



# THE NEW XL MEDIA:

CONNECTING PEOPLE WITH THEIR PASSION.



# SELECT PORTFOLIO BRANDS

SATURDAY DOWN SOUTH



Saturday Tradition

✧ Sports Betting Dime

ESNY ELITE SPORTS NY



FREEBETS.COM

PONTURI 98 BUNE

WhichBingo

Caziwoo

NETTIKASINOT.COM  
Valitse luotettava nettikasino

**XLMEDIA IS A LEADING GLOBAL DIGITAL MEDIA COMPANY. WE CREATE COMPELLING CONTENT THAT ATTRACTS HIGHLY ENGAGED AUDIENCES AND CONNECT THEM TO RELEVANT ADVERTISERS.**

The Group manages a portfolio of premium brands with a primary emphasis on Sports and Gaming in regulated markets. XLMedia brands are designed to reach passionate people with the right content at the right time.



# AT A GLANCE

## FINANCIAL HIGHLIGHTS FY 2022

### CORE BUSINESS\*

#### CORE REVENUE

**\$69.6m**

+27% YOY

#### ADJUSTED EBITDA

**\$18.2m**

+25% YOY

From core operations

#### NORTH AMERICA SPORTS REVENUE

**\$46.4m**

+112% YOY

### CONTINUING OPERATIONS\*\*

#### CONTINUING REVENUE

**\$71.8m**

+24% YOY

#### ADJUSTED EBITDA

**\$17.8m**

+18% YOY

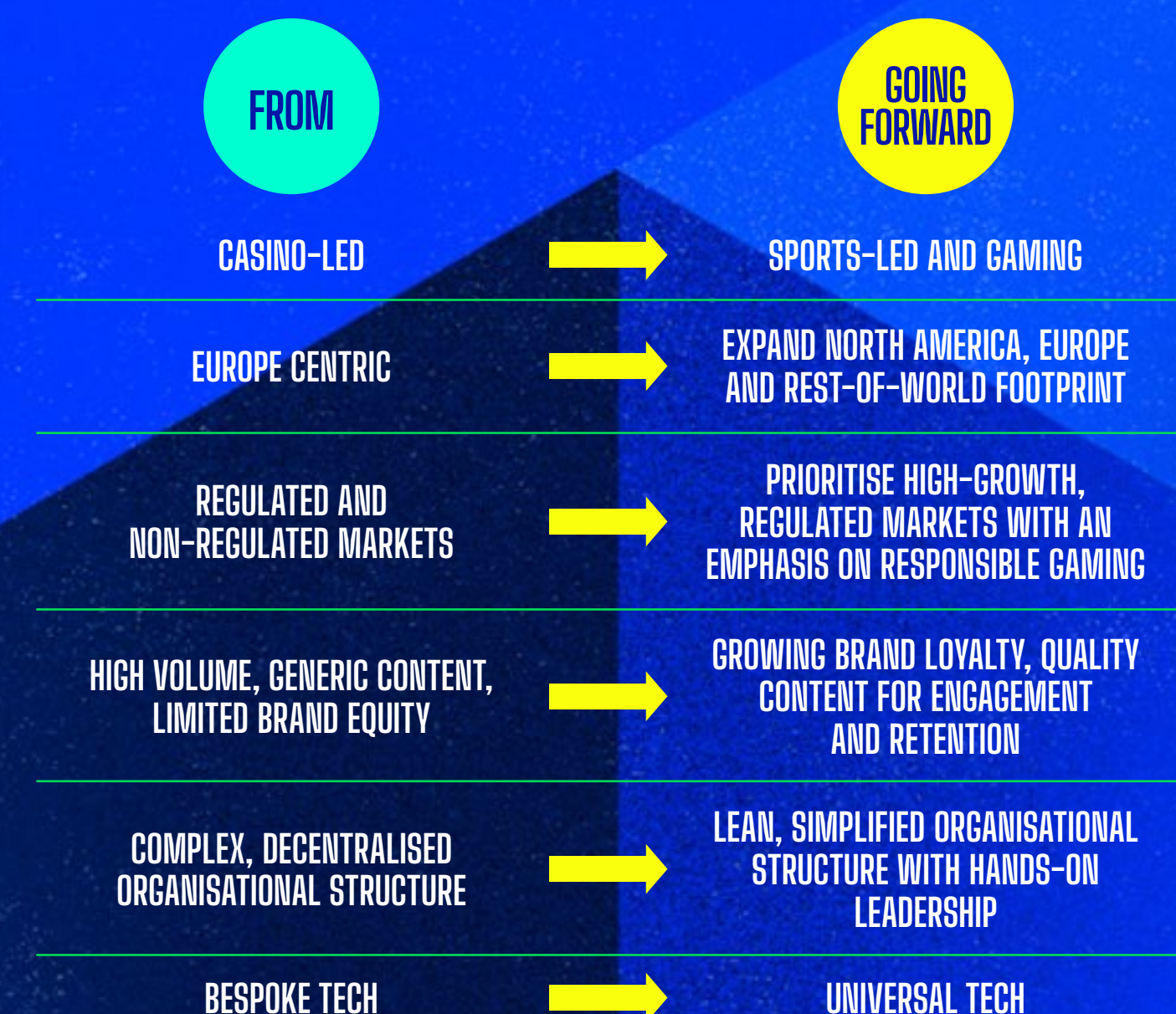
From continuing operations

#### FREE CASH FLOW

**\$10.1m**

+330% YOY

# XLMEDIA HAS BEEN RE-ENGINEERED WE ARE THE 'NEW XLMEDIA'.



\* 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.

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

OUR REPORT IS GOING DIGITAL

You can now access a more engaging online version of this report while helping to reduce our carbon footprint and save paper.

Going digital allows us to create a more dynamic report and helps reduce our impact on the environment. We invite you to join us.

To register, simply visit: [www.signalshares.com](http://www.signalshares.com), a secure platform provided by our Registrar, Link Group. From the home page, select XLMedia PLC as the company, click 'register an account' and follow the on-screen instructions. You will need your shareholder reference number to register.

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# STRATEGIC REVIEW



# INTRODUCTION

When I wrote briefly in last year's annual report, my appointment as Chair had just been announced. I joined XLMedia on 31 March 2022, during what has proved to be a pivotal time for the Company. As I made clear in my statement to shareholders at that time, a key feature of the past year has been the progress of our strategic redirection. Pleasingly, this is being delivered against the backdrop of the renewal of our leadership team.

## PERFORMANCE IN 2022

The year was one characterised by both the reorganisation of the Group and the rapid development of our business in sports content and betting in Europe and the USA. In North America, it was a successful year for our Sports vertical, as we took advantage of market openings in a number of states and provinces including New York, Louisiana and Ontario, and entered into a number of significant agreements with new partners in various markets. This pattern has continued into 2023 with the opening of Ohio at the start of the year and Massachusetts in mid-March. In the period ahead we will strive in particular to increase the number of revenue sharing partnerships that we have in these markets. We have achieved this success while also stabilising our European Sports and Casino businesses in the face of developing regulation in several markets. The Group delivered revenue from its core operations of \$69.6 million and Adjusted EBITDA of \$18.2 million, and you can read more about our financial and operational performance in Chief Executive Officer's and Chief Financial Officer's reviews.

## ORGANISATIONAL CHANGE

In May 2022, we announced the appointment of David King as our new Chief Executive Officer, succeeding Stuart Simms who stepped down in June. David joined the Company in July and I am delighted that we have been able to appoint someone of his calibre to the role. He brings extensive experience of both the media sector and delivering change in rapidly changing environments – driving audience growth and building new revenue streams.

Caroline Ackroyd, our Chief Financial Officer, joined us in March 2022, bringing considerable experience of the gambling sector as well as financial expertise. The appointment of new executive directors has been accompanied by a complete renewal of our executive management team in the period since mid-2021, which included Karen Tyrrell joining as our Chief People and Operations Officer with responsibility for European Sports and Gaming, while Kevin Duffey took up his new role as President XLMedia North America in early 2023. I am confident that we now have a management team of proven ability, with the experience, skills and determination that XLMedia needs for the period ahead.

Recent organisational changes mean that the Group now has an operational and support team of the right size and is focused on the areas of greatest potential. Although the commercial impact will take time to fully materialise, we are now a leaner business with clear objectives and the right brands to succeed. I am grateful that during a period of very significant change – both in our executive team and the wider business – the Board has been able to provide effective leadership and strategic guidance. In keeping with our efforts to drive efficiency in our operations, and to reflect the Company's current market capitalisation, with effect from 1 April 2023 your Board has implemented a 15% reduction in fees payable to all of our non-executive directors. We have also streamlined our panel of advisors and agreed to fee reductions with a number of them.

Richard Rosenberg and Jonas Mårtensson have both indicated their intention to step down as directors of the Company. Both have indicated that they are willing to remain on the Board for a short time in order to help to facilitate a smooth transition of their responsibilities. Jonas will therefore leave at the end of June while Richard will remain on the Board until the end of September and, since he has now served as a director for more than nine years, will stand for re-election at the forthcoming AGM. I would like to thank all of my Board colleagues for their very significant contributions during the time since I joined, and Richard and Jonas in particular, for their work for the Company over many years.

## OUR STRATEGY AND THE YEAR AHEAD

Recent years were marked by the Group experiencing several significant and well-documented issues which had a considerable impact on our financial performance. We are confident that these are now behind us,

and with our restructuring programme complete, we start from a new base. I firmly believe that we now have our focus on the correct areas and that the quality of our content and our engaged users gives us a competitive advantage.

In December, we announced the intention to sell the Group's personal finance division. Although not a straightforward decision, it reflects the Board's focus on the Group's core activities and in particular to maximise its opportunity in the North America sports market, and to seek to rebuild our European sports and casino operations. Operational management changes made at the start of 2023 reflect this renewed focus, positioning the Group for the opportunities which the current and future years present.

## OUR STAFF

I would like to finish by thanking our staff and to recognise the contribution made by them during the year. Their hard work and professionalism have been key to delivering the progress and change that we require to take advantage of new opportunities. I would like to extend both my own gratitude and that of my Board colleagues to them all.



**Marcus Rich,**  
Chair of the Board



# NEW XLMEDIA

**XLMedia is now a very different business to that of a couple of years ago with over 97% of Sports revenues coming from regulated markets. 2022 has seen the business continue its journey to evolve from a European-led Gaming business to a North American Sports-led business. North America Sports represented 65% of revenue in 2022.**

Revenue from continuing operations, including the benefit of four new US state launches, grew 24% to \$71.8 million, while Adjusted EBITDA from continuing operations was \$17.8 million up 18%, at a margin of 25%. The core Sports and Gaming business (i.e. excluding Personal Finance, affiliate network and external agency) delivered revenues of \$69.6 million, up 27% and Adjusted EBITDA of \$18.2 million, a margin of 25%.

We now operate 17 core branded sites in Sports Media, Sports Betting, and Gaming (Casino and Bingo).

We bring digital media and sports betting together by **'creating compelling content that attracts highly engaged audiences and connect them to relevant advertisers'**.

In Sports, we aim to combine analysis, opinion, information and unique insights to engage with sports fans and, where appropriate, introduce them to 'the bet'. **'Our writers are fans writing for fans'**.

In Gaming, informative content, how to play explanations, best apps lists, best offers and help with operator enquiries are all ways of providing value-added services to audiences, rather than simply listing games and offers.

## NEW EXECUTIVE LEADERSHIP TEAM

While the Board has seen significant change in its make up in 2022, so has the management team. In addition to a new Chief Executive Officer and Chief Financial Officer, we have recruited Karen Tyrrell as Chief People and Operations Officer with responsibility for European Sports and Gaming. Elizabeth Carter has been promoted to Chief Marketing Officer, while Peter McCall has joined us as Company Secretary and General Counsel. Nigel Leigh joined as Chief Information Officer in 2021, and Kevin Duffey took up his new role as President XLMedia North America in early 2023.

The Group has also seen enormous change in staff numbers during the period. Having started 2022 with 267 staff, we continued our restructuring programme and ended the year with a team of 193. This major programme of change is now largely complete, and we anticipate a more stable operational base going forward.

## RATIONALISATION AND SIMPLIFICATION

I joined as CEO in July 2022. Over my first six months we made great progress in reaffirming the strategy, commencing the exit and restructure of our non-core (principally non-sports) activities and implementing management and organisational changes in readiness for the next phase of growth – over the next two to three years.

## ACQUISITION INTEGRATION

Following the creation of our Sports business in North America through the acquisition of CBWG (including Crossing Broad and ESNY Elite Sports New York) and then in 2021 Sports Betting Dime and Saturday Football Inc. (Saturday Down South and Saturday Tradition), the latter part of 2022 saw us complete the integration of the sites and teams acquired. In October, we saw the departure of the two founders of Crossing Broad and ESNY. Shortly after the year end, Kevin Duffey, the founder of Saturday Down South, one of our high-quality sports media sites, took over leadership of the North American division as President XLMedia North America. This completed the restructure and allowed us to align all the North American assets under one leader.



## STRATEGY

Our strategy is clear; to diversify our revenue streams in North America while expanding our footprint, optimising our sustainable gaming business and upgrading and innovating our European sports sites.

We currently earn the majority of our revenues in North America under the costs per acquisition (CPA) model, where we are paid a one-off fee by the operator for each new customer acquired. This provides a very attractive income stream when a state first launches online sports betting, but the CPA model does not necessarily provide predictable, sustainable revenues over the medium to longer term. We benefit from the upfront customer acquisition payment, but we do not currently participate in the subsequent revenues from that customer's betting activity – 'the bet'.

We believe that it is important that we begin to participate in revenues from betting activity where operators are open to it, enabling us to build a more sustainable revenue stream.

Since the year end, we have now entered discussions with a number of operators in North America to move to a hybrid revenue share model, similar to that in Europe, with lower upfront acquisition payments and ongoing participation in the revenue earned from betting activity. Over time, this will allow us to build a higher proportion of sustainable revenues but could reduce revenues in the short term.

In the US gaming market, we will build out the casino content on all our sports sites while also building out a gaming-led US site alongside Caziwoo. Our objective is to build our non-sports and less seasonal revenue stream.

In the European gaming market, we will focus on Nettikasinot and WhichBingo.

It will take time to implement the strategy and reduce seasonality, but we have a clear focus on sports betting and gaming, which together will offer long term sustainable revenues.

## OUR UNIQUE OFFERING

We, together with our media partners, create a safe content environment in which audiences can consume, enjoy and engage with information, insight and news about their favourite teams and sports. This engagement, before, during, after and between events, allows us to introduce our sports audiences to betting opportunities. We believe that this in turn is well suited to the hybrid/revenue share model, allowing fans to responsibly wager as part of their enjoyment of the sport.

## THE SPORTS OPPORTUNITY

The Group has, in front of it, an enormous opportunity. It is one of the leading affiliates in the US online sports betting market. Betting on the Superbowl alone was recently estimated at some \$16 billion. To date, 24 states plus Washington D.C. allow online sports betting. As of 31 December, we had a presence in 17 regulated sports betting states with two more having gone live in Q1 2023.

With 26 states not yet participating in regulated online sports betting, we are well placed to participate in that market growth.

Over time, as states mature, existing operators engage in activation and reactivation. Where operators offer revenue share, we are well placed to work with them in activation and reactivation, using our sports media content brands and media partner content sites to regularly engage with customers.

In Europe, our focus will include Freebets, 101GreatGoals and our newly launched site, Vedonlyonti while also starting to explore the opportunity to build out our content into new markets.

Innovation, additional features and new games will also play an important part in growing the highly competitive European market. By way of example, we have recently added a data-driven horse racing widget to our Freebets site, while signing a highly regarded jockey to offer tips, advice and comments.

## THE GAMING OPPORTUNITY

Casino and bingo are less seasonal than sports and typically offer a more predictable and more sustainable revenue stream.

In the US, we are significantly underweight in gaming, currently delivering \$1.3 million in sales from our sports sites. Online casino is currently legal in seven states with a number of states understood to be considering legalisation over the next few years.

This presents an opportunity not only to build our presence in existing legal states, but also grow as the market opens up and more states legalise online casino following a similar path to our sports business.

In Europe, we saw our gaming sites lose their Google rankings through penalty two years ago. We are now well advanced in rebuilding a small number of targeted, high quality, search engine optimised casino and bingo sites.

## FY 2022 TRADING

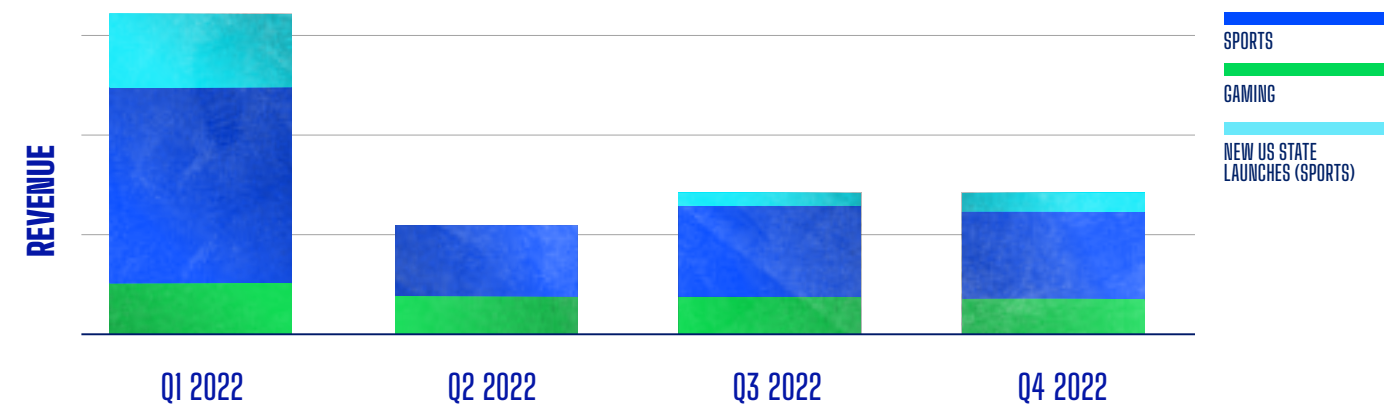
The business enjoyed significant success in the early part of the year, benefitting from the entry of a major new operator into the online sports betting market at the same time as New York went live with legalised online sports betting. New York is the fourth most populated state boasting three NFL teams (NY Jets, NY Giants, Buffalo Bills), two NBA teams (Brooklyn Nets, NY Knicks) and two MLB teams (NY Mets and NY Yankees).

The legalisation of online sports betting in new states in the US creates large spikes in revenues and profits. This is shown in the chart further below.

In H1 2022, the Group saw continuing decline in Personal Finance revenues by \$5.9 million as a result of ranking penalties imposed in May and October of 2021. European casino revenues declined \$4.1 million, largely due to the tail revenues lost following earlier ranking penalties imposed in prior years. As part of the rebuilding process the gaming business moved its focus to rebuilding a small number of premium brands, with enhanced content and value-added services.

As usual in H2 2022, the summer was a quiet period for our sports business, although the Premier League in England kicked off early to create space for the World Cup. We delivered a solid performance across our European sites. In the US, the 2022 World Cup marked the first time the event occurred and bettors in legal online sports betting states could wager. While overall value of betting for the event was far greater than expected, given the nature of the US market we only participated through customer acquisition (CPA) rather than revenue share so were not able to leverage the high value.





In the US, following more lucrative moments like New York’s launch, the Superbowl and March Madness, the kick-off for the NFL season in September was expected to see a further surge in customer acquisition. In the end, the start of the NFL season saw a modest bounce and was buoyed by the launch of online sports betting in Kansas and subsequently Maryland.

Gaming revenues showed signs of stabilising quarter on quarter, with total revenues of \$3.6 million in Q3 and \$3.5 million in Q4. It is too early to say that we have turned the corner, but new customer acquisitions and new revenue share paired with a slowing down of decline in old tail revenues all contributed.

The chart above also shows the revenue seasonality of our current business, and the impact of new state launches in each quarter. As the CPA-led market matures, we are seeing pre-registration in new states, and increasingly see revenues spike over the first two weeks before settling down into a more normalised level. In 2022, we estimate that the first ten days of new state launches delivered revenues of some \$10 million. At a blended gross margin, that equates to some \$4-5 million of Adjusted EBITDA.

Across the year, 2022 saw XLMedia continue to grow new customer volumes from Sports and Gaming with Real Money Players (RMPs) from core websites of 102,300 (2021: 93,900), an increase of 9% year on year.

Going forward, the regulation of online sports betting in new US states will continue to create significant spikes in revenues and profits for the Group and XLMedia’s performance will be closely linked to this. However, it is the Group’s intention, that over time, it will seek to diversify its revenues using hybrid/revenue share agreements, where these are available, while growing hybrid/revenue share from our Gaming and Europe Sports businesses.

RISK

Historically, the Group suffered substantial revenue and profit declines from penalties imposed by search engines that severely damaged site rankings. Steps have been taken to minimise this risk, most notably focusing on a small number of higher quality branded sites offering the user an enhanced experience, expertise and value-added services and content.

In addition, we now operate a specialist Search Engine Optimisation (SEO) team, enabling us to implement best practice in the management and operation of our sites.

OUTLOOK

We have enjoyed a strong start to 2023 with Ohio going live in January 2023 and Massachusetts going live in March. At this point there are no other confirmed online sports betting state launches planned in 2023.

The North American online sports betting market continues to present great opportunities for growth in the medium and longer term. We are now active in 19 states with further states expected to approve online sports betting in the future. Today, only seven states allow online casino gambling, and we currently only have a meaningful presence in one state. Building our gaming presence in the US is a key priority.

The US state launches for both legalised online sports betting and online casino offer the opportunity for a spike in revenue, but the timing of the legalisation is typically only known a few months in advance, albeit once known, that does provide sufficient time to prepare and then maximise outcomes.

In Europe, both our Sports and Gaming businesses offer more predictable revenues. We have started the year well and expect to see steady growth in both new customer acquisition and new tail revenues, while still seeing expected, gradual decline in older tail from periods pre-2022.

The growth in total revenue and profits across the Group will periodically benefit from launch spikes. Going forward we will report the short-term impact of state launches while continuing to maximise the revenues from these launches. We will also continue to prioritise diversifying our revenue streams and building sustainable revenues, which includes starting to engage in revenue sharing in North America where that is possible.



David King,  
Chief Executive Officer



# CHIEF FINANCIAL OFFICER REVIEW

## FINANCIAL HIGHLIGHTS

The business has delivered year on year revenue growth of 24%, with Adjusted EBITDA from continuing operations up 18% to £17.8 million. The transformation of the business continues, with Sport now accounting for 75% of the continuing operations.

Following the decision to commence the sale of the Personal Finance business, we are only required to present the Group’s annual financial statements for continuing operations, and therefore exclude Personal Finance.

Cash generated by the continuing operations of the Group after capital expenditure and before acquisition payments costs was \$10.1 million, up from a \$4.4 million outflow in 2021.

## CONTINUING OPERATIONS<sup>1</sup>

\$'000	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. Adjusted EBITDA is defined in the glossary.

## CORE BUSINESS<sup>2</sup>

\$'000	2022	2021	Change 2022 vs 2021
Revenue from core <sup>2</sup> (\$'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	27%
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.

## CONTINUING OPERATIONS REVENUE

Revenue from continuing operations for 2022 was \$71.8 million (2021: \$57.8 million), delivering a 24% growth compared to the previous financial year. The growth was driven by the North American Sports vertical. Both our owned sites and our media partners delivered strong growth and benefited from four state launches in the US. In Europe, we continued to see the impact of declining tail revenues in Casino, and are now focused on rebuilding the sites, driving new customer acquisition and creating new tail revenues.

We continued to grow new customer volumes from core websites with 102,300 Real Money Players (RMPs) in 2022 (2021: 93,900), an increase of 9% year on year. The Group has previously reported the new customer volumes, including non-core verticals.

The Group’s operations are reported on the basis of two core operating verticals, Sports and Gaming (Casino and Bingo), and two geographies, North America and Europe.



CORE REVENUE SPLIT BY TYPE

	2022 (\$'m)	2021 (\$'m)	Change 2022 vs 2021 (%)
CPA	48.3	23.4	106%
Fixed	2.8	4.7	(40)%
Revenue share	18.5	26.5	(30)%
<b>Total core revenue</b>	<b>69.6</b>	<b>54.6</b>	<b>27%</b>

The US was a largely CPA-led market in 2022. As a result of its growth, while revenue share in Gaming declined in the year, customer acquisition income, CPA, accounted for 69% of core revenues, up 106% since 2021.

As the US market develops, we expect to see hybrid and revenue share deals to grow as a proportion of revenues.

CORE REVENUE SPLIT BY CATEGORY

	2022 (\$'m)	2021 (\$'m)	Change 2022 vs 2021 (%)
Sports <sup>3</sup>	54.0	31.4	72%
Gaming	15.6	23.2	(33)%
<b>Total core revenue</b>	<b>69.6</b>	<b>54.6</b>	<b>27%</b>

<sup>3</sup> Includes the Sports US, Media Partnerships and Sports Europe verticals as detailed in Note 4 in the financial statements.

The Group considers its Sports and Gaming verticals as core to the business. Revenues from core activities were up 27% to \$69.6 million in 2022 (2021: \$54.6 million). In 2022,

78% of revenues came from Sports in line with the Group’s focus on building its Sports vertical in the US while also rebuilding its Europe Sports business.

CORE REVENUE SPLIT BY GEOGRAPHY

	2022 (\$'m)	2021 (\$'m)	Change 2022 vs 2021 (%)
North America	46.4	21.9	112%
Europe	7.6	9.5	(20)%
<b>Sports</b>	<b>54.0</b>	<b>31.4</b>	<b>72%</b>
North America	1.3	0.3	333%
Europe	14.3	22.9	(38)%
<b>Gaming</b>	<b>15.6</b>	<b>23.2</b>	<b>(33)%</b>

Sports revenues increased by 72% year on year to \$54.0 million (2021: \$31.4 million) led by US Sports revenues (up 112% to \$46.4 million from \$21.9 million). Our owned sites and our partner media sites together provide a national footprint in the US, ensuring we reach all legal online sports betting states. This enabled us to deliver strong revenues in all four new state launches, most notably New York in January 2022.

European Sports revenues declined to \$7.6 million in 2022 (2021: \$9.5 million). In Europe, our primary site is Freebets.com. Revenues in 2022 were depressed as we migrated the business from legacy technology to a new platform in preparation for a new phase of growth.

Gaming revenues declined by 33% to \$15.6 million (2021: \$23.2 million) as tail revenues declined in European casino markets. Europe remains the main Gaming region for the Group, with revenues of \$14.3 million (2021: \$22.9 million), accounting for more than 90% of Gaming revenue in both 2022 and 2021.

The Group does not currently operate a dedicated Gaming site in the US to serve the seven legal online gaming states. Our US Gaming revenues are driven by gaming pages provided on our Sports websites, in particular Crossing Broad. US gaming revenues grew to \$1.3 million (2021: \$0.3 million).



## CORE REVENUE SPLIT BY PARTNERSHIP AND OWNED AND OPERATED (O&O)

	2022 (\$'m)	2021 (\$'m)	Change 2022 vs 2021 (%)
North America Partnership	28.4	6.7	324%
<b>Total Partnership</b>	<b>28.4</b>	<b>6.7</b>	<b>324%</b>
North America O&O	19.3	15.5	25%
Europe O&O	21.9	32.4	(32)%
<b>Total O&amp;O</b>	<b>41.2</b>	<b>47.9</b>	<b>(14)%</b>
<b>Total core revenue</b>	<b>69.6</b>	<b>54.6</b>	<b>27%</b>

Revenue from the North American region increased by 115% to \$47.7 million (2021: \$22.2 million) and accounted for 69% of the Group core revenues (2021: 41%). Media partnership revenue was up 324% to \$28.4 million (2021: \$6.7 million). Our O&O brand ESNY and our partner brand amNY delivered strong revenues following the New York state launch, while amNY's strong traffic also delivered revenues across other legal states. Our regional and sports specific partners also continued to grow.

During 2022, we signed partnership agreements with four new partners, Newsweek, InsideTheHall, Cleveland.com and Masslive.com, the latter two in anticipation of state launches in Ohio and Massachusetts.

Revenues from North America Sports is seasonal and tied to the major sports leagues. As a result, revenues are typically higher in Q1 and Q4.

Revenue from the European region declined by 32% to \$21.9 million (2021: \$32.4 million). Revenues from established casino markets were adversely impacted by the Finnish regulations and the continued decline in tail revenues from websites impacted by the previous Google penalties.

### CORE REVENUE SPLIT BETWEEN STATE LAUNCH SPIKES AND NORMALISED REVENUE

The timing and scale of state launches has a significant impact both on the level of revenues, the timing, and the period on period comparisons. The Group has successfully grown its revenues from state launches, maximising the initial spike at launch, while continuing to generate revenues on an ongoing basis from the new state.

We estimate that the Group generated over \$10 million of revenue across O&O and partner sites from the initial spike following US state launches in 2022.

	2022 (\$'m)	2021 (\$'m)	Change 2022 vs 2021 (%)
State launch revenue spike <sup>4</sup>	10.3	0.9	1,044%
All other core revenues <sup>5</sup>	59.3	53.7	10%
<b>Total core revenue</b>	<b>69.6</b>	<b>54.6</b>	<b>27%</b>

<sup>4</sup> Includes revenues from the first 10 days following a state launching sports betting, plus mobile registrations in certain states.

<sup>5</sup> Other core revenues in 2022 include the full year benefit of Sports Betting Dime and Saturday Down South which were acquired in 2021.

In 2022, there were four US state launches, New York, Louisiana, Kansas and Maryland.

Two new states have approved online sports betting in 2023, Ohio and Massachusetts.

## NON-CORE REVENUE

	2022 (\$'m)	2021 (\$'m)	Change 2022 vs 2021 (%)
Personal Finance	1.9	8.7	(78)%
Other	2.2	3.2	(31)%
<b>Non-core revenue</b>	<b>4.1</b>	<b>11.9</b>	<b>(66)%</b>

Non-core revenues declined by 66%, reflecting the strategic decision to prioritise resource allocation to core activities made in the second half of 2022. Personal Finance, having previously suffered ranking penalties

from Google, saw revenues decline to \$1.9 million (2021: \$8.7 million). Other non-core revenues declined to \$2.2 million (2021: \$3.2 million).



GROSS PROFIT<sup>6</sup> AND GROSS MARGIN

	2022	2021	Change 2022 vs 2021 (%)
Adjusted Gross profit from core (\$'m)	37.8	37.3	1%
Total core revenue	54%	68%	(14)% pts

<sup>6</sup> Gross profit is calculated as revenue less the costs associated with generating revenue. Cost of revenue includes direct costs, marketing costs, Media Partnership revenue share costs, and staff costs. Note, these costs are part of operating and sales and marketing expenses as defined in the consolidated financial statements.

The Group's adjusted gross profit from core operations for 2022 was up approximately 1% to \$37.8 million, with a gross margin of 54% (2021: \$37.3 million, 68% gross margin). The 14-basis points deduction in gross margin year on year was largely due to the change in revenue mix towards North

America Sports – in particular, due to the increase in revenue from media partnerships. Revenue shares paid to media partners which form part of the reported sales and marketing expenses was \$16.3 million in 2022 (2021: \$2.9 million).

## EARNINGS

## RECONCILIATION OF OPERATING PROFIT FOR CONTINUING OPERATIONS TO ADJUSTED EBITDA

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

The Group recognised an operating profit from continuing operations of \$5.1 million (2021: \$1.1 million profit).

## ADJUSTMENTS TO EARNINGS

The total operating costs for the Group included items which affect comparability and so, the Group excludes these items from its Adjusted EBITDA metrics. The Group incurred \$4.6 million of reorganisation costs in 2022 (2021: \$6.5 million) relating to the continuation of the Group's restructuring plan and integration and other costs activity relating to prior period acquisitions.

Adjusting for these one-off items:

- Group adjusted EBITDA including Personal Finance was \$16.7 million (2021: \$17.9 million).
- Adjusted EBITDA from continuing operations was \$17.8 million (2021: \$15.1 million), with a margin of 25%.
- Adjusted EBITDA from core operations was \$18.2 million (2021: \$14.6 million).
- Adjusted EBITDA margin from core operations was 26% (2021: 27%).
- Adjusted EBITDA margin from core operations after excluding Media Partnership revenue-share costs was 36% (2021: 35%).

The Group commenced the sale of Personal Finance assets and the restructuring of non-core activities in late 2022 with a view to removing marginal and loss-making activity, while allowing resources to be focused on the core business.

## SALES AND MARKETING COSTS

Direct costs associated with our revenue streams increased to \$22.7 million from \$12.2 million. This includes the revenue shares paid to our media partners in the US amounting to \$16.3 million (2021: \$2.9 million). Excluding revenue shares paid to media partners, sales and marketing costs were \$6.4 million (2021: \$9.3 million), a decrease of 31%.

## OPERATING COSTS

Operating costs of \$36.6 million include \$4.6 million of reorganisation costs and \$0.8 million of share-based payment charges (2021: \$37.5 million include \$6.5 million of reorganisation costs and \$0.5 million of share-based payment charges). This also includes staff costs, technology investment and other operating costs.

## Staff costs

Staff costs from continuing operations was \$20.8 million (2021: \$22.6 million). During the year, the Group continued the process of moving activities from Israel, and recruiting new staff predominantly in the UK, Europe and the US. The restructuring programme to remove a management layer took place towards the end of 2022 and is reflected in the reduction in total Group employee numbers (including Personal Finance) to 193 from 267.

## Technology investment

The Group has continued to invest in its technology in 2022, incurring \$5.2 million of operating costs in this area (2021: \$3.9 million). The Group upgraded site infrastructure, replaced legacy technology and enhanced security while commencing the roll out of the new content management system, all of which will continue into 2023.

## Other operating costs

Other operating costs were \$5.2 million (2021: \$4.0 million). These include all other operating costs including administrative expenses and professional service costs – see note 5 of the financial statements for more detail.



EARNINGS PER SHARE (EPS)

	2022	2021	Change 2022 vs 2021
Basic and diluted EPS from continuing operations (\$)	0.009	0.012	(25)%
Adjusted basic and diluted EPS from core (\$)	0.044	0.038	16%

Basic and diluted EPS remained the same (2021: same) due to the significant number of weighted average number of shares. In 2022, the Group recognised a basic and diluted EPS from continuing operations of \$0.009 (2021: \$0.012).

Removing the non-core activities, adjusted basic and diluted EPS from core was \$0.044, an increase of 16% compared to 2021.

Including the loss-making Personal Finance business and the impact of the one-off impairment charge on Personal Finance assets recognised in 2022, the Group recognised a loss per share of \$0.036 (2021: EPS of \$0.023).

FINANCE COSTS

Net financial costs amounted to \$1.7 million (2021: \$0.2 million income). This included a \$1.3 million foreign exchange loss due to re-translation of monetary balances to USD, the presentational currency of the Group (2021: \$0.2 million gain). Excluding this forex impact, net financial costs were \$0.4 million (\$0.4 million) relating to bank charges and interest accrued on prior year acquisition-related costs.

The Group does not hold any external debt financing as at 31 December 2022 (2021: \$Nil).

TAX

The Group has a tax-presence in the regions where the Group is incorporated, which are Jersey (where the parent company is incorporated), UK, US, Cyprus, Canada and Israel. The Group structure consists of a UK branch with a shared service centre in Cyprus, both of which support the intellectual property based in Israel and Cyprus and the growing operations in the US.

The Group recognised a tax charge of \$1.6 million in 2022 for its continuing operations (2021: \$1.6 million credit). A deferred tax credit of \$3.2 million was recognised for the impairment of the Personal Finance assets in discontinued operations.

The Group recognised an income tax provision of \$4.5 million (2021: \$10.2 million). The reduction in the income tax liability is due mainly to settlements of historical agreements with local tax authorities. In 2022, the Group paid \$0.9 million to tax authorities in the jurisdictions where it operates (2021: \$0.6 million) and received refunds totalling \$2.3 million (2021: \$0.1 million).

The Group understands the importance of the tax contribution it makes, and it has a tax strategy which supports this commitment. The Group is committed to paying all of its taxes in full and on time, in all the jurisdictions in which the Group operates.

SUMMARY BALANCE SHEET AND CASH FLOW METRICS

	2022	2021	Change 2022 vs 2021 (%)
Free cash flow <sup>7</sup> (\$'m)	10.1	(4.4)	330%
Cash from operations <sup>8</sup> (\$'m)	15.8	7.2	119%
Normalised Capital expenditure <sup>9</sup> (\$'m)	6.8	8.8	(22)%
Deferred consideration payments (\$'m)	21.3	-	100%

7 Defined as cash from operations less capital expenditure.  
8 Includes working capital and trading from discontinued operations.  
9 Defined as reported capex less acquisition-related capital expenditure.

CASH AND WORKING CAPITAL

The Group generated free cash flows of \$10.1 million in 2022 after adjusting for one-off cash items compared to an outflow of \$4.4 million in 2021. The main driver of this positive cash performance was the underlying trading performance and robust working capital management. Cash flow from operating activities was \$15.8 million (2021: \$7.2 million). The Group saw working capital inflows into the business of \$1.8 million (2021: \$3.4 million outflow) due to stronger working capital management, with days sales outstanding at 23 days (2021: 47 days) and creditor days at 74 days (2021: 66 days).

The cash flows above included the cash flow from operations for Personal Finance and working capital balances for the Personal Finance business.

While the Group did not acquire any businesses in 2022, it continued to invest in its assets, mainly in its domains and websites, spending \$6.8 million on capital expenditure. The comparative for 2021 of \$32.0 million included acquisition related costs. Removing these acquisition costs, normalised capex was \$6.8 million in 2022 (2021: \$8.8 million).

In 2021, the Group issued 67.5 million shares for a cash cost of \$35.8 million. No such transaction occurred in 2022 as the Group did not complete any acquisitions in the year. In addition, the Group did not pay a dividend to shareholders in 2022 nor in 2021.



CURRENT AND FUTURE  
CONSIDERATION PAYMENTS

	2024 <sup>10</sup> (\$'m)	2023 <sup>10</sup> (\$'m)	2022 (\$'m)
North American assets	4.0	4.0	17.6
European assets	-	0.4	0.7
Deferred consideration	4.0	4.4	18.3
North American assets <sup>11</sup>	3.5	3.0	3.0
Earn-outs	3.5	3.0	3.0
	7.5	7.4	21.3

10 Estimated.  
11 Earn-out not recognised in balance sheet until target met.

In 2022, the Group settled deferred and contingent consideration obligations for its previously acquired businesses. In total for 2022, the Group paid out \$21.3 million of deferred acquisition and earn-out payments (2021: \$Nil).

In 2023, the Group expects to make a further \$4.4 million of deferred consideration payments and potentially a further \$3.0 million dependent on whether earn-out targets are met.

In December 2022, the Group agreed to settle all existing obligations with the previous owners of Blueclaw Media Ltd. This final settlement was paid in January 2023 and the Group has no further obligations in this matter.

After adjustment for forex movements, overall cash balances decreased by \$12.0 million due to the significant acquisition-related payments detailed above.



Caroline Ackroyd  
Chief Financial Officer

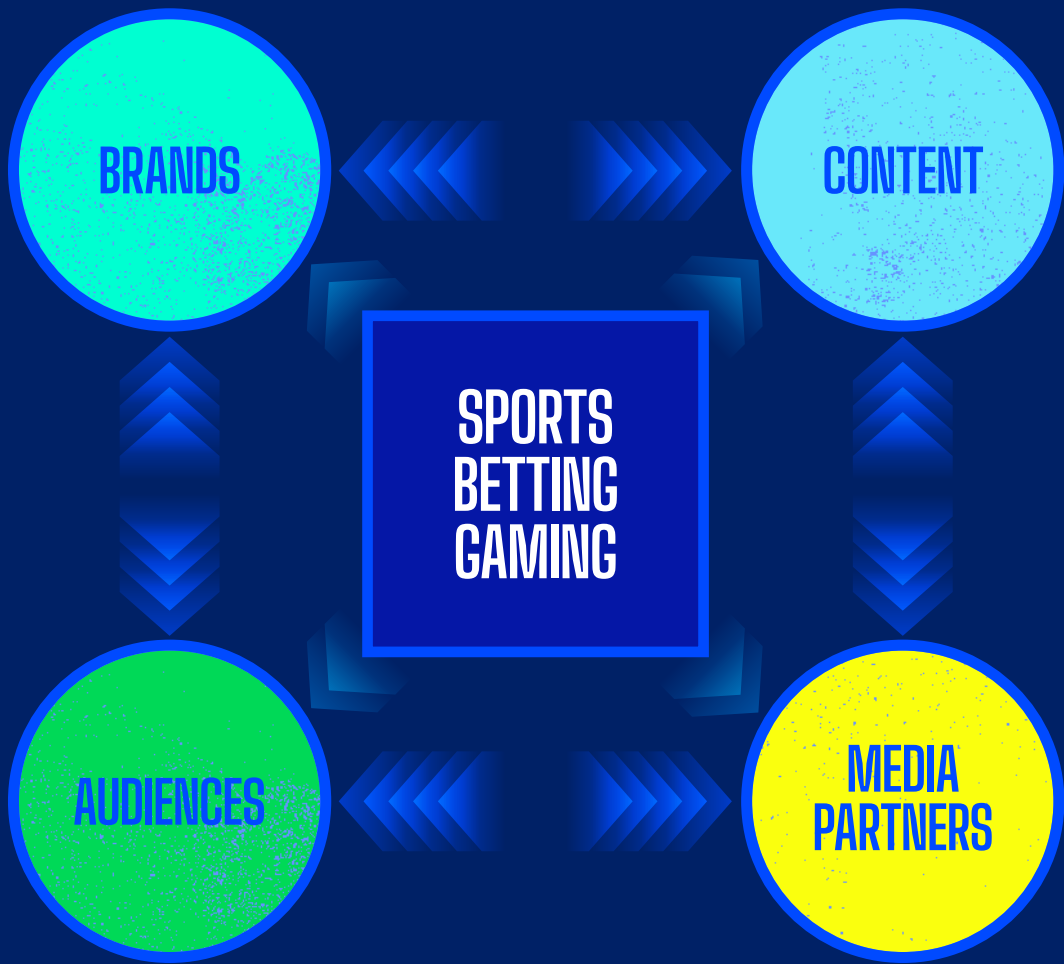
2022 has been a successful year for the Group, with the business continuing to be cash generative while undertaking the restructuring process. During the year, we have been prudent about cash management in both the way we fund our current initiatives and plans to meet our future liabilities, and we will continue to follow this approach in 2023 and beyond.





# WHERE MEDIA MEETS BETTING

XLMedia brings digital media and betting together through sports and gaming brands.



We set ourselves apart by leading with great content, on owned and operated brands and media partner sites alike, to attract audiences who we engage, entertain and assist in making smarter betting decisions. This helps us to create brands that are valued by their audiences.

Our brands seek to develop relationships built on trust with sports fans, sports bettors and gaming players. This leads to brand loyalty

and retention, the foundation of a sustainable relationship. It is because of the trust we foster that our users have confidence in the offers we promote.

The Group's revenue is driven by these highly engaged audiences, which attract high-value operators and advertisers. By integrating relevant offers and ads into our brands, commercial partners are able to add to the fan experience while generating revenue.





# IMPLEMENTING OUR STRATEGY

At the centre of our strategy is a singular vision, to connect people with their passion through compelling content and in turn connect them with relevant advertisers that build sustainable revenues and create shareholder value.

How do we connect people with their passion? By giving audiences more and deeper ways to engage with their favourite team, sport or online games. We aim to make being a fan or online gaming player more fun and exciting.

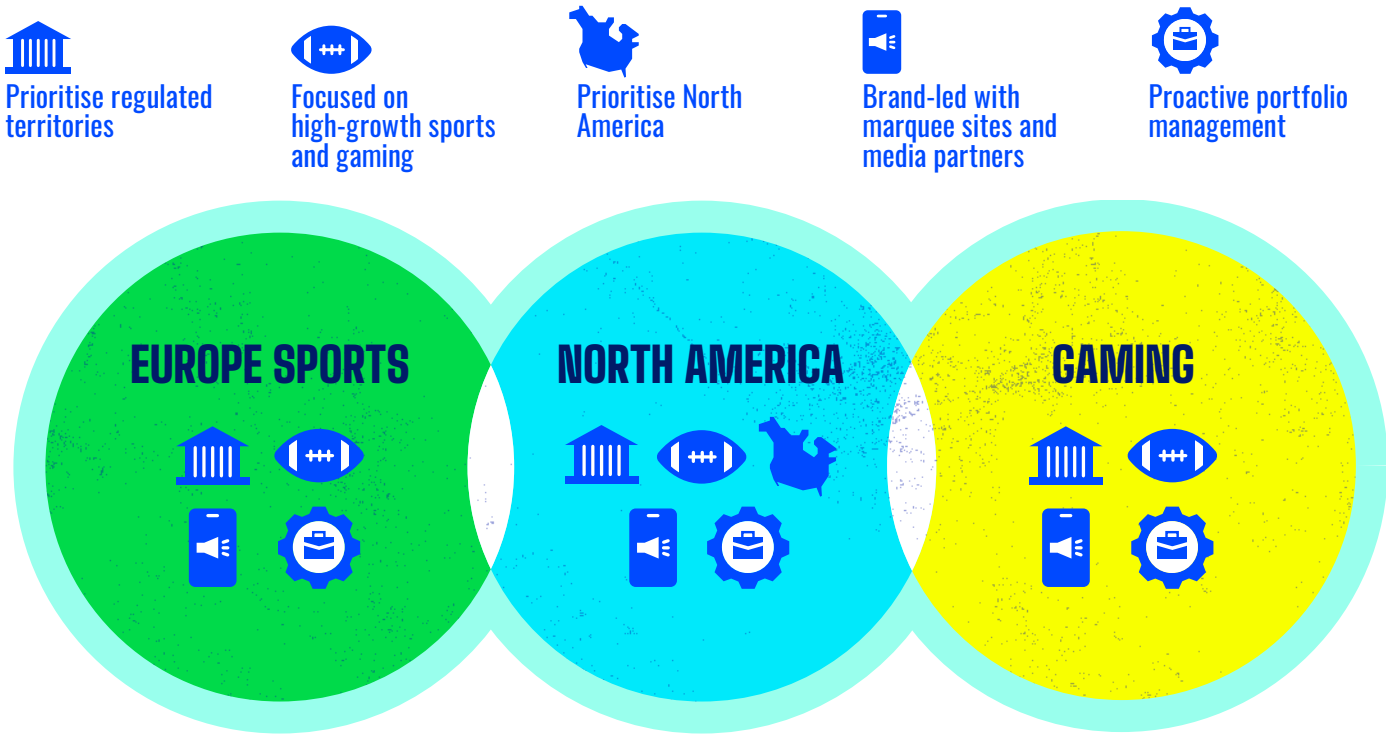
In 2022, we made strides on the priorities we set forth and now look to capitalise on this progress with significant momentum.

In North America, 2022 saw the opening of four new US states and one Canadian province to regulated betting which created an initial revenue spike at launch and helped to drive more overall revenue for the business. The value of these regulatory launches was increased by the launch of a new brand within the Saturday Football Inc. family and additional high-value media partnerships. These include national outlets and regional

publications with hyper-local reach like Cleveland.com and AM New York. The effect was a total of \$46.4 million of revenue being generated by the North America market.

Our Europe Sports portfolio underwent a significant change in the last few years. Established in several key markets, we transitioned from a large number of sites with limited brand equity to a curated slate of brands, each with its own consumer value proposition grounded in audience insights and needs. This led to simplifying each offering in a way that underpins our intent to reach new markets and capture new revenue. Through quality content and an improved social media strategy we maintained our market presence while enhancing the value of our brands for their audiences.

## SUCCESSFUL IMPLEMENTATION SO FAR



With respect to our online Gaming portfolio, the legacy sites that received a Google penalty in 2020 are now out of penalty. Having removed thousands of sites from the legacy portfolio, we now have a fundamentally different approach to managing our gaming brands. Today, with a small number of key gaming sites, our increased focus is on building engaging features, publishing quality content and creating greater value for our users.

Across our portfolio of brands, we actively manage Google compliance very carefully with a specialist in-house search engine optimisation (SEO) team. In the last four major Google updates, we have seen clear organic growth on our gaming assets.

Finally, our first-hand experience of responsible gambling in the UK provides insights and practices that we share with North America as it continues to regulate. The Group's deep experience and understanding of a more mature marketplace, where consumers are treated responsibly as they seek new wager-related entertainment, allows us the ability to act as an affiliate industry leader that prioritises consumer safety and advocacy.

Our 2023 core business strategy has evolved and is now oriented around three primary verticals: Sports Media, Sports Betting and Gaming.



# SPORTS MEDIA SPORTS BETTING ONLINE GAMING

## TO REALISE OUR STRATEGY WE WILL:

1.

Expand our North America Sports footprint, deepening audience relationships and diversifying revenue streams with the goal of more predictable, stable income.

2.

Refine our Europe Sports portfolio, expand to new territories and capture more revenue while leveraging our experience and learning from years spent operating in mature, regulated markets.

3.

Drive gaming in select markets (like the US) through quality content, engaging consumer features, data-driven decision-making and the prioritisation of Google's Experience, Expertise, Authoritativeness, Trustworthiness (E-E-A-T) requirements to capitalise on the high-margin Gaming vertical.

## TO ACHIEVE OUR STRATEGY, WE WILL ALSO:

### DIVERSIFY REVENUES

Expanded revenue streams and a focus on higher audience retention rates delivers more sustainable, predictable revenue.

### DEVELOP NEW TECH

A reconsidered tech stack enables simple, intuitive journeys and data-led products to increase engagement and grow share of wallet.

### INCREASE INTELLIGENCE & DATA INSIGHTS

Data insights help to understand audience interest and intent which inform individual brand-consumer value propositions, enables personalisation and ensures greater relevance.

### DEEPEN TRUST

Unique, quality brands and engaging content encourage return visits, deeper interactions and brand loyalty.

### CHAMPION EXPERTISE

Subject matter experts across all disciplines raise the level of output, efficiency and excellence throughout the business.

### DE-RISK OPERATIONS

Proactive risk management related to compliance, security, infrastructure and reporting ensures we are operationally sound and shielded from external negative impacts.

# OUR BUSINESS MODEL

## OVERVIEW

At XLMedia, our brand strategies are rooted in the rise of online fandoms and communities in relation to the important role brands play in the lives of audiences.

XLMedia is a digital media company. Its core business operates in three verticals: Sports Media, Sports Betting and Gaming.

As an affiliate, the Business's core competency is creating compelling content that attracts highly engaged audiences and connects them to relevant advertisers. The Group manages a portfolio of premium brands with a primary emphasis on Sports and Gaming in regulated markets. XLMedia brands are designed to reach passionate people with the right content at the right time.

Our portfolio composition is a balanced mix of Owned and Operated (O&O) and Media Partnership Business (MPB). The scale of this combination yields wider geographical coverage, increased advertiser relevance and greater revenue opportunities.

XLMedia's O&O brands share a universal thread. They have motivated, organic audiences who seek to engage with their communities and our brands. We set ourselves apart from much of our competitors' coverage by building editorial teams composed of local, in-market, lifelong sports fans and gaming players.

Our content creators are credentialled subject matter experts with editorial independence who approach each story in an authentic, authoritative manner. They live within the communities they cover and share the passion of their readers. In other words, they are fans too. This mindset extends to our commercial content teams, whose output, while transactional in nature, resonates just as deeply with audiences as traditional editorial

content. We take pride in the relationships our talented teams build with their audiences.

The Group has extensive experience partnering with media businesses. Our MPB is a collective of leading sports media and news publishers that benefit from our quality storytelling, industry expertise and operator relationships. Newly signed publishers with high brand equity, highly engaged audiences and distinct value propositions add to an impressive roster and continue to expand XLMedia's

geographical coverage, audience reach and revenue opportunities for the Group.

Media partners provide sports audiences, we provide the sports betting and gaming commercial content those partners need, and together, we share in the revenue it generates. The partnership model is a core competency of XLMedia and an approach with which we have had repeated (and repeatable) success.

### SELECTED O&O BRANDS



### SELECTED MEDIA PARTNERS





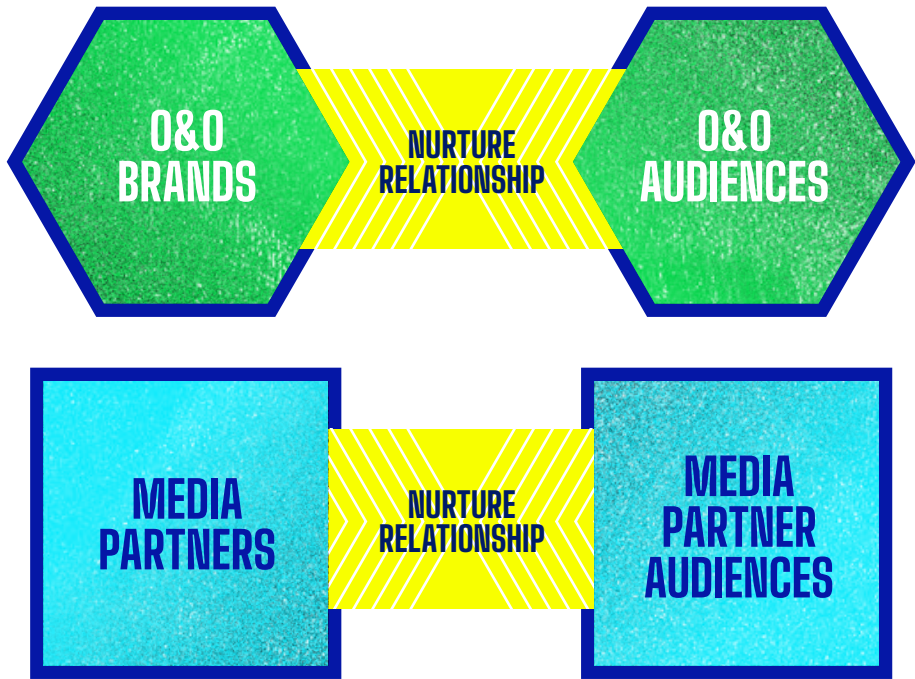
# HOW WE MONETISE

The Group’s revenue is sourced primarily from CPA in North America and hybrid/ revenue share in Europe. As the XLMedia audience footprint scales, we are able to capitalise on alternative revenue streams

like display advertising (cost per mille or CPM) and sponsorships. By owning more of the audience relationship, we can capture a greater share of wallet which leads to greater lifetime value.

## O&O brands and media partners

attract engaged audiences who have a variety of needs and interests directly to their sites and through search engines and products (e.g. Google News).



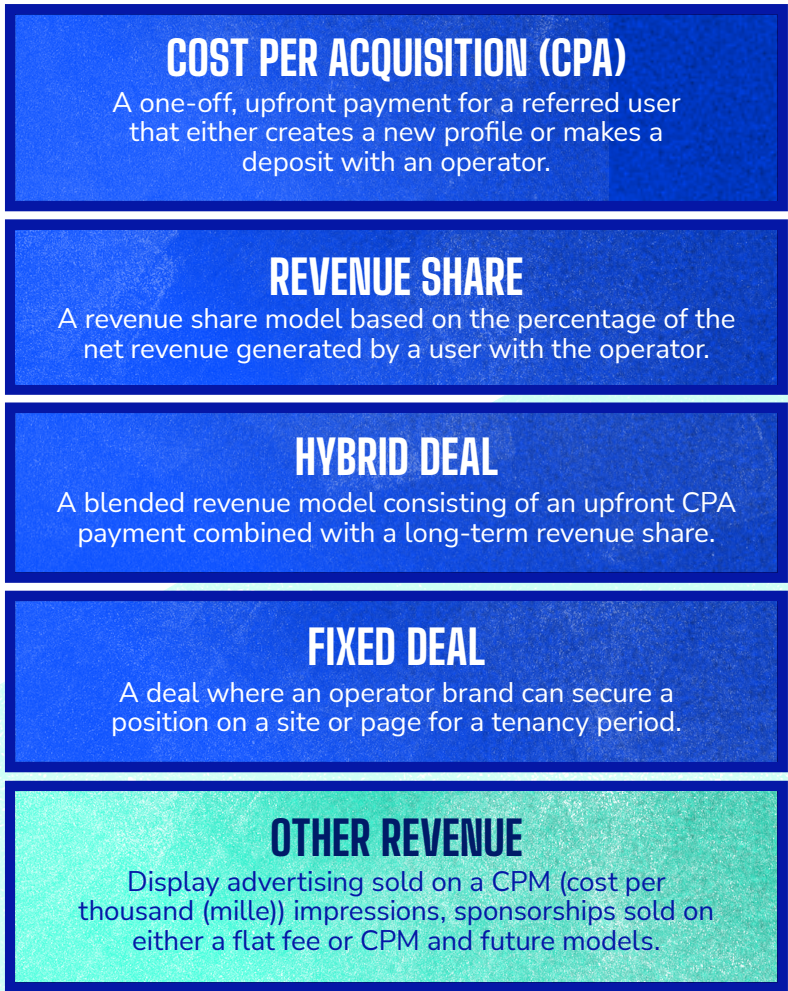
## Revenue stream from diverse categories

build sustainable, underlying revenue growth.



## Multiple revenue streams

enable monetisation from highly motivated audiences at significant scale.



# THE XL MEDIA ADVANTAGE

By leveraging our understanding of the modern audience journey, the business is able to deliver real value to our audiences and our advertisers in a competitive industry.

Our growth engine sets XLMedia apart by reaching passionate communities – like sports fans – with interest-related, quality content that builds relationships and fosters brand loyalty. To accomplish this, we apply data science and specialist expertise to understand consumer motivations, create better stories, capture intent via engines and news

products (e.g., Google News) and provide advertisements that are genuinely relevant. Our objective is to provide the right story, to the right person, with the right promotion at the optimal time. This strategy generates brand affinity and dependable revenue streams.

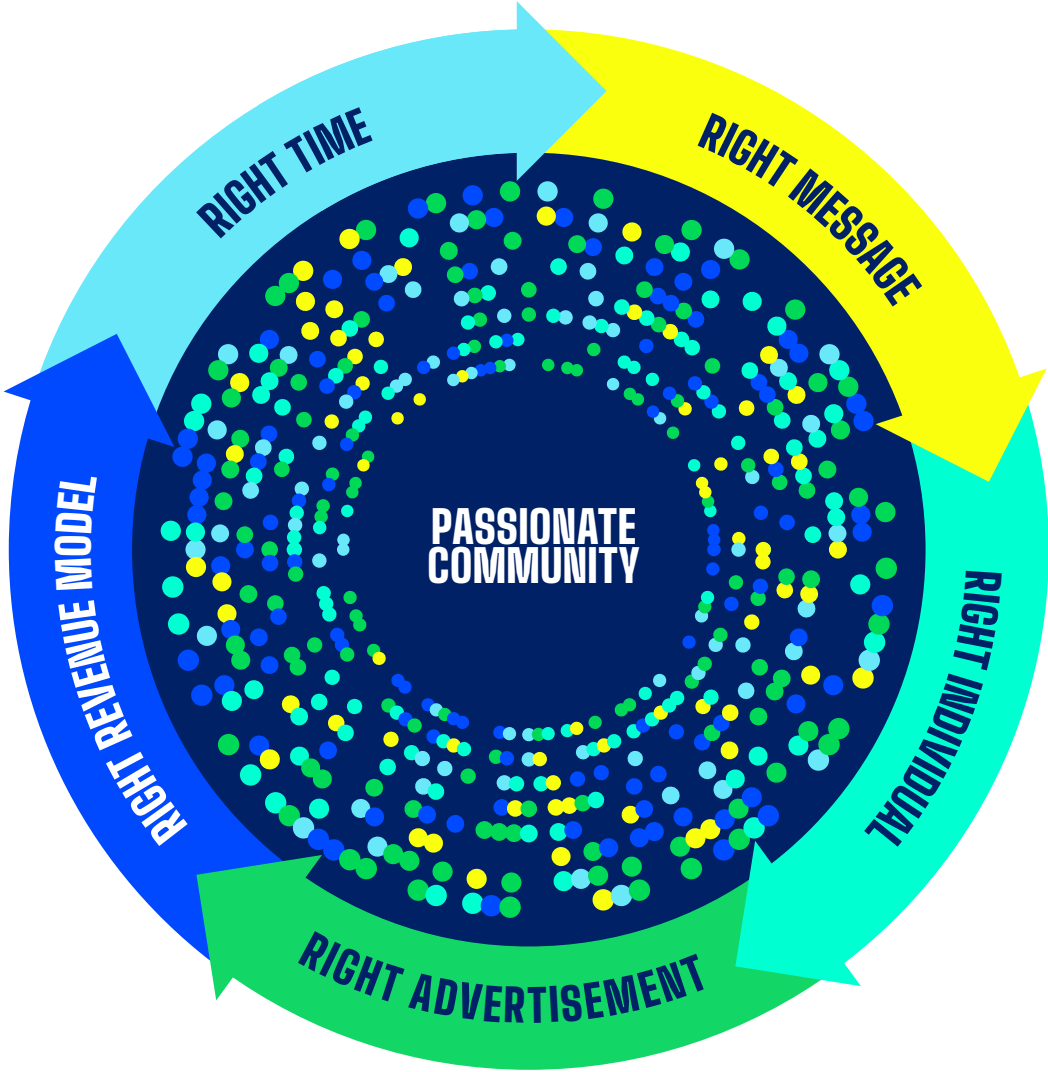
**VALUE TO AUDIENCES**

Access to expert content, tools and data that captivates, educates and supports wager-based entertainment decisions in a trustworthy environment.

**VALUE TO OPERATORS AND ADVERTISERS**

Access to high-volume, high-value traffic in a brand-safe environment for greater audience awareness, retention and conversion.

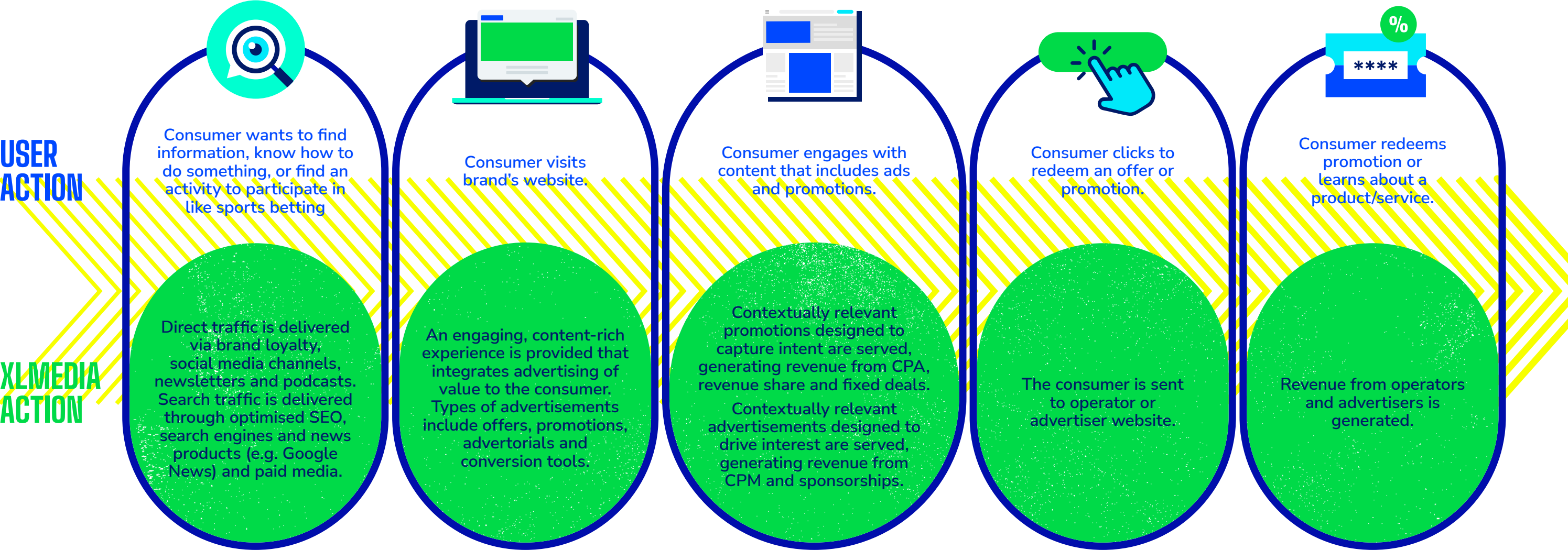
## THE GROWTH ENGINE



- Highly credible content activates consumers ready to engage
- A consumer is motivated to take action
- Value is derived from accurately matching audiences with advertisers
- Ad tech optimises revenue solutions to maximise profitability
- Data strategies deepen our understanding of audience intent



# THE AUDIENCE JOURNEY TO CONVERSION



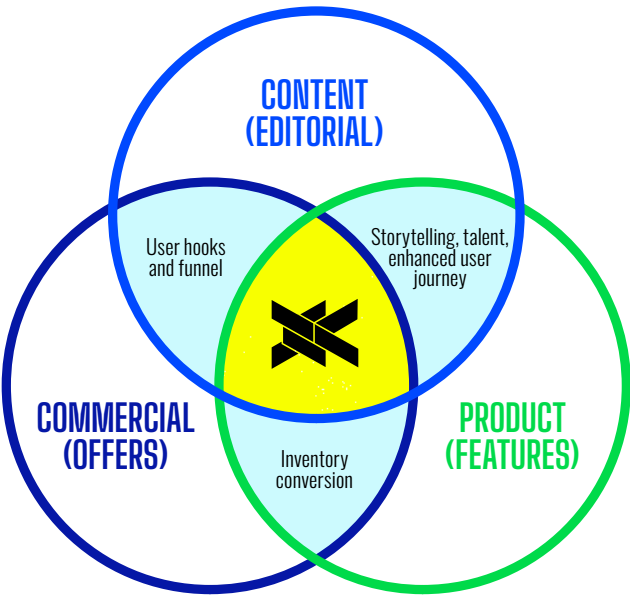
Relevant data is collected to enhance the consumer's future visits by informing website adjustments that provide a better experience and more relevant offers.

# OUR MARKET CONDITIONS

As a modern digital media company, we continuously monitor the market landscape and external factors that can affect our business. Identifying regulatory changes, consumer behaviour shifts and industry trends provides the business with intelligence to help shape strategic decisions to further the Group’s growth ambitions.

## EVOLVING DIGITAL LANDSCAPE

In the last year, we’ve seen significant shifts in the digital landscape – cookies are less effective, search engine guidance continues to evolve and content formats that were once siloed – into either content, product or commercial – are blended and remixed to reach and delight audiences in novel ways. Search engines continue to adjust algorithm updates and news products (e.g. Google News) to provide more relevant information matched to user queries. One-to-many forms of communication, like podcasts and newsletters, have found renewed prominence and, finally, information sharing via social platforms remains popular. Additionally, recent developments in artificial intelligence (AI) such as Chat GPT and BARD provide an opportunity to leverage our resources to enable us to reach more audiences with original content.



## INCREASING COMPETITION

From traditional competitors to independent influencers to large-scale media companies, the online media landscape is more competitive than ever. In the US, sports betting media has matured at a rapid pace with greater attention and coverage than in years past, including from legacy outlets

previously not interested in sports betting. The success seen in early 2022 resulted in many new entrants to the market seeking to participate in the new revenue streams. In the more mature UK and European markets, gaming and sports media remains a tight field.

## REVENUE FLUCTUATION

Our markets are constantly evolving. Regardless of their region, markets prone to regulation like sports betting and online gaming are susceptible to systemic changes that can affect revenue – this is why we follow regulatory changes so closely.

The seasonal nature of sports betting and the potential for new regions or US states to legalise sports betting result in fluctuations in revenue. We aim to normalise these fluctuations over time through diversified revenue streams that offer greater consistency throughout the calendar year.

When a new US state launches, we benefit from the pent up demand creating an initial spike in revenues which we estimate lasts for approximately ten days before settling to a more normalised level. See the Chief Financial Officer’s Review.

Revenues are impacted by Betting Operators refining their strategies, priorities and marketing spends. This can result in an increase in spend or a reduction in spend.

### Short-term factors that impact revenue:

- Transition of North America revenue from CPA-led to a balanced mix of CPA and hybrid/revenue share
- Discretion in Betting Operator marketing spend may change from acquisition to activation and reactivation in some markets
- Entry and exit of operators
- Longevity of media partner agreements
- Market maturity as more consumers adopt more sportsbooks
- Approval for revenue share participation varies state by state with an enhanced regulatory approval process



SHIFTING REGULATION

NORTH AMERICA

In the US, there is continued momentum toward state by state regulation for both legal online sports betting and legal internet gaming (online casino). The Group sees increased opportunity – especially in online casino – within this swiftly evolving market.

While initially limited in sports betting, Canada’s newly regulated market (Ontario) presents an attractive opportunity to pursue further – specifically in internet gaming which has strong potential.

XL MEDIA US FOOTPRINT HAS  
ACCESS TO ALL 50 STATES:

- We participate in legal online sports betting in 19 states.
- We participate in legal internet gaming in six states.

See pages 49-54 for more detail.

EUROPE

In Europe, the markets are significantly more mature and sports betting and gaming consumers are further along the product adoption cycle. As such, regulation across the region continues to increase. In evaluating consumers and the regulatory environment we have identified low-, medium- and high-growth opportunities in current markets.

Current Markets

- The United Kingdom is a mature, regulated, highly competitive market. Proposals for regulatory reform have recently been published. Medium growth potential.
- Romania is a more niche market but less competitive. Medium growth potential.
- Sweden is a highly regulated, stable market with strong consumer demand that is largely already met. Low growth potential.
- Finland is currently an unregulated market with discussions in progress to regulate in 2025. While the country has a lower population compared to some others in the EU, research indicates high consumer demand making future activity in the market valuable. High growth potential.

MARKET CONDITION	RESPONSE ACTIVITY	RATIONALE
INCREASING COMPETITION	<p><b>Develop destinations</b></p> <ul style="list-style-type: none"><li>• Value and nurture fandoms to drive further engagement and move our brands to daily destinations frequented by direct, repeat traffic</li><li>• Create high-quality content and expand distribution</li><li>• Invest in brand innovation</li></ul>	<p><b>Promotes retention and engagement for greater mind share over competitors</b></p> <ul style="list-style-type: none"><li>• Increases audience direct traffic to capture more share of experience and wallet</li><li>• Reduces reliance on search engines</li><li>• Reduces need for paid marketing spend</li></ul>
REVENUE FLUCTUATION	<p><b>Deepen partnerships and diversify revenue</b></p> <ul style="list-style-type: none"><li>• Work with existing and new operators and advertisers to create richer integrated marketing packages</li><li>• Find new authoritative media partners that are additive to our business through a data-driven approach</li><li>• Diversify revenue through new opportunities (CPM, revenue share, etc.)</li></ul>	<p><b>Healthy mix of revenue streams provides better forecasting</b></p> <ul style="list-style-type: none"><li>• Increases underlying, sustainable revenues</li><li>• Allows greater consumer choice</li><li>• Provides instant scale and access to engaged audiences in growing betting markets</li><li>• Engenders positive brand association</li></ul>
EVOLVING DIGITAL LANDSCAPE	<p><b>Develop innovative technology</b></p> <ul style="list-style-type: none"><li>• Continue to enhance the user experience</li><li>• Expand the use of data to optimise conversion and operational efficiency</li></ul>	<p><b>Meet and exceed customer expectations to remain relevant and competitive</b></p> <ul style="list-style-type: none"><li>• Drives great retention and engagement</li><li>• Ensures more accurate offer/ audience relevance</li><li>• Provides more and better data</li><li>• Increases site dwell time</li></ul>
SHIFTING REGULATION	<p><b>Expand footprint</b></p> <ul style="list-style-type: none"><li>• Monitor and prepare to launch into new markets as they regulate through owned and operated portfolio and media partners</li><li>• Monitor and adjust to mature market changes</li><li>• Deepen coverage of high-value sports and leagues</li></ul>	<p><b>Larger footprint reduces reliance on individual markets</b></p> <ul style="list-style-type: none"><li>• Increases stability by growing audience scale and composition</li><li>• Attracts new audiences yielding diverse revenue streams</li></ul>



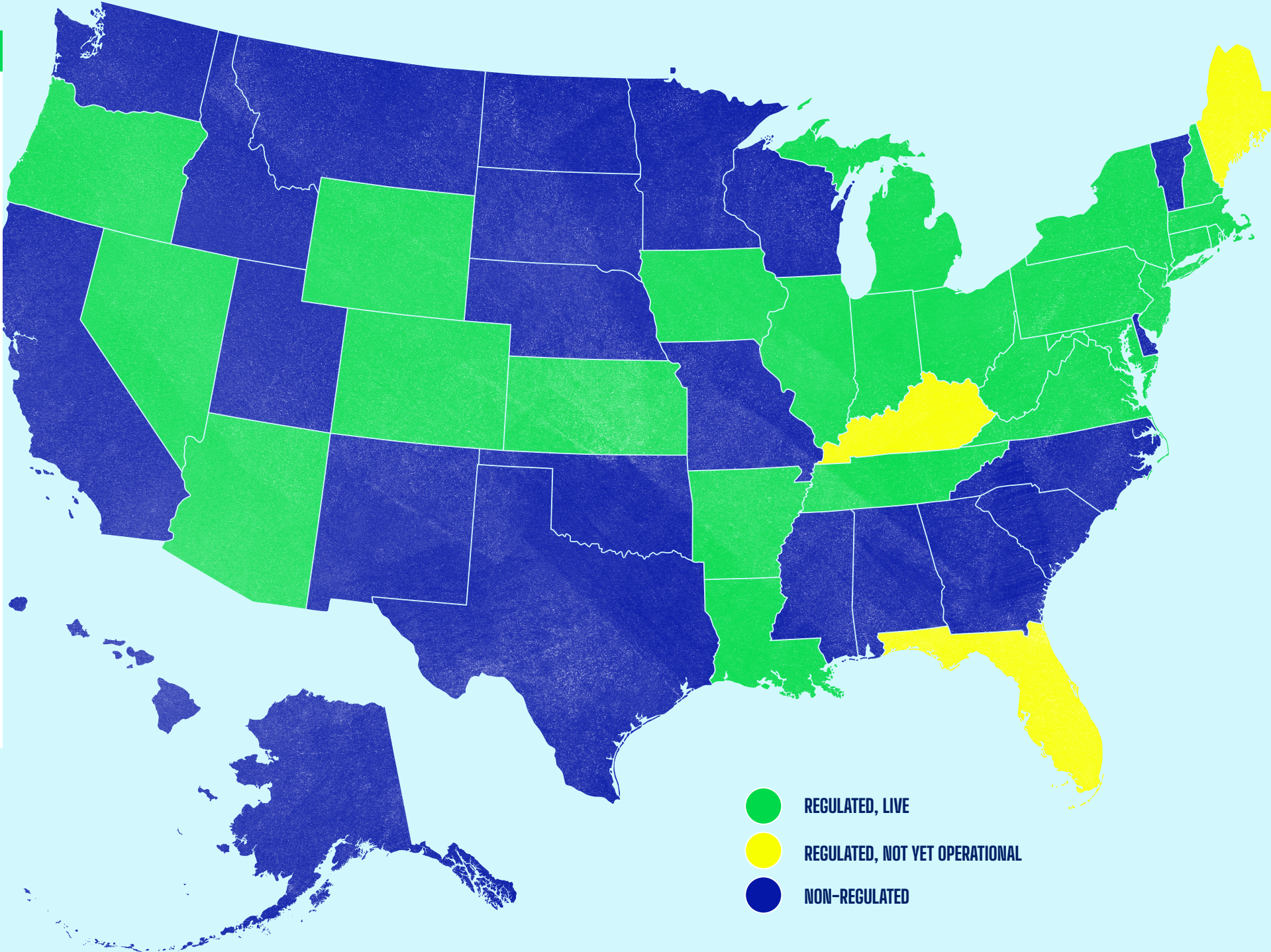
XLMedia operates in 19 states with regulated online sports betting. Our media footprint reaches all 50 states across the US.

STATES WITH REGULATED  
ONLINE SPORTS BETTING

STATE	POPULATION
New York	19,677,151
Pennsylvania	12,972,008
Illinois	12,582,032
Ohio	11,756,058
Michigan	10,034,113
New Jersey	9,261,699
Virginia	8,683,619
Arizona	7,359,197
Tennessee	7,051,339
Massachusetts	6,981,974
Indiana	6,833,037
Maryland	6,164,660
Colorado	5,839,926
Louisiana	4,590,241
Oregon	4,240,137
Connecticut	3,626,205
Iowa	3,200,517
Nevada	3,177,772
Arkansas	3,045,637
Kansas	2,937,150
West Virginia	1,775,156
New Hampshire	1,395,231
Rhode Island	1,093,734
District of Columbia	671,803
Wyoming	581,381
Florida	22,244,823
Kentucky	4,512,310
Maine	1,385,340

STATES WITHOUT REGULATED  
ONLINE SPORTS BETTING

STATE	POPULATION
California	39,029,342
Texas	30,029,572
Georgia	10,912,876
North Carolina	10,698,973
Washington	7,785,786
Missouri	6,177,957
Wisconsin	5,892,539
Minnesota	5,717,184
South Carolina	5,282,634
Alabama	5,074,296
Oklahoma	4,019,800
Utah	3,380,800
Mississippi	2,940,057
New Mexico	2,113,344
Nebraska	1,967,923
Idaho	1,939,033
Hawaii	1,440,196
Montana	1,122,867
Delaware	1,018,396
South Dakota	909,824
North Dakota	779,261
Alaska	733,583
Vermont	647,064



- REGULATED, LIVE
- REGULATED, NOT YET OPERATIONAL
- NON-REGULATED



NORTH AMERICA ONLINE SPORTS  
BETTING REGULATION:

- There are 24 states plus Washington D.C. that are Live, Legal\*.
- There are 3 states that are Legal, Not Yet Operational\*\* for online sports betting.
- There are currently 7 states that have an Active Legislation/Ballot Initiative\*\*\*.
- There is 1 province (Ontario) in Canada that is Live, Legal\*.

STATES WHERE XL MEDIA PARTICIPATES  
IN LEGAL ONLINE SPORTS BETTING:

Arizona	Iowa	Michigan	Tennessee
Connecticut	Kansas	New Jersey	Virginia
Colorado	Louisiana	New York	West Virginia
Illinois	Massachusetts	Ohio	Wyoming
Indiana	Maryland	Pennsylvania	

STATES UNDER REGULATION CONSIDERATION:  
(WRITTEN AS OF 18 APRIL 2023):

- Alabama**

Alabama’s 2023 legislative session has not started, but industry experts are predicting the state will again attempt to pass sports betting legislation.
- Georgia**

Georgia sports betting legislation did not pass this year. While questions remain on the best way to legalise moving forward, discussions are expected to resume in 2024.
- Florida**

Florida sports betting was legalised in 2021, yet was only operational for two weeks before the US Courts ruled the Florida Gaming Compact was unconstitutional. A US Court of Appeals process is ongoing. If reversed, the state could begin retail and online sports betting (only through the Hard Rock brand) immediately in 2023.
- Kentucky**

A Kentucky sports betting bill to legalise retail and online sports betting for the state’s nine racetracks has been approved and signed into law by the Governor. Both the Governor and Senate Majority Leader believe retail sports betting will begin by the NFL season and online sports betting will launch later in 2023.

- Minnesota**

A Minnesota sports betting bill to legalise online and retail betting for state tribes will likely pass the House and already has a Senate ally – it stands a good chance of passing this year.
- Missouri**

A Missouri bill to legalise online and retail sports betting has been approved by the House and now heads to the Senate, where it has seen challenges in the past from several lawmakers who want to include a video lottery terminal element. Negotiations for a House bill are ongoing and could be approved before the session concludes on Friday, 12 May 2023.
- North Carolina**

A bill to legalise online sports betting that would allow ten to 12 operators has been approved by the House and now moves to the Senate. It’s expected to pass in the Senate and legalise sports betting in North

- Carolina this year. Sports betting will be eligible to launch on 8 January 2024.
- Oklahoma**

A bill to allow state tribes to offer retail and online sports betting just passed the House. It next moves to the Senate and has the support of the Governor for approval.
- Texas**

Two bills were discussed recently by a House committee. One will legalise retail sports betting and destination resort casinos. A second will legalise online sports betting for all of the state’s professional teams. Both of these are in question, as the State’s Lieutenant Governor has said there is not enough support right now in the Senate for legalised sports betting.
- Vermont**

An online sports betting bill has been approved by the House of Representatives and is making its way to the Senate.

KEY NEXT STATES:

The business has a footprint in these key states and continues to invest and prepare to capitalise when the opportunity comes to fruition.

- In the immediate future with active legislative discussion, Georgia and Texas offer the biggest sports betting markets, albeit with lower chances of legalisation in 2023.
- Florida could begin retail and online sports betting immediately in 2023 pending the US Court of Appeals ruling allowing only the Hard Rock brand to operate.
- North Carolina and Minnesota are poised for a positive legislative outcome, offering healthy market potential with passionate sports fans and good collegiate representation in both states.
- Missouri, while smaller, provides another good market with a strong college sports scene and popular professional teams in Kansas City.
- California presents an enormous opportunity in the more distant future.

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\*Live, Legal: Sports betting is legally offered through retail and/or online sportsbooks.  
\*\*Legal, Not Yet Operational: States have legalised sports betting, but not yet launched.  
\*\*\*Active Legislation/Ballot Initiative: Bills to legalise sports betting have been pre-filed/introduced or a voter referendum is scheduled.  
Source: American Gaming Association as of 19 April 2023. <https://www.americangaming.org/research/state-gaming-map-mobile/>

FROM 0 TO 19 US STATES IN UNDER 4 YEARS



‘LIVE, LEGAL’ STATES IN WHICH XL MEDIA DOES NOT OPERATE AND THE REASONS WHY:

**Oregon**  
**New Hampshire**  
**Rhode Island**  
**Washington DC**  
These are single operator ‘monopoly’ states with only one mobile option. This greatly limits affiliate opportunity due to low competition and therefore limits revenue opportunity. Note: Washington D.C. has an exception near the baseball stadium.

**Nevada**  
The state has an in-person requirement meaning an individual bettor needs to visit a land-based casino to activate an account. Most of the sportsbook operators are not active in the state, yielding limited opportunity.

**Arkansas**  
Only two sportsbooks are active. The regulatory environment is unfriendly to operators, yielding limited opportunity.

NORTH AMERICA INTERNET GAMING (CASINO, POKER GAMES OR BOTH) REGULATION:

There are seven states that have legal online gambling – Delaware, Nevada, New Jersey, Connecticut, Michigan, Pennsylvania and West Virginia.

STATES WHERE XL MEDIA PARTICIPATES IN LEGAL ONLINE GAMING:

Connecticut	New Jersey
Delaware	Pennsylvania
Michigan	West Virginia

STATES UNDER REGULATION CONSIDERATION:  
(WRITTEN AS OF 18 APRIL 2023):

**New York**  
A bill to legalise iGaming in New York did not make it to a vote in the current legislative session. The sponsoring Senator will introduce it again next year for a potential 2025 launch.

**Illinois**  
Illinois is currently considering a bill to legalise internet gaming. It is still in committee and has yet to reach the House for a vote.

**Indiana**  
A bill to legalise iGaming in Indiana failed this year. Discussions will likely start again in 2024 for the measure.

**New Hampshire**  
A New Hampshire iGaming bill has been approved in the Senate and now moves to the House.

**Iowa**  
Iowa also introduced an iGaming bill this year in the House, though it is unlikely that it will pass.

**Maryland**  
Maryland is seeking an iGaming referendum (a vote for its citizens) to legalise online casino. However, the bill is unlikely to see a vote this session.

**KEY NEXT STATES:**  
New Hampshire is the frontrunner for approval.

At the time this was written, there were no further states expected to legalise online gaming in 2023.

**STATE WITH LEGAL ONLINE GAMING IN WHICH XL MEDIA DOES NOT OPERATE AND THE REASONS WHY:**

**Nevada**  
Only permits poker, which currently offers lower opportunity and returns.



# OUR PORTFOLIO

The brands within XLMedia’s owned and operated portfolio engage audiences, build trust and ensure retention through relevant, quality content that helps users explore their passions and have fun. In some cases this requires a hyper-local approach with highly focused coverage of a particular market. In a national context, it requires providing the most accurate, up-to-date information possible, while reaching out to audiences where they consume content (e.g. social) that is designed to match their tastes and interests.

The content we design includes three different categories:

- Editorial sports and gaming content aimed at meeting the needs of both casual and passionate fans seeking news, analysis and commentary around their favourite teams and games. This content drives audience growth and engagement, both on-site and in search and news products (e.g. Google News).
- Commercial content aimed at both aiding fans to become new bettors as well as pointing existing bettors to legal sportsbook and gaming promotions and offers.
- Evergreen content aimed at user education such as high-quality how-to guides and tutorials designed to aid audiences on their journey to sports bettor or game player.

The content our brands produce ensures healthy, returning audiences. These consumers provide richer data, which makes it easier to recognise audience motivations, deepen our understanding of their preferences and capitalise on intent signals. Our revitalised tech stack makes this process more effective than ever and ensures data-driven distribution designed to optimise the user experience, maximise search authority and ensure consistent conversions.

As our brands continue to scale and retention increases, our data becomes richer and our user journeys become more reliable through optimisation. Through this process we will capture more sustainable revenue and unlock additional revenue opportunities.

## OUR BRANDS ARE DESIGNED TO ENGAGE AUDIENCES, BUILD TRUST AND DRIVE RETENTION



# NORTH AMERICA

Sports revenues for the Group increased by 72% year on year to \$54.0 million (2021: \$31.4 million) led by US Sports revenues (up 112% to \$46.4 million from \$21.9 million). Our US Gaming revenues are driven by gaming pages provided on our sports websites, in particular Crossing Broad. US Gaming revenues grew to \$1.3 million (2021: \$0.3 million).

## NORTH AMERICA SPORTS

In December 2020 with no sports, sports betting or gaming presence, XLMedia’s North America trajectory began through a series of acquisitions. Today, we have ten O&O brands and a growing list of media partners which currently includes 14 outlets across the US. Our business participates in sports betting in 19 legal online sports betting states, six legal internet gaming states and one legal online sports betting province.

The North American Sports division began the year with a highly successful approach to the launch of legalised sports betting in the state of New York. The combination of our owned and operated portfolio and media partnership properties equated to an impressive presence that led to outsized results as New York officially opened its doors to sports betting in early 2022. In addition to New York, we saw three more states legalise online sports betting during the year – Louisiana, Kansas and Maryland.

The business sees surges in revenue when new states launch regulated online sports betting. We refer to these surges as ‘spikes’. We consider a spike to be the first 10-day period after launch. After that, we see revenue

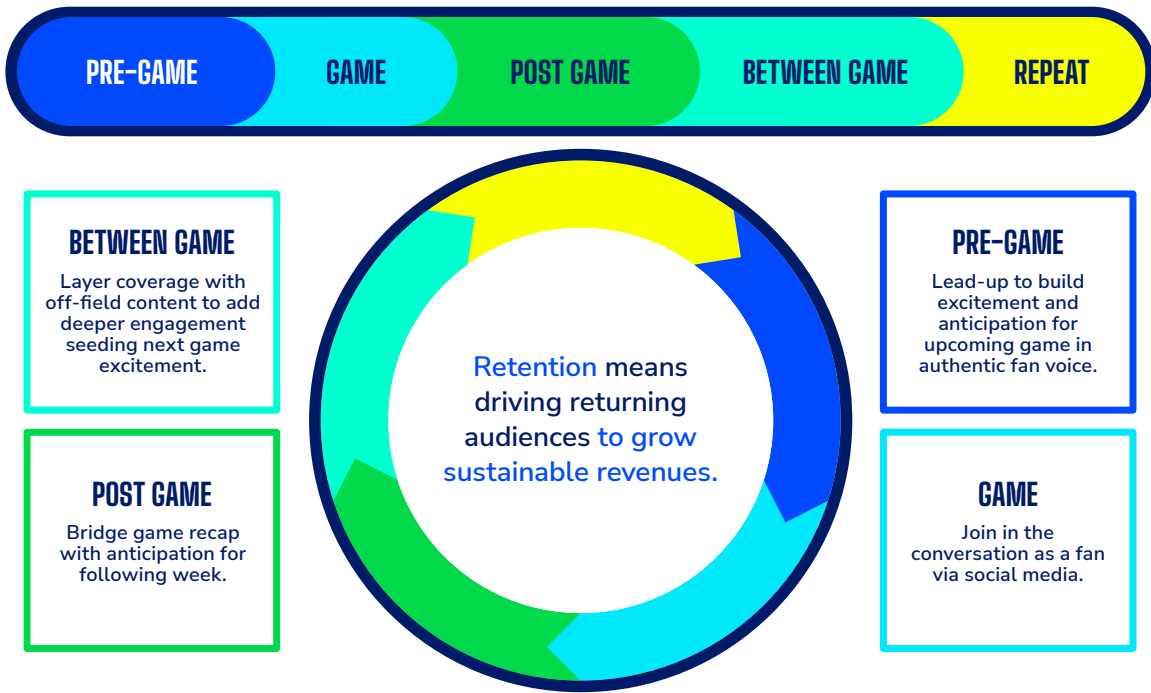
return to a normalised level. In 2022, we estimate that new state launches delivered slightly over \$10 million in revenue (2021: \$0.9 million).

As we expand our presence across the US, this combination of both owned and operated and media partnership properties continues to be core to our strategy. In 2022, we signed new media partnerships with Cleveland.com (February) and MassLive (September) which positioned us well in-market ahead of the Ohio state launch (January 2023) and the Massachusetts state launch (March 2023). We also signed extensions with existing partners such as Mile High Sports and Bleacher Nation. As part of these partnerships, XLMedia focuses on creating highly engaging sports betting content, managing commercial deals with regulated sportsbook operators and executing proven monetisation strategies.

Our process for engaging sports fans and creating content that drives revenue has continued to serve the business well. The accredited editorial team drove heightened results during high-impact windows (e.g. state launches and key sporting events) while constantly improving our core content and offerings throughout the sporting calendar. Our commercial team in North America continues to collaborate with its European counterpart to share deals, impart learnings and streamline operator/partner management.

Additionally, with the departure of the CBWG founders (October 2022), the Group restructured the North America team to successfully deliver on our strategy and bring senior leaders closer to the business. Shortly after period end in early 2023, Kevin Duffey, the founder of Saturday Football Inc., which is one of the largest independent digital sports media brands in the US college sports market, was promoted to President of XLMedia North America, allowing our North America presence to be aligned under one leader.

## CONTINUOUS CYCLE THAT TAPS INTO AUDIENCE ENGAGEMENT & DRIVES RETENTION



Our brands are continuously connected to our audiences, which enables multiple monetisation points that deliver more sustainable revenues with less seasonality. Our media driven approach utilises pre-game,

in-game, and between game moments. This allows us to provide our audience with the right content and the right products at the right time.



# EUROPE

The Group’s Europe Sports assets saw a marginal decline in revenue to \$7.6 million in 2022. However, that revenue decline levelled in Q4 2022 and the Group is ready to start its growth journey through 2023.

In early 2022, we continued to implement the Group strategy to streamline from a large number of sites with no/low brand equity to a few quality sites, each with grounded consumer value propositions.

Adjacent to this, the recently acquired Blueclaw (September 2021) began to remedy technical SEO challenges across the portfolio that had previously impacted performance and growth. Throughout Q1 2022, our EU Sports assets began to achieve improved SEO visibility performance.

In Q2 2022, the Group began migrating the business to a new content management system (CMS) providing a dynamic platform to facilitate fast content production and site development. This CMS also furthered our ability to share content, promote cross-brand collaboration and grow audiences.

To implement the technology, Freebets was selected for the pilot programme. While the business experienced a short-term reduction in visibility during the initial phase of the pilot, the team was able to recover the lost ground within weeks and visibility was quickly restored, now on a stable and resilient CMS. The learnings from this migration have enabled us to carry out the wider portfolio rollout with greater efficiency and in ways that minimise the impact of changing technology. For example, 101GreatGoals seamlessly transitioned to this new platform in June 2022.

The platform itself provides enhanced data sets enabling us to plan for a more personalised experience, maximising the engagement and enjoyment of our audiences and delivering high quality customers for our operator and partner network. This is evidenced by Freebets, which drove higher intent traffic leading to a 33% YOY conversion improvement.

Finally in Q4, the team from Blueclaw fully integrated into the Group as per the acquisition plan and was restructured as XLMedia’s Search Team. The team is solely focused on optimising the performance of our owned and operated brands, delivering value by supporting organic search optimisation.



*In March 2022, Irish boxer John Fury was named Brand Ambassador for Freebets. Fury’s personal and professional network extends to some of the biggest names in boxing and entertainment. He has the authority to comment on a huge array of public figures that have a combined reach on social media in the hundreds of millions. This allows for the positioning of Freebets to be at the heart of global conversations concerning boxing, sports, current affairs and more.*

# GAMING

Revenue from the Group’s Gaming assets fell to \$15.6 million in 2022 due to declines in tail revenue share. However, the business saw Gaming revenues stabilise across Q2–Q4 2022. We created new tail revenue in 2022, from which we expect to see a benefit beginning in 2023 as we continue to grow RMPs. The net effect is revenue stabilisation followed by future growth. The team continues to seek contributors with specialist expertise while also operating from a cost-effective base.

As of April 2022, our key Gaming brands are all out of penalty and remain in good standing with Google. This has allowed us to reposition ourselves for new growth in the gaming vertical, while prioritising sustainable, higher-profit-margin markets. In North America, we anticipate a small dip in gaming revenues while we reposition our North American casino assets.

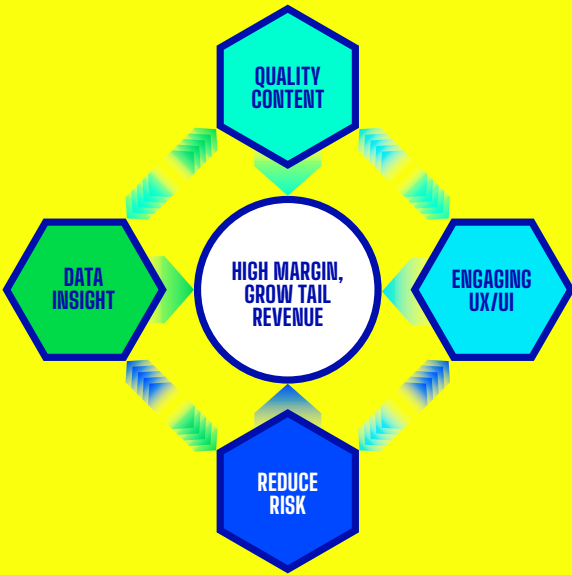
Our strategy of building high-quality brands with engaging content and a focus on experience, expertise, authority and trust (Google E-E-A-T) has provided clear benefits. For example, WhichBingo has seen traffic grow 58% year over year due to an increase in organic search rankings and risk reduction practices.

In the last year, we successfully launched our new gaming brand, Caziwoo, which gives the Group additional access to the North American gaming market. As part of the launch, we merged the residual Finnish assets under the brand. While the merger created a short-term revenue dip in the market in 2022, we expect to see solid growth in years to come.

The Group’s gaming assets, as previously highlighted, continue to evolve its practices aligned to regulatory changes and are well positioned to grow new revenue. This is

especially true in the US as more states open up to gaming through government regulation. Finally, our Gaming Commercial Team began to work more closely with their counterparts across the business to bring their expertise and existing relationships with gaming advertisers to the wider portfolio.

## NEW GAMING MANAGEMENT METHOD TO REDUCE RISK AND BUILD SUSTAINABLE REVENUE



# PEOPLE AND TECHNOLOGY

## SIMPLIFICATION AND INNOVATION

Two key concepts underpin our progress as a group: simplification and innovation.

While sometimes thought of as opposing notions, when these concepts are aligned the outcome shows significant benefits. By simplifying and reducing distraction, the clarity provided allows a business to focus

on opportunities for innovation that promote long-term growth.

In 2022, we simplified our organisation across our management layers, processes and technology. The effect is a more agile, healthier workplace with greater innovation.

When we combine the right experts with the right tools at the right time, we are able to excel as an organisation.



## A WORKFORCE THAT DELIVERS CREATIVITY AND SOLUTIONS

The idea of what a workplace can be has evolved. Hybrid work – in which employees can freely alternate between working in an office or working from home – is now common for companies all over the world. At XLMedia, we implement hybrid work with the goal of ensuring colleagues can remain engaged and be most effective.

Hybrid work is part of our employer value proposition (EVP). An EVP is defined as the promise a business makes with current and potential employees in exchange for their talent, skill and experience. Simply put, an EVP equates to the qualities a business possesses that make people aspire to work there.

The Group enables and benefits from hybrid work, which we believe drives strong business agility and improves the lives of our colleagues everywhere. For the business, hybrid work reduces financial costs, lowers environmental impact, increases productivity and heightens our ability to generate

value. For colleagues, it provides flexibility, autonomy and ultimately better work-life balance.

A hybrid workplace can also present challenges, from ensuring individuals feel connected to one another to building a shared company culture or promoting learning and development.

To remain successful as a hybrid organisation with a strong EVP, we identified three people initiatives designed to keep our teams energised and engaged in 2022. These will extend to 2023.



Our goal is to promote well-being throughout the organisation, champion diversity, equity and inclusion (DE&I), grow and mobilise our internal talent and further develop our company culture.



First, we commenced refining and rebuilding the foundation from which XLMedia operates. Historically, the Business took a very decentralised approach to division governance, leading to multiple versions of systems, fractured processes and reduced oversight. While there are times that a decentralised approach can benefit a business, the Group’s rapid acquisitions and changing market landscape required greater strategic alignment, more visibility, prudent cost-controls and higher quality output.

In 2022, we actively re-engineered our business for growth by reviewing team structures and reducing management layers across the organisation. These adjustments were designed to successfully deliver on our strategy and bring senior leaders closer to the business.

Additionally, we conducted an audit of legacy employee and corporate policies yielding a more modern, compliant business. For example, we have now revised the individual incentivisation programme to weight everyone’s performance across profit, revenue and personal objectives. Having balanced metrics to evaluate performance across the business means when we win, we win together.

Next, we have prioritised learning, sharing and development. We have implemented leadership and manager training programme, provided change management courses and continued to refine our hybrid workplace practices. In combination, these efforts upskill our workforce, provide employees greater career growth opportunities and facilitate clearer management communication.

We have centralised skills, where strategically appropriate, by building centres of excellence around subject matter expertise. This approach encourages knowledge sharing and cost-effectively supports the wider business. With more deeply integrated teams, we create greater accountability, shared understanding and make clear how individuals can contribute to the Group’s goals.

Finally, we are building a culture that encourages communication, enjoyment and purpose. We have integrated new employee engagement tools that provide a data-led approach to culture decisions, hosted virtual and in-person local events and championed volunteer days. We are committed to listening to our workforce and building a culture that reflects their voices and values.

193 total employees

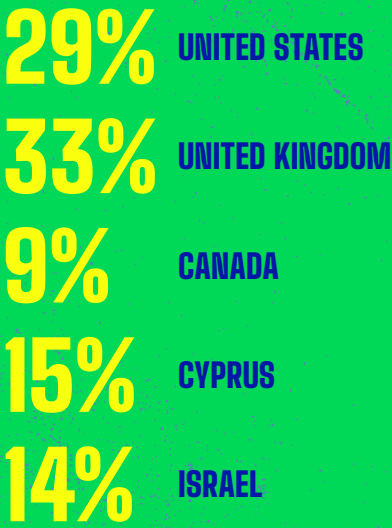
91 new employees

47% new team members

EMPLOYEES BY VERTICAL



EMPLOYEES BY LOCATION



NEW CENTRES OF EXCELLENCE:

Data Analytics, Data Science, Data Security, Innovation Specialists, People Team, Product Management, Search

NEW EXECUTIVE LEADERSHIP IN 2022:

- Appointment of Caroline Ackroyd, Chief Financial Officer (March 2022)
- Appointment of David King, Chief Executive Officer (July 2022)
- Appointment of Karen Tyrrell, Chief People and Operations Officer (September 2022)
- Appointment of Peter McCall, Company Secretary and Group Legal Counsel (December 2022)

PROMOTED TO THE EXECUTIVE TEAM IN 2022:

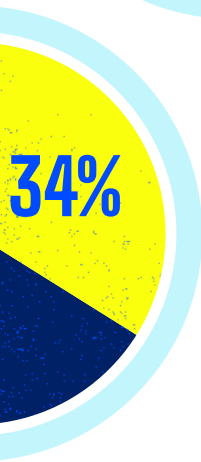
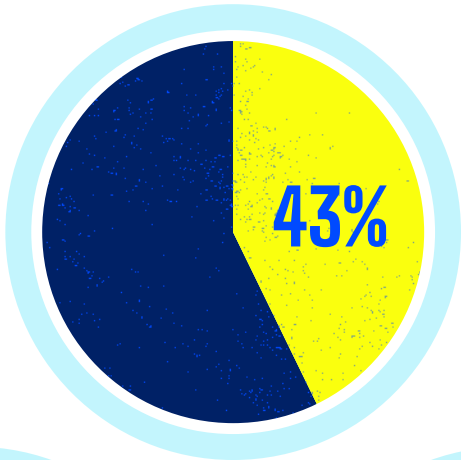
- Promotion of Elizabeth Carter, Vice President of Marketing and Communications (October 2022)
- Promotion of Kevin Duffey, President of XLMedia North America (post period January 2023)

ENGAGEMENT AND REPRESENTATION

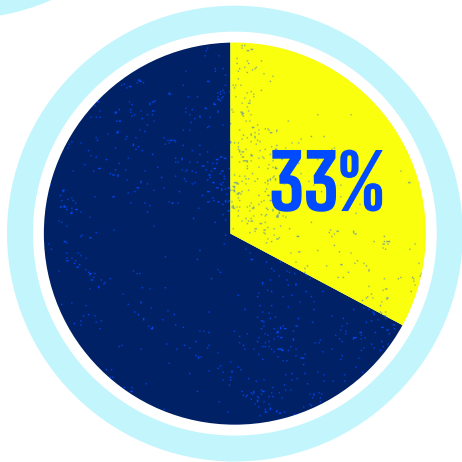
We are committed to making XLMedia a great place to work, with a culture that promotes diversity, inclusivity, personal development and respect. We use formal and informal mechanisms to assess and improve employee engagement and satisfaction.

As a global organisation, we work hard to become ever more inclusive and diverse. Our people are selected and promoted based on their qualifications and merit, without discrimination from race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.

Female Executives



Female Employees



Female Board Members

TECHNOLOGY THAT UNDERPINS THE BUSINESS, TECHNOLOGY FOR INNOVATION

It can be easy to think of technology as only being new, different or disruptive. In reality, technology as an industry has matured and a new truth has emerged in recent years – you do not have to build every piece of tech yourself to fully benefit from your tech stack. In fact, there are now a vast number of excellent ‘off-the-shelf’ core tech offerings across all industries that provide reliable solutions to all types of businesses.

The strategic integration of these core platforms into a business’s tech stack allows for development time to be allocated toward ownable Tech Intellectual Property (Tech IP), which represents the innovation necessary to compete and win in today’s online landscape. Tech IP can be thought of as innovative consumer-facing product features not offered by competitors.

Historically, XLMedia chose to build both proprietary core platforms and Tech IP. This proved to be challenging as it takes considerable time to design, build, maintain and enhance core platforms.

Our technology is now aggregated from two sources: licensed core platforms and owned Tech IP fuelled by first-party and sports data. We utilise licensed platforms to drive the core operations of the business, simplify

our infrastructure and streamline processes for greater efficiency. We build Tech IP to deliver consumer-facing product innovation that sets us apart from competitors and helps better define our brands in the minds of their audience. The two in unison yield valuable data that provides the Group with actionable audience insight to make informed decisions and deliver a smarter business.

With this change in tech strategy, we have evolved from a development-heavy team to a smaller, highly qualified multidisciplinary group that allows the business to be more agile in delivering innovative tech solutions that generate greater consumer awareness, loyalty and retention.



# CORPORATE GOVERNANCE



# OUR BOARD




## XLMEDIA’S BOARD IS A HIGHLY SKILLED TEAM WITH BREADTH OF CAPABILITY AND DISCIPLINE

The Board is collectively responsible for promoting the success of XLMedia by directing and supervising policy and strategy. It is responsible to shareholders for the Company’s financial and operational performance and risk management.

### CHANGES TO THE BOARD DURING THE YEAR:

- Christopher Bell – stepped down from the Board on 19 January 2022
- Caroline Ackroyd – appointed to the Board on 21 March 2022
- Marcus Rich – appointed to the Board on 31 March 2022
- Stuart Simms – stepped down from the Board on 30 June 2022
- David King – appointed to the Board on 1 July 2022

### COMMITTEE MEMBERSHIP KEY

-  Audit and Risk Committee
-  Remuneration Committee
-  Committee Chair



Marcus Rich  
Independent Non-Executive  
Chair



Appointed: March 2022  
Nationality: British

- KEY STRENGTHS AND EXPERTISE:**
- Extensive digital publishing industry leadership experience
  - Considerable knowledge of capital markets and global media industry

**Other current appointments:**

- Non-Executive Chairman at Digitalbox plc

Marcus is an experienced Chair and Chief Executive, with deep knowledge of the global media, publishing and marketing sectors gained from over 30 years’ senior leadership experience. Most recently, he was CEO at TI Media from March 2014 to May 2020, prior to the sale to Future PLC. Previously, he was at Associated Newspapers for five years in the roles of Commercial Director and Managing Director, Mail On Sunday. Preceding this, Marcus worked at EMAP for 16 years, during which time he held the role of Group Managing Director of EMAP Lifestyle Magazines and EMAP Advertising, and he also ran the company’s Australian and US businesses. Marcus was also formerly a Group Account Director at McCann Erickson and ran Optimus Communication.



David King  
Chief Executive Officer

Appointed: July 2022  
Nationality: British

- KEY STRENGTHS AND EXPERTISE:**
- Broad media and digital publishing industry experience
  - Strong leadership and financial expertise

**Other current appointments:**

- None

David is an experienced Chief Executive Officer with extensive leadership and financial expertise. He joined the Group having held a number of senior Executive roles in companies across the media sector, most recently as CEO at JPIMedia Group. Prior to this, he served as CEO of Timeout Group and CFO of BBC Worldwide (now BBC Studios). In his early career, David spent time as a Management Consultant at PwC working with a number of blue-chip clients. He is a qualified Chartered Accountant.



Caroline Ackroyd  
Chief Financial Officer

Appointed: March 2022  
Nationality: British

- KEY STRENGTHS AND EXPERTISE:**
- Strong finance leadership background
  - Substantial knowledge of the gaming and leisure sectors

**Other current appointments:**

- None

Caroline is an experienced Chief Financial Officer and Board Director with a track record of successful value creation. Most recently, Caroline held the role of CFO and sat on the board at Jaywing PLC, an AIM-listed integrated marketing agency and consulting business. Caroline was responsible for the management of finance, HR, facilities and technology, and also assumed the responsibilities of Company Secretary. Prior to this, Caroline held the role of CFO from 2018 to 2020 at Push Doctor, a provider of online GP services; Director of Commercial Finance from 2014 to 2018 with Sky Betting and Gaming; Finance Director from 2012 to 2014 for Coral Interactive (a subsidiary of Gala Coral Group) and several finance leadership roles with BSkyB from 2004 to 2012.





**Ory Weihs**  
Non-Executive Director

Appointed: April 2012  
Nationality: Israeli

**KEY STRENGTHS AND EXPERTISE:**

- Extensive knowledge of XLMedia having founded the business
- Significant understanding of performance marketing

Other current appointments:

- Founder, Team Odeon

Ory co-founded XLMedia and served as CEO from 2008 to 2019, prior to which he worked across all areas of the business as it successfully scaled from the affiliate network he first established in 2003. He brings considerable entrepreneurial and digital business leadership experience. Ory is also the founder of Team Odeon, a performance marketing company focused on higher education. He is an active investor and advisor to companies operating in software as a service, gaming and performance marketing.



**Cédric Boireau**  
Non-Executive Director

Appointed: October 2021  
Nationality: French


**KEY STRENGTHS AND EXPERTISE:**

- Significant experience in both public and private markets
- Considerable knowledge of the online gambling industry

Other current appointments:

- Member of the surveillance committee of SAS Bayard Holding
- Non-Executive Director, Kindred Group plc

Cédric has worked with Premier Investissement SAS for over ten years, initially in the company’s listed real estate development subsidiary Bassac, where he worked for five years. In 2017, he co-founded Lagune Holding, an investment advisor, and he worked closely with Premier Investissement to develop its asset management arm and help it to invest in listed companies. Cédric is the appointed representative of Premier Investissement, XLMedia’s largest shareholder.



**Julie Markey**  
Independent Non-Executive Director

Appointed: June 2021  
Nationality: British

**KEY STRENGTHS AND EXPERTISE:**


- Significant experience in people strategy across international organisations
- Considerable knowledge of large-scale consumer businesses

Other current appointments:

- None

Julie brings a wealth of experience across all facets of Human Resources strategy and development on an international scale, gained from over 30 years’ senior leadership. Most recently, Julie was Group People Director at Ocado PLC, where she was responsible for implementing their global people strategy and served on the management committee. Previously, she has held senior leadership roles at Tesco PLC and Diageo.





**Richard Rosenberg FCA**  
Independent Non-Executive Director

Appointed: March 2014  
Nationality: British

**KEY STRENGTHS AND EXPERTISE:**

- Significant and relevant financial accounting experience
- Considerable knowledge of the online marketing sector

Other current appointments:

- Non-Executive Chair, Livermore Investments Group Ltd
- Trustee, Teenage Cancer Trust

Richard is a qualified Chartered Accountant and partner at SRLV, an independent accounting practice, which he co-founded in 1988. He has a strong finance background and specific knowledge of the online marketing sector. XLMedia is the second AIM-listed company he has successfully taken to market, having previously advised Empire Online when it became the first digital marketing business for the gaming industry to be publicly traded in 2005. Richard has been a member of the Academy of Experts since 2011.





**Jonas Mårtensson**  
Independent Non-Executive Director

Appointed: October 2017  
Nationality: Swedish

**KEY STRENGTHS AND EXPERTISE:**

- Considerable capital markets and gaming sector experience
- Extensive experience in technology and product development

Other current appointments:

- None

Jonas is currently Executive Strategy Advisor of Mojang AB, the videogame development company behind the Minecraft game, which was acquired by Microsoft in 2014. Jonas founded betting operator Mobilbet.com, which was sold to ComeOn in 2016. Prior to this, Jonas held senior roles at Betsson, an online betting and gaming company, latterly in Betsson Technologies AB, as Head of Mobile responsible for strategy and execution of all mobile activities across the 28 group brands. He has also managed start-ups in entertainment, social networking and finance. Jonas was one of the founders of Happy Socks.



# DIRECTORS' REPORT

ADVISORS

Registered Office:

IFC 5  
St Helier  
Jersey  
JE1 1ST

Registrars:

Link Market Services  
(Jersey) Limited  
12 Castle Street  
St Helier  
Jersey  
JE2 3RT

Jersey Law Counsel:

Carey Olsen  
47 Esplanade  
St Helier  
Jersey  
JE1 0RD

UK Law Counsel:

Eversheds  
Sutherland  
Two New Bailey  
6 Stanley Street  
Salford  
Manchester  
M3 5GS

Company Secretary:

Peter McCall  
XLMedia plc  
25 Wilton Road  
London  
SW1V 1LW

Nominated Advisor  
& Corporate Broker:

Cenkos Securities plc  
6.7.8. Tokenhouse  
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London  
EC2R 7AS

Auditors to the  
Company:

Kost Forer Gabbay &  
Kasierer (a member  
of Ernst & Young  
Global)  
3 Aminadav Street  
Tel Aviv 67067

Public Relations  
Advisor:

Vigo Consulting  
40 Piccadilly  
London  
W1J 0DR

The Directors present their report for the year ended 31 December 2022.

RESULTS AND REVIEW OF THE BUSINESS

The Directors' Report should be read in conjunction with the full 2022 Annual Report and financial statements.

SHARE CAPITAL

The authorised and issued share capital of the Company are shown in note 17 of the financial statements.

Pursuant to the resolution passed by shareholders at the last Annual General Meeting, and in accordance with the Company's Article of Association, the Directors were authorised by shareholders to allot and issue, wholly for cash, with disapplication of pre-emption rights, up to 26,258,641 shares representing 10% of the issued share capital of the Company as of the date of the Annual General Meeting. These authorities expire, to the extent not already used, on the date of the Annual General Meeting to be held on 26 May 2023.

Approval will be sought for new authorities at the Annual General Meeting.

TREASURY SHARES

The Company does not hold any Ordinary Shares in treasury.

MAJOR SHAREHOLDERS

As of 31 December 2022, the following interests of shareholders in excess of 3%, had been notified to the Company by the shareholders:

SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	SHARES AS % OF ISSUED SHARE CAPITAL
Premier Investissement SAS	73,478,567	27.98%
TFG Asset Management UK LLP	13,500,000	5.14%
Ory Weihs	8,137,444	3.08%

GLOBAL SHARE INCENTIVE PLAN

On 26 May 2022, the Company granted share awards over a total of 2,467,264 ordinary shares, and on 19 August 2022 the Company granted an award over a further 833,333 ordinary shares in the Company under the XLMedia 2020 Global Share Incentive Plan.

## BOARD CHANGES

The following were appointed as Directors during the year.

- Caroline Ackroyd was appointed as Group Chief Financial Officer on 21 March 2022.
- Marcus Rich was appointed as Non-Executive Chair of the Company on 31 March 2022.
- David King was appointed as Group Chief Executive Officer on 1 July 2022.

The following resigned as Directors during the year:

- Christopher Bell stepped down as a Director on 19 January 2022.
- Stuart Simms stepped down as a Director on 30 June 2022.

In addition:

- Julie Markey served as Interim Chair from 28 February to 31 March 2022.

## STRATEGIC ACTIVITIES

DIRECTORS' INDEMNITY INSURANCE

The Group has provided to all of its Directors limited indemnities in respect of costs of defending claims against them and third-party liabilities. The Group has made qualifying third-party indemnity provisions for the benefit of its Directors which were available during the period and remain in force at the date of this report.

CORPORATE GOVERNANCE

In September 2018, the Company adopted the QCA Corporate Governance Code published by the Quoted Companies Alliance. For more information about Corporate Governance and the implementation of the QCA Code please refer to the Chair's Statement on pages 11–12 of this Annual Report, and the Corporate Governance Report on pages 77–88 of this Annual Report.

BOARD COMMITTEES

The Board has established an Audit Committee and Risk Committee, and a Remuneration Committee. For more information about the Audit Committee and Risk Committee and for information about the internal and external Auditors please refer



to the Audit Committee and Risk Committee Report on pages 90–92 of this Annual Report.

For more information about the Remuneration Committee, Directors' remuneration and bonus and share option schemes please refer to the Remuneration Committee Report on pages 93–97 of this Annual Report.

## OUR FINANCIAL INSTRUMENTS

The Group's financial instruments are discussed in note 2 to the financial statements.

## OUR PROCEDURES

The Group's Procedures including our Code of Business Conduct, Anti-Bribery and Corruption Policy, Disclosure Policy, Dealing Code, Social Media Policy, Whistleblowing Policy and Modern Slavery Policy are determined by the Board and set out for all employees to review. The Company's management is responsible for the implementation of these procedures.

## OUR SHARE DEALING CODE

The Company has adopted a share dealing code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules) and in accordance with the Market Abuse Regulations. The Directors consider that the share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual reports and the Group and Company financial statements in accordance with applicable law and regulations.

Jersey Companies Law requires the Directors to prepare accounts for each financial period. Under that law, and as required by the AIM Rules for Companies, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In preparing these financial statements, the Directors are required to:

- Present fairly the Group and Company financial position, financial performance and cash flows;
- Select suitable accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgments that are reasonable;
- Provide additional disclosures when compliance with the specific requirements in IFRS, as adopted by the EU, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and
- State whether the Group and Company financial statements have been prepared in accordance with IFRS, as adopted by the EU, subject to any material departures disclosed and explained in the financial statements.

## DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 69–72. Having made enquiries of fellow Directors and of the Company's Auditors each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of that information.

## EMPLOYEES

The Directors recognise the value of involving employees in the business and ensuring that matters of concern to them, including the Group's aims and objectives, are communicated in an open and regular manner. Management frequently briefs employees on the Group's performance and activities and discusses matters of concern or interest. Recruitment gives equal opportunity to all employees regardless of age, gender, sex, sexual orientation, colour, race, religion or ethnic origin. Training programmes are held for all levels of staff. These are aimed at increasing skills and contribution.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Company will be holding its 2023 Annual General Meeting on 26 May 2023.

## GOING CONCERN

The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

## AUDITOR

A resolution to reappoint Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global (EY), as Auditors of the Company will be put to the Annual General Meeting. The Directors will also be given the authority to fix the Auditors' remuneration. For more information about the Auditors please refer to the Audit and Risk Committee Report on pages 93–97 of this Annual Report.

During the year the Auditors undertook certain specific pieces of non-audit work (including work in relation to tax matters and the evaluation of potential acquisition targets). EY were selected to undertake these tasks due to their familiarity with the online industry and, as regards tax, their alignment with work carried out under the audit. In order to maintain EY's independence and objectivity, EY undertook its standard independence procedures in relation to those engagements.

By Order of the Board

**Peter McCall**  
Company Secretary

# CORPORATE GOVERNANCE REPORT

As an AIM listed company working largely within regulated markets, our Board recognises the importance of applying sound and consistent governance principles appropriate to the nature, scale and business of the Company and the need to apply best practices wherever possible to help manage risk within the business. Our Board is committed to upholding high standards of corporate governance throughout the Group. Our Board acknowledges its role in setting the culture, values and ethics of the Group and in ensuring good corporate governance principles are maintained for the long-term benefit of the Group.

In line with the requirement in the AIM Rules requiring all AIM quoted companies to adopt and comply with a recognised corporate governance code and detail how they comply with that code, the Board has formally

adopted the QCA Corporate Governance Code (the Code) and reports annually on the Company’s compliance with the Code and any exceptions.

The Code is constructed around ten key governance principles that the QCA has identified as focusing on the pursuit of medium to long-term value for shareholders. We have set out in the report below how we apply the ten principles of the Code, using the disclosures indicated by the Code.

The Board believes that the Group complies with the principles of the Code to the extent possible and has explained below where it does not comply. The Board will continue to monitor how the Code is interpreted in practice to ensure we can continue to comply with the principles of the Code as far as possible.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth	1	Establish a strategy and business model which promotes long-term value for shareholders	<p>Our strategy and business operations are set out in pages 31–44 of the Annual Report. That section covers our business model, our strategy and how we aim to drive long-term value for shareholders.</p> <p>The risk sections of the Annual Report are on pages 98–102 of the Annual Report and deal with the major challenges the business faces and how these challenges are addressed and mitigated.</p>
Deliver Growth	2	Seek to understand and meet shareholders’ needs and expectations	<p>We are committed to communicating openly with our shareholders to ensure that our strategy, business model and performance are understood; and to listen to and seek to address any concerns.</p> <p>Representatives of the Company and the Board are present at the Annual General Meeting of the Company to answer questions from shareholders who attend the meeting. The Company has also made available a facility for shareholders to address questions to the Company via email.</p> <p>Additionally, our Chair and the Chief Executive Officer meet and talk regularly with shareholders and potential investors directly and through analysts and brokers in order to receive feedback on market expectations or other matters.</p> <p>We nominated our CEO, David King and our CFO, Caroline Ackroyd as the responsible officers for shareholder engagement and have in place a mailbox to address investor feedback (ir@xlmedia.com).</p>



CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth (cont.)	2 (cont.)	Seek to understand and meet shareholders' needs and expectations (cont.)	<p>We also operate a free email alerts tool on our website, which allows subscribers to receive breaking news about the Company and the Group via email. Registration to the newsletter can be made here: <a href="https://www.xlmedia.com/investor-relations/rns-news-alerts/#alerts">https://www.xlmedia.com/investor-relations/rns-news-alerts/#alerts</a>.</p> <p>Additional information about the ways in which the Group is communicating with its shareholders is available on our website: <a href="https://www.xlmedia.com/investor-relations/significant-shareholders/">https://www.xlmedia.com/investor-relations/significant-shareholders/</a> and in this report.</p>
Deliver Growth	3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>We are mindful of our corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups. Our key stakeholders are our shareholders, customers and their end customers, suppliers, employees and regulators.</p> <p>We nominated our CEO, David King and our CFO, Caroline Ackroyd as the responsible officers for stakeholder engagement and set up a mailbox to address stakeholders' feedback (<a href="mailto:ir@xlmedia.com">ir@xlmedia.com</a>). The specific needs of each stakeholder group are considered when the Company reviews and responds to that feedback.</p> <p>We are committed to ensuring a high level of customer service. We frequently correspond with, and seek feedback from, key customers in order to improve our services. All customer feedback and requests are handled carefully and promptly. Our executives also regularly meet with key customers at professional</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth (cont.)	3 (cont.)	Take into account wider stakeholder and social responsibilities and their implications for long-term success (cont.)	<p>conventions and other events to improve customer relations and to better understand customers' needs.</p> <p>We view highly trained and satisfied employees as another essential part of business growth. As such, we strive to train and develop our employees to ensure professionalism, excellence and personal development in turn facilitating progression on their part. We recruit employees who fit our open and dynamic working environment and our employees are encouraged to provide feedback on ongoing matters through informal discussions with managers and executives at all levels and during their meetings with their managers. Managers are simultaneously encouraged to act on the feedback received. We have established a written Whistleblowing Policy which has been issued to all our workers. The Group has provided a specific email address to be used for the purposes of raising a whistleblowing issue which can only be viewed by senior members of the Group's People and Legal teams.</p> <p>We believe that suppliers are key to providing excellent services and are therefore essential for supporting our long-term success. Many of our suppliers rank at the top of their services category. Suppliers are asked by the relevant functions in our Group to provide feedback about their services and expertise. Any feedback is discussed by us and further action, if required, is considered.</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth	4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>The Board has embedded an effective risk management framework to identify, evaluate, manage and mitigate risks, in order to ensure the Company is well positioned to execute its strategy and achieve its business objectives. The Company's risk register is compiled with input from our executives and other employees.</p> <p>The Audit and Risk Committee of the Board is responsible for reviewing the risk register and other risks facing the Company and discussing all compliance issues and regulatory developments based on the risk register and other periodical management updates designed to highlight any new or developing risks.</p> <p>In addition, we have an internal audit function performed by Chaikin Cohen Rubin &amp; Co. which conducts audits periodically pursuant to an internal audit plan. The specific internal audit plan is established each year based on the issues identified by the Audit Committee and the Board as most relevant to such year.</p> <p>Each report published by the internal Auditors is discussed by the Audit Committee and action items identified in such reports are handled by the Company.</p> <p>Further details on the risk management process, the key risks and challenges facing the business and how they are mitigated are set out in pages 98–102 of this Annual Report.</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework	5	Maintain the board as a well-functioning, balanced team led by the Chair	<p>The Board is charged with the responsibility of directing and governing the Company's affairs, including: the formulation and approval of the Company's long-term objectives, mission and strategy; the approval of budgets; the oversight of the Company's operations and delegation of authority to management; the establishment and monitoring of sound internal controls and risk management systems; and the evaluation of the implementation of the Company's policies and business plan.</p> <p>The Board operates formally through meetings of both the full Board and of its committees, and informally through regular contact between Directors. The Board convenes at least once every quarter to review and monitor the implementation of the Company's strategy, budgets and progress and more frequently if necessary.</p> <p>While the Board may delegate responsibilities, there are formal matters specifically reserved for decision by the Board. Such reserved matters include the approval of significant capital expenditures, material business contracts and major corporate transactions. A formal schedule of Matters Reserved for the Board has been adopted by the Company.</p> <p>The Board currently comprises eight directors, two of whom are Executive Directors and six of whom are Non-Executive Directors, including the Chair. The Board views Julie Markey, Richard Rosenberg, and Jonas Mårtensson as Independent Non-Executive Directors.</p>



CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	5 (cont.)	Maintain the Board as a well functioning, balanced team led by the Chair (cont.)	<p>Members of the Board must be re-elected by the shareholders of the Company at the Company's Annual General Meeting at least once every three years. Richard Rosenberg and Jonas Mårtensson have both indicated their intention to step down as Directors of the Company. Both have indicated that they are willing to remain on the Board for a short time in order to help to facilitate a smooth transition of their responsibilities. Mr Mårtensson will therefore leave at the end of June while Mr Rosenberg will remain on the Board until the end of September 2023. Since he has now served as a Director for more than nine years, Mr Rosenberg will stand for re-election at the Company's forthcoming Annual General Meeting.</p> <p>The Board consists of Directors presenting an appropriate balance of skills and experience to effectively operate and control the business and, where deemed necessary, the Board also consults with external advisors or with Executive Officers of the Company. The Board is an independent unit acting for the benefit of the Company and its composition ensures that no individual (or a small group of individuals) can dominate its decision-making. The Board has established an Audit and Risk Committee, and a Remuneration Committee, both with formally delegated duties and responsibilities. More information about the composition and the duties and responsibilities of each Board Committee is available in the Company's website on: <a href="https://www.xlmedia.com/about-us/corporate-governance/">https://www.xlmedia.com/about-us/corporate-governance/</a>.</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
			<p>At this stage of the Company's development the Board does not consider it necessary to establish a Nominations Committee and the Board will take decisions regarding the appointment of new Directors and Executive employees following a thorough assessment of a potential candidate's skill and suitability for the role.</p> <p>Non-executive Directors are expected to devote as much time as is necessary for the proper performance of their duties. Executive Directors are full-time employees and expected to devote as much time as is necessary for the proper performance of their duties.</p> <p>During 2022, the Board held eight meetings. Attendance at those meetings is shown on page 89.</p> <p>The Board also passed multiple unanimous written resolutions.</p>
Maintain a Dynamic Management Framework	6	Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities	<p>The Board considers its current composition to be appropriate and suitable with the adequate and up-to-date experience, skills and capabilities to make informed decisions.</p> <p>Each member of the Board brings a different set of skills, expertise and experience, making the Board a diverse unit equipped with the necessary set of skills required to create maximum value for the Company.</p> <p>The Board is fully committed to ensuring its members have the right skills. Members of the Board must be re-elected by the shareholders of the</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	6 (cont.)	Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities (cont.)	<p>Company if they have not been re-elected at the previous two Annual General Meetings in accordance with the Company's Articles of Association (and more frequently in some circumstances), thereby providing shareholders the opportunity to decide on the election of the Company's Board.</p> <p>The Directors' biographical details and relevant experience can be found on pages 69–72 of this Annual Report and at the following URL: <a href="https://www.xlmedia.com/about-us/board-management/#board">https://www.xlmedia.com/about-us/board-management/#board</a></p> <p>Throughout the year, members of the Board receive updates on corporate governance matters from either the Company Secretary and/or the Company's Nominated Advisor.</p> <p>During the year, the Directors receive regular updates on our business from the CEO and CFO and regulatory updates from the General Counsel.</p> <p>More information about the Group's management can be found here: <a href="https://www.xlmedia.com/about-us/board-management/#management">https://www.xlmedia.com/about-us/board-management/#management</a>.</p> <p>The Board also consults with external advisors and with Executives of the Company on various matters as deemed necessary and appropriate by the Board.</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework	7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	In order to ensure that the Board as a whole and its members collectively function in an efficient and productive manner, a formal external Board evaluation was carried out in the first quarter of 2023. A report on the findings of the evaluation exercise was submitted to the Chair who considered its findings with the Board and individual Directors.
Maintain a Dynamic Management Framework	8	Promote a corporate culture that is based on ethical values and behaviours	<p>We are committed to acting ethically and with integrity. We expect all employees, officers, Directors and other persons associated with us to conduct their day-to-day business activities in a fair, honest and ethical manner.</p> <p>For that purpose, we have adopted a Code of Business Conduct (Code) which applies to all our workforce personnel. Pursuant to the Code, employees, Directors and other relevant stakeholders are required to comply with all laws, rules and regulations applicable to us. These include, without limitation, laws covering anti-bribery, copyright, trademarks and trade secrets, data privacy, insider trading, illegal political contributions, antitrust prohibitions, rules regarding the offering or receiving of gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets.</p>



CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	8 (cont.)	Promote a corporate culture that is based on ethical values and behaviours (cont.)	<p>The Code also includes provisions for disclosing, identifying and resolving conflicts of interest of employees and Board members. The Code includes provisions requiring all employees to report any known or suspected violation and ensures that all reports of violations of the Code will be handled sensitively and with discretion. We also recognise the benefits of a diverse workforce and are committed to providing a working environment that is free from discrimination.</p> <p>We have also adopted a share dealing code, regulating trading by persons discharging managerial responsibility and persons closely associated with them (PDMRs). We take all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of the Dealing Code.</p>
Maintain a Dynamic Management Framework	9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	<p>The Board Committees are comprised of a majority of independent Board members to ensure, amongst other reasons, that resolutions adopted are conflict-free. Further details of the composition and meetings of these Committees can be found on pages 89–97 of the Annual Report. Each of the Board Committees has the ability to use external advisors as it deems necessary in the furtherance of its duties.</p> <p>The Company's CEO is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and then executing the approved strategy. The Chair's main</p>

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
			<p>responsibility is the leadership and management of the Board's business and its governance and acting as its facilitator. He meets regularly and separately with the CEO and the Directors to discuss matters for the Board.</p> <p>We will continue to review our governance structures with the QCA Code in mind and are committed to the evolution of our corporate governance in line with best practices, to the extent the Directors judge it appropriate considering the Company's size, stage of development and resources.</p>
Build Trust	10	Communicate how the group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>We are committed to an open communication and dialogue with our stakeholders. Our main stakeholder groups are our regulators, our shareholders, our customers, our suppliers and our employees.</p> <p>We communicate with stakeholders inter alia through the Annual Report, the Annual General Meeting of shareholders, the full-year, half-year and other regulatory market announcements, investor roadshows and through the Group's website.</p> <p>Our website is regularly updated, and users can register to be alerted via email when announcements are posted on the website. Annual Reports and notices of Annual General Meetings from recent years can be found on our website.</p> <p>We publish on the Company's website in a clear and transparent manner the outcomes of the General Meetings of shareholders, including a breakdown of votes cast.</p>

ATTENDANCE TABLE

Director	Position	BOARD MEETING		AUDIT AND RISK COMMITTEE		REMUNERATION COMMITTEE	
		Max Possible Attendance	Meetings attended	Max Possible Attendance	Meetings attended	Max Possible Attendance	Meetings attended
David King <sup>1</sup>	CEO	3	3	-	-	-	-
Caroline Ackroyd <sup>2</sup>	CFO	4	4	-	-	-	-
Marcus Rich <sup>3</sup>	Chair	4	4	2	1	4	4
Julie Markey <sup>4</sup>	Independent Non-Executive Director	8	8	2	2	4	4
Ory Weihs	Non-Executive Director	8	8	-	-	-	-
Richard Rosenberg	Independent Non-Executive Director	8	7	2	2	4	4
Cédric Boireau	Non-Executive Director	8	8	-	-	-	-
Jonas Mårtensson	Independent Non-Executive Director	8	6	2	1	4	4
Stuart Simms <sup>5</sup>	CEO	4	3	-	-	-	-
Christopher Bell <sup>6</sup>	Chair	3	2	-	-	-	-

1. Joined 1 July 2022  
2. Joined 21 March 2022  
3. Joined 31 March 2022  
4. Acted as Interim Chair between 28 February and 31 March 2022  
5. Stepped down 30 June 2022  
6. Stepped down 19 January 2022

AUDIT AND RISK COMMITTEE REPORT

GENERAL AND COMPOSITION OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (referred to as the “Committee” in this section of the Report) is a committee of the Board. The Committee Chair reports formally to the Board on all matters within the Committee’s duties and responsibilities and on how the Committee discharges its responsibilities. The Committee members are Marcus Rich, Jonas Mårtensson, Julie Markey and Richard Rosenberg (who chairs the Committee).

The members of the Committee are considered to be Independent Directors. For further information about the qualifications of the Committee members please refer to pages 69–72 of this Annual Report and the Company’s website on <https://www.xlmedia.com/about-us/board-management/>.

The Committee’s terms of reference provide that it should meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required. During a period of significant Board change in the early part of 2022, certain functions normally undertaken by the Audit Committee were instead carried out by the Board of Directors. As a result, the Committee only met twice during the year. The Committee also meets regularly with the Company’s

internal and external Auditors. During 2022, the committee met as a combined Audit and Risk Committee.

PURPOSE AND RESPONSIBILITIES OF AUDIT AND RISK COMMITTEE

The purpose of the Committee is to assist the Board to carry out the following functions:

- Oversight of the integrity of the Group’s formal reports, statements and announcements relating to the Group’s financial performance;
- Reviewing compliance with internal guidelines, policies and procedures and other prescribed internal standards of behaviour;

To achieve such purposes, the Committee has been assigned with the following responsibilities:

- Reviewing the half-year and full-year financial statements with management and with the external Auditors as necessary prior to their approval by the Board;
- Reviewing financial results announcements of the Group and any other formal announcements relating



- to the Group's financial performance and recommending them to the Board for approval;
- Reviewing recommendations from the CFO and the external Auditors on the key financial and accounting principles to be adopted by the Group in the preparation of the financial statements;
  - Reviewing the Group's systems for internal financial control;
  - Approving the appointment and termination of appointment of the Group's internal Auditors, reviewing and approving the Group's internal audit plan and ensuring the internal Auditors have the necessary resources and access to information to enable them to fulfil their mandate;
  - Considering and making recommendations to the Board, to put to shareholders for approval at the AGM, the appointment, re-appointment and removal of the Company's external Auditors and oversee the relationship with the external Auditors;
  - Reviewing and approving the external audit plan and regularly monitoring the progress of implementation of the plan;
  - Determining and monitoring the effectiveness and independence of the internal and external Auditors; and
  - Monitoring the level of resources related to the management of audit functions across the Group.

MAIN ACTIVITIES IN 2022

The Committee:

- Reviewed and approved the financial statements for FY2022 and reviewed the external Auditors' plans for the annual report of FY2022.

- Reviewed and approved the financial statements of the Company for H1 2022.
- Reviewed the quarterly financial results of the Company.
- Reappointed Ernst & Young as the external Auditors.
- Reviewed and discussed reports from the internal Auditors, Chaikin Cohen Rubin & Co.
- Reviewed and approved the financial statements, RNS and internal audit final reports for FY2021 and the internal audit plan for FY2022.

INTERNAL AUDITORS

The internal Auditors of the Company are Chaikin Cohen Rubin & Co appointed by the Company in May 2021. The internal Auditors provide their audit based on an audit plan. Each year specific topics are identified by the Committee for audit during such year. Each report of the internal Auditors is discussed by the Committee and if necessary by the Board and its results are learned from and implemented as required.

EXTERNAL AUDITORS

The external Auditors of the Company are Kost Forer Gabbay & Kasierer (Ernst & Young Israel) (EY). The appointment of EY as Auditors by the Committee was based on their performance during past years and their offer for auditing the financial statements for 2022. The Committee review of the external Auditors confirmed the appropriateness of their reappointment and included assessment of their independence, qualification, expertise and resources, and effectiveness of their audit process.

Both the Board and the external Auditors have safeguards in place to avoid the possibility that the Auditors' objectivity and independence could be compromised.

The services provided by the external Auditors include their audit-related services and tax consulting. In recognition of public concern over the effect of consulting services on Auditors' independence, the external Auditors are not invited to provide general consulting work which can affect their independence as external Auditors.

The total remuneration of the external Auditors for 2022 and for 2021 was as listed in the table below:

EXTERNAL AUDITORS' REMUNERATION	\$'000 2022	\$'000 2021
Audit services	200	175
Acquisition and assurance services	-	178
Tax compliance	208	170

The Committee and the Auditors found that the external audit plan for 2022, the work of the external Auditors for 2022 and the remuneration of the external Auditors for 2022 did not undermine the independence of the external Auditors.

WHISTLEBLOWING

The Group has a Whistleblowing Policy permitting each employee of the Group to raise concerns in confidence about possible impropriety in various aspects and matters. Issues raised will be handled appropriately by the management of the Group.

FINANCIAL REPORTING

The Group's trading performance is monitored on an ongoing basis. An annual budget is prepared, and specific objectives and targets are set. The budget is reviewed and approved by the Board. The key trading aspects of the business are monitored on an ongoing basis and internal management and financial accounts are prepared monthly. The results are compared to budget and prior year performance.

The Committee has taken and will continue to take further steps to ensure the Group's control environment is working effectively and efficiently.

MODERN SLAVERY

The Board has approved a policy in respect of preventing modern slavery and all forms of forced labour which applies to all parts of our business and which encourages all of our people to report concerns in respect of this. The Company's modern slavery statement is available on the Company's website at <https://www.xlmedia.com/wp-content/uploads/2023/01/Modern-Slavery-Policy-2023.pdf>.

**Richard Rosenberg**  
*Chair of the Audit and Risk Committee*

# REMUNERATION COMMITTEE REPORT

**Julie Markey**  
*Chair of the Remuneration Committee*

Dear Shareholder,

I am pleased to present the Directors' Remuneration Committee Report for the year ended 31 December 2022.

The Remuneration Committee comprises Richard Rosenberg, Jonas Mårtensson and Marcus Rich, with myself as Chair of the Committee. All members of the Remuneration Committee are independent Non-Executive Directors.

RESPONSIBILITIES

The Remuneration Committee is responsible for determining and recommending to the Board the framework for remuneration of the Board Chair, Executive Directors and other Senior Executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards.

During 2022, the Remuneration Committee met four times, and the attendance of the Committee members at these meetings is detailed in the table on page 89.

In exercising their role, the Remuneration Committee has regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

During the year FIT Remuneration Consultants LLP (FIT) provided the Remuneration Committee with external remuneration advice, including on all aspects of remuneration policy for the Executive Directors. The Remuneration Committee is satisfied that the advice received was objective and independent. FIT is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure that objective and independent advice is given to Remuneration Committees.

OUR PERFORMANCE AND LINK TO REMUNERATION

As summarised in the Chair's Statement on pages 11–12, XLMedia has progressed with its transformation agenda and has significantly developed its US Sports business while continuing to grow its European operations. 2022 also saw the recruitment of a new executive team, including the appointments of David King as Chief Executive Officer in July, and Caroline Ackroyd as Chief Financial Officer in March. As explained below, the Committee determined that bonus payments of 15% of salary would be made to Executive Directors in respect of the achievement of personal objectives assigned to each of them for 2022.

Performance Stock Units (PSU) awards were granted during the year to David King and Caroline Ackroyd under the shareholder approved XLMedia 2020 Global Share

Incentive Plan (the 2020 LTIP). The awards were over shares with the following values:

- David King: 100% of salary; and
- Caroline Ackroyd: 100% of salary.

The PSU Awards are subject to a three-year performance period, with vesting subject to the achievement of performance measured by reference to total shareholder return over the performance period as compared to the constituents of the FTSE AIM 100 index at the start of the performance period, followed by a two-year holding period

COMPANY'S TSR RANKING <sup>1</sup>	PERCENTAGE OF AN AWARD CAPABLE OF VESTING
Lower than Median	0%
Median	25%
Upper quartile or better	100%

<sup>1</sup> Calculated on a straight-line basis between 25% and 100%

APPOINTMENT OF NEW CHIEF EXECUTIVE OFFICER

In April 2022, the Company announced the departure of Stuart Simms who stepped down from the Board on 30 June 2022. Upon his departure Stuart's outstanding share awards lapsed. We are pleased that we were able to appoint a candidate of the quality of David King as our new Chief Executive Officer.

EXECUTIVE DIRECTOR REMUNERATION

Each of the Executive Directors has a service agreement with the Group. Both David King's contract and Caroline Ackroyd's contract may be terminated by either party serving six months' written notice. At its discretion, the Group may make a payment in lieu of such notice or place the Executive Director

on garden leave. The service contracts also contain provisions for early termination in the event of various scenarios and contain typical restrictive covenants.

The key remuneration components of executive packages are summarised as follows:

Base salary:

The salary of an Executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. The base salaries are:

- David King: Joined in July 2022 on a base salary of USD \$392,000. His salary was increased with effect from 1 April 2023 to USD \$425,000.
- Caroline Ackroyd: Joined in March 2022 on a base salary of USD \$271,000. Her salary was increased with effect from 1 April 2023 to USD \$313,000.

Pension and benefits:

Ancillary benefits include the reimbursement of all reasonable and authorised out of pocket expenses, provision of private healthcare cover and life cover. The Group also contributes to pension plans or as an additional cash supplement in respect of the Executive Directors at a rate of 10% of salary.

Annual bonus:

The Executive Directors are eligible to receive an annual bonus of up to 100% of salary, subject to achievement of targets set by the Remuneration Committee each year and subject to the discretion of the Remuneration Committee.

Although targets for corporate objectives for 2022 (which represented 70% of potential bonus opportunity) were not achieved, the Remuneration Committee determined that bonus payments of 15%



of salary would be made to Executive Directors under the 2022 annual bonus plan. Such payments relate only to the achievement of personal objectives assigned to each of them.

The bonus scheme rules permit for the Remuneration Committee to determine that any bonus be paid 50% in cash shortly after determination of performance for the year and 50% in deferred shares vesting over three years subject to continued employment. Given the limited nature of bonuses payable in respect of 2022, and the administration involved in the deferral of bonuses into share awards, the Remuneration Committee has determined that 100% of bonuses payable in respect of 2022 shall be paid in cash.

In addition, a one-off additional award of \$19,000 (£15,000) was paid to Caroline Ackroyd to reflect additional responsibilities assumed by her during the period following the announcement of the resignation of Stuart Simms as Chief Executive Officer in April 2022 and before David King joined the Company in July 2022.

For 2023, 70% of the potential payment is based on corporate targets consisting of (a) an EBITDA target for performance against budgeted profit (representing 70% of that element of the bonus opportunity), and (b), a revenue target (representing 30% of that element of the bonus opportunity). The other 30% of the potential payment is based on personal objectives.

#### A discretionary share plan, the LTIP:

Executive Directors may receive PSU Awards up to 200% of salary subject to a minimum three-year performance period, with vesting subject to stretching performance targets set by the Remuneration Committee, followed by a holding period (resulting in a total

of five-year period between grant and potential exercise).

The intention is to make a grant of PSU awards to the Executive Directors over shares shortly after the announcement of the Group's results for 2022.

Grants of PSUs in 2023 will be subject to two performance conditions each measured over a three-year performance period. 50% of the awards will be subject to the achievement of performance measured by reference to Total Shareholder Return over the performance period as compared to the constituents of the FTSE AIM 100 index at the start of the performance period. The vesting of the remaining 50% will be subject to the achievement of performance measured by reference to the Company's share price at the end of the performance period.

#### NON-EXECUTIVE DIRECTORS

The Board has agreed to implement a reduction of 15% in the level of fees paid to Non-Executive Directors (including the Chair) with effect from 1 April 2023. The new fees payable for services as Non-Executive Chair and as a Non-Executive Director are shown below.

- Marcus Rich: \$125,000
- Julie Markey: \$75,000
- Richard Rosenberg: \$70,000
- Jonas Mårtensson: \$53,000
- Ory Weihs: \$52,000
- Cédric Boireau: Does not receive a director's fee but is paid a \$38,000 per annum consultancy services fee.

Marcus Rich was appointed Non-Executive Chair of the Group by letter of appointment dated 30 March 2022 and assumed the role on 31 March 2022. The three-year appointment is subject to re-election at the Annual General Meeting in accordance with the Company's Articles of Association and thereafter is terminable on six months' notice by either the Group or Mr Rich.

The other Non-Executive Directors are appointed subject to re-election every three years at the Annual General Meeting and

are terminable on three months' notice by either party – other than Richard Rosenberg's and Julie Markey's engagement which are terminable on six months' notice.

As it is listed on AIM, the Group is not required to provide all the information required of a company listed on the Official List in this Report. However, in the interests of transparency certain additional information has been included as a voluntary disclosure. The Report is unaudited, unless otherwise stated.

#### Directors' Emoluments

\$'000	Fees/Basic Salary	Bonus	LTIP	Pension	2022 Total	2021 Total
<b>Executive Directors</b>						
David King <sup>1</sup>	191	30	-	19	240	-
Caroline Ackroyd <sup>2</sup>	212	51	-	21	284	-
Stuart Simms <sup>3</sup>	530	44	-	34	608	592
Iain Balchin <sup>4</sup>	-	-	-	-	-	489
<b>Non-Executive Directors</b>						
Marcus Rich <sup>5</sup>	90	-	-	-	90	-
Christopher Bell <sup>6</sup>	28	-	-	-	28	169
Julie Markey <sup>7</sup>	74	-	-	-	74	51
Richard Rosenberg	69	-	-	-	69	76
Jonas Mårtensson	62	-	-	-	62	62
Ory Weihs	60	-	-	-	60	66
Cédric Boireau <sup>8</sup>	9	-	-	-	9	-

#### Notes

1. David King joined the Board on 1 July 2022.
2. Caroline Ackroyd joined the Board on 21 March 2022.
3. Stuart Simms stepped down from the Board on 30 June 2022. The figures for fees/basic salary listed above include sums paid to Mr Simms in accordance with his contractual entitlements.
4. Iain Balchin stepped down from the Board on 20 July 2021.
5. Marcus Rich joined the Board on 31 March 2022.
6. Christopher Bell stepped down from the Board on 19 January 2022.
7. Julie Markey joined the Board on 16 June 2021.
8. Cédric Boireau joined the Board on 15 October 2021.
9. Due to the global nature of the Group, some of the emoluments for the Directors and Non-Executive Directors listed above are paid in currencies other than in USD and as such are exposed to foreign currency movements.

Interests in Shares

The details of all the outstanding share awards held by the Executive Directors are shown below:

Director	Type of Award	Date of Grant	Number of Shares	Performance Conditions <sup>1</sup>	Expiry date	Outstanding options at the end of 2021	Granted in 2022	Cancelled in 2022	Exercised option in 2022	Outstanding options at the end of 2022
David King	PSU	19 August 2022	833,333	TSR	August 2025	-	833,333	-	-	833,333
Caroline Ackroyd	PSU	26 May 2022	762,712	TSR	May 2025	-	762,712	-	-	762,712
Stuart Simms	PSU	1 November 2019	920,223	TSR	November 2027	920,223	-	(920,223)	-	-
Stuart Simms	PSU	30 April 2021	1,190,476	TSR	April 2029	1,190,476	-	(1,190,476)	-	-

1. Three-year performance period from the date of grant with vesting dependent on Total Shareholder Return over the performance period as compared to the constituents of the FTSE AIM 100 Index as at the date of grant. 25% of the award vests for achieving a TSR equal to the median ranking with 100% vesting for achieving a TSR equal to an upper quartile ranking.

The table below shows the beneficial interests in the Company’s shares of Directors serving at the end of period, and their connected persons.

Name	Number of Ordinary Shares as at 31 December 2022	Number of Ordinary Shares as at 31 December 2021
Marcus Rich	88,458	-
David King	100,000	-
Caroline Ackroyd	-	-
Richard Rosenberg	64,250	64,250
Julie Markey	63,064	63,064
Ory Weihs	8,137,444	8,137,444
Cédric Boireau <sup>1</sup>	-	-
Jonas Mårtensson	-	-

1. Mr Boireau is the appointed representative of Premier Investissement, XLMedia’s largest shareholder with a holding at 31 December of 2022.

ASSESSING AND MANAGING OUR RISKS

As with any business, we face risks and uncertainties. Effective risk management is essential to support the achievement of our strategic and operational objectives. In this section we outline a number of the key risks faced by the group and steps taken to manage them.

GAMBLING LAWS AND REGULATIONS SUCH AS ONLINE MARKETING REGULATIONS ARE CONSTANTLY EVOLVING AND BECOMING MORE STRINGENT

The Group does not itself operate a gambling business but, as a number of the Group’s principal clients are online gambling operators, the gambling regulatory environment has a significant effect on the business of the Group (either directly or indirectly through its effect on the Group’s clients’ businesses), and in particular, the Group’s marketing activities for certain gambling operators.

Online gambling is prohibited in some jurisdictions and regulated in others. In a number of jurisdictions, the legal position is subject to much debate and the position is uncertain. In general terms, it is possible that, subject to the courts in the relevant countries being able to establish jurisdiction, online gambling and the Group’s online marketing activities in relation to it, may constitute a breach of the applicable legislation in these jurisdictions. Although in some jurisdictions laws and regulations may not specifically apply to companies that provide online marketing services to gambling operators, this is not universally the case and a number of

jurisdictions have explicitly sought to regulate or prohibit such supply. This could potentially expose the Group and/or its Directors to fines and other sanctions.

Furthermore, the Directors cannot predict when (or if) an established regulatory or legislative regime in any country will change, what changes (if any) will be made and what effect (if any) such changes will have on the Group’s online marketing activities. Investors should be aware that any such changes could have a material adverse effect on the Group’s business, financial position and future prospects.

Any future legal proceedings against the Group relating to the provision of online marketing services for operators could involve substantial litigation, expense, penalties, fines, injunctions or other prohibitions being invoked against it or its Directors and officers or others and divert the attention of key Executives. The outcome of any litigation cannot be predicted.

The Group does not monitor, on a continuous basis, the laws and regulations in every jurisdiction where gambling operators to which it provides marketing services derive



their business and, correspondingly, from where the Group may derive its income. It may continue to receive fixed payments from operators functioning in jurisdictions where the Group may be unaware of the extent of enforcement risk.

In jurisdictions in which online gambling is regulated, the Group relies on its customers obtaining and holding the requisite licences and/or approvals and complying with their terms. In jurisdictions, such as the US, where the provision of online marketing services to gambling operators is itself regulated, the Group seeks to obtain and hold the necessary licences and/or approvals and to ensure that its activities comply with the terms of such licences and/or approvals. The loss of any such licences and/or approvals by the Group and/or by its customers may result in an adverse effect on the Group's financial positions and results of operations. Failure by the Group to obtain any required licences and/or approvals in any jurisdiction would limit or prevent the ability of the Group to carry on and/or commence providing its services to customers in the relevant jurisdiction and possibly others which would have an adverse effect on the Group's financial position and results of operations as well as restricting the Group's ability to grow its business.

In particular, a failure by the Group to maintain its licences in the relevant states in the US in which it operates could result in the Group becoming the subject of regulatory action and losing business with operators in the US which could have a material adverse impact on the Group's reputation, business, its strategy to develop its presence in US sports gaming and its financial position.

#### **A PORTION OF GAMBLING REVENUES ARE DERIVED FROM NON-REGULATED GAMBLING MARKETS**

A portion of our gambling revenues derive from non-regulated gambling markets where

the future of regulation and enforcement is uncertain. Regulatory changes and increased enforcement may result in volatility and unpredictable revenues and may result in loss of business and revenues. We seek to mitigate this risk by diversifying into regulated markets, non-gambling markets, and by monitoring and complying with regulatory developments.

#### **THE ACTIVITIES OF THE GROUP AND ITS OWN MARKETING AFFILIATES COULD GIVE RISE TO LEGAL AND REGULATORY RISKS**

The gambling industry relies on networks of marketing affiliates to promote its services, often by way of localised advertising initiatives. The Group engages with some operators as a master affiliate through its online affiliate programme platform under which the Group assigns some of its deals to sub-affiliates that are members of the Group affiliate program. By their nature, affiliate networks operate in such a way that it is not possible for the Group to monitor their day-to-day activities. While the Group seeks to impose terms and conditions on these affiliate networks, should any sub-affiliate of the Group carry out its activities in a manner which is unauthorised by the Group, this could give rise to reputational and legal risks for the Group, which in turn could have a material adverse effect on the Group's reputation, business, financial condition and operating results.

Furthermore, although in many jurisdictions gambling winnings are currently not subject to income tax or are taxed at low rates, this is not universally the case and future regulatory regimes may introduce such taxation and make participation less attractive to players in those jurisdictions, in turn having an effect of the profitability of the Group.

#### **FAILURE OF SYSTEMS AND CONTROLS COULD EXPOSE THE GROUP TO REGULATORY RISK**

The technological solutions that gambling operators have in place to block the access to services by customers located in certain jurisdictions may fail. Operators often block access to their products to players located in certain jurisdictions (and for those operating in the United States, to states other than those in which the operator is licensed). There is no guarantee that the technical restrictions which the operators implement will be effective, which could place such operators in breach of the relevant laws and regulations and/or in breach of specific licences they hold, which would also have a detrimental effect on the financial position of such operators and, potentially, the Group.

#### **THE GROUP MUST CONTINUE TO INNOVATE IN ORDER TO COMPETE**

The Group must offer and develop new features and perform regular system updates that will continue to attract a broad range of users in order to continue generating traffic to customers' websites. If the Group is unable to adapt its technology to ensure that it continues to generate significant volumes of traffic to customers, its revenue and profitability could be significantly reduced which would negatively impact upon the Group's financial performance.

The Group uses business intelligence tools in order to track the flow of traffic to customers and analyses its quality and conversion into revenue using these tools to improve return on investment. Any inability of the Group to access these tools, for whatever reason, could have a material impact on the Group's ability to analyse its business which could have an adverse effect on financial position of the Group.

#### **THE GROUP IS RELIANT ON ITS TOP SIX CUSTOMERS FOR A SIGNIFICANT PROPORTION OF ITS REVENUES**

The Group's top six customers generated 65% of Group revenues compared to 37% in the previous year. To the extent that the businesses of these customers deteriorate, or are adversely affected, whether by any of the issues described in this section or otherwise, or change the way in which they work with affiliates or XLMedia in particular, the Group's revenue streams from these sources may also be adversely impacted.

#### **THE GROUP DOES NOT HAVE SIGNED AGREEMENTS WITH A SIGNIFICANT NUMBER OF ITS CUSTOMERS AND MANY OF ITS CUSTOMER AGREEMENTS CAN BE TERMINATED ON SHORT NOTICE**

As the Group does not have signed agreements with some of the customers it provides marketing services to, it is exposed to unfavourable terms included in customers' online terms and conditions, which may have a material adverse effect on the financial position of the Group. Failure of the Group to be able to collect revenue earned from customers or enforce any other contractual arrangements with these customers may have a material adverse effect on the financial position of the Group. Many of the contracts that the Group has entered into can be terminated on short notice or at will. To the extent that customers terminate such contracts, this could have an immediate and material adverse effect on the financial position of the Group.

#### **THE GROUP IS RELIANT ON OPERATOR CUSTOMER DATA IN RELATION TO ESTABLISHING ITS REVENUES**

The Group relies on information provided by its operator customers in relation to commissions earned by the Group as a result of players' activity. Inadequate information to properly validate commission payments due to the Group resulting from the lack of

advanced data systems, with a heavy reliance on third party (customers') systems, may result in loss of revenue to the Group.

### **THE GROUP'S US INCOME IS PREDOMINANTLY BASED ON COST PER ACQUISITION**

The Group's US income is typically earned from introducing betting customers to betting operators and is paid a one-off fee (CPA) for the introduction. A change in the level of investment in customer acquisition by betting operators, or a change in the basis on which the Group earns its income, for example to a smaller initial payment and an ongoing revenue share, may result in a reduction in revenues for the group during the transition period. The timing and scale of such change is uncertain.

### **THE GROUP'S US INCOME INCLUDES SIGNIFICANT REVENUES FROM NEW STATE LAUNCHES**

The Group's US income benefits from new revenue streams following a new state legalising online sports betting or online casino gambling. The timing and scale of state launches is uncertain. There can be no certainty that the number and scale of state launches in a given period will be comparable period on period, giving rises to potential spikes and dips in period on period revenues and profits.

### **THE GROUP IS RELIANT ON ITS CUSTOMERS MAINTAINING AND ENHANCING THEIR BRANDS**

The Group's future success is dependent upon its customers' performance, maintenance, marketing and further building of their brands. Marketing and enhancing these brands will require significant expenses. As certain markets become more competitive, the investment in marketing and customer acquisition of these brands may not be maintained. We anticipate a softening of spend over the spring and summer of 2023.

### **DEFERRED PAYMENT RISK**

The Group has made a number of business acquisitions in recent years. In some cases, the agreements governing these acquisitions provide for deferred payments to be made to the sellers. If trading conditions deteriorate significantly, this may affect the Group's capacity to make outstanding deferred payments on time or in full.

### **MINIMUM GUARANTEE PAYMENT RISK**

Under certain commercial arrangements with Media Partners, the Group is committed to make minimum guarantee payments regardless of the partnership's performance. In the event that the commercial arrangement does not perform as anticipated, the Group could be adversely affected by the requirement to fulfil minimum guarantee payments.

### **SEARCH ENGINE ALGORITHM UPDATES AND MANUAL ACTIONS RESULTING IN DE-RANKING OF SITES MAY HAVE AN ADVERSE MATERIAL IMPACT ON THE GROUP**

The Group relies on the use of specific algorithms used by search engines as well as on manual actions taken by search engine entities. Any material update to those algorithms as well as any manual actions taken by search engine entities may damage the ranking of the Group's sites in search results and its presence in Google News. This would materially disrupt traffic to the Group's websites and decrease the amount of revenue generated by its assets. Any delay in the Group making a full recovery, or if the Group was unable to fully recover following such an update/manual action, it could have a material adverse effect on the financial position of the Group.

Search engine operators impose terms and conditions on users of their services, particularly as regards the ranking of particular websites. Any decision, whether manual or automated and whether in accordance with the applicable terms or by way of error or otherwise resulting in the de-ranking of the Group's websites would have a material adverse effect on the Group's financial position and results of operations. For example, in January 2020, the Group became aware that around 100 of its casino sites had been manually de-ranked by Google. The demotion of these websites significantly reduced the Group's ability to generate revenue. The Group was able to remove the penalty from a number of sites which it wished to continue utilising. However, this experience highlights the risk that de-ranking by search engines possess to the Group's financial position, and the attention required to remedy these issues.

### **THE GROUP IS RELIANT ON MAINTAINING ITS COMPUTER AND COMMUNICATION SYSTEMS AND COULD BE ADVERSELY AFFECTED BY A FAILURE OF ITS INFORMATION SECURITY POLICY OR DISASTER RECOVERY STRATEGY**

The successful operation of the Group's business depends upon it and its operators maintaining the integrity and operation of its and their respective computer and communication systems. However, these systems are vulnerable to damage or interruption from events which are beyond the Group's control such as fire and flood, power loss or telecommunications or data network failure and interruptions to internet system integrity generally as the result of attacks by computer hackers, viruses or other types of security breaches. The Group has in place disaster recovery systems and security measures for events of failure, disruption of, or damage to, the Group's network or IT systems

or events of security breaches, hacking or other malicious acts and/or cybercrime to the websites owned by the group. Such systems may not, however, be sufficient to ensure that the Group is able to carry on its business in the ordinary course if they fail or are disrupted, such that the Group may not be able to anticipate, prevent or mitigate any material adverse effect of any failure on its operations or financial performance.

### **THE GROUP IS RELIANT ON THIRD PARTY SUPPLIERS**

The Group relies on hosting providers, marketing support services, communications carriers and other third parties for the day-to-day operation of its business. Any failure by one or more of these third parties may jeopardise the business and operations of the Group and may have a material adverse impact on its financial performance.

### **THE GROUP RELIES ON ITS UNDERLYING CUSTOMERS HAVING EFFECTIVE INTERNAL CONTROLS**

The online gambling industry may be vulnerable to attack by customers through fraud on the operators' websites. The Group is reliant on operators having effective internal controls to prevent fraud as it derives the majority of its revenue from fixed payments, commissions and revenue sharing arrangements with its operators that would be adversely impacted by such activities. Furthermore, such attempts, if not detected and stopped, could result in a loss of confidence in the customer base of such operator websites and could lead to customers leaving such operator's website in favour of a competitor, which may not be an operator with whom the Group works with. The Group cannot ensure that operators' financial processes and reporting systems provide reliable financial reports and effectively prevent fraud.



# FINANCIAL STATEMENTS





TO THE SHAREHOLDERS OF XLMEDIA PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OPINION

We have audited the consolidated financial statements of XLMedia PLC and its subsidiaries (the Group), which comprise the consolidated statements of financial position as of 31 December 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for each of the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have

INDEPENDENT AUDITORS’ REPORT

obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



	Description of key audit matter	Description of auditor’s response
Revenue recognition	<p>Revenues which amounted to USD 73.7 million in 2022 (including USD 1.9 million from discontinued operations) are significant to the consolidated financial statements based on their quantitative materiality. As such, there is inherent risk that revenues may be improperly recognised, inflated or misstated.</p> <p>Recognition of revenues in the accounts of the Group is a highly automated process. The Group is heavily reliant on the reliability and continuity of its in-house IT platform to support automated data processing in its recognition and recording of revenues.</p>	<p>In 2022 in order to gain the required level of assurance, we performed substantive audit procedures relating to the recognition and recording of revenues, including tests of reconciliations from underlying data to the financial accounts. IT audit specialists were deployed to assist in understanding the design and operation of the relevant IT systems and in performing various data analyses in order to test completeness, accuracy and timing of the recognition of revenues.</p> <p>We also evaluated the adequacy of the disclosures provided in relation to revenues in Notes 2 and 4 to the consolidated financial statements.</p>
Domains and Websites and other intangible assets – impairment test	<p>As of 31 December 2022, the total net carrying amount of domains and websites with indefinite useful life and other intangible assets was approximately USD 96 million. In accordance with IFRS as adopted by the European Union, the Group is required to annually test these assets for impairment. As a result of the impairment test, the Company recorded an impairment loss of USD 13.8 million.</p>	<p>Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group. In particular, we tested the Group’s determination of the recoverability of these assets by reviewing management’s forecasts of revenues and profitability. We assessed the reliability of these forecasts through, among others, a review of actual performance against previous forecasts. We evaluated and tested the discount rates and attribution of expenses, and we considered the reasonableness of management’s other assumptions. We also verified the adequacy of the disclosure of the assumptions and other data in Note 10 to the consolidated financial statements.</p>
Taxation	<p>The Group’s operations are subject to income tax in various jurisdictions. Taxation is significant to our audit because the assessment process is complex and judgmental, and the amounts involved are material to the consolidated financial statements as a whole.</p>	<p>We included in our team tax specialists to analyse and evaluate the assumptions used to determine tax provisions. We evaluated and tested the underlying support, such as transfer price studies, for the calculation of income taxes in the various jurisdictions. We also assessed the adequacy of the Group’s disclosures in Note 7 to the consolidated financial statements.</p>





OTHER INFORMATION INCLUDED IN THE GROUP'S 2022 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

CONTINUED

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The board of directors is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the



matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

The partner in charge of the audit resulting in this independent auditor's report is Eli Barda.

Tel-Aviv, Israel  
29 March 2023

*Kost Forer Gabbay & Kasierer*

KOST FORER GABBAY & KASIERER  
A Member of Ernst & Young Global

### Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	2022 \$000	2021 \$000
<i>Continuing operations</i>			
<b>Revenue</b> <sup>1</sup>	4	<b>71,805</b>	57,767
<b>Expenses:</b>			
Operating	5	<b>(36,629)</b>	(37,456)
Sales and marketing		<b>(22,726)</b>	(12,197)
Depreciation and amortisation	10, 11	<b>(7,313)</b>	(6,970)
<b>Operating profit</b>		<b>5,137</b>	1,144
Finance expenses	6	<b>(1,751)</b>	(549)
Finance income	6	<b>5</b>	306
Other income		<b>566</b>	318
<b>Profit before taxes on income</b>		<b>3,957</b>	1,219
Tax (charge) / credit	7	<b>(1,604)</b>	1,626
Profit for the year from continuing operations		<b>2,353</b>	2,845
<i>Discontinued operations</i>			
(Loss) / profit for the year from discontinued operations (net of tax)	8	<b>(11,792)</b>	2,796
<b>Net (loss) / profit for the year attributable to the owners of the Company</b>		<b>(9,439)</b>	5,641
<b>Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		<b>(372)</b>	(16)
<b>Total comprehensive (loss) / income for the year attributable to the owners of the Company</b>		<b>(9,811)</b>	5,625
<b>(Loss) / earnings per share attributable to the owners of the Company (in \$):</b>			
Basic and diluted earnings per share from continuing operations	9	<b>0.009</b>	0.012
Basic and diluted (loss) / earnings per share	9	<b>(0.036)</b>	0.023

<sup>1</sup> Total Group revenue including discontinued operations is \$73,738,000 (2021: \$66,487,000). See Note 4 for further details.

The accompanying notes are an integral part of the consolidated financial statements.



## Consolidated statement of financial position as at 31 December 2022

	Notes	2022 \$000	2021 \$000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	10	<b>108,581</b>	120,284
Property and equipment	11	<b>2,277</b>	2,401
Other financial assets	13b	<b>242</b>	–
Other assets		<b>–</b>	247
Long-term deposits	12	<b>75</b>	83
		<b>111,175</b>	123,015
<b>Current assets</b>			
Short-term deposits	12	<b>342</b>	2,158
Trade receivables	13a	<b>5,699</b>	8,701
Other receivables	13b	<b>3,454</b>	6,119
Cash and cash equivalents		<b>10,411</b>	22,437
		<b>19,906</b>	39,415
<b>Total assets</b>		<b>131,081</b>	162,430
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital <sup>1</sup>	17	<b>–</b>	–
Share premium	17	<b>122,071</b>	122,071
Capital reserve		<b>500</b>	14
Accumulated deficit		<b>(22,308)</b>	(12,869)
<b>Total equity</b>		<b>100,263</b>	109,216
<b>Non-current liabilities</b>			
Lease liabilities	15	<b>1,177</b>	1,242
Deferred taxes	16	<b>36</b>	1,372
Deferred consideration	10	<b>3,884</b>	7,737
Contingent consideration	19e	<b>–</b>	808

	Notes	2022 \$000	2021 \$000
		<b>5,097</b>	11,159
<b>Current liabilities</b>			
Trade payables		<b>3,655</b>	2,333
Deferred consideration	10	<b>3,969</b>	18,401
Consideration payable on intangible assets	10	<b>3,000</b>	3,000
Other liabilities and accounts payables	14	<b>10,241</b>	7,820
Income tax provision		<b>4,505</b>	10,190
Current maturities of lease liabilities	15	<b>351</b>	311
		<b>25,721</b>	42,055
<b>Total liabilities</b>		<b>30,818</b>	53,214
<b>Total equity and liabilities</b>		<b>131,081</b>	162,430

<sup>1</sup> Less than \$1,000.

The accompanying notes are an integral part of the consolidated financial statements. The financial statements were approved by the Board of Directors on 29 March 2023 and were signed on its behalf by:



David King  
Chief Executive Officer



Caroline Ackroyd  
Chief Financial Officer

Consolidated statement of changes in equity  
for the year ended 31 December 2022

	Share capital <sup>1</sup> \$000	Share premium \$000	Capital reserve from share- based transactions \$000	Capital reserve from the translation of a foreign operation \$000	Capital reserve from transactions with non- controlling interests \$000	Accumulated deficit \$000	Total equity \$000
As at 1 January 2022	–	122,071	2,656	(16)	(2,626)	(12,869)	109,216
Loss for the year	–	–	–	–	–	(9,439)	(9,439)
Other comprehensive loss	–	–	–	(372)	–	–	(372)
Total comprehensive loss	–	–	–	(372)	–	(9,439)	(9,811)
Cost of share- based payments <sup>2</sup>	–	–	858	–	–	–	858
<b>As at 31 December 2022</b>	<b>–</b>	<b>122,071</b>	<b>3,514</b>	<b>(388)</b>	<b>(2,626)</b>	<b>(22,308)</b>	<b>100,263</b>
As at 1 January 2021	–	86,022	2,368	–	(2,626)	(18,510)	67,254
Profit for the year	–	–	–	–	–	5,641	5,641
Other comprehensive loss	–	–	–	(16)	–	–	(16)
Total comprehensive income	–	–	–	(16)	–	5,641	5,625
Cost of share- based payments <sup>2</sup>	–	–	520	–	–	–	520
Share capital issuance	–	35,806	–	–	–	–	35,806
Exercise of option	–	243	(232)	–	–	–	11
<b>As at 31 December 2021</b>	<b>–</b>	<b>122,071</b>	<b>2,656</b>	<b>(16)</b>	<b>(2,626)</b>	<b>(12,869)</b>	<b>109,216</b>

<sup>1</sup> Less than \$1,000.

<sup>2</sup> See Note 18 for further details.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	<b>14,647</b>	7,845
Interest paid		<b>(310)</b>	(76)
Interest received		<b>5</b>	3
Income tax paid		<b>(876)</b>	(572)
Income tax received		<b>2,287</b>	48
<b>Net cash inflow from operating activities</b>		<b>15,753</b>	7,248
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property and equipment		<b>83</b>	–
Purchase of property and equipment		<b>(62)</b>	(1,118)
Purchase of and additions to systems, software and licences		<b>(6,701)</b>	(7,718)
Acquisition of and additions to to domains, websites and other intangible assets		<b>(3,000)</b>	(23,127)
Acquisition of subsidiary (net of cash acquired)		<b>–</b>	(395)
Short-term and long-term deposits (net)		<b>1,824</b>	507
<b>Net cash outflow from investing activities</b>		<b>(7,856)</b>	(31,851)
<b>Cash flows from financing activities</b>			
Share capital issuance	17	<b>–</b>	35,806
Proceeds from exercise of share options		<b>–</b>	11
Payment of principal portion of lease liabilities		<b>(401)</b>	(1,163)
Payment of deferred consideration	19	<b>(18,371)</b>	–
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(18,772)</b>	34,654
Net (decrease) / increase in cash and cash equivalents		<b>(10,875)</b>	10,051
Net foreign exchange difference		<b>(1,151)</b>	(262)
Cash and cash equivalents at 1 January		<b>22,437</b>	12,648
<b>Cash and cash equivalents at 31 December</b>		<b>10,411</b>	22,437

The accompanying notes are an integral part of the consolidated financial statements.



1. GENERAL

a. Corporate information

XLMedia PLC (“the Group”) is a global performance publisher listed on the London Stock Exchange Alternative Investment Market (“AIM”). The Group was incorporated in Jersey and its registered office is 12 Castle Street, St. Helier Jersey, JE2 3RT (registration number 114467).

b. Definitions

In these financial statements, the following terms will be used:

EUR	– Euro
GBP	– British Pound Sterling
IFRS	– International Financial Reporting Standards as adopted by the European Union
NIS	– New Israeli Shekel
Related parties	– As defined by IAS 24 ‘Related Party Disclosures’
Subsidiaries	– Entities controlled (as defined in IFRS 10 ‘Consolidated Financial Statements’) by the Group and whose financial statements are consolidated into the Group. For a list of the main subsidiaries, see Note 23
U.S.	– United States
U.K.	– United Kingdom
USD/\$	– U.S. dollar, all values are rounded to the nearest thousand (\$000), except when otherwise indicated

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group’s financial statements, unless otherwise stated.

a. Basis of presentation of the consolidated financial statements

i. Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) adopted by the European Union, and issued by the International Accounting Standards Board (“IASB”), in accordance with the requirements of the Companies (Jersey) Law 1991.

ii. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) – measured at fair value or revalued amount; and
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell.

iii. New accounting standards, amendments and interpretations adopted by the Group

There are no new major standards or amendments applicable for the Group.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of companies that are controlled by the parent company (subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Group and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements of the Group are prepared using consistent accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

c. Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

The cost of the acquisition is measured at the fair value of the consideration transferred on the date of acquisition with the addition of non-controlling interests in the acquiree. In each business combination, the Group chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the date of acquisition or at their proportionate share in the fair value of the acquiree’s net identifiable assets. Direct acquisition costs are expensed as incurred.

Contingent consideration is recognised at fair value on the acquisition date and classified as a financial asset or liability in accordance with IFRS 9. Subsequent changes in the fair value of

the contingent consideration are recognised in the statement of profit or loss. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent remeasurement.

Goodwill is initially measured at cost, which represents the excess of the acquisition consideration and the

amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the

resulting amount is negative, the acquirer recognises the resulting gain on the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

d. Functional currency, presentation currency and foreign currency

Functional currency and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in USD, which is the Group’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges

or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

*Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- ii. income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- iii. all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such

investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**e. Cash equivalents**

Cash is cash on hand and demand deposits. Cash equivalents are highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition.

**f. Short-term and long-term deposits**

Short-term bank deposits are deposits with an original maturity of more than three months from the investment date and do not meet the definition of cash equivalents. Long-term deposits are deposits with a maturity of more than twelve months from the reporting date. The deposits are presented according to their terms of deposit.

**g. Revenue recognition**

The Group generates revenues mainly from referred players who visit the Group's premium branded websites. The main revenue streams are: cost per acquisition ("CPA"), revenue-share fees or a combination of both, which is referred to as a hybrid.

CPA fees are fixed-rate fees owed for each player who registers and usually deposits a minimum

balance on the operator's site, and they are recognised when earned upon acceptance of the referral by the operator.

Revenue-share fees represent a set percentage of net revenues generated over the lifetime of the referred player. The Group has no material obligations for discounts, incentives or refunds of commissions subsequent to completion of performance obligations.

Deferred revenues are recorded when payments are received from customers in advance of the Group's rendering of services.

**h. Taxation**

Current or deferred taxes are recognised in the statement of profit or loss, except to the extent that they relate to items that are recognised in other comprehensive income or equity.

*Current taxes*

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, as well as adjustments required in connection with the tax liability in respect of previous years.

*Deferred taxes*

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes. Deferred taxes are measured at the tax rate that is expected to apply when the asset is realised or the liability is settled based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilised. Deductible temporary differences for which deferred tax assets

had not been recognised are reviewed at each reporting date, and a respective deferred tax asset is recognised to the extent that their utilisation is probable. Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against current tax liability, and the deferred taxes relate to the same taxpayer and the same taxation authority.

**i. Leases**

The Group accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

*Recognition of assets and liabilities*

For leases in which the Group is the lessee, the Group recognises on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Group has elected to recognise the lease payments as an expense in the statement of profit or loss on a straight-line basis over the lease term.



In measuring the lease liability, the Group has elected to apply the practical expedient and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract. On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. After the commencement date, the Group measures the lease liability using the effective interest rate method. The right-of-use asset is recognised in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life or the lease term (see j below). The Group tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36 'Impairment of Assets'.

*Variable lease payments that depend on an index*

The Group uses the index rate prevailing on the commencement date to calculate the future lease payments. For leases in which the Group is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

*Lease extension and termination options*

A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of a significant change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Group remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognised in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognised in the statement of profit or loss.

*Lease modifications*

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Group remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Group recognises a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Group subsequently remeasures the carrying amount of the lease liability according to the revised lease terms at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

**j. Property and equipment**

Property and equipment are measured at cost, including directly attributable costs less accumulated depreciation. Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Office furniture and equipment	10
Computers and peripheral equipment	33
Right of use leased assets and leasehold improvement (over the lease term)	10 – 50

Right of use leased assets, and leasehold improvements are depreciated on a straight-line basis over the shorter lease term (including any extension option held by the Group and intended to be exercised) and the asset's expected life. The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An asset is derecognised on disposal or when no further economic benefits are expected from its use.

**k. Intangible assets**

Separately acquired intangible assets are measured on initial recognition at cost, including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalised development costs, are recognised in the statement of profit or loss when incurred.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the

asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year-end.

The Group's assets include computer systems comprising hardware and software. Software forming an integral part of the hardware to the extent that the hardware cannot function without the programs installed on it is classified as property and equipment. In contrast, software that adds functionality to the hardware is classified as an intangible asset. Amortision is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Systems and software (purchased and in-house development cost)	33
Non-competition and Agencies Relationships	33 – 50

Intangible assets (domains and websites) with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date, the asset is tested for impairment. Commencing from that date, the asset is amortised systematically over its useful life.

Research expenditures are recognised in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognised if the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will

be available for use or sale; the Group's intention to complete the intangible asset and use or sell it; the Group's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development. The asset is measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. The asset is amortised over its useful life. Testing of impairment is performed annually over the period of the development project.

I. Impairment of non-financial assets

The Group evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of the cash-generating unit of the non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset.

The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the statement of profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's

recoverable amount since the last impairment loss was recognised. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognised in the statement of profit or loss.

Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating unit (or Group of cash-generating units) to which the goodwill has been allocated. An impairment loss is recognised if the recoverable amount of the cash-generating unit (or Group of cash-generating units) to which goodwill has been allocated is less than the carrying amount of the cash-generating unit (or Group of cash-generating units). Any impairment loss is allocated first to goodwill. Impairment losses recognised for goodwill cannot be reversed in subsequent periods.

The Group reviews goodwill and intangible assets with indefinite useful life that are not systematically amortised (domains and websites) for impairment annually on 31 December, or more frequently if events or changes in circumstances indicate that there is a need for such review.

m. Financial instruments

i. Financial assets

Financial assets are measured upon initial recognition at fair value plus transaction costs directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in the statement of profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- the Group's business model for managing financial assets; and
- the contractual cash flow terms of the financial asset.

Debt instruments measured at amortised cost

The Group's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the

instruments in this category are measured according to their terms at amortised cost using the effective interest rate method, less any provision for impairment.

Financial assets held for trading

Financial assets held for trading (derivatives) are measured through the statement of profit or loss unless they are designated as effective hedging instruments.

ii. Impairment of financial assets

The Group reviews at the end of each reporting period the provision for loss of financial debt instruments which are measured at amortised cost. The Group has short-term trade receivables in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. An impairment loss on debt instruments measured at amortised cost is recognised in the statement of profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

iii. Derecognition of financial assets

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

iv. Financial liabilities

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest rate method, except for:

- financial liabilities at fair value through profit or loss such as derivatives; and
- contingent consideration recognised by the buyer in a business combination within the scope of IFRS 3.

At initial recognition, the Group measures financial liabilities that are not measured at amortised cost at fair value. Transaction costs are recognised in the statement of profit or loss. After initial recognition, changes in fair value are recognised in the statement of profit or loss.

v. Derecognition of financial liabilities

A financial liability is derecognised only when it is extinguished, that is when the obligation is discharged or cancelled or expires.

n. Fair value measurement

Fair value is the price to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities measured at fair value or for which fair value is disclosed are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

**o. Provisions**

A provision in accordance with IAS 37 ‘Provisions, Contingent Liabilities and Contingent Asset’ is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense is recognised in the statement of profit or loss net of the reimbursed amount.

**p. Employee benefit liabilities**

Short-term employee benefits include salaries, paid sick leave, recreation and social security contributions, and are recognised as expenses as the services are rendered. Liability in respect of a cash bonus or a profit-sharing plan is recognised when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee, and a reliable estimate of the amount can be made.

Post-employment benefits are financed by contributions to insurance companies or pension funds and are classified as defined contribution plans. The Israeli subsidiaries of the Group have defined contribution plans pursuant to Section 14 to the Severance Pay Law under which the subsidiary pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognised as an expense when contributed concurrently with the performance of the employee's services.

**q. Share-based payment transactions**

The Group's employees and officers are entitled to remuneration in the form of equity-settled share-based payment transactions. The cost of equity-settled transactions is measured at the fair value of the equity instruments granted at the grant date. The fair value is determined using an acceptable option pricing model (also see Note 18). In estimating fair value, the vesting conditions (consisting of service conditions and performance conditions other than market conditions) are not taken into account. The cost of equity-settled

transactions is recognised in the statement of profit or loss together with a corresponding increase in equity during the period which the performance is to be satisfied ending on the date on which the relevant employees or officers become entitled to the award (“the vesting period”). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

**r. Earnings per share**

Earnings per share are calculated by dividing the net income attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. The Group's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Group. If the number of ordinary shares outstanding increases as a result of a capitalisation, bonus issue, or share split, the calculation of earnings per share for all periods presented are adjusted retrospectively.

Potential ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

**s. Discontinued operations**

A discontinued operation is a component of the Group that either has been disposed of or is classified as held-for-sale. The operating results relating to the discontinued operation (including comparative data) are presented separately in the statement of profit or loss, net of the tax effect.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

*Estimations and assumptions*

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses.

Changes in accounting estimates are reported in the period of the change in estimate. The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Impairment of domains and websites*

The Group reviews domains and websites for impairment at least once a year. This requires management to make an estimate of the projected future cash flows from the continuing use of the cash-generating units to which the assets are allocated and also to choose a suitable discount rate for those cash flows (see Note 10).

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Income taxes

The Group is subject to income tax in various jurisdictions, and judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises tax liabilities based on assumptions supported by, among others, transfer price studies. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors, including past experience and interpretations of tax law (see Note 7).

4. REVENUE AND OPERATING SEGMENTS FOR THE YEARS ENDED 31 DECEMBER

An operating segment is a part of the Group that conducts business activities from which it can generate revenue and incur costs, and for which discrete financial information is available. Identification of segments is based on internal reporting to the chief operating decision maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (“CEO”). The Group does not divide its operations into different segments, and the CODM operates and manages the Group’s entire operations as one segment, which is consistent with the Group’s internal organisation and reporting system.

Geographic information for the years ended 31 December

	2022 \$000	2021 \$000
North America	49,226	32,489
Europe	20,725	30,255
Rest of the World	652	914
Total revenues from identified locations	70,603	63,658
Revenues from unidentified locations	3,135	2,829
	73,738	66,487

Revenues by vertical

	2022 \$000	2021 \$000
Sports U.S.	18,065	15,202
Media Partnerships	28,398	6,692
Casino	15,602	23,216
Sports Europe	7,561	9,528
Blueclaw and Reef <sup>1</sup>	2,179	3,129
Revenue from continuing operations	71,805	57,767
Personal Finance <sup>1</sup>	1,933	8,720
Revenue from discontinued operation (see Note 8)	1,933	8,720
	73,738	66,487

Non-core revenues (the sum of items marked <sup>1</sup> in the table above) was \$4,112,000 (2021: \$11,849,000).

5. OPERATING EXPENSES FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER

	2022 \$000	2021 \$000
Staff costs <sup>1</sup>	20,840	22,367
Share-based payments	858	520
Technology expenses	5,202	3,943
Professional services	2,802	2,153
Administrative expenses	2,348	1,969
Transformation costs <sup>2</sup>		
Consulting services	1,685	3,124
Hiring and settlements	2,792	2,342
Acquisition costs	102	1,557
Lease termination	–	(437)
Sale of property	–	(82)
	36,629	37,456

<sup>1</sup> Included within staff costs are expenses in respect of defined contribution plans of \$1,615,000 (2021: \$1,966,000).  
<sup>2</sup> Transformation costs total \$4,579,000 in 2022 (2021: \$6,504,000).



6. FINANCE EXPENSES AND INCOME FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER

	2022 \$000	2021 \$000
Finance cost on bank overdrafts	138	195
Foreign exchange loss	1,297	–
Lease finance cost	29	77
Other charges <sup>1</sup>	287	277
<b>Finance expenses</b>	<b>1,751</b>	549
Finance income on cash at bank	(5)	(36)
Foreign exchange gain	–	(270)
<b>Finance income</b>	<b>(5)</b>	(306)
<b>Net finance costs</b>	<b>1,746</b>	243

<sup>1</sup> Other charges relate to interest accrued on acquisition related costs.

7. TAX FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER

Taxation included in the statement of profit or loss for the years ended 31 December:

	2022 \$000	2021 \$000
Current taxes	(242)	(1,756)
Deferred taxes (Note 16)	1,846	130
<b>Tax charge / (credit)</b>	<b>1,604</b>	(1,626)

*Tax reconciliation*

The reconciliation between the tax expense, assuming that all the income and expenses were taxed at the statutory tax rate for the U.K., and the taxes on income recorded in the statement of profit or loss for the years ended 31 December are as follows:

	2022 \$000	2021 \$000
Profit before taxes on income from continuing operations	3,957	1,219
Taxes on income at 19% (2021: 19%)	752	232
Adjustment due to the difference between the Group's statutory tax rate and tax rates applicable to the subsidiaries	660	(126)
Non-deductible expenses for tax purposes	15	86
Taxes in respect of previous years – current tax	(5,116)	(2,319)
Taxes in respect of previous years – deferred tax	–	98
Unrecognised temporary differences and others	5,293	403
<b>Tax charge / (credit)</b>	<b>1,604</b>	(1,626)

The Group has a tax presence in different jurisdictions, including Jersey (where the parent company is incorporated), UK, US, Cyprus, Canada and Israel.

Tax law applicable to the Group's Israeli subsidiaries is the Israeli tax law – Income Tax Ordinance (New Version) 1961. The Israeli corporate income tax rate was 23% in 2022 (2021: 23%). Amendment 73 to the law for the Encouragement of Capital Investments, 1959 also prescribes special tax tracks for technological enterprises, which became effective in 2017, as follows:

- Technological preferred enterprise – an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A preferred technological enterprise, as defined in the law, is located in Israel and is subject to tax at a rate of 12% on profits deriving from intellectual property.
- Any dividends distributed to “foreign companies”, as defined in the law, deriving from income from the technological enterprises will be subject to a withholding tax at a rate of 4%.

The applicable U.S. federal statutory income tax rate for the Group's U.S. subsidiaries for 2022 was 21% (2021: 21%). In addition, state and city taxes are applicable in certain states and cities.

*Losses carried forward for tax purposes*

As at 31 December 2022, the Group has carry-forward tax losses in its subsidiaries of \$11,000,000 covering its Israel and UK jurisdictions.

8. DISCONTINUED OPERATIONS

On 15 December 2022, the Group announced the restructuring of the Personal Finance operating segment with a view to selling the Personal Finance assets. As a result of this decision, the Group has reviewed the intangible assets held (domains and websites) for impairment (see Note 10 for more details). Revenue and expenses, and gains and losses relating to the discontinuation of this activity are shown as a single line item on the face of the statement of profit or loss as “(Loss) / profit for the year from discontinued operations (net of tax)”.

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Profit or loss

The financial results of discontinued operations were as follows:

	2022 \$000	2021 \$000
Revenue	1,933	8,720
Expenses:		
Operating	(1,755)	(3,284)
Sales and marketing	(1,317)	(2,640)
Impairment charge (Note 10)	(13,835)	–
<b>(Loss) / profit before taxes on income</b>	<b>(14,974)</b>	2,796
Tax credit (Note 16)	3,182	–
<b>(Loss) / profit from discontinued operations</b>	<b>(11,792)</b>	2,796

Taxation from discontinued operations relates to the deferred tax impact of the \$13,835,000 impairment charge incurred in the year ended 31 December 2022.

Cash flows

	2022 \$000	2021 \$000
(Loss) / profit for the year	(11,792)	2,796
Impairment charge	13,835	–
Tax credit	(3,182)	–
<b>Cash (outflow) / inflow from discontinued operations</b>	<b>(1,139)</b>	2,796

Cash flows from discontinued operations also include working capital balances to support the Personal Finance business. These are immaterial for disclosure in both the year ended 31 December 2022 and in the comparative year.

9. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share (“EPS”) is calculated by dividing the (loss) / earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding shares held in trust.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of potentially dilutive ordinary shares.

The following tables reflects the income and share data used in the basic and diluted EPS calculations:

Continuing operations

	2022			2021		
	Earnings <sup>1</sup> \$000	Weighted average number of ordinary shares Thousands	EPS \$	Earnings <sup>1</sup> \$000	Weighted average number of ordinary shares Thousands	EPS \$
<b>Basic earnings per share from continuing operations</b>	<b>2,353</b>	<b>262,586</b>	<b>0.009</b>	2,845	245,710	0.012
Share options <sup>2</sup>	–	3,244	–	–	659	–
<b>Diluted earnings per share from continuing operations</b>	<b>2,353</b>	<b>265,830</b>	<b>0.009</b>	2,845	246,369	0.012

<sup>1</sup> Defined as Profit for the year from continuing operations as per the statement of profit or loss.

<sup>2</sup> Options, Restricted Stock Units (“RSUs”), and Performance Stock Units (“PSUs”) – see Note 18.



Discontinued operations

	2022			2021		
	Earnings <sup>1</sup> \$000	Weighted average number of ordinary shares Thousands	Loss per share \$	Earnings <sup>1</sup> \$000	Weighted average number of ordinary shares Thousands	EPS \$
Basic (loss) / earnings per share from discontinued operations	(11,792)	262,586	(0.045)	2,796	245,710	0.011
Share options	–	3,244	0.001	–	659	–
Diluted (loss) / earnings per share from discontinued operations	(11,792)	265,830	(0.044)	2,796	246,369	0.011

<sup>1</sup> Defined as (Loss) / profit for the year from discontinued operations (net of tax) as per the statement of profit or loss.

Total Group

	2022			2021		
	Earnings <sup>1</sup> \$000	Weighted average number of ordinary shares Thousands	Loss per share \$	Earnings <sup>1</sup> \$000	Weighted average number of ordinary shares Thousands	EPS \$
Basic (loss) / earnings per share	(9,439)	262,586	(0.036)	5,641	245,710	0.023
Share options	–	3,244	–	–	659	–
Diluted (loss) / earnings per share	(9,439)	265,830	(0.036)	5,641	246,369	0.023

<sup>1</sup> Defined as Net (loss) / profit attributable to the owners of the Company as per the statement of profit or loss.

10. INTANGIBLE ASSETS AND GOODWILL

	Goodwill \$000	Domains and websites \$000	Agencies Relationships \$000	Systems, software and licences \$000	Total \$000
Cost or valuation					
At 1 January 2021	30,052	111,047	232	40,336	181,667
Additions	–	51,240	–	3,400	54,640
Acquisition of a subsidiary	2,063	–	484	–	2,547
Additions – internally developed	–	–	–	4,318	4,318
At 31 December 2021	32,115	162,287	716	48,054	243,172
Additions	–	3,000	–	3,926	6,926
Additions – internally developed	–	–	–	2,775	2,775
Other adjustments	(245)	(367)	((48)	–	(660)
Reclassifications <sup>1</sup>	–	–	–	(637)	(637)
At 31 December 2022	31,870	164,920	668	54,118	251,576
Accumulated amortisation and impairment:					
At 1 January 2021	30,052	55,106	8	32,635	117,801
Amortisation	–	–	193	4,894	5,087
At 31 December 2021	30,052	55,106	201	37,529	122,888
Amortisation	–	–	241	6,578	6,819
Impairment charge	–	13,835	–	–	13,835
Exchange differences	–	–	90	–	90
Reclassifications <sup>1</sup>	–	–	–	(637)	(637)
At 31 December 2022	30,052	68,941	532	43,470	142,995
Net book value					
At 31 December 2022	1,818	95,979	136	10,648	108,581
At 31 December 2021	2,063	107,181	515	10,525	120,284

Items marked <sup>1</sup> in the table above relate to reclassifications between cost and accumulated depreciation on historical balances. There is no net book value impact from these reclassifications.

In the previous year ended 31 December 2021, the Group acquired domains and websites, including Sports Betting Dime and Saturday Football inc. and accounted for these as an asset acquisition. The Group recognises a liability for the intangible assets acquired for contingent consideration only when there is sufficient certainty that the liability will be settled. Total domains and websites acquired in 2021 were \$51,240,000 including \$3,000,000 which related to CB Sports and Warwick Gaming (“CBWG”) contingent payment for the year ended 31 December 2021. As targets were met in 2022, a further \$3,000,000 has been recognised as a contingent payment for the year ended 31 December 2022, payable in 2023.

The potential future contingent liability for these assets is up to an additional \$3,500,000 payable to 2024. The acquisition cost also includes deferred consideration of \$3,969,000 which is payable in 2023, and a further \$3,884,000 payable to 2024.

Impairment of non-financial assets

The Group tests goodwill and intangible assets with indefinite useful life for impairment annually. Intangible assets are grouped into cash generating units (“CGU’s”) to determine their value in use and compared that to their carrying value to assess if impairment exists.

During the previous year ended 31 December 2021, the Group acquired Blueclaw Media Ltd, recognising a goodwill balance of \$2,063,000 and agencies relationships of \$484,000. As Blueclaw Media Ltd is a foreign operation, the goodwill balance has been retranslated to \$1,818,000 in the year ended 31 December 2022 and the agencies relationships have been amortised in line with the Group’s accounting policy. See Note 20 for further detail on this acquisition.

For the year ended 31 December 2022, the goodwill created upon acquisition of Blueclaw Media Ltd in September 2021 has been allocated to the CGUs which use the services of that entity in line with IAS 36 ‘Impairment of Assets’.

The table below summarises the carrying amounts of goodwill and domains and websites as at 31 December:

	Goodwill		Domains and websites	
	2022 \$000	2021 \$000	2022 `\$000	2021 \$000
Sports U.S.	1,098	–	70,102	67,102
Casino	357	–	13,514	13,705
Sports Europe	341	–	12,363	12,539
Blueclaw and Reef	22	2,063	–	–
Personal Finance	–	–	–	13,835
	1,818	2,063	95,979	107,181

The key assumptions used in calculating the value in use:

- The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Revenues and the profit rate assumptions are based on management expectations and forecasts for the coming years. These forecasts included an evaluation of factors which could adversely affect revenues and profitability.
- Cash flows beyond the three-year period are extrapolated using the estimated terminal growth rate of 3%. This growth rate is based on the long-term average growth rate as customary in similar industries.
- The discount rate reflects management’s assumptions regarding the Group’s specific risk premium.
- The pre-tax discount rate that was applied for the cash flow projection was 20% (2021: 15%).

For the Personal Finance CGU, as a result of a decline in financial results and the Group’s decision to prioritise resource allocation to its core activities as detailed in Note 8, the Group recognised an impairment charge in the statement of profit or loss of \$13,835,000.

For the other CGUs listed in the table above, the Group concluded that the recoverable amount for each CGU is in excess of the carrying value recognised in the statement of financial position. As such, no impairment exists as of 31 December 2022 (2021: \$Nil).

At 31 December 2022, the assumptions to which the value in use calculation is most sensitive to are the discount rates and growth rates. However, the Group does not believe there are reasonably possible changes in these assumptions that could cause carrying amount to exceed recoverable amount.



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**11. PROPERTY AND EQUIPMENT**

	Computers, furniture, office equipment and others \$000	Leasehold improvements \$000	Right of use leased assets – Offices (see note 15) \$000	Total \$000
<b>Cost</b>				
At 1 January 2021	3,125	559	3,325	7,009
Additions	775	371	5,922	7,068
Adjustments for indexation	–	–	191	191
Termination of leases	–	–	(4,643)	(4,643)
Disposals	(3,215)	(589)	–	(3,804)
<b>At 31 December 2021</b>	<b>685</b>	<b>341</b>	<b>4,795</b>	<b>5,821</b>
Additions	62	–	419	481
Reclassifications <sup>1</sup>	403	30	(2,840)	(2,407)
Disposals	(299)	–	–	(299)
<b>At 31 December 2022</b>	<b>851</b>	<b>371</b>	<b>2,374</b>	<b>3,596</b>
<b>Accumulated depreciation</b>				
At 1 January 2021	2,731	559	2,647	5,937
Depreciation during the year	366	19	1,498	1,883
Termination of leases	–	–	(990)	(990)
Disposals	(2,847)	(563)	–	(3,410)
<b>At 31 December 2021</b>	<b>250</b>	<b>15</b>	<b>3,155</b>	<b>3,420</b>
Depreciation during the year	41	34	419	494
Reclassifications <sup>1</sup>	429	4	(2,840)	(2,407)
Disposals	(188)	–	–	(188)
<b>At 31 December 2022</b>	<b>532</b>	<b>53</b>	<b>734</b>	<b>1,319</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>319</b>	<b>318</b>	<b>1,640</b>	<b>2,277</b>
<b>At 31 December 2021</b>	<b>435</b>	<b>326</b>	<b>1,640</b>	<b>2,401</b>

Items marked <sup>1</sup> in the table above relate to reclassifications between cost and accumulated depreciation on historical balances. There is no net book value impact from these reclassifications.

**12. LONG-TERM AND SHORT-TERM DEPOSITS AS AT 31 DECEMBER**

	2022 \$000	2021 \$000
Long-term deposits		
Held in EUR	75	83
	<b>75</b>	83
Short-term deposits		
Held in USD	100	500
Held in NIS	239	1,653
Held in EUR	3	5
	<b>342</b>	2,158

The long-term deposits have a fixed lien in relation to a bank guarantee for the Cyprus office lease.

Short-term deposits carried a weighted average interest rate of 0.99% in the year ended 31 December 2022 (2021: 0.01%).

**13. TRADE AND OTHER RECEIVABLES AS AT 31 DECEMBER****a. Trade receivables**

	2022 \$000	2021 \$000
Receivables from third party customers	6,015	9,046
Allowance for expected credit losses	(316)	(345)
	<b>5,699</b>	8,701

As at 31 December 2022, the Group has no material amounts that are past due and are not impaired (2021: \$Nil).

Changes in the allowance for expected credit losses are included in administrative expenses reported in Note 5. In the statement of profit or loss, the allowance decreased by \$29,000 (2021: \$730,000 decrease). See Note 19b(ii) on the credit risk of trade receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**b. Other receivables**

	2022 \$000	2021 \$000
Government authorities	676	3,024
Prepaid expenses	2,319	1,969
Other receivables	459	808
Loan to a third party	–	234
Financial derivatives (Note 19)	–	84
	<b>3,454</b>	<b>6,119</b>

The loan to a third party relates to a loan to Xineoh Technologies Inc. provided in the year ended 31 December 2021. On 28 February 2022, the Group converted the receivable to shares giving the parent company a 2.6% stake in ordinary shares with no special rights. The Group elected to designate the equity investment at fair value through other comprehensive income and has presented this asset within “Other financial assets” in the statement of financial position with a carrying value of \$242,000. The Group believes there was no material change in the fair value of the equity investment since its recognition.

**14. OTHER LIABILITIES AND ACCOUNTS PAYABLES AS AT 31 DECEMBER**

	2022 \$000	2021 \$000
Employees and payroll accruals	2,496	3,311
Accrued expenses	2,889	2,264
Deferred revenues	191	2,031
Government authorities	4,283	199
Other liabilities	382	15
	<b>10,241</b>	<b>7,820</b>

Government authorities mainly relates to agreed settlements of historic tax liabilities in specific jurisdictions.

**15. LEASE LIABILITIES AS AT 31 DECEMBER**

	2022 \$000	2021 \$000
Lease liabilities	1,528	1,553
Less – current maturities	(351)	(311)
	<b>1,177</b>	<b>1,242</b>

The Group recorded fixed liens on bank deposits in connection with these agreements (see Note 12).

In the year ended 31 December 2022, the Group signed two new real estate lease agreements, with commencement dates of 1 June 2022 and 1 October 2022, with the Group's total assets and liabilities increasing by \$419,000.

In December 2021, the Group terminated two of three signed leases from 2020. The Group remeasured the U.K. lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change was recognised in the carrying amount of the right-of-use asset until it reduced to \$Nil, and any further reductions were recognised in the statement of profit or loss. For the Israeli lease, the Group de-recognised the remaining balances of the lease right-of-use asset and lease liability in December 2021, recognizing a profit of \$437,000 in 'Operating expenses'.

**16. DEFERRED TAXES AS AT 31 DECEMBER**

	2022 \$000	2021 \$000
Deferred tax assets	(1,226)	(700)
Deferred tax liabilities	1,262	2,072
	<b>36</b>	<b>1,372</b>

IAS 12 'Income taxes' permits the offsetting of balances within the same tax jurisdiction. All of the deferred tax assets are available for offset against deferred tax liabilities.



The movements in deferred tax liabilities are shown below:

	Domains and websites \$000	Other intangible assets \$000	Property and equipment \$000	Other short-term temporary differences \$000	Total \$000
<b>Current period</b>					
As at 1 January 2022	2,072	(270)	(3)	(427)	1,372
(Credited) / charged to profit from continuing operations	(116)	346	378	1,238	1,846
(Credited) to loss from discontinued operations	(3,182)	–	–	–	(3,182)
<b>As at 31 December 2022</b>	<b>(1,226)</b>	<b>76</b>	<b>375</b>	<b>811</b>	<b>36</b>
<b>Prior period</b>					
As at 1 January 2021	772	639	(12)	(157)	1,242
Charged / (credited) to profit from continuing operations <sup>1</sup>	1,300	(909)	9	(270)	130
<b>As at 31 December 2021</b>	<b>2,072</b>	<b>(270)</b>	<b>(3)</b>	<b>(427)</b>	<b>1,372</b>

<sup>1</sup> There is no tax impact from discontinued operations in the year ended 31 December 2021 – see note 8 for further details.

Other short-term temporary differences include deferred tax on tax losses carried forward, lease liabilities and on employee benefits.

The deferred taxes are computed at the tax rates of 19% to 23% based on the tax rates that are expected to apply upon realisation (2021: 19% to 23%).

17. EQUITY AS AT 31 DECEMBER

	2022 Thousands	2021 Thousands
<b>Authorised shares</b>		
<b>Ordinary shares with a nominal value of \$0.000001 each</b>	<b>100,000,000</b>	100,000,000
	<b>Thousands</b>	<b>\$000</b>
<b>Ordinary shares issued and outstanding including share premium<sup>1</sup></b>		
At 1 January 2021	<b>191,594</b>	86,022
Issued in March and April 2021 for the acquisition of a website	<b>67,500</b>	35,806
Exercise of option and vesting of Restricted Stock Units (“RSUs”)	<b>804</b>	243
<b>At 31 December 2021 and at 31 December 2022</b>	<b>259,898</b>	122,071

<sup>1</sup> Share capital is less than \$1,000. Share premium is net of treasury shares

As at 31 December 2022, 3,356,979 ordinary shares were held in trust for the Group’s share-based payment plans (2021: 2,688,684).

18. SHARE-BASED PAYMENTS

The Group have three different share schemes – Employee Share Options, Restricted Stock Units (“RSUs”), and Performance Stock Units (“PSUs”).

The expense recognised in the statement of profit or loss for services received for those share schemes were:

	2022 \$000	2021 \$000
Total expense arising from share-based payment transactions	<b>858</b>	520

Employee Share Options

In August 2013, December 2017 and 2020, the Group adopted Share Option Plans. According to the plans, the Group’s Board of Directors are entitled to grant certain employees, officers and other service providers (together herein “employees”) of the Group remuneration in the form of equity-settled share-based payment transactions. Pursuant to the plans, the Group’s employees may be granted options to purchase the Group’s ordinary shares. These options may be exercised, subject to the continuance of engagement of such employees with the Group, within a period of eight years from the grant date, at an exercise price to be determined by the Group’s Board of Directors at the grant date.

Restricted Stock Units

In May 2021 and in May 2022, the Group granted 910,000 Restricted Stock Units (“May 2021 RSU”) and a further 40,000 Restricted Stock Units (“May 2022 RSU”) to key management personnel.

The following tables list the inputs to the models used for the plans for the years ended 31 December 2022 and 2021, respectively:

	2022 May RSU	2021 May RSU
Weighted average fair values at the measurement date (\$)	0.37	0.69
Shares granted	40,000	910,000
Expected volatility (%)	54.9	54.9
Risk-free interest rate (GBP curve)	1.58	1.58
Expected life of share options (years)	3	3
Weighted average share price (GBP)	0.295	0.485

The fair value of an RSU is measured by use of the Monte Carlo model. The total fair value of the awards above are recognised on a straight line basis in the statement of profit or loss over the vesting period.

The performance conditions to be achieved such that RSUs are capable of vesting are as follows:

Group’s ranking relatively to the comparator group	% of RSUs capable of vesting
Upper quartile or better	100%
Between upper quartile and median	The straight-line basis between 100% and 25% based on the Group’s rank
Median	25%
Lower than median	–

Performance Stock Units

The Group granted Performance Stock Units in 2021 and 2022. These are subject to a three-year performance period, with vesting subject to the achievement of performance measured by reference to total shareholder return over the performance period compared to a comparator group from the FTSE AIM 100, followed by a two-year holding period.

The following tables list the inputs to the models used for the plans for the years ended 31 December 2022 and 2021, respectively:

	2022 October PSU	2022 August PSU	2022 May PSU	2021 March PSU
Weighted average fair values at the measurement date (\$)	0.22	0.28	0.28	0.61
Shares granted	530,120	833,333	2,467,264	470,977
Expected volatility (%)	81.51	80.27	78.91	73.94
Risk-free interest rate (GBP curve)	4.24	3.10	2.72	0.29
Expected life of share options (years)	3	3	3	3
Weighted average share price (GBP)	0.195	0.38	0.295	0.54

The fair value of an PSU is measured by use of the Monte Carlo model. The total fair value of the awards above are recognised on a straight line basis in the statement of profit or loss over the vesting period.

The performance conditions to be achieved such that PSUs are capable of vesting are as follows:

XLMedia’s ranking relatively to the Comparator group	% of PSUs capable of vesting
Upper quartile or better	100%
Between upper quartile and median	On a straight-line basis, between 100% and 25%
Median 25%	25%
Lower than Median	0%

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the year (excluding RSUs and PSUs):

	2022 Number in thousands	2022 WAEP	2021 Number in thousands	2021 WAEP
Outstanding at 1 January	2,359	\$0.90	3,334	\$0.37
Forfeited during the year	(2,211)	\$0.67	(957)	\$1.11
Exercised during the year	–	–	(18)	\$0.66
Outstanding at 31 December	148	\$0.74	2,359	\$0.90
Exercisable at 31 December	148	\$0.74	1,383	\$0.93

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Movement during the year of RSUs and PSUs:

	2022 Number in thousands	2021 Number in thousands
Outstanding at 1 January	3,335	3,066
Granted during the year	3,871	3,341
Forfeited during the year	(3,145)	(2,286)
Vested during the year	–	(786)
<b>Outstanding at 31 December</b>	<b>4,061</b>	<b>3,335</b>

These RSUs and PSUs do not have an exercise price. The weighted average remaining contractual life for the options outstanding as at 31 December 2022 was 1.3 years (2021: 5.9 years). The range of exercise prices for options outstanding (not including the RSUs and PSUs) as at 31 December 2022 was \$0.66 to \$0.98 (2021: \$0.66 to \$1.81).

## 19. FINANCIAL INSTRUMENTS

### a. Classification of financial assets and liabilities

	2022 \$000	2021 \$000
<b>Financial assets</b>		
Financial assets at fair value through other comprehensive income		
Equity instruments	242	–
Financial assets at fair value through profit or loss:		
Financial derivatives	–	84
Financial assets measured at amortised cost:		
Cash and cash equivalents	10,411	22,437
Short-term and long-term deposits	417	2,241
Trade receivables	5,699	8,701
Other receivables	99	1,100
<b>Total financial assets</b>	<b>16,868</b>	<b>34,563</b>
Total non-current	317	83
Total current	16,551	34,480

	2022 \$000	2021 \$000
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss:		
Contingent consideration	–	808
Financial liabilities measured at amortised cost:		
Trade payables	3,655	2,333
Deferred consideration	7,853	26,138
Consideration payable on intangible assets	3,000	3,000
Other liabilities and account payables	5,954	5,588
Lease liabilities	1,528	1,553
<b>Total financial liabilities</b>	<b>21,990</b>	<b>39,420</b>
Total non-current	5,061	9,787
Total current	16,929	29,633

### b. Financial risks factors

The Group's activities expose it to various financial risks.

#### i. Market risk – Foreign exchange risk

A portion of the Group's revenues is received in EUR and in GBP. The Group has subsidiaries in Israel, the UK and in Cyprus where expenses are paid in NIS, in GBP and in EUR. Therefore, the Group is exposed to fluctuations in the foreign exchange rates in EUR, GBP and NIS against the USD.

The Group did not enter into any forward or options contracts to reduce the foreign exchange risk of forecasted cash flows in the year ended 31 December 2022. A foreign exchange rate loss of \$1,297,000 was recorded in the year ended 31 December 2022 (2021: gain of \$270,000). For the year ended 31 December 2021, the Group entered into contracts which were not designated as hedges for accounting purposes and were measured at fair value through profit or loss.

#### ii. Credit risk

The Group usually extends 30-60 days term to its customers. The Group regularly monitors the credit extended to its customers and their general financial condition but does not require collateral as security for these receivables. The Group maintains cash and cash equivalents, short-term and long-term investments in various financial institutions. These financial institutions are located in the EU, Israel and U.S.



iii. Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than one year \$000	1 to 2 years \$000	2 to 3 years \$000	3 to 4 years \$000	> 4 years \$000	Total \$000
Trade payables	3,655	–	–	–	–	3,655
Other liabilities and account payables	5,954	–	–	–	–	5,954
Consideration payable on intangible assets	3,000	–	–	–	–	3,000
Deferred consideration	4,000	4,000	–	–	–	8,000
Lease liabilities	407	289	157	156	607	1,616
At 31 December 2022	17,016	4,289	157	156	607	22,225

	Less than one year \$000	1 to 2 years \$000	2 to 3 years \$000	3 to 4 years \$000	> 4 years \$000	Total \$000
Trade payables	2,333	–	–	–	–	2,333
Other liabilities and account payables	5,588	–	–	–	–	5,588
Consideration payable on intangible assets	3,000	–	–	–	–	3,000
Contingent consideration	–	410	410	–	–	820
Deferred consideration	18,520	4,000	4,000	–	–	26,520
Lease liabilities	352	183	169	167	809	1,680
At 31 December 2021	29,793	4,593	4, 579	167	809	39,941

c. Fair value

The carrying amounts of the Group's financial assets and liabilities approximate their fair value. The fair value of financial derivatives are categorized within level 2 of the fair value hierarchy. The fair value of the contingent consideration is categorized within level 3 of the fair value hierarchy.

d. Sensitivity tests relating to changes in market factors

	2022 \$000	2021 \$000
<i>Sensitivity test to changes in EUR to USD exchange rate:</i>		
Gain (loss) from the change:		
Increase of 10% in the exchange rate	175	143
Decrease of 10% in the exchange rate	(175)	(143)
<i>Sensitivity test to changes in NIS to USD exchange rate:</i>		
Gain (loss) from the change (net of the effect of derivates):		
Increase of 10% in the exchange rate	(5)	138
Decrease of 10% in the exchange rate	5	48
<i>Sensitivity test to changes in GBP to USD exchange rate:</i>		
Gain (loss) from the change:		
Increase of 10% in the exchange rate	76	488
Decrease of 10% in the exchange rate	(76)	(488)

The sensitivity tests reflect the effects of possible changes in exchange rates on the position of the Group for the above currencies as of the end of the year. As described in b.i. above, these contracts are intended to reduce the Group's exposure to fluctuations in exchange rates on future revenues and expenses. Therefore, although it is expected the above effects will be offset by contra effects upon the recording of the revenues and expenses, the timing of these effects may not coincide in the same reporting period.

*Sensitivity tests and principal assumptions*

The selected changes in the relevant risk variables were determined based on management's estimate as to reasonable possible changes in these risk variables. The Group has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity tests present the effects (before tax) on profit or loss and equity in respect of each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The test of risk factors was determined based on the materiality of the exposure of the operating results or the financial condition of each risk with reference to the functional currency and assuming that all the other variables are constant. The Group does not have significant exposure to interest rate risk.

## e. Changes in liabilities arising from financial activities

	Consideration payable on intangible assets \$000	Contingent consideration \$000	Deferred consideration \$000	Lease Liabilities \$000	Total \$000
At 1 January 2021	–	–	–	690	690
Business combination	–	806	–	–	806
Website acquisition	3,000	–	26,138	–	29,138
Finance lease obligation	–	–	–	5,844	5,844
Cash flows	–	–	–	(1,163)	(1,163)
Changes in interest expense	–	2	–	75	77
Termination of leases	–	–	–	(3,783)	(3,783)
Other changes	–	–	–	(110)	(110)
<b>At 31 December 2021</b>	<b>3,000</b>	<b>808</b>	<b>26,138</b>	<b>1,553</b>	<b>31,499</b>
Additions	3,000	–	–	–	3,000
Finance lease obligation	–	–	–	449	449
Cash flows	(3,000)	–	(18,371)	(401)	(21,772)
Changes in interest expense	–	–	234	28	262
Other changes	–	(808)	(148)	(101)	(1,057)
<b>At 31 December 2022</b>	<b>3,000</b>	<b>–</b>	<b>7,853</b>	<b>1,528</b>	<b>12,381</b>

During the year ended 31 December 2022, the Group paid \$18,371,000 (2021: \$Nil) in deferred consideration relating to the prior year acquisitions of Sports Betting Dime, Saturday Football inc., and Blueclaw Media Ltd, and a further \$3,000,000 for the prior year acquisition of CBWG.

In December 2022, the Group agreed to settle all potential contingent consideration with the previous owners of Blueclaw Media Ltd, with a final payment expected in early 2023.

## 20. BUSINESS COMBINATIONS

There were no new business combinations in the year ended 31 December 2022.

During the previous year ended 31 December 2021, the Group acquired 100% of the ordinary share capital of Blueclaw Media Ltd, a multi-award-winning agency based in the U.K. Goodwill recognised in the transaction was \$2,063,000, being the total consideration of \$3,872,000 for net assets with a fair value of \$1,809,000.

## 21. CASH GENERATED FROM OPERATIONS

	2022 \$000	2021 \$000
(Loss) / profit for the year	<b>(9,439)</b>	5,641
Adjustments to reconcile profit for the year to net cash flows:		
Depreciation and amortisation	<b>7,313</b>	6,970
Impairment charge	<b>13,835</b>	–
Net finance expense / (income)	<b>450</b>	(76)
Loss on disposal of property and equipment	<b>157</b>	–
Other income	–	(437)
Cost of share-based payments	<b>858</b>	520
Tax charge / (credit) from continuing operations	<b>1,604</b>	(1,626)
Tax (credit) from discontinued operations	<b>(3,182)</b>	–
Exchange differences on balances of cash and cash equivalents	<b>1,297</b>	246
Working capital changes:		
Decrease / (increase) in trade receivables <sup>1</sup>	<b>3,002</b>	(2,672)
Decrease in other receivables <sup>1</sup>	<b>2,665</b>	647
Increase in trade payables <sup>1</sup>	<b>1,322</b>	313
Decrease in other liabilities and accounts payable <sup>1</sup>	<b>(5,235)</b>	(1,681)
<b>Cash generated from operations</b>	<b>14,647</b>	7,845

Total working capital inflow (the sum of items marked <sup>1</sup> in the table above) was \$1,754,000 (2021: \$3,393,000 outflow).

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES INCLUDING DIRECTORS

The Group’s related party transactions in the year include the compensation of the senior managers, the Directors’ emoluments and retirement benefit entitlements, share awards and share options as disclosed in the Directors’ remuneration report, which forms part of these financial statements.

	2022 \$000	2021 \$000
<b>Balances</b>		
Current liabilities – management fees and other short-term payables	20	11
<b>Compensation of key management personnel of the Group</b>		
Short-term employee benefits	2,426	2,044
Share-based payments transactions	–	68
	2,426	2,112

During the year ended 31 December 2022, the Group provided services to a company associated with one of the Group’s key management personnel in return for a fee of \$5,000.

No other related party services were provided or received by the Group in 2022.

23. LIST OF MAIN SUBSIDIARIES

A full list of related undertakings including the country of incorporation, the principal activity and the effective percentage of equity owned as at 31 December 2022 is disclosed below:

Name of entity	Country of incorporation	Principal activity	Registered address
XLMedia Finance Ltd	Cyprus	Bank guarantees for Cyprus	232 Agias Fylaxeos, Limassol, 3082, Cyprus
XLMedia Publishing Ltd	Jersey	Websites / domains	12 Castle Street, St. Helier, Jersey, JE2 3RT
Webpals Holdings Ltd	Israel	Holding entity	HaMada 7, 6th floor, Herzliya, 4673341, Israel
Webpals Systems S.C Ltd	Israel	Personal Finance and services to Casino business	As above
Marmar Media Ltd	Israel	Dormant	As above
Webpals Inc.	U.S	Services to US Sports business	U.S c/o Vcorps Services LLC 1013 Centre Road Suite 403-b Newcastle, Wilimington, DE 19805c
XLMedia US Inc.	U.S	US Sports	As above
XLMedia Canada Marketing Ltd	Canada	SBD business	c/o Farris LLP 700 West Georgia Street, 25th Floor, Vancouver, BC V7Y 1B3
Blueclaw Media Ltd	U.K.	Services company	167 – 169 Great Portland Street, London, W1W 5PF

All interest in the subsidiaries confer 100% voting rights and 100% rights to profits.



# GLOSSARY OF FINANCIAL TERMS

Although the Group is not subject to the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority, we have provided additional information on the metrics used by the Group. The Directors use the metrics listed below as they are critical to understanding the financial performance and financial health of the Group. As they are not defined by IFRS, they may not be directly comparable with other companies who use similar measures.

PROFIT MEASURES

METRIC	CLOSEST EQUIVALENT IFRS MEASURE	DEFINITION
Revenue from core	Revenue	Revenue from Sales and Gaming segments of the Group, excluding discontinued operations plus any operations deemed non-core.  For 2022, the non-core operations included Personal Finance (discontinued) and other revenue.
Revenue 'spike' from launch of online sports betting in a US state	Revenue	Following the launch of a new legal online sports betting state in the United States, the business typically recognises a significant spike in CPA revenues. For the purposes of timeframe allocation, this is considered the first ten days post a state launch when the revenue is earned.
Adjusted EBITDA	Operating Profit <sup>1</sup>	Earnings before Interest, Taxes, Depreciation and Amortisation, and excluding any share-based payments, impairment, reorganisation costs and discontinued operations.

METRIC	CLOSEST EQUIVALENT IFRS MEASURE	DEFINITION
Adjusted EBITDA from core	Operating Profit <sup>1</sup>	As above but excluding other non-core operations.
Adjusted Basic and diluted earnings per share from core	Basic and diluted earnings per share	Based on profit for the year from continuing operations excluding profit/(loss) from other non-core operations.
Tax compliance	Operating Profit <sup>1</sup>	Earnings before Interest, Taxes, Depreciation and Amortisation, and excluding any share-based payments, impairment, reorganisation costs and discontinued operations.

1 Operating profit is not defined under IFRS. However, it is a generally accepted profit measure.

CASH FLOW MEASURES

METRIC	CLOSEST EQUIVALENT IFRS MEASURE	DEFINITION
Free cash flow	No direct equivalent	Cash from operations less capital expenditure excluding acquisition costs.
Normalised capital expenditure	No direct equivalent	Reported capital expenditure excluding acquisition-related capital expenditure.

GLOSSARY OF  
OTHER TERMS

TERM	DEFINITION
Cost per acquisition (CPA)	A one-off, upfront payment for a referred user that either creates a new profile or makes a deposit with an operator.
Revenue share	A revenue share model is based on the percentage of the net revenue a user generates for the operator. It is typically ongoing revenue for the lifetime of the player, but this duration can vary between operators.
Hybrid deal	A blended revenue model consisting of an upfront CPA payment combined with a long-term revenue share model.
Fixed deal	A fixed deal allows an operator brand to secure a position on a site or page for a tenancy period.
Other revenue	Display advertising sold on a CPM (cost per mille impressions) basis and sponsorships sold for either a flat fee or CPM.
Real money player (RMP)	A user that creates an online account and makes a deposit with an operator.
State spikes	Following the launch of a newly legal online sports betting state in North America, the business typically identifies a significant spike in revenues. For the purposes of time allocation, this is considered to be the first ten days post a state launch.
Media Partnership Business (MPB)	The MPB is a collective of leading sports media and news publishers that benefit from our quality storytelling, industry expertise and operator relationships. Media partners provide sports audiences, XLMedia provides sports betting commercial content to those partners and together we share in the revenue it generates.
Owned and Operated (O&O) Portfolio	O&O brands are fully owned assets that provide news, insights and entertainment from expert reporters and talent.

TERM	DEFINITION
Google E-E-A-T	<p>From Google’s Search Quality Evaluator Guidelines:</p> <p>“Experience, Expertise, Authoritativeness and Trust (E-E-A-T) are all important considerations in page quality (PQ) rating. The most important member at the centre of the E-E-A-T family is Trust.</p> <p>Depending on the purpose of the page, topic, and type of website, a high level of E-E-A-T may be required for the page to achieve its purpose well and be considered high quality. Pages with high E-E-A-T are trustworthy or very trustworthy.</p> <p>A website or content creator who is the uniquely authoritative, go-to source for a topic has very high E-E-A-T. A content creator with a wealth of experience may be considered to have very high E-E-A-T for topics where experience is the primary factor in trust. A very high level of expertise can justify a very high E-E-A-T assessment. Very high E-E-A-T websites and content creators are the most trusted sources on the internet for a particular topic.”</p>
Search engine optimisation (SEO)	This is an operational activity for the business that capitalises on the demand from consumers searching for information online. The process optimises the online visibility of a website to improve search rankings and deliver organic traffic from editorial and commercial content appearing in search engine results.
Search ranking	To provide the most useful information to users, search engines apply algorithms that take a variety of factors into account to sort, identify and serve websites and webpages to address users’ query. The weight of the factors varies depending on the nature of the query. The result is a ranking or list of results designed to be the most valuable to the user.

