

XL MEDIA FY 2023 RESULTS

17 May 2024



INTRODUCTION



**MARCUS RICH,
NON-EXECUTIVE CHAIR**

AGENDA

- 1 Business Highlights
- 2 Financial Update
- 3 Summary
- 4 Outlook



**DAVID KING,
CHIEF EXECUTIVE OFFICER**

BUSINESS HIGHLIGHTS



XL
MEDIA



Streamlined focus having successfully divested non-core business units separating the business from loss-making activities



Sports-first, US-led strategy; valued by operators, sports fans and bettors



Key **Europe Sports and Gaming brands back in growth** with strong margins



Continued success striking **multi-year exclusive media partnerships in North America.** Together with media partners, our sites **reach +85m monthly unique visitors**



North America preparing for mid to long-term next phase of growth across gaming, sports betting and traditional media (e.g., Daily Fantasy Sports (“DFS”), display advertising, etc.)

KEY FINANCIAL SUMMARY

FY 2023

CONTINUING OPERATIONS¹ REVENUE

\$50.3m

2022: \$70.9m, (29)% YOY

CONTINUING ADJUSTED EBITDA

\$12.1m

2022: \$18.9m, (36)% YOY

TOTAL REAL MONEY PLAYERS

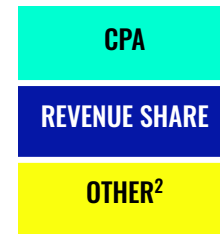
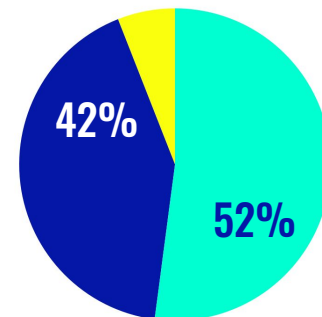
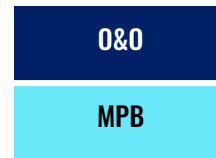
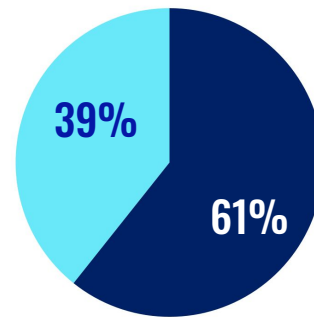
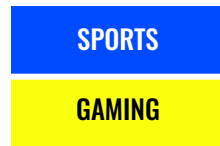
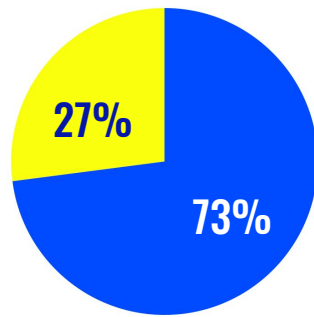
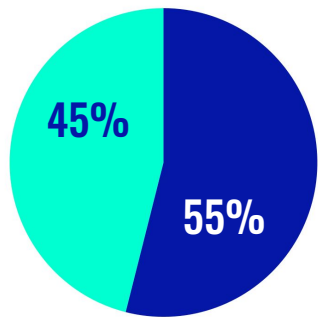
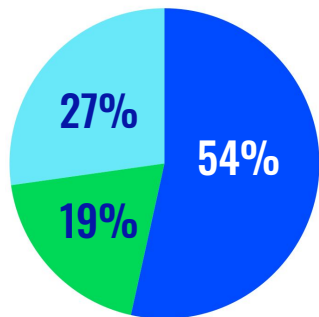
c.160K

2022: 180K, (11)% YOY

1. Continuing operations is defined total Group financial performance excluding discontinued operations. For FY 2023, the Group classified Personal Finance and Blueclaw as discontinued operations. Revenue as at 31 December 2023.

GROUP 2023 FULL YEAR RESULTS

FY 2023 CONTINUING BUSINESS REVENUE SPLITS



1. Gaming includes EU and NA with a majority of revenue driven by EU.

O&O (Owned and Operated Portfolio)
MPB (Media Partnership Business)

2. Other defined as Fixed Deals, Sponsorship, Display Advertising

POST BALANCE SHEET EVENT

TRANSACTION UPDATE

On 21 March 2024, XLMedia announced that it had entered into a binding agreement for the **sale of its Europe and Canada sports betting and gaming assets** to Gambling.com Group Limited for a **total consideration of up to \$42.5 million** including a fixed sum of \$37.5 million plus a potential earnout of up to \$5.0 million.

The transaction was completed on 1 April 2024 and the receipt of the initial cash installment of \$20.0 million on 2 April 2024.

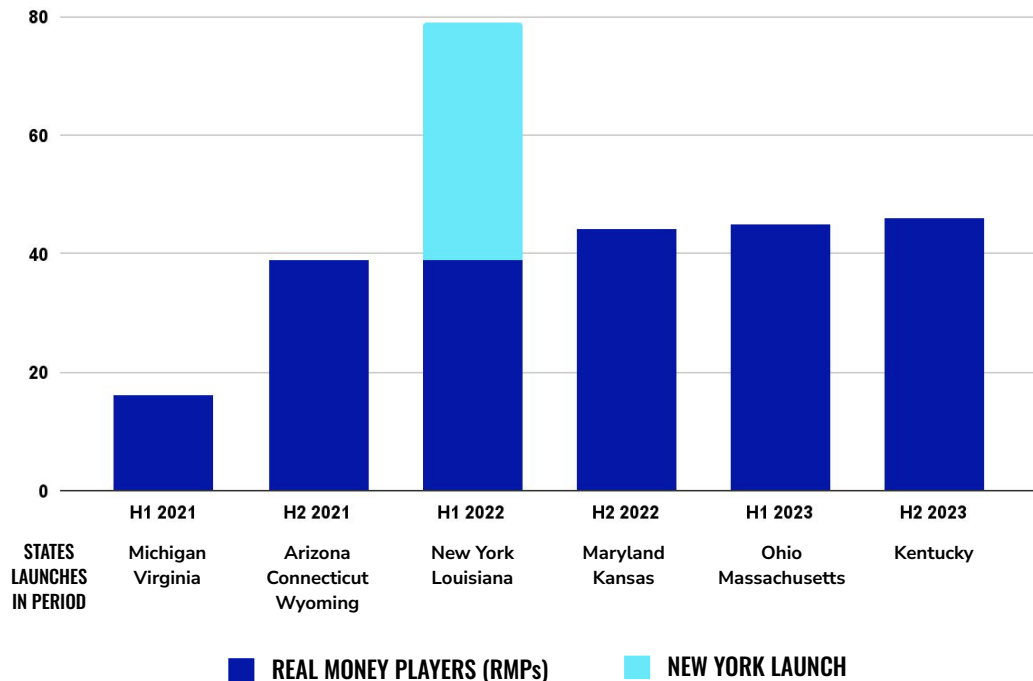
BUSINESS UPDATE

The Group **continues to focus on North America** including expanding its footprint, deepening audience relationships and **diversifying revenue streams with the goal of developing more predictable income**. Additionally, the Business will seek to build its Gaming vertical in select markets.

The Group will support the migration of the assets for a period of six months while rightsizing the remaining Business commensurate with its North America presence.

US RMP TREND 2021 TO 2023

US REAL MONEY PLAYERS (“RMP”) COMPARISON (000s)



XLMEDIA’S FOOTPRINT REACHES ALL 50 STATES AND PARTICIPATES IN:

21* STATES FOR ONLINE SPORTS BETTING

4 STATES FOR ONLINE CASINO

- Steady RMP performance since entering the market in December 2020 excluding New York outlier
- *North Carolina launched post-period. No additional confirmed state launches at present

RMP is a user that creates an online account and makes a deposit with an operator.

NORTH AMERICA REGULATION UPDATE

ONLINE SPORTS BETTING

- 30 states are live, legal
 - XLMedia participates in 21 states and does not participate in 9 states due to limited affiliate opportunity e.g., single operator (Florida), in-person registration requirement
- 20 states are not yet regulated incl. California, Texas, Georgia
 - 4 states are in active ballot discussions (Minnesota, Missouri, Hawaii and Oklahoma)
 - Alabama and Mississippi may revisit legalisation in 2025
- 1 Canadian Province, Ontario is live, legal

ONLINE CASINO

- 6 states live, legal incl. Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, West Virginia. Nevada only allows online poker
 - Delaware and Connecticut are states in which XLMedia does not participate due to limited affiliate opportunity e.g., single operator
- 44 states are not yet live, legal incl. 8 out of the 10 most populous states (California, Texas, Florida, New York, Illinois, Ohio, Georgia and North Carolina). Rhode Island is regulated with a TBD launch date.
- No states are confirmed to launch or in active ballot discussions at present

PRIORITIES IN 2024

Maximise North America short-term O&O opportunity including building gaming presence

Fulfilling Europe asset transition obligations

Rightsize cost base commensurate with US-led organisation

Work closely with Media Partners to maximise opportunity in line with Google's new requirements

Expand Media Partnership Business in preparations for future state launches

Clear historic liabilities and return cash to shareholders

Financial Update



FINANCIAL SUMMARY FY 2023

CONTINUING OPERATIONS¹

CONTINUING REVENUE

\$50.3m

2022: \$70.9m, (29)% YOY

CONTINUING ADJUSTED EBITDA

\$12.1m

2022: \$18.9m, (36)% YOY

CASH BALANCE²

\$4.8m

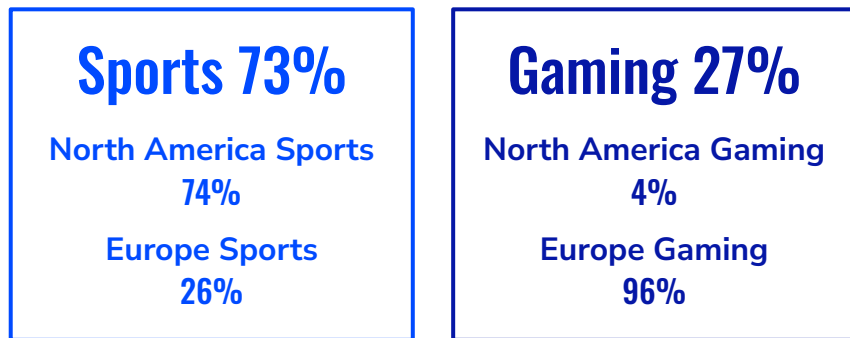
2022: \$10.8m, (56)% YOY

1. Continuing operations is defined total Group financial performance excluding discontinued operations. For FY 2023, the Group classified Personal Finance and Blueclaw as discontinued operations. Revenue as at 31 December 2023.

2. Includes short-term deposits of \$0.1 million (FY 2022: \$0.4 million).

REVENUE BY VERTICAL & GEOGRAPHY

VERTICAL¹



	2023 (\$m)	2022 (\$m)	% CHANGE YOY
Sports ²	36.6	55.3	(34)%
Gaming	13.7	15.6	(12)%
Total	50.3	70.9	(29)%

1. 2022 excludes revenue from the sub-affiliate network.

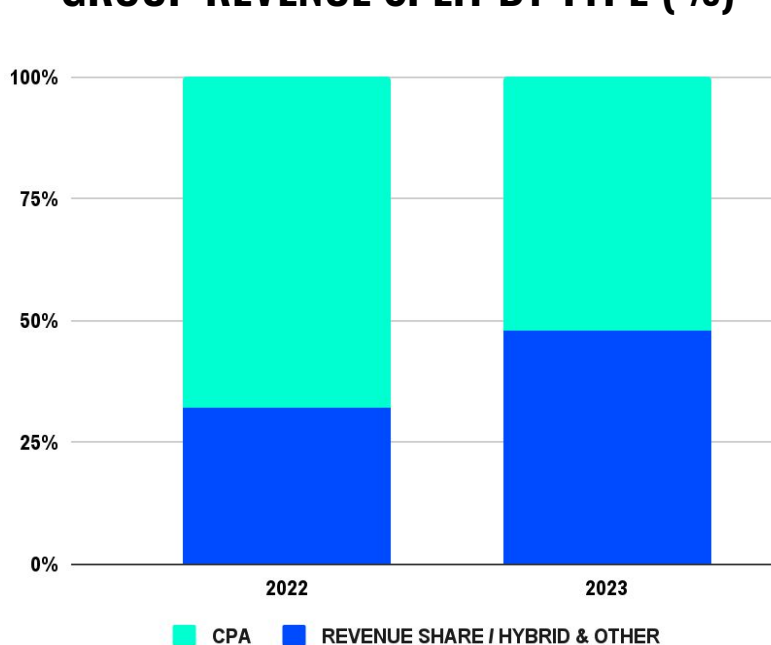
2. Includes the North America Sports, Media Partnerships and Europe Sports verticals.

GEOGRAPHY

	2023 (\$m)	2022 (\$m)	% CHANGE YOY
North America Sports	26.9	46.4	(42)%
North America Gaming	0.6	1.3	(54)%
North America	27.5	47.7	(42)%
Europe Sports	9.7	8.9	9%
Europe Gaming	13.1	14.3	(8)%
Europe	22.8	23.2	(2)%
Total	50.3	70.9	(29)%

REVENUE TYPE & ADJUSTED EBITDA SPLITS

GROUP REVENUE SPLIT BY TYPE (%)



In 2023, CPA accounted for 93% of North American revenue.

Other defined as Fixed Deals, Sponsorship Deals, Display Advertising

ESTIMATED ADJUSTED EBITDA ALLOCATION

	REVENUE (\$m)	ADJUSTED EBITDA (\$m)
North America	27.5	5.5
Europe	22.8	6.6
Total	50.3	12.1

- The Group runs its operations on an integrated basis, sharing cost and resource where possible
- The Adjusted EBITDA estimates are after the allocation of all shared group costs, including plc costs
- Europe includes sub-affiliate partner revenues and costs

COST MANAGEMENT

Total cost base¹, excluding Media Partner revenue share, was reduced by c.\$8.3m delivering sustainable savings

COST REDUCTION DRIVEN BY

- Headcount reduction to 146 (FY 2022: 193) including Personal Finance disposal. Post assets sales, headcount at 3 April 2024 is 100 employees
- Optimised sales, content and marketing spending
- Realised savings from closure of legacy technology

RESULTING BUSINESS IMPACT

- Improvements in underlying technology and data
- Removed costly management layers to improve communication and culture across the Company

CONTINUED OPERATIONS ²	2023 (\$m)	2022 (\$m)
Reported operating costs ³	25.6	34.6
Transformation cost	(2.6)	(4.5)
Share based payments	(0.2)	(0.9)
Adjusted operating costs	22.8	29.2
Sales & Marketing cost ⁴	18.6	22.8
MPB revenue share cost	(14.0)	(16.3)
Adjusted Sales and Marketing costs	4.6	6.5
Adjusted cost base	27.4	35.7

1. Costs include operating, sales and marketing expenses, and excludes share-based payments, minimum guarantee shortfalls, transformation costs and discontinued operations (Personal Finance and Blueclaw).

2. Continuing operations is defined total Group financial performance excluding discontinued operations. For 2023, the Group classified Personal Finance and Blueclaw as discontinued operations.

3. Operating costs in the statutory accounts include transformation costs and share based payments.

4. Sales and marketing costs in the statutory accounts include Media Partnership Business revenue ("MPB") share and minimum guarantee shortfalls.

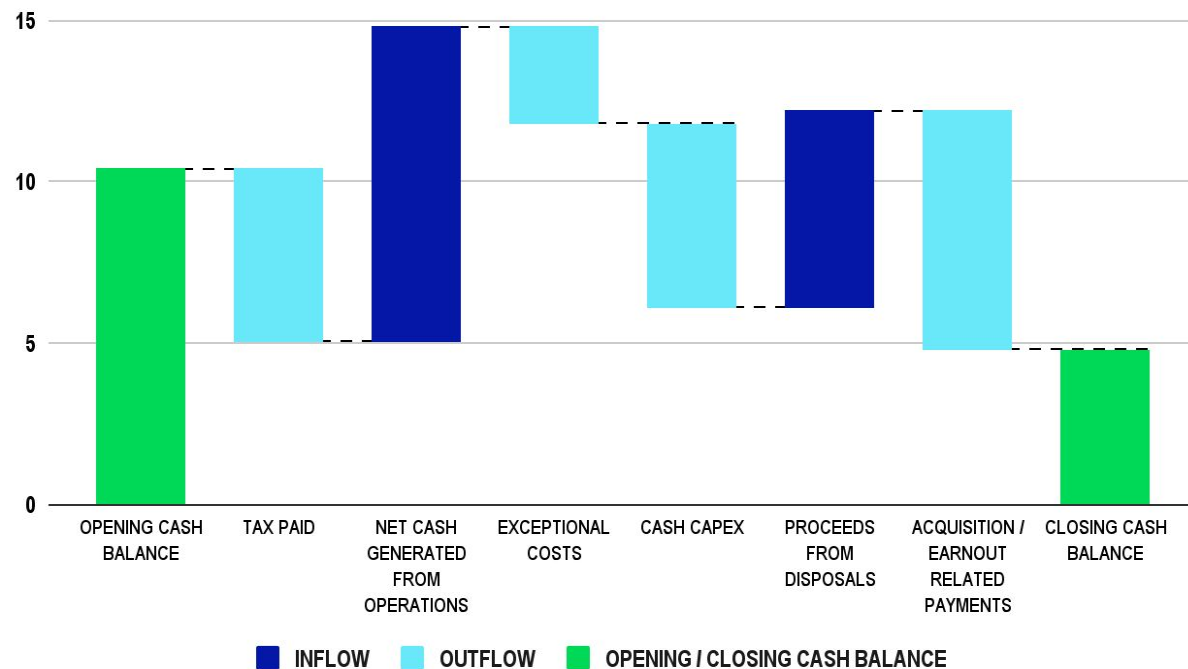
ADJUSTED EBITDA

Following a net impairment of \$44.6m on acquired assets, the Group recognised an operating loss from continuing operations of \$44.9m (2022: \$6.2m profit) and Adjusted EBITDA from continuing operations of \$12.1m (2022: \$18.9m)

	2023 (\$m)	2022(\$m)	Change 2023 vs 2022 (%)
Operating (loss) / profit from continuing operations	(44.9)	6.2	-
<i>Depreciation and Amortisation</i>	6.5	7.3	(11)%
<i>Net non-cash impairment charge</i>	44.6	-	100%
<i>Share-based payments</i>	0.2	0.9	(78)%
<i>Reorganisation costs</i>	2.6	4.5	(42)%
<i>Exceptional minimum guarantee costs</i>	3.1	-	100%
Adjusted EBITDA from continuing operations (\$'m)	12.1	18.9	(36)%
<i>Adjusted EBITDA margin from continuing operations</i>	24%	27%	(3) % pts

GROUP CASH GENERATION

CASH FLOW (\$m)



CASH AND CASH FLOW

- \$4.7m of cash excluding short-term deposits at end of 2023, down vs Dec 2022 balance of \$10.4m
- Cash generation in 2023 was \$9.8m before exceptional costs
- \$5.1m of tax and \$0.2m interest payments made in 2023 of which \$3.5m was made to settle historical tax liabilities 2016-2020 in Israel
- \$5.7m of cash capex incurred – broadly in line with FY 2022
- \$6.1m proceeds received for sale of Personal Finance and Gaming assets
- \$7.4m acquisition payments relate to SDS, CBWG and Blueclaw

HISTORIC ACQUISITION LIABILITIES WILL BE CLEARED IN 2024

	2023	H1 2024	H2 2024
North American assets	\$4.0m	-	\$4.0m
European assets	\$0.4m	-	-
Deferred consideration	\$4.4m	\$0.0m	\$4.0m
North American assets ¹	\$3.0m	\$3.5m	-
Earn-outs	\$3.0m	\$3.5m	\$0.0m
Total acquisition related payments	\$7.4m	\$3.5m	\$4.0m

In 2024, we will clear \$7.5m historic acquisition liabilities

\$3.5m paid in March 2024

\$4.0m due in September 2024

**THERE ARE NO FURTHER
ACQUISITION LIABILITIES
DUE BEYOND 2024**

1. Earn-out not recognised in balance sheet until target met.

Summary



2024: MAXIMISE VALUE OF US BUSINESS

Currently no confirmed US state launches

Managing the impact of Europe asset sale on working capital

Growing North America gaming and optimise trading in existing states

Rightsize cost base commensurate with US-led organisation

Deepen Media Partner relationships and expand footprint

Clear historic liabilities and return cash to shareholders

OUTLOOK



Q1 2024 saw a solid start to the year in Europe and North America



North Carolina launched online sports betting in mid-March post NFL season, delivering a strong performance with c.15,000 RMPs in the month yet revenue was lower than Ohio's launch in January 2023



Retain focus on revenue diversification and continue to optimise existing legalised sports betting and online casino states while monetising audience scale through daily fantasy sports advertising and sponsorship



Growing the Media Partner Business remains a key element of the strategy while ensuring O&O websites and partners take advantage of opportunities created by the changing competitive landscape



2024 will be a year of considerable change as we transfer our Europe assets while consolidating our position in North America and prepare for 2025 and beyond



Following the sale of the Europe and Canada Assets, Adjusted EBITDA for continuing operations is estimated to be around \$5.0m for full year 2024, with 2025 benefitting from the full year effect of cost savings made in 2024

Thank You



Q&A



**MARCUS RICH,
NON-EXECUTIVE CHAIR**



**DAVID KING,
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THANK YOU

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