



AUGUSTUS

Augustus Media Holdings Ltd
Annual Report & Accounts 2021



we are
AUGUSTUS MEDIA

An award-winning Middle Eastern digital media company based in Dubai and Riyadh.

We are designed to adapt and evolve to this perpetually changing media environment.



CONTENTS

FINANCIAL HIGHLIGHTS

LETTER TO SHAREHOLDERS

PERFORMANCE

PROJECTIONS

REGIONAL PRESENCE

LEADERSHIP TEAM

CEO EXCLUSIVE

FINANCIAL STATEMENTS

Letter to shareholders

By all accounts, 2021 was an exceptional year. Emerging from a global pandemic still felt from the previous year and finishing the year stronger than expected.

Dear Shareholders,

When the pandemic hit back in early 2020, our business as well as well as the expert analysts forecasted the impact of covid-19 will persist for at least 2 year. This was a concern, as our revenue dropped by 80% at some point between March and April, businesses continued to struggle throughout the entirety of 2020 and beginning of 2021. Our expectations based on the news circulated in the market in early 2021 is that we should expect a year identical to 2020.

Commercially we forecasted annual gross revenue targets at \$4m, which puts us close to 40% increase against 2020. These projections changed much quicker than anticipated, by end of H1 our top line figures surpassed our forecast, by Q4 our Gross Revenue forecast reached to \$5.5m, a 38% increase from the original forecast set in early Q1.

We continued to grow our top line and bottom line at an accelerated pace, the expansion plans we had set pre-pandemic became more likely towards end of H1. We went from a business that is riding the wave along with the rest, to leading the tide.

The business continued to focus on long-term sustainability and plans to reduce cost while achieving high performance. Augustus Misr, came into the picture by the start of H2, as we struggled to outsource tech developers and content writers - a plan to initiate an in-house tech & content hub for the region emerged. The decision to launch Augustus Misr came at a perfect time, developing existing platforms as well as introducing new products gave the business an upper edge.

Content revenue picked up pace, with the support of our Advertising revenue which was introduced mid 2020 ended to play 20% of our total Revenue share in 2021. The substantial growth within these two revenue streams allowed us to double our previous year Gross Revenue.

Agency revenue came back into play late Q1 after all their clients paused all their budget since March 2020. This revenue was close to lost for as long as 11 months, an illustration of how Augustus is unreliaint on a single client type. Direct client revenue has been the most secure source of revenue since the establishment of the business back in 2015, and will remain this way. Revenue earned from Agency, Advertising Partners, and Direct to Consumer will allow the business to overachieve its annual target year on year, as we have only tapped a minor percentage of the revenue share available in the market.

2021 was a key focus to setup our company pillars to what we expect in the next 4 years to come. It has been estimated that Augustus will achieve \$11m in Net Revenue, \$15m Gross by end of 2025, the following forecast is based on a sustainable year on year growth on 33%, a goal we are likely to overachieve in a shorter period of time.

Letter to shareholders

2022 has started strongly, well in line with our latest three-year plan to triple our revenue organically in the next three years.

We opened our doors to our new Headquarters in Dubai as well as signing an office expansion for our Cairo office. These initiatives give us a head start to our 4 year plans, and put us inline with the company's long term objectives.

The next 4 years will be focused on exploring new territories, whether through self established subsidiaries or through joint ventures which will allow the Lovin brand to reach over 10 different countries, and more than 20 different cities by the end of 2025. Headcount wise we look to have 120 employees working across the region.

Our strategy is to have core Augustus Media entities in Dubai, Riyadh and Cairo, operating a JV model with 'lovin' in cities in other countries.

Focus on youth Audiences, millennial and gen z, with brand IP's, and 'non scripted' content on text, audio and video.

Both brands will progress the linear and on demand live cloud based production.

Commercially, our focus will be on the 3 main revenue stream buckets:

1. Advertising & Creator economy – audience, social, video revenue,
2. Branded content,
3. Direct to consumer – subscription and token economy (crypto)

Financial Performance

Gross Revenue: \$5.70 million, up 97% from previous year, up 7% from latest targets and up 40% from original targets.

Revenue Turnover: \$3.83 million, up 78% from previous year, up 1% from latest targets and up 19% from original target.

Net Revenue: \$3.64 million, up 85% from previous year, up 5% from latest targets and up 23% from original targets.

Barter: \$192 thousand, up 11% from previous year, down 39% from latest targets and down 29% from original targets.*

Gross Profit: \$3.18 million, up 70% from previous year, down 3% from latest targets and up 15% from original targets.

Cost of Revenue: \$582 thousand, up 58% from previous year, up 15% from latest budgets and up 23% from original budgets.

Operating Expense: \$2.36 million, up 48% from previous year, up 5% from latest budgets and in-line with original budgets.

Operating Profits: \$885 thousand, up 230% from previous year, down 12% from latest targets and up 125% from original targets.*

*Barter revenue is subjected to recognizing the revenue in both side, Augustus has achieved +350k intotal Barter Revenue, of which close to 50% unrecognized.

*Finalization of Annual Bonuses, Agency AVR and Bad-Debt provision is subjected to year end closure and could change against the latest targets.

Financial Highlights

USD

GROSS REVENUE

5.70m +97%

REVENUE TURNOVER

3.83m +78%

NET REVENUE (Excl. Barter)*

3.64m +85%

BARTER

192k +11%

Performance Comparison 2020

Financial Highlights

USD

GROSS PROFIT

3.18m

+70%

COST OF REVENUE

582k

+58%

OPERATING EXPENSE

2.36m

+48%

OPERATING PROFITS

885k

+230%

Performance Comparison 2020

Performance by Client Class

USD

AGENCY

1.15m 30%

DIRECT

1.71m 45%

PARTNERS

780k 20%

BARTER

192k 5%

Above Figures are Revenue Turnover

Performance by Brand

USD

BRAND	Q1	Q2	Q3	Q4	TOTAL
Lovin Dubai	358k	441k	472k	1.13m	2.40m
Lovin Saudi	31k	103k	77k	84k	295k
Smashi	152k	145k	180k	243k	720k
ODEUM	54k	78k	47k	46k	225k
Total	595k	767k	776k	1.50m	3.64m

Above Figures are Revenue Turnover & Exclude Barter Revenue

Performance 2018 - 2021

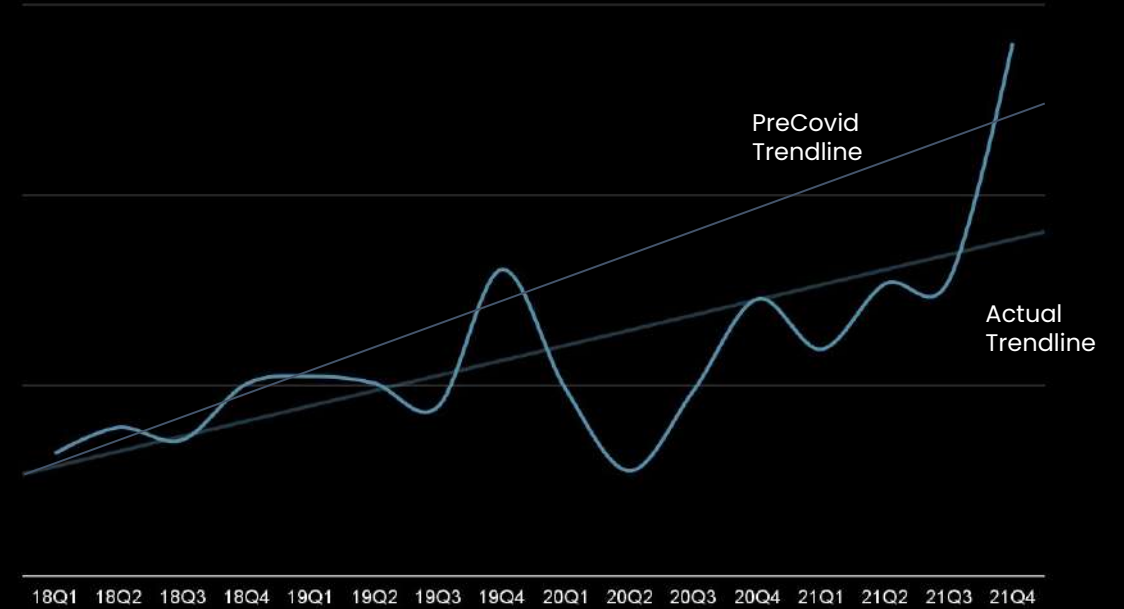
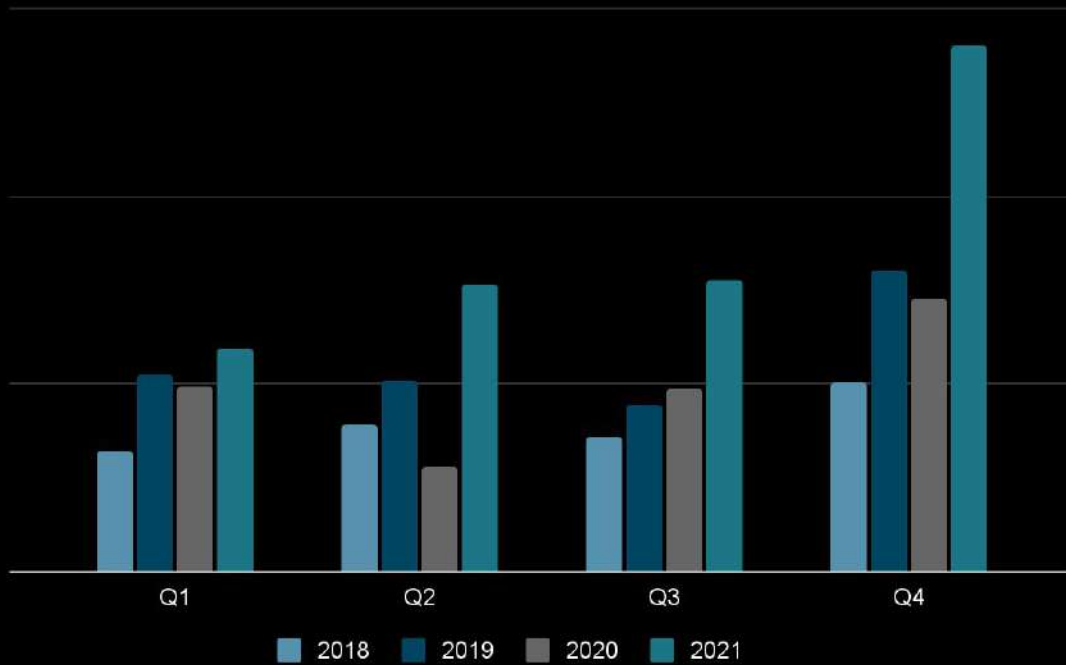
USD

BRAND	2018	2019	2020	2021	TOTAL
Lovin Dubai	1.37m	2.00m	1.32m	2.40m	7.09m
Lovin Saudi	60k	176k	150k	295k	681k
Smashi	0k	0k	372k	720k	1.09m
ODEUM	146k	105k	137k	225k	613k
Total	1.57m	2.28m	1.98k	3.64m	9.48m

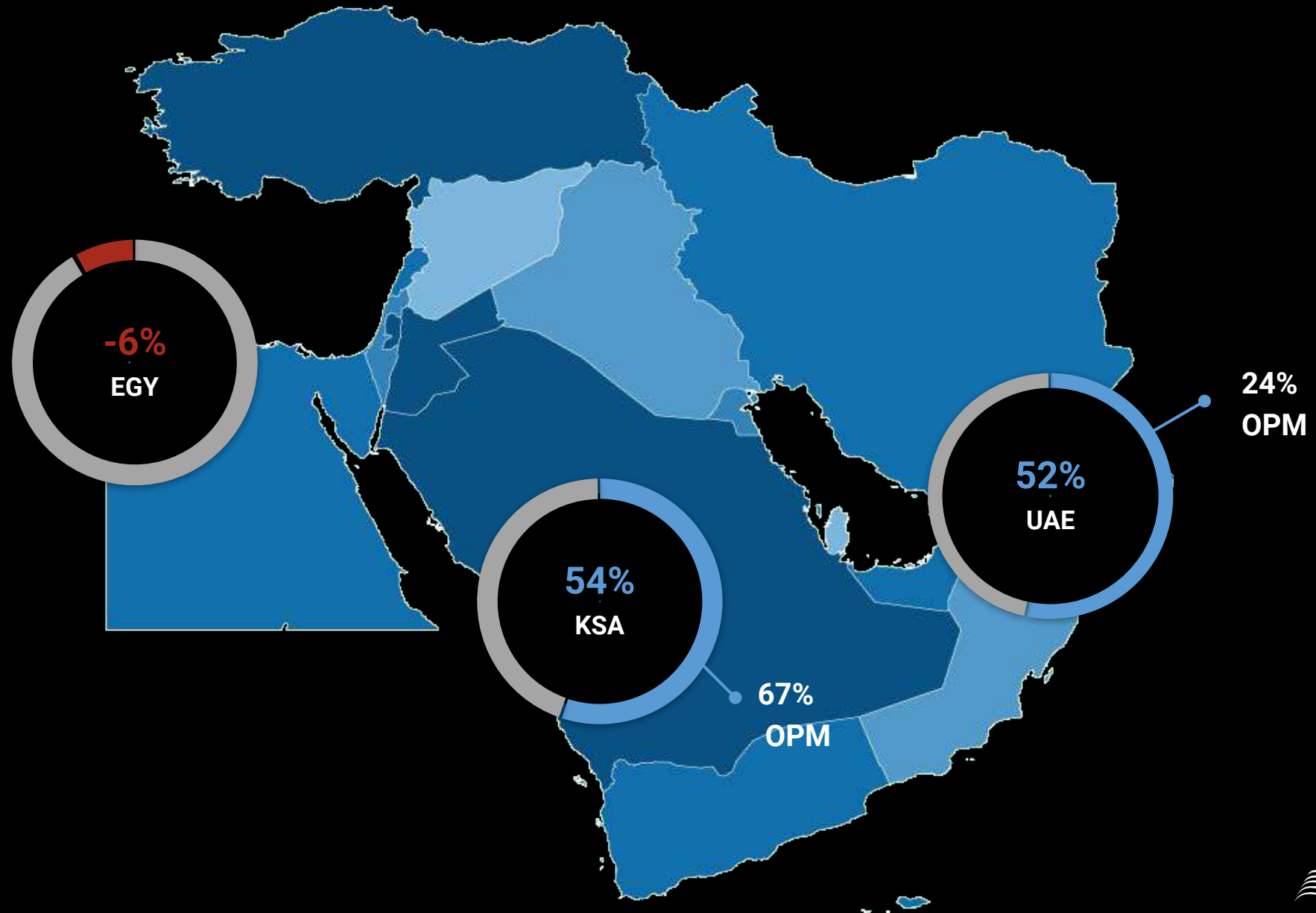
Above Figures are Revenue Turnover & Exclude Barter Revenue

Performance 2018 - 2021

Quarterly Revenue Change



Performance by Territory



Performance by platform



VIDEO VIEWS

+1 billion

UNIQUE VIEWS ON SNAPCHAT

38.8 million

NETWORK GROWTH

+1 million people

PAGE VIEWS

9.4 million

* Includes all Smashi & Lovin brands



VIDEO VIEWS

980.7 million

NET FOLLOWERS

931,000

MINUTES WATCHED

206 million

(ON FACEBOOK)



SUBSCRIBERS

2.4 million

UNIQUE TOP SNAP VIEWS

3.87 billion

TOTAL UNIQUE VIEWERS

22.8 million

MINUTES WATCHED

565 million



Projections 2022

USD

BRAND	2018	2019	2020	2021	2022
Lovin Dubai	1.37m	2.00m	1.32m	2.40m	3.20m (+33%)
Lovin Saudi	60k	176k	150k	295k	550k (+86%)
Smashi	0k	0k	372k	720k	750k (+4%)
ODEUM	146k	105k	137k	225k	250k (+11%)

Total	1.57m	2.28m	1.98m	3.64m	4.75m (+31%)
--------------	--------------	--------------	--------------	--------------	---------------------

Projections 2022 – 2025

USD

2021 (Previous)

3.64m +84%

2022

4.75m +31%

2023

6.25m +32%

2024

8.25m +32%

2025

11.00m +33%

Year On Year Comparison

Regional Presence *by 2025*

Territories



Leadership Team



Richard Fitzgerald
CEO & Founder



F. Josef Obeid
Finance Director



Amy Jones
Sr. Content Director



Michael Smith
Grp. Commercial Director



Mayowa Tola-Voss
Commercial Director



Casey Fitzgerald
Sr. Writer & Host Manager



Abdallah Nasser
Sr. Product Manager



Iyad Saady
Sr. Country Manager

CEO & Founder Exclusive:

12 Predictions For The MENA Media Industry In 2022



Richard Fitzgerald
CEO & Founder

With the development of Dubai, a media capital, post-pandemic, Augustus Media CEO and Founder, Richard Fitzgerald shared 2022 predictions in line with the growing region and world of modern media.

- The global investment in streaming content will spill over to the Middle East

The main US streaming companies plan to spend \$115 billion on content in 2022. Disney will spend \$23 billion on content, up 35% in 2021, or \$33 billion when sports rights are included, and Netflix will spend \$17 billion next year, up 25% (via the FT).

Numbers aren't known on what Shahid, Netflix, Amazon Prime are investing in Arabic content; however, to put it into perspective, Shahid has spent over \$1 billion on content in the last decade.

Telfaz11 in Saudi Arabia has an 8 movie deal with Netflix and recently received another round of funding, so they will be well placed to produce more content. Regional production companies are now focusing on streaming platforms and social media even more. This is great for the consumer.

- Publishers will experiment in NFT's more and more

This space is exploding. The lines between the Metaverse and Crypto are blurring, crossing over social platforms, gaming companies and into every sector. For the case of media, we will see more project launches as NFT's are linked to utilities; which include great access to events and more. Last year, Time launched a collection of historic magazine covers as NFT's, selling between \$55k and \$138k. Decrypt, a crypto publisher launched their own reward tokens, giving points to their audience for engagement. The same publisher also launched a content studio for NFT's, Decrypt Studios. There are some interesting projects out of Dubai up until now in the NFT space, a Dubai company bought the first-ever New York Times NFT and Lovin Dubai created an NFT of our first-ever article. Others will stay on the sidelines and believe that there is a lot of froth out there, expecting a pop.

CEO & Chairman Exclusive:

12 Predictions For The MENA Media Industry In 2022

- The creator economy will create the next media companies in the region

Known as influencers in the region, the creator will have new lease of life. Facebook, Snapchat, Twitter, YouTube all have studios and product features to enable creators to publish and monetize content. Some of these funds were only available in the US, but more so they are being made available for the Arab region. For audio too, Spotify, Facebook, Apple are all investing significantly in this space. Platforms like Substack and Patreon grow in popularity, not as fast in this region, as an advertising model is preferred to fund media businesses, but that might shift gradually towards subscriptions.

This graph shows the influence Joe Rogan has had on media in the US. Saudi gamer YouTube channel was acquired by Webedia last year, we will see more of this from Instagrammers, YouTubers and Podcasters, turning their channel into nimble media companies.

One aspect that will fuel this trend, is Dubai's ambition to be the media capital of the region. Some Saudi media companies moving to Riyadh as part of Program HQ, renewed innovation in the media sector out of Dubai is expected.

- Crypto & the token economy won't take off (Yet)

Not yet. It's too early. While Crypto and NFT's continue to rise in popularity, we are nowhere near mass consumer participation. There is a lot more to come in the creator economy, and the start of Web 3.0; however the regulation, digital infrastructure isn't there yet for tokens to take off. Expect another volatile year on crypto trading prices and a lot of failed projects alongside the successes. What DMCC is doing in Dubai is great, as the City fast becomes a Crypto hub. However, this isn't the year yet, the groundswell will continue like we were waiting for about 3 or 4 years for the year of mobile before Facebook went mobile-first in 2012 / 2013 (the iPhone launched in 2007), it will take a few more years until we are all crypto natives with mass penetration of wallets and smart contracts.

- Disney+ Will Launch In The Middle East

Not a massive prediction, as we know they are going global later this year. It would mean cutting ties with OSN where the Disney Plus content is already available. As Disney Plus is cited as the main global competition to Netflix, it would also bring a new player to watch in terms of subscriber numbers in the MENA region, alongside Amazon Prime, Shahid, Starzplay and Disney. The other US services are Paramount+ and HBO Max, and Peacock, some may venture to Europe but it wouldn't be expected for them to launch here.

- Linear streaming channels begin to take off

Up until now, the streaming wars have focused on the premium on-demand. Pay-TV control of sports rights has prevented a sports linear streaming service from taking off, however, DAZN and ESPN+ have had some success in other markets. Here, Shahid have lately started adding streaming sports, and Starzplay did for rugby, cricket and football in the second half of 2021. For non-sports content including; news, talk shows, documentaries or other non-scripted content, there are two approaches on how to linear stream. The current approach follows: for now, it has been either not to start, the smart tv penetration in the region as it is still below 10%, people still channel flicking and not app flicking, or we see how people go with an aggregator like Awaan. CNN+ is the first big linear streaming service to launch in Q1 2022, it's unknown if this will be available here as well. Ashaarq until now hasn't launched TV OS's streaming apps, but this would be expected as Alarabiya already has (same offering as on cable tv), and others will follow with 'owned' apps, partnerships distribution strategy on OEM's and MNO's.

- Starzplay gets acquired

We haven't seen much consolidation in streaming in MENA yet. This would be interesting as after raising rounds, initially \$125m then a subsequent \$25m in venture debt last year, there aren't that many options left, especially when original content costs so much to compete, an exit of sorts is likely.

CEO & Chairman Exclusive:

12 Predictions For The MENA Media Industry In 2022

- A new app breaks through

IRL (In Real Life) app is looking promising. Two and a half years old and has recently surpassed 18 million monthly active users. IRL is backed by Softbank, recently rated as a \$1billion valuation, making it the only other media-like app after Clubhouse to reach unicorn status. It's a chat app but also billed as Facebook Groups and Events for Gen Z, ie those who don't use Facebook.

- Short form video continues to explode

TikTok's start continues to rise, in this region they have beefed up their headcount, hiring some of the top executives in the region. YouTube sees a big opportunity with Shorts among Arab youth, running Citywide outdoor campaign's in Cairo and sponsoring the Abu Dhabi Video Con event last November.

- A Podcast company will get acquired

The Arab world is waiting for its podcast moment. Last year saw SRMG acquire Thamah in KSA. The market hasn't been created yet, either at a consumer or commercial level. Spotify continues to set the pace globally, surpassing Apple for new shows hosted, and it would be expected for them to carry that strategy in this region. They could look at acquiring some of the podcast creators like Kerning Cultures, Finyal Media or Rising Giants Network, or go after an emerging platform like Podeo (Disclose I sit on the Podeo board as an investor). Audio will also expand into the home, expect Amazon to make a big push for their Echo devices, recently available in the market.

- Anghami share price will increase significantly in 2022

Another huge moment in 2021, was Anghami's SPAC listing on the Nasdaq, expected to be complete in 2022. The share price/valuation hasn't shifted much for VMAC (Vistas Media Acquisition Company) and all eyes will be watching whether there is a bounce or a drop on the \$220m or so valuation of the company. The temperature for SPAC's has cooled a lot for media companies, and how the market receives Anghami might be a reflection or that, optimistically it could also show a positive outlook of what investors think of media tech companies in the region. While monetization remains a challenge, the gap in valuation between Anghami and Spotify, coupled with the large population in the region, and this being the first media/tech stock available to a US public market investors for the Arab region, leads me to suspect the current share price of \$10 will look very cheap by the time 2023 comes around.

- The FIFA 2022 Qatar World Cup will be a tipping point in regional economies

The single biggest media event in the world bar none is taking place in the Middle East for the first time in its almost 100 year history. A huge event on every level, and especially for media, it will be an opportunity for all media, either directly or indirectly. The event will bring the world's media to Qatar, it will galvanize the Arab media documenting the tournament, it is a platform for local and national news outlets in the region, for the media for the Arab Nations participating and for those that are not, in addition, it will also bring with it increased advertising spend on all channels.

Financial Statements

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER	UNAUDITED 2021	AUDITED 2020
GROSS REVENUE	5,700	2,710
NET REVENUE	3,640	1,965
BARTER	190	170
REVENUE TURNOVER	3,830	2,135
COST OF SALE	580	330
GROSS PROFIT	3,250	1,805
NET OPERATING EXPENSES	2,365	1,535
OPERATING (LOSS)/PROFIT	885	270
ITDA	120	
EBITDA	1,005	
OPERATIONAL Margin	27%	15%

Above Figures are rounded to the nearest thousands

Financial Statements

CONSOLIDATED BALANCE SHEET

	31 DECEMBER 2021 UNAUDITED	31 DECEMBER 2020 AUDITED
ASSETS		
NON-CURRENT	1,105	240
INTANGIBLE ASSETS	171	171
PROPERTY, PLANT & EQUIPMENT	934	69
CURRENT	2,938	1,243
TRADE & OTHER RECEIVABLE	2,247	643
PREPAID	142	78
CASH & CASH EQUIVALENT	524	522
TOTAL ASSETS	4,042	1,483
LIABILITIES		
NON-CURRENT	255	76
LOANS & BORROWING	156	26
EOS	99	50
CURRENT	1018	254
TRADE & OTHER PAYABLES	791	237
LOANS & BORROWING	227	17
TOTAL LIABILITIES	1273	330
EQUITY		
SHARE CAPITAL	162	33
RETAINED EARNINGS	2,606	1,120
TOTAL EQUITY	2,768	1,153
TOTAL LIABILITIES & EQUITY	4,042	1,483

Above Figures are rounded to the nearest thousands



AUGUSTUS

APPENDIX