

Give light  and the people will find their own way

THE CRACKED ACQUISITION  
APRIL 12, 2016

**SCRIPTS**

# CRACKED: HIGHLIGHTS OF THE DEAL

- Opportunity to continue to diversify our audiences and accelerate our digital media business
  - Cracked is a strong brand among millennials, ages 18 to 34
  - Cracked is well positioned to take advantage of growth in native advertising and branded content
  - Cracked is a natural extension of Scripps' existing OTT video (Newsy) and audio (Midroll) businesses
- The \$39 million deal is structured as an asset purchase, resulting in tax deductions that will be used to reduce the net cash cost of the acquisition
- Revenues under Demand Media last year were about \$11 million
- Cracked has 39 employees and is based in Santa Monica, California

# ABOUT CRACKED: HUMOR IS A POPULAR LENS FOR MILLENNIALS

“The way to get in front of millennials with news is through comedy. Comedy and humor is a subset of social commentary. On digital and through social, satire and humor give news relevance and boost reach for this generation.”

- Joel Espelien, TDG Research (March 2016)



# ABOUT CRACKED: ENTERTAINMENT IS AN IMPORTANT MEDIA CATEGORY

- Comedy, humor and entertainment are categories that have scale. Humor can be evergreen and less perishable
- Humor crosses geographic and community boundaries to bring international and long-tail opportunity

“With bundles being formed now in the OTT space, humor and news together are a valuable combo in the shelf-space land grab.”

– Laura Martin, Needham & Co. (March 2016)

# ABOUT CRACKED: A DIGITAL HUMOR BRAND POPULAR WITH UPSCALE MILLENNIALS

“Cracked is for anyone who enjoys original journalism, social commentary and dissecting pop culture, history, science – pretty much any subject matter – through a comedic lens.”

– *company’s “About Us” statement*



**CRACKED**

# ABOUT CRACKED: ITS HISTORY

- Launched in 1958 as a magazine, Cracked Magazine competed with Mad Magazine in the humor and satire category. Printing continued for more than 50 years.
- Cracked was sold to Demand Media in 2007, and Cracked.com launched that year.
- The Cracked Podcast launched in 2013 on Midroll's Earwolf Network; it was named a Best Podcast of 2015 by Apple.

**CRACKED**

# ABOUT CRACKED: THE AUDIENCE



UNIQUE MONTHLY VISITORS

20  
MILLION



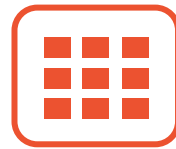
AVERAGE USER SESSION

8  
MINUTES



YOUTUBE VIDEO VIEWS

20  
MILLION

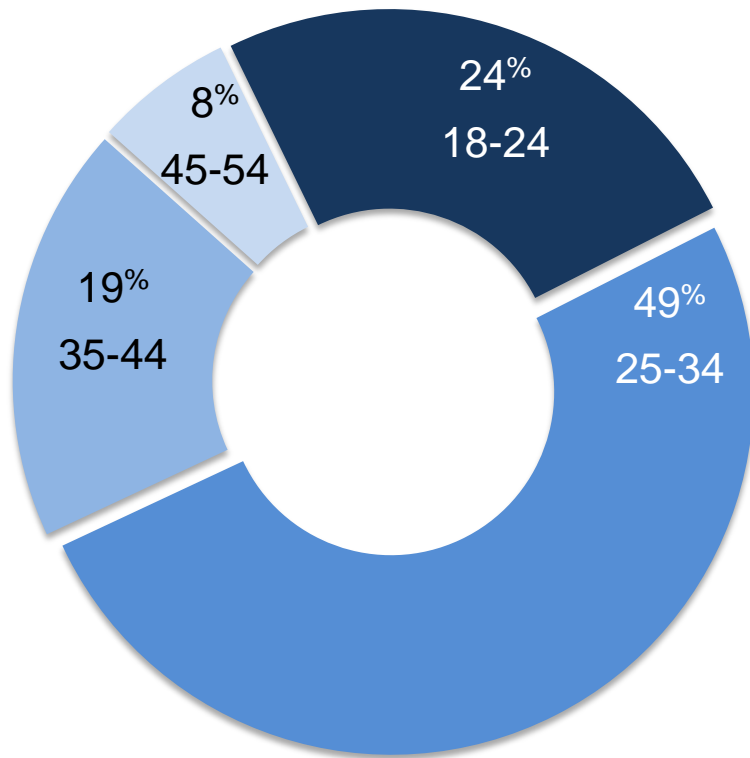


DIRECT TRAFFIC TO SITE

50  
PERCENT



# ABOUT CRACKED: THE DEMOGRAPHICS



55% male



45% female

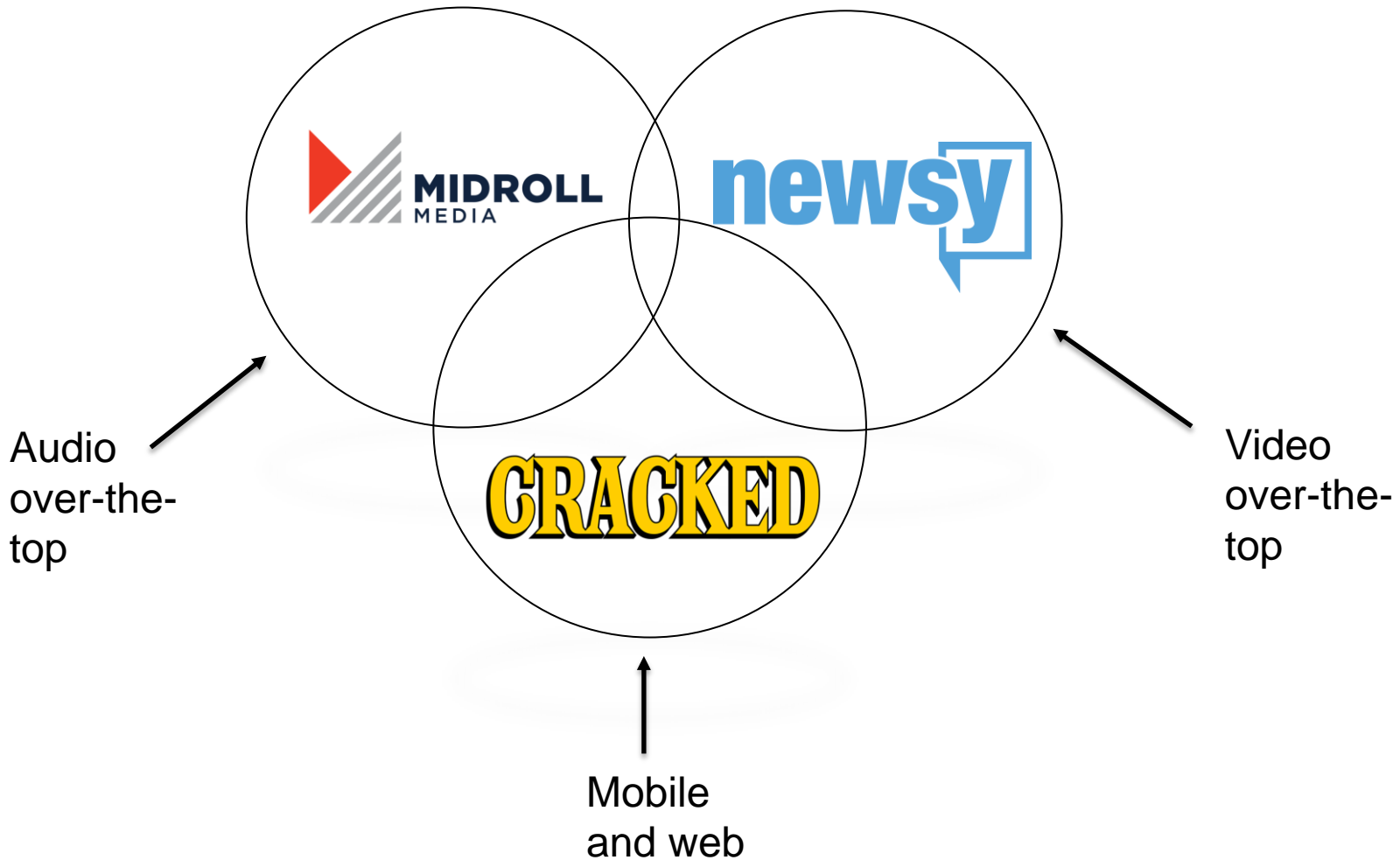


# CRACKED

Source: Cracked Google Analytics



# CRACKED: OVER-THE-TOP AUDIO, VIDEO COMPLEMENTS, EXPANDS OUR STRATEGY



# CRACKED: OVER-THE-TOP AUDIO, VIDEO COMPLEMENTS, EXPANDS OUR STRATEGY

- Significant **distribution and monetization upside** with Scripps
- Plan to **expand productions** to include more timely and non-fiction oriented audio and video content consistent with the brand and voice

