) | 26,026 |

| | As of 1 January 2021 £'000 | New leases £'000 | Payments £'000 | Interest charge £'000 | Interest paid £'000 | Non-current to current movements £'000 | Disposals £'000 | FX £'000 | Other cash movements £'000 | As at 31 December 2021 £'000 |
|---|----------------------------------|---------------------|-------------------|--------------------------|------------------------|---|--------------------|-------------|----------------------------------|---------------------------------------|
| Bank loans - current | (2,952) | – | 2,952 | (30) | 30 | – | – | – | – | – |
| Bank loans - non current | (10,248) | – | 10,248 | (80) | 80 | – | – | – | – | – |
| Lease liabilities - current | (1,039) | (21) | 1,055 | (31) | 31 | (1,106) | – | – | – | (1,111) |
| Lease liabilities - non current | (3,689) | (65) | – | (114) | 114 | 1,106 | – | – | – | (2,648) |
| Total arising from movements in financing activities | (17,928) | (86) | 14,255 | (255) | 255 | – | – | – | – | (3,759) |
| Cash and short-term deposits | 6,937 | – | – | – | – | – | – | – | 27,401 | 34,338 |
| Net (debt)/cash | (10,991) | (86) | 14,255 | (255) | 255 | – | – | – | 27,401 | 30,579 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

18. Provisions

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

| | Dilapidations 2022 £'000 |
|-----------------------------|--------------------------------|
| As at 1 January 2022 | 209 |
| Additions | 301 |
| Charged to profit or loss | 30 |
| At 31 December 2022 | 540 |
| | Dilapidations 2021 £'000 |
| As at 1 January 2021 | 206 |
| Additions | – |
| Charged to profit or loss | 3 |
| At 31 December 2021 | 209 |

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

19. Deferred tax liability

| | 2022 £'000 | 2021 £'000 |
|---|----------------|----------------|
| Liability at start of year | (1,171) | (948) |
| Adjustment in respect of prior years | (8) | (180) |
| Reclassification | (248) | – |
| Deferred tax charge to statement of comprehensive income for the year | 141 | (43) |
| Liability at end of year | (1,286) | (1,171) |
| Asset at start of year | 251 | 354 |
| Adjustment in respect of prior years | 136 | – |
| Reclassification | 248 | – |
| Arising on new share options | 17 | 225 |
| Arising on losses | 201 | – |
| Utilised | – | (318) |
| Deferred tax charge to statement of comprehensive income for the year | 299 | (10) |
| Asset at end of year | 1,152 | 251 |
| The deferred tax liability relates to the following: | | |
| Accelerated capital allowances on property, plant and equipment | (399) | (1,171) |
| Intangible assets | (887) | – |
| | (1,286) | (1,171) |
| The deferred tax asset relates to the following: | | |
| Temporary differences trading | 59 | 22 |
| Deferred tax on share options | 892 | 225 |
| Losses | 201 | 4 |
| | 1,152 | 251 |

In the year losses of £689k recorded within our US and New Zealand entities were not recorded as deferred tax assets, due to uncertainty regarding their recoverability. The tax effect of these losses is £131k.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

20. Share based payments

The Group operated a number of share based remuneration schemes for employees prior to the initial public offering ('IPO') and a number of schemes post-IPO. These have been summarised below.

Pre-IPO share based remuneration schemes

Prior to the IPO, LADBible Group Limited had a number of share option agreements with Directors. All of these agreements had employment conditions attached and vested over the period to an 'exit event'. An 'exit event' is defined as a sale of the business, through private sale or listing. All of the 'Pre-IPO' share options vested upon IPO.

Post-IPO share based remuneration schemes

Following the IPO, the Group implemented Long Term Incentive Plans for the Executive Directors, Non-Executive Directors and Key Management Personnel.

2021 Share Schemes

In 2021 a number of new share schemes were implemented, as summarised below.

| Scheme | Summary |
|--|--|
| Long Term Incentive Plan - Executive Directors | The Long Term Incentive Plan awards for the Executive Directors were granted on 23 December 2021, and vest subject to revenue and adjusted EBITDA margin performance conditions ('base'). The Long Term Incentive Plan awards are also subject to a multiplier based on absolute TSR performance ('stretch'). The overall award was granted as a combination of nil cost options over LBG Media plc shares and an award of A shares in LBG Holdco Limited, in respect of the base and stretch amounts respectively. The A shares in LBG Holdco Limited will convert to LBG Media plc shares on exercise. |
| Non-Executive Director Awards | Awards were granted to certain Non-Executive Directors prior to, but conditional on, Admission which vest on the second anniversary of Admission subject to continued employment and no further performance conditions. |
| Key Management Personnel Award | Awards were also granted to a member of Key Management Personnel under the Long Term Incentive Plan on the Date of Admission (15 December 2021) which vest on 17 September 2022, with no employment conditions attached. Awards were granted to a member of KMP which vested immediately on 15 December 2021, with no performance conditions attached. |

2022 Share Schemes

In the year, a number of new share schemes were implemented, as summarised below.

| Scheme | Summary |
|--|---|
| UK Share Incentive Plan | A total of 738,660 awards were granted to employees on 19 January 2022, subject to continued employment, which vest after three years. |
| Long Term Incentive Plan - Senior Managers | A total of 418,212 awards were granted to senior employees on 12 January 2022, subject to revenue performance conditions and an Adjusted EBITDA margin underpin. A further 418,212 awards were also granted subject to a Total Shareholder Return (TSR) multiplier. Vesting is after three years and is contingent upon continued employment. |
| LADBible Incentive Plan | A total of 559,008 awards were granted on 13 January 2022, with a further issue of 17,045 awards on 25 February 2022, to senior employees subject to revenue performance conditions and an Adjusted EBITDA margin underpin. Vesting is after three years and is contingent upon continued employment. |
| Australia Share Incentive Plan | A total of 78,584 awards were granted to employees on 26 May 2022, subject to continued employment, which vest after three years. |
| Ireland Share Incentive Plan | A total of 13,668 awards were granted to employees on 26 May 2022, subject to continued employment, which vest after three years. |
| Save as you Earn (SAYE) Incentive Plan | The SAYE awards are options with an exercise price of 133.56p. The completion date for the SAYE is three years from the contract start date of 1 July 2022. All employees were offered the opportunity to join the SAYE scheme in 2022. |

In 2023 the Group will reassess the vesting conditions for the following schemes: Long Term Incentive Plan - Executive Directors; Long Term Incentive Plan - Senior Managers; and LADBible Incentive Plan. At the present growth trajectory none of the options will vest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

20. Share based payments continued

Post-IPO share based remuneration schemes continued

The post IPO share based remuneration schemes have market based vesting conditions included within the assumptions.

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | 2 | 4,438,243 | 10 | 136,200 |
| Granted during the year | 1 | 2,811,421 | 2 | 4,438,243 |
| Forfeited during the year | (1) | (1,084,609) | – | – |
| Exercised during the year | – | – | 10 | (136,200) |
| Outstanding at 31 December | 2 | 6,165,055 | 2 | 4,438,243 |

Summary of the Above - Split by Scheme:

Long Term Incentive Plan - Executive Directors

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | 1 | 1,189,280 | – | – |
| Granted during the year | – | – | 1 | 1,189,280 |
| Forfeited during the year | (1) | (289,284) | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 1 | 899,996 | 1 | 1,189,280 |

Non-Executive Director Awards

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | 2 | 2,459,098 | – | – |
| Granted during the year | – | – | 2 | 2,459,098 |
| Forfeited during the year | – | – | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 2 | 2,459,098 | 2 | 2,459,098 |

Key Management Personnel Award

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | 2 | 789,865 | – | – |
| Granted during the year | – | – | 2 | 789,865 |
| Forfeited during the year | – | – | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 2 | 789,865 | 2 | 789,865 |

UK Share Incentive Plan

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | – | – | – | – |
| Granted during the year | 2 | 738,660 | – | – |
| Forfeited during the year | (2) | (227,280) | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 2 | 511,380 | – | – |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

20. Share based payments continued

Post-IPO share based remuneration schemes continued

Long Term Incentive Plan - Senior Managers

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | – | – | – | – |
| Granted during the year | 1 | 836,424 | – | – |
| Forfeited during the year | (1) | (302,141) | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 1 | 534,283 | – | – |

LADBible Incentive Plan

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | – | – | – | – |
| Granted during the year | 2 | 576,053 | – | – |
| Forfeited during the year | (2) | (111,051) | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 2 | 465,002 | – | – |

Australia Share Incentive Plan

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | – | – | – | – |
| Granted during the year | 2 | 78,584 | – | – |
| Forfeited during the year | (2) | (7,144) | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 2 | 71,440 | – | – |

Ireland Share Incentive Plan

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | – | – | – | – |
| Granted during the year | 2 | 13,668 | – | – |
| Forfeited during the year | – | – | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 2 | 13,668 | – | – |

Save as you Earn (SAYE) Incentive Plan

| | 2022 Weighted average exercise price (£) | 2022 Number | 2021 Weighted average exercise price (£) | 2021 Number |
|----------------------------|---|----------------|---|----------------|
| Outstanding at 1 January | – | – | – | – |
| Granted during the year | 1 | 568,032 | – | – |
| Forfeited during the year | (1) | (147,709) | – | – |
| Exercised during the year | – | – | – | – |
| Outstanding at 31 December | 1 | 420,323 | – | – |

The exercise price of options outstanding at 31 December 2022, ranged between £0.45 and £1.94 (2021: £0.95 and £1.75).

The schedule above has been updated to reflect the option holders in LADBible Group Limited converting their options to options in LBG Media PLC (i.e. post share split to a factor of 192).

Of the total number of options outstanding at 31 December 2022, 789,865 vested and were exercisable (2021: 526,577).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

20. Share based payments continued

Post-IPO share based remuneration schemes continued

The following information is relevant to the determination of the fair value of options granted during the year under equity settled share based remuneration schemes operated by the Group.

| | 2022 £ | 2021 £ |
|---|-------------|-------------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | Monte-Carlo |
| Weighted average share price at grant date | 1.61 | 1.62 |
| Weighted average contractual life (in days) | 837 | 985 |
| Expected volatility | 40% | 40% |
| Expected dividend growth rate | – | – |

Summary of the Above - Split by Scheme:

Long Term Incentive Plan - Executive Directors

| | 2022 £ | 2021 £ |
|---|-------------|-------------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | Monte-Carlo |
| Weighted average share price at grant date | 1.45 | 1.45 |
| Weighted average contractual life (in days) | 1,105 | 1,105 |
| Expected volatility | 40% | 40% |
| Expected dividend growth rate | – | – |

Non-Executive Director Awards

| | 2022 £ | 2021 £ |
|---|-------------|-------------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | Monte-Carlo |
| Weighted average share price at grant date | 1.75 | 1.75 |
| Weighted average contractual life (in days) | 730 | 730 |
| Expected volatility | 40% | 40% |
| Expected dividend growth rate | – | – |

Key Management Personnel Award

| | 2022 £ | 2021 £ |
|---|-------------|-------------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | Monte-Carlo |
| Weighted average share price at grant date | 1.75 | 1.75 |
| Weighted average contractual life (in days) | 92 | 92 |
| Expected volatility | 40% | 40% |
| Expected dividend growth rate | – | – |

UK Share Incentive Plan

| | 2022 £ | 2021 £ |
|---|-------------|-----------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | – |
| Weighted average share price at grant date | 1.94 | – |
| Weighted average contractual life (in days) | 1,096 | – |
| Expected volatility | 40% | – |
| Expected dividend growth rate | – | – |

Long Term Incentive Plan - Senior Managers

| | 2022 £ | 2021 £ |
|---|-------------|-----------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | – |
| Weighted average share price at grant date | 1.29 | – |
| Weighted average contractual life (in days) | 1,040 | – |
| Expected volatility | 40% | – |
| Expected dividend growth rate | – | – |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

20. Share based payments continued

Post-IPO share based remuneration schemes continued

LADBible Incentive Plan

| | 2022 £ | 2021 £ |
|---|-------------|-----------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | – |
| Weighted average share price at grant date | 1.94 | – |
| Weighted average contractual life (in days) | 1,094 | – |
| Expected volatility | 40% | – |
| Expected dividend growth rate | – | – |

Australia Share Incentive Plan

| | 2022 £ | 2021 £ |
|---|-------------|-----------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | – |
| Weighted average share price at grant date | 1.60 | – |
| Weighted average contractual life (in days) | 1,096 | – |
| Expected volatility | 40% | – |
| Expected dividend growth rate | – | – |

Ireland Share Incentive Plan

| | 2022 £ | 2021 £ |
|---|-------------|-----------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | – |
| Weighted average share price at grant date | 1.60 | – |
| Weighted average contractual life (in days) | 1,096 | – |
| Expected volatility | 40% | – |
| Expected dividend growth rate | – | – |

Save as you Earn (SAYE) Incentive Plan

| | 2022 £ | 2021 £ |
|---|-------------|-----------|
| Equity settled | | |
| Option pricing model used | Monte-Carlo | – |
| Weighted average share price at grant date | 0.58 | – |
| Weighted average contractual life (in days) | 1,133 | – |
| Expected volatility | 40% | – |
| Expected dividend growth rate | – | – |

The volatility assumption, measured at the standard deviation of expected share price returns, is based upon a statistical analysis of daily share prices for comparable listed media businesses over the three-year 'Pre-covid-19' period, being the three years prior to 1 January 2020.

It is considered that volatility levels during covid-19 will not be representative of likely volatility over the vesting period, hence Pre-covid-19 volatility levels are considered more appropriate.

The share based remuneration expense for the year is as follows:

| | 2022 £'000 | 2021 £'000 |
|------------------------|---------------|---------------|
| Equity settled schemes | 3,552 | 1,527 |

The Company only share based remuneration expense in the year, relating to the Non-Executive Director remuneration schemes only was £2,490k (2021: £nil).

The Group did not enter into any share based payment transactions with parties other than employees during the current or prior period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

21. Called up share capital

| | A1 Ordinary shares Number | A2 Ordinary shares Number | B Ordinary shares Number | C Ordinary shares Number | A Ordinary shares Number | Deferred shares Number | Ordinary shares Number | Total Number | Total £ |
|---|---------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|-----------------|---------------|
| At 1 January 2021 | 2,541 | 7,459 | 4,671 | 438 | – | – | – | 15,109 | 151 |
| Re-designation in the year | – | – | – | – | 1 | – | – | 1 | 60 |
| Issued during the year | 505,659 | 1,484,341 | 929,529 | 87,162 | (1) | – | – | 3,006,690 | 181,307,789 |
| Share issued on incorporation | – | – | – | – | – | – | – | – | (181,005,820) |
| Share split | – | – | – | 15,800 | 120,400 | – | – | 136,200 | 13,620 |
| Capital reduction | 50,311,800 | 147,688,200 | 92,485,800 | 10,236,600 | 11,919,600 | – | – | 312,642,000 | – |
| Subdivision of shares | (50,820,000) | (149,180,000) | (93,420,000) | (10,340,000) | (12,040,000) | 127,228,571 | 188,571,429 | – | – |
| Re-designation in the year | – | – | – | – | – | – | 17,142,860 | 17,142,860 | 17,143 |
| Shares issued on IPO | – | – | – | – | – | (127,228,571) | – | (127,228,571) | (127,229) |
| Balance at 31 December 2021 and 31 December 2022 | – | – | – | – | – | – | 205,714,289 | 205,714,289 | 205,714 |

For details on the above transactions please refer to the 2021 Annual Report.

Post year end, on 14 February 2023, the Company issued 9,000 new ordinary shares of £0.001 each. On 4 April 2023, a further 9,000 new ordinary shares of £0.001 each were issued. Both of these share issues were following the exercise of options granted under the Company's Long Term Incentive Plan (Key Management Personnel Award).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

22. Financial risk management

The 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 Group's operations.

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

The main risks arising from the 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.

Currency risk

The Group contracts with certain customers in US Dollars, Euros and Australian Dollars and manages this foreign currency risk through close management of foreign currency positions including the use of forward currency contracts. As of 31 December 2022 the Group's net exposure to foreign exchange risk was as follows:

| | GBP £'000 | USD £'000 | EUR £'000 | AUD £'000 | NZD £'000 | 2022 £'000 |
|---------------------------|---------------|---------------|--------------|--------------|--------------|---------------|
| Financial assets | 22,488 | 13,431 | 1,294 | 1,056 | 42 | 38,311 |
| Financial liabilities | (5,419) | (108) | (58) | (945) | (3) | (6,533) |
| Total net exposure | 17,069 | 13,323 | 1,236 | 111 | 39 | 31,778 |

| | GBP £'000 | USD £'000 | EUR £'000 | AUD £'000 | NZD £'000 | 2021 £'000 |
|---------------------------|---------------|--------------|--------------|--------------|--------------|---------------|
| Financial assets | 39,700 | 516 | 1,110 | 1,660 | – | 42,986 |
| Financial liabilities | (9,514) | (535) | (37) | (305) | – | (10,391) |
| Total net exposure | 30,186 | (19) | 1,073 | 1,355 | – | 32,595 |

It is estimated that, with all other variables held equal (in particular other exchange rates), a general change of 10% in the value of each foreign currency in the table below against Sterling would have had the following impact on the Group's current year profit after tax and on retained earnings:

| 2022 currency risks expressed in foreign currency / GBP | USD £'000 | EUR £'000 | AUD £'000 | NZD £'000 |
|--|--------------|--------------|--------------|--------------|
| Reasonable shift | 10% | 10% | 10% | 10% |
| Impact on profit after tax if currency strengthens against GBP | 1,481 | 137 | 12 | 5 |
| Impact on profit after tax if currency weakens against GBP | (1,211) | (113) | (10) | (4) |

| 2021 currency risks expressed in foreign currency / GBP | USD £'000 | EUR £'000 | AUD £'000 | NZD £'000 |
|--|--------------|--------------|--------------|--------------|
| Reasonable shift | 10% | 10% | 10% | 10% |
| Impact on profit after tax if currency strengthens against GBP | 78 | 97 | 121 | – |
| Impact on profit after tax if currency weakens against GBP | (96) | (119) | (148) | – |

Credit risk

The 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 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 Group's trade receivables were impaired for the year ended 31 December 2022 and a provision for credit losses of £18k was made. See Note 14 for further information on financial assets that are past due.

22. Financial risk management continued**Liquidity risk**

The 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 following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

| | Up to 12 months £'000 | Between 1 and 2 years £'000 | Between 2 and 5 years £'000 | Over 5 years £'000 |
|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|-----------------------|
| At 31 December 2022 | | | | |
| Trade and other payables | 1,425 | – | – | – |
| Loans and borrowings | – | – | – | – |
| Lease liabilities | 1,282 | 1,162 | 798 | – |
| Accruals | 1,866 | – | – | – |
| Forward contracts liability | – | – | – | – |
| Total | 4,573 | 1,162 | 798 | – |
| | | | | |
| | Up to 12 months £'000 | Between 1 and 2 years £'000 | Between 2 and 5 years £'000 | Over 5 years £'000 |
| At 31 December 2021 | | | | |
| Trade and other payables | 2,059 | – | – | – |
| Loans and borrowings | – | – | – | – |
| Lease liabilities | 1,111 | 1,062 | 1,586 | – |
| Accruals | 4,163 | – | – | – |
| Forward contracts liability | 409 | – | – | – |
| Total | 7,742 | 1,062 | 1,586 | – |

The table below analyses the 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:

| | 2022 £'000 | 2021 £'000 |
|---|----------------|----------------|
| Financial assets | | |
| Non-current: | | |
| Other receivables | 592 | 469 |
| | 592 | 469 |
| Current: | | |
| Trade and other receivables | 8,451 | 8,179 |
| Cash and cash equivalents | 29,268 | 34,338 |
| | 37,719 | 42,517 |
| Financial liabilities | | |
| Non-current: | | |
| Lease liabilities | (1,960) | (2,648) |
| | (1,960) | (2,648) |
| Current: | | |
| Lease liabilities | (1,282) | (1,111) |
| Trade and other payables | (1,425) | (2,059) |
| Accruals | (1,866) | (4,163) |
| Forward contracts liability | – | (409) |
| | (4,573) | (7,742) |
| Net financial assets and liabilities | 31,778 | 32,595 |

Other than the forward contracts liability (which is FVTPL), all other financial assets and liabilities are measured on an amortised cost basis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

23. Commitments

There are no capital commitments at the current or prior year end.

24. Related party transactions

The following transactions were carried out with related parties:

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Entity controlled by key management personnel | | |
| Directors' loan account (1) | - | (53) |
| Sale of services (2) | - | (143) |
| Purchase of services (3) | 276 | 356 |
| Tax settlement on behalf of Director (4) | 224 | - |

- (1) This relates to third party payments made by the Group on behalf of the Directors for personal expenses.
- (2) Services were provided to Boohoo.com UK Limited, 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 former Director of the Group and Carol Kane, a Non-Executive Director of the Group. The services provided in the year totalled £nil (2021: £143k) of which £45k (2021: £98k) was paid within the year and £45k remained outstanding).
- (3) 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 in 2022 totalled £276k (2021: £275k). The amount outstanding of the lease liability as at 31 December 2022 is £88k (2021: £259k). The outstanding service charge balance at 31 December 2022 is £nil (2021: £nil) and outstanding property insurance is £nil (2021: £nil).

Products were purchased from Treat Yo Self Limited, an entity controlled by close family of Solly Solomou on normal commercial terms and conditions within the previous year. Payments of £6k were made within the prior year. These payments were recognised as a cost in the prior year.

Services are purchased from Wilson's Consultancy Ltd, an entity controlled by Dave Wilson, a Non-Executive Director of the Group, on normal commercial terms and conditions. Wilson's Consultancy Limited provided general business advice and also specific advice around the initial public offering. Within the prior year £75k of costs were recognised in the income statement. Payments of £26k (2021: £55k) were made within the year. At 31 December 2022 £nil (2021: £20k) was outstanding.

- (4) In the year the Group agreed to settle a PAYE liability (relating to a previously undisclosed benefit in kind) on behalf of Solly Solomou and Jess Solomou (former employee and wife of Solly Solomou), totalling £0.2m. This balance remains accrued as a liability at the year end.

Other related party transactions

A loan was granted on 30 March 2021 and paid on 8 April 2021 for Solly Solomou of £1,200k and a loan was granted on 25 August 2021 and paid on 26 August 2021 for Arian Kalantari of £1,500k that were both repaid upon IPO on 15 December 2021. These were interest-free, short-term loans.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

25. Ultimate controlling party

The Directors consider there to be no ultimate controlling party following Admission to AIM in December 2021. Prior to this, in the current and prior year, Solly Solomou was the ultimate controlling party by virtue of his shareholding.

26. Subsequent events

On 20 March 2023 LADbible US Inc. acquired the social media accounts, social media content, domain names, website, intellectual property licenses, third party rights and records from Lessons Learned in Life Inc. for a total value of CAD \$700k. This acquisition of assets is consistent with previous acquisitions made (such as Go Animals in 2022), with the assets being recorded as intangible assets in 2023.

COMPANY BALANCE SHEET

Overview

Strategic
Report

Governance

Financials

| | Note | As at 31 December 2022 £'000 | As at 31 December 2021 £'000 |
|--|------|---------------------------------|---------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investments | 2 | 183,936 | 182,874 |
| Deferred tax asset | 3 | 391 | 224 |
| Total non-current assets | | 184,327 | 183,098 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 4 | 23,680 | 24,287 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 5 | – | (162) |
| Net current assets | | 23,680 | 24,125 |
| Net assets | | 208,007 | 207,223 |
| Equity | | | |
| Share capital | 6 | 206 | 206 |
| Share premium | | 28,993 | 28,993 |
| Retained earnings | | 178,808 | 178,024 |
| Total equity | | 208,007 | 207,223 |

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to produce its own profit and loss account. The loss for the year dealt within the financial statements of the Company was £2,768k (2021: £4,636k loss). The charge in the profit and loss statement is in relation to the share based payment charge and payroll costs borne by the Company for the Non-Executive Directors within the year.

The notes on pages 117 to 122 are an integral part of these Company financial statements.

The Company financial statements on pages 115 to 122 were approved by the Board of Directors on 11 April 2023 and were signed on its behalf by:

Tim Croston
Chief Financial Officer

Registered number: 13693251

COMPANY STATEMENT OF CHANGES IN EQUITY

Overview

Strategic
Report

Governance

Financials

| | Share capital £'000 | Share premium £'000 | Retained earnings £'000 | Total equity attributable to owners £'000 |
|--|------------------------|------------------------|----------------------------|--|
| Balance at 20 October 2021 | – | – | – | – |
| Share issued on incorporation | – | – | – | – |
| Share for share exchange and capital reduction | 302 | – | 181,006 | 181,308 |
| Exercise of pre-IPO options | 14 | – | – | 14 |
| Shares issued on IPO | 17 | 29,983 | – | 30,000 |
| Purchase and cancellation of deferred shares | (127) | – | 127 | – |
| IPO costs to share premium | – | (990) | – | (990) |
| Share based payment | – | – | 1,527 | 1,527 |
| Loss for the financial period | – | – | (4,636) | (4,636) |
| Balance as at 31 December 2021 and 1 January 2022 | 206 | 28,993 | 178,024 | 207,223 |
| Share based payment | – | – | 3,552 | 3,552 |
| Loss for the financial period | – | – | (2,768) | (2,768) |
| Balance as at 31 December 2022 | 206 | 28,993 | 178,808 | 208,007 |

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Overview

Strategic
Report

Governance

Financials

1. General information

LBG Media plc (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The registered number is 13693251 and the address of the registered office is 20 Dale Street, Manchester, M1 1EZ.

These Financial Statements present information about the Company as an individual undertaking and not about its Group.

The Financial Statements of LBG Media plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

Accounting policies

The accounting policies set out in the notes below have been applied in preparing the financial statements for the year ended 31 December 2022.

The Company is included within the Consolidated Financial Statements of LBG Media plc. The Consolidated Financial Statements of LBG Media plc are prepared in accordance with IFRS and are publicly available. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- ▶ The requirement to prepare a statement of cash flows;
- ▶ Certain disclosures in relation to share based payments; and
- ▶ Key Management Personnel compensation.

As permitted by section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of the Financial Statements.

The Company's accounting policies are the same as those set out in the notes of the Group Consolidated Financial Statements, except as noted opposite.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Impairment

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any impairment loss arises, the asset is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discontinued at a market rate of interest for a similar debt instrument.

Share based payments

Some employees (including Senior Management) of the Company receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments (equity settled transactions). The fair value of the equity settled awards is calculated at grant date using a Monte Carlo or Black-Scholes model. The resulting cost is charged in the Income Statement over the vesting period of the option or award and is regularly reviewed and adjusted for the expected and actual number of options or awards vesting.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met.

1. General information continued

Share based payments continued

The social security contributions payable in connection with the grant of the share options is determined at each balance sheet date as a liability with the total cost recognised in the profit and loss account over the vesting period.

When share options for shares in the Company are awarded to employees of subsidiaries, a capital contribution equal to the share based payment charge relevant to the shares awarded is recorded within Company reserves.

Financial risk management

The Company's financial risk is managed as part of the Group's strategy and policies as discussed in Note 22 of the Consolidated Financial Statements.

Company result for the period

In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income.

Directors' remuneration and staff numbers

The Company has no employees other than the Directors, who did not receive any remuneration for their services directly from the Company in either the current or preceding period. Refer to Note 5 in the Group consolidated accounts for the Key Management Personnel compensation.

Auditor's remuneration

The remuneration paid to the Auditor in relation to the audit of the Company is disclosed in Note 6 of the Consolidated Financial Statements. The fees for the Company's financial statements are borne by a subsidiary of the Company and are not recharged.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

2. Fixed asset investments

Details of the Company's subsidiaries at 31 December 2022 are set out below. All subsidiaries are included in the consolidation. Shares of those companies marked with an * are directly owned by LBG Media plc.

| Entity | Principal activity | Country of incorporation | Registered number | Type of share held by the Group | Proportion of Ordinary shares held by the Group companies | Registered office |
|--------------------------------|-------------------------|--------------------------|-------------------|---------------------------------|---|--|
| LBG Holdco Limited* | Holding company | England & Wales | 13558554 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| LADbible Group Limited | Online media publishing | England & Wales | 08018627 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| Studio Joyride Limited | Dormant | England & Wales | 10528845 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| FOODbible Limited | Dormant | England & Wales | 10816740 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| CONTENTbible Limited | Dormant | England & Wales | 09808319 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| GAMINGbible Limited | Dormant | England & Wales | 10230852 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| Pretty52 Limited | Dormant | England & Wales | 08716446 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| LASSbible Limited | Dormant | England & Wales | 09376838 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| ODDSbible Limited | Dormant | England & Wales | 09373897 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| SPORTbible Limited | Dormant | England & Wales | 08716546 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| LADbible Limited | Dormant | England & Wales | 08779653 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| Unilad Group Limited | Online media publishing | England & Wales | 11564689 | Ordinary | 100% | 20 Dale Street, Manchester, United Kingdom, M1 1EZ |
| LADbible Australia Pty Limited | Online media publishing | Australia | 30 630 465 404 | Ordinary | 100% | 483 Riley Street, Surrey Hills, NSW 2010 |
| LADbible New Zealand Limited | Online media publishing | New Zealand | 8163059 | Ordinary | 100% | 4th Floor, Smith & Caughey Building, 253 Queen Street, Auckland, 1010 New Zealand |
| LADbible Ireland Limited | Online media publishing | Ireland | 653717 | Ordinary | 100% | Riverside 2, Sir John Rogerson's Quay, Dublin Docklands, Dublin, D02 KV60, Ireland |
| LADbible US Inc. | Online media publishing | USA | 6793417 | Ordinary | 100% | 1209 Orange Street, Wilmington, Delaware, County of New Castle, United States |

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

2. Fixed asset investments continued

Investment in subsidiaries at the period end was as follows:

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|-------------------------------|---------------------------|---------------------------|
| Cost | | |
| At start of period | 182,874 | – |
| Acquisitions | – | 181,308 |
| Capitalised transaction costs | – | 39 |
| Capital contribution | 1,062 | 1,527 |
| At end of period | 183,936 | 182,874 |

Parent company guarantee

The parent company, registered number 13693251, guarantees all debts and liabilities of the Group's UK subsidiaries included above, at the balance sheet date in accordance with section 479A of the Companies Act 2006, and is claiming exemption from audit for each UK subsidiary.

Acquisitions

On 25 November 2021, LBG Media Limited acquired the entire issued share capital of LADbible Group Limited, via a share exchange agreement. On 26 November 2021, LBG Media Limited re-registered as a public company under the name of LBG Media plc.

Capital Contribution

This relates to share options in LBG Media plc awarded to employees of LADbible Group Limited.

3. Deferred Tax Asset

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---------------------------|---------------------------|
| Asset at start of year | 224 | – |
| Arising on new share options | – | 224 |
| Deferred tax charged to statement of comprehensive income in the year | 167 | – |
| Asset at end of year | 391 | 224 |
| The deferred tax asset relates to the following: | | |
| Deferred tax on share options | 391 | 224 |

There are no unrecognised deferred tax assets.

4. Debtors: Amounts falling due within one year

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|------------------------------------|---------------------------|---------------------------|
| Amounts owed by Group undertakings | 23,680 | 24,287 |
| | 23,680 | 24,287 |

Amounts owed by Group undertakings are unsecured and repayable on demand.

5. Creditors: Amounts falling due within one year

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|----------|---------------------------|---------------------------|
| Accruals | – | 162 |
| | – | 162 |

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

6. Equity

The movement on share capital is reflected as follows:

| | A1 Ordinary No. | A2 Ordinary No. | B Ordinary No. | C Ordinary No. | A Ordinary No. | Deferred No. | Ordinary No. | Total No. | Total (£) |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|-----------------|--------------------|--------------------|----------------|
| Balance at 20 October 2021 | – | – | – | – | – | – | – | – | – |
| Share issued on incorporation | – | – | – | – | 1 | – | – | 1 | 60 |
| Share for share exchange | 508,200 | 1,491,800 | 934,200 | 87,600 | (1) | – | – | 3,021,799 | 181,307,940 |
| Capital reduction | – | – | – | – | – | – | – | – | (181,005,820) |
| Exercise of pre-IPO options | – | – | – | 15,800 | 120,400 | – | – | 136,200 | 13,620 |
| Subdivision of shares | 50,311,800 | 147,688,200 | 92,485,800 | 10,236,600 | 11,919,600 | – | – | 312,642,000 | – |
| Re-designation in the year | (50,820,000) | (149,180,000) | (93,420,000) | (10,340,000) | (12,040,000) | 127,228,571 | 188,571,429 | – | – |
| Shares issued on IPO | – | – | – | – | – | – | 17,142,860 | 17,142,860 | 17,143 |
| Purchase and cancellation of deferred shares | – | – | – | – | – | (127,228,571) | – | (127,228,571) | (127,229) |
| Balance at 31 December 2021 and 31 December 2022 | – | – | – | – | – | – | 205,714,289 | 205,714,289 | 205,714 |

For details on the above transactions please refer to the 2021 Annual Report.

Post year end, on 14 February 2023, the Company issued 9,000 new ordinary shares of £0.001 each. On 4 April 2023, a further 9,000 new ordinary shares of £0.001 each were issued. Both of these share issues were following the exercise of options granted under the Company's Long Term Incentive Plan (Key Management Personnel Award).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

Overview

Strategic
Report

Governance

Financials

7. Financial instruments

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---------------------------|---------------------------|
| FINANCIAL ASSETS – HELD AT AMORTISED COST | | |
| Amounts owed by Group undertakings | 23,680 | 24,287 |
| FINANCIAL LIABILITIES – HELD AT AMORTISED COST | | |
| Accruals | – | (162) |

8. Related parties

Services are purchased from Wilson's Consultancy Ltd, an entity controlled by Dave Wilson, a Non-Executive Director of the Group, on normal commercial terms and conditions. Wilson's Consultancy Limited provided general business advice and also specific advice around the initial public offering. Within the prior year £75k of costs were recognised in the income statement. Payments of £26k (2021: £55k) were made within the year. At 31 December 2022 £nil (2021: £20k) was outstanding.

9. Share based payments

Details of the Company's share based payments are disclosed within Note 20 of the Consolidated Financial Statements.

GLOSSARY OF TERMS

Overview

Strategic
Report

Governance

Financials

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's. 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.

Purpose

The Directors believe that these APMs provide additional useful information on the underlying performance and position of LBG Media plc's. 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 | This profit measure shows the Group's Earnings Before Interest, Tax, Depreciation and Amortisation adjusted for asset gains and losses, share-based payments and adjusting items. |
| | 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. |

A glossary of other terms used in the Annual Report and Accounts can be found below:

| | |
|------------------------|---|
| Ad Exchanges | An ad exchange is a digital marketplace that enables advertisers and publishers to buy and sell advertising space, often through real-time auctions. They're used to sell display, video and mobile ad inventory. |
| CAGR | The compound annual growth rate (CAGR) is the annualised average rate of growth between two given years. |
| Global audience | Includes global social media platform followers and global monthly online users to LBG Media websites. |
| IPO | First public sale of shares by privately owned company. Allowing the company to become publicly listed on a recognised stock exchange i.e. AIM. |
| AIM | The Alternative Investment Market (AIM) is a sub-market of the London Stock Exchange |
| Multi-platform | Refers to the Group operating on multiple social media platforms including Facebook, Instagram, Snapchat, TikTok, Twitter and Youtube. In addition, the Group operates 5 owned and operated websites - www.ladbible.com , www.sportbible.com , www.tyla.com , www.gamingbible.com and www.unilad.com . |
| Multi-channel | Refers to the Group's portfolio of brands more details can be found on pages 5 and 6. |
| 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. |
| Unique user | Refers to a person who has visited us on a social platform or website at least once and is counted only once in the reporting time period. |

SHAREHOLDER INFORMATION

Overview

Strategic
Report

Governance

Financials

Key Contacts:

Company Secretary

Emma Thomas

Investor relations

Equitory Limited
1 Poultry
London EC2R 8EJ

Nominated Adviser

Zeus Capital
82 King St
Manchester M2 4WQ

10 Old Burlington Street
London
W1S 3AG

Legal advisers to the Company

Addleshaw Goddard
LLP
1 St Peter's Square
Manchester M2 3DE

Auditors

BDO LLP
3 Hardman Street
Manchester M3 3AT

Tax advisers

PwC LLP
1 Hardman Square
Manchester M3 3EB

Bank

HSBC Bank UK plc
2nd Floor Landmark
St Peter's Square
1 Oxford Street
Manchester M1 4PB

Registrars

Link Market Services
Limited
10th Floor Central
Square
29 Wellington Street
Leeds LS1 4DL

Financial public relations

Buchanan
Communications Ltd
107 Cheapside
London EC2V 6DN

L B G
M E D I A
P L C

20 Dale Street,
Manchester,
United Kingdom, M1 1EZ