

# Half Year Results 2020

Investor Presentation

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XLMedia PLC

# XLMedia

Developing a Balanced  
Portfolio of Premium  
Branded Assets

- XLM has a long track record of success in performance marketing, introducing consumers to our customers' products in return for a share of the revenue
- Our role is to source, recommend and actively engage high quality consumers with the products and services of our customers
- Our portfolio of premium online assets primarily focuses on 3 main verticals (and many sub-verticals), targeting consumers in North America and Europe
- We are actively upgrading our asset base and portfolio to maximise long-term, sustainable growth with an increased focus on North America and Sports
- Our Global Headquarters is now in the UK, with a growing presence in the US and operational resources in Israel and Cyprus

H1 2020

**\$27.7M**

Revenues

**\$16.6M**

Gross profit

**\$5.1M**

Adj. EBITDA



# Operating Overview

Despite challenges, the transformation remains on track

- Business impacted by manual ranking penalty and Covid-19 (c.\$2 million per month from late March)
  - Robust response through \$5m of annualised cost reductions
  - Closed non-core media operation
- Overhauled Governance structure, strengthened Executive Team and implemented new Operating model
- Reviewed full portfolio of assets, resulting in evaluation process for possible disposal of Finnish assets and consolidation of sites
- Corporation tax residence moved to the UK, reflecting management control and governance concentration
- Completed buy-out of remaining founder interests in 101greatgoals.com

# Casino Recovery Plan

Taking greater control of our future and enhancing the revenue potential

## Objective:

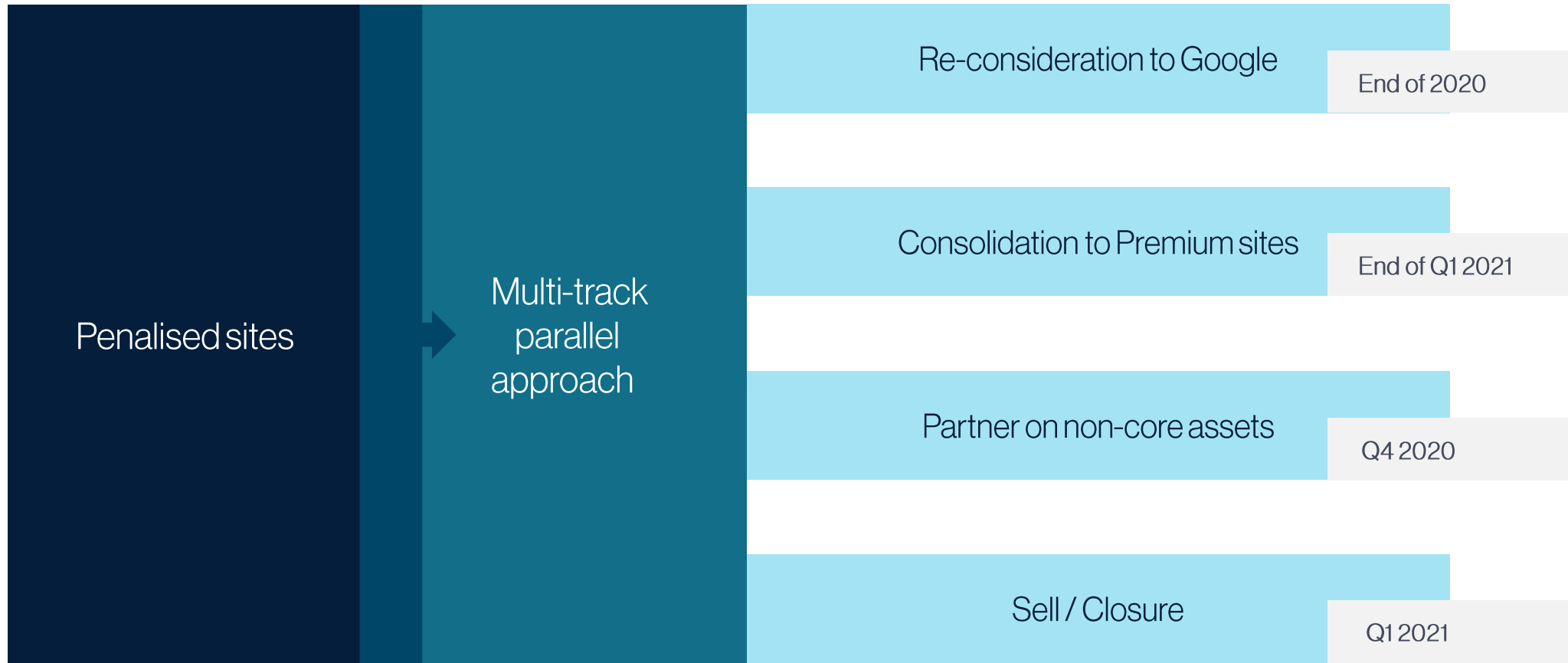
By the end of Q1 2021, in delivery stages, we will gain full control of our premium assets and their performance, operating them with an increased focus, including utilisation of proprietary data to drive improved performance.

## Steps underway:

- Focused teams and optimised operations, migrating all affected sites to outsourced technology platform and consolidating our portfolio
- Ongoing testing and learning, supported by external consultancies, resulted in a multi-track plan to reduce reliance on one path
- Renewed focus on Branding, Editorial, User Generated Content and Communities to drive sustainable traffic

# Current plans for the branded sites

Our focus is to rank sites and drive traffic



# Financial Results

H1 2020

# Income Statement

Right-sized headcount and cost base for current performance

Item US\$'000	H1.2020	H1.2019
Revenues	27,715	42,459
Cost of revenues	11,106	13,621
<b>Gross profit</b>	<b>16,609</b>	<b>28,838</b>
Gross profit %	60%	68%
Operating expenses	14,829	14,514
<b>Operating profit before Impairment and Reorganisation costs</b>	<b>1,780</b>	<b>14,324</b>
<b>Total adjusted EBITDA</b>	<b>5,093</b>	<b>18,616</b>
% Adjusted EBITDA	18%	44%
Reorganisation costs	1,501	-
<b>Operating profit</b>	<b>279</b>	<b>14,324</b>
Finance expenses, net	(108)	(529)
<b>Profit before taxes on income</b>	<b>171</b>	<b>13,795</b>
Taxes on income	72	1,723
<b>Income from continuing operations</b>	<b>99</b>	<b>12,072</b>
<b>Income from discontinued operations, net</b>	<b>-</b>	<b>79</b>
<b>Net income</b>	<b>99</b>	<b>12,151</b>

Business performance impacted by Google de-ranking and Covid-19.

Monthly revenue running below expectations, with full \$2 million per month impact from late March

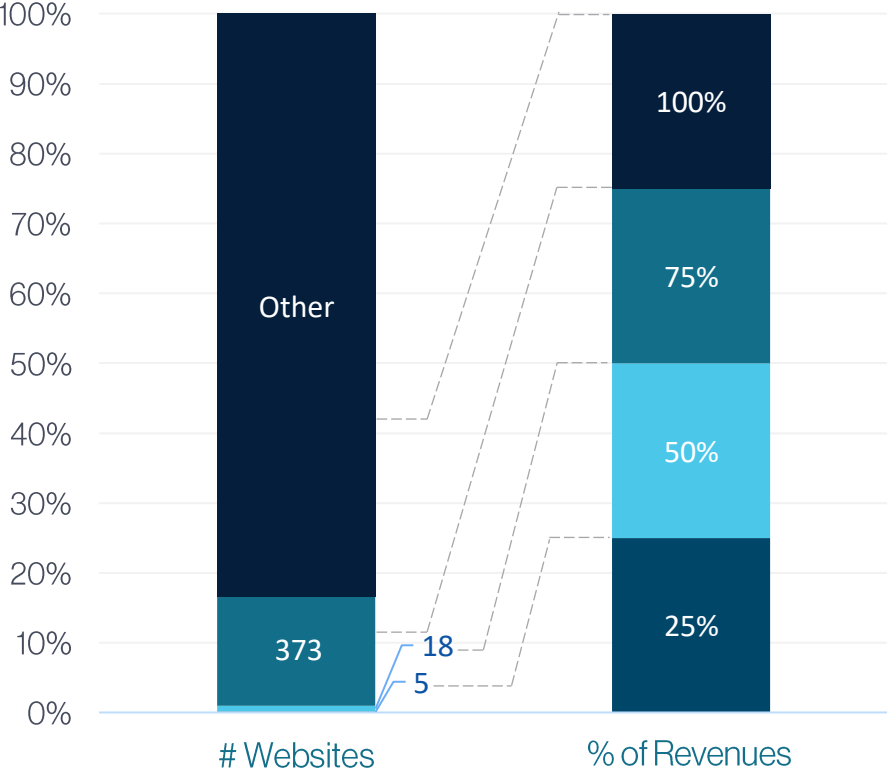
Operating expenses remain stable

Profit lower due to revenue reduction

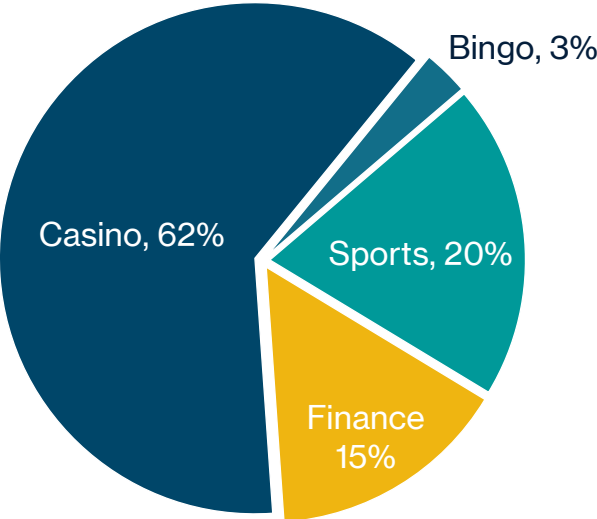
# H1 2020 Revenue Mix

Our revenue is concentrated; 18 sites produce 50% of total revenue

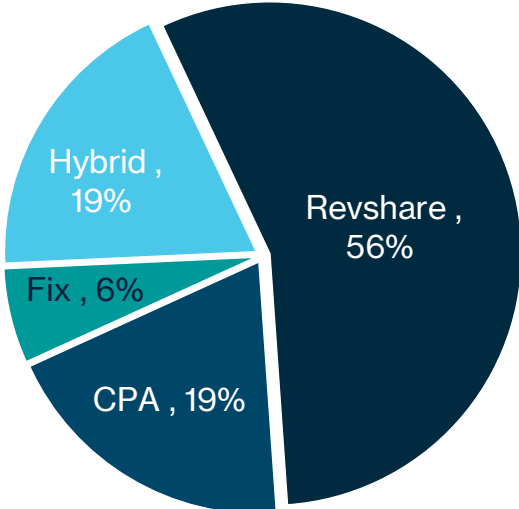
Revenues from Websites



Products



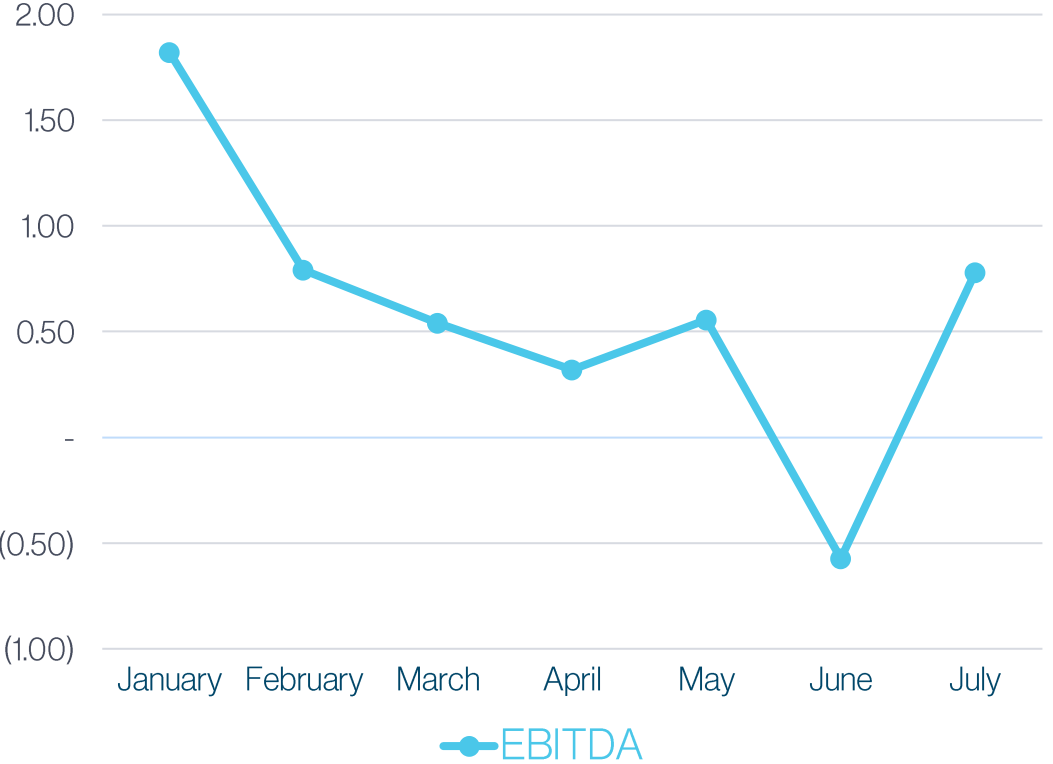
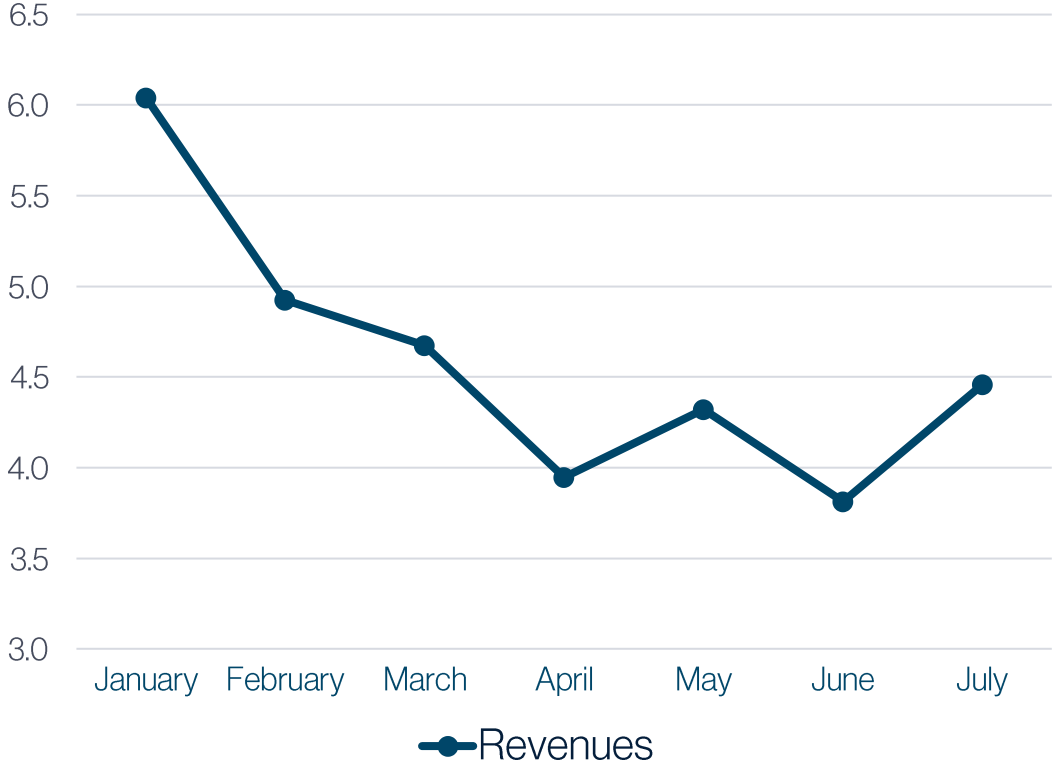
Business Model





# Financials stabilising through H1

We are beginning to see signs of recovery



# Strategic Clarity

## Portfolio Management

Balanced portfolio of assets across a diverse geography / vertical / maturity to deliver sustainable growth opportunities, (shifting the balance towards more regulated markets, specifically the US and sports).

## Premium Branded Assets

Maximise profit through focusing on premium assets, content-rich, consumer-centric sites that benefit and extend the capabilities of our strategic partners.

### Group Enablers

Technology - The increased use of proprietary data and deployment of data science  
People - Improved engagement and productivity of employees





# Growth Opportunities

Our balance sheet and strategic clarity supports growth

## Audience

Sophisticated use of proprietary data to improve traffic acquisition / audience segmentation, coupled with improved tail revenue management

## Branded Sites

Operational productivity improvements through focus on fewer sites, enhanced by target audience engagement and activation

## Strategic Customers

Data driven dynamic inventory to support improved performance on behalf of our customers

## Partnerships and Acquisitions

Improved portfolio management, with both partnerships and acquisition to support our stated ambition in US Sports



# Summary

Momentum exiting 2020,  
leading to material  
financial recovery in 2021

- Clear strategic ambition, execution plan and priorities:
  - Portfolio Management
  - Premium Branded Assets
- Multi-track Casino recovery plan to support return of ranking and growth of assets, with full control by Q1 2021
- Growth opportunities enhanced through transformation of technology capability and improved organisation design
- Stabilised financials and encouraging start to H2
  - Buoyed by return of global sports activity
- Exiting 2020 with transformed organisation and positive momentum, leading to a material financial recovery in 2021

**Thank You**



XLMedia PLC



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# Cash flow statement

US\$'000	H1.20	H1.19
<b>Operating Activities</b>		
Net income	99	12,151
Depreciation and amortization	3,171	3,618
Cost of share-based payment	142	674
Changes in working capital	862	6,740
Taxes paid, net	(270)	891
Finance (income) expense	21	(267)
<b>Net cash provided by operating activities</b>	<b>4,025</b>	<b>23,807</b>
<b>Investing Activities</b>		
Purchase of property and equipment, net	(186)	(111)
Acquisition of domains, websites, technology	(4,394)	(4,311)
Adjustment of proceeds from the sale of discontinued operation	(270)	-
Short- term and long-term investments, net	298	139
<b>Net cash used in investing activities</b>	<b>(4,552)</b>	<b>(4,283)</b>

	H1.20	H1.19
<b>Financing Activities</b>		
Dividend paid to equity holders of the Company	-	(8,226)
Acquisition of treasury shares	-	(9,653)
Repayment of bank loans	(1,500)	(2,750)
Dividend paid to non-controlling interests	(184)	(319)
Exercise of options	-	117
Repayment of lease liabilities	(569)	(703)
<b>Net cash used in financing activities</b>	<b>(2,253)</b>	<b>(21,534)</b>
Exchange differences on balances of cash and cash equivalents	519	526
Increase in cash and cash equivalents	(2,261)	(1,484)
Cash and cash equivalents at the beginning of the period	27,108	44,627
<b>Cash and cash equivalents at the end of the period</b>	<b>24,847</b>	<b>43,143</b>

# Balance sheet



US\$'000	30.06.20	31.12.19
<b>Current assets:</b>		
Cash and short-term investments	27,330	29,893
Trade receivables	4,210	7,755
Other accounts receivable	4,492	4,744
<b>Total current assets</b>	<b>36,032</b>	<b>42,392</b>
<b>Non current assets</b>		
Long term investments	687	682
Property and equipment	8,467	9,431
Intangible assets	49,318	46,643
Other assets	559	278
<b>Total non-current assets</b>	<b>59,031</b>	<b>57,034</b>
<b>Total assets</b>	<b>95,063</b>	<b>99,426</b>

	30.06.20	31.12.19
<b>Current liabilities</b>		
Trade payables	1,626	3,028
Other liabilities and accounts payable	21,003	21,578
Current maturity of long-term bank loan	-	1,465
Lease liability	1,138	1,161
<b>Total current liabilities</b>	<b>23,767</b>	<b>27,232</b>
<b>Non-current liabilities</b>		
Lease liability	7,185	8,067
Other liabilities	592	581
<b>Total non-current liabilities</b>	<b>7,777</b>	<b>8,648</b>
<b>Equity</b>		
Share premium and capital reserves	82,438	112,455
Treasury shares	-	(30,159)
Retained earnings	(19,210)	(19,041)
Non-controlling interests	291	291
<b>Total equity</b>	<b>63,519</b>	<b>63,546</b>
<b>Total equity and liabilities</b>	<b>95,063</b>	<b>99,426</b>