

CHIEF EXECUTIVE'S REVIEW**SOLLY SOLOMOU**

PLATFORM FOR GROWTH

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Solly Solomou
Chief Executive

I am delighted to announce our first set of results as a quoted company following our admission to trading on the Alternative Investment Market ('AIM') of the London Stock Exchange on 15 December 2021. The reception we received from investors was very positive and the listing on AIM provides us with the platform to continue to grow well into the future.

In the year ended 31 December 2021, LBG Media delivered an outstanding performance with significant levels of organic growth. 2021 revenue increased to £54.5m (2020: £30.2m), representing annual growth of 81%, and 2021 Adjusted EBITDA rose by 206% to £16.8m (FY20: £5.5m). With strong cash generation in the year and the £30m of capital raised at the IPO, net cash at the year end stood at £30.6m (2020: net debt £11.0m).

We are absolutely focused on delivering relevant content to our coveted, hard-to-reach youth audience across our broad portfolio of distinct brands and we have continued to create exciting, engaging and socially responsible content that gives the youth generation a voice and appropriately represents their interests.

We have continued to increase engagement with our global audience, which grew to over 264m as at 31 December 2021, up from 233m in 2020. Our proven model of investing in our teams to produce engaging content for the various platforms grew our base of followers and subsequent monetisation opportunities. We continue to engage our audience with over 62bn content views in 2021, up 97% YoY, and our audience watched c. 53bn minutes of content, up over 140% YoY, and this was well diversified across our brand portfolio.

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£54.5m
REVENUE

(2020: £30.2m)

£16.8m
ADJUSTED EBITDA

(2020: £5.5m)

£8.1M
PROFIT BEFORE TAX

(2020: £4.1m)

Own brand portfolio with a highly diverse audience

LBG Media's 9 core brands, each based around specific interest points such as sports, gaming, music, technology, and travel, provide our audiences with relevant, entertaining, and engaging content. By providing different show formats within each of our brands, we are able to engage effectively with our audience across all of the major social media platforms. SPORTbible, for example, has a format called 'Rate my Skills' which is a show that sits on our Snapchat channels. Our diversified brand portfolio also enables us to provide clients – such as brand owners including sports clothing businesses or gaming companies – with specific channels from which to most effectively advertise to their target audience (e.g. through SPORTbible and UNILAD).

LBG Media is structured and designed to deliver fast and relevant video and editorial content, predominantly through social media platforms, to engage with its hard-to-reach younger audience. In the UK alone, the Group reaches almost two thirds of 18 to 34 year-olds. Our audience is split between both female (41%) and male (59%).

This demographic has proven to be more receptive to online advertising and LBG Media provides clients the opportunity to connect with younger generations and enable them to build long-term valuable relationships to deliver repeat or recurring revenues, or other goals such as improved awareness. In terms of monetisation, Facebook is an already monetised platform, Snapchat is advancing its monetisation progress, while TikTok and Instagram are at earlier stages of monetisation. For example, we are currently engaged with Instagram and undergoing alpha testing for future monetisation opportunities.

In 2021, our engagement rate on platforms including Facebook, TikTok, Instagram and Snapchat continued to increase as we focused on providing deeper content within our brands. LADbible, GAMINGbible, UNILADtech and SPORTbible achieved significant growth on TikTok and Instagram. Similarly, we have deepened our engagement on Snapchat where we have increased the number of shows. The success of our focus on Snapchat is demonstrated by the significant increase in the number of views of our shows on the Snapchat platform, which rose from 351m in 2020 to 4.3bn in 2021.

Our traction in Australia was significant, increasing from 3.9m followers in 2020 to 8.6m in 2021.

The digital media market

The Group operates within the wider global advertising market, which includes traditional print advertising (magazines, billboards etc.), and was valued at c.\$578bn in 2020. Within the wider advertising market, the digital media market was valued at \$346bn in 2020 and has grown at a CAGR of 20.1% from 2012-2020. Accelerated digital transformation during the pandemic and growing e-commerce activity all contribute towards the trend of increased marketing spend being directed to digital channels.

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Multi-channel monetisation

We have built an effective model to monetise the relationship we have with our audience and our two core revenue channels, Direct and Indirect, provide several means to access it. Many of the capabilities we have can be used across both sales channels and we have continued to innovate and add new services for the benefit of our audience and our clients.

In 2021, we launched LADstudios, our new content studio, which can create 360 degree original digital content, tailor-made for each platform experience. LADstudios will also work alongside our in-house content marketing agency, Joyride, to create a slate of social-first branded entertainment opportunities to clients and their agencies, as well as sponsored formats to rival traditional television offerings, for use right across our social channels and beyond.

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Giving the youth generation a voice by building communities that laugh, think and act

As a leading social youth publisher, LBG Media has a powerful global platform to push socially responsible agendas, represent its audience, and enable those that do not have equal opportunities to have their voices heard. Leveraging our global reach, we have run several social awareness campaigns to address key social issues, raise awareness within communities and governments, and educate our audience.

Some selected examples for this include: LBG Media partnered with the NHS to create a campaign to encourage more young people to apply for roles in nursing, allied health professionals and healthcare support workers. The campaign aimed to show our audience that a career in the NHS is a place where you can grow diverse skill sets and also remind young people of the rewarding and supportive culture it offers. Our insight shows that our audience love to know their personality types and engage with interactive content that offers a sense of self-discovery, so we created The NHS Personality Test: the ultimate skill assessment with a LBG Media spin to feel relatable and native to social. Alongside the NHS Personality Test we worked with real NHS staff to create 'day in the life' content based on the personality types so that our audience could discover roles that suited them first hand. To generate maximum awareness we included LADx across our websites to target students and job searchers.

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In 2021, with Amazon Prime Video, we launched a six-part investigative documentary series from LADbible Australia uncovering racial injustice as told by those who have experienced systemic racism first-hand. Shining a light on pleas for equality, each episode offered the audience personal and expert insight into the race-fuelled atrocities that happen in Australia every day.

In February 2022, we premiered a campaign on Europe's largest digital billboard in Manchester, to coincide with Sexual Abuse & Sexual Violence Awareness Week. Conceived and executed by LBG Media's in-house design team, the 'She is Someone' is accompanied by the wider tagline 'Daughter, Sister, Mother, Wife, Girlfriend, Friend' which has been crossed out.

The activation amplified our previous social posts and supports efforts to raise awareness of sexual violence towards women.

Another example is GAMINGbible, which partnered with Mind to host a series of live streams on Facebook to its audience and raise funds for the mental health charity. A study by Mind showed that one in three young people use gaming to offset mental health pressures caused by the COVID-19 pandemic. Working with Mind, we have used our significant reach to raise awareness of mental health, and find new ways such as this to support the gaming community via entertainment to help make a difference.

Growth strategy

LBG Media has a proven track record of delivering strong organic growth, as well as growth via acquisition. Our strategy for growth can be summarised into the below three core pillars.

1. Geographies
2. Mergers & Acquisitions ('M&A')
3. Capabilities

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Awards

LBG Media produces innovative and positive content, tackling important social topics. We are pleased to have been nominated for, and subsequently won, several awards that recognise our positive impact in this regard.

2021 was our most successful year of awards with over 30 nominations and wins including three Cannes Lions, our first nominations for LADbible Ireland, winning Web Channel of the Year for LADbible TV, Commercial Campaign of the Year for PlayStation and we were also crowned Publisher of the Year at the Drum Media Awards. Additionally, in October 2021, the Group won 'Media Brand of the Year' at the Media Week Awards 2021. More recently, our work was recognised by winning four awards at the 2021 Digiday Marketing and Advertising Awards Europe, including Best Use of Social for Tampax 'Think Outside the Box', Best Use of Native Advertising/Sponsored Content for PlayStation 'PlayDay', Best Branded Content Series for Brew City 'The Social', and Most Innovative Use of Content for The British Army 'A Soldier is a Soldier'.

War in Ukraine

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 its impact on the Group.

Current trading and outlook

We continue to see opportunity for all of our brands and all of our geographies, particularly in the US, which is a top three market in terms of audience but is as yet not monetised.

At this early stage of 2022, year to date performance is in line with market expectations and the Group remains on track to deliver against full year consensus.

Solly Solomou

Chief Executive Officer
20 April 2022

