XLMEDIAPLC

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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23 September 2021

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

Results for the six months ended 30 June 2021

Strategic momentum continues: solid performance across all business units, with major organisational redesign accelerated

XLMedia (AIM: XLM), a leading global digital performance publisher, announces the Company's audited results for the six months ended 30 June 2021.

Financial summary

- Revenues of $32.2 million (H1 2020: $27.7 million)
- Gross profit of $18.3 million (H1 2020: $16.6 million)
- Adjusted EBITDA(1) of $6.6 million (H1 2020: $5.1 million)
- Reported loss before tax of $0.4 million (H1 2020, profit: $0.2 million)
- Cash and short-term investments of $36.9 million (31 December 2020: $13.9 million)
- In H1 2021 the Group recorded transformation costs of $1.0 million(2) following the continuation of the restructuring plan of the Group (H1 2020: $1.5 million)

(1) Adjusted EBITDA in all references is defined as Earnings Before Interest, Taxes, Depreciation and Amortisation, and excluding any share-based payments, impairment and reorganisation costs
(2) Excluding M&A activity

Outlook

- The Company maintains guidance of revenue for full year 2021 of between $65 million and $70 million although impact of transformational activities (including M&A and fundraising) likely to suppress operating profit across FY 2021 and FY 2022
  - Continue to see improved productivity across business units as we enter H2 2021, supported by US Sports and reinvigorated Casino business
- As Covid-19 restrictions ease, the Company is accelerating organisational changes and will incur more costs in FY 2021 than previously budgeted
- Across the medium term, the Group expects to benefit from more diverse revenue streams, with a focus on new money growth, greater operational efficiency and a built-for-purpose platform and data architecture, positioning XLMedia well for operational and financial progress

Operating summary

- Solid performance in H1 2021 across all business units: Sports, Casino, and Personal Finance
- Successful equity raise enabling accelerated growth of US Sports division through the acquisition of Sports Betting Dime ("SBD"), a multichannel sports betting publisher, with significant technology and content capabilities, acquired in March 2021
- Accelerated organisational initiatives across 2021/22 include:
  - Re-organisation of audience-centric teams by industry vertical and target locations, lowering the Group's fixed labour cost base, and aligning resource with target audiences and growth opportunities
  - Increased use of best-in-breed external partners for specialised and scalable expertise, creating cost efficiencies to support audience-centric teams
  - Re-building of the executive team: appointment of new CIO Nigel Leigh, interim CFO Rowan Ellis, Alya Chaudhry as Global Operations Director, David Weliver as Managing Editor of Personal Finance and

promotion of Ken Dorward to the Chief Growth Officer role
    - Fundamental overhaul of data architecture and tools, delivering improved business analytics and commercial decisioning, alongside trailing data-driven inventory management
- Completed acquisition of Saturday Football Inc, a major online publisher of college football news, for $24 million, in September 2021 to further enhanced US Sports vertical
- Announced today, the acquisition of BlueClaw for a total consideration of up to $2.5 million to provide a UK hub for the EU Sports business
- Accelerating key initiatives to deliver ongoing financial and operational benefit across the next 18 months
    - Transition of audience-centric teams in Sports and Personal Finance from Israel to the UK, North America and Cyprus, supported by improved utilisation of external agency partners
    - Phased introduction of distributed shared services model to improve functional expertise, drive Group operational efficiencies and create a scalable service delivery model
    - Implementation of data utilisation platform (data science, technology and operations) in Q4 2021, and completing in Dec 2022, to support utilisation of first party data, resulting in improved yield

Stuart Simms, Chief Executive Officer of XLMedia, commented:

"We continued to make further organisational progress in the first six months of the year, as we expanded our portfolio of high-quality branded sites, whilst also laying the foundations to improve the use of our first party data. The combined positive impact resulted in a strengthened US Sports division, increase of regulated market and new money revenue, as well as the development of a significantly improved data architecture and infrastructure to serve the Group's long-term ambitions.

"The equity raise proved to be a pivotal point in my tenure, having weathered the storm of the first 18 months, we could finally accelerate and execute plans to realise the ambition I set out when joining the business. Namely to build a platform (data, technology and operations) which powers a portfolio of branded assets operating across a number of verticals, offering an enhanced, content-rich consumer experience and improved advertiser performance.

"To achieve this ambition, during 2021, I have challenged the business to accelerate the acquisition of new assets, reorganise and re-build our capability and to develop a new data and technology platform. I am proud of the team and our achievements, and have confidence that the necessary changes will result in improved focus, productivity and growth in H2 2022 and beyond."

Analyst and Institutional Investor webcast

A presentation webcast and live Q&A conference call for analysts and investors will take place on 23 September 2021 at 9.00am UK Time, and a webcast of the presentation will be made available thereafter on the Company's website at https://www.xlmedia.com/investor-relations/webcasts/

To access this event please go to: https://secure.emincote.com/client/xlmedia/2021-half-year-results

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

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Notes:
XLMedia is a global digital performance publisher. Operating across a variety of verticals including online gambling, personal finance, sports and technology, the Group uses proprietary tools and methodologies to identify and target high value clients for platform operators.

XLMedia has a clear transformation strategy, which will enable it to shape the future of the performance publishing industry. The Company has set out its strategic agenda under two fundamental priorities:

- **A balanced portfolio of online assets**
  - XLMedia seeks to create a balanced portfolio of websites to cover a range of attractive geographies, both stable and high-growth verticals and with greater exposure to regulated markets. In doing so, the Company will focus particularly on developing presence in North American sports, primarily through targeted acquisition

- **Branded, content-rich, engaging websites**
  - XLMedia will consolidate its online portfolio, concentrating on a much smaller number of publishing assets, and focusing its resources on optimising this core set of premium sites for its chosen markets. These content-rich, engaging websites, underpinned by intelligent market-leading technology, will seek to build stronger lasting relationships with consumers and enhance monetisation opportunities

Chief Executive Officer review

The Group has delivered a much-improved financial performance in the first half of the year, in addition to delivering major operational progress. The easing of social restrictions relating to the global pandemic is helping us to accelerate plans to drive meaningful change.

In H1 2021, the Group delivered revenue of $32.2 million (16% increase on H1 2020: $27.7 million), gross profit of $18.3 million (10% increase on H1 2020: $16.6 million) and adjusted EBITDA of $6.6 million (29% increase on H1 2020: $5.1 million).

Key H1 highlights include:

- Sports and Personal Finance divisions both continued to deliver growth in the period, with revenues stabilised in the Casino division and the unit well-positioned for growth going forward
  - Record organic growth in European Sports
  - Further positive momentum generated from US Sports, buoyed by multiple acquisitions
- Right-sized and re-established European Casino assets with emphasis on generating new revenue

We will continue to focus on developing a balanced portfolio of premium assets, which are content-rich and consumer-centric, across target markets and geographies - with opportunities to enhance performance and efficiency through proprietary data.

Organisation Redesign and Capability

The ongoing transformation of the Group continues to gather momentum; we have overhauled our audience-centric capability across all verticals, which is expected to be completed by the end of the year. The acquisition of BlueClaw, announced today, is of crucial importance in supporting this overhaul, bringing strong operational capability, processes and workflow.

The final phase of our change plan has already commenced and will involve an overhaul of our shared service functions, most notably legacy technology and systems. Throughout H1, management have been working towards this goal and engaging with outsourcers and technology providers to ensure the Group has the correct platform (data, technology and operations) to accelerate our transition to a data-driven business.

Further to the recruitment of CIO Nigel Leigh, we will continue to evolve our data science capability, and improve data capture (tracking) to drive increased consumer engagement, activation and asset performance. The required technology and operations will continue to be tested and trialled during H2 2021, with the expected migration of all sites over to the platform during in 2022. This data-driven methodology and the utilisation of first party data will enable XLMedia to develop its platform, which both improves returns and profit going forward.

Management expects the final phase of the Group's transformation to be delivered across H2 2021 and into 2022.

Key milestones achieved include:

- Migration of all audience-centric functions, except Casino, to outside Israel - moving closer to target audiences and improving access to talent at lower costs
- Improved use of external agencies to access best practice and delivering a more agile cost base
- Created strong organisation in North America through acquisitions, including very capable content and technology teams which will aid future shared services evolution
- Completed the fundamental rationalisation of our portfolio - from over 3,000 sites to fewer than 100
- Upgraded site structure and content, monetising through more diverse revenue streams
- Laid foundations for transition to data-driven business through the implementation of a new data architecture and

analytics engine, with business intelligence system - providing improved visibility across key performance metrics and access to data to drive performance
- Re-built the executive team, with new appointments:
    - Interim Chief Financial Officer, Rowan Ellis
    - Chief Information Officer, Nigel Leigh
    - Professional transformation leader, Alya Chaudhry
    - Managing Editor of Personal Finance division, David Weliver (former owner and CEO of Money Under 30)
    - Promotion to Chief Growth Officer, Ken Dorward
- Strengthened Board with the appointment of Julie Markey as Non-Executive Director, bringing a wealth of experience in the organisation and management of people in international businesses

Divisional summary

Sports

The Group's Sports division has delivered a strong performance in the period, delivering revenues of $11.7 million in H1 2021, of which $6.7m was new money, an increase of $5.8m (600%) over the same period in 2020.

- EU Sports
    - Strong performance with record organic growth across H1 2021 following the resumption of professional sports and major events like the delayed UEFA European Football Championship
    - A number of key assets upgraded, in terms of content, structure and working practices
    - We are confident of continued growth in the division, boosted by further relaxation of restrictions resulting in both more professional and mass sports events taking place

- US Sports
    - Delivering revenues of $6.1 million in the period, the Group now has a strong foothold in the market, which is continuing to show a good growth trajectory, driven by increasing regulation
    - CBWG, the digital media publishing business acquired in December 2020, is now fully integrated and is exceeding management expectations, capitalising on growth in the US Sports betting market
    - Sports Betting Dime ("SBD"), acquired in March 2021, boasts an unrivalled audience which the Group is seeking to leverage as we develop our offering and expand the reach of sites across regulated states in North America. SBD also brings strong product and technology expertise to benefit the wider Group
    - Saturday Football Inc., acquired post-period end, converted an existing agency partnership and enabled XLMedia to access to the sizeable US College Football marketplace and delivers significant cross marketing opportunities for the wider Group

Personal Finance

The Personal Finance division delivered strong revenues in H1 2021 of $6.6 million. As previously disclosed, the division was heavily impacted in 2020 with a reduction in traffic to our sites. Ongoing migration of team and resources to the US will result in marginal operational disruption in H2 2021. However, we are confident that in the longer term, there will be a return to pre-pandemic revenue levels as we invest to sharpen capabilities, drive stability and improve profitability.

- Leadership within the Personal Finance division strengthened with key hires:
    - David Weliver, founder of Money Under 30, which XLMedia acquired in 2017, as Managing Editor to oversee delivery of high-quality editorial content across the portfolio as well as leadership for the business unit
    - Chris Muller, recruited as Director of Audience Growth, tasked with driving operational excellence and the application of data analytics
    - Together they will recruit a team to ensure the assets are highly attuned to the market's specialised needs and trends, and can grow and scale in accordance with market opportunity
- Through the relocation of our audience-centric teams, we now have a team of approximately 20 people focused on the Personal Finance market, working from locations throughout the United States and Canada. Further to this we are working to onboard agencies to support the transition, and further accelerate our content and digital PR strategy
- The Personal Finance sites currently all remain on legacy platforms, therefore, during H2 2021 and 2022, we anticipate transitioning these sites onto the new platform, which will improve site performance and SEO operations as well as enhancing consumer experience and engagement.
    - The application of these best practices runs in line with Google's consumer-centric approach and its latest algorithm changes

Casino

Our Casino division delivered revenues of $12.5 million in H1 2021. We have focused our efforts on a smaller number of profitable sites and their ability to generate new revenues; we will seek to grow the reach of these existing sites and more sustainable revenues.

During 2022, the Group will evolve our casino offering to operate brands across multiple territories as opposed to previous strategy of single territory sites. We believe that this will provide a more agile approach to responding to changes in regulation. We continue to believe in the high quality of our premium casino assets relative to peers.

The Casino business unit remains in Israel, supported by local shared services (finance, legal, HR and technology). Since the beginning of the year, we have maintained revenues whilst halving the division's headcount.

Regulation

The process of achieving the relevant regulatory permissions and operating within clear regulatory parameters is a core competency of XLMedia, and something we will seek to leverage further going forward.

Additionally, the experience and expertise garnered by XLMedia and required to operate in regulated markets introduces additional barriers to entry for potential new providers. Our approach of developing high-quality, educational, engaging and customer-centric websites also positions the business well from a sustainability perspective.

Outlook

The Group has delivered steady growth across the period and accelerated structural changes and enhanced use of data across the business. Management continues to right-size the business, shifting the historical operational focus from Israel, alongside backing key strategic hires in finance, technology and business transformation. By the end of September, headcount in Israel will be reduced further by approximately 30 roles.

The recent acquisitions of CBWG, SBD and Saturday Football Inc. have strengthened our offering in US Sports, and established the Group with immediate scale, and the skills to drive growth. The strengthening of our US Sports division also represents progress in rebalancing the Group, focusing more heavily on regulated and high-growth markets.

The combined positive impact of a strengthened US Sports division, a focus on regulated markets, our investment in data infrastructure to serve the Group long-term and restructuring of the business, gives the Group confidence of delivering growth in the second half, with XLMedia ideally placed for operational and financial progress in the medium term.

The Group maintains guidance of revenue for full year 2021 of between $65 million and $70 million. As Covid-19 restrictions ease, the Company is accelerating organisational changes and will incur more costs in FY 2021 than previously budgeted. Across the medium term, the Group expects to benefit from more diverse revenue streams, with a focus on new money growth, greater operational efficiency and a built-for-purpose platform and data architecture, positioning XLMedia well for operational and financial progress.

Stuart Simms
Chief Executive Officer
22 September 2021

Financial Review

$'000	H1 2021	H1 2020	Change
Revenues	32,218	27,715	16%
Gross profit	18,260	16,609	10%
Operating expenses (*)	(18,833)	(16,330)	15%
Operating profit (loss)	(573)	279	-305%
Adjusted EBITDA[1]	6,600	5,093	29%
Profit (loss) before tax	(439)	171	-356%

[1] Earnings Before interest, Taxes, Depreciation, Amortisation and excluding share-based payments, impairment and reorganisation costs
(*) Reorganization costs in previous period were reclassified as general and administrative expenses.

XLMedia revenues in H1 2021 totalled $32.2 million (H1 2020: $27.7 million), an increase of 16% compared to the previous year primarily driven by US Sports, which benefitted from recent acquisitions.

Gross profit for H1 2021 was $18.3 million and gross margin was 57% (H1 2020: $16.6 million, 60% gross margin), representing a 3% decrease, as a result of the recent business acquisition and new hires in low season.

Operating expenses for H1 2021 were $18.8 million (H1 2020: $16.3 million). This increase is largely driven by redundancy costs, coupled with new hires, and an uplift in transformation costs associated with both M&A activity and reorganisation.

Adjusted EBITDA for H1 2021 was $6.6 million (H1 2020: $5.1 million), an increase of 29% on the previous year, driven by the increase in revenues.

Net financing income for H1 2021 was $0.04 million (H1 2020: $0.1 million, expense).

In H1 2021 the Group recorded transformation costs of $3.6 million following the continuation of the restructuring plan of the Group, as well as significant M&A activity (H1 2020: $1.5 million).

As at 30 June 2021, the Company had $36.9 million in cash and short-term investments (31 December 2020: $13.9 million). The change in cash is a reflection of $3.7 million generated by operating activities and $35.3 million provided by financing activities, offset by $15.5 million used for investment activity.

Current assets as at 30 June 2021 were $48.6 million (31 December 2020: $25.2 million). The increase in current assets was predominantly as a result of the increase in cash and cash-equivalents mentioned above.

Non-current assets as at 30 June 2021 were $99.5 million (31 December 2020: $66.9 million). The increase in non-current assets is primarily as a result of the acquisition of SBD for $26.2 million.

Current liabilities as at 30 June 2021 were $34.6 million (31 December 2020: $23.3 million). The increase in current liabilities was predominantly as a result of the first deferred consideration payable for SBD.

Non-current liabilities as at 30 June 2021 were $9.9 million (31 December 2020: $1.6 million). The increase in non-current liabilities is primarily attributable to the new leases liabilities of $4.4 million relating to new office space and $3.6 million relating to the second deferred consideration payable for the SBD acquisition.

Total equity as at 30 June 2021 was $103.5 million or 70% of total assets (31 December 2020: $67.3 million or 73% of total assets). The increase in the equity was mainly as a result of the issue of $37.4 million of new company shares, undertaken in March 2021.

The first half of 2021 was a year of continued progress for the Company. Alongside the challenges of the ongoing headwinds from the Covid-19 pandemic, XLMedia has continued to make progress with restructuring the business and ensuring it is appropriately sized as it returns to a growth trajectory. The Group has now completed three important acquisitions in the US Sports market, our EU Sports and Personal Finance divisions are performing well, and our Casino market is refocused on profitable sites. With our renewed focus on delivering engaging and captivating content for our end customer, we remain optimistic about the Group's prospects moving into the second half of 2021 and beyond.

Rowan Ellis
Interim Chief Financial Officer
22 September 2021

XLMEDIA PLC. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2021

US DOLLARS IN THOUSANDS

Report on review of interim financial information

The Board of Directors
XLMedia PLC.

Introduction

We have reviewed the accompanying consolidated interim financial statements of XLMedia PLC. and its subsidiaries ("the Group") as at 30 June 2021 which comprise the interim consolidated statement of financial position as at 30 June 2021 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other 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 consolidated financial statements do not present fairly, in all material respects the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 as adopted by the European Union.

Tel-Aviv, Israel
22 September 2021

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2021	31 December 2020
	Unaudited	Audited
	$ in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	36,061	12,648
Short-term deposits	870	1,228
Trade receivables	5,536	5,792
Other receivables	5,943	5,578
Financial derivatives	158	-

	48,568	25,246
NON-CURRENT ASSETS:		
Long-term deposits	1,525	1,478
Property and equipment	6,914	1,072
Domains and websites	81,292	55,941
Other intangible assets	9,410	7,925
Other assets	371	497
	99,512	66,913
	148,080	92,159

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2021	31 December 2020
	Unaudited	Audited
		$ in thousands
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	2,134	2,000
Deferred consideration payable	9,875	-
Other liabilities and accounts payable	9,914	8,769
Income tax provision	11,349	11,899
Financial derivatives	-	304
Current maturities of lease liabilities	1,366	324
	34,638	23,296
NON-CURRENT LIABILITIES:		
Lease liability	4,723	366
Deferred tax liabilities	1,607	1,243
Deferred consideration payable	3,614	-
	9,944	1,609
Total liabilities	44,582	24,905
EQUITY		
Share capital	*) -	*) -
Share premium	121,828	86,022
Capital reserve from share-based transactions	2,888	2,368
Capital reserve from non-controlling interests transaction	(2,626)	(2,626)
Accumulated deficit	(18,592)	(18,510)
Total equity	103,498	67,254
	148,080	92,159

*) Lower than $1 thousand.

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

22 September 2021			
Date of approval of the	Chris Bell	Stuart Simms	Rowan Ellis
financial statements	Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2021	2020	2020
	Unaudited		Audited
	$ in thousands (except per share data)		
Revenues	32,218	27,715	54,839
Cost of revenues	13,958	11,106	20,494
Gross profit	18,260	16,609	34,345
Research and development expenses	1,197	1,156	2,464
Sale and marketing expenses	1,939	2,194	4,202
General and administrative expenses	15,697	(*)12,980	(*)25,810
	18,833	16,330	32,476
Operating profit (loss) before impairment	(573)	279	1,869
Impairment loss	-	-	955
Operating profit (loss)	(573)	279	914
Finance expenses	(221)	(408)	834
Finance income	256	300	695
Finance income (expenses), net	35	(108)	(139)
Other income, net	99	-	332
Profit (loss) before taxes on income	(439)	171	1,107
Taxes on income (tax benefit)	(357)	72	315
Profit (loss) for the period	(82)	99	792
Total comprehensive income (loss), net of tax	(82)	99	792
Attributable to:			
Equity holders of the Company	(82)	(169)	531
Non-controlling interests	-	268	261
	(82)	99	792
Earnings per share attributable to equity holders of the Company:			
Basic and diluted earnings (loss) per share (in $)	- (**	- (**	- (**

*) Reorganization costs in previous periods were reclassified as general and administrative expenses.
**) Lower than $0.01.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Share capital	Share premium	Capital reserve from share-based transactions	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total equity
	Unaudited					
	$ in thousands					
Balance at 1 January 2021	*) -	86,022	2,368	(2,626)	(18,510)	67,254
Loss for the period	-	-	-	-	(82)	(82)
Share-based payment	-	-	520	-	-	520
Share capital issuance (see also note 4e)	*) -	35,806	-	-	-	35,806
Balance at 30 June 2021 (unaudited)	*) -	121,828	2,888	(2,626)	(18,592)	103,498

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve from share-based transactions	Capital reserve from transactions with non-controlling interests	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited								
	$ in thousands								
Balance at 1 January 2020	*) -	112,624	2,276	(2,445)	(30,159)	(19,041)	63,255	291	63,546
Net income and other comprehensive income	-	-	-	-	-	(169)	(169)	268	99
Share-based payment	-	-	142	-	-	-	142	-	142
Delisting of treasury shares **)	-	(30,159)	-	-	30,159	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(268)	(268)
Balance at 30 June 2020	(* -	82,465	2,418	(2,445)	-	(19,210)	63,228	291	63,519

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve from share-based transactions	Capital reserve from transactions with non-controlling interests	Treasury shares	Retained earnings (losses)	Total	Non-controlling interests	Total Equity
	$ in thousands								
Balance as of 1 January 2020	*) -	112,624	2,276	(2,445)	(30,159)	(19,041)	63,255	291	63,546
Net profit and other comprehensive income	-	-	-	-	-	531	531	261	792
Delisting of treasury shares **)	-	(30,159)	-	-	30,159	-	-	-	-
Share-based payment	-	-	92	-	-	-	92	-	92
Share capital issuance	-	3,557	-	-	-	-	3,557	-	3,557
Acquisition of non-controlling interest	*) -	-	-	(181)	-	-	(181)	(291)	(472)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(261)	(261)
Balance as of 31 December 2020	*) -	86,022	2,368	(2,626)	-	(18,510)	67,254	-	67,254

*) Lower than $1 thousand.
**) In April 2020, the board resolved to cancel all shares held in treasury.
The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2021	2020	2020
	Unaudited		Audited
	$ in thousands		
Cash flows from operating activities:			
Net income (loss)	(82)	99	792
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	3,587	3,171	7,720
Impairment loss	-	-	955
Finance expense (income), net	(497)	109	823

Share-based payment expense	520	142	92
Other Income	-	-	(1,122)
Taxes on income	(357)	72	315
Exchange differences on balances of cash and cash equivalents	82	(519)	(297)
	3,335	2,975	8,486
Changes in asset and liability items:			
Decrease in trade receivables	256	3,545	1,963
Decrease (increase) in other receivables	211	(502)	(340)
Increase (decrease) in trade payables	134	(1,402)	(1,028)
Increase (decrease) in other liabilities and accounts payable	56	(441)	(1,139)
Decrease in other long-term liabilities	-	-	(65)
	657	1,200	(609)
Cash paid during the year for:			
Interest paid	(38)	(61)	(544)
Interest received	2	82	99
Taxes paid	(255)	(518)	(799)
Taxes received	60	248	996
	(231)	(249)	(248)
Net cash provided by operating activities	3,679	4,025	8,421

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2021	2020	2020
	Unaudited		Audited
	$ in thousands		
Cash flows from investing activities:			
Purchase of property and equipment	(809)	(186)	(319)
Acquisition of and additions to domains, websites and other intangible assets	(11,871)	-	(12,842)
Acquisition of and additions to technology	(3,125)	(4,394)	(6,642)
Adjustments of proceeds from the sale of discontinued operation	-	(270)	(270)
Loan for a third party	-	-	(500)
Short-term and long-term deposits, net	289	298	911
Net cash used in investing activities	(15,516)	(4,552)	(19,662)
Cash flows from financing activities:			
Acquisition of non-controlling interest	-	-	(472)
Share capital issuance, net of issuance costs	35,806	-	-
Dividend paid to non-controlling interests	-	(184)	(261)
Repayment of long term and short-term liability	-	(1,500)	(1,500)
Payment of lease liabilities	(474)	(569)	(1,283)
Net cash provided by (used in) financing activities	35,332	(2,253)	(3,516)
Exchange differences on balances of cash and cash equivalents	(82)	519	297

Increase (decrease) in cash and cash equivalents	23,413	(2,261)	(14,460)
Cash and cash equivalents at the beginning of the period	12,648	27,108	27,108
Cash and cash equivalents at the end of the period	36,061	24,847	12,648
Significant non-cash transactions:			
Acquisition of and additions to domains, websites, and other intangible assets mainly for deferred consideration	14,311	310	6,816
Right-of-use asset recognized with a corresponding lease liability	5,991	600	3,557
Acquisition of and additions to technology	988	-	-

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

NOTE 1: GENERAL

a. XLMedia PLC and its subsidiaries (The Group) are online performance marketing companies.

The Group attracts users through online marketing techniques (such as publications and advertisements), which are then directed, by the Group, to its customers in return for a share of the revenue generated by such user, a fee generated per user acquired, fixed fees or a hybrid of any of these three models.

b. The spread of Coronavirus has an impact on the Group's operations. The Group has a well-balanced portfolio of assets. However, the global economic slowdown affected revenues related to Personal finance and Casino Business Units. The Group is continually monitoring and responding to the potential impact of the outbreak. Still, as there is uncertainty regarding the duration of the impact and future events, there is uncertainty regarding the total effect on the Group's operations. The Group Board of Directors and management determined that the Group will have sufficient liquidity for operation for at least 12 months from the date of the consolidated financial statements.

c. Definition:

$ - U.S. dollar.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim condensed consolidated financial statements:

These financial statements have been prepared in a condensed format as of 30 June 2021, 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 2020, and for the year then ended and accompanying notes ("annual consolidated financial statements").

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

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

Amendments to IFRS 9, IFRS 7, IFRS 16, IFRS 4 and IAS 39 regarding the IBOR reform:

In August 2020, the IASB issued amendments to IFRS 9, "Financial Instruments", IFRS 7, "Financial Instruments: Disclosures", IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 4, "Insurance Contracts", and IFRS 16, "Leases" ("the Amendments").

The Amendments provide practical expedients when accounting for the effects of the replacement of benchmark InterBank Offered Rates (IBORs) by alternative Risk-Free Interest Rates (RFRs).

Pursuant to one of the practical expedients, an entity will treat contractual changes or changes to cash flows that are directly required by the IBOR reform as changes to a floating interest rate. That is, an entity recognizes the changes in interest rates as an adjustment of the effective interest rate without adjusting the carrying amount of the financial instrument. The use of this practical expedient is subject to the condition that the transition from IBOR to RFR takes place on an economically equivalent basis.

In addition, the Amendments permit changes required by the IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued, provided certain conditions are met. The Amendments also provide temporary relief from having to meet the "separately identifiable" requirement, according to which a risk component must also be separately identifiable to be eligible for hedge accounting.

The Amendments include new disclosure requirements in connection with the expected effect of the IBOR reform on an entity's financial statements, such as how the entity is managing the process to transition to the IBOR reform, the risks to which it is exposed due to the IBOR reform and quantitative information about IBOR-referenced financial instruments that are expected to change.

The Amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2021. Restatement of comparative data for prior periods is not required.

The above Amendments are not expected to have a material impact on the Company's interim financial statements.

NOTE 3: DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

a. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after 1 January 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The Group will adopt the Amendment after 1 January 2023.

b. Amendment to IAS 12, "Income Taxes":

In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 ("the Amendment").

According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment is to be applied for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. In relation to leases and decommissioning obligations, the Amendment is to be applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment should be recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

The Company estimates that the initial application of the Amendment is not expected to have a material impact on its financial statements.

NOTE 4: SUPPLEMENTARY INFORMATION

a. In December 2020, the Company signed three new real estate lease agreements. The leases' commencement dates are 31 December 2020, 1 January 2021, and 15 February 2021. The impact for 2021 is an increase of approximately $6 million in right-of-uses assets and a corresponding increase in lease liabilities.

b. In March 2021, the Company acquired the activity and assets of Sports Betting Dime ("SBD") for a total consideration of $26.4 million, comprised of: $12.7 million initial cash consideration paid, $10 million deferred consideration payable on the first anniversary ("first payment") and $3.7 million deferred consideration payable after 18 months ("second payment"). The deferred consideration has been recorded as a financial liability discounted at an annual rate of 1.7% and 1.9% for the first and second payments accordingly. The Company accounted for this acquisition as an asset acquisition since substantially most of the fair value of the gross assets acquired is concentrated in domains and websites.

c. In March 2021, the Company granted, to one key manager, 470,977 Restricted Stock Units ("RSUs"). The RSU Award 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 compared to the FTSE AIM 100, followed by a two-year holding period. The performance conditions to be achieved such that RSUs are capable of vesting are as follows:

XLMedia'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 Company's rank
Median	25%
Lower than median	-

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

Exercise price GBP ($)	-
Dividend yield (%)	-
Expected volatility of the share price (%)	73.94%
Risk-free interest (%)	0.29%
The expected life of share options (years)	3
Share price GBP	0.54

The total fair value was calculated at $289 thousand at the grant date and will be recognized on a straight-line basis over the three years.

d. In April 2021, the Company granted 1,190,476 and 769,231 Performance Stock Units ("PSUs") to the CEO and CFO, respectively. The award will vest on the fourth anniversary of the grant date if and to the extent that the performance target will be satisfied. The performance target relating to the performance of the Company's share price is as follows:

Average share price	% of PSUs capable of vesting
GBP1.5 or higher	100%
Between GBP1.35 and GBP1.50	On a straight-line basis, between 50% and 100%
Between GBP1.20 and GBP1.35	On a straight-line basis, between 25% and 50%
Less than GBP1.20	0%

The PSU award is a contingent right to acquire shares for no consideration. It is subject to a four-year vesting period followed by a one-year holding period and the achievement of performance targets measured by the increase in the Company's share price between 1 January 2021 and 31 December 2024.

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

Exercise price GBP ($)	-
Dividend yield (%)	-
Expected volatility of the share price (%)	68.6%
Risk-free interest (%)	0.5%
The expected life of share options (years)	4
Share price GBP	0.52

The total fair value was calculated at $672 thousand at the grant date and will be recognized on a straight-line basis over the three years.

See also g below regarding the resignation of the CFO.

e. In March and April 2021, the Company raised gross proceeds of $37.4 million using a placing, a direct subscription with the Company, and an Open Offer and has thus issued and allotted 67.5 million new shares. The transaction costs were approximately $1.6 million.

f. In May 2021, the Company granted 910,000 options to Employees. The options vest in varying amounts over a period of up to three years from the grant date. The total fair value was calculated at $627 thousand at the grant date and will be recognized on a straight-line basis over the three years.

g. New appointments:

1. In June 2021, the Company announced the appointment of Julie Markey as a new Non-Executive Director with immediate effect.

2. In June 2021, the Company appointed Nigel Leigh to a new position, Chief Information Officer, with immediate effect.

3. In July 2021, after the reporting date, the Company announced that Iain Balchin, the CFO, had left the Company on 22 July 2021. The Company appointed Rowan Ellis as the new interim CFO.

NOTE 5: OPERATING SEGMENTS

a. General:

The Group has one operating segment - Publishing, which comprises less than 100 owned informational websites in 10 languages. These websites refer potential customers to online businesses. The 'sites' content, written by professional writers, is designed to attract online traffic, which the Group then directs to its customer's online businesses.

b. Geographic information:

Revenues classified by geographical areas based on internet user location:

	Six months ended 30 June		Year ended 31 December
	2021	2020	2020
	Unaudited		Audited
	$ in thousands		
Scandinavia	8,876	11,372	21,387
Other European countries	7,800	7,991	15,473
North America	13,581	5,434	11,514
Oceania	352	461	941
Other countries	35	55	96
Total revenues from identified locations	30,644	25,313	49,411
Revenues from unidentified locations	1,574	2,402	5,428
Total revenues	32,218	27,715	54,839

NOTE 6: SUBSEQUENT EVENTS

In September 2021, after the reporting date, the Company announced the acquisition of Saturday Football Inc., a major online publisher of college football news, for a total cash consideration of $23 million, made up of: upfront consideration of $11 million in cash plus an additional $12 million, payable over three years. In addition, the founders will receive $1 million in long-term incentives in the Company's shares. These share awards will become fully vested on the fourth anniversary of the date of the grant, subject to meeting performance conditions and other criteria and a further two-year holding period.

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