



BuzzFeed Inc.

Q2 2023
Investor Letter

Jonah Peretti
Founder & CEO



We continue to see a shift in the marketplace, as consolidation and share gains across the biggest platforms have presented headwinds for digital content and publishing companies. Further, as Facebook and other major tech platforms continue to prioritize vertical video, traffic referrals from these platforms to our content have diminished.

To address this, we are laser-focused on our strategy to drive traffic **directly** to our owned-and-operated properties by:

- introducing new **AI-assisted content** formats to increase engagement and offer innovative advertising opportunities to our clients,
- rapidly expanding our **creator network** to participate in the rise of vertical video, and
- prioritizing **destination news content** to grow our HuffPost front page audience.

Though it will take time for these initiatives to translate into scaled monetization, we are making good progress in executing against our transformation plans. 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. We are successfully leveraging our trusted brands to attract a growing number of emerging internet creators in order to more rapidly scale our content output. And we have prioritized resources aimed at growing engagement on our owned-and-operated properties through new AI-powered content formats. In doing so, we are reducing our dependence on the major tech platforms and leaning into our rare combination of Voice and Scale in a fragmented media environment.

We have strong and differentiated IP across BuzzFeed, Complex, Hot Ones, First We Feast, Tasty, and HuffPost — each with a trusted and established brand identity:

- For **BuzzFeed**, it is pop culture, entertainment, and curating the best of the internet — using AI to shift content delivery and distribution
- For **Complex**, it is delivering premium original content that covers the latest trends in sneakers, music, and convergence culture
- For **First We Feast**, it is expanding the **Hot Ones** universe, and building more IP at the intersection of food and pop culture
- For **Tasty**, it is attracting emerging food creators and leveraging the social platforms to build community around cooking
- For **HuffPost**, it is breaking news coverage and audience-centric stories for a massive, direct-to-front page audience

Across this brand portfolio, we reach millions of young people every day who visit us directly to enjoy our content. And the brands we have built are valuable and hard to replicate. As a testament to that, **we continue to lead the industry in terms of time spent**. US Gen Z and Millennials spend vastly more time consuming our content than that of any other digital media company in our competitive set, according to Comscore.

With a streamlined sales team structure and a revamped go to market strategy that is anchored in three intersecting pillars of innovation — Creators, AI, and Cultural Moments — we are now able to **leverage the individual strengths of our brands more effectively** in order to re-accelerate our growth and close the gap in monetization versus the broader US digital advertising market.

- First, we are prototyping new generative **AI** formats, including quizzes and chatbots. **We doubled our output of AI-assisted content from Q1 to Q2**, and we expect to continue ramping up at a similar rate in Q3.
- Second, we are rapidly expanding our **creator** programs to increase both revenue and content output. Building on the success of the BuzzFeed & Tasty creator programs, we have expanded this model to our other brands. **We now have close partnerships with more than 180 creators** who publish original content across our distribution channels. And we work with a much larger, extended network of hundreds of creators across our brand portfolio. Collectively, creator-led content drove **hundreds of millions of views** across our network in Q2.
- And third, we are taking advantage of the fragmented media environment as one of the few companies that can deliver **culturally relevant moments at scale** — something the platforms or creators can't match on their own.
 - Moments can be homegrown or they can be part of the broader pop culture calendar. Very few partners can deliver Voice and Scale together in one package. BuzzFeed, Inc. is a one-stop shop for big moments in culture — whether its the **NBA Playoffs** or the latest episode of **Hot Ones** — that marketers can plan for and advertise around.

As you will see throughout this letter, our initiatives around AI, Creators, and Cultural Moments are gaining real momentum with audiences and clients alike — validation that we are pursuing the right long-term strategy for growth and monetization. And, as we execute against our vision, we are committed to building a business that delivers significant margin expansion and generates strong cash flows over time.

I am grateful for the support of our shareholders — and honored to work alongside our talented teams of creators, journalists, producers, and all our employees — as we continue to lead the industry forward with an unwavering commitment to our mission — to spread truth, joy, and creativity on the internet.



Jonah Peretti
Founder & CEO

Our Competitive Advantages

Leading Destination For Gen Z And Millennials

US Gen Z and Millennials spend vastly more time consuming our content than that of other digital media companies in our competitive set, according to Comscore.

Premium, Brand-Safe Advertising Opportunities

As platforms continue to struggle with the policing of user-generated content and the impact to advertisers on their platforms, BuzzFeed has become a trusted partner in providing high-quality, brand-safe content at scale to serve advertiser demand. Our iconic, category-leading brands have loyal, highly engaged audiences — from food lovers to sneakerheads to parents — and everyone in between.

Trusted Network Of Creators

As an advertiser, it can be difficult to navigate the world of influencers and creators. Our platform brings together contextual alignment with hard-to-reach audience demographics, a trusted network of creator talent, and a comprehensive suite of tools, technology, and resources for creators to power their entire content creation and monetization engine — all of which enable advertisers to tap into lucrative, influencer-led advertising opportunities.

AI-Enabled Tech Stack Powering Iconic Brands

Our proprietary technology stack is powered by artificial intelligence and machine learning, and trained on BuzzFeed proprietary data to optimize publishing across our owned-and-operated and third-party platforms. This enables us to attract larger, more engaged audiences and capture deeper, more reliable insights — delivering high-quality content at massive scale and low cost.

Expanding Our First Party Data Solutions With The Help of AI

With a broad and diverse audience and scaled distribution across platforms, we capture rich first party data and third-party platform insights across our audience — offering advertisers the contextual alignment and tools they need to effectively and efficiently reach massive young audiences — particularly as the internet continues to move toward a cookieless future. By leaning further into AI, we see the opportunity to capture and better understand a much bigger data set around our audience and the performance of our content.

Delivering Cultural Moments At Scale For Advertisers

Moments are defined as having a combination of scarcity and unaided demand. Moments can be homegrown or they can be part of the pop culture calendar. Very few partners can deliver Voice and Scale together in one package. BuzzFeed, Inc. is a one-stop shop for big moments in culture that marketers can plan for and advertise around.

Audience Engagement Trends

CREATOR-LED CONTENT DRIVING ROBUST VIEWERSHIP ACROSS PLATFORMS

Our creative teams published

more than
10K
short-form videos

across platforms, more than doubling y/y

Our short-form content

surpassed
1B
quarterly views

on TikTok for the first time

Q2'23 short-form content

views
DOUBLED
y/y

across platforms, reaching a new quarterly record



BuzzFeed

In Q2, the **BuzzFeed** editorial team continued to harness AI in new ways, releasing several new AI content formats — including new personalized quizzes, chatbot and multiplayer games, and viral AI image collections — which drove exponential growth in both views and time spent, as compared to Q1.



Tasty's short-form vertical video content surpassed one billion quarterly views yet again in Q2, and continues to attract advertisers — from State Farm to Idahoan Potatoes — looking for innovative marketing opportunities.



Complex tripled viewership of its premium programming on YouTube in Q2, led by tentpole shows Sneaker Shopping, GOAT Talk, and 360 With Speedy. The brand also launched its first-ever AI product in partnership with Sprite, giving audiences an opportunity to create a personalized mixtape album cover in real time with the help of an AI chatbot.



First We Feast's hit YouTube interview show, **Hot Ones**, celebrated 300 episodes in Q2. The latest season featured A-list celebrity guests — including John Mulaney, Jennifer Lawrence, Melissa McCarthy, and Jason Sudeikis — with millions of viewers tuning in each week. In fact, Jennifer Lawrence's interview reached more than 100 million viewers across platforms.



HuffPost continued to engage readers with destination news content in Q2. The brand's breaking news coverage — from the high profile departures at Fox and CNN to the tragic events of the Titan submersible to new developments in the Trump indictment and arraignment — drove massive audience traffic during the quarter.

Selected Client Wins

Google Teams Up With First We Feast During The NBA Playoffs



Google sought out First We Feast’s Hot Ones and the teams’ expertise to develop a marketing campaign rooted in pop culture to convey how “the only phone engineered by Google” can enhance the lives of basketball fans during the most exciting time of the season — the NBA playoffs and the kickoff of the WNBA season. The partnership went deep into the Hot Ones universe to include a Hot Ones episode sponsored by Google Pixel, custom branded social content designed by our creative teams, and brand integrations featuring the Pixel phone across both Hot Ones and the Truth or Dab spinoff series.

Complex Launches First AI Product In Partnership With Sprite

In Q2, Complex continued to celebrate the 50th anniversary of hip hop — launching its first-ever AI product. This innovative collaboration with Sprite allows fans to generate a personalized mixtape album cover with the help of AI. Acting as an art director, the chatbot crafts a distinctive mixtape cover using original artwork created by the multidisciplinary internet artist, OseanWorld. The experience guides fans through a personalized hip hop journey while designing a unique mixtape cover in real time.



CVS Joins Forces With HuffPost Health



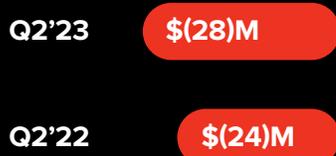
In Q2, CVS and HuffPost Health launched a strategic media partnership focused on health coverage that is important to CVS consumers and HuffPost readers. The always-on partnership includes quarterly HuffPost Health sponsorships around priority CVS themes and messages — ranging from skin concerns to women’s health — branded content, affiliate commerce posts and rotational media. CVS sought out the strong brand identity and audience following of HuffPost Health in order to position itself as an authority in the space and the go-to destination for all health related needs.

Q2'23 Financial Highlights

TOTAL REVENUE



NET LOSS



ADJUSTED EBITDA¹



TIME SPENT²



CASH AND CASH EQUIVALENTS



¹ A non-GAAP financial measure. See “Reconciliation of GAAP to Non-GAAP Financial Measures” in the Appendix for a reconciliation to the most directly comparable financial measure in accordance with accounting principles generally accepted in the United States (“GAAP”).

² We define Time Spent as the estimated total number of hours spent by users on our owned-and-operated U.S. properties, our content on Apple News, and our content on YouTube in the U.S., in each case, as reported by Comscore. For additional details please refer to the full definition of Time Spent in the Appendix.



ADVANCING CREATIVITY AND ENHANCING THE AUDIENCE EXPERIENCE WITH AI-INSPIRED CONTENT

In Q2, the BuzzFeed editorial team has continued to harness AI in new ways. Over the past six months, BuzzFeed has launched tons of new AI content formats — including new personalized quizzes, chatbot and multiplayer games, and viral AI image collections.

Our original AI content drove exponential increases in both views and time spent, as compared to Q1.

IEWS



TIME SPENT



AI-inspired image posts have gone viral across platforms, including BuzzFeed.com, Instagram Reels, TikTok, and Google Trends.



Barbie Dreamhouse In Every US State

Sponsored by



And, BuzzFeed's Infinity Quizzes attracted new brand sponsors in Q2.

This AI Dream Interpretation Quiz Will Tell You What Your Dreams *Really* Mean



Trouble Falling Asleep? Here's A Customized Bedtime Story Just For You



PRODUCING MORE PREDICTABLE SUCCESS IN LONG-FORM CONTENT DEVELOPMENT

In Q2, BuzzFeed Studios continued to drive impact for its slate of premium entertainment with vast marketing efforts across the BuzzFeed, Inc. network. The Studios team also announced the release of its next feature film, *Puppy Love*, and struck a licensing deal for original Complex album artwork.

BuzzFeed Studios announced the release of its next feature film, *Puppy Love*, starring Lucy Hale and Grant Gustin. The film, based on the viral BuzzFeed video series “Puppyhood” which debuted in 2015, will release in the US on **Amazon** Prime Video and Freevee on August 18 and internationally through **MGM**.



BuzzFeed Studios executive produced and marketed the action film *Black Demon* in partnership with Highland Film Group, which was released on April 28 in select theaters and on digital. The campaign, which has included custom content, social media assets, social takeovers, and more, has driven significant overperformance in both EST and TVOD versus **Paramount's** expectations.

Complex collaborated with internationally-renowned rapper, Yeat, on his November 2022 Digital Cover, encompassing a full feature of the artist across video, editorial, and custom photo. Excited with the results of the coverage, Yeat decided to use one of the photos Complex shot for the cover of his latest album, *AftërLyfe*, working with BuzzFeed Studios to license the image.





ATTRACTING THE NEXT GENERATION OF FOOD CREATORS ON THE INTERNET

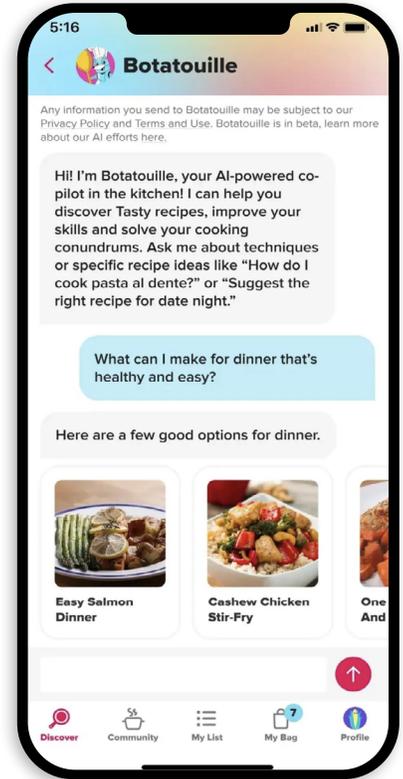
Tasty Launches AI-Powered Chef Bot, Botatouille

Botatouille brings together Tasty’s culinary insights and innovative AI technology to help our community navigate every part of the cooking process.



- ✓ Serves up dishes, meal plans, and grocery lists when users talk to the bot and ask for cooking advice or recipes
- ✓ Provides partners and clients with premium offerings, custom integrations, and additional opportunities across the app and web
- ✓ Integrates shoppable recipes powered by Walmart

Available exclusively in the [Tasty app](#)



Idahoan Potatoes Sponsors Tasty’s “Potatoes 100 Ways” TikTok Series



The breakout success of “Potatoes 100 Ways” on TikTok — helmed by one of Tasty’s own residents, Jeri Mobley — attracted leading mashed potato brand, Idahoan, as they sought to connect with highly engaged consumers on new platforms. Idahoan invested in a multi-episode sponsorship of the popular TikTok series, which has earned more than 70M views to date.

**COM
PLEX**

ATTRACTING PREMIUM BRAND SPONSORSHIPS WITH AUTHORITATIVE, CULTURE-DEFINING PROGRAMMING

Complex Tripled Viewership of its premium programming on YouTube in Q2

Led by Sneaker Shopping, GOAT Talk, and 360 With Speedy



Uber

Uber Teams Up with Complex Creator Ross Mac

to create original branded content around financial tips for Uber drivers



Complex Launches AI-powered Mixtape Cover Generator in Partnership with Sprite

Complex kicked off its first experimentation with AI as the brand continues its summer of drops, celebrating 50 Years of Hip-Hop.

Using generative AI, the chatbot creates custom album artwork, drawing visuals from an exclusive cache of designs provided to Complex by the artist OseanWorld.



HIT CELEBRITY INTERVIEW SHOW ON YOUTUBE AND MASSIVE IP UNIVERSE AT THE INTERSECTION OF FOOD AND POP CULTURE



Hot Ones Celebrates 300 Episodes

- 8 years running
- Currently in its 21st season
- Over 2 billion views and 25 billion minutes watched
- Nominated for 2 daytime Emmys, breaking new ground for YouTube-endemic talk shows

Interview with Jennifer Lawrence earns more than **100M views** across platforms



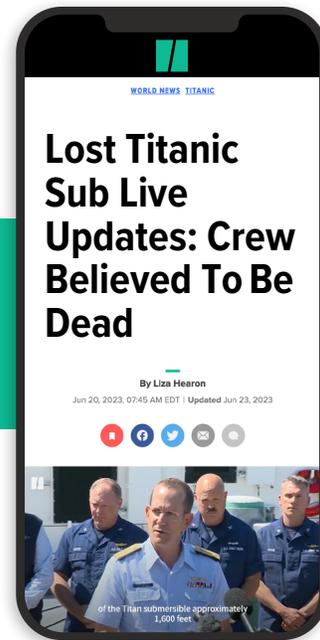
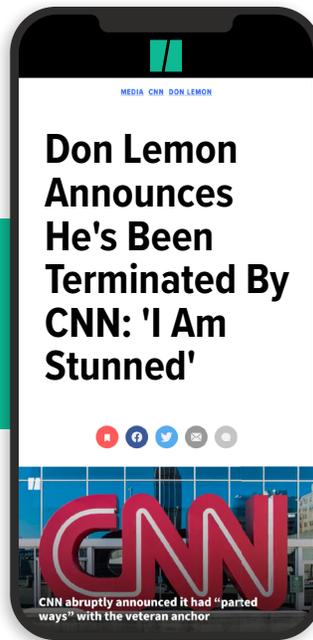
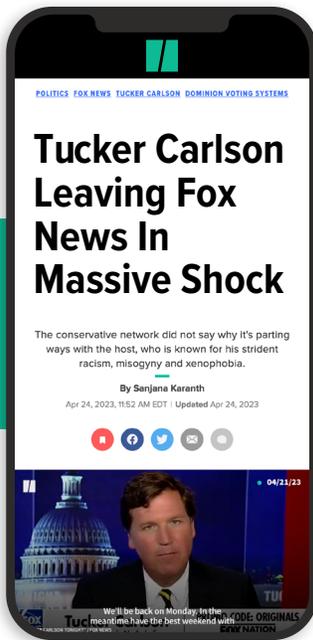
Activision Blizzard invests in Hot Ones to promote the release of its Diablo IV video game

The multi-faceted campaign included a Hot Ones sponsorship, a custom Hot Ones hot sauce, titled “Lilith’s Hatred”, a branded Hot One’s reunion episode featuring host Sean Evans & tech-focused YouTuber Marques Brownlee, influencer seeding program, fan giveaway, and custom streetwear design and social video with emerging LA designer, Revenge.



ENGAGING READERS WITH RESONANT COVERAGE OF THE WORLD'S BIGGEST CULTURAL MOMENTS

The brand's breaking news coverage — from the **high profile departures at Fox and CNN** to the tragic events of the **Titan submersible** to new developments in the **Trump indictment and arraignment** — contributed to massive audience traffic during the quarter.



HuffPost Talent Residency



Since the program's launch, HuffPost has increased its output of short-form videos exponentially.

In December, HuffPost welcomed 10 talent residents to collaborate on editorial content in order to:

- ✓ Scale the brand's short-form content offering across platforms
- ✓ Prepare rising stars for careers as creators
- ✓ Deliver engaging, meaningful vertical video content to our audiences

Q2'23 Financial Results

We delivered second quarter results in line with our guidance range for both Revenue and Adjusted EBITDA.

Overall revenues for Q2 2023 declined 27% year-over-year to \$77.9 million, as expected, and in line with Q1 trends. Performance by revenue line is as follows:

- **Advertising revenues** declined 33% year-over-year, to \$35.4 million, in line with first quarter trends, as expected, as increased competition for both audience time and ad dollars have contributed to lower demand and ongoing pricing pressure.
- **Content revenues** declined 22% year-over-year to \$31.5 million, with year-over-year trends improving relative to Q1, driven by a higher number of branded content clients quarter-over-quarter.
 - Last quarter we introduced a KPI to represent net branded content advertiser revenue retention — which is a function of both the number of clients we serve and the spend per retained client.
 - This metric reflects current period trailing twelve-month branded content revenues as a percentage of prior period trailing twelve-month revenues, for branded content customers that spent a minimum of \$250 thousand dollars in the prior period.
 - Q2 retention was in line with Q1 trends.
- **Commerce and other revenues** declined 17% to \$11.0 million, almost entirely driven by the metaverse experiential event ComplexLand in the year ago quarter, which did not repeat in Q2 2023.

TOTAL REVENUE

Q2'23 **\$78M**

Q2'22 **\$107M**

-27%

Year over Year

ADVERTISING REVENUE

Q2'23 **\$35M**

Q2'22 **\$53M**

-33%

Year over Year

CONTENT REVENUE

Q2'23 **\$31M**

Q2'22 **\$40M**

-22%

Year over Year

COMMERCE AND OTHER REVENUES

Q2'23 **\$11M**

Q2'22 **\$13M**

-17%

Year over Year

Q2'23 Financial Results (continued)

In terms of Adjusted EBITDA, we were able to mitigate nearly all of the lower revenue year-on-year with successful execution against the cost actions we announced in April — delivering breakeven **Adjusted EBITDA in Q2** — \$2 million lower than Q2 2022.

We also incurred charges that did not impact Adjusted EBITDA. A full reconciliation of our GAAP to non-GAAP measures can be found in today's press release, available on our Investor Relations website.

We ended the quarter with **cash and cash equivalents** of approximately \$41 million, \$9 million lower quarter over quarter, including approximately \$8 million in payments related to the cost actions we announced in April. Further, on a year-to-date basis before restructuring payments, we achieved breakeven operating cash flow.

NET LOSS

Q2'23 **\$(28)M**

Q2'22 **\$(24)M**

ADJUSTED EBITDA¹

Q2'23 **\$(0.1M)**

Q2'22 **\$2M**

CASH AND CASH EQUIVALENTS

Q2'23 **\$41M**

Q2'22 **\$68M**

¹ A non-GAAP financial measure. See "Reconciliation of GAAP to Non-GAAP Financial Measures" in the Appendix for a reconciliation to the most directly comparable financial measure in accordance with accounting principles generally accepted in the United States ("GAAP").

Q3'23 Outlook

For the third quarter of 2023:

- We expect overall revenues in the range of **\$73 to \$78 million**, or 25% to 29% lower than the year ago quarter.
- We expect Adjusted EBITDA in the range of **\$1 million in losses to \$4 million in profits**, up approximately \$5 million year-on-year at the midpoint.

Earnings Conference Call

- BuzzFeed, Inc. Founder and CEO Jonah Peretti, President Marcela Martin and CFO Felicia DellaFortuna will host a conference call to discuss the results on **August 8th, 2023 at 5:00 PM EST**
- The financial results conference call will be available via webcast at **investors.buzzfeed.com** under the heading News and Events. A replay of the call will be made available at the same URL. To participate in the conference call, interested parties 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.
- We look forward to your questions on our call this afternoon.

Appendix

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 We define Time Spent as the estimated total number of hours spent by users on our owned and operated U.S. properties, our content on Apple News, and our content on YouTube in the U.S., in each case, as reported by Comscore. Time Spent does not reflect time spent with our content across all platforms, including some on which we generated a portion of our advertising revenue, and excludes time spent with our content on platforms for which we have minimal advertising capabilities that contribute to our advertising revenue, 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. We use Time Spent to evaluate the level of engagement of our audience. Trends in Time Spent affect our revenue and financial results by influencing the number of ads we are able to show. However, increases or decreases in Time Spent may not directly correspond to increases or decreases in our revenue. For example, the number of programmatic impressions served by third-party platforms can vary based on the advertising revenue optimization strategies of these platforms and, as a result, an increase or decrease in Time Spent does not necessarily correlate with a corresponding increase or decrease in the number of programmatic impressions served, but Time Spent can be a key indicator for our programmatic advertising revenue when the third-party platforms optimize revenue over programmatic impressions. Our definition of Time Spent is not based on any standardized industry methodology and is not necessarily defined in the same manner, or comparable to, similarly titled measures presented by other companies. Time Spent for the three and six months ended June 30, 2023 decreased by 9% and 6%, respectively, consistent with broader industry trends amongst our competitive set. 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 presented above.

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,

Forward Looking Statements (continued)

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 of June 30, 2023 and \$1,879 as of 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	130,850	191,217
Noncontrolling interests	2,777	3,337
Total stockholders' equity	133,627	194,554
Total liabilities and stockholders' equity	\$ 446,421	\$ 529,972

BuzzFeed, Inc. Consolidated Statements of Operations

(Unaudited, dollars and shares in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
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 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	97,988	131,648	194,859	258,504
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.	\$ (27,836)	\$ (23,765)	\$ (63,837)	\$ (68,659)
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)

	Six Months Ended June 30,	
	2023	2022
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)
Capitalizaion 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.

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