

XL MEDIA FY 2022 FINAL RESULTS

30 MARCH 2023



TABLE OF CONTENTS

- 1 Business Update (David King, CEO)
- 2 Financial Update (Caroline Ackroyd, CFO)
- 3 Outlook
- 4 Takeaways
- 5 Q&A



INTRODUCTION

A highly experienced leadership team delivering XLMedia's stated strategy



**DAVID
KING,
CEO**

Joined July 2022

- Broad media and digital publishing industry experience
- Strong leadership and financial expertise



**CAROLINE
ACKROYD,
CFO**

Joined March 2022

- Significant knowledge of the gaming and leisure sectors
- Strong finance leadership background

XL MEDIA IS A LEADING GLOBAL DIGITAL MEDIA COMPANY

**We create compelling content that attracts highly
engaged audiences and connect them to relevant
advertisers**

FINANCIAL HIGHLIGHTS FY 2022

**CONTINUING
REVENUE**

\$71.8m

+24% YOY

**NORTH AMERICA
SPORTS REVENUE**

\$46.4m

+112% YOY

**ADJUSTED
EBITDA***

\$17.8m

+18% YOY

**From continuing operations.*

FINANCIAL HIGHLIGHTS FY 2022

CORE BUSINESS

**CORE
REVENUE**

\$69.6m

+27% YOY

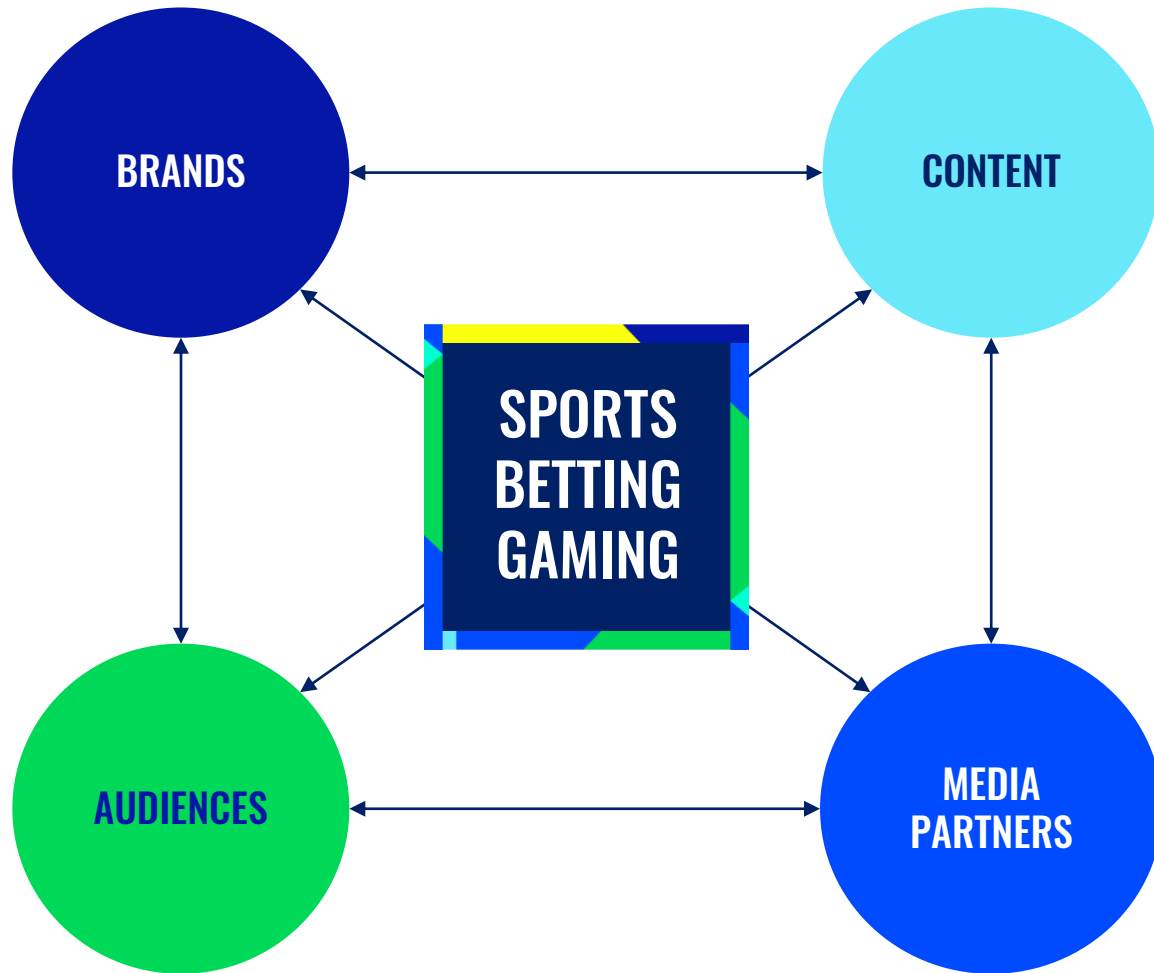
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\$18.2m

+25% YOY

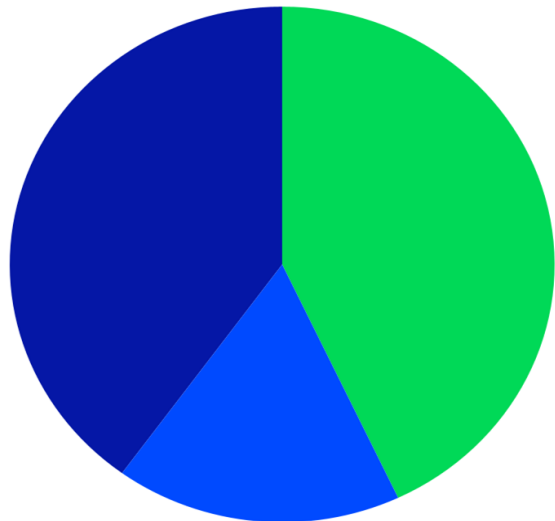
**From core operations.*

MEDIA MEETS BETTING



THIS IS THE **NEW** XLMEDIA

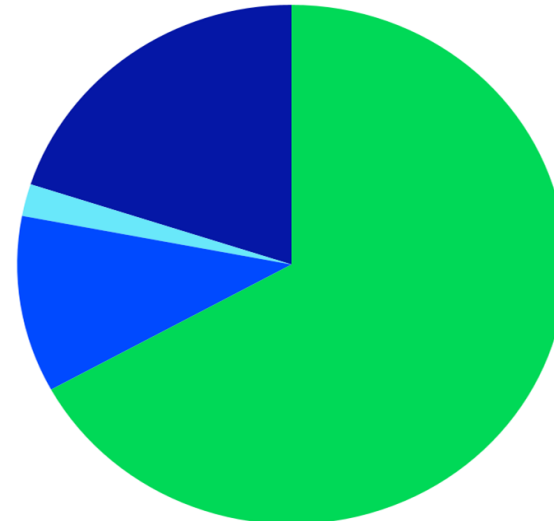
2021



CORE REVENUE MIX

43%	US SPORTS	67%
0%	US GAMING	2%
17%	EU SPORTS	11%
40%	EU GAMING	20%

2022



2023 CORE BUSINESS STRATEGY IS ORIENTED AROUND THREE PRIMARY VERTICALS

**SPORTS
MEDIA**

**SPORTS
BETTING**

GAMING

WE WILL

- Expand North America Sports footprint to capitalise on market growth
- Refine and expand EU Sports portfolio to capture more revenue
- Drive Gaming in select markets like the US to capitalise on the high-margin gaming vertical

THEREFORE, WE MUST

- Diversify revenues
- Deepen audience trust and relationship
- Continue to develop new tech
- Increase intelligence & data insights
- Champion expertise and innovation
- Continue to de-risk operations

FROM 0 TO 19 US STATES IN UNDER 4 YEARS

2019

LIVE IN
0 STATES

2020

LIVE IN
8 STATES

LAUNCHED

Colorado
Illinois

2021

LIVE IN
13 STATES

LAUNCHED

Arizona Virginia
Connecticut Wyoming
Michigan

2022

LIVE IN
17 STATES

LAUNCHED

Kansas Maryland
Louisiana New York

Q1 2023

LIVE IN
19 STATES

LAUNCHED

Massachusetts
Ohio

Owned &
Operated Brands
Added

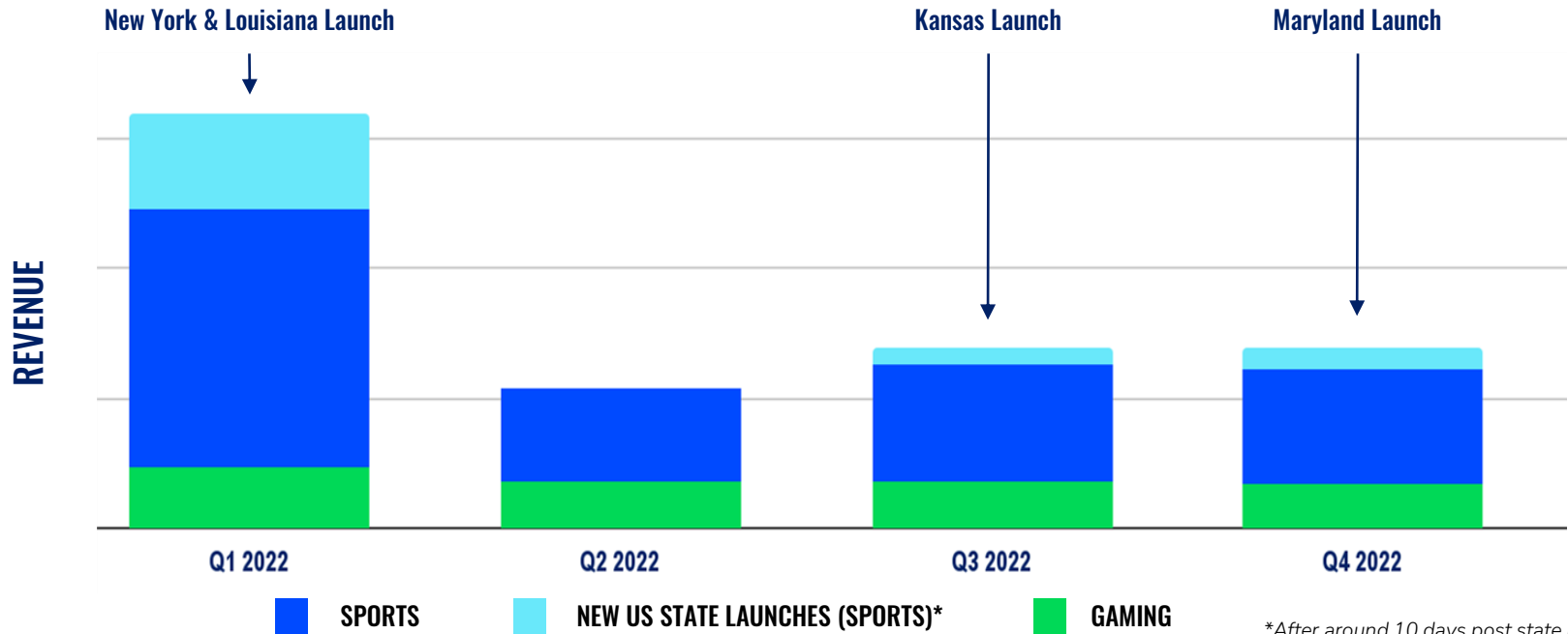


Existing
portfolio
optimisation

New Media
Partners Added



NEW STATE LAUNCHES CREATE AN INITIAL SPIKE IN REVENUE BEFORE RETURNING TO A NORMALISED LEVEL



**After around 10 days post state launch, revenue falls into normalised level.*

BUILDING SUSTAINABLE REVENUES

Increasing sustainable revenue will come from audience retention and revenue diversification

TODAY

MAXIMISE REVENUE FROM US STATE LAUNCHES

- NA is CPA-led, but is starting to change
- State launches create short-term spikes
- EU is mature, hybrid / revenue share-led
- Sports are seasonal
- No presence in LATAM or Asia

LONG TERM PLAN

BUILD SUSTAINABLE REVENUES IN REGULATED MARKETS

- Actively move to hybrid / revenue share where available in the US
- Build US Gaming and rebuild EU Gaming, being less seasonal
- Create additional revenue streams e.g. daily fantasy sports
- Expand football and horse racing into new markets

CONTINUOUS SPORTS CONTENT CYCLES THAT TAP INTO AUDIENCE ENGAGEMENT & DRIVE RETENTION

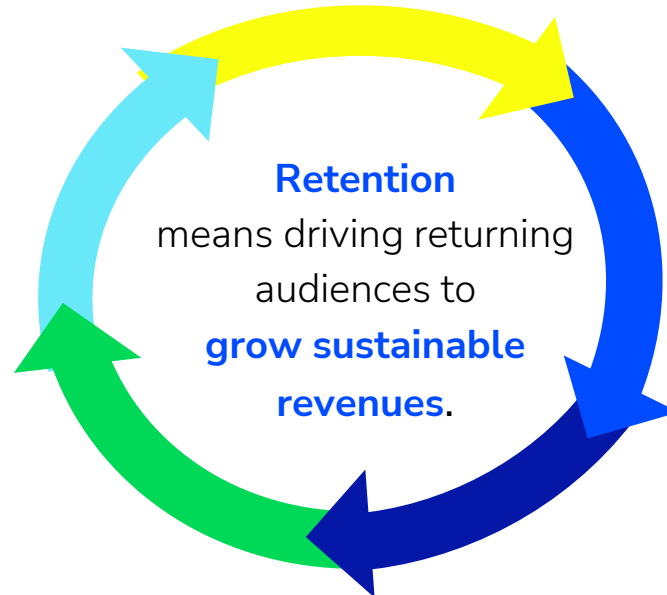


BETWEEN GAME

Layer coverage with off-field content to add deeper engagement seeding next game excitement

POST GAME

Bridge game recap with anticipation for following week



PRE-GAME

Lead-up to build excitement and anticipation for upcoming game in authentic fan voice

GAME

Join in the conversation as a fan via social media

DEVELOPMENTS ACROSS THE BUSINESS FY 2022

Underpinned by a clear strategy, focused on sport and gaming, prioritising regulated markets, expanding footprint while exiting non core

VERTICALS

- Launched a fourth Saturday Football Inc brands - Saturday Out West
- Signed 4 media partners
- Focus gaming activities on core brands
- Streamlined EU Sports portfolio with improved consumer value proposition
- Replatformed Freebets

OPERATIONS

- Rebuilt SEO teams around optimisation and risk management
- Redesigned US state launch preparation and activation programme
- Redefined user journey around the fan cycle
- Continued replacement of legacy technology
- Deeper collaboration across verticals

ORGANISATION

- New Executive Team
- Removed management layer across US and EU
- Restructure NA leadership team
- United Gaming and EU teams under same leadership
- Built new data team
- Refocus resource around core and commence exit of non-core

Financial Results

Caroline Ackroyd, CFO



AS PER THE FY 2022 TRADING UPDATE JANUARY 2023

We provided guidance for an Adjusted EBITDA range of \$16.1- \$16.6m for the Group

FINALISED FOR FY 2022, WE DELIVERED

Group revenue at \$73.7m

Group Adjusted EBITDA at \$16.7m
including discontinued operations

FINANCIAL HIGHLIGHTS FY 2022

CONTINUING REVENUE

\$71.8m

+24% YOY

ADJUSTED EBITDA*

\$17.8m

+18% YOY

*From continuing operations.

FREE CASH FLOW

\$10.1m

+330% YOY

FINANCIAL HIGHLIGHTS FY 2022

CORE BUSINESS

**CORE
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**NORTH AMERICA
SPORTS REVENUE**

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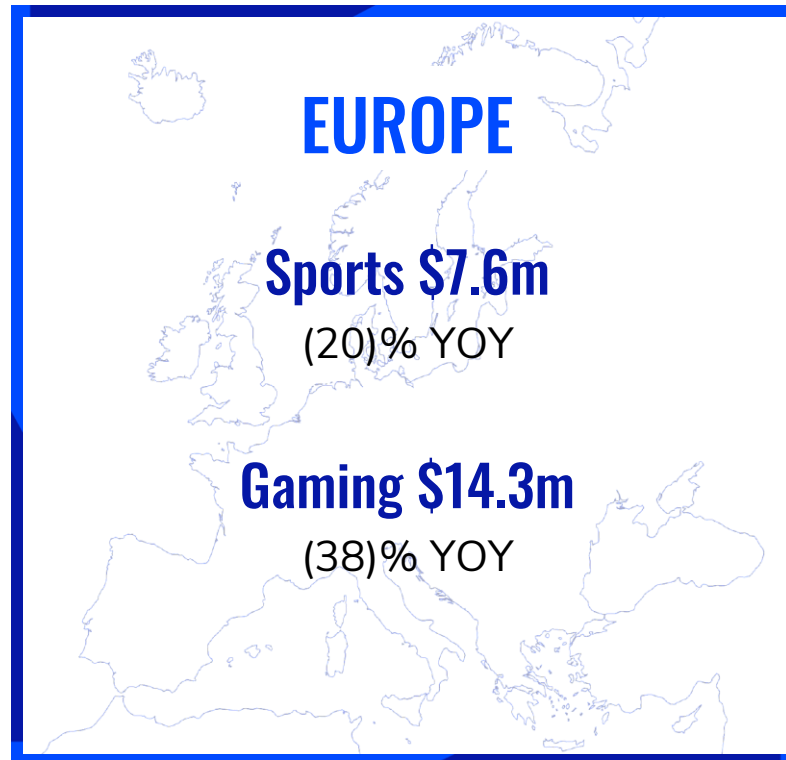
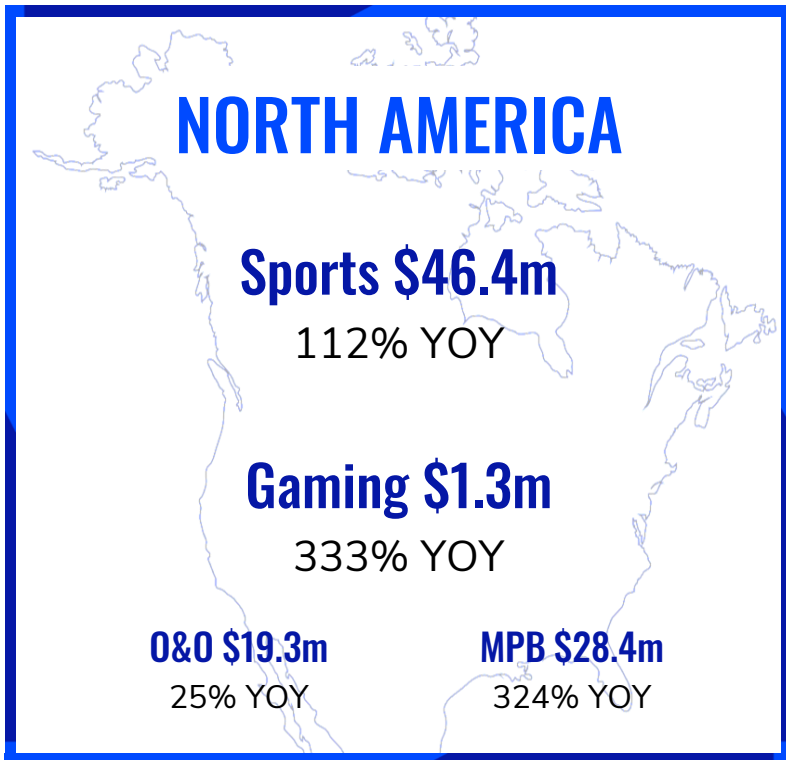
**ADJUSTED
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CORE REVENUE BY GEO IN FY 2022



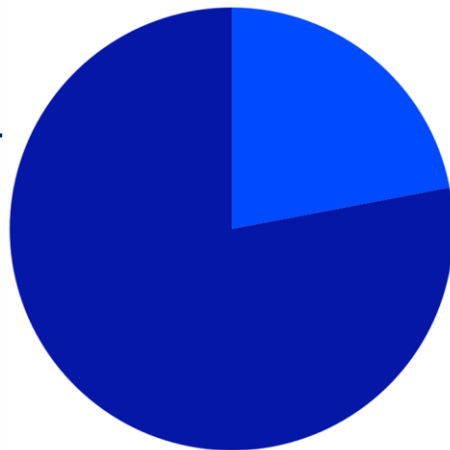
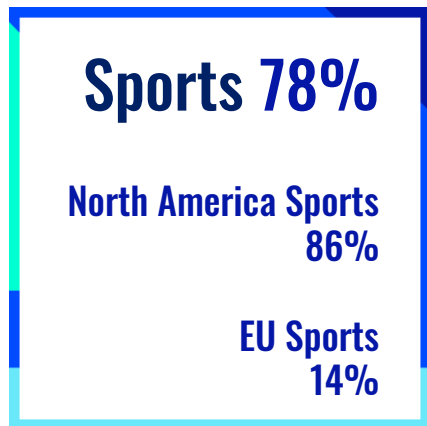
STRONG 2022 GROWTH WHILE MAXIMISING STATE LAUNCH SPIKES

Following the launch of a new legal online sports betting state in North America, we typically see a significant spike in revenues. The impact of the first 10 days is shown here

	2022	2021	Change 2022 vs 2021 (%)
State launch revenue spike	\$10.3m	\$0.9m	1,044%
Other revenues	\$59.3m	\$53.7m	10%
Total core revenue	\$69.6m	\$54.6m	27%

CORE REVENUE SPLIT BY VERTICAL FY 2022

Sports and Gaming identified as core



SPORTS REVENUE*		
2022	2021	% CHANGE
\$54.0m	\$31.4m	72%

CORE REVENUE		
2022	2021	% CHANGE
\$69.9m	\$54.6m	27%

GAMING REVENUE		
2022	2021	% CHANGE
\$15.6m	\$23.2m	(33)%

*Includes US Sports, Media Partnerships and Europe Sports.

TARGET VS ACTUAL

CORE BUSINESS GROSS MARGIN FY 2022

TARGET		VERTICAL		ACTUAL
40-50%	←	NORTH AMERICAN SPORTS	→	50%
60-70%	←	OWNED & OPERATED	→	61%
40-50%	←	MEDIA PARTNERSHIP BUSINESS	→	40%
60%	←	EU SPORTS	→	55%
70%	←	GAMING	→	75%

COST MANAGEMENT

Total cost base* excluding Media Partner revenue share fell from \$39.8m to \$37.6m from continuing operations providing net cost savings of \$2.2m, having incurred a full 12 months of costs of acquired businesses**

COST REDUCTION DRIVEN BY

- Lower staff costs with headcount reduction to 193 (2021: 267) including Personal Finance personal.
- Optimised sales, content and marketing spending
- Offset by investment in technology

RESULTING BUSINESS IMPACT

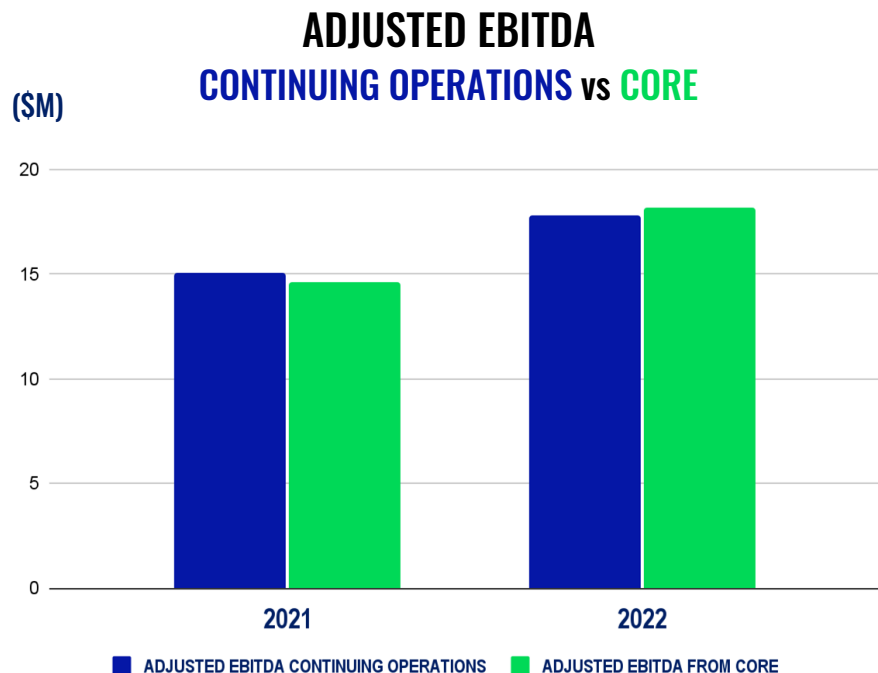
- Improvements in underlying technology and data
- Removed costly management layers to improve communication and culture across the company

	2022	2021
Operating	\$36.6m	\$37.5m
Sales & marketing	\$22.7m	\$12.2m
MPB revenue share	\$(16.3m)	\$(2.9m)
Transformation	\$(4.6m)	\$(6.5m)
SBP	\$(0.8m)	\$(0.5m)
Total	\$37.6m	\$39.8m

*Costs include operating, sales and marketing expenses, and excludes share-based payments, reorganisation costs and discontinued operations.

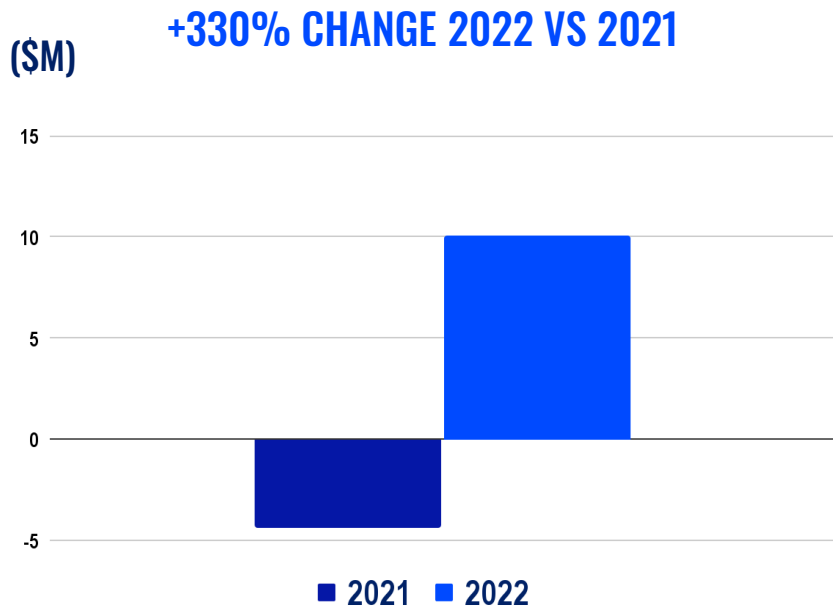
** Saturday Football Inc. for 4 months (2021), Blueclaw for 3 months (2021), Sports Betting Dime for 9 months (2021).

GROWING ADJUSTED EBITDA



	2022	2021	Change 2022 vs 2021 (%)
Operating profit from continuing operations	5.1	1.1	364%
<i>Depreciation and Amortisation</i>	7.3	7.0	
EBITDA from continuing operations (\$'m)	12.4	8.1	53%
Share-based payments	0.8	0.5	
<i>Reorganisation costs</i>	4.6	6.5	
Adjusted EBITDA from continuing operations (\$'m)	17.8	15.1	18%
<i>Adjusted EBITDA margin from continuing operations</i>	25%	26%	(1) % pts
<i>Non-core EBITDA</i>	0.4	(0.5)	
Adjusted EBITDA from core (\$'m)	18.2	14.6	25%
<i>Adjusted EBITDA margin from core</i>	26%	27%	(1) % pts

FREE CASH FLOW



CASH AND OPERATING CASH FLOW

- Defined as net cash flow from operating activities minus capex (excluding acquisition costs)
- Group remained in a cash positive position in 2022 with cash balances of \$10.8m despite significant payments for previous acquisitions
- Generated \$10.1m of free cash flows in 2022 compared to an outflow of \$4.4m in 2021, driven by positive underlying trading performance and robust working capital management

The cash flows above are from continuing operations and exclude free cash flows from the Personal Finance business which is discontinued.

CASH PAYMENTS

	2022	2023*	2024*
North American Assets	\$17.6m	\$4.0m	\$4.0m
European assets	\$0.7m	\$0.4m	-
Deferred consideration	\$18.3m	\$4.4m	\$4.0m
North American assets**	\$3.0m	\$3.0m	\$3.5m
Earn-outs	\$3.0m	\$3.0m	\$3.5m
Total acquisition related payments	\$21.3m	\$7.4m	\$7.5m

*Estimated.

**Earn-out not recognised in balance sheet until target met.

WE ARE

Regularly reviewing cash forecasts and capital allocation with the Board

Ensuring we have sufficient cash to:

- Settle earnout payments
- Clear 2016-2020 accrued Israeli tax liability paid over 18 months (\$3.6m)
- Provide sufficient cash headroom
- Invest in growth

Takeaways



OUTLOOK

The Group has made a solid start to 2023 with the launch of online sports betting in Ohio on 1 January 2023 with early performance in-line with management's expectation. The immediate focus is now on growing revenues from the recent launch of online sports betting in Massachusetts which went live after the NFL season had finished, and as a result, we expect revenues in this state to grow more gradually.

Looking forward, XLMedia's focus in the US will be on further diversifying its revenues including working with operators on a revenue share basis where that is available, while also preparing for possible future state launches. Currently, while there are active legislative discussions, there are no additional online sports betting state launches confirmed in 2023. In Europe, we will continue to rebuild our Sports and Gaming verticals to provide sustainable revenues.

TAKEAWAYS

Two state launches in
Q1 2023
(Ohio & Massachusetts)

US market revenue share
evolving

Medium term opportunity
to grow gaming in US

Focus on building
sustainable revenues
across the Group

State launches create
spikes in revenue growth

Ongoing focus on cost
and cash management

Q&A



THANK YOU

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FINANCIAL YEAR SUMMARY

CONTINUING OPERATIONS ¹

	2022	2021	Change 2022 vs 2021
Revenue (\$'m)	71.8	57.8	24%
Gross profit (\$'m)	37.3	37.2	-
Operating profit (\$'m)	5.1	1.1	364%
Adjusted EBITDA (\$'m)	17.8	15.1	18%
Adjusted EBITDA margin (%)	25%	26%	(1)% pts
Profit for the year (\$'m)	2.4	2.8	(14)%
Basic earnings per share (\$)	0.009	0.012	(25)%

¹ Defined as total Group financial performance less discontinued operations. For 2022, the Group classified the Personal Finance segment as discontinued.

CORE BUSINESS ²

	2022	2021	Change 2022 vs 2021
Revenue from core ² (\$'m)	69.6	54.6	27%
Adjusted Gross profit from core (\$'m)	37.8	37.3	1%
Adjusted EBITDA from core (\$'m)	18.2	14.6	25%
Adjusted EBITDA margin from core (%)	26%	27%	(1)% pts
Adjusted Basic EPS from core (\$)	0.044	0.038	16%

² Defined as total Group financial performance excluding discontinued operations plus any operations deemed non-core. For 2022, the non-core operations included Personal Finance (discontinued) and other revenue.