

Full Year Results 2019

Investor Presentation

Stuart Simms, CEO

Iain Balchin, CFO

April 2020



XLMedia PLC

Presentation Team



Stuart Simms
Group CEO

Stuart joined XLMedia as Chief Executive Officer in October 2019. Stuart brings significant experience in technology companies and specifically those in the performance marketing sector.

He has previously held several board and senior executive positions, including as Chief Executive Officer, of Rakuten Marketing, one of the largest performance marketing companies, and has also held senior executive positions with leading technology businesses including Microsoft, IBM and Rackspace.



Iain Balchin
Group CFO

Iain joined XLMedia as Chief Financial Officer in February 2020. Iain is a highly experienced CFO who has worked as a turnaround specialist in a series of Group CFO roles.

He has previously worked at Ixaris Group, the payments optimisation business, and WorldRemit, a private equity backed money transfer business. Prior to this, Iain has held a number of Group CFO roles, including with WIZINK Bank and Ascot Lloyd Financial Services, and senior finance positions with St James Place Wealth Management and Chartis Insurance-AIG Group.

Our Business

- XLMedia has a long track record of success in performance digital marketing
- We stimulate active engagement by sending paying consumers to our customers (brands / operators / financial institutions)
- Currently manage an extensive portfolio of online websites across 4 main verticals
- 50% of Group revenues are generated by 20 sites
- Focused on managing a diverse publishing portfolio to activate and engage consumers
- We operate globally, with a bias towards Scandinavian

\$79.7M
Revenues

\$53.7M
Gross profit

\$33.5M
Adj. EBITDA

XLMedia in Numbers

\$79.7M

Revenues

\$53.7M

Gross profit

\$33.5M

Adj. EBITDA

\$(58.7)M

FY 2019
Net loss

\$29.9M

Cash

300+

Customers

65+

Tier 1 Publishing
assets

~360

Employees

23+

Operating
across countries



Full-Year Overview

2019

Key Highlights



— New executive management team with significant and successful transformation experience

— Strategy to evolve the Group operating model and reposition the Company alongside new growth markets and territories now underway

— Renewed focus on premium sites and an acceleration of a planned change to the business model - 'Quality over Quantity'

Key areas of investment;

Operating Model

Supporting strategic ambition and growth through transformation



Data & Programmatic learning

Harness data to create compelling consumer experiences



US Sports

Resources, technology and expertise to develop US presence



New markets

Develop existing verticals into new territories



Update on Google de-ranking

c.105 sites manually demoted by Google in January, significantly reducing their ability to generate revenues

Impacted sites range from 23 'premium' revenue generating sites to low grade, typically legacy sites within the online casino vertical

A large number of low-grade sites had a collective negative impact when reviewed by Google and have all been removed or de-indexed

Management remains optimistic that a number of premium sites will be fully operational during H2 2020

Expected monthly reduction in Group revenues of between \$1 million and \$2 million

COVID-19 Update

XLMedia's global workforce has been working remotely since March 2020, in line with current regulations globally

COVID-19 is having a negative impact on a number of our key business verticals and revenue streams

This decrease should be marginally offset by increased demand in other verticals, such as online gambling and cyber security, but has obviously been hampered by many of the sites remaining de-ranked

The Group is actively assessing and responding to the potential impact of the outbreak, however as the full global macroeconomic effects of the pandemic is still uncertain, it is too early to assess the full impact on Group revenues



Current Trading and Outlook

— The Company made a solid start to 2020 before the Google deranking and COVID-19 pandemic creating uncertainty in the short to medium-term

— Q2 2020 looks likely to be a very challenging period, one during which significant change is being delivered against a background of increasing one-time costs as we further execute on our transformation plans

— Executive team currently reviewing attractive acquisition opportunities

— The year-end exit trajectory and renewed operating platform will form a strong basis for future growth and development

— The Board will not be recommending a dividend or share buyback program for the foreseeable future

Financial Results

2019

Income Statement

Item US\$'000	2019	2018
Revenues	79,695	93,502
Cost of revenues	26,002	30,133
Gross profit	53,693	63,369
Operating expenses	27,347	26,384
Operating profit before Impairment and Reorganisation costs	26,346	36,985
Total adjusted EBITDA	33,471	43,571
% Adjusted EBITDA	42%	47%
Impairment loss	81,350	300
Reorganisation costs	1,682	-
Operating profit (Loss)	(56,686)	36,685
Finance expenses, net	(1,044)	(537)
Profit (loss) before taxes on income	(57,730)	36,148
Taxes on income	3,188	4,089
Income (loss) from continuing operations	(60,918)	32,059
Income (loss) from discontinued operations, net	2,217	(11,284)
Net income (loss)	(58,701)	20,775
Earnings per share from continuing operation	(0.31)	0.14

Revenue – Reduction YoY due to regulatory headwinds in Sweden, Germany and Switzerland plus move away from non core Media activities

Operating expenses remain stable

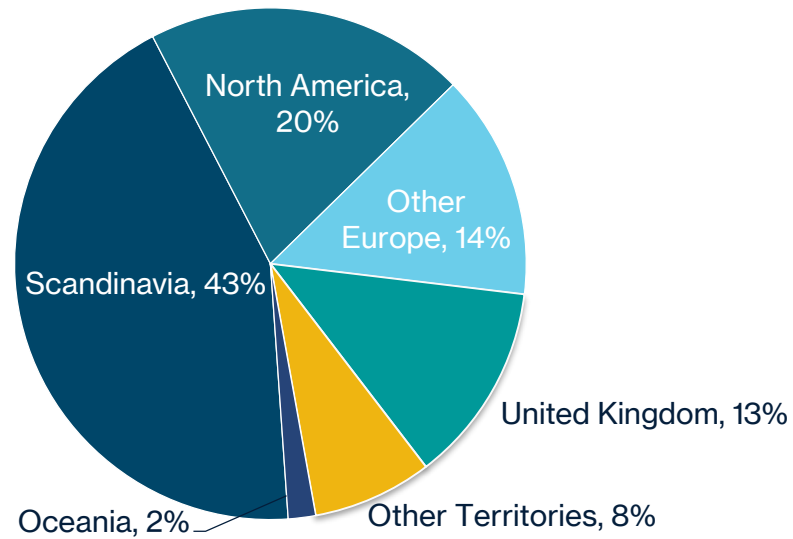
Adjusted EBITDA reflects reduction in revenues

Significant Impairment of Assets as required by IAS 36 to reflect recoverable value after ongoing Share price reduction and subsequent Google deranking of key assets in January 2020.

Significant Accounting Loss in year due to Impairment adjustment

Revenue Diversification

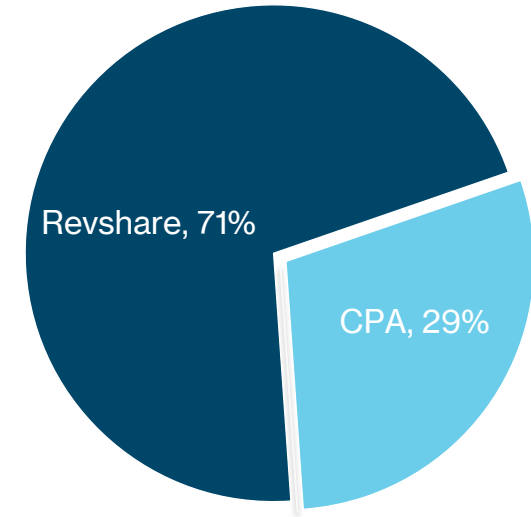
North American growth gaining momentum



Users' Geography



Products



Business Model



Transformation Strategy

2020



Rationale for Change

Positive shift in emphasis from 'Quantity to the Quality' of our websites

Evolving our core business, working practices and group structure to leverage new growth markets and territories

Focused on connecting brands to consumers by operating a diverse global portfolio of premium websites, delivering significant intrinsic value for consumers

Management now pursuing the following strategic goals:

Consolidation
of publishing
assets, focusing
of resources

01

US Sports and
Personal Finance
investment
targeting high
growth markets

02

Further
investment in
regulated (mature)
markets – stable
revenue growth

03

Consolidation of publishing assets

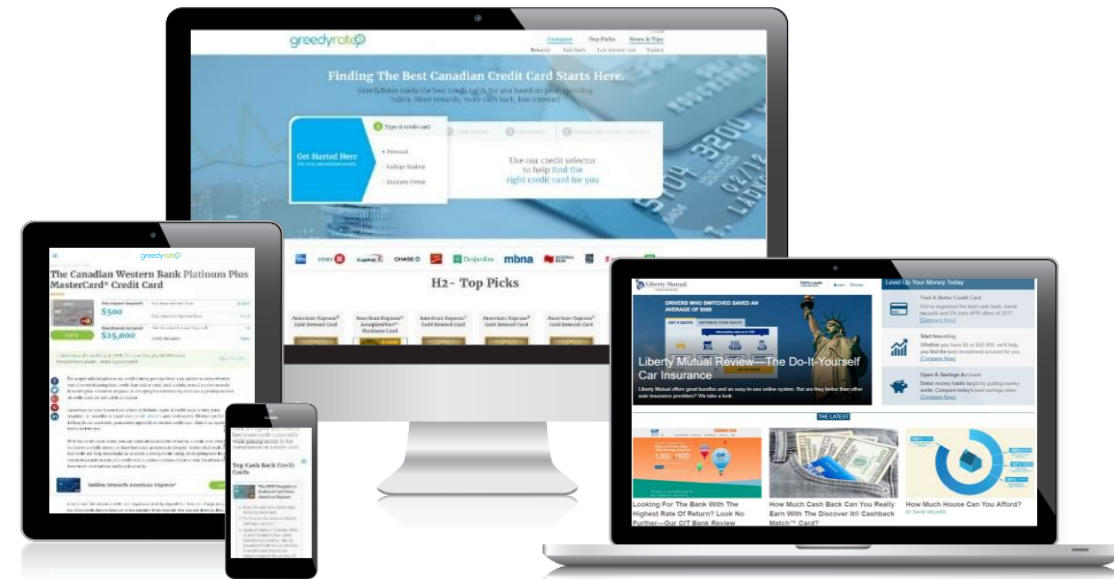
Ongoing initiative to consolidate XLMedia's c. 2000 online publishing assets

Actively removing basic or legacy sites which offer little customer engagement and financial returns for the Group

Clear focus on building strong brand recognition across a focused number of 'premium', highly profitable, online assets

Emphasis on improving the consumer experience and leveraging our data and intelligence capabilities

Our personal finance sites provide a blueprint for how the Group will develop existing assets going forward



Content rich assets drive better / deeper customer engagement

Investment in US Sports & Personal Finance

US sports betting market represents a significant opportunity

- Focused on building US presence to develop organic investment opportunities, partnerships, acquisitions and use of technology
- Opened first US office in New York in H1 2020 and set a clear marker for further regional expansion



Operate an established / solid revenue foothold within personal finance

- Currently pursuing further growth opportunities
- Deploying local resources and further increasing editorial localised content to drive growth and expansion
- Acquisitions and partnerships remain key vehicles to deliver growth



03 changes and c

- Solid regulatory framework in order to generate stable revenue growth
- Ongoing investment in regulated markets (e.g. UK, US)





Summary

- New management team focused on executing on a wide ranging transformational plan aimed at cultivating deep consumer engagement
- Rapid consolidation of the Group's online real estate prioritising 'Quality over Quantity'
- Focus on regulated markets provides the Group with a solid framework from which to deliver stable revenue growth
- Further leverage the Group's expertise within Sports, other gambling segments and Personal Finance
- 2020 both challenging and transformational but initiatives position the Group for 2021 and beyond

Thank You



XLMedia PLC

Cash Flow Statement

US\$'000	2019	2018
Operating Activities		
Net income (loss)	(58,701)	20,775
Depreciation and amortisation	7,511	6,203
Impairment loss	81,350	300
Cost of (income from) share-based payment	(218)	1,667
Loss (gain) from sale of discontinued operation	(1,811)	9,938
Changes in working capital	12,124	(1,215)
Taxes paid, net	(798)	(4,987)
Finance (income) expense	664	(896)
Net cash provided by operating activities	40,121	31,785
Investing Activities		
Purchase of property and equipment, net	(260)	(283)
Acquisition of domains, websites, technology	(8,853)	(55,516)
Proceeds from the sale of discontinued operation	1,547	0
Short- term and long-term investments, net	281	1,735
Net cash used in investing activities	(7,285)	(54,064)

	2019	2018
Financing Activities		
Dividend paid to equity holders of the Company	(14,190)	(14,362)
Share capital issuance	-	42,618
Acquisition of treasury shares	(29,691)	(468)
Receipt (repayment) of bank loans, net	(5,500)	1,965
Dividend paid to non-controlling interests	(652)	(1,285)
Exercise of options	270	976
Repayment of lease liabilities	(1,253)	-
Net cash provided (used) in financing activities	(51,016)	29,444
Exchange differences on balances of cash and cash equivalents	661	(954)
Increase (decrease) in cash and cash equivalents	(17,519)	6,211
Cash and cash equivalents at the beginning of the year	44,627	38,416
Cash and cash equivalents at the end of the year	27,108	44,627

Balance Sheet



US\$'000	31.12.19	31.12.18
Current assets:		
Cash and short term investments	29,893	47,623
Trade receivables	7,755	16,112
Other accounts receivable	4,744	5,502
Total current assets	42,392	69,237
Non current assets		
Long term investments	682	633
Property and equipment	9,431	1,296
Goodwill	-	23,652
Intangible assets	46,643	101,199
Other assets	278	534
Total non-current assets	57,034	127,314
Total assets	99,426	196,551

	31.12.19	31.12.18
Current liabilities		
Trade payables	3,028	6,416
Other liabilities and accounts payable	21,578	16,107
Current maturity of long-term bank loan	1,465	5,585
Lease liability	1,161	-
Total current liabilities	27,232	28,108
Non-current liabilities		
Lease liability	8,067	-
Long-term bank loan	-	1,380
Other liabilities	581	248
Total non-current liabilities	8,648	1,628
Equity		
Share premium and capital reserves	112,455	112,369
Treasury shares	(30,159)	(468)
Retained earnings	(19,041)	54,623
Non-controlling interests	291	291
Total equity	63,546	166,815
Total equity and liabilities	99,426	196,551



Disclaimer



THIS PRESENTATION (THE “PRESENTATION”) WHICH HAS BEEN PREPARED BY XLMEDIA PLC. (THE “COMPANY”) IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THE PRESENTATION NOR ANYTHING CONTAINED HEREIN NOR THE FACT OF ITS DISTRIBUTION SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS ANY INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER.

Neither the Presentation, nor any part of it, may be taken or transmitted into the United States of America, Australia, Canada, South Africa or Japan or into any jurisdiction where it would be unlawful to do so (“Prohibited Territory”). Any failure to comply with this restriction may constitute a violation of relevant local securities laws.

The Presentation is issued solely to and directed at: (i) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) and are “investment professionals” falling within the meaning of the Order; and (ii) high net worth entities falling within article 49(2)(a) to (d) of the Order.

This document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person as would otherwise be required by section 21 of the Financial Services and Markets Act 2000 (“FSMA”). It is a condition of your receiving the Presentation Materials that you fall within, and you warrant and undertake to the Company that:

1. you fall within one of the categories of persons described above;
2. you have read, agree to and will comply with the terms of this disclaimer;
3. you are not resident in, or a citizen of, a Prohibited Territory; and
4. you will not forward, reproduce or otherwise disclose the contents of this document to any person in contravention of FSMA or any other applicable law or regulation or to any person in a Prohibited Territory.

The Presentation should not be copied, distributed or passed on, directly or indirectly, to any other person. The Presentation contains only a synopsis of more detailed information available in relation to the matters described in it and accordingly no reliance may be placed for any purpose whatsoever on the sufficiency or

completeness of such information and to do so could potentially expose you to a significant risk of losing all of any investment made by you. No reliance should be placed on the information and no representation or warranty (express or implied) is made by the Company, any of its directors or employees or any other person, and, save in respect to fraud, no liability whatsoever is accepted by any such person, in relation thereto.

The statements contained in this document, such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “intend,” “continue,” “aiming” and “believe” and other similar expressions are forward-looking statements and not historical facts. Due to various risks, uncertainties and assumptions, actual events or results or the actual performance of the Company may differ materially from those reflected in or contemplated by such forward-looking statements. Past performance, targeted performance and projected performance are not reliable indicators of future results and there can be no assurance that targeted or projected returns will be achieved. The value of any investment made by an investor can go down as well as up and an investor may lose its entire investment.

