CORPORATE PARTICIPANTS

Amita Tomkoria *BuzzFeed, Inc. - SVP of IR*
Jonah Peretti *BuzzFeed, Inc. - Founder & CEO*
Matthew Omer *BuzzFeed Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

PRESENTATION

Operator
Thank you for standing by, and welcome to BuzzFeed Inc's fourth quarter 2023 earnings conference call.

At this time, all participants are in a listen only mode. I would now like to hand the call over to SVP, Investor Relations, Amita Tomkoria. Please go ahead.

Amita Tomkoria *BuzzFeed, Inc. - SVP of IR*
Thank you. Hi, everyone. Welcome to BuzzFeed Fourth Quarter 2023 earnings conference call. I'm Amita Tomkoria, Senior Vice President of Investor Relations. And joining me today are CEO, Jonah Peretti, and CFO, Matt Omer.

Before we get started, I would like to take this opportunity to remind you that our remarks today will include forward-looking statements. Actual results may differ materially from those contemplated by these forward-looking statements. Factors that could cause these results to differ materially are set forth in today's press release, our 2023 Annual Report on Form 10 K to be filed with the SEC and our 2023 quarterly reports on Form 10 Q. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to these statements as a result of new information or future events.

During this call, we present both GAAP and non-GAAP financial measures, including adjusted EBITDA and adjusted EBITDA margin. The use of non-GAAP financial measures allows us to measure the operational strength and performance of our business to establish budgets and to develop operational goals for managing our business. 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. A reconciliation of these GAAP to non-GAAP measures is included in today's earnings press release. Please refer to our Investor Relations website to find today's press release, along with our investor letter. And now I'll pass the call over to Jonah.

Jonah Peretti *BuzzFeed, Inc. - Founder & CEO*
Thank you, Amita, and good afternoon, everyone, and thank you for joining us today. At BuzzFeed, the way we pursue our mission - to spread truth, joy and creativity on the internet – is as important as the mission itself. We’ve never been a conventional media company focused on just content output. We’ve
always been as obsessed with the medium as we are with the message. By embracing new technologies, pioneering new formats and innovating to create new ways to bring our content to life, we have built some of the most iconic brands on the internet.

Our early teams are responsible for much of the foundational work establishing social media. It is now commonplace, but we started, it wasn't the norm for our content to be shareable, relatable, identity-affirming and purpose-built to connect people into fandoms and affinity groups based on shared passions. And over the past 15 years, we've been part of this medium emerging, maturing, becoming ubiquitous and inspiring media outlets as diverse as The New York Times and Mr. Beast.

By employing these same core tenets of identity, fandom, and shareability, I believe we have a tremendous opportunity in front of us to build the defining media company for the AI era.

To capitalize on this opportunity, we have aggressively refocused our business around:

our iconic brands, BuzzFeed, HuffPost, Tasty, First We Feast and Hot Ones - which, combined, continued to lead the industry in Q4, in terms of time spent, according to comScore,

our owned and operated websites and apps where we have more control over monetization,

our most scalable, highest margin tech-led revenue streams - programmatic advertising and affiliate commerce.

With this as a backdrop I would like to share some important and exciting updates on our business. We continue to operate in a period of unprecedented change for digital media. Last month, we announced the sale of Complex for approximately two times 2023 revenue in an all-cash deal that brought in $114 million for the Company. Our acquisition of Complex in 2021 coincided with the downturn in the advertising market. So, instead of being able to close bigger bundle portfolio deals, each of our brands ended up competing against each other for the available smaller opportunities.

The sale marks an inflection point for BuzzFeed, Inc. as we refocus our business around scalable, high-margin tech-led revenue streams. Complex was an asset that derived revenues predominantly from lower margin businesses - custom branded video content and events. Following the sale, the majority of our revenue is now generated through programmatic advertising and affiliate commerce, both capital efficient, high-margin, scalable businesses that leverage our existing tech infrastructure and have less exposure to the market and secular headwinds that have that we have experienced over the last several quarters. Further, selling Complex has allowed us to restructure our business around our own sites and ops where we can better control monetization and build amazing experiences for our audience.

The sale proceeds also improved our liquidity, helping us reduce our debt and interest obligations and optimize working capital. As a result, our company is now organized around the business lines that have historically been the most stable, profitable and nimble. In fact, gross margin on revenues from continuing operations across BuzzFeed, HuffPost, Tasty, First We Feast and Hot Ones, was approximately 44% as compared to a 40% gross margin for the combined business including Complex - a difference of
Turning to our financial results for our continuing operations, excluding Complex:

Fourth quarter revenues were set were $76 million, down 26% year over year. In line with our revised outlook provided last month. We aren't satisfied with this performance and have made changes to drive improvements in our performance, which I will discuss shortly. We delivered fourth quarter adjusted EBITDA of $15 million, also in line with our revised outlook. Full year revenues were $253 million, also down 26% year over year. We generated an adjusted EBITDA loss of $5 million versus approximately breakeven adjusted EBITDA in the prior year. For both Q4 and the full year, adjusted EBITDA remained relatively stable year over year, despite significant top line pressure, which reflects the cost-saving initiatives we implemented throughout 2023.

I think it is worthwhile to outline the current dynamics impacting our revenue performance as well as some of the strategic decisions we’ve made to adapt in this environment.

First, digital publishers continue to be impacted by intense competition for audience time between the largest platforms. As these platforms try to retain users, they are sending less traffic to publishers, which has impacted our ability to drive advertising revenues based on audience time spent.

Second, in a tough market for digital advertising, our clients have often had to forgo custom branded advertising campaigns. This has resulted in lower demand for custom branded video products and experiential events.

And third, with limited budgets, partners want to go deeper with one brand with one specific target audience. They are no longer looking for offerings from a collection of brands. In this environment, our brands ended up competing against one another for fewer opportunities.

To address these headwinds, we have made strategic and organizational changes that I am excited to share with you today.

First, in order to reduce our dependence on the major platforms for audience traffic, we are prioritizing new content initiatives on our owned and operated websites and apps where we have a loyal, highly engaged audience and more control over monetization. Specifically, we are harnessing the power of AI to get more leverage on human creativity. This includes leaning into AI-assisted content formats that are more engaging for our audience, as well as AI tools and tech that make our teams and our clients more efficient.

Second, we are moving away from branded video to focus on our most scalable, tech-led and highest-margin revenue lines, specifically programmatic advertising and affiliate commerce. Together, these businesses drove more than $130 million in revenue in 2023. Divesting Complex was a significant step in this direction since branded video drove the majority of Complex revenue. This was also some of our lowest margin revenue, positioning us for improved profitability as a result.
Third, we are reorganizing our sales team by brand. To enable this, we implemented the restructuring program we shared with you last month to reduce centralized costs and direct more dedicated resources to our individual brands – BuzzFeed, HuffPost, Tasty, First We Feast and Hot Ones. This includes operating with a much leaner direct sales team as we leverage our existing tech infrastructure to drive programmatic advertising revenue.

I am confident this is the right strategy for our business because it is centered on our leadership in the marketplace. Across our network of brands, we continue to lead the industry in terms of time spent. In Q4 audiences once again, spent more time consuming our content than that of any other digital media company in our competitive set, according to comScore. This is driven by strong and differentiated IP across BuzzFeed, HuffPost, Tasty, First We Feast and Hot Ones - and each has a trusted and established brand identity.

For BuzzFeed, it is pop culture, entertainment and curating the best of the Internet. As we continue to innovate around new AI-assisted formats and develop a more personalized experience, we see huge opportunity to reach even more young people and deepen engagement with our loyal website and app base users. In fact, among our app-based audience, we grew time spent per page view quarter over quarter throughout 2023.

For HuffPost. It's breaking news coverage and audience centric stories for a massive direct to front-page audience. The brand is also reaching an audience in new ways with expanded shopping content and two new podcasts, both of which have opened up new sources of advertising revenue.

For Tasty, it's building the next generation of food creators. With more than 300 million cross-platform followers - three times the size of the next closest competitor - Tasty continues to lead the way. In 2023, Tasty drove impressive growth in viewership of its short-form creator content - up 25% year over year to reach 5 billion views across platforms. Tasty has translated this momentum into new opportunities for brands to partner with us, including sponsorships of Creator video series brand integrations with creator recipe content and advertiser sponsored experiences to connect creators and food lovers in real life.

For First We Feast, it is expanding the Hot Ones universe and building more IP at the intersection of food and pop culture. With over 30 billion minutes watched to date, Hot Ones continues to attract premium and episode sponsorships with household names like Sprite, Zelle and Snickers. The franchise has continued to build on its cultural relevance and serve the insatiable demand of its fans with spin-off series like heaters and new CPG launches like Hot Ones Hot Pockets.

Before I wrap up, I want to reiterate my excitement for the future. We have taken steps to stabilize our business, we have organized around our most profitable business lines, and we are excited to continue building on this stronger foundation by innovating to create the future of media.

More specifically, we have a tremendous opportunity in front of us to build the defining media company for the AI era. We have only begun to see the power of AI in transforming the way we live, the way we work, the way we interact. The internet will be a vastly different place in a few years. AI will emerge as an entirely new medium. Creativity will flourish. And I believe BuzzFeed is at the forefront of that
change. We are already harnessing the capabilities of AI to be more creative and more efficient. And while today, it is primarily a tool to adapt our existing businesses. I foresee entirely new businesses and revenue opportunities emerging as new technology evolves, and we continue to learn from our own experimentation with AI.

I am excited to work alongside you, our employees, creators, partners and shareholders to realize this vision, and I look forward to sharing more in our annual letter to shareholders next month.

I’ll now hand the call over to Matt to discuss our financial performance and outlook.

Matthew Omer BuzzFeed Inc - Chief Financial Officer
Thank you, Jonah. I want to echo Jonah's remarks regarding the strength of our go forward business with the sale complex behind us and our restructuring program nearly fully executed. We believe we are a stronger, more stable and more profitable business. We now have less exposure to declining lower margin branded video revenue, we have meaningfully reduced our go-forward headcount and cash cost structure. And, as a result of paying down a significant portion of our debt, we have also reduced our go-forward cash interest obligations. And while we still have work to do to address the traffic and revenue headwinds facing our business and digital publishers at large, I believe we are significantly better positioned than our peers to navigate the way forward sustainably and profitably.

Moving on to our fourth quarter results. As a reminder, all financials and comparables presented here are on a continuing operations basis, which excludes Complex. Overall revenues for Q4 2023 declined 26% year over year to $75.7 million, in line with the revised outlook we provided last month.

Performance by revenue line was as follows:

Advertising revenues declined 25% year over year to $31.9 million, predominantly driven by lower year over year directional revenues. Our direct sales channel has been more acutely impacted by current trends in the advertising market. Bundling our brands into a single portfolio proved challenging during a time in which many of our clients face uncertainty with respect to their own budgets and spending. By contrast, trends in programmatic advertising, which makes up the significant majority of our advertising revenues, saw a more moderate decline of 11% year over year in Q4. This was entirely driven by declines on third party platforms, which offset growth in programmatic revenues on our owned and operated properties.

Advertising revenues are driven in large part by audience time spent with our content across platforms. In conjunction with advertising revenues, we continue to report US time spent across our owned and operated properties and third-party property platforms. In Q4, U.S. time spent as reported by comScore declined 12% year-over-year to 72 million hours, driven primarily by ongoing declines in referral traffic from third-party platforms. However, we once again outpaced peer digital media companies and our competitors.

Content revenues declined 34% year over year to $27 million, driven primarily by a decline in the number of branded content advertisers amid tighter digital ad market. We have continued to experience
lower demand for our custom branded content products, which are typically focused on top of funnel ad spend aimed at driving overall brand awareness. Q4 branded content net revenue retention was lower year over year, driven by the trends I just described.

Commerce and other revenues of $16.7 million declined $1.4 million or 8% in year-over-year. Nearly all of our commerce revenues are generated from commissions earned on transactions initiated from our editorial shopping content.

We delivered fourth quarter adjusted EBITDA of $15.1 million, also in line with our February outlook. It is important to note that per US GAAP, we have not allocated any of the shared expenses to discontinued operations. As a result, our fourth quarter and full year 2023 adjusted EBITDA includes Complex’s portion of shared corporate expenses, which are significant.

However, as Jonah discussed earlier, as a result of the sale Complex, the underlying profitability of our ongoing operations has already improved meaningfully. In 2023, the gross margin on revenues from continuing operations across BuzzFeed, HuffPost, Tasty and First We Feast were approximately 44%, as compared to a 40% gross margin for the combined business including Complex.

We ended the fourth quarter with cash and cash equivalents of approximately $36 million. And in February, we closed the sale of Complex in an all cash deal for approximately $114 million, including additional cash considerations. We used the sales proceeds to:

redeem $30.9 million of the Company’s $150 million convertible note at par value plus accrued interest of $0.6 million,

eliminate the Company’s revolving credit facility by repaying it in full for $35.5 million, which includes the outstanding balance plus accrued interest and certain seats,

and we financed the strategic restructuring program we announced last month, estimated in the range of $2.5 million to $4 million.

The remaining cash proceeds will be retained for working capital optimization and general corporate purposes.

As you can see, we have already made meaningful strides in strengthening our balance sheet and improving overall liquidity. And looking ahead, as we lean into our highest margin revenue streams, we expect to make even more progress towards becoming a cash profitable business.

Before I share our financial outlook for the first quarter, let me provide some context.

Starting with revenues,

As I discussed earlier, our revenue performance reflects the challenges of going a market with a dbundle portfolio brands during a time in which our advertising partners have had to pullback or delay spending against the backdrop of prolonged uncertainty in the macroeconomic environment.
As Jonah outlined earlier, we’ve made some strategic and organizational shifts to adapt our business and drive revenue improvement in this environment. Specifically, we have refocused the business around our owned and operated websites and apps, where trends in both time spent and revenue have performed better relative to the distributed network, have prioritized our most scalable and highest margin revenue streams, programmatic advertising and affiliate commerce, which drove more than $130 million in 2023 revenue and fared significantly better in Q4 in terms of year-over-year revenue trends relative to our direct sales channel and branded content, and we’ve adopted a brand first go-to-market approach. This includes operating with a much leaner direct sales team as we leverage our existing tech and infrastructure to drive programmatic advertising. Each of our brands continues to resonate in the marketplace with a leadership position among its core audience and a differentiated value proposition for advertisers. Building on this, we see an opportunity to drive improved revenue trends over time and programmatic advertising in affiliate commerce as we: bring our brands to market individually, continue to introduce AI assisted formats to drive audience engagement on our owned and operated websites and apps where we have much more control over monetization, and deepen our relationships with our retail partners. In terms of adjusted EBITDA, our Q1 outlook reflects a partial benefit of our recently announced restructuring program. As a reminder, the program is expected to drive approximately $23 million of annualized compensation cost savings. We expect the program to be fully executed by the end of April. So looking ahead, we expect that our Q2 operating expenses will be much more representative of our ongoing cost structure. And from a year-over-year perspective, we expect to drive significant improvement in Q1 adjusted EBITDA despite the top line pressure. So with that, I’ll turn to our financial outlook. All figures and comparables are presented on a continuing operations basis for Q1 2024. We expect overall revenues in the range of $42 million to $44 million or 20% to 23% lower than the year-ago quarter. And we expect adjusted EBITDA losses in the range of $10 million to $12 million, an improvement of approximately $7 million year over year at the midpoint. Before I wrap up, I want to highlight that the changes we have made – specifically, to prioritize our high margin programmatic and affiliate businesses and significantly reduce our cash cost structure – have positioned us to build a much stronger balance sheet in 2024 and take meaningful steps toward becoming a cash-positive business. Thank you. I'll hand the call back to Amita so we can take questions.
QUESTIONS AND ANSWERS

Amita Tomkoria BuzzFeed, Inc. - SVP of IR
Great. Thanks, Matt. We have received a bunch of questions ahead of the call and during the call, which I’ve gathered here. So we’ll go ahead and get right into it.

Jonah, the first question is for you around the impact of AI. Can you talk a little bit more about how we might and when we might see some of this impact showing up in numbers?

Jonah Peretti BuzzFeed, Inc. - Founder & CEO
Yes. Thanks for the question. So the first impact of AI will be on our core business, which is programmatic and affiliate revenue lines in particular, what’s so exciting about our programmatic and affiliate businesses is they are both highly scalable, tech-enabled revenue lines that are high margin and you can get a lot of leverage for applying additional technology to those businesses.

If you look at the recent developments in AI, particularly with LLMs, it's now possible to have a machine read all of our content and understand it, and that's a huge difference. And the ability to actually understand our content means that opportunities for contextual advertising for programmatic are greatly enhanced. It wouldn't have been possible until very recently to have someone who can read all of our articles and pick the perfect ads contextually aligned with that article. But with AI actually able to understand the content of articles, that kind of contextual alignment of advertising is possible. The same with shopping, the ability of if everyone had their own personal shopper, who knows all the things that you've bought previously knows things you're browsing and interested in and can make personalized recommendations to you. That's something that we feel will be able to drive additional transactions in the future. And so those are the two big areas where we're seeing AI apply to our existing business.

But I think there are going to be new businesses that haven't been invented yet as AI starts to power a new medium. And I think we have a great opportunity to help invent that new medium where content will be possible that just wasn't possible before.

And so to look at a historical analogy, when TV was the new media, the first thing that a lot of media companies did is they put radio shows or prerecorded plays on television because that is the mistake that people tend to make when a medium is new. They look at the new medium and they say, okay, we can use this to sort of distribute something that we're familiar with. It turns out, watching it play or radio on TV isn’t the best use of TV and quickly, the smart media companies figured out how to change the way they make content for television, where there were close ups of people's faces. Quick cuts, scene changes. All the things that we know about television programming today were invented during that period. And I think that a similar thing is starting to happen right now with a AI-powered content - where our teams are starting to create content that feels more alive that has intelligence embedded in it, that can interact with people, that can personalize the experience, and are different for different people. And all of that is the very beginning of what I think is the new medium. And for content companies,
particularly digital media content companies like BuzzFeed, that is going to be a huge driver of future growth as that new medium starts to emerge. And as we start to see the benefit of things that just were never possible previously.

Amita Tomkoria BuzzFeed, Inc. - SVP of IR
Great. Thank you. Matt, the next question is for you on the topic of profitability. So you mentioned in your remarks becoming a more profitable business on the other side of the Complex transaction. And just how should we think about that relative to your Q1 guidance, which is forecasting adjusted EBITDA losses? Can you just kind of step us through that?

Matthew Omer BuzzFeed Inc - Chief Financial Officer
Yes. You can see the immediate profitability impact by just looking at our full year 2023 results, gross margin for continuing operations was 44% as compared to 40% for the consolidated business when you include Complex. So a difference of 400 basis points. And in terms of Q1 guidance at the midpoint, adjusted EBITDA expected to be $7 million better year over year. This is despite lower year-over-year revenues, which reflects the current and the cumulative impact of last year's cost saving initiatives, but only a partial impact of our most recent restructuring. Again, as a reminder, that recent restructuring is expected to drive approximately $23 million in annualized compensation cost savings, and we expect that program to be fully executed by the end of April. And so looking ahead, we expect that our Q2 operating expenses will be much more representative of our ongoing cost structure.

Amita Tomkoria BuzzFeed, Inc. - SVP of IR
Got it. And Jonah, back to you in terms of branded video. You talked about moving away from branded video as a source of revenue. Does that mean you'll no longer offer these types of products to clients? Or can you just elaborate on that shift a bit more?

Jonah Peretti BuzzFeed, Inc. - Founder & CEO
Yes. I think the biggest challenges with the branded video, and I would say the way we previously operated with video, was that the one off video that is posted on a social platform or video platform like YouTube is not a very scalable, durable form of video production where every single video needs to succeed on its own. And on the branded side, it's a lot of work to come up with some unique idea for every single and branded integration that doesn't necessarily have a natural home or reason for someone to watch it. So I don't think it's great from a margin standpoint. We have put a lot of thought into this and to be smarter about how we make video. And so certainly from one form of making video is partnerships that we've done with streamers to make feature films and video that it costs millions of dollars to make, but it is really differentiated because it's unique IP. I think when we look at something like Hot Ones, it's also very strong IP that we can extend into a whole bunch of different business lines from selling sponsorships to product integrations, but none of them are one-off videos. It's a familiar format that repeats that audiences love and are expecting and that has natural ways to integrate brands. And so I think that is a great area to focus on where you have strong IP and repeat viewership like that. For Tasty, it's really about creators. And the Tasty brand plus creators is just incredibly powerful. And we've seen food creators to be so excited to engage with us and partner with brands as well. And so
we're focused on really looking at how do we make video in a way that is sustainable and profitable. And that lends itself to higher-margin revenue and is something that can scale better than the one-off branded videos. I think the divestiture of Complex helps us move away from some of the high-cost, lower-margin custom branded content. A lot of the brands that transacted with Complex kind of wanted some totally unique type of branded integration where you'd be starting from zero in some cases, in terms of building something. And I think that's pretty different from Tasty and First We Feast, which are also much more pop culture focused and really fit well with BuzzFeed. They're all pop culture brands that reach huge audiences and that have a great context for brand integration that can be done in a way that is more scalable where you're not doing sort of agency type work of coming up with new concepts for one-off videos or limited series and things like that. So I think, overall we're being smarter. We're picking our spots. We are made decisions that make us less dependent on the platforms. And this is the type of video that also really helps us work strategically with clients, entertainment, clients and retail clients and other of other partners were up who can align with the great viewership and formats and IP and get really great value working with us in a way that also is beneficial to our business and doesn't require as much of a heavy lift to deliver for our clients. So that's the how we're thinking about it is that area of our business that it is a bit more nuanced and we're trying to stay out of the middle area of the one-off kind of high cost videos and focusing on our studio business to our IP to creators all in ways that maximize the scalability and opportunity to integrate brands in a way that's more seamless.

Amita Tomkoria BuzzFeed, Inc. - SVP of IR
And maybe continuing on from that, you made several references to both your programmatic advertising business and then your affiliate commerce business and sort of refocusing around those two revenue streams. Can you discuss some of the specific opportunities that you see in each of those areas? And maybe on a related note also, how are you guys are thinking about Google’s rollout of cookie deprecation and where and how that might impact you or maybe how you guys are sort of getting in front of that?

Jonah Peretti BuzzFeed, Inc. - Founder & CEO
Yes, I mean, as I said earlier, I love our affiliate and programmatic businesses because they are very scalable, high-margin businesses that allow us to get leverage from tech investments. And I think with AI being able to read and understand content that's just going to add to those businesses. At a very abstract level, affiliate generates revenue from driving transactions, which means people taking action and our audience is very active, and we are able to inspire a lot of action from our audience to transact. And so if you look just taking the programmatic or taking the affiliate business. First, we drive have more than $0.5 billion in transactions on behalf of our retail partners. And that results in about $50 million in commerce revenues for us. So you can see it’s driving significant GMV for our partners. It's also a great business for us, and it is something that will benefit and does benefit from our tech investments. Some of those things might be a little more nuts and bolts like being able to really do a great job featuring the products and the prices and great post format and collections and gift guides and things like that, our editorial and tech work and some of it is deeper machine learning recommendations. And now with Gemini, the ability to remix content and feature as a bonus product for someone that might be a personalized selection for them and other things that and we’re just starting to imagine, and could
extend far beyond that. And so we really like to be in businesses that benefit from our tech investment and also benefit from new technology trends that will allow those businesses to get even more leverage six months from now a year from now two years from now.

Programmatic is similar. If affiliate is about transactions and getting paid to drive transactions, programmatic is more about attention. Classically advertising is about selling the audience's attention and programmatic is the most tech. It enables most scalable, highest margin way of selling attention. And we have more time spent than anyone in our competitive set. So we have a lot of attention that we can monetize through programmatic. And I think when I mentioned earlier, how programmatic can be enhanced by more data, and particularly data around contextual alignment of advertisements, and that's something that we can do with advances in AI where we actually have machines that can understand our content at hand at a massive scale, how advertising should be placed to maximize architectural alignment and conversions and things like that. Overall AI also will help us get more audience to the site and spend more time on the site. And we've seen that AI content drives more time spent than other forms of content because it's more alive, more personalized, more interactive. And as we continue to push the envelope on that kind of work and there will be people spending even more time on our site. And we expect and that will drive more opportunity for programmatic monetization over time. And attention that people are spending. And so there's a lot of excitement about sort of focusing on the next stage of the internet and how to build a really strong scalable business in commerce and advertising for the next stage of the internet. And I think that cookies kind of represent an earlier stage of the internet – a sort of the pre AI stage where a lot of the targeting and retargeting with cookies has been, you know, you visit a retailer site and then the ad for that product follows you around the web everywhere you go in that kind of very dumb basic form of retargeting and that was very effective. It is going to be harder and harder to do as cookies get deprecated. But more interesting, more sophisticated forms of targeting that are based on AI, based on contextual alignment are going to start to replace that. And I think you already seen. As you know, Apple search has changed there and the ability of search for targeting within apps you're already seeing that companies have been able to adapt and evolve using new technologies that can perform as well as although differently than some of the older targeting.

Amita Tomkoria BuzzFeed, Inc. - SVP of IR
Thank you. So maybe to switch gears a little bit, Matt. We've seen some of the press reports around a potential licensing deal for BuzzFeed in the UK. Could you discuss the nature of that deal and what should we know about it? Is that material? Just sort of recap that for us.

Matthew Omer BuzzFeed Inc - Chief Financial Officer
Yes, sure. I know the deal hasn't closed yet. So we'll, of course, share more as soon as we're able to do so but briefly we're in the final stages of an agreement with the Independent to license our business in the UK. This is very similar to the strategic partnership we announced last June between our Australia business and Val Morgan Digital, in which employees that support revenue generation in the UK would move over to the Independent and BuzzFeed would continue to own the IP, but we simply earn a share
of the go-forward revenues. So under the proposed license, the Independent would put resources behind our brands across editorial and sales and offer a wider mix of products and media bundling. In terms of materiality, again, hasn't closed yet. So we'll share more as soon as we can on the expected impact to our business.

Amita Tomkoria BuzzFeed, Inc. - SVP of IR
Got it and then Jonah back to you just on the topic of TikTok. Obviously with a potential TikTok ban looming what does that mean for BuzzFeed. And maybe more broadly, just with your renewed focus on the owned and operated platforms, how do you view the role of the social platforms in BuzzFeed’s future?

Jonah Peretti BuzzFeed, Inc. - Founder & CEO
Yes. So TikTok is obviously massive in terms of time spent. And we don't get much audience from TikTok, occasionally some like link in bio type stuff, but not much. And they have been among the worst in terms of monetization. So we've achieve tremendous scale on TikTok, but we've had to build our own monetization by doing branded content and other other types of monetization that doesn't depend on platform revenue from TikTok. So I would say our preference would be, or when I look at the market, if TikTok is banned, probably that will benefit Facebook, Instagram, Snap other platforms. And the time spent on TikTok would start to move to a lot of these other platforms and some of those other platforms are better monetized and could actually be a benefit to us. And then if TikTok isn't banned, I think and continues. I think our hope is that they will begin to continue that maturation of their ad products and partnership ability so that they will get closer to parity with other social platforms in terms of revenue for partners. So either of those outcomes are okay. I would say the current state of affairs is not it’s not the best. There's just this ongoing and fierce battle between these social platforms. And as a result, they've kind of stopped focusing as much on how to be good partners to the larger ecosystem. So that's the main thing. And I guess in terms of the role of platforms, to me, it feels very much in the interest of any platform that achieves enough strength and that has the security that they're in a strong position for them to partner with as many different types of content creators as possible to make sure that their ecosystem is really strong and that they're able to aggregate as broadly as possible, come and spend money with publishers and creators and have personal content and all the different kinds of content that people love. And for us, we just don't want to be in a position where we're dependent on supply on any of the big tech platforms sort of making the right decisions and being a favorable friendly place for content companies. The recent history has not been great on that front, but we have seen continued strength in our owned and operated platforms. And even as there's been decline in outbound traffic from, say, Facebook's to BuzzFeed, we've seen that the audience is spending more time with us and the direct audience is a lot more valuable than people who are on an app, clicking to see an article and then kind of clicking away and not spending as much time and so we really want to come have the ability to build amazing products and have an audience that spends as much time with us as possible so that we can spread truth, joy and creativity and delight them. And then probably most importantly, having and owned and operated business as the core of our business gives us the ability to get more tech leverage as we go create content and also benefit from new technology revolutions like the explosion in AI that will allow us to continually evolve and improve
and change our owned and operated in a way that we couldn’t if we were just having content riding on top of someone else's platform.

Amita Tomkoria *BuzzFeed, Inc. - SVP of IR*

Great. Thank you. So much. We’ve got time for a couple more questions here. Matt, just pivoting to the debt piece of it and the balance sheet. You talked about the use of proceeds following Complex. How should we think about plans to address what's still a significant amount of debt remaining on the Company's balance sheet?

Matthew Omer *BuzzFeed Inc - Chief Financial Officer*

Like you said, the sale of complex enabled us to meaningfully reduce our outstanding debt and interest obligations. So we again, we eliminated our revolving credit facility that was about $35 million and also paid down approximately 20% of the convertible note. So roughly $31 million of the $150 million that was outstanding as it relates to the balance of the convertible note. Our unsecured lenders do have an option to call the debt in December this year. However, we expect that we’ll be able to work with them in advance of the date of the call option. And in fact, when you look at the proceeds, they agreed to a roughly $31 million paydown so that we could direct more of the proceeds from the Complex transaction towards the underlying business to fund the restructuring and optimize working capital. That said, as part of the agreement, they do have claim to 95% of proceeds from any future asset sales, if such asset sales occur, which obviously would further reduce the debt load. But more broadly, the changes we have made to prioritize our high-margin programmatic and affiliate businesses and significantly reduce our cash cost structure have positioned us better to build a much stronger balance sheet in 2024 and take meaningful steps to becoming cash positive.

Amita Tomkoria *BuzzFeed, Inc. - SVP of IR*

And then, Jonah, just a final question for you. In terms of the executive team, over the past few months, there have been some departures, including your President. Do you have plans to rehire or kind of how are you thinking about the executive team?

Jonah Peretti *BuzzFeed, Inc. - Founder & CEO*

Yeah. Thanks for the question. So I'm confident in our go-forward leadership team. And I'm also really thrilled to share that we are elevating Ken Blom, a leader with tremendous knowledge, experience and perspective to the role of Chief Business Officer across all our brands, and he joins our new CFO, Matt Omer, and Jess Probus our new publisher for BuzzFeed Inc. So we’ve got a great team and we are all very leaned in for this next stage of building the Company.

Amita Tomkoria *BuzzFeed, Inc. - SVP of IR*

Fantastic. Thank you, Jonah, and thank you, Matt. Thank you so much, and thanks, everyone, for joining us. That wraps our Q&A session for today, and I will hand the call back over to our operator so we can wrap up.

Operator
Thank you. Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.