18 April 2024

LBG Media plc

(“LBG Media”, the “Company” or “Group”)

Unaudited Final Results for the year ended 31 December 2023

Significant strategic progress and confidence in growth strategy with clear line of sight to £200m revenue

LBG Media plc, the global digital entertainment business with a focus on young adults, is pleased to report its unaudited results for the year ended 31 December 2023 (“FY23” or “the period”) with financial performance moderately ahead of December trading update. The Audited Final Results will be available shortly.

Strategic and Operational Highlights

- Significant progress in the US market with step-change acquisition of Betches Media, LLC (“Betches”), alongside our organic expansion.
- Improvements in our operating model in Australia & New Zealand (“ANZ”) expected to drive improved profitability in 2024.
- Global audience[1] has grown by 24% year-on-year, to 452m, with a US audience of 141m, including the acquisition of Betches.
- Video views[1] of 128bn are up 31% year-on-year, demonstrative of our market leading levels of user engagement.

Betches Acquisition

- Betches is a US-based digital media brand established in 2011 by three female co-founders with a focus on digital media content production for women. Completed in October 2023, for initial cash consideration of £19.3m, this marks a step-change addition and platform for US growth.
- Acquisition represents continued expansion into the US, the world’s largest advertising market, forms a key part of the Group’s growth strategy and a core component behind our clear line of sight to £200m of revenue.
- Performance and integration progressing well, with joint blue-chip account wins between Betches and LBG with brands such as Peacock, White Castle and Mars.
- Betches achieved proforma revenue of $17.2m in FY23, contributing £2.3m to our FY23 revenue, with the broader expectation of much greater contribution going forward as we progress our plans in the US market.

ANZ Operating Model

- Implemented positive changes to our operating model in ANZ in response to year-on-year reduction in revenue and profitability, with changes effective from January 2024.
- Announcement of a multi-year partnership with Val Morgan Digital, the largest online media publisher for young adults in Australia, for the delivery of direct revenue via a low-risk margin-share agreement. The partnership template further serves as a blueprint for opportunities in new regions.
- Additionally, we have centralised social and web operations into our UK centre of excellence, providing a more efficient cost base for indirect revenue.
- Results in an improved and more efficient operating model, already reversing the reduction seen in profitability.

Unaudited financial Highlights

	FY23 (unaudited) (£m)	FY22 (audited) (£m)	*Change %*
Revenue			
- Direct	29.3	27.8	*5.5%*
- Indirect	37.1	33.6	*10.4%*
- Other	1.1	1.4	*(25.1)%*
Total Group Revenue	**67.5**	**62.8**	***7.5%***
Adjusted EBITDA[2]	17.4	15.7	*10.8%*
Adjusted EBITDA margin[2]	*26%*	*25%*	*+1ppts*
Profit before tax	5.9	7.3	*(18.9)%*
Cash and cash equivalents[3]	15.8	29.3	*(46.0)%*

- Total Group Revenue of £67.5m (FY22: £62.8m) up 7.5%.
  - Direct revenue increased by 5.5% to £29.3m (FY22: £27.8m) reflecting higher activity levels with new and existing clients, and deeper blue-chip advertiser relationships, with 75% of direct revenue from repeating clients[4].
  - Indirect revenue grew by 10.4% to £37.1m (FY22: £33.6m) supported by increased video views and audience growth. Web and social provide diversification and multiple channels for growth driven by investment in people and technology.
- Adjusted EBITDA up 10.8%, to £17.4m (FY22: £15.7m), demonstrating strong year-on-year growth, with a healthy 26% margin (FY22: 25%).
- Adjusting for a reduction in the year-on-year profit contribution from Australia underlying adjusted EBITDA would have grown by over 30%, demonstrating the strength of our core operations.
- The Group continues to be highly cash generative with cash conversion[5] of 76% (FY22: 37%).
- Cash and cash equivalents at the period-end amounted to £15.8m (HY23: £32.7m, FY22: £29.3m), primarily reflecting the acquisition of Betches. Cash and cash equivalents as of 17 April were £22.0m.

CEO, Solly Solomou commented:

"Our revenue and EBITDA growth in 2023 demonstrates the Group's unique position and resilience in the face of some really testing market conditions. The strategic and operational progress we have made this year provides impetus and puts us in a strong position to realise our ambitions.

"Our global audience has increased to 452m and we have significantly strengthened our presence in the US, the world's largest advertising market, organically and through the acquisition of Betches. The scale of our audience, strength of our brands, and market leading engagement within our communities truly sets us apart and our ability to provide real-time insight and analysis to clients is a unique selling point.

"We have always believed in our responsibility for using our platforms and original content creation capabilities to champion socially responsible causes. Major campaigns in the year have included the 'Have A Word' campaign, with the Mayor of London, calling on men to challenge misogyny and partnering with The Prince's Trust to safeguard young people's careers, among other initiatives with charities such as If U Care Share and World Vision.

"As one of the world's largest digital entertainment businesses, our relationships with large blue-chip advertisers continue to deepen and grow, with an increasing roster of brands working with us year-after-year. We operate in the largest and fastest growing segment of the advertising market and provide an unparalleled proposition for brands wanting to access young adult audiences. Combined with ongoing

expansion in the US market and our diverse revenue model, we are confident in our position to create significant value for shareholders in the years ahead."

Outlook

Our positive revenue momentum and platform for growth in the US leaves the Group at a significant juncture in its evolution and provides a clear line of sight to achieving £200m of revenue.

We have made a good start to 2024, entering our second quarter with positive momentum, along with the incremental impact of Betches and the ANZ operating model changes.

As with prior years, revenue will be affected by the seasonality in advertising spend, with adjusted EBITDA weighted towards H2 given that operating costs are relatively evenly spread across the year. Notwithstanding that, the Group remains on track to deliver market expectations[6] for the full year.

Analyst Presentation

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

Notes

[1] Video Views and Global Audience exclude Pubity and Memezar. Video Views are across Facebook, Snapchat, TikTok, X, YouTube and Web. Global Audience reflects social followers, unique podcast listeners and average monthly website users in the 12 months to December 2023. US audience reflects number of followers across our social channels and average monthly website users.
[2] Adjusted EBITDA – earnings before interest, tax, depreciation, and amortisation adjusted for share based payments (including employers NIC as appropriate) and adjusting items. Adjusted EBITDA margin is adjusted EBITDA divided by Group Revenue represented as a percentage.
[3] Reduction in cash and cash equivalents over FY23 of £13.5m primarily reflects the acquisition of Betches, completed in October 2023. Acquisitions in the year totalled £17.6m, net of cash acquired.
[4] 75% of 2023 Direct Revenue from clients that ran campaigns with us in the prior two years.
[5] Cash conversion is cash generated from operations pre-tax, adjusted for impact of cash adjusting items divided by adjusted EBITDA.
[6] External market consensus for the year ending 31 December 2024 is currently: Revenue of £86.1m and adjusted EBITDA of £23.5m.

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Notes to editors

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

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

CHAIR'S STATEMENT

Looking back at 2023, the quality of our colleagues has shone through significantly in what has been a difficult year for the global entertainment and digital advertising markets.

It is a testament to our people that we have faced the challenges head on and delivered a good financial performance, continued our growth and made strategic progress. Our ability to generate extraordinary content that resonates with over 450m people globally is the most significant reflection of the quality of our people and the leadership of our management teams.

The loyalty of our clients is also replicated by our other stakeholders, including our shareholders, who continue to support the business and the vision of the executive team. Their belief in our operations, model, and ability to effectively engage with our social and digital following is something that the Board and I are really thankful for.

Progress Achieved in 2023

Our ongoing financial momentum is reflected in revenue and adjusted EBITDA growth of 7.5% and 10.8% respectively, supported by the acquisition of Betches that has turbocharged our position in the world's largest advertising market, the US, and strengthened our senior leadership team with the addition of its three co-founders. In addition, the successful changes to our operating model in ANZ demonstrate the flexibility of our business model.

Betches was a step-change acquisition and one which represents meaningful progress against our three strategic pillars. With its focus on US-based millennial and Gen Z female audiences, it materially expands our footprint in the US and appeal to global brands. The deal brings major new clients to the portfolio, unlocks new capabilities and, with a significant portion of Betches' revenue being long-term recurring direct partnerships, strengthens that income stream. We're already seeing positive results with joint pitch wins for brands such as White Castle, Mars and Peacock. The founders of Betches are brilliant leaders and share in our vision and outlook. I speak for everyone when I say we are thoroughly excited by what the future holds.

Another important step taken by the business in the year was the way it carried out a strategic review of reducing profitability in ANZ and took considerate but prompt action to implement a new operating model. The changes, which completed in Q4, reflect a new, low-risk model and sees us partner with Val Morgan Digital, the largest online media publisher in Australia, who will represent our brand through a strategic five-year commercial partnership for the delivery of direct revenue. The changes also saw us centralise our social and web operations into our UK centre of excellence, providing a more efficient cost base for indirect revenue from the region. The steps were critical in ensuring we deploy our resources optimally while maintaining a foundation for sustainable growth, and the learnings represent a blueprint for opportunities in other regions.

While operating through challenging market conditions, our cash generative nature is a significant strength, and we maintained a £15.8m cash position at year-end. This enables us to rapidly deploy capital into new growth initiatives as they arise, both organically and inorganically, and our ambition in that regard remains undiminished.

Social Responsibility & Governance

Our position as a socially responsible organisation is founded on our ability to engage with our audience, giving them a voice by building communities that laugh, think and act. This is a fundamental enabler of our success, and we will stay true to these core values in the years ahead.

Board and Management Changes

During the year, Arian Kalantari stepped down from the Board and I would like to thank him for his contribution to LBG Media. With our excellent team, we are grateful that his operational responsibilities have been seamlessly distributed to the newly formed senior leadership team.

Tim Croston notified the Board of his intention to retire from a full-time executive role and he formally stood down from the Board on 12 April 2023, with Richard Jarvis joining the Board as CFO on 12 April 2023. I'd also like to welcome Aleen Dreksler, Jordana Abraham and Samantha Sage, the Betches co-founders, to the senior leadership team. We believe there is a very strong cultural fit between the businesses and the strength of the combined leadership across the organisations is already bearing early fruit.

At all levels of our business, the creative culture and talent is as strong as it has ever been, and all 446 people bring unique perspective. A combination of skills, ambition and focus on our strategic pillars will continue to provide the fuel for our growth in the coming years.

Outlook

Our global digital entertainment business, which is focused on young adults and operates in the biggest and fastest growing sectors of the advertising market, presents a unique and highly differentiated proposition. We have an audience that is growing at scale, and our brand recognition is deep-rooted within our communities and drives our market-leading user engagement. The insight and analysis we can provide our brands and partners is unmatched and is a direct result of the profound understanding we have of our audience. The combination of these factors provides the business a competitive edge, and our diversified revenue model, with robust margins and high cash conversion, is a significant attraction for investors.

The acquisition of Betches, combined with our existing footprint in the US, has put LBG Media in a strong position to progress in the US market, where the opportunity is substantial. Betches' highly complementary capabilities means we finished 2023 with an even more diverse offering, and the Board remains confident in the Group's ability to capitalise on the growing market in digital advertising and create significant value for shareholders in the years ahead.

Dave Wilson
Chair
17 April 2024

CHIEF EXECUTIVE'S REVIEW

2023 was another year of progress for LBG Media. Our global audience increased to 452m, our video views reached a record 128bn, we continued with our US expansion with the step-change acquisition of Betches and we demonstrated flexibility in our operating model with the positive changes we made in Australia and New Zealand.

Our market leading engagement and growth in global audience makes us even more attractive for brands and agencies seeking to reach our highly engaged young adult audience. The combination of our existing footprint in the US, and the addition of Betches, provides us with an excellent foundation from which to build market share in the largest advertising market in the world; and we are already seeing the benefits, with multiple joint blue-chip account wins.

LBG Media has evolved into a global entertainment platform, able to create content that is engaging and resonates with hundreds of millions of people through a range of media. Our talent and dedication to our core mission, which is to give young adults a voice by building communities that laugh, think and act, ensures we remain true to our purpose and fuels our growth.

Market

The global advertising market continued to grow in 2023 and is now valued at $889bn, with digital representing nearly 70% of that total, despite well documented macroeconomic headwinds. Digital continues to outstrip traditional forms of advertising, rising by 9.2% in 2023. The Group's pace of adoption and innovation with changing forms of content, such as the shift to short-form video in the second half of 2022, continue to align us with some of the fastest and highest growth areas. We are well placed to experiment and take advantage of the opportunities that technologies such as AI present and which can benefit the industry. We estimate that across our core geographies, which have significant levels of advertising spend, the opportunity for the Group is substantial and, with our progression in the US market, we are well positioned for future growth.

Financial Performance

The Group achieved 7.5% revenue growth in the year to £67.5m (FY22: £62.8m). Adjusted EBITDA increased by 10.8% to £17.4m (FY22: £15.7m). £0.1m of adjusted EBITDA was generated by Betches. This growth was understandably impacted by the reduction in the year-on-year profit contribution from ANZ, which is why we took decisive action in the fourth quarter of the year to address this underperformance and implement a more effective operating model. We incurred a total of £3.7m of costs which were adjusting items this year, the majority of which relate to the combination of our acquisition activities along with restructuring costs in ANZ and, as a result, profit before tax was reduced at £5.9m (FY22: £7.3m).

Our advertiser relationships continue to grow, with direct revenue increasing to £29.3m (FY22: £27.8m). This includes £2.3m of direct revenue contribution from Betches, partially offset by the impact from a year-on-year decline within our ANZ operations. During the year, the Group supported and partnered with a growing list of global brands including The AA, Disney, Jacamo, Ladbrokes, Nike, NOW, Samsung, Sky Betting & Gaming, VOXI by Vodafone and Warner Bros. Our brief conversion continued to improve in the year, reinforcing the strength of our proposition and quality of our execution, something that is further evidenced by our repeat client revenue - three-quarters of direct revenue achieved in the year came from clients who have worked with us in the prior two years.

Indirect revenue in the year was up 10.4% to £37.1m (FY22: £33.6m) achieved via a combination of an increase in monetised views on social media platforms, as well as good growth from our owned and operated websites. We continue to realise positive benefits within indirect from our investment in people and technology, with web and social providing diversification and multiple channels for growth. It is worth noting that indirect revenue was also impacted by weaker performance in ANZ and the strong outturn comes despite these challenges.

Strategic Progress

Key areas of progress in the year are summarised below:

Betches: The acquisition of Betches in October 2023 was a significant milestone for the Group. The combined business now has a significantly enlarged footprint and set of capabilities in the US, a market which forms a core part of our growth ambitions. Integration between the businesses has been progressing well and with its high-quality financial profile, the addition of several new capabilities to the Group, including podcasts and newsletters, and an excellent team, we remain thoroughly excited by the opportunities ahead.

ANZ Operating Model: In response to revenue and profitability challenges experienced in the region, in Q4 2023 we announced a new and more efficient operating model, effective from January 2024. This involved the centralisation of social and web operations into our UK centre of excellence at a more efficient cost base for indirect revenue, whilst we also leveraged a new five-year strategic partnership model with the largest online media publisher in Australia, Val Morgan Digital, for the delivery of direct revenue. The changes unfortunately necessitated a number of redundancies in the region, but that exercise was undertaken with the utmost care and professionalism, including being able to transfer a number of the team to Val Morgan Digital. Moving into 2024, the new model provides a foundation for sustainable growth in the region, as well as a potential partnership blueprint that we could look to adopt in new regions around the world.

Bolt-on Acquisitions: We have continued with the strategy of acquiring bolt-on social media pages, and during FY23 acquired the social and web assets of Lessons Learned in Life (LLIL) for £0.5m. For the right complementary assets, this is a proven and successful strategy with assets typically achieving payback in less than a year.

Manchester Studio: To enhance the Group's production capabilities, a high-quality new Manchester studio was opened in November 2023. This facility will enable the Group to produce more engaging, fresh, new content for publications across our social media pages and websites, as well as developing our podcast offering.

UNILAD Tech: In November 2023, the Group launched the UNILAD Tech website. Leveraging the success of the UNILAD Tech social media pages, the new website provides the Group with the opportunity to further monetise its audience through programmatic advertising sales. The UNILAD Tech website becomes the Group's seventh active website and collectively, the Group's editorial websites reach over a third of UK adults each month, resulting in billions of page views annually.

Social Responsibility & Recognition

We have always placed a great emphasis on having a positive impact by tackling complex social issues. During the year LBG Media was the official media partner for the Mayor of London's 'Have a Word' campaign, calling on men to challenge misogyny and we were also directly engaged by The Prince's Trust to carry out research into the careers of young adults.

We won multiple awards in the year for our excellent campaign work, most notably our Tango Berry Peachy campaign, which won four separate awards at Media Week, Digiday Content Marketing and Campaign Media. We have continued to partner with excellent brands to deliver high quality, engaging content that has driven strong audience engagement and this is reflected in both our growth in global audience and video views.

Board Changes

Arian Kalantari resigned from the Board in July 2023. His operational responsibilities were distributed among colleagues and will now be permanently retained by those members of the Group's established and strong leadership team. I would like to thank Arian for his support over the years, both in the terms of the vital contribution to the founding of the business and the years of success that have been achieved since. It has been a great pleasure to work side-by-side with my good friend and I wish him all the best and look forward to his continued support as a shareholder.

I would also like to thank Tim Croston for his hard work and dedication over the past few years as our CFO.

Clear Line of Sight to Revenue Opportunity

The operational and strategic progress that we made last year, combined with a strengthened senior leadership team, bringing a valuable range of experience, capabilities and disciplines into the business, places us in an excellent position to address the opportunities in front of us. The positive momentum in our direct and indirect businesses, as well as our expansion in the US, where the opportunity is substantial, provides a clear line of sight to achieving £200m of revenue. Underpinning this opportunity is our high levels of cash generation, giving the Group the ability to deploy capital to support our organic growth and acquisitions.

2023 was a year of good progress and has positioned the Group to continue to deliver profitable growth in the years ahead and we look forward to updating shareholders on our progress.

Solly Solomou
Chief Executive
17 April 2024

CHIEF FINANCIAL OFFICER'S REVIEW

Revenue

	FY23 Unaudited (£m)	**FY22 Audited (£m)**	**Change (%)**
Direct	**29.3**	27.8	5.5%
Indirect	**37.1**	33.6	10.4%
Other	**1.1**	1.4	(25.1)%
Revenue	**67.5**	62.8	7.5%

Group revenue increased 7.5% to £67.5m (FY22: £62.8m), with the acquisition of Betches Media, LLC ("Betches") in October 2023 accounting for £2.3m of this increase. Organic revenue growth was 4%, which is a solid result given economic headwinds and challenges in ANZ.

Direct revenue grew 5.5% to £29.3m, reflecting progress across both new and existing clients.

Indirect revenue, which is diversified across our social and web revenue streams grew by 10.4% overall due primarily to the increases driven in both our social video views and our web sessions. The increase in social video views to 128bn (FY22: 98bn) reflected us embracing the shift to short-form video in late 2022 and our capabilities in increasing the production of engaging content across our platforms. This has continued to mitigate the year-on-year pressure on social yields that accompanied that market shift. Yields from advertising on our owned and operated web sites benefitted from investment over the year on people and technology in this area.

Other revenue of £1.1m which represents minor revenue streams such as content licencing was £0.4m lower than the prior year.

Operating expenses

Operating expenses excluding depreciation, amortisation, impairment, share-based payment charges and adjusting items, amounted to £50.1m (FY22: £47.6m). The increase of £2.5m includes £2.2m of costs from Betches that were not in the prior year comparative.

Adjusted EBITDA

Adjusted EBITDA of £17.4m (FY22: £15.7m), represented 10.8% growth on the prior year with a post-acquisition contribution of £0.1m from Betches).

Adjusted EBITDA is used for internal performance analysis to assess the execution of our strategy 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 GAAP measure, being Profit Before Tax. It is therefore important to understand the nature of items that constitute that difference, which are discussed below.

Depreciation & Impairment

Depreciation of £2.1m (FY22: £1.6m) was up 27.9%, mainly reflecting new IFRS16 property leases in the UK. Additionally, £0.3m (FY22: £nil) was incurred due to the impairment of lease assets associated with the closure of Australia offices, net of the release of dilapidation provisions.

Amortisation

Amortisation of £1.4m (FY22: £0.8m) was up 70.3% due to the impact of intangible assets acquired through business combinations.

Share based payment charges:

Share based payment costs were £3.9m (FY22: £3.6m), up 8.5% due to the impact of new schemes in 2023.

Adjusting items

Adjusting items are other items that are not indicative of the underlying performance of the business and are therefore adjusted to ensure consistency between periods. These totalled £3.7m (FY22: £2.2m) within the year, with the key items summarised as follows:

Business reorganisations – ANZ:
On 8 November 2023, the Group announced changes to the Group's operating model within Australia and New Zealand. This change involved centralising the social and web operations into the UK, as well as appointing a third-party partner, Val Morgan Digital, to perform commercial operations in Australia. Significant one-off costs, including redundancy for 60 people, were incurred and categorised as adjusting items to better reflect the underlying performance of the Group. These adjusting items total £1.4m and include £1.2m of staff related costs and £0.2m of non-staff related costs.

Costs associated with business reorganisations – Non-ANZ:
Costs associated with team member reorganisations of £0.6m relates to exit costs of personnel leaving the business due to reorganisations within our operating divisions and Board. £0.4m of that cost relate to Board level changes due to both the resignation of the CFO in April 2023 which led to some dual CFO costs and the resignation of the COO in July 2023 who left the business at that point. Due to the nature of these costs, management deem them to be adjusting items in order to better reflect the underlying performance of the Group. Exit costs outside of these circumstances are treated as operating expenses.

One-off retention payment:
Recognising a set of unique circumstances of stabilising and retaining staff following the large reorganisation in the last quarter of 2022 that was also compounded by the cost-of-living crisis, the Group made a one-off payment to employees to mitigate retention risks. This payment was fully repayable if they chose to leave within the year. Due to the one-off nature of this payment and to facilitate meaningful understanding of underlying performance and comparison with prior and future years the cost of £0.6m has been considered an adjusting item.

Acquisition related fees:
Acquisition related costs of £1.1m include legal, professional advisory and other costs directly attributable to the acquisition of Betches in October 2023, and other acquisitions.

Tax settlement:
In the prior year the Group agreed to settled pre-IPO PAYE liability of £0.2m which was treated as a one-off adjusting item. Following a settlement agreement with HMRC in 2023, this liability was reduced by £0.1m and a credit to adjusting items was made and, for consistency with prior year, classification this has been shown as an adjusting item.

Total adjusting items in the prior year of £2.2m related to business reorganisations (£1.6m), US set up costs (£0.6m), tax settlements (£0.3m) and amounts recoverable from Bentley Harrington (£0.3m credit).

Net finance costs

Net finance costs increased by £0.3m to £0.5m (FY22: £0.2m). The movement relates to an increase of £0.4m in finance costs mainly driven by the unwinding of the discount on contingent consideration of £0.3m regarding Betches, offset by an increase in finance income of £0.1m.

Share of JV

Share in joint ventures was £0.3m (FY22: £0.0m), representing our share in the results of Pubity Group Ltd.

Profit before tax

Profit before tax decreased to £5.9m (FY22: £7.3m), due to the higher adjusting items in the year. Betches accounts for £0.1m of profit before tax. A reconciliation between adjusted EBITDA and Profit Before Tax can be found on the Consolidated statement of comprehensive income.

Taxation

The tax charge for the year was £4.3m (FY22: £2.0m). Tax has increased due to the UK becoming relatively more profitable, with higher losses generated in Australia and New Zealand than in the prior year (see discussion of change in ANZ operating model).

Key performance indicators ("KPIs")

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

	FY23 Unaudited (£m)	**FY22 (£m)**	**Change (£m)**	**Change (%)**
Financial				
Revenue	**67.5**	62.8	4.7	7.5%
Adjusted EBITDA	**17.4**	15.7	1.7	10.8%
Adjusted EBITDA margin (%)	**26%**	25%	-	1% pts
Profit before tax	**5.9**	7.3	(1.4)	(18.9)%
Profit before tax as a % of revenue	**9%**	12%	-	-
Non-Financial				
Global audience (m)*	**452**	366	86	24%
Video views (bn)*	**128**	98	30	31%
Average number of employees	**446**	470	(24)	(5)%

* *Video Views and Global Audience exclude Pubity and Memezar. Video Views are across Facebook, Snapchat, TikTok, X, YouTube and Web. Global Audience reflects social followers, unique podcast listeners and average monthly website users in the 12 months to December 2023.*

Acquisitions

On 17 October 2023, the Group acquired the entire share capital of Betches for a total consideration of £29.2m.

Betches is a US-based media brand founded by women and focused on digital media content production and publication for women.

Consideration for the acquisition was entirely in cash, with no shares in the Group issued to the sellers. The cash consideration is comprised of £19.3m funded from existing cash resources, with up to a further US$30m cash consideration payable in instalments (£23.5m at the closing balance sheet rate), subject to Betches achieving certain revenue and EBITDA targets to 2026. The contingent consideration is payable in annual tranches from March 2024 up until March 2026.

Of the maximum contingent consideration of £23.5m (US$30.0m) payable to the sellers, based upon revenue and EBITDA forecasts at the date of acquisition, a total of £9.6m (US$12.0m) is management's best estimate of the amount payable within a range of potential outcomes, after taking into account the time value of money. At the year end, this is valued at £9.5m, after unwinding the discount.

Unaudited balance sheet

Net assets grew to £65.2m (FY22: £61.2m) as a result of Group trading performance.

Net current assets decreased to £29.0m (FY22: £43.8m), with the reduction due primarily to the acquisition of Betches, offset by trading performance (see cash flow section below).

Trade and other receivables grew to £28.8m (FY22: £20.4m). The majority of the increase relates to a year-on-year rise in trade receivables of £7.6m, which was attributable to delays in recovery of debtors from major media agencies. The Group continues to trade with the major media agency groups and social platforms and whilst the aging profile at the year end has worsened, we are fully confident of their recoverability, which is reflected in the IFRS 9 assessment and supported by the receivables collected since the year end.

Trade and other payables increased to £8.9m (FY22: £4.3m). Trade payables increased by £1.7m to £2.8m, with the increase due primarily to unpaid acquisition costs at the year end.

Accruals increased by £1.3m to £3.2m, mainly relating to an increase in the closing bonus provisions of £0.7m (FY22: £nil) and Betches accruals of £0.8m (FY22: £nil). Other payables increased by £0.7m to £1.0m driven by a £0.4m increase in cash-settled share based payment liabilities.

Contingent consideration of £9.5m in relation to the acquisition of Betches is recorded at the year end.

Included in non-current assets are intangible assets of £39.8m (FY22: £15.4m) with the increase related to the acquisition of Betches in October 2023, which gave rise to new intangible assets and goodwill totalling £25.8m.

Within the year the UK office space was renovated including the fit out of a new Manchester studio at a cost of £0.2m. New lease agreements in London and Manchester completed in the year, the value of these new lease additions under IFRS16 is £2.7m.

Deferred tax liabilities increased by £0.4m in the year to £0.5m (FY22: £0.1m).

Included within reserves movements in the year is a £1.1m currency translation difference (FY22: £29k credit). The increase in the year relates to foreign exchange movements on intercompany loans.

Unaudited cashflow and cash position

Cash at the year-end amounted to £15.8m (FY22: £29.3m). Net cash generated from operations increased to £10.1m (FY22: £1.3m), with the prior year being impacted by the settlement of IPO related liabilities and bonuses. Pre-tax adjusted cash conversion was 76% (FY22: 37%).

Net cash outflows due to investing activities increased to £19.6m (FY22: £2.2m), driven by the acquisition of Betches for £17.6m (initial cash outlay, net of cash acquired).

Net cash outflows due to financing activities decreased by £0.6m to £0.9m (FY22: £1.5m), driven by £0.5m of lease deposits received.

Richard Jarvis
Chief Financial Officer
17 April 2024

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Year ended 31 December 2023 £'000	**Audited Year ended 31 December 2022 £'000**
Revenue	**67,510**	62,809
Net operating expenses	**(61,423)**	(55,810)
(Increase)/decrease in expected credit losses of trade receivables	**(22)**	467
Operating profit	**6,065**	7,466
Analysed as:		
Adjusted EBITDA[1]	**17,368**	15,682
Depreciation	**(2,088)**	(1,633)
Amortisation	**(1,369)**	(804)
Impairment[2]	**(318)**	–
Share based payments charge	**(3,853)**	(3,552)
Adjusting items	**(3,675)**	(2,227)
Operating profit	**6,065**	7,466
Finance income	**106**	18
Finance costs	**(565)**	(161)
Net finance costs	**(459)**	(143)
Share of post-tax profits of equity accounted joint venture	**331**	–
Profit before taxation	**5,937**	7,323
Income tax expense	**(4,271)**	(1,976)
Profit for the financial year attributable to equity holders of the company	**1,666**	5,347
Currency translation differences	**(1,082)**	29
Profit and total comprehensive income for the financial year attributable to equity holders of the company	**584**	5,376
Basic earnings per share (pence)	**0.8**	2.6
Diluted earnings per share (pence)	**0.8**	2.5

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

2 Impairment is stated net of the release of dilapidation provision of £242k against property, plant and equipment, impaired, of £560k.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2023 (unaudited) £'000	**As at 31 December 2022 (audited) £'000**
Assets		
Non-current assets		
Goodwill and other intangible assets	**39,782**	15,436
Property, plant and equipment	**5,982**	3,670
Investments in equity-accounted joint ventures	**690**	359
Other receivables	**198**	592
Deferred tax asset	**24**	260
Total non-current assets	**46,676**	20,317
Current assets		
Trade and other receivables	**28,765**	20,370
Current tax asset	**62**	378
Inventory	**27**	–
Cash and cash equivalents	**15,800**	29,268
Total current assets	**44,654**	50,016
Total assets	**91,330**	70,333
Equity		
Called up share capital	**207**	206
Share premium reserve	**28,993**	28,993
Accumulated exchange differences	**(1,053)**	29
Retained earnings	**37,006**	31,998
Total equity	**65,153**	61,226
Liabilities		
Non-current liabilities		
Non-current lease liability	**2,975**	1,960
Provisions	**446**	540
Non-current contingent consideration	**6,523**	–
Deferred tax liability	**556**	394
Total non-current liabilities	**10,500**	2,894
Current liabilities		
Current lease liability	**2,507**	1,282
Trade and other payables	**8,906**	4,295
Current contingent consideration	**3,016**	–
Current tax liabilities	**1,248**	636
Total current liabilities	**15,677**	6,213
Total liabilities	**26,177**	9,107
Total equity and liabilities	**91,330**	70,333

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2023 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Net cash flow from operating activities		
Profit for the financial year	**1,666**	5,347
Income tax	**4,271**	1,976
Net interest expense	**459**	143
Share of post-tax profits of equity accounted joint venture	**(331)**	–
Operating profit	**6,065**	7,466
Depreciation charge	**2,088**	1,633
Amortisation of intangible assets	**1,369**	804
Impairment	**318**	–
Share based payments	**3,853**	3,552
Loss/(gain) on disposal of property, plant and equipment	**(30)**	21
Increase in trade and other receivables	**(4,151)**	(5,210)
Increase/(decrease) in trade and other payables	**588**	(6,971)
Cash generated from operations	**10,100**	1,295
Tax paid	**(2,898)**	(2,693)
Net cash generated from/(used in) operating activities	**7,202**	(1,398)
Cash flows from investing activities		
Purchase of intangible assets	**(1,045)**	(1,675)
Purchase of property, plant and equipment	**(954)**	(544)
Stamp duty paid	**(26)**	–
Acquisition of subsidiary, net of cash acquired	**(17,580)**	–
Net cash used in investing activities	**(19,605)**	(2,219)
Cash flows from financing activities		
Lease payments	**(1,323)**	(1,227)
Lease deposits paid	**(23)**	(105)
Lease deposits received	**544**	–
Proceeds from share issue	**1**	–
Interest paid	**(142)**	(121)
Net cash used in financing activities	**(943)**	(1,453)
Net decrease in cash and cash equivalents	**(13,346)**	(5,070)
Cash and cash equivalents at the beginning of the year	**29,268**	34,338
Effect of exchange rates on cash and cash equivalents	**(122)**	–
Cash and cash equivalents at the end of the year	**15,800**	29,268

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Accumulated exchange differences £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2022 (audited)	**206**	**28,993**	**–**	**23,082**	**52,281**
Profit for the financial year	–	–	–	5,347	5,347
Currency translation differences	–	–	29	–	29
Total comprehensive income for the year	**–**	**–**	**29**	**5,347**	**5,376**
Share based payments	–	–	–	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 and 1 January 2023 (audited)	**206**	**28,993**	**29**	**31,998**	**61,226**
Profit for the financial year	**–**	**–**	**–**	**1,666**	**1,666**
Currency translation differences	**–**	**–**	**(1,082)**	**–**	**(1,082)**
Total comprehensive income for the year	**–**	**–**	**(1,082)**	**1,666**	**584**
Issue of shares in the year	**1**	**–**	**–**	**–**	**1**
Share based payments	**–**	**–**	**–**	**3,853**	**3,853**
Equity settled share options switched to cash settled share options	**–**	**–**	**–**	**(494)**	**(494)**
Deferred tax on share options	**–**	**–**	**–**	**(17)**	**(17)**
Total transactions with owners, recognised directly in equity	**1**	**–**	**–**	**3,342**	**3,343**
Balance as at 31 December 2023 (unaudited)	**207**	**28,993**	**(1,053)**	**37,006**	**65,153**

Notes to the Unaudited consolidated financial statements

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 and Wales. The registered office of the Company is 20 Dale Street, Manchester, M1 1EZ. The Company registration number is 13693251.

2. Basis of preparation

The preliminary results for the year ended 31 December 2023 are unaudited. The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 December 2023 as defined by Section 434 of the Companies Act.

This financial information has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. It has been prepared on the historical cost basis, except for those items which are measured at fair value.

This financial information should be read in conjunction with the financial statements of LBG Media plc for the year ended 31 December 2022 (the "Prior year financial statements"), which are available from the Registrar of Companies. The Prior year financial statements which were prepared in accordance with UK adopted international accounting standards (UK IFRS) and the applicable legal requirements of the Companies Act 2006. The auditors, BDO LLP, reported on those accounts and their report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

The Group's financial statements for the year ended 31 December 2023 will be finalised on the basis of the financial information presented by the Directors in these preliminary results and will be delivered to the Registrar of Companies following the Annual General Meeting of LBG Media plc.

3. Going concern

The Group generated profit after tax of £1.7m during the year ended 31 December 2023 (FY22: £5.3m) and, at that date, the Group's total assets exceeded its total liabilities by £65.2m (FY22: £61.2m) and it had net current assets of £29.0m (FY22: £43.8m). Cash generated from operations in the year was £10.1m (FY22: £1.3m).

The financial statements for the Group and Parent Company have been prepared on a going concern basis. Under a worst-case scenario considered, which is severe and considered highly unlikely, the Group remains liquid for a period of 12 months from the date of reporting and the Directors therefore believe, at the time of approving the financial statements that the Group is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

The financial position remains robust with cash of £15.8m available to the Group and no debt (excluding IFRS 16 lease liabilities) and therefore no bank covenants in place. Our base case scenario has been prepared using a budget that considers both the challenges and opportunities faced by the business. Due to the strength of the Group's balance sheet and market outlook, the Directors believe there is no material uncertainty around going concern. To this end a reverse stress test scenario has also been modelled, whereby 60% of budgeted revenue from April 2024 was removed within the Group up to June 2025 with no change to costs assumptions in response, resulted in cash reducing to nil in March 2025.

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 £1,311k of property, plant and equipment held in the United States (2022: £15k), £63k held in Australia (2022: £904k) and £59k held in Ireland (2022: £44k).

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:

	Unaudited 2023 £'000	Audited 2022 £'000
Direct	**29,349**	27,806
Indirect	**37,111**	33,601
Other	**1,050**	1,402
	67,510	62,809

The geographical analysis of revenue by customer location is:

	Unaudited 2023 £'000	Audited 2022 £'000
United Kingdom	**24,230**	23,579
Ireland	**26,379**	25,485
Australia	**4,206**	4,476
US	**9,571**	7,102
Rest of the World	**3,124**	2,167
	67,510	62,809

Major customers

In 2023 there was 1 major customer that individually accounted for at least 10% of total revenue (2022: 2) (Customer A: 34%) (2022: Customer A: 33% and Customer B: 11%). The total revenues relating to this customer in 2023 was £23,203k (2022: total revenues relating to both customers amounted to £27,623k).

5. Net operating expenses

	Unaudited 2023 £'000	Audited 2022 £'000
Employee benefit expense	**32,093**	28,344
Amortisation	**1,369**	804
Depreciation	**2,088**	1,633
Impairment	**318**	–
Auditor's remuneration	**275**	217
Legal and professional	**1,721**	1,513
Media costs	**5,841**	7,391
Production costs	**5,285**	4,646
Travel and expenses	**1,366**	1,648
Establishment costs	**6,481**	5,658
Foreign currency (gain) / loss	**(110)**	898

	Unaudited 2023 £'000	Audited 2022 £'000
Adjusting items	**3,675**	2,227
Other expenses	**1,021**	831
Total net operating expenses	**61,423**	55,810

Auditor's remuneration in 2023 includes £260k (2022: £180k) for the audit of the Group (£15k for the audit of the Company; 2022: £10k); and £nil (2022: £37k) for half year audit.

A breakdown of adjusting items is provided below:

	Unaudited 2023 Gross £'000	**Unaudited 2023 Tax Impact £'000**	Audited 2022 Gross £'000	Audited 2022 Tax Impact £'000
Costs associated with business reorganisations – ANZ	**1,371**	**406**	**–**	**–**
Acquisition related fees	**1,141**	**331**	**–**	**–**
One-off retention payment in 2023	**621**	**158**	**–**	**–**
Costs associated with business reorganisations – Non-ANZ	**609**	**152**	**1,571**	**298**
US Setup costs	**–**	**–**	**626**	**205**
Amounts recoverable from Bentley Harrington	**–**	**–**	**(335)**	**(64)**
Tax (credits)/settlements	**(67)**	**(17)**	**365**	**69**
Total adjusting items	**3,675**	**1,030**	**2,227**	**509**

The blended tax rates for each adjusting item differ due to the costs being incurred within different jurisdictions, thus incurring tax at differing rates.

Costs associated with business reorganisations – ANZ

On 8 November 2023, the Group announced changes to the Group's operating model within ANZ to address declining profitability. This change involved centralising the Social and Web operations into the UK, as well as appointing a third-party partner, Val Morgan Digital, to perform commercial operations in Australia and New Zealand. Significant costs were incurred, mainly the termination costs of the local team members that didn't transfer to Val Morgan Digital and it is appropriate to categorise these costs as adjusting items to better reflect the underlying performance of the Group.

These adjusting items total £1,371k and include £1,210k of staff related costs and £161k of non-staff related costs. Of the total cost of £1,371k, £964k was paid within 2023, with the remaining balance of £407k being accrued at the year end date.

Acquisition related fees

Acquisition related costs of £1,141k include legal, professional advisor and other costs directly attributable to the acquisition of Betches Media, LLC in October 2023, and other target acquisitions. Of the total cost of £1,141k within the current year, £828k was paid within 2023, with the remaining balance of £313k being accrued at the year end date.

One-off retention payment in 2023

Recognising a set of unique circumstances of stabilising and retaining staff following the large reorganisation in the last quarter of 2022 that was also compounded by the cost-of-living crisis, the Group made a payment of £710k to employees to mitigate retention risks. This payment was fully repayable if they chose to leave within the year, £89k was recovered in the year as a result of leavers. Due to the one-off nature of this payment and to facilitate meaningful understanding of underlying performance and comparison with prior and future years this has been considered an adjusting item. The cost of £621k was recognised in full within the year and there is no outstanding liability at the year end.

Costs associated with business reorganisations – Non-ANZ

Costs associated with team member reorganisations of £609k relate to exit costs of personnel leaving the business due to reorganisations within our operating divisions and Board. £397k of that cost relate to Board level changes due both the resignation of the CFO in April 2023 which led to some dual CFO costs and the resignation of the COO in July 2023 who left the business at that point. The remaining £212k relates to the exit costs of senior team members. Due to the nature of these costs, management deem them to be adjusting items in order to better reflect the underlying performance of the Group. Exit costs outside of these circumstances are treated as operating expense.

Of the total cost of £609k within the current year, £457k was paid within 2023, with the remaining balance of £152k being accrued at the year end date. In the prior year, the cost of £1,571k was paid within 2022, with £nil accrued at the year end.

US Setup costs

The Group opened its first office in New York in the second half of 2022. Costs of the initial setup of the US business were classified as adjusting items within the prior year. These costs totalled £626k and related 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 were incurred prior to any US revenue being earned by the Company management deemed it appropriate to classify these costs as adjusting items as they were not indicative of the underlying performance of the business. Given the US is revenue generating in 2023, there are no adjusting items in the year.

Amounts recoverable from Bentley Harrington

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. 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 in the prior year.

Tax (credits)/settlements

In the prior year, the Group agreed to settle a PAYE liability on behalf of two employees, totalling £224k. As this was a one-off settlement, it was classified as an adjusting item. In the year, following a settlement agreement with HMRC this liability was reduced by £67k and the revised liability of £157k was paid in full. Consistent with prior year, as this was a one-off settlement, this has been classified as an adjusting item.

In the prior year, the Group also recorded a tax liability of £141k in relation to historic underpaid state payroll taxes in Australia. This was identified following a change in tax advisor and a subsequent review of tax positions. As the quantum of the liability was not indicative of the future state payroll tax charge, this cost was classified as an adjusting item.

6. 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:

	2023	2022
Earnings per share from continuing operations		
Earnings, £'000	**1,666**	5,347
Number of shares, number	**206,542,642**	205,714,289
Earnings per share, pence	**0.8**	2.6

Diluted earnings per share calculation:

	2023	2022
Diluted earnings per share from continuing operations		
Earnings, £'000	**1,666**	5,347
Number of shares, number	**217,710,005**	211,879,344
Diluted earnings per share, pence	**0.8**	2.5

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

	2023	2022
Number of shares in issue at the start of the period	**205,714,289**	205,714,289
Effect of shares issued in period	**828,353**	–
Weighted average number of shares used in basic earnings per share	**206,542,642**	205,714,289
Employee share options	**11,167,363**	6,165,055
Weighted average number of shares used in diluted earnings per share	**217,710,005**	211,879,344

7. 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 2022	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
Additions	–	524	–	–	–	–	521	1,045
Acquired through business combinations	–	–	3,850	6,744	–	15,197	–	25,791
Exchange adjustments	–	–	(164)	(294)	–	(646)	(21)	(1,125)
At 31 December 2023	28	1,707	4,986	11,144	300	24,645	1,574	44,384
Accumulated amortisation								
At 1 January 2022	21	236	420	1,454	298	–	–	2,429
Charge for the year	6	122	129	493	–	–	54	804

	Trademarks and licences £'000	Software £'000	Relationships £'000	Brand £'000	Content library £'000	Goodwill £'000	Social Media Pages £'000	Total £'000
Exchange adjustments	–	1	1	2	–	–	–	4
At 31 December 2022	27	359	550	1,949	298	–	54	3,237
Charge for the year	–	266	225	642	2	–	234	1,369
Exchange adjustments	–	–	–	(2)	–	–	(2)	(4)
At 31 December 2023	27	625	775	2,589	300	–	286	4,602
Net book value								
At 1 January 2022	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
At 31 December 2023	1	1,082	4,211	8,555	–	24,645	1,288	39,782

Goodwill relates to two acquisitions. The first was Bentley Harrington (trading as "UNILAD") which was acquired in 2018 (£10,094k), the second is Betches which was acquired in 2023 (£15,197k). See note 11 for details of the Betches Media, LLC acquisition.

Brand and relationships intangible assets relate partly to those acquired in the year following the Betches acquisition (total of £10,594k). The remaining position in this category relate to assets acquired from Bentley Harrington in 2018, net of amortisation to date.

With regard to social media pages, 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". In 2023, 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 CA$700k (£521k) from Lessons Learned in Life Inc.

During the year, £nil (2022: £nil) of fully written down assets were disposed of. Within the year, £1,045k (net of business combinations) of the additions were paid for (2022: £1,675k).

The individually material intangible assets at the year end are summarised below:

Intangible asset name	Asset category	Net book value at the year end £000	Remaining amortisation period (years)	Description
Betches – Brand	Brand	**6,325**	**10**	The Betches brand was acquired in the year as part of the acquisition of Betches Media LLC – see note 27.
Betches – Content partner relationships	Content partner relationships	**3,592**	**8**	The Betches content partner relationships were acquired in the year as part of the acquisition of Betches Media LLC – see note 27.
UNILAD – Brand	Brand	**2,112**	**5**	The UNILAD brand was acquired from Bentley Harrington in 2018.
Go Animals social media pages	Social media pages	**904**	**9**	The Go Animals social media pages were acquired in 2022.
UNILAD – Content partner relationships	Content partner relationships	**610**	**5**	The UNILAD content partner relationships were acquired from Bentley Harrington in 2018.

Order Management System (OMS)	Software	**476**	**4**	The OMS was completed in June 2023 and serves as the Group's order management system, which is a step change in the way the Group manages the sales process.
Lessons Learned In Life social media pages	Social media pages	**360**	**2**	The Lessons Learned In Life social media pages were acquired in 2023.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

Performance of the Group is monitored at a Group level and, because of this, the Group has been considered the only cash generating unit (CGU) in prior periods. However, following the acquisition of Betches in October 2023, and given its performance is managed largely independently of the legacy LBG Media Group, Betches will be considered a separate CGU.

The value in use assessment for both CGUs are based upon five-year cashflows taken into perpetuity.

The key assumptions used in the value in use assessment for the LBG Media Group are detailed below:

- a long-term growth rate of 2.0% (2022: 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 12.0% (2022: 14.0%) 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.

The key assumptions used in the value in use assessment for Betches Media, LLC are detailed below:

- a long-term growth rate of 2.1% 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 13.9% 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 entity'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.

The table above highlights the sensitivity in the value in use following small changes in key assumptions. However, given the acquisition of Betches was recent (acquired on 17 October 2023) these sensitivities were known at the date of acquisition and were factored into the purchase price of the business.

	Discount rate Change in value in use (£'000s)	Long term growth rate Change in value in use (£'000s)
LBG Media CGU		
Used in value in use model:	12.0%	2.0%
Value in use:	177,866	177,866
1% increase	161,782	166,199
1% decrease	197,509	192,092
Betches Media, LLC CGU		
Used in value in use model:	13.9%	2.1%
Value in use:	35,143	35,143
1% increase	32,289	37,405
1% decrease	38,438	33,156

8. Investments in equity-accounted joint ventures

The Group has a 30% (2022: 30%) interest in joint venture, Pubity Group Ltd, 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.

Pubity Group Ltd operates in the same market as the Group and therefore its business risks remain consistent with that of the Group.

Summarised financial information in relation to the joint venture is presented later in this note.

In 2023, additions in the year relates to the Group's share of total comprehensive income of £331k (2022: £nil).

Name	Country of incorporation and principal place of business	Proportion of ownership interest held as at 31 December 2023
Pubity Group Ltd	United Kingdom	30%
Summarised financial information (Pubity Group Ltd)	**2023 £'000**	2022 £'000
As at 31 December		
Current assets	**2,174**	510
Non-current assets	**6**	4
Current liabilities	**(657)**	(93)
Net assets (100%)	**1,523**	421
Group share of net assets (30%)	**457**	126
Period ended 31 December		
Revenue	**3,240**	899
Profit from continuing operations	**1,103**	–
Total comprehensive income (100%)	**1,103**	–
Group share of total comprehensive income (30%)	**331**	–
Carrying amount of investment		£'000
Brought forward as at 1 January 2022		359
Group share of total comprehensive income		**–**
Brought forward as at 1 January 2023		**359**
Group share of total comprehensive income		**331**
Carried forward as at 31 December 2023		**690**

9. Cash and cash equivalents

	Unaudited 2023 £'000	Audited 2022 £'000
Cash and cash equivalents		
Cash at bank and in hand	**15,800**	29,268
	15,800	29,268
In these currencies		
UK Pound	**10,123**	15,544
United States Dollar	**4,162**	12,543
Australian Dollar	**291**	327
Euro	**1,207**	838
New Zealand Dollar	**17**	16
	15,800	29,268

10. Share based payments

The Group operates a number of Share Option Schemes under which Executive Directors, Non-Executive Directors, managers and team members of the Group are granted options over shares. The Group did not enter into any share-based payment transactions with other parties other than employees during the current or prior period. The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £3,822k (2022: £3,552k). The charge recognised from cash-settled share-based payments in respect of employee services received during the year is £31k (2022: £nil).

Share Incentive Plans (Equity-settled)

In the year ended 31 December 2022, the Group introduced Share Incentive Plan (SIP) awards. These awards are subject to continued employment, and vest after three years. After the third anniversary of the award date employees can elect to sell or transfer the awards.

	Number of ordinary shares									
Scheme	Fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
UK SIP	**1.94**	**–**	**738,660**	**(227,280)**	**–**	**511,380**	**–**	**(119,322)**	**–**	**392,058**
Australia SIP	**1.60**	**–**	**78,584**	**(7,144)**	**–**	**71,440**	**–**	**(14,288)**	**–**	**57,152**
Ireland SIP	**1.60**	**–**	**13,668**	**–**	**–**	**13,668**	**–**	**–**	**–**	**13,668**
		–	**830,912**	**(234,424)**	**–**	**596,488**	**–**	**(133,610)**	**–**	**462,878**

At 31 December 2023, none of the options were exercisable (2022: nil).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below. 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 options have been valued using the Monte-Carlo method and using the following assumptions:

	UK SIP	Australia SIP	Ireland SIP
Number of awards granted	**738,660**	**78,584**	**13,668**
Grant date	**19/01/22**	**26/05/22**	**26/05/22**
Vesting date	**19/01/25**	**26/05/25**	**26/05/25**
Contractual life (days)	**1,096**	**1,096**	**1,096**
Exercise price (£)	**–**	**–**	**–**
Share price at grant date (£)	**1.94**	**1.60**	**1.60**
Annual risk free rate (%)	**–**	**–**	**–**
Annual expected dividend growth rate (%)	**–**	**–**	**–**
Volatility (%)	**40%**	**40%**	**40%**
Fair value per award (£)	**1.94**	**1.60**	**1.60**

Save as you Earn (SAYE) Schemes (Equity-settled)

The Group operates saving-related share option plans, under which employees save on a monthly basis, over a three-year period, towards the purchase of shares at a fixed price determined when the option is granted. All employees were offered the opportunity to join the SAYE schemes. This price is set at a 20% discount to the average closing price for a share on the five dealing days prior to the grant date. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

	Number of ordinary shares									
Scheme	Fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
2022 SAYE	**0.58**	**–**	**568,032**	**(147,709)**	**–**	**420,323**	**–**	**(191,132)**	**–**	**229,191**
2023 SAYE	**0.40**	**–**	**–**	**–**	**–**	**–**	**355,350**	**(26,269)**	**–**	**329,081**
		–	**568,032**	**(147,709)**	**–**	**420,323**	**355,350**	**(217,401)**	**–**	**558,272**

At 31 December 2023, none of the options were exercisable (2022: nil).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below. The volatility assumption for the 2023 SAYE scheme is based on the median daily share price volatility for a group of peer companies over a historical period prior to the date of grant with length commensurate with the expected life assumption of 3.05 years. For the 2022 SAYE scheme this was based on the historical 3.1 year volatility of the constituents of the FTSE AIM Media super sector as of the date of grant.

The options have been valued using the Black-Scholes method and using the following assumptions:

	2022 SAYE	**2023 SAYE**
Number of awards granted	**568,032**	**355,350**
Grant date	**24/05/22**	**14/06/23**
Vesting date	**30/06/25**	**30/06/26**
Contractual life (days)	**1,133**	**1,112**
Exercise price (£)	**1.34**	**0.81**

Share price at grant date (£)	**0.58**	**0.97**
Annual risk free rate (%)	**1.47%**	**4.76%**
Annual expected dividend growth rate (%)	**–**	**–**
Volatility (%)	**40%**	**43%**
Fair value per award (£)	**0.58**	**0.40**

Non-Executive Director Awards (Equity-settled)

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. The scheme vesting period was reached on 15 December 2023 and the options were exercised in full in January 2024.

	Number of ordinary shares									
Scheme	Fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
Non-Executive Director Awards	**1.75**	**2,459,098**	**–**	**–**	**–**	**2,459,098**	**–**	**–**	**–**	**2,459,098**
		2,459,098	**–**	**–**	**–**	**2,459,098**	**–**	**–**	**–**	**2,459,098**

At 31 December 2023, 2,459,098 options were exercisable (2022: nil).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below. 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 options have been valued using the Monte-Carlo method and using the following assumptions:

	Non-Executive Director Awards
Number of awards granted	**2,459,098**
Grant date	**15/12/21**
Vesting date	**15/12/23**
Contractual life (days)	**730**
Exercise price (£)	**–**
Share price at grant date (£)	**1.75**
Annual risk free rate (%)	**–**
Annual expected dividend growth rate (%)	**–**
Volatility (%)	**40%**
Fair value per award (£)	**1.75**

The Company only share based remuneration expense in the year, relating to the above Non-Executive Director remuneration scheme only was £2,341k (2022: £2,490k).

Executive Director Awards (Equity-settled)

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. Within 2023, for two outgoing former Directors the vesting period has been shortened to their leave dates in 2024. Similarly, the number of shares that vest has been pro-rated downwards to align with the shortened tenure.

	Number of ordinary shares									
Scheme	Weighted average fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
Executive Director Awards	**1.45**	**1,189,280**	**–**	**(289,284)**	**–**	**899,996**	**–**	**(111,002)**	**–**	**788,994**
		1,189,280	**–**	**(289,284)**	**–**	**899,996**	**–**	**(111,002)**	**–**	**788,994**

At 31 December 2023, none of the options were exercisable (2022: nil).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below. 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 options have been valued using the Monte-Carlo method and using the following assumptions:

	Executive Director Awards
Number of awards granted	**1,189,280**
Grant date	**22/12/21**
Vesting date	**31/12/24**
Contractual life (days)	**1,105**
Exercise price (£)	**–**
Share price at grant date (£)	**1.94**
Annual risk free rate (%)	**0.68%**
Annual expected dividend growth rate (%)	**–**
Volatility (%)	**40%**
Weighted average fair value per award (£)	**1.45**

LADbible Incentive Plan Awards (Equity-settled)

The Group operates incentive plans for senior employees subject to revenue performance conditions and an Adjusted EBITDA margin underpin. Vesting is contingent upon continued employment. In May 2023 the LADbible

Incentive Plan awards were forfeited in return for the Group A awards which mirrored the terms of the original awards with additional market based performance conditions, including top-up awards. The top-up options will only vest if the series of performance conditions are fully met, at which point the quantity of options vesting will represent those equivalent to a fixed maximum value to the option-holder. The scheme was changed in order to better align with the Group's objectives.

	Number of ordinary shares									
Scheme	Fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
LADbible Incentive Plan	**1.94**	**–**	**576,053**	**(111,051)**	**–**	**465,002**	**–**	**(441,699)**	**–**	**23,303**
LTIP Group A – Base Award	**1.94**	**–**	**–**	**–**	**–**	**–**	**359,084**	**(88,479)**	**–**	**270,605**
LTIP Group A – Top-up	**0.28**	**–**	**–**	**–**	**–**	**–**	**1,726,632**	**(397,236)**	**–**	**1,329,396**
LTIP Group D – Base Award	**0.35**	**–**	**–**	**–**	**–**	**–**	**187,949**	**–**	**–**	**187,949**
LTIP Group D – Top-up	**0.33**	**–**	**–**	**–**	**–**	**–**	**554,907**	**–**	**–**	**554,907**
		–	**576,053**	**(111,051)**	**–**	**465,002**	**2,828,572**	**(927,414)**	**–**	**2,366,160**

At 31 December 2023, none of the options were exercisable (2022: nil).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below.

The volatility assumption of 40%, 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 volatility assumption of 44% is based on the median daily share price volatility for a group of peer companies over a historical period prior to the date of grant with length commensurate with the remaining projection period of 2.66 years.

The options have been valued using the Monte-Carlo method and using the following assumptions:

	LADbible Incentive Plan	LTIP Group A – Base Award	LTIP Group A – Top-up	LTIP Group D – Base Award	LTIP Group D – Top-up
Number of awards granted	**576,053**	**359,084**	**1,726,632**	**187,949**	**554,907**
Grant date	**13/01/22**	**13/01/22**	**4/05/23**	**4/05/23**	**4/05/23**
Vesting date	**12/01/25**	**12/01/25**	**31/12/25**	**12/01/25**	**31/12/25**
Contractual life (days)	**1,095**	**1,095**	**973**	**620**	**973**
Exercise price (£)	**–**	**–**	**–**	**–**	**–**
Hurdle share price for top-up (£)	**–**	**–**	**1.75**	**–**	**1.75**
Share price at grant date (£)	**1.94**	**1.94***	**1.00**	**1.00**	**1.00**
Annual risk free rate (%)	**–**	**–**	**3.76%**	**3.76%**	**3.76%**
Annual expected dividend growth rate (%)	**–**	**–**	**–**	**–**	**–**
Volatility (%)	**40%**	**40%**	**44%**	**44%**	**44%**
Fair value per award (£)	**1.94**	**1.94**	**0.28**	**0.35**	**0.33**

* These awards were treated as a modification and the fair value of these replacement awards is reflective of the incremental fair value to be recognised on modification.

Long Term Incentive Plan (LTIP) Awards (Equity-settled)

The Group operates long term incentive plans for senior employees subject to revenue performance conditions and an Adjusted EBITDA margin underpin. Vesting is contingent upon continued employment. In May 2023 the LTIP Senior Manager awards were forfeited in return for the Group B awards which mirrored the terms of the original awards with additional market-based performance conditions, including top-up awards, and removal of the Total Shareholder Return (TSR) multiplier. The top-up options will only vest if the series of performance conditions are fully met, at which point the quantity of options vesting will represent those equivalent to a fixed maximum value to the option-holder. The scheme was changed in order to better align with the Group’s objectives.

Further awards were granted within 2023 to senior employees, subject to revenue and market performance conditions and an Adjusted EBITDA margin underpin.

	Number of ordinary shares									
Scheme	Fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
LTIP Senior Managers	**1.29**	–	**836,424**	**(302,141)**	–	**534,283**	–	**(534,283)**	–	–
LTIP Group B – Base Award	**1.29**	–	–	–	–	–	**267,141**	**(95,661)**	–	**171,480**
LTIP Group B – Top-up	**0.27**	–	–	–	–	–	**2,279,286**	**(622,196)**	–	**1,657,090**
LTIP Group C – Base Award	**0.35**	–	–	–	–	–	**62,678**	–	–	**62,678**
LTIP Group C – Top-up	**0.25**	–	–	–	–	–	**1,080,179**	–	–	**1,080,179**
LTIP Group E – Base Award	**0.42**	–	–	–	–	–	**478,468**	–	–	**478,468**
LTIP Group E – Top-up	**0.78**	–	–	–	–	–	**92,961**	–	–	**92,961**
LTIP Group F	**0.45**	–	–	–	–	–	**550,239**	–	–	**550,239**
		–	**836,424**	**(302,141)**	–	**534,283**	**4,810,952**	**(1,252,140)**	–	**4,093,095**

At 31 December 2023, none of the options were exercisable (2022: nil).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below.

The volatility assumption of 40%, 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 volatility assumption of 44% is based on the median daily share price volatility for a group of peer companies over a historical period prior to the date of grant with length commensurate with the remaining projection period of 2.66 years.

The options have been valued using the Monte-Carlo method and using the following assumptions:

	LTIP Senior Managers	LTIP Group B – Base Award	LTIP Group B – Top-up	LTIP Group C – Base Award	LTIP Group C – Top-up	LTIP Group E – Base Award	LTIP Group E – Top-up	LTIP Group F
Number of awards granted	**836,424**	**267,141**	**2,279,286**	**62,678**	**1,080,179**	**478,468**	**92,961**	**550,239**
Grant date	**12/01/22**	**12/01/22**	**4/05/23**	**4/05/23**	**4/05/23**	**4/05/23**	**4/05/23**	**4/05/23**
Vesting date	**12/01/25**	**12/01/25**	**31/12/25**	**12/01/25**	**12/01/25**	**31/12/25**	**31/12/25**	**31/12/25**
Contractual life (days)	**1,096**	**1,096**	**973**	**620**	**620**	**973**	**973**	**973**
Exercise price (£)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Hurdle share price for top-up (£)	**–**	**–**	**1.75**	**–**	**1.75**	**–**	**1.75**	**–**
Share price at grant date (£)	**1.94**	**1.94***	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
Annual risk free rate (%)	**–**	**–**	**3.76%**	**3.76%**	**3.76%**	**3.76%**	**3.76%**	**3.76%**
Annual expected dividend growth rate (%)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Volatility (%)	**40%**	**40%**	**44%**	**44%**	**44%**	**44%**	**44%**	**44%**
Fair value per award (£)	**1.29**	**1.29**	**0.27**	**0.35**	**0.25**	**0.42**	**0.78**	**0.45**

* These awards were treated as a modification and the fair value of these replacement awards is reflective of the incremental fair value to be recognised on modification.

Key Management Personnel Award (Cash-settled)

Awards were granted to a member of Key Management Personnel (KMP) under the Long Term Incentive Plan on 15 December 2021 (Date of Admission) 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.

Following an election made by the Group to settle liabilities in relation to this scheme in cash (rather than shares), this scheme has been reassessed as a cash-settled share scheme in the year. The cash-settled share based payment liability at the end of 2023 is £375k (£nil).

	Number of ordinary shares									
Scheme	Fair value per award (£)	At 01 January 2022	Granted	Forfeited	Exercised	**At 31 December 2022 and 01 January 2023**	**Granted**	**Forfeited**	**Exercised**	**At 31 December 2023**
Key Management Personnel Award	**1.75**	**789,865**	**–**	**–**	**–**	**789,865**	**–**	**–**	**(351,000)**	**438,865**
		789,865	**–**	**–**	**–**	**789,865**	**–**	**–**	**(351,000)**	**438,865**

At 31 December 2023, 438,865 options were exercisable (2022: 789,865).

The inputs to the share valuation model utilised at the grant of the option is shown in the table below. 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 options have been valued using the Monte-Carlo method and using the following assumptions:

	Key Management Personnel Award
Number of awards granted	**789,865**
Grant date	**15/12/21**
Vesting date	**17/09/22**
Contractual life (days)	**92**
Exercise price (£)	**–**
Share price at grant date (£)	**1.75**
Annual risk free rate (%)	**–**
Annual expected dividend growth rate (%)	**–**
Volatility (%)	**40%**
Fair value per award (£)	**1.75**

11. Called up share capital

Ordinary shares of £0.001 each	**2023 Number**	**2023 £**	2022 Number	2022 £
At 1 January	**205,714,289**	**205,714**	**205,714,289**	**205,714**
Issued during the year	**906,353**	**907**	**–**	**–**
At 31 December	**206,620,642**	**206,621**	**205,714,289**	**205,714**

Between February and August 2023, the Company issued 198,000 shares, in tranches of 9,000 shares, following the exercise of options granted under the Company's Key Management Personnel Award. For further details on the dates of these share issues, refer to Companies House.

708,353 shares were issued in relation to the UK Share Incentive Plan within 2022. The Directors have not corrected the prior year for this share issue on the basis of it not being material, including the impact it would have to EPS. These shares have been included within the amount issued during the year in 2023.

Post year end, on 3 January 2024, the Company issued 2,459,098 new ordinary shares with a nominal value of £0.001 each. This share issue was following the exercise of options granted under the Company's Long Term Incentive Plan (Non-Executive Director Awards).

12. Subsequent events

On 26 January 2024 LADbible US Inc. completed the bolt-on asset acquisition of social media accounts from Creative Expansions, Inc. for a total value of £354k ($450k).

13. Acquisitions

On 17 October 2023, the Group acquired the entire share capital of Betches Media, LLC ('Betches') for total consideration of £29,175k ($35,593k).

Betches is a US-based media brand founded by women and focused on digital media content production and publication for women.

The primary reasons for the acquisition are as follows:

- Acquisition of a complementary, high growth US digital publisher with a focus on millennial and Gen Z women.
- Step-change addition to the Group, in line with stated M&A ambitions, materially expanding its reach and footprint in the US, the world's largest advertising market. Significant additional revenue and Adjusted EBITDA contribution.

- Major new brands added to the portfolio, new capabilities unlocked and improved revenue diversification.
- Expansion of both LBG Media's existing 100m US following as well as its overall audience of women.
- Clear potential for cross-selling opportunities.

Consideration for the acquisition was entirely in cash, with no shares in the Group issued to the sellers. The cash consideration is comprised of £19,541k ($23,840k) funded from existing cash resources, with up to a further $30,000k cash consideration payable in instalments (£23,548k at the closing balance sheet rate), subject to Betches achieving certain revenue and EBITDA targets to 2026. The contingent consideration is payable in annual traches from March 2024 up until March 2026. Note that of the cash consideration of £19,541k, £248k remains unpaid at the year end and will be settled in H1 2024. See further narrative on contingent consideration at the foot of this note.

Of the maximum contingent consideration of $30,000k (£23,548k) payable to the sellers, based upon revenue and EBITDA forecasts at the date of acquisition, a total of £9,634k ($11,753k) is management's best estimate of the amount payable within a range of potential outcomes. The fair value of total consideration at the date of acquisition is therefore £29,175k.

The book and fair value of the assets acquired are noted within the table below. Acquisition fair value adjustments of £10,594k were recorded. These adjustments relate to the recognition of "brand" (£6,744k) and "content partnership relationships" (£3,850k) intangible assets. After these fair value adjustments, goodwill of £15,197k has been recorded. The goodwill and intangible assets are deductible for tax purposes. The goodwill recognised is attributed to intangible assets that cannot be individually separated and reliably measured from Betches due to their nature. These items include the capability for synergies from bringing the businesses together, alongside the value of its workforce, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from cross-sell opportunities.

Note that the book and fair value of trade receivables at acquisition are the same. Based upon a review of the trade receivables, due to the nature of the customer base, there are no concerns regarding recoverability.

	Fair value recognised on acquisition £'000s
Net assets	
Non-current assets	
Content partnership relationships	**3,850**
Brand	**6,744**
Fixed assets	**261**
Right of use asset	**1,143**
Current assets	
Cash	**1,713**
Security deposits	**63**
Accounts receivable	**3,915**
Inventory	**31**
Prepayments	**380**
Contract asset	**422**
Current liabilities	
Accounts payable	**(97)**
Accruals	**(998)**
Provisions	**(7)**

Other payables	**(39)**
Transaction costs payable	**(2,285)**
Lease liability	**(239)**
Non-current liabilities	
Lease liability	**(879)**
Total identifiable net assets at fair value	**13,978**
Goodwill arising on acquisition	15,197
Total purchase consideration transferred	**29,175**
Purchase consideration:	
Cash	19,293
Amounts unpaid	248
Contingent consideration	9,634
Total purchase consideration	**29,175**

	Fair value recognised on acquisition £'000s
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary	**1,713**
Cash paid	**(19,293)**
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	**(17,580)**
Transaction costs of the acquisition (included within cash flows from operating activities)	**(799)**
Net cash outflow	**(18,379)**

Cash consideration per the RNS on 18 October 23 was noted as being $24,000k (£19,673k). The difference between this and that noted as the initial cash payment of $23,537k (£19,293k) are adjustments in line with the acquisition agreement for working capital movements, cash reflected on acquisition, sell-side transaction expenses and bonus accruals, totalling $463k (£380k). Further as a result of the finalisation of the completion accounts an additional £238k remains unpaid. This will be paid in H1 2024 in line with the first earn out payment.

The only difference between the IFRS book value of net assets and the book value of assets reflected in the Betches financial statements relate to the recognition of an IFRS 16 right of use asset (£1,143k) and lease liability (£1,118k) for the Betches head office lease in New York.

The Group incurred buy side transaction costs of £1,078k. These were all expensed to the income statement as 'Adjusting Items'. £313k of these costs remain unpaid at year end.

Since the acquisition, Betches has contributed £2,262k of revenue and £73k of profit before tax to the Group. If Betches had been acquired on 1 January 2023, then it would have contributed £13,807k of revenue and £821k of profit before tax to the Group.

14. Contingent consideration

The Group has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at the fair values at the year-end (being solely contingent consideration):

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

3) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table sets out the fair value of all financial assets and liabilities that are measured at fair value:

	2023			2022		
	Level 1 £'000s	**Level 2 £'000s**	**Level 3 £'000s**	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s
Liabilities measured at fair value						
Contingent consideration	**–**	**–**	**9,539**	–	–	–
Total	**–**	**–**	**9,539**	–	–	–

Contingent consideration is included in Level 3 of the fair value hierarchy. The provision for contingent consideration is in respect of the Betches Media, LLC acquisition in October 2023, further details of which can be found above. The fair value is determined considering the expected payments, discounted to present value using a risk adjusted discount rate.

The significant unobservable inputs are the financial performance forecasts for the Year 1 (2023), Year 2 (2024), Year 3 (2025) and Year 4 (2026) twelve-month periods and the risk adjusted discount rate of 17.6%.

The estimated fair value could increase or decrease if Revenue or EBITDA was higher or lower. This is because the potential earnout payments are split into two tranches.

The first element of contingent consideration (Earnout 1) is based upon Betches Media, LLC revenue performance in 2023, 2024 and 2025 respectively. Contingent consideration of up to $15 million is payable under Earnout 1 in three tranches in 2024, 2025 and 2026 respectively.

The second element of contingent consideration (Earnout 2) is based upon Betches Media, LLC meeting a minimum EBITDA hurdle in 2023, 2024, 2025 and 2026. Contingent consideration of up to $15 million is payable under Earnout 2 in four tranches in 2024, 2025, 2026 and 2027 respectively.

At the acquisition date the discounted fair value of the contingent consideration was estimated at £9,634k having been determined from management's estimates of the range of outcomes and their respective likelihoods. At 31 December 2023, the value of the contingent consideration after partial unwinding of the discounting was £9,539k. Adjustments to the fair value of the contingent consideration are made in the Consolidated Statement of Comprehensive Income under IFRS 3 Business Combinations.

Further, the estimated fair value would increase or decrease if the risk adjusted discount rate was higher or lower.

A reasonably possible change to one of these significant unobservable inputs, holding the other inputs constant, would have the following effects:

Effect of change in assumption on income statement	Increase £'000s	Decrease £'000s
Revenue movement by £500k	**–**	**–**
EBITDA movement by £500k	**928**	**–**
Risk adjusted discount rate change by 1.0%	**79**	**85**

Note that moving revenue up or down does not impact the fair value because without meeting the EBITDA hurdle, tranche 2 payments will not be made.

However, if the EBITDA hurdle was met, then the earn out 2 payments would be material.

For example, if revenue was $25m (£15.7m) in each of the years 2024, 2025 and 2026 and the EBITDA hurdle was met, then the additional earnout payments would be £0.8m per annum.

A reconciliation from the opening to closing contingent consideration balance can be found below:

	2023 **£'000**	2022 £'000
At 1 January	**–**	–
Recognition on the acquisition of subsidiary undertakings	**9,634**	–
Unwinding of discount	**314**	–
Exchange adjustments	**(409)**	-
At 31 December	**9,539**	–
Analysed as:		
Amounts falling due within 12 months	**3,016**	–
Amounts falling due after one year	**6,523**	–
At 31 December	**9,539**	–

15. Cautionary Statement

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". By their nature, forward looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met, and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.