

BuzzFeed Inc. Logo

BuzzFeed, Inc. Announces Second Quarter 2023 Financial Results

August 8, 2023

Delivered Q2 Results in line with May outlook

NEW YORK--(BUSINESS WIRE)--Aug. 8, 2023-- BuzzFeed, Inc. ("BuzzFeed" or the "Company") (Nasdaq: BZFD), a premier digital media company for the most diverse, most online, and most socially engaged generations the world has ever seen, today announced financial results for the second quarter ended June 30, 2023.

"The strategic and organizational changes we discussed at our Investor Day in May have been fully executed, putting our rich library of IP and scaled, owned-and-operated properties at the center of our operating model to create innovative, audience-driven content," said **Jonah Peretti, BuzzFeed Founder & CEO**.

Peretti continued, "In response to consolidation and share gains across the major platforms that continue to impact audience traffic to our content, we are laser focused on our strategy to drive traffic directly to our owned-and-operated properties. We have introduced new AI-assisted content formats to increase engagement and offer innovative advertising opportunities to our clients, rapidly expanded our creator network to participate in the rise of vertical video, and prioritized destination news content to grow our HuffPost front page audience."

Second Quarter 2023 Financial and Operational Highlights

- **BuzzFeed delivered Q2 revenues of \$77.9 million, declining 27% compared to the second quarter of 2022**
 - **Advertising revenue** declined 33% year-over-year to \$35.4 million
 - **Content revenue** declined 22% year-over-year to \$31.5 million
 - **Commerce and other revenues** declined 17% year-over-year to \$11.0 million
- **Net loss was \$27.8 million**, compared to a net loss of \$23.6 million in the second quarter of 2022
- **Adjusted EBITDA¹ loss was \$0.1 million**, compared to Adjusted EBITDA of \$2.1 million in the second quarter of 2022
- **Time Spent** decreased 9% year-over-year to 96 million hours²
- BuzzFeed ended the period with **cash and cash equivalents** of approximately \$41 million

¹ Adjusted EBITDA is a non-GAAP financial measure. Please refer to "Non-GAAP Financial Measures" below for a description of how it is calculated and the tables at the back of this earnings release for a reconciliation of our GAAP and non-GAAP results.

² Excludes Facebook; see below.

Third Quarter 2023 Financial Outlook

For the third quarter of 2023:

- We expect overall revenues in the range of \$73 to \$78 million
- We expect Adjusted EBITDA in the range of \$1 million in losses to \$4 million in profits

These statements are forward-looking and actual results may differ materially as a result of many factors. Refer to "Forward-Looking Statements" below for information on factors that could cause our actual results to differ materially from these forward-looking statements.

Please see "Non-GAAP Financial Measures" below for a description of how Adjusted EBITDA is calculated. While Adjusted EBITDA is a non-GAAP financial measure, we have not provided guidance for the most directly comparable GAAP financial measure — net loss — due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary to forecast such measure. Accordingly, a reconciliation of non-GAAP guidance for Adjusted EBITDA to the corresponding GAAP measure is not available.

Quarterly Conference Call

BuzzFeed's management team will hold a conference call to discuss our second quarter 2023 results today, August 8, at 5PM ET. The call will be available via webcast at investors.buzzfeed.com under the heading News and Events, and parties interested in participating must register in advance by clicking on this [link](#). Upon registration, all telephone participants will receive a confirmation email detailing how to join the conference call, including the dial-in number along with a unique PIN that can be used to access the call. While it is not required, it is recommended you join 10 minutes prior to the event start time. A replay of the call will be made available at the same URL.

We have used, and intend to continue to use, the Investor Relations section of our website at investors.buzzfeed.com as a means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD.

Definitions

BuzzFeed reports revenues across three primary business lines: Advertising, Content and Commerce and other. The definition of "Time Spent" is also set forth below.

- **Advertising revenues** are primarily generated from advertisers for ads distributed against our editorial and news content, including display, pre-roll and mid-roll video products sold directly to brands and also programmatically. We distribute these ad products across our owned and operated sites as well as third-party platforms, primarily YouTube and Apple News.

- **Content revenues** are primarily generated from clients for custom assets, including both long-form and short-form content, from branded quizzes to Instagram takeovers to sponsored content and content licensing. Revenues for film and TV projects are also included here.
- **Commerce and other revenues** consist primarily of affiliate commissions earned on transactions initiated from our editorial shopping content. Revenues from our product licensing businesses are also included here. Additionally, we generate other revenues from the production of live and virtual events such as ComplexCon and ComplexLand.
- **Time Spent** captures the time audiences spend engaging with our content across our owned and operated sites, as well as YouTube and Apple News, as measured by Comscore. This metric excludes time spent with our content on platforms for which we have minimal advertising capabilities that contribute to our Advertising revenues, including Instagram, TikTok, Facebook, Snapchat and Twitter. There are inherent challenges in measuring the total actual number of hours spent with our content across all platforms; however, we consider the data reported by Comscore to represent industry-standard estimates of the time actually spent on our largest distribution platforms with our most significant monetization opportunities. Effective January 1, 2023, we exclude time spent on Facebook from our measure of Time Spent as our monetization strategy is increasingly focused on advertising on our owned and operated properties, and Facebook now contributes an immaterial amount of advertising revenue. Time Spent on Facebook, as reported by Facebook, was approximately 15 million hours and 48 million hours for the three months ended June 30, 2023 and 2022, respectively, and 37 million hours and 120 million hours for the six months ended June 30, 2023 and 2022, respectively, which is not included in Time Spent discussed above.

About BuzzFeed, Inc.

BuzzFeed, Inc. is home to the best of the Internet. Across pop culture, entertainment, shopping, food and news, our brands drive conversation and inspire what audiences watch, read, and buy now — and into the future. Born on the Internet in 2006, BuzzFeed is committed to making it better: providing trusted, quality, brand-safe news and entertainment to hundreds of millions of people; making content on the Internet more inclusive, empathetic, and creative; and inspiring our audience to live better lives.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and represent key metrics used by management and our board of directors to measure the operational strength and performance of our business, to establish budgets, and to develop operational goals for managing our business. We define Adjusted EBITDA as net loss, excluding the impact of net income (loss) attributable to noncontrolling interests, income tax (benefit) provision, interest expense, net, other expense, net, depreciation and amortization, stock-based compensation, change in fair value of warrant liabilities, change in fair value of derivative liability, restructuring costs, transaction-related costs, certain litigation costs, public company readiness costs, and other non-cash and non-recurring items that management believes are not indicative of ongoing operations. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue for the same period.

We believe Adjusted EBITDA and Adjusted EBITDA margin are relevant and useful information for investors because they allow investors to view performance in a manner similar to the method used by our management. There are limitations to the use of Adjusted EBITDA and Adjusted EBITDA margin and our Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Adjusted EBITDA and Adjusted EBITDA margin should not be considered a substitute for measures prepared in accordance with GAAP. Reconciliations of non-GAAP financial measures to the most directly comparable financial results as determined in accordance with GAAP are included at the end of this press release following the accompanying financial data.

Forward-Looking Statements

Certain statements in this press release may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risks and uncertainties. Our forward-looking statements include, but are not limited to, statements regarding our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts (including our outlook for Q3 and FY 2023) or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "affect," "anticipate," "believe," "can," "contemplate," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "target," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements may include, for example, statements about: (1) anticipated trends, growth rates, and challenges in our business and in the markets in which we operate; (2) demand for products and services and changes in traffic; (3) changes in the business and competitive environment in which we operate; (4) developments and projections relating to our competitors and the digital media industry; (5) the impact of national and local economic and other conditions and developments in technology, each of which could influence the levels (rate and volume) of our advertising, the growth of our business and the implementation of our strategic initiatives; (6) poor quality broadband infrastructure in certain markets; (7) technological developments including artificial intelligence; (8) our success in retaining or recruiting, or changes required in, officers, key employees or directors; (9) our business, operations and financial performance, including expectations with respect to our financial and business performance and the benefits of our restructuring, including financial projections and business metrics and any underlying assumptions thereunder and future business plans and initiatives and growth opportunities; (10) our future capital requirements and sources and uses of cash, including, but not limited to, our ability to obtain additional capital in the future, any impacts of bank failures or issues in the broader United States financial system, any restrictions imposed by our debt facilities, and any restrictions on our ability to access our cash and cash equivalents; (11) expectations regarding future acquisitions, partnerships or other relationships with third parties; (12) developments in the law and government regulation, including, but not limited to, revised foreign content and ownership regulations; (13) the anticipated impacts of current global supply chain disruptions, further escalation of tensions between Russia and Western countries and the related sanctions and geopolitical tensions, as well as further escalation of trade tensions between the United States and China; the inflationary environment;

the tight labor market; the continued impact of the COVID-19 pandemic and evolving strains of COVID-19; and other macroeconomic factors on our business and the actions we may take in the future in response thereto; and (14) our ability to maintain the listing of our Class A common stock and warrants on the Nasdaq Stock Market LLC.

The forward-looking statements contained in this press release are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the sections entitled "Risk Factors" in the Company's annual and quarterly filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. There may be additional risks that we consider immaterial or which are unknown. It is not possible to predict or identify all such risks. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

BUZZFEED, INC.
Financial Highlights
(Unaudited, dollars in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	%Change	2023	2022	%Change
Advertising	\$ 35,397	\$ 53,224	(33)%	\$ 69,645	\$ 101,892	(32)%
Content	31,479	40,284	(22)%	53,097	72,563	(27)%
Commerce and other	11,025	13,252	(17)%	22,312	23,863	(6)%
Total revenue	\$ 77,901	\$ 106,760	(27)%	\$ 145,054	\$ 198,318	(27)%
Loss from operations	\$ (20,087)	\$ (24,888)	19%	\$ (49,805)	\$ (60,186)	17%
Net loss	\$ (27,836)	\$ (23,581)	(18)%	\$ (64,097)	\$ (68,147)	6%
Adjusted EBITDA	\$ (137)	\$ 2,093	(107)%	\$ (20,328)	\$ (14,671)	(39)%

BUZZFEED, INC.
Consolidated Balance Sheets
(Unaudited, dollars and shares in thousands, except per share amounts)

	June 30, 2023 (Unaudited)	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 41,295	\$ 55,774
Accounts receivable (net of allowance for doubtful accounts of \$1,747 as at June 30, 2023 and \$1,879 as at December 31, 2022)	70,855	116,460
Prepaid expenses and other current assets	22,244	26,373
Total current assets	134,394	198,607
Property and equipment, net	14,892	17,774
Right-of-use assets	56,537	66,581
Capitalized software costs, net	21,509	19,259
Intangible assets, net	113,737	121,329
Goodwill	91,632	91,632
Prepaid expenses and other assets	13,720	14,790
Total assets	\$ 446,421	\$ 529,972
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 37,294	\$ 29,329
Accrued expenses	16,024	26,357
Deferred revenue	6,355	8,836
Accrued compensation	19,960	31,052
Current lease liabilities	22,016	23,398
Other current liabilities	5,037	3,900
Total current liabilities	106,686	122,872
Noncurrent lease liabilities	49,036	59,315
Debt	155,979	152,253
Derivative liability	60	180
Warrant liabilities	593	395
Other liabilities	440	403
Total liabilities	312,794	335,418

Commitments and contingencies

Stockholders' equity

Class A Common stock, \$0.0001 par value; 700,000 shares authorized; 136,615 and 126,387 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	14	13
Class B Common stock, \$0.0001 par value; 20,000 shares authorized; 6,676 and 6,678 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	1	1
Class C Common stock, \$0.0001 par value; 10,000 shares authorized; 0 and 6,478 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	-	1
Additional paid-in capital	720,231	716,233
Accumulated deficit	(587,026)	(523,063)
Accumulated other comprehensive loss	(2,370)	(1,968)
Total BuzzFeed, Inc. stockholders' equity	<u>130,850</u>	<u>191,217</u>
Noncontrolling interests	<u>2,777</u>	<u>3,337</u>
Total stockholders' equity	<u>133,627</u>	<u>194,554</u>
Total liabilities and stockholders' equity	<u>\$ 446,421</u>	<u>\$ 529,972</u>

BUZZFEED, INC.
Consolidated Statements of Operations
(Unaudited, dollars and shares in thousands, except per share amounts)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue	\$ 77,901	\$ 106,760	\$ 145,054	\$ 198,318
Costs and Expenses				
Cost of revenue, excluding depreciation and amortization	50,507	61,529	97,851	122,347
Sales and marketing	14,135	18,688	29,436	36,491
General and administrative	21,356	32,565	43,358	65,127
Research and development	3,960	10,253	7,779	17,445
Depreciation and amortization	8,030	8,613	16,435	17,094
Total costs and expenses	<u>97,988</u>	<u>131,648</u>	<u>194,859</u>	<u>258,504</u>
Loss from operations	(20,087)	(24,888)	(49,805)	(60,186)
Other expense, net	(3,675)	(3,440)	(3,055)	(2,578)
Interest expense, net	(5,631)	(5,032)	(11,049)	(9,821)
Change in fair value of warrant liabilities	395	6,775	(198)	3,359
Change in fair value of derivative liability	1,125	4,800	120	3,225
Loss before income taxes	(27,873)	(21,785)	(63,987)	(66,001)
Income tax (benefit) provision	(37)	1,796	110	2,146
Net loss	(27,836)	(23,581)	(64,097)	(68,147)
Net income attributable to the redeemable noncontrolling interest	-	-	-	164
Net income (loss) attributable to noncontrolling interests	-	184	(260)	348
Net loss attributable to BuzzFeed, Inc.	<u>\$ (27,836)</u>	<u>\$ (23,765)</u>	<u>\$ (63,837)</u>	<u>\$ (68,659)</u>
Net loss per Class A, Class B and Class C common share:				
Basic and diluted	\$ (0.20)	\$ (0.17)	\$ (0.45)	\$ (0.50)
Weighted average common shares outstanding:				
Basic and diluted	141,950	137,381	141,330	136,906

BUZZFEED, INC.
Consolidated Statements of Cash Flows
(Unaudited, USD in thousands)

	<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Operating activities:		
Net loss	\$ (64,097)	\$ (68,147)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,435	17,094
Unrealized (gain) loss on foreign currency	(809)	2,811
Stock based compensation	3,379	15,224
Change in fair value of warrants	198	(3,359)
Change in fair value of derivative liability	(120)	(3,225)
Amortization of debt discount and deferred issuance costs	2,915	2,527

Deferred income tax	341	2,088
Provision for doubtful accounts	(259)	554
Loss (gain) on investment	3,590	(1,260)
Gain on disposition of assets	(175)	-
Non-cash lease expense	10,173	9,727
Changes in operating assets and liabilities:		
Accounts receivable	45,871	51,831
Prepaid expenses and other current assets and prepaid expenses and other assets	1,653	(3,216)
Accounts payable	9,889	(1,167)
Accrued compensation	(11,102)	(7,242)
Accrued expenses, other current liabilities and other liabilities	(11,302)	(7,733)
Lease liabilities	(11,822)	(11,592)
Deferred revenue	(2,488)	1,284
Cash used in operating activities	(7,730)	(3,801)
Investing activities:		
Capital expenditures	(471)	(2,828)
Capitalization of internal-use software	(7,676)	(6,646)
Proceeds from sale of asset	175	-
Cash used in investing activities	(7,972)	(9,474)
Financing activities:		
Proceeds from exercise of stock options	29	360
Payment for shares withheld for employee taxes	(220)	(1,635)
Borrowings on Revolving Credit Facility	2,128	5,000
Payments on Revolving Credit Facility	(1,317)	-
Proceeds from the issuance of common stock in connection with at-the-market offering, net of issuance costs	765	-
Deferred reverse recapitalization costs	-	(585)
Cash provided by financing activities	1,385	3,140
Effect of currency translation on cash and cash equivalents	(162)	(1,409)
Net decrease in cash and cash equivalents	(14,479)	(11,544)
Cash and cash equivalents at beginning of period	55,774	79,733
Cash and cash equivalents at end of period	\$ 41,295	\$ 68,189

BUZZFEED, INC.
Reconciliation of GAAP to Non-GAAP
(Unaudited, USD in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	(27,836)	(23,581)	(64,097)	(68,147)
Income tax (benefit) provision	(37)	1,796	110	2,146
Interest expense, net	5,631	5,032	11,049	9,821
Other expense, net	3,675	3,440	3,055	2,578
Depreciation and amortization	8,030	8,613	16,435	17,094
Stock-based compensation	2,257	11,284	3,379	15,224
Change in fair value of warrant liabilities	(395)	(6,775)	198	(3,359)
Change in fair value of derivative liability	(1,125)	(4,800)	(120)	(3,225)
Restructuring ⁽¹⁾	9,663	3,476	9,663	5,319
Transaction-related costs ⁽²⁾	—	2,177	—	5,132
Litigation costs ⁽³⁾	—	1,224	—	1,224
Public company readiness costs ⁽⁴⁾	—	207	—	1,522
Adjusted EBITDA	\$ (137)	\$ 2,093	\$ (20,328)	\$ (14,671)
Adjusted EBITDA margin	(0.2)%	2.0%	(14.0)%	(7.4)%
Net loss as a percentage of revenue ⁽⁵⁾	(35.7)%	(22.1)%	(44.2)%	(34.4)%

(1) Refer to Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" within our Quarterly Report on Form 10-Q for the period ended June 30, 2023 for a discussion of the distinct restructuring activities during the three and six months ended June 30, 2023 and 2022. We exclude restructuring expenses from our non-GAAP measures because we believe they do not reflect expected future operating expenses, they are not indicative of our core operating performance, and they are not meaningful in comparisons to our past operating performance.

(2) Reflects transaction-related costs and other items which are either not representative of our underlying operations or are incremental costs that result from an actual or contemplated transaction and include professional fees, integration expenses, and certain costs related to integrating and

converging IT systems.

(3) Reflects costs related to litigation that are outside the ordinary course of our business. We believe it is useful to exclude such charges because we do not consider such amounts to be part of the ongoing operations of our business and because of the singular nature of the claims underlying the matter.

(4) Reflects one-time initial set-up costs associated with the establishment of our public company structure and processes.

(5) Net loss as a percentage of revenue is included as the most comparable GAAP measure to Adjusted EBITDA margin, which is a Non-GAAP measure.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20230807520304/en/): <https://www.businesswire.com/news/home/20230807520304/en/>

Media

Carole Robinson, BuzzFeed: carole.robinson@buzzfeed.com

Investor Relations

Amita Tomkoria, BuzzFeed: investors@buzzfeed.com

Source: BuzzFeed, Inc.