

CFO's REVIEW

A YEAR OF GROWTH

	2021 £m	2020 £m	2021 v 2020 %
Revenue	54.5	30.2	81%
Net operating expenses	(46.3)	(25.8)	79%
Operating profit	8.2	4.4	88%
Adjusted EBITDA	16.8	5.5	206%
Adjusted EBITDA %	31%	18%	13ppts
Share based payments	(1.5)	(0.1)	1002%
Depreciation	(1.4)	(1.2)	11%
Amortisation	(0.8)	(0.9)	(12%)
Loss on disposal of assets	–	(0.5)	(100%)
Exceptional (costs) / income	(4.9)	1.6	(396%)
Operating profit	8.2	4.4	88%
Net finance costs	(0.2)	(0.3)	(26%)
Share of joint ventures	0.1	–	156%
Profit before taxation	8.1	4.1	98%
Income tax expense	(2.9)	(1.1)	154%
Profit for the year	5.2	3.0	76%
Cash and cash equivalents	34.3	6.9	395%

HIGHLIGHTS

- ▶ Significant revenue growth of 81% year on year to £54.5m (2020: £30.2m).
- ▶ Growth in Adjusted EBITDA margin to 31% (2020: 18%) through growth in high margin revenue streams and leveraging our cost base.
- ▶ Strong cash conversion in addition to IPO proceeds of £30m resulting in year-end cash position of £34.3m (2020: £6.9m).
- ▶ Post the IPO Primary raise, the HSBC bank loan amounting to £10.3m was settled in full prior to the year end. The Group is now debt free aside from IFRS16 lease liabilities.



TIM CROSTON

CFO's REVIEW

Key performance indicators ("KPIs")

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

	2021 £m	2020 £m	2021 v 2020 £m %	
Financial				
Revenue	54.5	30.2	24.3	81%
Adjusted EBITDA	16.8	5.5	11.3	206%
Adjusted EBITDA as a % of revenue	31%	18%		13ppts
Profit Before Tax	8.1	4.1	4.0	98%
Non-Financial				
Global audience (m)*	264	233	31	13%
Content views (bn)**	62.9	31.9	31	97%
Average number of employees (no.)	388	280	108	39%

* 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.

81%
REVENUE GROWTH

31%
ADJUSTED EBITDA %

Revenue

	2021 £m	2020 £m	2021 v 2020 %
Direct	22.4	14.2	58%
Indirect	29.7	14.7	103%
Other	2.4	1.3	79%
Revenue	54.5	30.2	81%

Group revenue increased significantly to £54.5m (2020: £30.2m), an 81% increase in comparison to the prior year. The growth was driven by both routes to market.

Direct revenue grew by 58% to £22.4m (2020: £14.2m) as a result of increased activity with new and existing clients in the UK, Australia and Ireland.

Indirect revenue increased by 103% to £29.7m (2020: £14.7m) primarily driven by a 97% increase in number of views totalling 62.9bn (2020: 31.9 bn). The increase in views was as a result of investment in people in order to create more content for distribution across our platforms and publications.

Net operating expenses

The significant (non-exceptional) operating expenses during the year were:

- Payroll costs of £23.0m (2020: £14.9m), up 54% due to our continued investment in our team to support the growth of the business.
- Media costs of £4.4m (2020: £1.9m), up 135% supporting the growth of our Direct and Indirect revenue.
- Establishment costs (inc Technology costs) of £4.2m (2020: £3.1m), up 35% being investment in our technology infrastructure.
- Production costs of £3.7m (2020: £3.1m), up 20% supporting the growth of our Direct revenue.
- Travel and expenses of £1.3m (2020: £0.4m), up 251% as a result of the prior year being suppressed due to Covid restrictions.

Depreciation

Depreciation of £1.4m was up 11%, mainly driven by new IFRS16 leases in international territories.

Amortisation

Amortisation of £0.8m, down 12%, the reduction being down to certain software costs being fully amortised in the prior year.

Loss on disposal of assets

The loss on disposal of assets of £0.5m in 2020 was the result of an impairment write down of ceasing to use certain capitalised intangible assets in relation to Software and Licences.

Share based payments

Share based payment costs were £1.5m (2020: £0.1m), the increase is mainly driven by a share option granted to a senior manager on IPO where the Board waived performance conditions.

Exceptional costs/income

Total adviser fees and costs associated with the IPO amounted to £4.9m. This excludes those costs in relation to the issue of shares amounting to £1.0m which have been charged to Share Premium.

Exceptional income in the prior year was £1.6m relating to the final creditor distribution from the Administrators of Bentley Harrington t/a UNILAD in relation to the purchase of a £5.0m debt from one of the founders of that business prior to the acquisition of the trade and assets.

CFO's REVIEW**Adjusted EBITDA**

Adjusted EBITDA was £16.8m (2020: £5.5m).

Adjusted EBITDA margin increased to 31% (2020: 18%) as a result of our increase in revenue and leveraging our net operating expenses.

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.

Net finance costs

Net finance costs of £0.2m (2020: £0.3m) were incurred during the year. The charge predominately relates to interest on our HSBC borrowing facility which was repaid before the year end out of the IPO proceeds.

Share of JV

Share in joint ventures was £0.1m (2020: £0.05m) representing our share in the results of Pubity Group Ltd.

Profit before tax

Profit before tax increased to £8.1m (2020: £4.1m) representing a 98% increase in comparison to the prior year.

Taxation

The tax charge for the year was £2.9m (2020: £1.1m). This included a current tax charge of £2.9m (2020: £1.2m) and a deferred tax charge of £nil (2020: £0.1m credit). There was a £2.3m (2020: £nil) tax credit to equity in relation to share options exercised prior to the IPO.

Balance sheet

Net assets grew to £52.3m (2020: £14.2m) as a result of Company trading performance and IPO proceeds. Current trade and other receivables amounted to £15.2m (2020: £13.7m). We tightened our collections process with media agencies in 2021 which results in a less than commensurate movement.

Trade and other payables increased £3.8m against the prior year as a result of increased activity levels.

Included in non-current assets is Intangible assets of £14.6m (2020: £15.1m), the majority of which relates to acquired goodwill and other separately identifiable assets from our acquisition of the UNILAD business in October 2018. The acquisition and integration was successful which is reflected in our annual impairment review which shows significant headroom of £158m.

Cashflow and cash position

Net cash at the year-end amounted to £30.6m (2020: £11.0m net debt). The largest inflow of cash in the year related to the Company's IPO, which raised gross proceeds of £30m of growth capital for the business. Prior to the year-end our outstanding HSBC borrowing facility was paid in full amounting to £10.3m. Bank loan repayments amounting to £2.9m were made during the year. The year end cash position was £34.3m (2020: £6.9m). The Group is now debt free aside from IFRS 16 lease liabilities.

The Group received a £1.2m loan repayment in the year from Bentley Harrington Limited. More details can be found in Note 6.

During the year the Group made Directors loans amounting to £2.7m which were repaid upon IPO.

Tim Croston

Chief Financial Officer
20 April 2022

98%
PBT GROWTH