

XLMedia | AGM 2023

XL MEDIA ANNUAL GENERAL MEETING 2023

26 MAY 2023



AGENDA FOR XLMEDIA ANNUAL GENERAL MEETING 2023

- 1 Introduction (Marcus Rich, Chair)
- 2 2022 Overview (David King, CEO)
- 3 2023 Progress on Strategy (David King, CEO)
- 4 Resolutions (Marcus Rich, Chair)



INTRODUCTION

Delivering XLMedia's stated strategy and shareholder value



**MARCUS
RICH,
CHAIR**



**DAVID
KING,
CEO**

IN ATTENDANCE



**CAROLINE
ACKROYD,
CFO**



**PETER
MCCALL,
COMPANY
SECRETARY**



**JULIE
MARKEY,
NON-EXEC
DIRECTOR**

XLMEDIA IS A LEADING GLOBAL DIGITAL MEDIA COMPANY

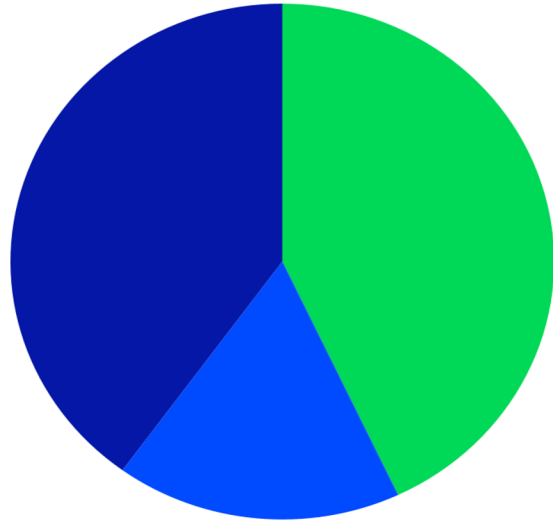
We create compelling content that attracts highly engaged audiences and connect them to relevant advertisers

2022 Overview



THIS IS THE **NEW** XLMEDIA

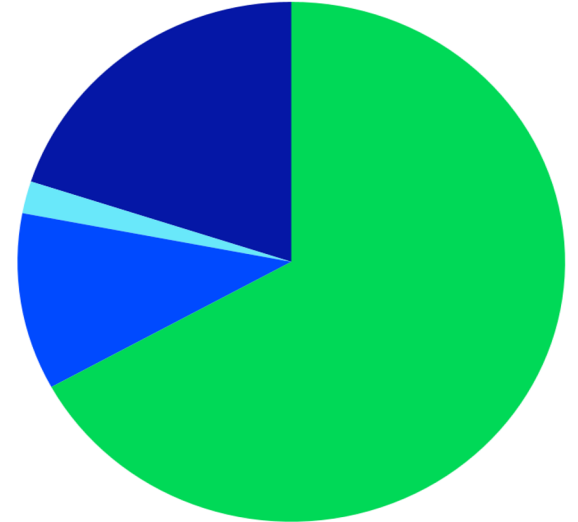
2021



CORE REVENUE MIX

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

2022



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
Connecticut
Michigan

Virginia
Wyoming

2022

LIVE IN
17 STATES

LAUNCHED

Kansas
Louisiana

Maryland
New York

Q1 2023

LIVE IN
19 STATES

LAUNCHED

Massachusetts
Ohio

Owned &
Operated Brands
Added



Existing
portfolio
optimisation

New Media
Partners Added



FINANCIAL HIGHLIGHTS FY 2022

CONTINUING REVENUE

\$71.8m

+24% YOY

NORTH AMERICA SPORTS REVENUE

\$46.4m

+112% YOY

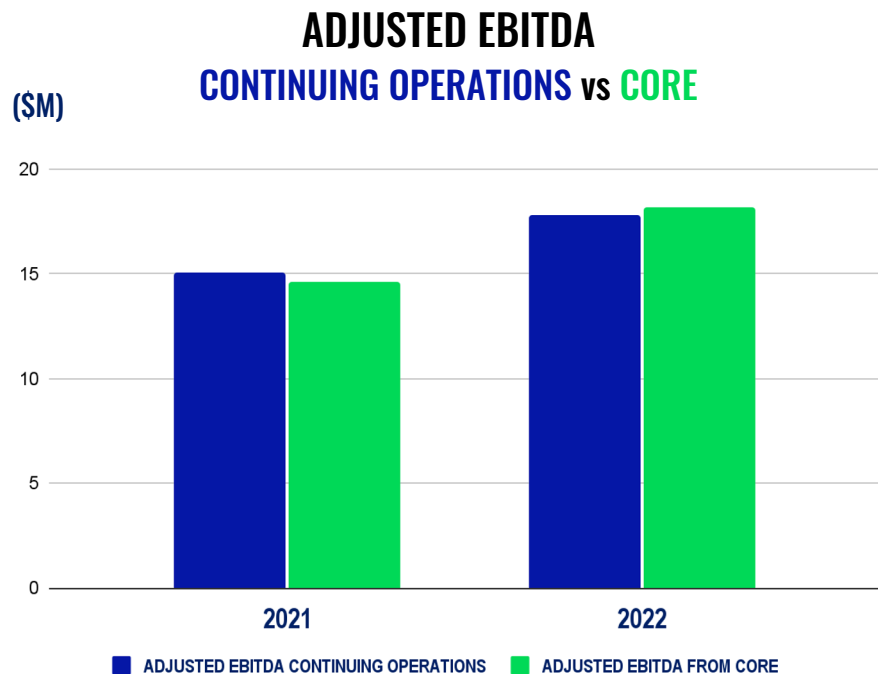
ADJUSTED EBITDA*

\$17.8m

+18% YOY

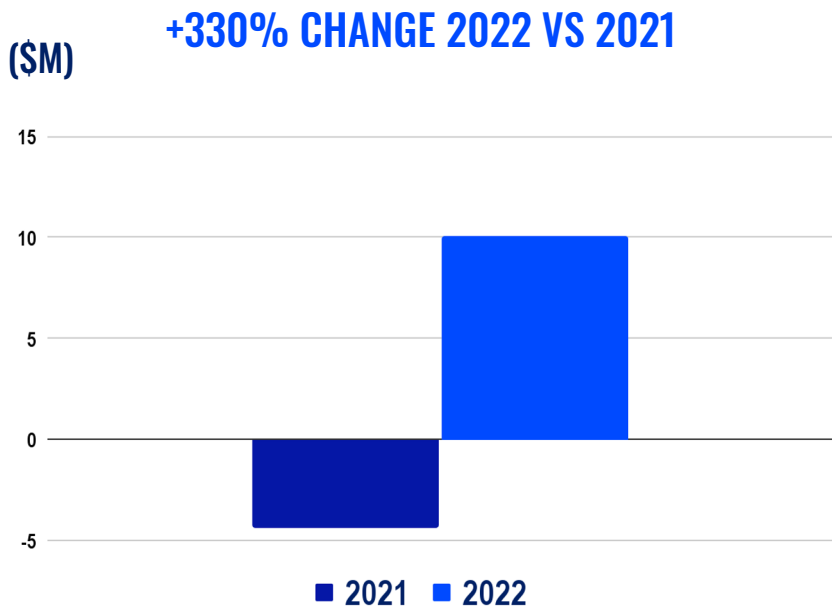
**From continuing operations.*

GROWING ADJUSTED EBITDA



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

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

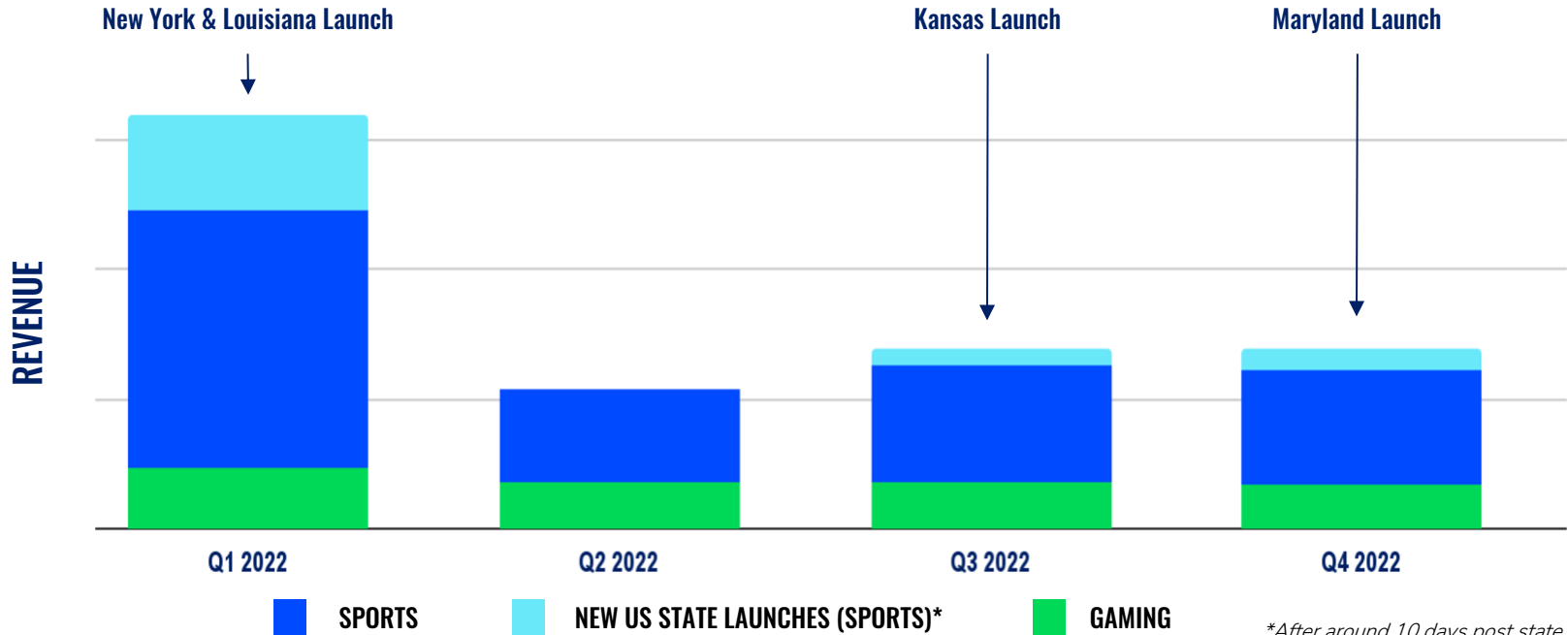
The cash flows above are from continuing operations and exclude free cash flows from the Personal Finance business which is discontinued.

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%

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

2023 Progress on Strategy



INITIAL PROGRESS ON STRATEGY

We are delivering the strategy against a backdrop of change in the US market

AREAS OF FOCUS

- Explore revenue share deals in US as part of revenue diversification
- Expand NA sports footprint
- Drive gaming in selected US markets
- Drive gaming in non-US markets
- Refine and expand EU sports portfolio
- Exit non-core assets and activities

PROGRESS

- Signed revenue share deal with Bet365, exploring further opportunities
- Expanding reach of partner footprint into new states
- Relaunching Casino betting pages and sites in NJ, PA, MI
- Whichbingo back to growth in Europe
- Growing Freebets in Europe, exploring territory expansion
- Sale of Personal Finance assets
- Closed Blue Claw, restructured Reef sub-affiliate business

UPDATE ON TRADING AND OUTLOOK 2023

In the US, we saw a strong start to Q1 with the launch of online sports betting in Ohio. However, as seen elsewhere in the market, H1 2023 revenues are inevitably going to be below the prior comparator period of H1 2022, which benefited from the much-anticipated launch of online sports betting in New York. The launch of online sports betting in Massachusetts in mid-March, after the NFL season ended, while solid, did not see the spike in revenues normally seen on a state launch.

We also note that the level of acquisition spend by operators in H1 2023 is not comparable to 2022, with less generous promotions available to attract new customers. This reflects our previous acknowledgement that growth in the US market will not be linear, with significant spikes generated by periodic state launches, however we continue to expect to be in line with our expectation for the full year.

We expect the current softness in the market to continue across the early summer, with a return to significant investment in customer acquisition, and the launch of new products commencing in the run up to the new NFL season bolstering the second half of the year.

We also see further opportunity in Massachusetts as the NFL season starts and are anticipating the launch of online sports betting in Kentucky.

Looking longer term, we can expect to see many more US states legalise online sports betting and online casino. 23 states are yet to legalise online sports betting - including California, Georgia and Texas, three states are legal not yet operational – including Florida, and 43 states are yet to legalise online casino.

Across European Sport and European Gaming, performance is tracking in line with management expectations benefiting from a strong Cheltenham and Aintree festival, and we expect this encouraging performance to continue.

NEXT TRADING AND OUTLOOK UPDATE FOR 2023

The Group will provide a full trading update covering the six months to 30 June 2023 at the end of July.

Q&A



Resolutions



RESOLUTIONS TO BE CONSIDERED

*DENOTES SPECIAL RESOLUTIONS

RESOLUTION	DESCRIPTION
1	To Receive the Financial Statements for the Year Ended 31 December 2022
2	To Re-appoint Marcus Rich as Director of the Company
3	To Re-appoint David King as Director of the Company
4	To Re-appoint Caroline Ackroyd as Director of the Company
5	To Re-appoint Richard Rosenberg as Director of the Company
6	To Re-appoint Ory Weihs as Director of the Company
7	To Re-appoint Kost Forer Gabbay & Kasierer as Auditors of the Company
8	To Authorise the Directors to Fix the Auditors' Remuneration
9	To Authorise the Directors to Issue Shares (Subject to Restrictions Set Out in the Notice of Meeting)
10	To Authorise the Directors to Disapply Pre-emption Rights*
11	To Authorise the Company to Make Market Purchases of its own Shares*

PROXY VOTES RECEIVED IN ADVANCE

RESOLUTION	DESCRIPTION	FOR		AGAINST		WITHHELD	VOTES CAST (EXCL. VOTES WITHHELD)
		% VOTES CAST	VOTES	% VOTES CAST	VOTES	VOTES	
1	Receive Financial Statements and Statutory Reports	98.63	109,616,341	1.37	1,525,603	0	111,141,944
2	Re-appoint Marcus Rich as Director	98.40	109,363,104	1.60	1,778,840	0	111,141,944
3	Re-appoint David King as Director	98.40	109,363,104	1.60	1,778,840	0	111,141,944
4	Re-appoint Caroline Ackroyd as Director	98.42	109,389,053	1.58	1,752,891	0	111,141,944
5	Re-appoint Richard Rosenberg as Director	91.68	101,892,759	8.32	9,249,185	0	111,141,944
6	Re-appoint Ory Weihs as Director	98.20	109,143,854	1.80	1,998,090	0	111,141,944
7	Re-appoint Kost Forer Gabbay & Kasierer as Auditors	98.20	109,143,854	1.80	1,998,090	0	111,141,944
8	Authorise Directors to Fix Auditors' Remuneration	86.98	96,675,428	13.02	14,466,516	0	111,141,944
9	Authorise Issue of Shares	98.16	109,098,768	1.84	2,043,176	0	111,141,944
10	Disapplication of Pre-emption Rights	98.35	109,311,156	1.65	1,830,788	0	111,141,944
11	Authorise Purchase of Ordinary Shares	99.54	110,652,348	0.44	489,596	0	111,141,944

THANK YOU

CONTACT

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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%
<i>Adjusted EBITDA margin (%)</i>	<i>25%</i>	<i>26%</i>	<i>(1)% pts</i>
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%
<i>Adjusted EBITDA margin from core (%)</i>	<i>26%</i>	<i>27%</i>	<i>(1)% pts</i>
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.

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