

# XLMedia H1 Results 2022

## Investor Presentation

Marcus Rich, Chair  
David King, CEO  
Caroline Ackroyd, CFO



# AGENDA

- 1 Chair Introduction
- 2 Business Update
- 3 North America Expansion
- 4 Financial Results
- 5 Key Takeaways
- 6 Q&A



# CHAIR INTRODUCTION

Delivering upon the existing stated strategy,  
with a new highly experienced leadership team for XLMedia



**MARCUS  
RICH,  
CHAIR**

Joined March 2022

- Extensive digital publishing industry leadership experience
- Considerable knowledge of capital markets and global media industry



**DAVID  
KING,  
CEO**

Joined July 2022

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

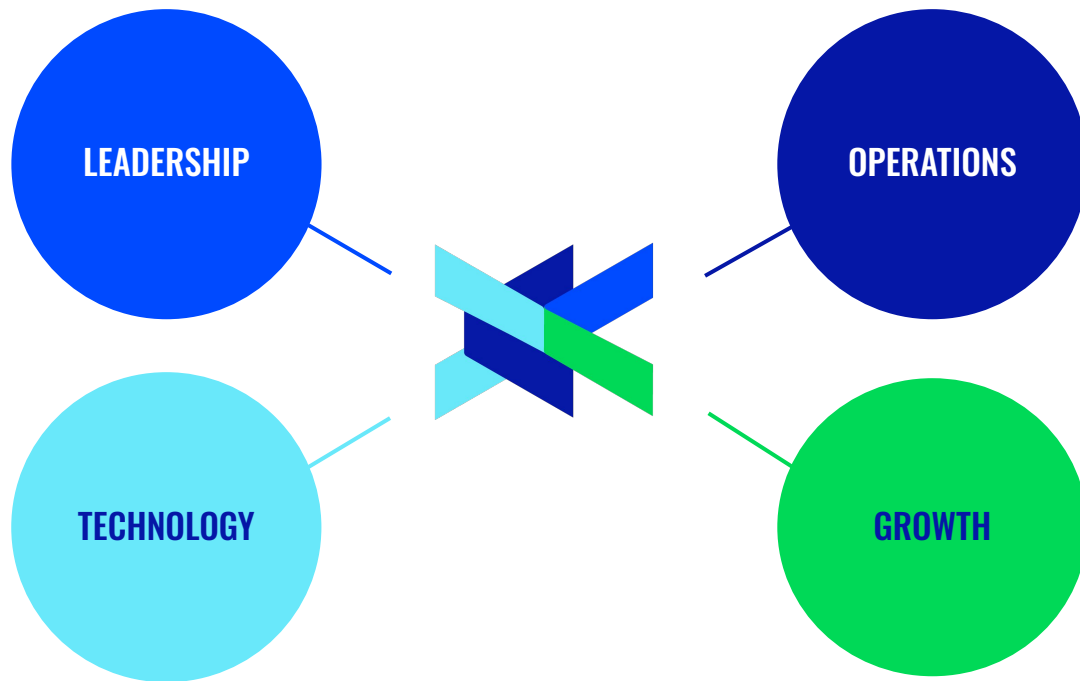


**CAROLINE  
ACKROYD,  
CFO**

Joined March 2022

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

**TODAY  
XLMEDIA IS  
AN EVOLVED  
BUSINESS**



**THIS IS THE NEW**



**XLMEDIA**

# Business Update

## David King, CEO



# **XLMEDIA IS A LEADING GLOBAL DIGITAL MEDIA COMPANY.**

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

# FINANCIAL HIGHLIGHTS H1 2022

## REVENUE

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**\$44.5m**

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**+38% YOY**

## NORTH AMERICA SPORTS REVENUE

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**\$30.2m**

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**+412% YOY**

## ADJUSTED EBITDA

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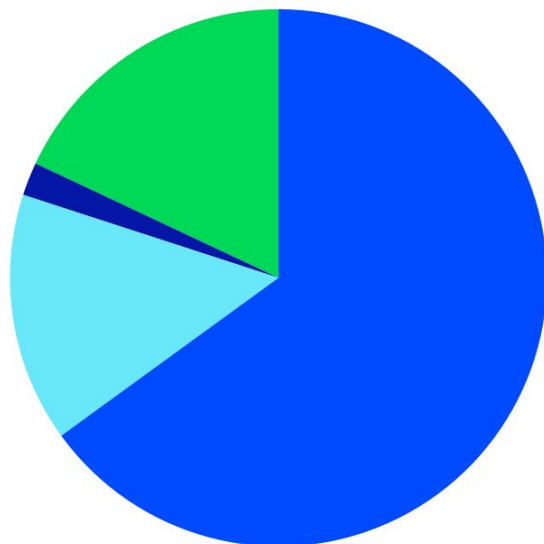
**\$10.6m**

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**+60% YOY**

# TODAY XLMEDIA IS SPORT-LED

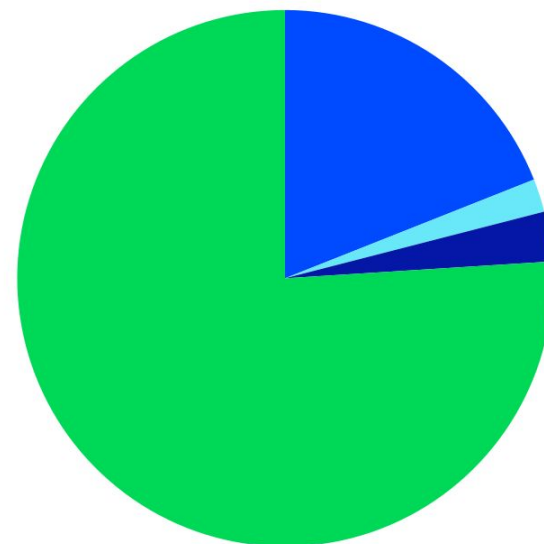
## H1 2020\*



## REVENUE MIX

18%	SPORTS	76%
62%	GAMING	19%
15%	PERSONAL FINANCE	2%
5%	OTHER	3%

## H1 2022



THIS IS  **XLMEDIA**

*\*H120 previously disclosed Other revenue allocated to Sports/Gaming*

# OUR FOCUS IS ON IMPLEMENTING THE EXISTING STRATEGY

## Regulated territories

More sustainable and higher quality revenue

## Focused on high-growth sports & gaming

Strong relationships with leading operators, a track record of successful media partnerships and internal expertise

## Prioritise North America

Creating a leader position in NA sports and continue to capitalise on US trajectory

## Brand-led with 20 marquee sites

Invest and grow the XLM portfolio brand equity which underpins key advertiser and operator relationships

## Proactive portfolio management

Talent-led, content driven, data enhanced

# BUSINESS PRIORITIES

Simple, specific, practical, orchestrated activity

## DEVELOP DESTINATIONS

- Value and nurture fandoms to drive further engagement and move our brands to daily destinations frequented by direct, repeat traffic
- Creation of high-quality content and expansion of distribution

## BUILD PARTNERSHIPS

- Combine data and learning from Owned & Operated brands (O&O) with Media Partnership Business (MPB)
- Work with advertisers to optimise promotion performance

## DEVELOP TECHNOLOGY

- Continue to enhance the user experience
- Expand the use of data to enhance conversion and operational efficiency

## EXPAND FOOTPRINT

- Prepare to launch into new markets as they regulate
- Deepen coverage of select sports and leagues

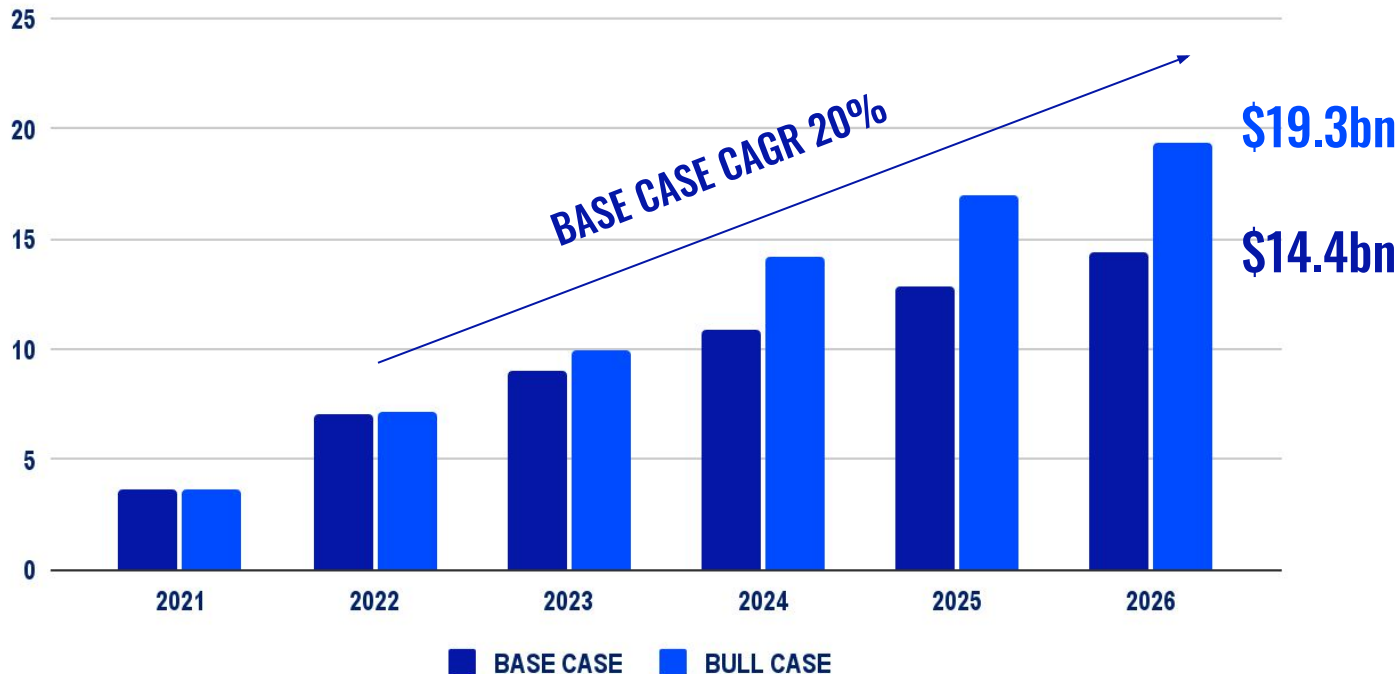
**UNDERPINNED BY AN ASSESSMENT OF THE IMPACT ON CASH, COST, PROFIT AND ROI**

# North America Expansion



# WELL PLACED TO CAPITALISE ON THE LARGE MARKET OPPORTUNITY

PROJECTED US ONLINE SPORTS BETTING GROSS GAMING REVENUE (US\$bn)



PROJECTED  
US SPORTS BETTING  
MARKET REVENUE  
DISTRIBUTION  
BY 2026

~88%  
Online

~12%  
Landbased  
& Retail

SOURCE: VIXIO Gaming Compliance US Sports Betting and iGaming Dashboard. Forecasts reflect VIXIO Gambling Compliance assumptions as of the week commencing August 1, 2022.

# EXPANDING OUR FOOTPRINT AND GROWING OUR AUDIENCE

## BUY

Continue acquiring  
engaged regional and  
local audiences

## BUILD

Building niche sites to  
access narrower but  
profitable opportunities

## PARTNER

Partnerships with larger  
national publishers, local  
publishers and sports  
specialty sites

# PORTFOLIO MIX TO CAPITALISE ON THE MARKET

## OWNED & OPERATED BRANDS (BUY & BUILD)

O&O brands are **sports media and sports betting sites** that tap into fandoms providing news, insights, and sports-tainment. And when the time is right, help people make smarter bets.

Our brand teams are locally rooted and live within the communities they cover sharing the passion of their readers – they're fans too.

## MEDIA PARTNERSHIP BUSINESS (PARTNER)

MPB is a collective of **leading sports media and news publishers** that benefit from our quality content, industry experience and operator access.

The scale of this combination yields expanded coverage, audience reach and revenue opportunities.

# NORTH AMERICA PORTFOLIO BRANDS

## OWNED & OPERATED (incl.)

EST 2010  
**SATURDAY  
DOWN SOUTH**

**Saturday  
Tradition**

**SATURDAY ROAD**

**SBD**

**SATURDAY OUT WEST**

**CROSSING  
BROAD**

**ESNY**

**CSB**

## MEDIA PARTNERSHIP BUSINESS (incl.)

**amny**

**metro**



**VOICE** media

**97 PRO**  
FOOTBALL  
NETWORK

**MASS LIVE**

**INSIDE  
THE HALL**

**NOW**

**PGH HOCKEY NOW**

**MILE HIGH  
SPORTS**



**PGH SN**

**BLEACHER NATION**

# FROM 0 TO 19 STATES IN UNDER 4 YEARS

## 2019

NO NORTH  
AMERICA SPORTS  
PRESENCE



Europe-centric  
business

## 2020

LIVE IN  
8 STATES



BET NEW JERSEY

## 2021

LIVE IN  
13 STATES



SATURDAY DOWN SOUTH



SATURDAY ROAD



## 2022

LIVE IN  
16 STATES

ADDED

New York  
Louisiana  
Kansas



## 2023

LIVE IN\*  
19 STATES

CONFIRMED

Ohio

PENDING FINAL  
REGULATION AND DATE

Massachusetts  
Maryland

\*Pending regulation

# 2 KEY STATES LAUNCH IN 2023



## OHIO

- Launching January 2023
- 7th largest state in US (by population)
- Projected to be one of the largest wagering markets
- Teams include:
  - Professional: Cincinnati Bengals, Cleveland Browns, Cleveland Cavaliers, Cincinnati Reds, Cleveland Guardians, Columbus Blue Jackets
  - College: Ohio State University, University of Cincinnati
- Partnership with Cleveland.com
  - Premier news and information website in Ohio
  - 9.9m monthly unique users



## MASSACHUSETTS

- Sports betting legalised, pending final regulations
- 15th largest state in US (by population)
- Well-populated, high-income state with passionate pro sports fans
- Teams include:
  - Professional: New England Patriots, Boston Celtics, Boston Red Sox, Boston Bruins
  - College: Boston College
- New partnership with MASSLive
  - Second Advance Local Media property to join MPB
  - 6.5m monthly unique users

# REST OF BUSINESS UPDATE

## GAMING

- Portfolio consolidation to focus on 4 leader brands (reduction from 13 sites to 7 sites)
- Gaming revenues stabilising
- Focus on quality content and user experience
- Test/optimize new product features with an emphasis on building user trust
- Objective to build new (hybrid) revenue from RMPs\* and revenue share
- Expand operator relationships

## OTHER

- Focus on talent acquisition to match the new and changing mix of business
- Continued to upgrade site infrastructure, enhance security while rolling out the new content management system (CMS)
- Work continues to integrate acquisitions
- Personal Finance now focuses on two key brands - replatforming sites, improving operations, and creating new content
- SEO specialist from our in-house Blueclaw SEO team supporting marquee brands

*RMPs\* is defined as "real money players" inclusive of first time depositing and post initial depositing customers.*

# Financial Results

## Caroline Ackroyd, CFO



# FINANCIAL SUMMARY H1 2022

## REVENUE

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**\$44.5m**

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**+38% YOY**

## ADJUSTED EBITDA

---

**\$10.6m**

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**+60% YOY**

## FREE CASHFLOW\*

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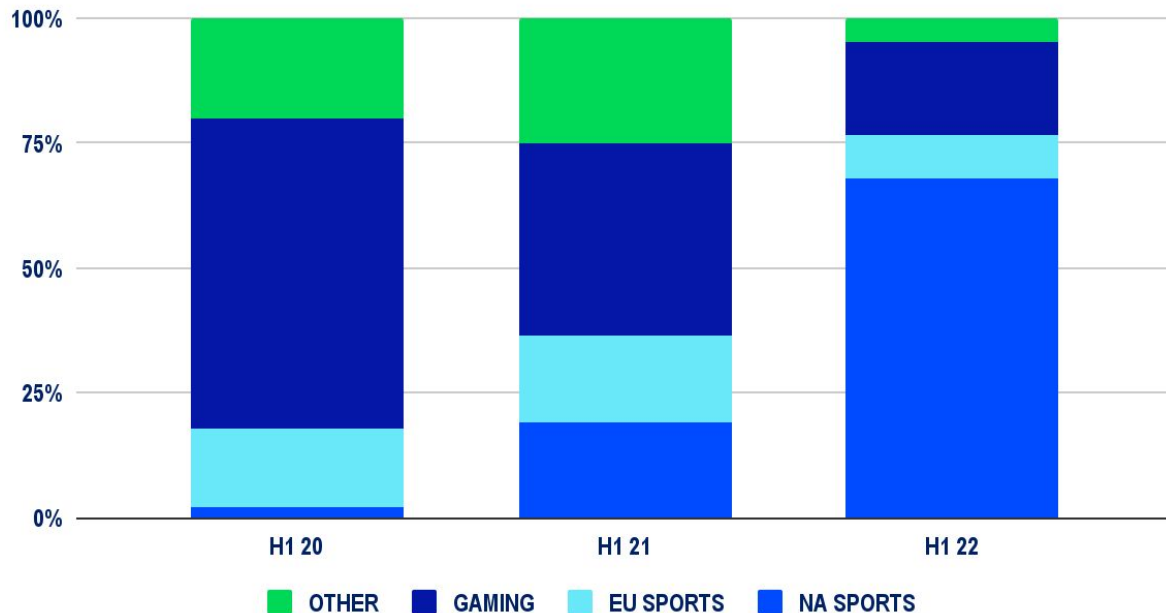
**\$7.8m**

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**+US\$8.1m YOY**

\*Net cash flow from operating activities minus capex (excluding acquisitions)

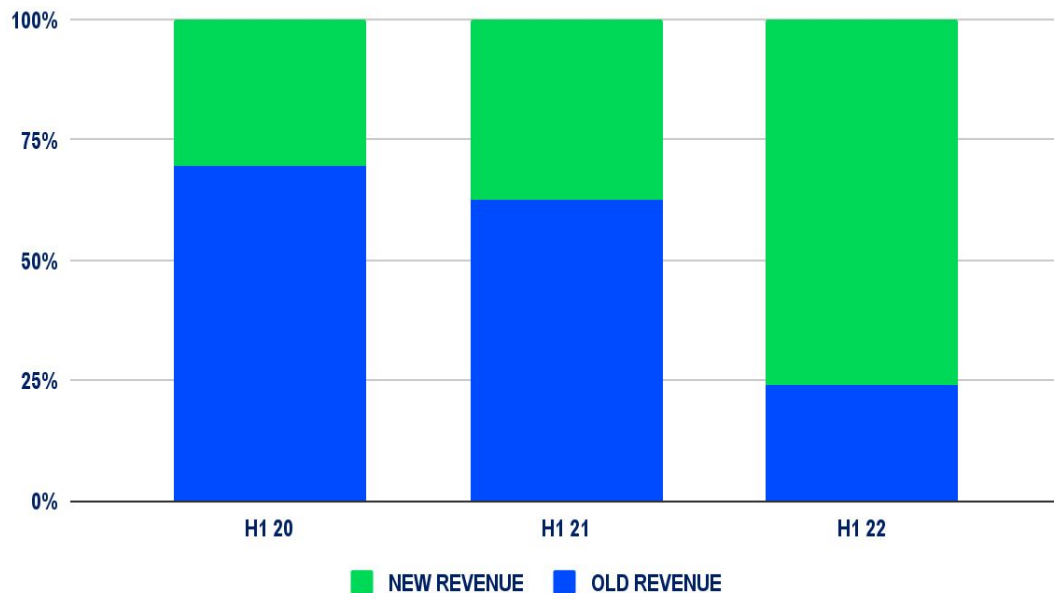
# NA SPORTS DELIVERS 68% OF TOTAL GROUP REVENUE



Revenue of \$44.5m, +38% year over year, underpinned by North American sports with revenue of \$30.2m for the period.

North American sports grew +416% year over year.

# STRONG GROWTH IN NEW MONEY FROM HIGH GROWTH MARKETS



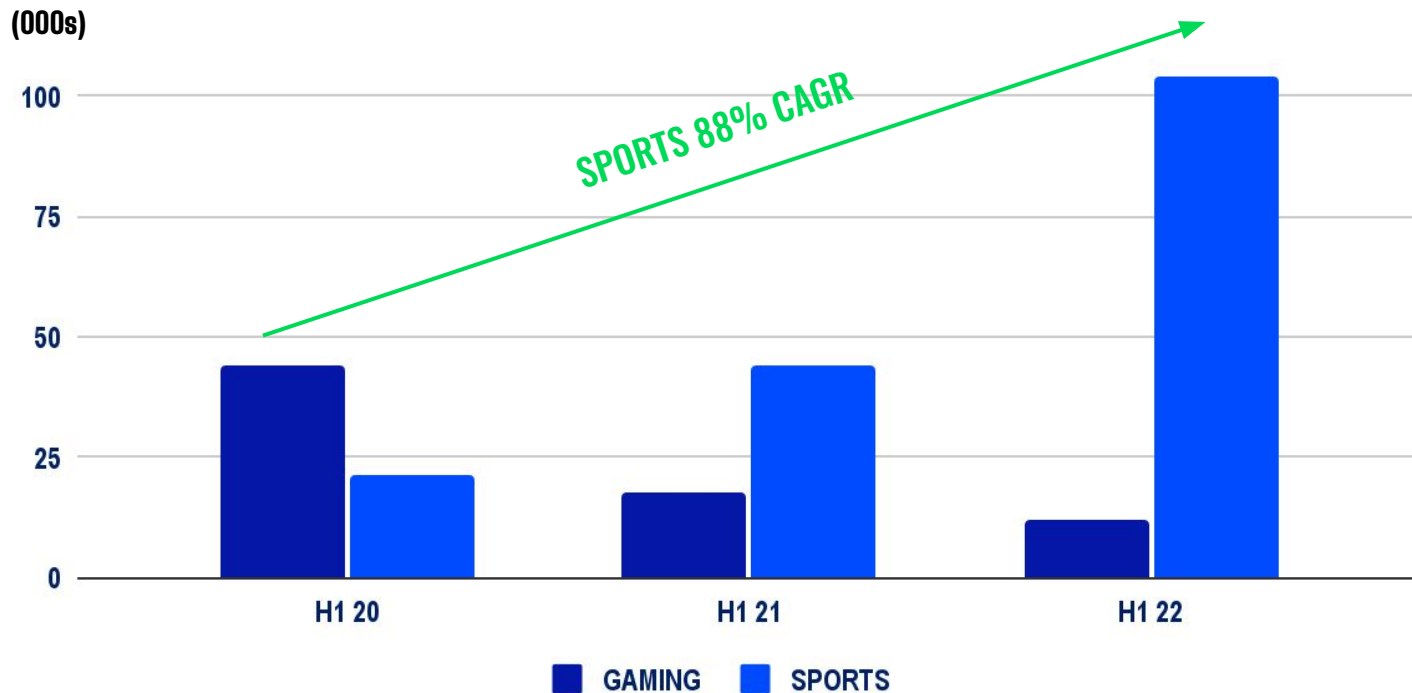
The revenue mix demonstrates the success of the Group in reshaping towards new, high-growth markets.

New revenue represented the majority of revenue in H1 22, largely due to the growth in NA Sports, which is all new revenue with no residual payments.

Old revenue is expected to continue from legacy Gaming (casino) and EU sports business. Robust verticals but positioned in mature, low growth markets.

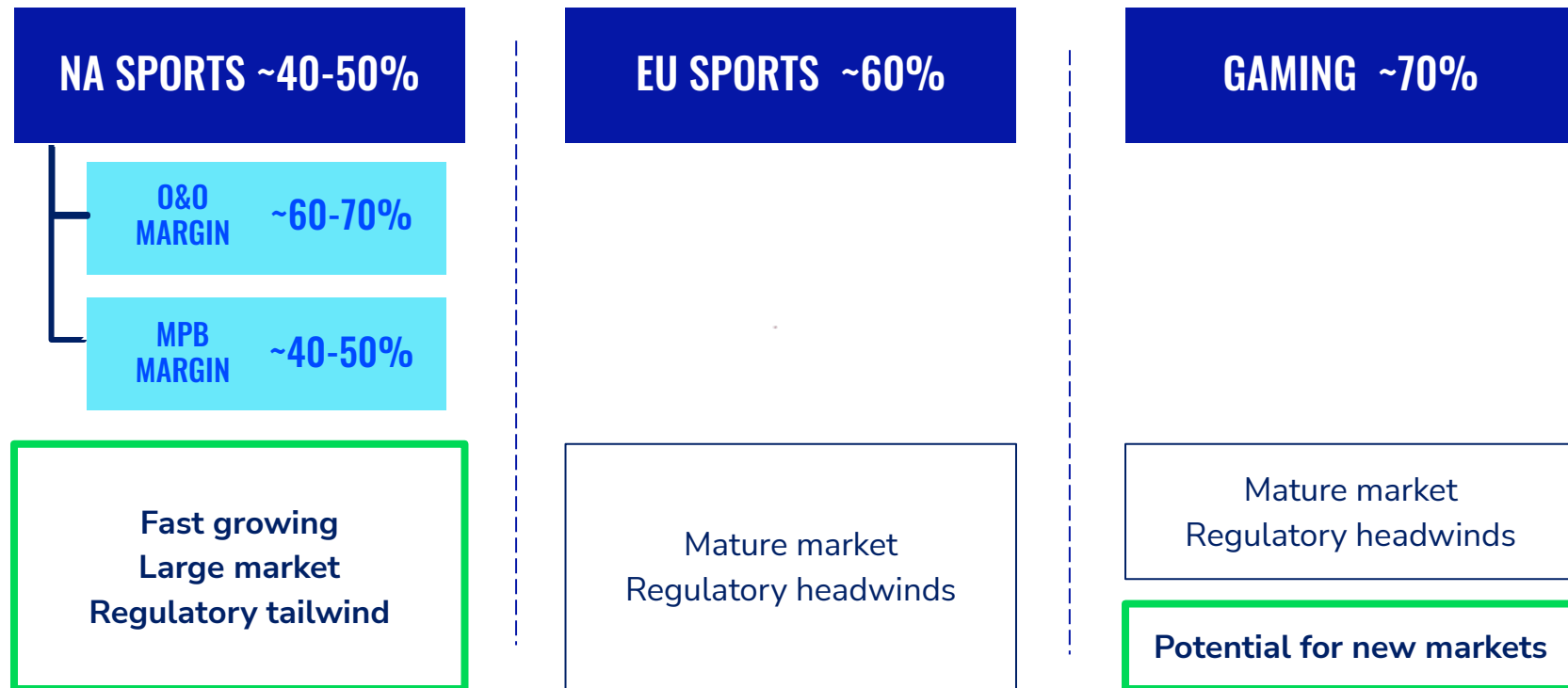
*Note: New money is largely CPA.*

# SIGNIFICANT GAINS IN RMPs\* DRIVEN BY NA SPORTS

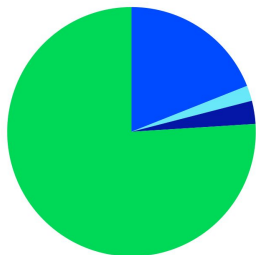


RMPs\* is defined as "real money players" inclusive of first time depositing and post initial depositing customers. v

# STRUCTURE OF KEY VERTICALS (GROSS MARGIN H122)



# GAMING, PERSONAL FINANCE & OTHER UPDATE



**SPORTS 76%**

**GAMING 19%**

**PERSONAL  
FINANCE 2%**

**OTHER 3%**

## GAMING

- Gaming revenues are expected to continue to trade below historical levels but Gaming remains a high margin vertical for the Group.
- Implemented cost base reduction to mirror scale of gaming operations in the business.
- Selective investment in content, people and SEO to cement position in key regulated markets and multi-territory opportunities.

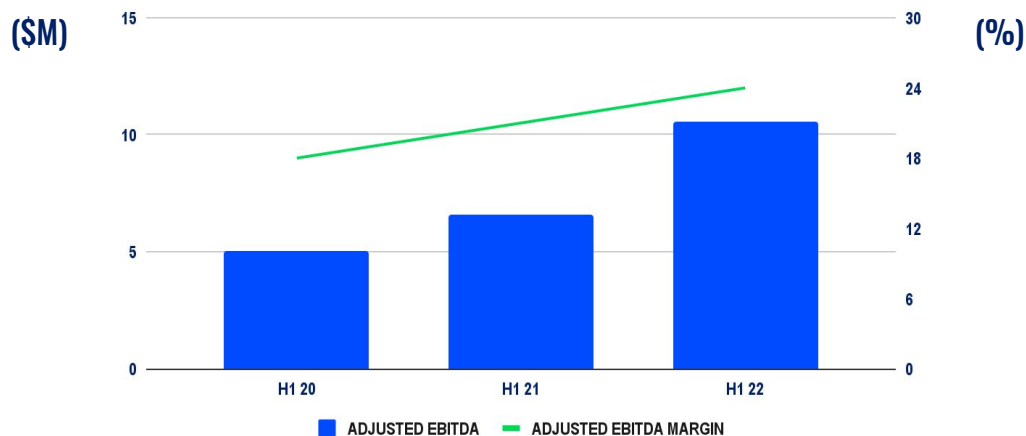
## PERSONAL FINANCE

- Currently loss making (estimating a loss of ~\$1-2m for 2022) and now represents ~2% of revenue.
- Review of strategy ongoing to determine optimal path to return to profitability.

## OTHER

- Other external revenues are from SEO agency (Blueclaw) and affiliate network (Reef) - both non-core.
- In-house SEO capability from Blueclaw benefits the rest of the Group with the cost largely funded through externally generated revenue.

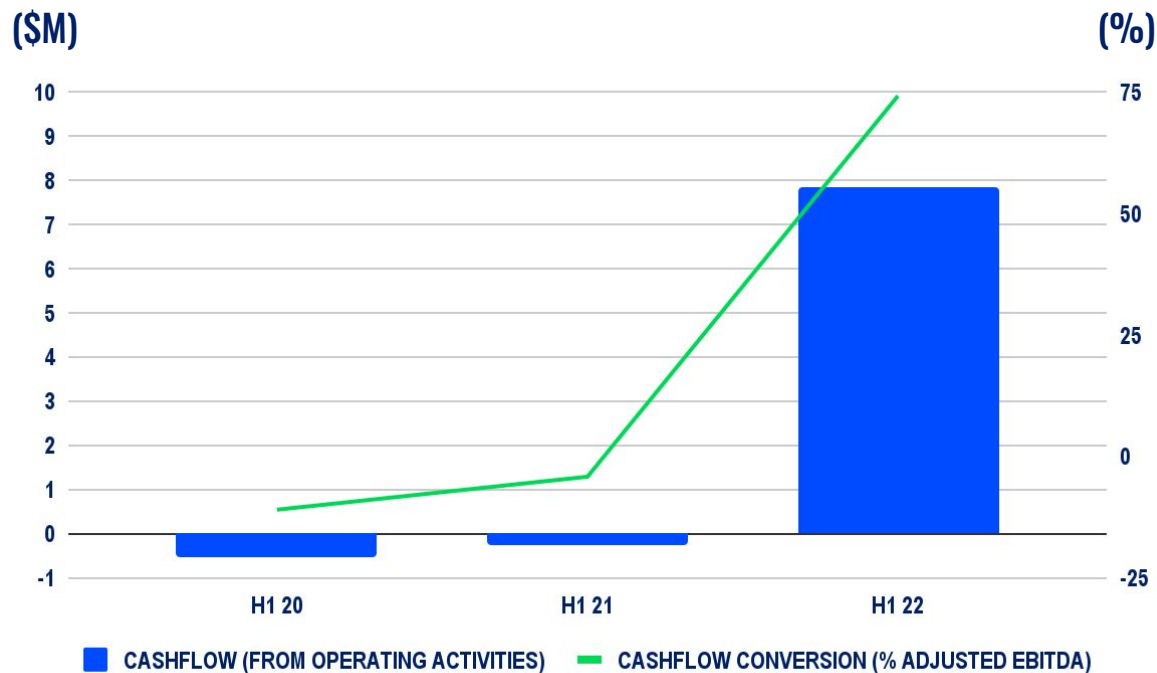
# GROWING ADJUSTED EBITDA



- Consistent growth in Adjusted EBITDA year over year since H1 2020 as the transformation project nears completion and as growth accelerates in the U.S.
- Recalibration of cost base estimated to deliver cash savings of US\$5-6m per annum once complete.
- Transformation costs of \$3.0m for the period (\$3.1m in H1 21).
- Adjusted EBITDA margin of 24% in the period (20% in H1 21).
- Impairment of \$3.5m recognized relating to Personal Finance assets due to the previously announced trends in revenue.

SUMMARY PROFIT AND LOSS	H1 22	H1 21	VAR
Total revenue	44.5	32.2	38%
Cost of revenue	23.7	14.0	69%
Gross profit	20.9	18.3	14%
Operating expenses	20.9	18.8	11%
Operating profit	0.0	-0.6	nmf
Transformation costs	3.0	3.1	-3%
Share based payments	0.5	0.5	-2%
Depreciation and amortisation	3.6	3.6	0%
Impairment relating to Personal Finance	3.5	0.0	nmf
Adjusted EBITDA	10.6	6.6	60%

# OPERATING FREE CASHFLOW\*



## CASH AND OPERATING CASHFLOW

- \$17.7m of cash\*\* at end of June 22.
- ~\$8m of earn-outs and deferred payments relating to the Groups' strategic acquisitions due in H2 22, to be funded from cash balance.
- Operating cash flow and cash conversion has been impacted by the transformation project which started to reverse in H1 22.

\*Net cashflow from operating activities minus capex (excluding acquisitions)

\*\*Cash and cash equivalents and short-term deposits

# Key Takeaways



# OUTLOOK

We expect full year Adjusted EBITDA to be broadly in line with prior year, returning to growth in 2023.

During H1 2022, the Group has delivered on its strategy to make a shift towards sports betting in regulated markets, a revenue stream that is predicted to show strong growth in the medium term

US sports betting revenues currently remain in line with management expectations for the full year, having benefited in H1 from the additional marketing investment made by its customers during the New York state launch. Major new state launches typically see an increase in marketing activity, creating a significant revenue upside for the Group, before settling into a more normalised rhythm.

The Gaming business performance is tracking in line with expectations and the Group is on course to deliver cost savings of some US\$4m in the year.

Following the impact of Google's Your Money Your Life (YMYL) requirements on the Personal Finance division, the strategic decision was taken to replatform the business and renew its content. Revenue recovery is taking significantly longer than planned and revenue of the Personal Finance business is now expected to be approximately US\$1.5m for the full year, resulting in a move from profit to loss of approximately US\$1-2m which will negatively impact the Group's full year performance.

As a result, we expect full year Adjusted EBITDA to be broadly in line with the prior year, returning to growth in 2023.

# KEY TAKEAWAYS

Prioritise activities that drive quantifiable value

**Adjusted EBITDA up 60%**

**Build internal stability  
and external transparency**

**Implementing existing  
strategy**

**Expand coverage through  
Buy/Partner/Build  
framework**

**Realise the benefits of  
North American  
regulation**

**Invest in marquee brands  
and fandom growth**

# THANK YOU

## CONTACT

### **XLMedia plc**

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### **Vigo Consulting**

Jeremy Garcia / Kendall Hill

[www.vigoconsulting.com](http://www.vigoconsulting.com)

Tel: 020 7390 0233



# ADJUSTED EBITDA RECONCILIATION

	Six months Ended June 30		Change	
	2022	2021	\$	%
	(in thousands USD, unaudited)			
<b>Net income for the period attributable to the shareholders</b>	504	(82)	586	n/m
Add back:				
Net finance costs / (income) <sup>1</sup>	1,731	(35)	1,766	n/m
Other income	(33)	(99)	66	-67%
Income tax benefit	(2,198)	(357)	(1,841)	n/m
Depreciation and amortisation	3,600	3,587	13	0%
Impairment relating to Personal Finance	3,486	0	3,486	n/m
Share-based payments	509	520	(11)	-2%
Acquisition integration and transformation costs <sup>2</sup>	2,962	3,066	(104)	-3%
<b>Adjusted EBITDA</b>	<b>10,561</b>	<b>6,600</b>	<b>3,961</b>	<b>60%</b>

(1) Net finance costs / (income) is comprised of finance income, finance expense and foreign exchange gains / (losses).

(2) Acquisition integration and transformation costs are related to the business combinations of the Group.

n/m = not meaningful