29 September 2022

XLMedia PLC

("XLMedia" or the "Group" or the "Company")

Results for the six months ended 30 June 2022

Significant momentum within the Groups North American sports business

XLMedia (AIM: XLM), a leading global digital media group that connects audiences with advertisers, announces the Company's unaudited results for the six months ended 30 June 2022.

Key Highlights

- North American sport growing to 68% of revenue, all in regulated markets.
- Signed major partnership with high quality publisher in Ohio ahead of January 2023 online sports betting launch.
- Live in 2 new legalised States in the U.S. (New York and Louisiana) and one Canadian Province (Ontario).
- Further rationalisation of the portfolio enabling focus on primary sites.
- Stabilisation of the Gaming business.
- Annualised cash savings of approximately US$5-6 million expected to be realised during 2023.

Financial Summary

- Revenues of US$44.5 million (H1 2021: US$32.2 million).
- Gross profit of US$20.9 million (H1 2021: US$18.3 million).
- Adjusted EBITDA(1) of US$10.6 million (H1 2021: US$6.6 million).
- Reported loss before tax of US$1.7 million (H1 2021: US$0.4 million loss).
- US$17.7 million in cash and short-term investments as of 30 June 2022.

1 Earnings Before interest, Taxes, Depreciation, Amortisation and excluding share-based payments, impairment, and reorganisation costs

Operational Summary

- **Strong performance from Sports vertical generating first half revenues of US$34 million – 76% of Group revenues** (H1 2021: US$11.7 million)
  - New regulated markets opened, notably, the state of New York launched legal online sports betting in January 2022. The Group now operates in 16 states.
  - New media partnership agreements drove revenues of US$20.5 million, (H1 2021: $1.5 million) including amNewYork.
  - The Group's owned (Owned and Operated) portfolio delivered revenue growth of US$9.6 million, up 107%, including ESNY, which was acquired in December 2020.
  - New partnerships signed with Cleveland.com in May 2022 ahead of Ohio's January 2023 launch.
  - New partnership recently signed with MASSlive.com in September 2022 in preparation for Massachusetts' 2023 launch.

- European Sports vertical delivered a performance that met expectations in H1 2022 with revenues of US$3.8 million (H1 2021: US$5.8 million).

- **Gaming revenues stabilising at US$8.4 million (H1 2021: US$12.5 million)**
  - Gaming revenues (Casino and Bingo), as expected, continue to trade below historical levels while remaining a high margin vertical for the Group.
  - Following a major portfolio consolidation, Gaming activities will now focus on four leader brands, and seven brands in total.
  - The division's cost base has been downsized to reflect its reduced scale.

- **Operations and infrastructure initiatives gathering momentum**
  - Key new leadership in the business brings deep expertise across the media and gaming sectors
    - Marcus Rich - Chair (appointed 31st March 2022);
    - David King – CEO (appointed 1st July 2022);
    - Caroline Ackroyd - CFO (appointed 21st March 2022);
    - Karen Tyrrell – Chief People and Operations Officer (appointed 1st September 2022)
  - The Group continues its focus on talent acquisition to match the new and changing mix of the business.
  - The operational reset is largely completed. Annualised full year savings of some US$5-6 million are expected in 2023, of which approximately US$4 million is expected to be realised during 2022. The Group will continue to look for and invest in further cost and operational efficiencies.
  - The Tech team has made significant progress in upgrading site infrastructure and enhancing security while commencing the roll out of the new content management system (CMS), which will continue into 2023.
  - Work continues to integrate acquisitions, including supporting the business with SEO specialist advice from our inhouse Blueclaw SEO team.

Outlook

- 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, the Group expects full year adjusted EBITDA to be broadly in line with the prior year, returning to growth in 2023.

David King, Chief Executive Officer of XLMedia, commented:

"Refocusing the business towards the rapidly growing US online sports betting market, managing the reduction in Personal Finance, while stabilising the Gaming vertical, alongside rightsizing the Groups cost base, remains a key priority to ensuring new XLMedia is well placed for further growth.

"Having recently joined, I look forward to updating all our stakeholders on our progress."

This announcement contains inside information for the purposes of the UK version of Article 7 of Regulation (EU) 596/2014 ("MAR").

Analyst and Institutional investor webcast

A presentation webcast and live Q&A conference call for analysts and institutional investors will take place at 9.00 a.m. BST on the day of publication 29 September 2022, and a webcast of the presentation will be available on the Company's website at:
https://www.xlmedia.com/investors/webcasts/

To register for this event, please go to:
https://secure.emincote.com/client/xlmedia/2022-interim-results

Retail investor webcast

Management will also be hosting a presentation for retail investors in relation to the Company's results on Monday, 3 October 2022 at 2.30 p.m. BST.

The presentation will be hosted on the Investor Meet Company ("IMC") digital platform. Investors can sign-up for free and request to meet XLMedia via:
https://www.investormeetcompany.com/xlmedia-plc/register-investor

Investors who already follow XLMedia on this platform will automatically be invited.

For further information, please contact:

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About XLMedia:

XLMedia (AIM: XLM) is a leading global digital media company that creates compelling content for 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.

Chief Executive Review

Introduction

We are able to report a strong six months of trading across H1 22, which represents the next phase in the Company's development, with revenues up 38% to US$44.5 million (H1 2021: US$32.2 million) and adjusted EBITDA up 60% to US$10.6 million (H1 2021: US$6.6 million) in the period.

This solid performance has been largely driven by our North American sports business which now represents 68% of revenue at US$30.2 million, driven entirely from regulated markets. Performance has been underpinned by the expansion of regulation in the US including New York, now legalised, while also securing major partnerships with high quality publishers during the period.

Elsewhere across the business, we continue to rationalise our existing online portfolio, enabling our team to focus on our marquee sites (for example, Freebets.com and Caziwoo.com). As a result, the Group will successfully deliver in year savings of approximately US$4 million.

In H1 2022, we acquired 116,000 real money players (RMPs) which is defined as first time depositing and post initial depositing customers.

We remain focused on implementing our existing strategic priorities including:

- Targeting regulated territories to deliver new revenue while reducing the risk of disruption.
- Focussing on high growth sports & gaming verticals by building on the Group's strong relationships with leading operators.
- Expanding the Media Partnership Business (MPB) leveraging internal skills and experience.
- Prioritising North America Sports market in order to capitalise on US trajectory.
- Investing behind some 20 marquee brands to enhance quality and engagement.

Divisional Summary

Sports

The Group delivered a strong performance from its Sports vertical, generating revenues of US$34.0 million (H1 2022: US$11.7 million, up 191%). Our sports business now accounts for 76% of Group revenues, of which 68% comes from the US, highlighting the strategic importance of this high growth, regulated market.

We are now active in 16 states, including New York, Louisiana and Kansas. A state launch offers an immediate spike in registrations as betting enthusiasts take advantage of legalisation. Building local partnerships enables us to maximise the opportunity offered by new state launches, working with the partner to connect their sports audience with advertisers. In particular, we benefited from working with our partner amNewYork to maximise new revenue when New York went live, coupled with the annual uplift from the Super Bowl.

Partners will typically be either high quality regional publishers with loyal audiences, or sports focussed speciality sites with highly engaged fandoms. This compliments the Group's Owned and Operated national footprint provided by Sports Betting Dime (SBD), and the Group's Owned and Operated regional fandom sites including Saturday Down South and Elite Sports NY. Our content is written by local sports experts who are themselves fans, writing for local sports fans, which builds trust and return visits, which in turn allows us to grow our audience and connect them with relevant advertisers.

The Group's Owned and Operated portfolio delivered revenue of approximately US$9.6 million in the period.

Since the end of the period, we have extended our partnership with Cleveland.com, and signed new agreements with Advance Local to work with MASSLive.com ahead of both Ohio launching in January 2023 and Massachusetts' at some point in 2023.

Our European Sports vertical, which includes Freebets.com, generated H1 revenues of US$3.8 million (H1 2021: US$5.8 million). Our Freebets site is in the process of being refreshed, having been re-platformed, and is now rebuilding its content to ready it for growth.

Gaming

Our Gaming vertical, which includes both casino and bingo assets (currently largely in Europe) traded in line with management's targets, generating revenue of US$8.4 million (H1 2021: US$12.5 million)
These assets, despite trading below historic levels, remain a high margin vertical for the Group and remain part of our strategic plans.

Following a major reduction in the number of websites operated by the Group, Gaming activities will now have seven brands in total with a focus on four leader brands, Caziwoo, Casino.se, Nettikasinot and Whichbingo.

This represents a significant departure from how this division was managed previously. The focus will now be on quality, not quantity. The division's cost base has been downsized to reflect the reduced scale and prominence of these assets.

Nettikasinot is our Finnish language site with revenues of US$2 million in the period and remains our largest site in the Nordic market. We will continue to monitor potential changes to the monopoly in Finland and remain cautious regarding incremental growth opportunities within the European portfolio.

Other Activities

Other external revenues, largely comprised of the Group's SEO agency Blueclaw, its affiliate partnership network Reef Media and the Personal Finance business totalled US$2.1million (H1 2021: US$8.0 million) in the period.

Personal Finance, which is now a marginal activity, delivered revenues of US$ 0.8 million (H1 2021 US$6.6 million), only 2% of Group revenues. The decline in revenue has significantly impacted the Group's revenue and profit performance during the period. Following the move of the business from Israel to the US, the focus of the team has been to commence the migration of the sites to a new platform, refresh the content to meet Google's Your Money Your Life (YMYL)* parameters and prioritising two of our premium brands, Moneyunder30 and InvestorJunkie.

In line with the original acquisition plan, Blueclaw will prioritise optimising the SEO around the Group's Owned and Operated sites. We will also provide services to a small number of clients.

**From Google's Search Quality Evaluator Guidelines: Some topics have a high risk of harm because content about these topics could significantly impact the health, financial stability, or safety of people, or the welfare or well-being of society. We call these topics "Your Money Your Life" or YMYL.*

Operations and infrastructure

The period saw a significant number of staff reductions as part of the transformation program, including changes in Personal Finance and Technology, as well as, downsizing the Gaming infrastructure.

The transformation program referred to above, is largely completed. Part year savings will be delivered in the year, while our estimates of annualised cash savings remain at some US$5-6 million in FY 2023.

Following the appointment of the new CFO, Caroline Ackroyd, and the new Chair, Marcus Rich, I joined the Group as CEO in July and on 1 September our new Chief People and Operation Officer, Karen Tyrrell joined the leadership team. Like Caroline, Karen also has substantial gaming sector experience.

Summary

The Group is now focused on implementing its existing strategy as we seek to leverage our footprint in Sports and Gaming**.**

Our growing exposure to the US Sports arena is now in a position to capitalise on the US sports betting market. The Group also continues to look for new partners and opportunities to develop its Owned and Operated assets in preparation for the legalisation of further US states in the near term.

The Board and I are committed to driving the business forward and providing reporting and transparency. In addition, we have launched a new corporate website providing further information and insight to investors and other interested parties.

David King
Chief Executive Officer
29 September 2022

Financial Review

$'000	**H1 2022**	**H1 2021**	**Change**
Revenues	44,528	32,218	38%
Gross profit	20,878	18,260	14%
Operating expenses	(20,874)	(18,833)	11%
Operating profit / (loss)	4	(573)	n/m
Adjusted EBITDA[1]	10,561	6,600	60%
Profit / (loss) for the period	504	(82)	n/m

1 Earnings Before interest, Taxes, Depreciation, Amortisation and excluding share-based payments, impairment, and reorganisation costs
N/m = not meaningful

Reconciliation of profit / (loss) for the period with Adjusted EBITDA

$'000	**H1 2022**	**H1 2021**	**Change**
Profit / (loss) for the period	504	(82)	n/m
Add back:			
Net finance costs / (income)[2]	1,731	(35)	n/m
Other income	(33)	(99)	-67%
Income tax benefit	(2,198)	(357)	n/m
Depreciation and amortisation	3,600	3,587	0%
Impairment relating to Personal Finance	3,486	-	n/m
Share-based payments	509	520	-2%
Acquisition integration costs & Transformation Costs	2,962	3,066	-3%
Adjusted EBITDA	**10,561**	**6,600**	**60%**

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

XLMedia revenues in H1 2022 totaled US$44.5 million (H1 2021: $32.2 million), an increase of 38% compared to the previous year, primarily driven by growth in North America sports following the integration of our strategic acquisitions.

In H1, the Company generated US$30.2 million of revenue in North America sports which included US$20.5 million of revenue from media partnerships and $9.6m from The Group's Owned & Operated (O&O) websites.

European Sports revenue have declined overall from US$5.8 million to US$3.8 million, largely due to websites no longer in operation and which were cost prohibitive to continue operating along with a declining Finnish asset. The Group's UK focused assets have grown year on year by 7% in a market which is mature and impacted by regulatory headwinds.

Personal Finance, Blueclaw and Reef Media revenues were less than 5% of overall revenue.

Group's gross profit for H1 2022 was US$20.9 million and gross margin was 47% (H1 2021: US$18.3 million, 57% gross margin). The 14% increase in gross profit was driven by the increase in revenue discussed above. The reduction in gross margin year over 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 which have a lower gross margin as revenue is paid to media partners for accessing their audience. Gross profit is calculated as revenue less the costs associated with generating revenue*.

*Cost of revenue includes direct costs, marketing cost, Media Partnership Business revenue share, and people costs. Note, these costs are also identified and associated with operating, sales and marketing expenses as defined in the interim condensed consolidated financial statements.

Operating expenses for H1 2022 were $20.9 million (H1 2021: $18.8 million). This increase was driven by the impairment relating to Personal Finance of $3.5 million, partially offset by cost savings relating to the re-platforming and relocation of roles from Israel to Cyprus, UK and US.

Largely as a result of the increase in revenue year over year, Adjusted EBITDA for H1 2021 was US$10.6 million (H1 2021: US$6.6 million), an increase of 60% on the previous year.

Net financing costs for H1 2022 was US$0.25 million (H1 2020: US$0.04 million, income).

In H1 2022 the Group recorded transformation costs of US$3.0 million due to the continuation of the restructuring plan of the Group, as well as integration activity relating to prior acquisitions (H1 2021: US$3.1 million).

As at 30 June 2022, the Company had US$17.7 million in cash and short-term investments (31 December 2021: US$24.6 million). The change in cash reflects US$11.0 million generated by operating activities, offset by US$5.6 million used for investment activity and US$10.1 million used in financing activities. Short-term investments reduced by US$0.6 million and the Company reported an out flow for net foreign exchange differences of US$1.6 million. The Group has made payments of US$13 million in respect of deferred consideration and earn-out payments in relation to its North America sports acquisitions in the period.

Current assets as at 30 June 2022 were US$27.4 million (31 December 2021: US$39.4 million). The decrease in current assets was predominantly because of the decrease in cash and cash-equivalents mentioned above as well as the seasonal decrease in Trade Receivables.

Non-current assets as at 30 June 2022 were US$121.9 million (31 December 2021: US$123.0 million). The decrease in non-current assets is primarily due to the $3.4m impairment of Personal Finance assets.

Current liabilities as at 30 June 2022 were US$28.7 million (31 December 2021: US$42.1 million). The decrease in current liabilities was predominantly due to payments of deferred consideration relating to prior acquisitions and a release of prior period income tax provisions.

Non-current liabilities as at 30 June 2022 were US$10.7 million (31 December 2020: US$11.2 million).
Total equity as at 30 June 2022 was US$109.9 million or 73% of total assets (31 December 2021: US$109.2 million or 67% of total assets).

The first half of 2022 was a period of continued progress for the Group, cementing our position in the fast-growing US market and with key media partnerships secured ahead of the launch of Ohio and potentially Massachusetts in 2023. The project to restructure the Group is progressing well with a right-sized cost base and integration of the strategic acquisitions largely complete.

Caroline Ackroyd
Chief Financial Officer
29 September 2022

XLMEDIA PLC

Interim Condensed Consolidated Financial Statements as at 30 June 2022

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Report on review of interim financial information

The Board of Directors
XLMedia PLC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of XLMedia PLC. and its subsidiaries ("the Group") as at 30 June 2022 which comprise the interim consolidated statement of financial position as at 30 June 2022 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, “Interim Financial Reporting ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Tel-Aviv, Israel
, 2022

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A Member of Ernst & Young Global

Consolidated statements of financial position

Assets	**30 June 2022 $000 Unaudited**	30 June 2021 $000 Unaudited	31 December 2021 $000 Audited
Non-current assets			
Intangible assets and goodwill	**118,955**	90,702	120,284
Property and equipment	**2,616**	6,914	2,401
Other financial assets	**221**	-	-
Other assets	**-**	371	247
Long-term deposits	**75**	1,525	83
	121,867	99,512	123,015
Current assets			
Short-term deposits	**1,601**	870	2,158
Trade receivables	**5,787**	5,536	8,701
Other receivables	**3,863**	6,101	6,119
Cash and cash equivalents	**16,131**	36,061	22,437
	27,382	48,568	39,415
Total assets	**149,249**	148,080	162,430
Equity and liabilities			
Equity			
Share capital	***) -**	*) -	*) -
Share premium	**122,071**	121,828	122,071
Capital reserve	**146**	262	14
Accumulated deficit	**(12,365)**	(18,592)	(12,869)
Total equity	**109,852**	103,498	109,216
Non-current liabilities			
Lease liabilities	**1,202**	4,723	1,242
Deferred taxes	**1,338**	1,607	1,372
Deferred consideration	**7,795**	3,614	7,737
Contingent consideration	**401**	-	808
	10,736	9,944	11,159
Current liabilities			
Trade payables	**2,540**	2,134	2,333
Deferred consideration	**8,897**	9,875	18,401
Consideration payable on intangible assets	**3,000**	-	3,000
Other liabilities and accounts payable	**6,162**	9,914	7,820
Income tax provision	**7,725**	11,349	10,190
Current maturities of lease liabilities	**337**	1,366	311
	28,661	34,638	42,055
Total liabilities	**39,397**	44,582	53,214
Total equity and liabilities	**149,249**	148,080	162,430

*) Less than $1,000.

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

28 September 2022			
Date of approval of the financial statements	Marcus Rich Chairman of the Board of Directors	David King Chief Executive Officer	Caroline Ackroyd Chief Financial Officer

Consolidated statements of profit or loss and other comprehensive income

	Six months ended 30 June 2022 $000 Unaudited	Six months ended 30 June 2021 $000 Unaudited	Year ended 31 December 2021 $000 Audited
Revenue	**44,528**	32,218	66,487
Expenses:			
Operating	**(21,269)**	(21,902)	(40,740)
Sales and marketing	**(16,169)**	(7,302)	(14,837)
Depreciation, amortisation and impairment	**(7,086)**	(3,587)	(6,970)
Operating profit / (loss)	**4**	(573)	3,940
Finance expenses	**(1,733)**	(221)	(549)
Finance income	**2**	256	306
Other income	**33**	99	318
Profit / (loss) before taxes on income	**(1,694)**	(439)	4,015
Income tax benefit	**2,198**	357	1,626
Profit / (loss) for the period	**504**	(82)	5,641
Other comprehensive expense			
Exchange loss arising on translation of foreign operations	**(377)**	-	(16)
Total comprehensive income / (expense)	**127**	(82)	5,625
Profit / (loss) for the period attributable to:			
Equity owners of the Company	**504**	(82)	5,641
	504	(82)	5,641
Total comprehensive income / (expense) attributable to:			
Equity owners of the Company	**127**	(82)	5,625
	127	(82)	5,625
Earnings per share attributable to equity holders of the Company:			
Basic and diluted earnings per share (in $)	***(-**	*(-	0.02

*) Lower than $0.01

See note 1c with respect to the presentation for the six months ended 30 June 2021.

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

Consolidated statements of changes in equity

	Share capital	Share premium	Capital reserve from share-based transactions	Capital reserve from the translation of a foreign operation	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total equity attributable to owners of the Company
	$000	$000	$000	$000	$000	$000	$000
As at 1 January 2022	*) -	122,071	2,656	(16)	(2,626)	(12,869)	109,216
Profit for the period	-	-	-	-	-	504	504
Other comprehensive expense	-	-	-	(377)	-	-	(377)
Total comprehensive income (expense)	-	-	-	(377)	-	504	127
Cost of share-based payment	-	-	509	-	-	-	509
As at 30 June 2022 (unaudited)	***) -**	**122,071**	**3,165**	**(393)**	**(2,626)**	**(12,365)**	**109,852**
As at 1 January 2021	*) -	86,022	2,368	-	(2,626)	(18,510)	67,254
Loss for the period	-	-	-	-	-	(82)	(82)
Cost of share-based payment	-	-	520	-	-	-	520
Share capital issuance	*) -	35,806	-	-	-	-	35,806
As at 30 June 2021 (unaudited)	***) -**	**121,828**	**2,888**	**-**	**(2,626)**	**(18,592)**	**103,498**
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 expense	-	-	-	(16)	-	-	(16)
Total comprehensive income	-	-	-	(16)	-	5,641	5,625
Cost of share-based payment	-	-	520	-	-	-	520
Share capital issuance	*) -	35,806	-	-	-	-	35,806
Exercise of option	*) -	243	(232)	-	-	-	11
As at 31 December 2021 (audited)	***) -**	**122,071**	**2,656**	**(16)**	**(2,626)**	**(12,869)**	**109,216**

*) Less than $1,000.

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

Consolidated statements of cash flows

	Six months ended 30 June 2022 $000 Unaudited	Six months ended 30 June 2021 $000 Unaudited	Year ended 31 December 2021 $000 Audited
Operating activities			
Profit (loss) for the period	**504**	(82)	5,641
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation, amortisation and impairment	**7,086**	3,587	6,970
Finance expense / (income), net	**257**	(497)	(76)
Loss on disposal of fixed assets	**227**	-	-
Other income	**-**	-	(437)
Cost of share-based payment	**509**	520	520
Income tax benefit	**(2,198)**	(357)	(1,626)
Exchange differences on balances of cash and cash equivalents	**1,477**	82	246
Working capital changes:			
Decrease / (increase) in trade receivables	**2,914**	256	(2,672)
Decrease in other receivables	**598**	211	647
Increase in trade payables	**207**	134	313
(Decrease) / increase in other liabilities and accounts payable	**(1,959)**	56	(1,681)
	9,622	3,910	7,845
Interest paid	**(257)**	(38)	(76)
Interest received	**-**	2	3
Income tax paid	**-**	(255)	(572)
Income tax received	**1,684**	60	48
Net cash flows from operating activities	**11,049**	3,679	7,248
Investing activities			
Proceeds on disposal of property and equipment	**19**	-	-
Purchase of property and equipment	**(331)**	(809)	(1,118)
Acquisition of and additions to domains, websites and other intangible assets	**(3,000)**	(11,871)	(23,127)
Acquisition of and additions to systems, software and licenses	**(2,892)**	(3,125)	(7,718)
Acquisition of subsidiary, net of cash acquired	**-**	-	(395)
Short-term and long-term deposits, net	**565**	289	507
Net cash flows used in investing activities	**(5,639)**	(15,516)	(31,851)
Financing activities			
Share capital issuance	**-**	35,806	35,806
Proceeds from exercise of share options	**-**	-	11
Payment of principal portion of lease liabilities	**(246)**	(474)	(1,163)
Payment of deferred consideration	**(9,853)**	-	-
Net cash flows (used in) / from financing activities	**(10,099)**	35,332	34,654
Net (decrease) / increase in cash and cash equivalents	**(4,689)**	23,495	10,051
Net foreign exchange difference	**(1,617)**	(82)	(262)
Cash and cash equivalents at 1 January	**22,437**	12,648	12,648
Cash and cash equivalents at 30 June / 31 December	**16,131**	36,061	22,437

Consolidated statements of cash flows

	Six months ended 30 June 2022 $000 Unaudited	Six months ended 30 June 2021 $000 Unaudited	Year ended 31 December 2021 $000 Audited
Significant non-cash transactions:			
Deferred consideration payable on acquisition of and additions to domains, websites and other intangible	**3,000**	15,299	28,113
Right-of-use asset recognized with corresponding lease liabilities	**347**	5,991	2,460

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

1. General

a. Corporate information

XLMedia PLC ("the Company") is a leading global digital media company listed on the London Stock Exchange Alternative Investment Market (AIM) since March 2014. The Company was incorporated in Jersey and commenced its operations in 2012. The Company's registered office is in 12 Castle Street St. Helier Jersey, JE2 3RT. XLMedia PLC and its consolidated subsidiaries ("the Group") owns and operates 20 premium branded marquee websites across various sectors, including Sports, Casino and Personal Finance. Headquartered in the United Kingdom, with a significant presence in the United States. The Company has a long track record of success in digital media and performance marketing, working with some of the world's largest advertisers. XLMedia PLC is focused on regulated, high growth markets.

b. Definitions

In these financial statements

GBP	-	British Pound Sterling
IFRS	-	International Financial Reporting Standards as adopted by the European Union
Subsidiaries	-	Entities controlled (as defined in IFRS 10) by the Company and whose accounts are consolidated with those of the Company. For a list of the main subsidiaries, see Note 21 to the Company's annual financial statements as of 31 December 2021
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

c. Significant changes

The Company elected in the 2021 annual financial statements to change the presentation of its expenses in its consolidated statement of profit or loss from a classification based on function to classification based on the nature of expense. Group management believes that this presentation provides reliable and more relevant information because due to a change in the operating model of the Group, the new presentation provides greater clarity and insight into the major categories of expenses and the key cost drivers of the Company's business. This change has been applied retrospectively to the prior year's interim comparative information.

2. Significant accounting policies

a. Basis of presentation of the interim condensed consolidated financial statements

These financial statements have been prepared in a condensed format as of 30 June 2022, and for the six months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of 31 December 2021, and for the year then ended and accompanying notes ("annual consolidated financial statements").

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

2. Significant accounting policies (*continued*)

b. The initial adoption of amendments to existing financial reporting and accounting standards:

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. Supplementary information

a. New real estate lease agreement:

In February 2022, the Company signed one new real estate lease agreement. The lease's commencement date is 1 June 2022. The impact for 2022 is an increase of approximately $0.35 million in right-of-use assets and a corresponding increase in lease liabilities.

b. Grant of Performance Stock Units:

In May 2022, the Company granted, 762,712, 1,060,484, and 644,068 Performance Stock Units ("PSUs") to the CFO, CGO, and CIO respectively. The award will vest on the third anniversary of the grant date if and to the extent that the performance target will be satisfied.

The PSU award is a contingent right to acquire shares for no consideration. It is 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 FTSE AIM 100, followed by a two-year holding period.

The following table specifies the inputs used for the fair value measurement using the Monte Carlo simulation:

	2022 May PSU
Dividend yield (%)	-
Expected volatility of the share price (%)	78.91
Risk-free interest rate (%)	2.72%
Expected life of share options (years)	3
Share price (GBX)	29.5

The total fair value was calculated at $179 thousand at the grant date which will be recognised on a straight line basis over the vesting period.

c. New appointments:

- In February 2022, the Company announced that Christopher Bell, Non-Executive Chair, has stepped down from the board of directors of the Company. In March 2022, the Company announced the appointment of Marcus Rich as Non-Executive Chair with immediate effect. Marcus will also be a member of the Audit, Remuneration, and Risk Committees.

3. Supplementary information (*continued*)

c. New appointments (*continued*):

- In March 2022, the Company announced that Caroline Ackroyd has joined the Company as Chief Financial Officer and as a member of the Board of Directors with immediate effect.

- In May 2022, the Company announced the appointment of David King as Chief Executive Officer and as a member of the Board of Directors. He joined the Group on 1 July 2022.

d. Personal Finance Cash Generating Unit ("CGU") impairment:

As a result of a decline in results due to the need to replace aging technology, re-evaluate marketing tactics and align with best practice, the Company recorded an impairment loss to the Personal Finance CGU for the amount of $3,486 thousands, which is included in the statement of profit or loss. The management and production teams are now based within the Group's US division, and the Personal Finance vertical is focussed on completing the redesign and re-platforming of its primary websites, with the objective of improving site performance and enhancing the consumer experience and stabilising revenues.

Due to the change in market interest rates the Company assessed all other CGU's for impairment. The result of this assessment indicated that no other impairment is required as at 30 June 2022.

The pre-tax discount rate applied to the cash flow projection is 17.7% and the terminal growth rate is 3%.

The key assumptions used in calculating the value in use:

<u>Revenues and operational profit:</u> the revenues and the profit rate assumptions are based on management expectations and forecasts for the coming year and the management's forecasted cash flows for the
following three years. These forecasts included an evaluation of factors which could adversely affect revenues and profitability.

<u>Discount rate:</u> the discount rate reflects management's assumptions regarding the Group's specific risk premium.

<u>Terminal growth rate</u>: the terminal growth rate applied for the period beyond the four-year forecasted period is based on the long-term average growth rate as customary in similar industries.

Sensitivity analyses of changes in assumptions:
With respect to the assumptions used in determining the value in use, management believes that a significant change in key assumptions, in particular, an increase in the Weighted Average Cost of Capital and a decrease in EBITDA margin, would result in a further impairment of the intangible assets.

e. Other financial assets:

On 28 February 2022 the Company converted a Loan receivable from Xineoh Technologies Inc. with a carrying amount of $221 thousands to shares giving the Company a 2.6% stake in ordinary shares with no special rights. The Company elected to designate the equity investment as at Fair Value through Other Comprehensive Income ("FVTOCI"). The Company believes there was no material change in the fair value of the equity investment since its recognition.

3. Supplementary information *(continued)*

f. Deferred and contingent consideration:

In 2021, the Company acquired domains and websites, including Sports Betting Dime and Saturday Football inc. and accounted for these as an asset acquisition since substantially all of the fair value of the intangible assets acquired was in a group of similar identifiable assets. The Company recognises a liability for the intangible assets acquired for contingent consideration only when there is sufficient certainty that the liability will be settled. The acquisition cost included deferred consideration with a remaining balance as of 30 June 2022 of $15.47 million which is payable in the period of 2022-2024.

Also, in September 2021, the Company acquired 100% of the ordinary share capital of Blueclaw, part of the amount of purchase consideration included cash consideration paid on completion, deferred consideration payable in September 2022 and further contingent consideration payable.

g. Sales and marketing

The increase in sales and marketing expenses was largely due to the change in revenue mix towards North America Sports and the performance from media partnerships which have a lower gross margin as revenue is paid to media partners for accessing their audience.

4. Revenue and operating segments

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

	Six months ended 30 June 2022 $000 Unaudited	Six months ended 30 June 2021 $000 Unaudited	Year ended 31 December 2021 $000 Audited
North America	**31,465**	13,581	32,489
Scandinavia	**6,858**	8,876	17,634
Other European countries	**4,384**	7,800	12,621
Oceania	**353**	352	834
Other countries	**-**	35	80
Total revenues from identified locations	**43,060**	30,644	63,658
Revenues from unidentified locations	**1,468**	1,574	2,829
	44,528	32,218	66,487

4. Revenue and operating segments *(continued)*

Revenues by vertical

	Six months ended 30 June 2022 $000 Unaudited	Six months ended 30 June 2021 $000 Unaudited	Year ended 31 December 2021 $000 Audited
Casino	**8,403**	12,490	23,216
Sports U.S.	**9,620**	4,642	15,202
Sports Europe	**3,866**	7,059	9,528
Third Party Network Activity	**21,386**	1,458	9,367
Blueclaw	**421**	-	454
Personal Finance	**832**	6,569	8,720
	44,528	32,218	66,487

5. Subsequent events

In August 2022, the Company announced that it granted share awards over a total of 833,333 ordinary shares in aggregate in the Company under the XLMedia 2020 Global Share Incentive Plan (the "Awards"). The Awards represent 0.31% of the currently issued share capital of the Company. The Awards are contingent rights to acquire shares for no consideration. The 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 FTSE AIM 100, followed by a two-year holding period.