

BUZZFEED UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

BUZZFEED UK LIMITED

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BUZZFEED UK LIMITED

COMPANY INFORMATION

Directors	F DellaFortuna J Peretti
Company secretary	Taylor Wessing Secretaries Limited
Registered number	08318051
Registered office	5 New Street Square London EC4A 3TW
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

BUZZFEED UK LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their group strategic report on BuzzFeed UK Limited ("the group") for the year ended 31 December 2021.

Business review and future developments

BuzzFeed is a global media company with social, content-driven publishing technology. BuzzFeed provides breaking news, original reporting, entertainment, and video across its owned and operated and the social web to its global audience. BuzzFeed derives its revenue primarily from content, advertising and commerce sold to leading brands. The results for the year and the financial position at the year end are in line with the directors' expectations of the group.

In addition to its operations in the UK, during the year the group also operated in Japan, Mexico and India. The group's foreign offices generally include editorial and content creation teams, with a focus on growing their audience in each respective market and generating revenue opportunities.

The group's parent company, BuzzFeed, Inc. acquired TheHuffingtonPost.com, Inc. ("HuffPost") in February 2021. Following this, on 1 May 2021, BuzzFeed UK Limited's shareholding in BYJ K K. ("BuzzFeed Japan") was diluted from 51% to 25.5% following a group reorganisation effectuated by a merger of BuzzFeed's and HuffPost's operations in Japan under the BuzzFeed Japan entity. From 1 May 2021 onwards, BuzzFeed Japan has been deconsolidated and recorded as an associate investment in the UK group, as the UK entity no longer controls BuzzFeed Japan. The parent company BuzzFeed, Inc. retains controlling ownership. The group maintains its commitment to preserve its international presence where possible and utilize this strategy among others to mitigate its losses.

This corporate structural change, and the associated accounting, is a key driver of the reduction in group turnover by 33% from £18.9m in 2020 to £12.6m in 2021. Similarly, this contributed to an increase in the group's operating loss from £2.9m in 2020 to £4.1m in 2021 as the realisation of operating cost reductions achieved by actions undertaken in 2020 were offset by the omission of 8 months of BuzzFeed Japan profits.

The group's net liabilities of £14.4m at 31 December 2021 increased by 42% from net liabilities of £10.1m at 31 December 2020, largely due to an increase in amounts due to group undertakings.

Future developments

The directors consider the company, and its group, well placed to manage potential impacts of future global economic uncertainty, including the impact of the war in Ukraine, high inflation and cost pressures faced by many businesses and on-going challenges of the Covid-19 pandemic. The group continues to see the UK as a key component of its overall global growth strategy.

Implications on the business arising from the disruption caused by the spread of Coronavirus ('COVID-19')

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") a pandemic. The COVID-19 pandemic has created, and may continue to create, significant uncertainty in the macroeconomic conditions which may cause business slowdowns, depress demand for the group's advertising business and adversely impact its operations. As of the date of signing these financial statements, the group's management continues to be proactive in its work towards mitigating these effects as far as possible. The effective management of cash and costs continues to be paramount in sustaining international operations.

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, as well as the group's contribution to the wider BuzzFeed organisation and support of the brand. These may include, but are not limited to, turnover from in market customers, operating profit and profit on ordinary activities before taxation as set out in the profit and loss account.

BUZZFEED UK LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The directors consider the following to be the principal risks and uncertainties facing the group. The directors and the ultimate parent company BuzzFeed, Inc. actively manage these risks and ensure that there are appropriate policies in place in order to mitigate these risks.

Market risk

The group's exposure to market risk derives from the financial position of companies wanting to engage the BuzzFeed audience. Advertising revenues represent a significant percentage of total revenue for the group therefore changes in advertising strategies, or a reduction in advertising spend, of these companies may adversely affect future revenues and growth.

Competitive risk

The group operates in a market in which there is significant competition from other publishers and agencies. The continued production and distribution of innovative content, as well as diversification of revenue streams, are essential to maintaining high levels of user engagement and therefore future growth.

Supplier risk

The distribution of content via a number of third party platforms facilitates the generation of advertising revenue. The unexpected loss of any such platforms could adversely affect the group's revenues and operating results.

Regulatory and economic risk

Changes in regulatory environments, local political and economic conditions, fluctuations in foreign currency exchange rates and changes to tariffs or other trade barriers. Due to the group's activities including but not limited to reporting and investigative journalism, it is subject to inherent litigation risk.

Statement by the directors on performance of their statutory duties in accordance with S172 (1) Companies Act 2006

Section 172 (1)(a) to (f) requires the directors to act in the way they consider would be most likely to promote the success of the company for the benefit of its members, as a whole, with regard to the following matters:

a) The likely consequences of any decision in the long-term

The directors understand the business and group activities and therefore the evolving digital media environment in which they operate. The long term strategy set by the directors is to further accelerate turnover by continued innovation of new products in current streams such as native and expanding into new areas such as media sales and affiliate marketing.

b) The interests of the company's employees

The directors recognise that employees are fundamental to the success of the group. Directors are committed to providing a safe and respectful work environment free of any form of discrimination, harassment and intimidation. The BuzzFeed group has initiatives in place around Diversity, Inclusion and Belonging and continues to be committed to diverse representation among its employees.

At current, the majority of the group's employees continue to work from home due to the COVID 19 pandemic. The directors acknowledge the ongoing lack of a traditional office environment and in person interactions with colleagues can be isolating. The group's management keeps employees updated on mental health resources available to them, as well as encouraging employees to take a 'Self Care Day' once a month in addition to their vacation allowance.

c) The need to foster the company's business relationships with suppliers, customers and others

With whom the group does business is continuously assessed to determine if they comply with BuzzFeed's guiding principles including but not limited to being ethical and honest, treating others fairly, and law abiding.

BUZZFEED UK LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

d) The impact of the company's operations on the community and environment

Through its audience-led approach to messaging and distribution, BuzzFeed strives to create content that has a positive impact on people's lives and empowers communities to highlight crucial issues that affect them.

e) The desirability of the company maintaining a reputation for high standards of business conduct

The directors periodically review and approve clear frameworks such as BuzzFeed's Code of Conduct to ensure that its high standards are maintained both within the group and the business relationships it maintains.

f) The need to act fairly as between members of the company

The directors consider which course of action best enables delivery of the group's strategy through the long-term, taking into consideration the impact on key stakeholders. The group is a wholly owned subsidiary of BuzzFeed, Inc. and the directors of the group have regular and open dialogue with its representatives.

This report was approved by the board and signed on its behalf.

F DellaFortuna
Director

Date: 23 May 2022

BUZZFEED UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £4,210,977 (2020 -loss £5,222,405).

The directors do not recommend a dividend (2020: £NIL).

Directors

The directors who served during the year were:

F DellaFortuna
J Peretti

Matters covered in the strategic report

As permitted by Section 414c(11) of the Companies Act 2006, the directors have elected to disclose information required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

F DellaFortuna
Director

Date: 23 May 2022

BUZZFEED UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

BUZZFEED UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUZZFEED UK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of BuzzFeed UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

BUZZFEED UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUZZFEED UK LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUZZFEED UK LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Auditor's responsibilities for the audit of the financial statements

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the parent company and group through discussions with directors and other management, and from our commercial knowledge and experience of the media and technology sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the parent company and group, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual movements;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims;

BUZZFEED UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUZZFEED UK LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

David Hough (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

25 May 2022

BUZZFEED UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	As restated 2020 £
Turnover	4	12,647,506	18,855,900
Administrative expenses		(16,852,027)	(21,749,250)
Other operating income	5	23,993	-
Operating loss	6	(4,180,528)	(2,893,350)
Income from interests in associated undertakings	11	214,493	-
Loss on disposal of operation		-	(1,636,121)
Interest receivable and similar income		12,419	178
Interest payable and similar expenses		(10,078)	(8,157)
Loss before tax		(3,963,694)	(4,537,450)
Tax on loss	8	(147,124)	(112,246)
Loss for the financial year		(4,110,818)	(4,649,696)
Loss for the year attributable to:			
Non-controlling interests		100,159	572,709
Owners of the parent		(4,210,977)	(5,222,405)
		(4,110,818)	(4,649,696)

The comparative figures for 2020 include the results of operations discontinued in 2020.

BUZZFEED UK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	As restated 2020 £
Loss for the financial year	(4,110,818)	(4,649,696)
Other comprehensive income		
Currency translation differences	(32,677)	456,571
Other comprehensive income for the year	(32,677)	456,571
Total comprehensive loss for the year	(4,143,495)	(4,193,125)
Loss for the year attributable to:		
Non-controlling interest	100,159	572,709
Owners of the parent company	(4,210,977)	(5,222,405)
	(4,110,818)	(4,649,696)
Total comprehensive loss attributable to:		
Non-controlling interest	100,159	539,367
Owners of the parent company	(4,243,654)	(4,732,492)
	(4,143,495)	(4,193,125)

BUZZFEED UK LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	9	-	332
Tangible assets	10	1,171,721	1,284,188
Investments	11	1,426,950	-
		<u>2,598,671</u>	<u>1,284,520</u>
Current assets			
Debtors	12	7,676,054	8,681,096
Cash at bank and in hand	13	2,547,621	4,111,850
		<u>10,223,675</u>	<u>12,792,946</u>
Creditors: amounts falling due within one year	14	(26,612,700)	(23,579,989)
Net current liabilities		<u>(16,389,025)</u>	<u>(10,787,043)</u>
Total assets less current liabilities		<u>(13,790,354)</u>	<u>(9,502,523)</u>
Creditors: amounts falling due after more than one year	15	(598,254)	(606,403)
Provisions for liabilities			
Net liabilities		<u>(14,388,608)</u>	<u>(10,108,926)</u>
Capital and reserves			
Called up share capital	17	1,003	1,003
Share premium account		11,522,028	11,522,028
Other reserve		427,366	-
Foreign exchange reserve		120,873	523,955
Share based payment reserve		777,477	490,727
Profit and loss account		(27,438,282)	(23,743,130)
Equity attributable to owners of the parent company		<u>(14,589,535)</u>	<u>(11,205,417)</u>
Non-controlling interests		200,927	1,096,491
		<u>(14,388,608)</u>	<u>(10,108,926)</u>

BUZZFEED UK LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

F DellaFortuna
Director

Date:23 May 2022

The notes on pages 23 to 44 form part of these financial statements.

BUZZFEED UK LIMITED**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	1,162,240	1,260,582
Investments	11	3,635,071	3,635,071
		<u>4,797,311</u>	<u>4,895,653</u>
Current assets			
Debtors	12	6,328,474	6,612,641
Cash at bank and in hand	13	1,177,257	438,868
		<u>7,505,731</u>	<u>7,051,509</u>
Creditors: amounts falling due within one year	14	(21,679,841)	(19,760,191)
Net current liabilities		<u>(14,174,110)</u>	<u>(12,708,682)</u>
Total assets less current liabilities		<u>(9,376,799)</u>	<u>(7,813,029)</u>
Creditors: amounts falling due after more than one year	15	(598,254)	(386,675)
Net liabilities		<u>(9,975,053)</u>	<u>(8,199,704)</u>
Capital and reserves			
Called up share capital	17	1,003	1,003
Share premium account		11,522,028	11,522,028
Share based payment reserve		539,035	265,144
Profit and loss account		(22,037,119)	(19,987,879)
		<u>(9,975,053)</u>	<u>(8,199,704)</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss for the year within the accounts of the company was £2,049,240 (2020: loss of £8,764,102).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

F DellaFortuna

Director

Date: 23 May 2022

The notes on pages 23 to 44 form part of these financial statements.

BUZZFEED UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Other reserve	Foreign exchange reserve	Share based payments reserve	Profit and loss account	Equity attributable to owners of parent company	Controlling interests
	£	£	£	£	£	£	£	£
At 1 January 2021	1,003	11,522,028	-	523,955	490,727	23,743,130	11,205,417	1,096,491
))	
Comprehensive income for the year								
Loss for the financial year	-	-	-	-	-	(4,210,977)	(4,210,977)	100,159
Foreign exchange on consolidation	-	-	-	(7,058)	-	-	(7,058)	(25,619)
)))
Total comprehensive income for the year	-	-	-	(7,058)	-	(4,210,977)	(4,218,035)	74,540
))))
Recognition of equity-settled share based payments	-	-	-	-	286,750	-	286,750	-
Derecognition of foreign currency translation differences	-	-	-	(396,024)	-	515,825	119,801	(119,801)
)))
Gain/(loss) on disposal of subsidiary undertaking (see note 11)	-	-	427,366	-	-	-	427,366	(850,303)
)
Total transactions with owners	-	-	427,366	(396,024)	286,750	515,825	833,917	(970,104)
))
At 31 December 2021	<u>1,003</u>	<u>11,522,028</u>	<u>427,366</u>	<u>120,873</u>	<u>777,477</u>	<u>27,438,282</u>	<u>14,589,535</u>	<u>200,927</u>
))	

BUZZFEED UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

	Total equity £
At 1 January 2021	10,108,926)
Comprehensive income for the year	
Loss for the financial year	(4,110,818)
Foreign exchange on consolidation	(32,677)
	(4,143,495)
Total comprehensive income for the year	
Recognition of equity-settled share based payments	286,750
Derecognition of foreign currency translation differences	-
Gain/(loss) on disposal of subsidiary undertaking (see note 11)	(422,937)
	(136,187)
Total transactions with owners	
At 31 December 2021	14,388,608)

BUZZFEED UK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

BUZZFEED UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Equity attributable to owners of parent company	Controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2020	1,002	6,155,545	978,199	464,671	19,464,882	11,865,465	557,124	11,308,341
)))
Comprehensive income for the year								
Loss for the financial year	-	-	-	-	(5,222,405)	(5,222,405)	572,709	(4,649,696)
Foreign exchange on consolidation	-	-	489,913	-	-	489,913	(33,342)	456,571
)	
Total comprehensive income for the year	-	-	489,913	-	(5,222,405)	(4,732,492)	539,367	(4,193,125)
)))
Contributions by and distributions to owners								
Shares issued during the year	1	5,366,483	-	-	-	5,366,484	-	5,366,484
Recognition of equity-settled share based payments	-	-	-	26,056	-	26,056	-	26,056
Derecognition of foreign currency translation differences	-	-	(944,157)	-	944,157	-	-	-
)					
Total transactions with owners	1	5,366,483	(944,157)	26,056	944,157	5,392,540	-	5,392,540
)					
At 31 December 2020	<u>1,003</u>	<u>11,522,028</u>	<u>523,955</u>	<u>490,727</u>	<u>23,743,130</u>	<u>11,205,417</u>	<u>1,096,491</u>	<u>10,108,926</u>
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BUZZFEED UK LIMITE

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Share based payments reserve £	Profit and loss account £	Total equity £
At 1 January 2020	1,002	6,155,545	255,524	11,223,777	(4,811,706)
Comprehensive income for the year	-	-	-	(8,764,102)	(8,764,102)
Loss for the financial year					
Contributions by and distributions to owners					
Shares issued during the year	1	5,366,483	-	-	5,366,484
Recognition of equity-settled share based payments	-	-	9,620	-	9,620
At 1 January 2021	1,003	11,522,028	265,144	19,987,879	(8,199,704)
Comprehensive income for the year	-	-	-	(2,049,240)	(2,049,240)
Loss for the financial year					
Contributions by and distributions to owners					
Recognition of equity-settled share based payments	-	-	273,891	-	273,891
At 31 December 2021	<u>1,003</u>	<u>11,522,028</u>	<u>539,035</u>	<u>22,037,119</u>	<u>(9,975,053)</u>

BUZZFEED UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(4,110,818)	(4,649,696)
Adjustments for:		
Amortisation of intangible assets	-	142
Depreciation of tangible assets	256,120	501,333
Loss on disposal of tangible assets	(24,447)	15,604
Interest paid	10,078	8,157
Interest received	(12,419)	(178)
Taxation charge	147,124	112,246
Decrease in debtors	363,373	2,136,457
Increase in creditors	553,917	520,313
Increase in amounts owed to groups	1,490,812	385,517
Share of operating profit in associate	(214,493)	-
Corporation tax paid	(128,763)	(442,397)
Share based payment expense	286,750	26,056
Foreign exchange	(32,677)	(454,244)
Loss on disposal of subsidiary	-	1,636,121
Net cash generated from operating activities	(1,415,443)	(204,569)

BUZZFEED UK LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from investing activities		
Purchase of tangible fixed assets	(151,289)	(1,627,154)
Interest received	12,419	178
Net cash from investing activities	(138,870)	(1,626,976)
Cash flows from financing activities		
Interest paid	(10,078)	(8,157)
Amounts paid to non-controlling interests	-	(33,342)
Net cash used in financing activities	(10,078)	(41,499)
Net (decrease) in cash and cash equivalents	(1,564,391)	(1,873,044)
Cash and cash equivalents at beginning of year	4,111,850	5,974,873
Foreign exchange gains and losses	162	10,021
Cash and cash equivalents at the end of year	2,547,621	4,111,850
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,547,621	4,111,850
	2,547,621	4,111,850

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

BuzzFeed UK Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is 5 New Street Square, London, EC4A 3TW. The address of its principal place of business is Floor 1, Counting House, 53 Tooley Street, London, SE1 2QN.

The financial statements are prepared in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

BuzzFeed UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the group has recorded a loss of £4.1m in the year and has a deficiency on shareholder's funds of £14.4m at the end of the year. The directors have received assurances of the continued support of the group's ultimate parent and primary debt holder for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. The net amounts owed to group undertakings and related parties amounted to £24.0m at the end of the year.

In making that assessment the directors have also assessed the group's growth targets and cashflow forecasts. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3 years
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Leasehold improvements	-	Over the term of the lease
Fixtures & fittings	-	5 years
Computer equipment	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Associates and joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated profit and loss account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.9 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2. Accounting policies (continued)

2.10 Financial instruments

The group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. Accounting policies (continued)**Financial instruments (continued)****Impairment of financial assets**

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Accounting policies (continued)**2.12 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated profit and loss account in the same period as the related expenditure.

2.13 Foreign currency translation**Functional and presentation currency**

The company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)**2.14 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the change in the fair value of the options, measured immediately before and after the modification, is also charged or credited to consolidated profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated profit and loss account is charged with fair value of goods and services received.

2.15 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Pensions**Defined contribution pension plan**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 Restatement to comparatives

The prior period profit and loss account has been amended to increase the loss on disposal of operations by £944,157, due to an amendment in the treatment of foreign exchange losses between the statement of comprehensive income and the profit and loss account, which has increased the loss for the financial year ended 31 December 2020 by the same amount. There is no impact on the previously reported total comprehensive income for the period or the net assets of the group for the period then ended.

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the key judgements exercised by the directors in preparing these accounts are:

Treatment of the disposal of subsidiary and recognition of investment in an associate at its carrying as a common-control transaction: The directors have considered this to be a common-control transaction on the basis that it reflects a group reorganisation. The trade and assets of the subsidiary 'BuzzFeed Japan' were merged with a fellow group entity, and upon merger BuzzFeed Japan issued shares to fellow group members, thereby diluting the holding held by BuzzFeed UK Limited to that of an associate. The gain/loss calculated in the group accounts is based on the carrying amounts of assets and liabilities held, and there has been no exercise to consider fair values of assets disposed or gained on merger. Further details on the transaction is set out in Note 11 to the financial statements.

Impairment of investments: determining whether there are indicators of impairment of the parent company's investment in subsidiary entities. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of each subsidiary, and such impairment assessments are inherently judgemental.

Provision for bad debts: determining whether there are indicators of irrecoverable debts which require a provision. Factors taken into consideration in reaching such a decision include the age of the debt, the credit terms and the economic viability of the debtor, and such impairment assessments are inherently judgemental.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,138,230	3,974,664
Rest of Europe	2,074,551	2,171,174
Rest of the world	6,434,725	12,710,062
	<u>12,647,506</u>	<u>18,855,900</u>

5. Other operating income

	2021 £	2020 £
Government grants	<u>23,993</u>	<u>-</u>

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	256,120	503,028
Amortisation of intangibles	-	142
Fees payable to the group's auditor for audit service	84,500	94,960
Fees payable to the group's auditor for non-audit service	111,907	138,831
Exchange differences	305,746	(982,437)
Other operating lease rentals	382,514	1,915,462
Share based payment	286,750	26,056
Cost of defined contribution pension scheme	235,603	166,807
Bad debt charge/(credit)	(66,480)	109,193

7. Employees

Staff costs were as follows:

	Group 2021 £	Group 2020 £
Wages and salaries	9,052,591	11,243,612
Social security costs	919,037	1,431,787
Cost of defined contribution scheme	235,603	175,053
	<u>10,207,231</u>	<u>12,850,452</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Administration	9	12
Technology	14	13
Business	59	83
Content	57	86
	<u>139</u>	<u>194</u>

During the year, no director received any emoluments (2020: £nil).

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on loss for the year	147,124	112,246
Total current tax	147,124	112,246

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 -higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(3,963,694)	(4,537,450)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	(753,102)	(862,116)
Effects of:		
Expenses not deductible for tax purposes	120,139	328,134
Capital allowances for year less than/(in excess of) depreciation	6,047	(103,488)
Impact of overseas tax rates	63,217	180,817
Unrelieved tax losses carried forward	341,640	968,551
Utilisation of tax losses	(82,050)	(399,652)
Other differences leading to an increase in the tax charge	451,233	-
Total tax charge for the year	147,124	112,246

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

There is a potential deferred tax asset of approximately £3.1m (2020: £3.5m) in respect of carried forward trading losses, which has not been recognised in the financial statements due to the uncertainty concerning the timescale as to its recoverability.

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Intangible assets

Group

	Computer software £
Cost	
At 1 January 2021	770
Disposal of subsidiary	(770)
	<hr/>
At 31 December 2021	-
	<hr/>
Amortisation	
At 1 January 2021	438
Disposal of subsidiary	(438)
	<hr/>
At 31 December 2021	-
	<hr/>
Net book value	
At 31 December 2021	-
	<hr/> <hr/>
At 31 December 2020	332
	<hr/> <hr/>

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2021	1,080,011	304,121	572,065	1,956,197
Additions	35,072	-	116,217	151,289
Disposals	-	(257,208)	(55,355)	(312,563)
Disposal of subsidiary	(1,701)	(6,236)	(30,893)	(38,830)
Exchange adjustments	-	-	(527)	(527)
At 31 December 2021	1,113,382	40,677	601,507	1,755,566
Depreciation				
At 1 January 2021	208,299	221,509	242,201	672,009
Charge for the year	4,269	57,874	193,977	256,120
Disposals	-	(257,208)	(55,355)	(312,563)
Disposal of subsidiary	(384)	(6,525)	(24,447)	(31,356)
Exchange adjustments	-	(2)	(363)	(365)
At 31 December 2021	212,184	15,648	356,013	583,845
Net book value				
At 31 December 2021	901,198	25,029	245,494	1,171,721
At 31 December 2020	871,712	82,612	329,864	1,284,188

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2021	1,078,309	297,354	503,959	1,879,622
Additions	35,072	-	115,126	150,198
Disposals	-	(257,208)	(38,106)	(295,314)
At 31 December 2021	1,113,381	40,146	580,979	1,734,506
Depreciation				
At 1 January 2021	207,944	214,777	196,319	619,040
Charge for the year	4,240	57,840	186,460	248,540
Disposals	-	(257,208)	(38,106)	(295,314)
At 31 December 2021	212,184	15,409	344,673	572,266
Net book value				
At 31 December 2021	901,197	24,737	236,306	1,162,240
At 31 December 2020	870,365	82,577	307,640	1,260,582

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. Fixed asset investments

With effect from 1 May 2021, BuzzFeed UK Limited's investment ownership of BYJ K K. (Buzzfeed Japan) reduced from 51% to 25.5%. The results of BuzzFeed Japan have been consolidated for the period it was a subsidiary to 30 April 2021. At this point a deemed disposal has taken place and the investment is thereafter being recorded as an associate and accounted for under the equity method.

The reduction in ownership of BuzzFeed Japan was a result of a group reorganisation. The trade and assets of BuzzFeed Japan were merged with a fellow group entity, and upon merger BuzzFeed Japan issued shares to fellow group members, thereby diluting the holding of BuzzFeed UK Limited. The initial recognition of the associate is at the proportional carrying amount of the net assets of the associate at the point of the merger.

A gain of £0.4m attributable to equity holders of the parent on the deemed disposal of the subsidiary has been recognised directly to other reserves in the statement of changes in equity, on the basis that the group reorganisation reflects a common control transaction. This gain is based on the difference between the carrying amounts of net assets and non-controlling interests of the subsidiary being deconsolidated, and the recognition of the investment in the associate at the carrying amount of net assets of the combined entity.

Group

	Investments in associates £
Cost	
Recognition of associate from subsidiary	1,212,457
Share of profit	214,493
At 31 December 2021	1,426,950
Net book value	
At 31 December 2021	1,426,950
At 31 December 2020	-

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 January 2021	3,635,071	-	3,635,071
Derecognition of subsidiary	(3,293,873)	3,293,873	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	341,198	3,293,873	3,635,071
 Net book value			
At 31 December 2021	<u>341,198</u>	<u>3,293,873</u>	<u>3,635,071</u>
 At 31 December 2020	<u>3,635,071</u>	<u>-</u>	<u>3,635,071</u>

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
BuzzFeed GmbH (incorporated in Germany)	c/o Field Fisher Waterhouse LLP, Am Sandtorkai 68, 20457 Hamburg, Germany	Online media and advertising	Ordinary	100 %
	-	-	-	-
BuzzFeed Spain SL (incorporated in Spain)	Avenida Diagonal 550, 3-1 Barcelona, Spain	Online media and advertising	Ordinary	100 %
	-	-	-	-
BuzzFeed Holdings, LLC (incorporated in the USA)	111 East 18th Street, New York, NY 10003, USA	Online media and advertising	N/A	100 %
	-	-	-	-
Entertainment Contents Online Mexico, SA (incorporated in Mexico)	Gabriel Mancera 1041, Col. de Valle CP 03100, Benito Juarez CDMX, Mexico	Online media and advertising	Ordinary*	100 %
	-	-	-	-
BuzzFeed India Pvt Ltd (incorporated in India)	K1, Pase III, Country Park, Opp. Tata Steel, Dattapada Road, Borivali, Mumbai, Maharashtra 400066, India	Online media and advertising	Ordinary	67.8 %
	-	-	-	-
Huffpost UK Limited	5 New Street Square, London, United Kingdom, EC4A 3TW	Online media and advertising	Ordinary	100 %
	-	-	-	-

On 30 April 2021, BYJ K K. issued shares resulting in a dilution of ownership from 51% to 25.5%. Up until this point it was treated as subsidiary with its results included in these consolidated accounts. Subsequent to 30 April 2021 it has been treated as an associate.

*BuzzFeed Holdings LLC, an entity owned by BuzzFeed UK Limited, owns 1 share in Entertainment Contents Online Mexico, SA, equating to a 0.033% holding.

Associate

The following was an associate of the company:

Name	Registered office	Principal activity	Class of shares	Holding
BYJ K K. (incorporated in Japan)	Tokyo Garden Terrace Kioi Tower 21F, 1-3 Kioichi, Chiyoda-ku, Tokyo 102-8282, Japan	Online media and advertising	Ordinary	25.5 %

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Amounts owed by group undertakings	-	-	-	219,728
Other debtors	1,171,353	1,171,353	1,171,353	1,171,353
	<u>1,171,353</u>	<u>1,171,353</u>	<u>1,171,353</u>	<u>1,391,081</u>
Due within one year				
Trade debtors	3,241,172	4,906,686	2,818,483	2,996,499
Amounts owed by group undertakings	2,059,707	1,880,717	1,596,643	1,914,903
Other debtors	216,634	117,615	64,410	5,776
Prepayments and accrued income	987,188	604,725	677,585	304,382
	<u>7,676,054</u>	<u>8,681,096</u>	<u>6,328,474</u>	<u>6,612,641</u>

13. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>2,547,621</u>	<u>4,111,850</u>	<u>1,177,257</u>	<u>438,868</u>

14. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	579,928	630,830	546,726	408,785
Amounts owed to group undertakings	23,997,196	19,726,272	19,768,385	17,891,554
Amounts owed to related undertakings	-	571,293	-	-
Corporation tax	135,248	109,559	-	-
Other taxation and social security	339,146	465,159	208,590	253,226
Other creditors	27,846	83,136	27,693	11,537
Accruals and deferred income	1,533,336	1,993,740	1,128,447	1,195,089
	<u>26,612,700</u>	<u>23,579,989</u>	<u>21,679,841</u>	<u>19,760,191</u>

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Creditors: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed to group undertakings	-	219,728	-	-
Accruals and deferred income	598,254	386,675	598,254	386,675
	<u>598,254</u>	<u>606,403</u>	<u>598,254</u>	<u>386,675</u>

16. Analysis of net debt

	At 1 January 2021 £	Cash flows £	Disposal of subsidiary £	At 31 December 2021 £
Cash at bank and in hand	4,111,850	(1,564,229)	-	2,547,621
Debt due after 1 year	(219,728)	-	219,728	-
Debt due within 1 year	(571,293)	-	571,293	-
	<u>3,320,829</u>	<u>(1,564,229)</u>	<u>791,021</u>	<u>2,547,621</u>

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Share capital

	2021 £	2020 £
Shares classified as equity		
Allotted, called up and fully paid		
1003 Ordinary shares of £1 each	<u>1,003</u>	<u>1,003</u>

18. Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange reserve

The foreign exchange reserve comprises translation differences arising from the conversion of functional currency balances into the presentational currency of the group.

Share based payment reserve

The share based payment reserve represents the fair value of unexercised options granted to employees that have been recognised as an expense.

Other reserve

The other reserve represents gains or losses on disposal of group entities following group restructuring activities.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

19. Share based payments

Equity-settled share-based payments

Employees of the group participate in a stock incentive plan established by the ultimate parent company, BuzzFeed, Inc.

The stock options or restricted stock units ("RSUs") can be granted to any employee of the group (including directors). The exercise prices for such options are in US Dollars. The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The vesting period for options and RSUs ranges from 2 to 4 years. If the options or RSUs remain unexercised after a period of 10 years from the date of grant, they expire. Options or RSUs are forfeited if the employee leaves the group before the options vest.

The group recognised a total expense of £286,750 (2020: £26,056) related to equity-settled share-based payment transactions.

Details of the number of share options and RSUs outstanding during the year are as follows:

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Share based payments (continued)

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	2.31	346,901	2.40	458,426
Granted during the year	2.79	398,975	2.45	20,925
Forfeited during the year	2.31	(69,018)	2.65	(132,450)
Exercised during the year	0.52	(23,739)		-
Outstanding at the end of the year	2.60	653,119	2.31	346,901

20. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £235,603 (2020: £361,625). Contributions totalling £27,693 (2020: £1,428) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 31 December 2021 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	630,429	598,654	572,392	328,285
Later than 1 year and not later than 5 years	3,255,264	3,320,864	3,255,264	3,176,904
Later than 5 years	1,138,816	1,728,798	1,138,816	1,728,798
	5,024,509	5,648,316	4,966,472	5,233,987

BUZZFEED UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

22. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions in the group with other related parties are as follows:

Name (relationship)	Transaction	Amount due (to)/from related parties			
		Amount		2021	2020
		2021	2020	2021	2020
		£	£	£	£
Non-controlling interests	Sales	161,243	2,131,038	-	203,293
	Loan notes	-	-	-	(791,021)
Associate	Loan notes	-	-	286,644	-

The balance sheet of the parent company includes amounts owed by its associate totaling £286,644 at 31 December 2021 (2020: £791,021).

Amounts owed are unsecured, interest free and repayable within one year.

Key management compensation

Key management personnel of the group are considered to be the directors of the company. During the year no director received any remuneration from the company or its subsidiaries.

23. Controlling party

The parent undertaking for the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is BuzzFeed, Inc., whose registered office is at 111 East 18th Street, NY 10003, USA. Copies of these group financial statements are available to the public from its registered office.

The ultimate controlling party is BuzzFeed, Inc.

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