XLMEDIA

Final Results

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014. Upon the publication of this announcement, this information is now considered to be in the public domain.

XLMEDIA

XLMedia PLC

("XLMedia" or the "Group")

Results for the Year Ended 31 December 2022

A year of progress with a significant US platform in place, operating across 19 states and well placed for the future

XLMedia (AIM: XLM), a leading global digital media company, announces audited results for the year ended 31 December 2022 ("FY 2022").

Financial Summary

The Group has made substantial progress in building its business as a sport and gaming focussed group. Following the decision to exit personal finance announced in December 2022, the Group's FY 2022 results will be presented on a continuing operations basis as shown below.

Continuing operations [1]	**2022**	**2021**	**Change 2022 vs 2021**
Revenue from continuing operations ($'m)	71.8	57.8	24%
Operating profit from continuing operations ($'m)	5.1	1.1	364%
Profit for the year from continuing operations ($'m)	2.4	2.8	(14)%
Basic EPS from continuing operations ($)	0.009	0.012	(25)%
Cash from operations ($'m)	15.8	7.2	119%
Cash balances (including short-term deposits)	10.8	24.6	(56)%

[1]Defined as total Group financial performance less discontinued operations. For 2022, the Group classified the Personal Finance segment as discontinued.

Cash generated by the Group after capital expenditure and before acquisition payments was $9 million dollars, up from a $1.6 million outflow in 2021.

The Group's core operations are defined as our sport and gaming activities and are as follows:

Core business [2]	2022	2021	Change 2022 vs 2021
Revenue from core ($'m)	69.6	54.6	27%
Adjusted EBITDA from core ($'m)	18.2	14.6	25%
Adjusted EBITDA margin from core (%)	*26%*	*27%*	*(1)% pts*

[2] Defined as all revenues for the Group excluding discontinued operations plus any operations deemed non-core. For 2022, the non-core operations included Personal Finance (discontinued), our affiliate network revenues and external agency revenues.

For direct comparison which aligns with market guidance, the total revenues and EBITDA are summarised below:

Total Group including discontinued operations

	2022	2021	Change 2022 vs 2021
Revenue ($'m)	73.7	66.5	11%
Adjusted EBITDA ($'m) [3]	16.7	17.9	(7)%
(Loss) / profit from discontinued operations ($'m) [4]	(11.8)	2.8	(521)%

[3] 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.

[4] Loss from discontinued operations in 2022 includes an impairment charge net of tax of $10.7 million.

Operating summary

- The Group continued to expand its presence in the US and now operates across all 19 regulated online sports states, with key initiatives including:
  - Restructuring of the US operations, removing one layer of management and fully integrating the sports media and betting assets acquired in 2021
  - Launched a fourth brand under the Saturday Football Inc. franchise - Saturday Out West
  - Signed new partnership agreements with Newsweek, Cleveland.com and Masslive.com to further broaden the Group's go-to market strategy in the US
- Commenced the sale process for Personal Finance and the restructuring of non-core assets in December 2022
- Restructured the Group's European Gaming and Sports division, removing a management layer
  - Continued to rebuild the European gaming sites focusing on the core brands
- Strengthened board and executive teams with the appointments of:
  - Chief Financial Officer, Caroline Ackroyd, in March 2022
  - Chairman, Marcus Rich, in March 2022
  - Chief Executive Officer, David King, in July 2022
- Net cost savings of $2.2 million across FY 2022

Personal Finance Sale Process

The sale process for Personal Finance is well underway and at an advanced stage, but there can be no certainty that a transaction or transactions will complete. Further updates will be provided as appropriate.

Outlook

The Group has made a solid start to 2023 with the launch of online sports betting in Ohio on 1 January 2023 with early performance in-line with management's expectation. The immediate focus is now on growing revenues from the recent launch of online sports betting in Massachusetts which went live after the NFL season had finished, and as a result, we expect revenues in this state to grow more gradually.

Looking forward, XLMedia's focus in the US will be on further diversifying its revenues including working with operators on a revenue share basis where that is available, while also preparing for possible future state launches. Currently, while there are active legislative discussions, there are no additional online sports betting state launches confirmed in 2023. In Europe, we will continue to rebuild our Sports and Gaming verticals to provide sustainable revenues.

David King, Chief Executive Officer at XLMedia, commented:

"We made good progress in 2022, having re-engineered the business to become one of the leading sports betting affiliates in North America and our US business is expected to continue to evolve at a rapid pace as the market starts to migrate from up front acquisition payment to revenue share agreements. However, our mix of media and betting brands, both owned and

partnered, are well placed in that environment to build sustainable revenues. Within our European Sports and Gaming operations, our teams continue to build back our business following the recent restructure.

2022 has been an important year for refocusing the business and I'm pleased with the progress we have made. Whilst still early into the new year, I'm confident XLMedia is in a stronger position as a result of the actions we took and I look forward to updating on our continued progress in 2023."

Marcus Rich, Chair, XLMedia, commented:

"A key feature of the past year has been the progress of our strategic redirection. Pleasingly, this is being delivered against the backdrop of the renewal of our leadership team. I firmly believe that we now have our focus on the correct areas and that the quality of our content and our engaged users gives us a competitive advantage."

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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

New XLMedia

XLMedia is now a very different business to that of a couple of years ago with over 97% of Sports revenues coming from regulated markets. 2022 has seen the business continue its journey to evolve from a European-led Gaming business to a North American Sports-led business. North America Sports represented 65% of revenue in 2022.

Revenue from continuing operations, including the benefit of four new US state launches, grew 24% to $71.8 million, while Adjusted EBITDA from continuing operations was $17.8 million up 18%, at a margin of 25%. The core sport and gaming business (i.e., excluding personal finance, affiliate network and external agency) delivered revenues of $69.6 million, up 27% and Adjusted EBITDA of $18.2 million, a margin of 25%.

We now operate 17 core branded sites in Sports Media, Sports Betting, and Gaming (Casino and Bingo).

We bring digital media and sports betting together by '***creating compelling content that attracts highly engaged audiences and connect them to relevant advertisers.'***

In Sports, we aim to combine analysis, opinion, information and unique insights to engage with sports fans and where appropriate, introduce them to the bet. **'Our writers are fans writing for fans.'**

In Gaming, informative content, how to play explanations, best apps lists, best offers, and help with operator enquiries are all ways of providing value-added services to audiences, rather than simply listing games and offers.

New Executive Leadership Team

While the Board has seen significant change in its make up in 2022, so has the management team. In addition to a new Chief Executive Officer and Chief Financial Officer, we have recruited Karen Tyrrell as Chief People and Operations Officer with responsibility for European Sports and Gaming. Elizabeth Carter has been promoted to Chief Marketing Officer, while Peter McCall has joined us as Company Secretary and Group Legal Counsel. Nigel Leigh joined as Chief Information Officer in 2021, and Kevin Duffey took up his new role as President XLMedia North America in early 2023.

The Group has also seen enormous change in staff numbers during the period. Having started 2022 with 267 staff, we continued our restructuring program and ended the year with 193 staff. This major program of change is now largely complete, and we anticipate a more stable operational base going forward.

Rationalisation and Simplification

I joined as CEO in July 2022. Over my first six months we made great progress in reaffirming the strategy, commencing the exit and restructure of our non-core (principally non-sport) activities and implementing management and organisational changes in readiness for the next phase of growth - over the next two to three years.

Acquisition Integration

Following the creation of our sport business in North America through the acquisition of CBWG (e.g., Crossing Broad and Elite Sports New York (ESNY)) and then in 2021 Sports Betting Dime and Saturday Football Inc. (Down South and Saturday Tradition), the latter part of 2022 saw us complete the integration of the sites and teams acquired. In October, we saw the departure of the two founders of Crossing Broad and ESNY. Shortly after the year end, Kevin Duffey, the founder of Saturday Down South, one of our high-quality sports media sites, took over leadership of the North American division, as President XLMedia North America, completing the restructure and allowing us to align all the North American assets under one leader.

Strategy

Our strategy is clear; ***to diversify our revenue streams in North America while expanding our footprint, optimising our sustainable gaming business and upgrading and innovating our European sports sites***.

We currently earn the majority of our revenues in North America under the costs per acquisitions ('CPA') model, where we are paid a one-off fee by the operator for each new customer acquired. This provides a very attractive income stream when a state first launches online sports betting, but the CPA model does not necessarily provide predictable, sustainable revenues over the medium to longer term. We benefit from the upfront customer acquisition payment, but we do not currently participate in the subsequent revenues from that customer's betting activity ('the bet').

We believe that it is important that we begin to participate in revenues from betting activity where operators are open to it, enabling us to build a more sustainable revenue stream.

Since the year end, we have now entered discussions with a number of operators in North America to move to a hybrid revenue share model, similar to that in Europe, with lower upfront acquisition payments and ongoing participation in the revenue earned from betting activity. Over time, this will allow us to build a higher proportion of sustainable revenues but could reduce revenues in the short term.

In the US gaming market, we will build out the casino content on all our sports sites while also building out a gaming-led US site alongside Caziwoo.com. Our objective is to build our non-sports and less seasonal revenue stream.

In the European gaming market, we will focus on Nettikasinot.com and WhichBingo.

It will take time to implement the strategy and reduce seasonality, but we have a clear focus on sport betting and gaming, including fantasy sports and social gaming, which together will offer long term sustainable revenues.

Our Unique Offering

We, together with our media partners create a safe content environment in which audiences can consume, enjoy and engage with information, insight and news about their favourite teams and sports. This engagement, before, during, after and between events, allows us to introduce our sports audiences to betting opportunities. We believe that this in turn is well suited to the hybrid/revenue share model, allowing fans to responsibly wager as part of their enjoyment of the sport.

The Sport Opportunity

The Group has in front of it, an enormous opportunity. It is one of the leading affiliates in the US online sports betting market. Betting on the Superbowl alone was recently estimated at some $16 billion. To date, 24 states plus Washington D.C. allow online sports betting. As at 31 December, we had a presence in 17 regulated sports betting states with two more having gone live in Q1 2023.

With 26 states not yet regulated for online sports betting, we are well placed to participate in that market growth.

Over time, as states mature, existing operators engage in activation and reactivation. Where operators offer revenue share, we are well placed to work with them in activation and reactivation, using our sports media content brands and media partner content sites to regularly engage with customers.

In Europe, our focus will include Freebets.com, 101Great Goals and our newly launched site, Vedonlyonti.com while also starting to explore the opportunity to build out our content into new markets.

Innovation and additional features and new games will also play an important part in growing the highly competitive European market. By way of example, we have recently added a data-driven horse racing widget to our Freebets site, while signing a highly regarded jockey to offer tips, advice and comments.

The Gaming Opportunity

Casino and bingo are less seasonal than sport and typically offer a more predictable and more sustainable revenue stream.

In the US, we are significantly underweight in gaming, currently delivering $1.3 million in sales from our sports sites. Online casino is currently legal in seven states, with a number of states understood to be considering legalisation over the next few years.

This presents an opportunity not only to build our presence in existing legal states, but also grow as the market opens up and more states legalise online casino following a similar path to our sports business.

In Europe, we saw our Gaming sites lose their Google rankings through penalty two years ago. We are now well advanced in rebuilding a small number of targeted, high quality, search engine optimised casino and bingo sites.

FY 2022 Trading

The business enjoyed significant success in the early part of the year, benefitting from the entry of a major new operator into the online sports betting market at the same time as New York went live with legalised online sport betting. New York is the fourth most populated state boasting three NFL teams (NY Jets, NY Giants, Buffalo Bills), two NBA teams (Brooklyn Nets, NY Knicks) and two MLB teams (NY Mets and NY Yankees).

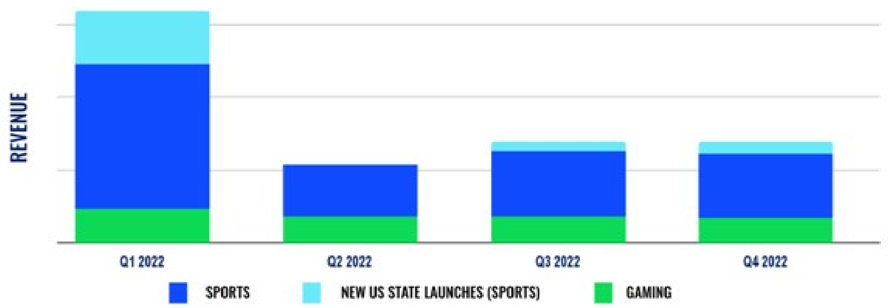
The legalisation of online sports betting in new states in the US creates large spikes in revenues and profits. This is shown in the chart further below.

In H1 2022, the Group saw continuing decline in Personal Finance revenues by $5.9 million as a result of ranking penalties imposed in May and October of 2021. European casino revenues declined $4.1 million which was largely the result of the tail revenues lost following earlier ranking penalties imposed in prior years. As part of the rebuilding process the gaming business moved its focus to rebuilding a small number of premium brands, with enhanced content and value-added services.

As usual in H2 2022, the summer was a quiet period for our sport business, although the Premier League in England kicked off early to create space for the World Cup. We delivered a solid performance across our European sites. In the US, the 2022 World Cup marked the first time the event occurred and bettors in legal online sports betting states could wager. While overall value of betting for the event was far greater than expected, given the nature of the US market we only participated through customer acquisition (CPA) rather than revenue share so were not able to leverage the high value.

In the US, following more lucrative moments like New York's launch, the Superbowl and March Madness, the kick-off for the NFL season in September was expected to see a further surge in customer acquisition. In the end, the start of the NFL season saw a modest bounce and was buoyed by the launch of online sports betting in Kansas, and subsequently Maryland.

Gaming revenues showed signs of stabilising quarter on quarter, with total revenues of $3.6 million in Q3 and $3.5 million in Q4. It is too early to say that we have turned the corner, but new customer acquisitions and new revenue share paired with a slowing down of decline in old tail revenues all contributed.



The chart above also shows the revenue seasonality of our current business, and the impact of new state launches in each quarter. As the CPA-led market matures, we are seeing pre-registration in new states, and increasingly see revenues spike over the first two weeks before settling down into a more normalised level. In 2022, we estimate that the first 10 days of new state launches delivered revenues of some $10 million. At a blended gross margin, that equates to some $4-5 million of Adjusted EBITDA.

Across the year, 2022 saw XLMedia continued to grow new customer volumes from Sports and Gaming with Real Money Players from core websites of 102,300 (2021: 93,900), an increase of 9% year on year.

Going forward, the regulation of online sports betting in new US states will continue to create significant spikes in revenues and profits for the Group and XLMedia's performance will be closely linked to this. However, it is the Group's intentions that over time, it will seek to diversify its revenues using hybrid/revenue share agreements, where these are available, while growing hybrid/revenue share from our Gaming and Europe Sports businesses.

Risk

Historically, the Group suffered substantial revenue and profit declines from penalties imposed by search engines that severely damaging site rankings. Steps have been taken to minimise this risk, most notably focusing on a small number of higher quality branded sites offering the user an enhanced experience, expertise and value-added services and content.

In addition, we now operate a specialist Search Engine Optimisation (SEO) team, enabling us to implement best practice in the management and operation of our sites.

Outlook

We have enjoyed a strong start to 2023 with Ohio going live in January 2023 and Massachusetts going live in March 2023. At this point there are no other confirmed online sports betting state launches planned in 2023.

The North American online sports betting market continues to present great opportunities for growth in the medium and longer term. We are now active in 19 states with further states expected to approve online sports betting in the future. Today, only seven states allow online casino gambling, and we currently only have a meaningful presence in one state. Building our gaming presence in the US is a key priority.

The US state launches for both legalised online sport betting and online casino offer the opportunity for a spike in revenue, but the timing of the legalisation is typically only known a few months in advance, albeit once known, that does provide sufficient time to prepare and then maximise outcomes.

In Europe, both our Sports and Gaming businesses offer more predictable revenues. We have started the year well and expect to see steady growth in both new customer acquisition and new tail revenues, while still seeing expected, gradual decline in older tail from periods pre-2022.

The growth in total revenue and profits across the Group will periodically benefit from launch spikes. Going forward we will report the short-term impact of state launches while continuing to maximise the revenues from these launches. We will also continue to prioritise diversifying our revenue streams and building sustainable revenues which includes starting to engage in revenue sharing in North America where that is possible.

David King
Chief Executive Officer
30 March 2023

Chief Financial Officer Review

Financial Highlights

The business has delivered year on year revenue growth of 24%, with adjusted EBITDA from continuing operations up 18% to £17.8 million. The transformation of the business continues, with Sport now accounting for 75% of the continuing operations.

Following the decision to commence the sale of the Personal Finance business, we are required to present the Group's annual financial statements for continuing operations, and therefore exclude Personal Finance.
Cash generated by the continuing operations of the Group after capital expenditure and before acquisition payments costs was $10.1 million, up from a $4.4 million outflow in 2021.

Continuing operations [1]

	2022	**2021**	**Change 2022 vs 2021**
Revenue ($'m)	71.8	57.8	24%
Gross profit ($'m)	37.3	37.2	-
Operating profit ($'m)	5.1	1.1	364%
Adjusted EBITDA ($'m)	17.8	15.1	18%
Adjusted EBITDA margin (%)	*25%*	*26%*	*(1)% pts*
Profit for the year ($'m)	2.4	2.8	(14)%
Basic earnings per share ($)	0.009	0.012	(25)%

[1] Defined as total Group financial performance less discontinued operations. For 2022, the Group classified the Personal Finance segment as discontinued.
Adjusted EBITDA is defined in the glossary.

Core business [2]

	2022	**2021**	**Change 2022 vs**

			2021
Revenue from core[2] ($'m)	69.6	54.6	27%
Adjusted Gross profit from core ($'m)	37.8	37.3	1%
Adjusted EBITDA from core ($'m)	18.2	14.6	27%
Adjusted EBITDA margin from core (%)	*26%*	*27%*	*(1)% pts*
Adjusted Basic EPS from core ($)	0.044	0.038	16%

[2] Defined as total Group financial performance excluding discontinued operations plus any operations deemed non-core. For 2022, the non-core operations included Personal Finance (discontinued) and other revenue.

Continuing Operations Revenue

Revenue from continuing operations for 2022 was $71.8 million (2021: $57.8 million), delivering a 24% growth compared to the previous financial year. The growth was driven by the North American Sports vertical. Both our owned sites and our media partners delivered strong growth and benefited from four state launches in the US. In Europe, we continued to see the impact of declining tail revenues in Casino, and are now focused on rebuilding the sites, driving new customer acquisition and creating new tail revenues.

We continued to grow new customer volumes with Real Money Players from core websites of 102,300 in 2022 (2021: 93,900), an increase of 9% year on year. The Group has previously reported the new customer volumes including non-core verticals.

The Group's operations are reported on the basis of two core operating verticals, Sports and Gaming (Casino and Bingo), and two geographies, North America and Europe.

Core Revenue split by type

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
CPA	48.3	23.4	106%
Fixed	2.8	4.7	(40)%
Revenue share	18.5	26.5	(30)%
Total core revenue	**69.6**	**54.6**	**27%**

The US was a largely CPA led market in 2022. As a result of its growth, while revenue share in casino declined in the year, customer acquisition income, CPA, accounted for 69% of core revenues up 106% since 2021. As the US market develops, we expect to see hybrid and revenue share deals to grow as a proportion of revenues.

Core Revenue split by category

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
Sport [2]	54.0	31.4	72%
Gaming	15.6	23.2	(33)%
Total core revenue	**69.6**	**54.6**	**27%**

[2] Includes the Sports US, Media Partnerships and Sports Europe verticals as detailed in Note 4 in the financial statements.

The Group considers its Sports and Gaming verticals as core to the business. Revenues from core activities were up 27% to $69.6 million in 2022 (2021: $54.6 million). In 2022, 78% of revenues came from Sport in line with the Group's focus on building its sports vertical in the US, while also rebuilding its European sports business.

Core Revenue split by geography

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
North America	46.4	21.9	112%
Europe	7.6	9.5	(20)%
Sport	**54.0**	**31.4**	**72%**
North America	1.3	0.3	333%
Europe	14.3	22.9	(38)%
Gaming	**15.6**	**23.2**	**(33)%**

Sport revenues increased by 72% year on year to $54.0 million (2021: $31.4 million) led by US Sports revenues (up 112% to $46.4 million from $21.9 million). Our owned sites and our partner media sites together provide a national footprint in the US, ensuring we reach all legal online sports betting states. This enabled us to deliver strong revenue in all four new state launches, most notably New York in January 2022.

European Sports revenues declined to $7.6 million in 2022 (2021: $9.5 million). In Europe, our primary site is Freebets.com. Revenues in 2022 were depressed as we migrated the business from legacy technology to a new platform in preparation for a new phase of growth.

Gaming revenues declined by 33% to $15.6 million (2021: $23.2 million) as tail revenues declined in European casino markets. Europe remains the main Gaming region for the Group, with revenues of $14.3 million (2021: $22.9 million), accounting for more than 90% of Gaming revenue in both 2022 and 2021.

The Group does not currently operate a dedicated Gaming site in the US to serve the seven legal online gaming states. Our US Gaming revenues are driven by gaming pages provided on our Sports websites, in particular Crossing Broad. US gaming revenues grew to $1.3 million (2021: $0.3 million).

Core Revenue split by Partnership and owned and operated ("O&O")

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
North America Partnership	28.4	6.7	324%
Total Partnership	**28.4**	**6.7**	**324%**
North America O&O	19.3	15.5	25%
Europe O&O	21.9	32.4	(32)%
Total O&O	**41.2**	**47.9**	**(14)%**
Total core revenue	**69.6**	**54.6**	**27%**

Revenue from the North American region increased by 115% to $47.7 million (2021: $22.2 million) and accounted for 69% of the Group core revenues (2021: 41%). Media partnership revenue was up 324% to $28.4 million (2021: $6.7 million). Our O&O brand ESNY and our partner brand amNY delivered strong revenues following the New York, while amNY's strong traffic also delivered revenues across other legal states. Our regional and sport specific partners also continued to grow.

During 2022, we signed partnership agreements with four new partners, Newsweek, InsideTheHall, Cleveland.com and Masslive.com, the latter two in anticipation of state launches in Ohio and Massachusetts.
Revenues from North America sports is seasonal and tied to the major sports leagues. As a result, revenues are typically higher in Q1 and Q4.

Revenue from the European region declined by 32% to $21.9 million (2021: $32.4 million). Revenues from established casino markets were adversely impacted by the Finnish regulations and the continued decline in tail revenues from websites impacted by the previous Google penalties.

Core Revenue split between state launch spikes and normalised revenue

The timing and scale of state launches has a significant impact both on the level of revenues, the timing, and the period-on-period comparisons. The Group has successfully grown its revenues from state launches, maximising the initial spike at launch, while continuing to generate revenues on an ongoing basis from the new state.

We estimate that the Group generated over $10 million of revenue across O&O and partner sites from the initial spike following US state launches in 2022.

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
State launch revenue spike [3]	10.3	0.9	1,044%
All other core revenues[4]	59.3	53.7	10%
Total core revenue	**69.6**	**54.6**	**27%**

[3] Includes revenues from the first 10 days following a state launching sports betting, plus mobile registrations in certain states.

[4] Other core revenues in 2022 include the full year benefit of Sports Betting Dime and Saturday Down South which were acquired in 2021.

In 2022, there were four US state launches, New York, Louisiana, Kansas and Maryland. Two new states have approved online sports betting in 2023, Ohio and Massachusetts.

Non-core revenue

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
Personal Finance	1.9	8.7	(78)%
Other	2.2	3.2	(31)%
Non-core revenue	**4.1**	**11.9**	**(66)%**

Non-core revenues declined by 66%, reflecting the strategic decision to prioritise resource allocation to core activities made in the second half of 2022. Personal Finance, having previously suffered ranking penalties from Google, saw revenues decline to $1.9 million (2021: $8.7 million). Other non-core revenues declined to $2.2 million (2021: $3.2 million).

Gross profit [5] and gross margin

	2022	2021	Change 2022 vs 2021 (%)
Adjusted Gross profit from core ($'m)	37.8	37.3	1%
Adjusted gross margin (%)	*54%*	*68%*	*(14) % pts*

[5] Gross profit is calculated as revenue less the costs associated with generating revenue. Cost of revenue includes direct costs, marketing costs, Media Partnership revenue share costs, and staff costs. Note, these costs are part of operating, and sales and marketing expenses as defined in the consolidated financial statements.

The Group's adjusted gross profit from core operations for 2022 was up 1% to $37.8 million, with a gross margin of 54% (2021: $37.3 million, 68% gross margin). The 14-basis points deduction in gross margin year on 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. Revenue shares paid to media partners which form part of the reported sales and marketing expenses was $16.3 million in 2022 (2021: $2.9 million).

Earnings

Reconciliation of operating profit for continuing operations to Adjusted EBITDA

	2022 ($m)	2021 ($m)	Change 2022 vs 2021 (%)
Operating profit from continuing operations	5.1	1.1	364%
Depreciation and Amortisation	*7.3*	*7.0*	
EBITDA from continuing operations ($'m)	**12.4**	**8.1**	**53%**
Share-based payments	*0.8*	*0.5*	
Reorganisation costs	*4.6*	*6.5*	
Adjusted EBITDA from continuing operations ($'m)	**17.8**	**15.1**	**18%**
Adjusted EBITDA margin from continuing operations	*25%*	*26%*	*(1) % pts*
Non-core EBITDA	*0.4*	*(0.5)*	
Adjusted EBITDA from core ($'m)	**18.2**	**14.6**	**25%**

The Group recognised an operating profit from continuing operations of $5.1 million (2021: $1.1 million profit).

Adjustments to earnings

The total operating costs for the Group included items which affect comparability and so, the Group excludes these items from its Adjusted EBITDA metrics. The Group incurred $4.6 million of reorganisation costs in 2022 (2021: $6.5 million) relating to the continuation of the Group's restructuring plan and integration and other costs activity relating to prior period acquisitions.

Adjusting for these one-off items:

- Group adjusted EBITDA including Personal Finance was $16.7 million (2021: $17.9 million).
- Adjusted EBITDA from continuing operations was $17.8 million (2021: $15.1 million), with a margin of 25%.
- Adjusted EBITDA from core operations was $18.2 million (2021: $14.6 million).
- Adjusted EBITDA margin from core operations was 26% (2021: 27%).
- Adjusted EBITDA margin from core operations after excluding Media Partnership revenue-share costs was 36% (2021: 35%).

The Group commenced the sale of Personal Finance assets and the restructuring of non-core activities in late 2022 with a view to removing marginal and loss-making activity, while allowing resources to be focused on the core business.

Sales and marketing costs

Direct costs associated with our revenue streams increased to $22.7 million from $12.2 million. This includes the revenue shares paid to our media partners in the US amounting to $16.3 million (2021: $2.9 million). Excluding revenue shares paid to media partners, sales and marketing costs were $6.4 million (2021: $9.3 million), a decrease of 31%.

Operating costs

Operating costs of $36.6 million include $4.6 million of reorganisation costs and $0.8 million of share-based payment charges (2021: $37.5 million including $6.5 million of reorganisation costs and $0.5 million of share-based payment charges), include staff costs, technology investment and other operating costs.

Staff costs

Staff costs from continuing operations was $20.8 million (2021: $22.6 million). During the year, the Group continued the process of moving activities from Israel, and recruiting new staff predominantly in the UK, Europe and the US. The restructuring program to remove a management layer took place towards the end of 2022 and is reflected in the reduction in total Group employee numbers (including Personal Finance) to 193 from 267.

Technology investment

The Group has continued to invest in its technology in 2022, incurring $5.2 million of operating costs in this area (2021: $3.9 million). The Group upgraded site infrastructure, replaced legacy technology and enhanced security while commencing the roll out of the new content management system, all of which will continue into 2023.

Other operating costs

Other operating costs were $5.2 million (2021: $4.0 million). These include all other operating costs including administrative expenses and professional service costs - see note 5 of the financial statements for more detail.

Earnings per share (EPS)

	2022	2021	Change 2022 vs 2021
Basic and diluted EPS from continuing operations ($)	0.009	0.012	(25)%
Adjusted basic and diluted EPS from core ($)	0.044	0.038	16%

Basic and diluted EPS remained the same (2021: same) due to the significant number of weighted average number of shares. In 2022, the Group recognised a basic and diluted EPS from continuing operations of $0.009 (2021: $0.012).

Removing the non-core activities, adjusted basic and diluted EPS from core was $0.044, an increase of 16% compared to 2021.

Including the loss-making Personal Finance business and the impact of the one-off impairment charge on Personal Finance assets recognised in 2022, the Group recognised a loss per share of $0.036 (2021: EPS of $0.023).

Finance costs

Net financial costs amounted to $1.7 million (2021: $0.2 million income). This included a $1.3 million foreign exchange loss due to re-translation of monetary balances to USD, the presentational currency of the Group (2021: $0.2 million gain). Excluding this forex impact, net financial costs were $0.4 million ($0.4 million) relating to bank charges and interest accrued on prior year acquisition-related costs.

The Group does not hold any external debt financing as at 31 December 2022 (2021: $Nil).

Tax

The Group has a tax-presence in the regions where the Group is incorporated, which are Jersey (where the parent company is incorporated), UK, US, Cyprus, Canada and Israel. The Group structure consists of a UK branch with a shared service centre in Cyprus, both of which support the intellectual property based in Israel and Cyprus and the growing operations in the US.

The Group recognised a tax charge of $1.6 million in 2022 for its continuing operations (2021: $1.6 million credit). A deferred tax credit of $3.2 million was recognised for the impairment of the Personal Finance assets in discontinued operations.

The Group recognised an income tax provision of $4.5 million (2021: $10.2 million). The reduction in the income tax liability is due mainly to settlements of historical agreements with local tax authorities. In 2022, the Group paid $0.9 million to tax authorities in the jurisdictions it operates (2021: $0.6 million) and received refunds totaling $2.3 million (2021: $0.1 million).

The Group understands the importance of the tax contribution we make, and we have a tax strategy which supports this commitment. The Group is committed to paying all of its taxes in full and on time, in all the jurisdictions in which the Group operates.

Summary balance sheet and cash flow metrics

	2022	2021	Change 2022 vs 2021
Free cash flow [8] ($'m)	10.1	(4.4)	330%
Cash from operations [9] ($'m)	15.8	7.2	119%
Normalised Capital expenditure [10] ($'m)	6.8	8.8	(22)%
Deferred consideration payments ($'m)	21.3	-	100%

[8] Defined as cash from operations less capital expenditure.

[9] Includes working capital and trading from discontinued operations.

[10] Defined as reported capex less acquisition-related capital expenditure.

Cash and working capital

The Group generated free cash flows of $10.1 million in 2022 after adjusting for one-off cash items compared to an outflow of $4.4 million in 2021. The main driver of this positive cash performance was the underlying trading performance and robust working capital management. Cash flow from operating activities was $15.8 million (2021: $7.2 million). The Group saw working capital inflows into the business of $1.8 million (2021: $3.4 million outflow) due to stronger working capital management, with days sales outstanding at 23 days (2021: 47 days) and creditor days at 74 days (2021: 66 days).

The cash flows above included the cash flow from operations for Personal Finance and working capital balances for the Personal Finance business.

Whilst the Group did not acquire any businesses in 2022, it continued to invest in its assets, mainly in its domains and websites, spending $6.8 million on capital expenditure. The comparative for 2021 of $32.0 million included acquisition related costs. Removing these acquisition costs, normalised capex was $6.8 million in 2022 (2021: $8.8 million).

In 2021, the Group issued 67.5 million shares for a cash cost of $35.8 million. No such transaction occurred in 2022 as the Group did not complete any acquisitions in the year. In addition, the Group did not pay a dividend to shareholders in 2022 nor in 2021.

Current and future consideration payments

	2024 [10] ($m)	2023 [10] ($m)	2022 ($m)
North American assets	*4.0*	*4.0*	*17.6*
European assets	-	*0.4*	*0.7*
Deferred consideration	**4.0**	**4.4**	**18.3**
North American assets [11]	*3.5*	*3.0*	*3.0*
Earn-outs	**3.5**	**3.0**	**3.0**
	7.5	**7.4**	**21.3**

[10] Estimated.

[11] Earn-out not recognised in balance sheet until target met.

In 2022, the Group settled deferred and contingent consideration obligations for its previously acquired businesses. In total for 2022, the Group paid out $21.3 million of deferred acquisition and earnout payments (2021: $Nil).

In 2023, the Group expects to make a further $4.4 million of deferred consideration payments and potentially a further $3.0 million dependent on whether earn-out targets are met.

In December 2022, the Group agreed to settle all existing obligations with the previous owners of Blueclaw Media Ltd. This final settlement was paid in January 2023 and the Group has no further obligations in this matter.

After adjustment for forex movements, overall cash balances decreased by $12.0 million due to the significant acquisition-related payments detailed above.

2022 has been a successful year for the Group, with the business continuing to be cash generative whilst undertaking the restructuring process. During the year, we have been prudent about cash management in both the way we fund our current initiatives and plans to meet our future liabilities, and we will continue to follow this approach in 2023 and beyond.

Caroline Ackroyd
Chief Financial Officer
30 March 2023

Glossary of financial terms

Although the Group is not subject to the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority, we have provided additional information on the metrics used by the Group. The Directors use the metrics listed below as they are critical to understanding the financial performance and financial health of the Group. As they are not defined by IFRS, they may not be directly comparable with other companies who use similar measures.

Profit measures

Metric	Closest equivalent IFRS measure	Definition
Revenue from core	Revenue	Revenue from Sales and Gaming segments of the Group, excluding discontinued operations plus any operations deemed non-core. For 2022, the non-core operations included Personal Finance (discontinued) and other revenue.
Revenue 'spike' from launch of online sports betting in a US state	Revenue	Following the launch of a new legal online sports betting state in the United States, the business typically recognises a significant spike in CPA revenues. For the purposes of timeframe allocation, this is considered the first 10 days post a state launch when the revenue is earned.
Adjusted EBITDA	Operating Profit [1]	Earnings before Interest, Taxes, Depreciation and Amortisation, and excluding any share-based payments, impairment, reorganisation costs and discontinued operations.
Adjusted EBITDA from core	Operating Profit [1]	As above but excluding other non-core operations.
Adjusted Basic and diluted earnings per share from core	Basic and diluted earnings per share	Based on profit for the year from continuing operations excluding profit/(loss) from other non-core operations.

[1] Operating profit is not defined under IFRS. However, it is a generally accepted profit measure.

Cash flow measures

Metric	Closest equivalent IFRS measure	Definition
Free cash flow	No direct equivalent	Cash from operations less capital expenditure excluding acquisition costs.
Normalised capital expenditure	No direct equivalent	Reported capital expenditure excluding acquisition-related capital expenditure.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of XLMEDIA PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of XLMedia PLC and its subsidiaries (the Group), which comprise the consolidated statements of financial position as of 31 December 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for each of the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

	Description of key audit matter	Description of auditor's response
Revenue recognition	Revenues which amounted to USD 73.7 million in 2022 (including USD 1.9 million from discontinued operations) are significant to the consolidated financial statements based on their quantitative materiality. As such, there is inherent risk that revenues may be improperly recognised, inflated or misstated. Recognition of revenues in the accounts of the Group is a highly automated process. The Group is heavily reliant on the reliability and continuity of its in-house IT platform to support automated data processing in its recognition and recording of revenues.	In 2022 in order to gain the required level of assurance, we performed substantive audit procedures relating to the recognition and recording of revenues, including tests of reconciliations from underlying data to the financial accounts. IT audit specialists were deployed to assist in understanding the design and operation of the relevant IT systems and in performing various data analyses in order to test completeness, accuracy and timing of the recognition of revenues. We also evaluated the adequacy of the disclosures provided in relation to revenues in Notes 2 and 4 to the consolidated financial statements.
Domains and Websites - impairment test	As of 31 December 2022, the total net carrying amount of domains and websites with indefinite useful was approximately USD 96 million. In accordance with IFRS as adopted by the European Union, the Group is required to annually test these assets for impairment. As a result of the impairment test, the Company recorded an impairment loss of USD 13.8 million.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group. In particular, we tested the Group's determination of the recoverability of these assets by reviewing management's forecasts of revenues and profitability. We assessed the reliability of these forecasts through, among others, a review of actual performance against previous forecasts. We evaluated and tested the discount rates and attribution of expenses, and we considered the reasonableness of management's other assumptions. We also verified the adequacy of the disclosure of the assumptions and other data in Note 10 to the consolidated financial statements.
Taxation	The Group's operations are subject to income tax in various jurisdictions. Taxation is significant to our audit because the assessment process is complex and judgmental, and the amounts involved are material to the consolidated financial statements as a whole.	We included in our team tax specialists to analyse and evaluate the assumptions used to determine tax provisions. We evaluated and tested the underlying support, such as transfer price studies, for the calculation of income taxes in the various jurisdictions. We also assessed the adequacy of the Group's disclosures in Note 7 to the consolidated financial statements.

Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the board of directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The consolidated financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

The partner in charge of the audit resulting in this independent auditor's report is Eli Barda.

Tel-Aviv, Israel
29 March 2023

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

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2022

		2022	2021
		$000	$000
Continuing operations	**Notes**		
Revenue [1]	4	**71,805**	57,767
Expenses:			
Operating	5	**(36,629)**	(37,456)
Sales and marketing		**(22,726)**	(12,197)
Depreciation and amortisation	10, 11	**(7,313)**	(6,970)

	Note		
Operating profit		**5,137**	1,144
Finance expenses	6	**(1,751)**	(549)
Finance income	6	**5**	306
Other income		**566**	318
Profit before taxes on income		**3,957**	1,219
Tax (charge) / credit	7	**(1,604)**	1,626
Profit for the year from continuing operations		**2,353**	2,845
Discontinued operations			
(Loss) / profit for the year from discontinued operations (net of tax)	8	**(11,792)**	2,796
Net (loss) / profit for the year attributable to the owners of the Company		**(9,439)**	5,641
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(372)**	(16)
Total comprehensive (loss) / income for the year attributable to the owners of the Company		**(9,811)**	5,625
(Loss) / earnings per share attributable to the owners of the Company (in $):			
Basic and diluted earnings per share from continuing operations	9	0.009	0.012
Basic and diluted (loss) / earnings per share	9	(0.036)	0.023

[1] Total Group revenue including discontinued operations is $73,738,000 (2021: $66,487,000). See Note 4 for further details.

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

Consolidated statement of financial position

as at 31 December 2022

	Notes	2022 $000	2021 $000
Assets			
Non-current assets			
Intangible assets and goodwill	10	**108,581**	120,284
Property and equipment	11	**2,277**	2,401
Other financial assets	13b	**242**	-
Other assets		-	247
Long-term deposits	12	**75**	83
		111,175	123,015
Current assets			
Short-term deposits	12	**342**	2,158
Trade receivables	13a	**5,699**	8,701
Other receivables	13b	**3,454**	6,119
Cash and cash equivalents		**10,411**	22,437
		19,906	39,415
Total assets		**131,081**	162,430
Equity and liabilities			
Equity			
Share capital [1]	17	**-**	-
Share premium	17	**122,071**	122,071
Capital reserve		**500**	14
Accumulated deficit		**(22,308)**	(12,869)
Total equity		**100,263**	109,216
Non-current liabilities			
Lease liabilities	15	**1,177**	1,242
Deferred taxes	16	**36**	1,372
Deferred consideration	10	**3,884**	7,737
Contingent consideration	19e	**-**	808
		5,097	11,159
Current liabilities			
Trade payables		**3,655**	2,333
Deferred consideration	10	**3,969**	18,401
Consideration payable on intangible assets	10	**3,000**	3,000
Other liabilities and accounts payables	14	**10,241**	7,820
Income tax provision		**4,505**	10,190
Current maturities of lease liabilities	15	**351**	311
		25,721	42,055
Total liabilities		**30,818**	53,214
Total equity and liabilities		**131,081**	162,430

[1] Less than $1,000.

The accompanying notes are an integral part of the consolidated financial statements. The financial statements were approved by the Board of Directors on 29 March 2023 and were signed on its behalf by:

David King
Chief Executive Officer

Caroline Ackroyd
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital [1] $000	Share premium $000	Capital reserve from share-based transactions $000	Capital reserve from the translation of a foreign operation $000	Capital reserve from transactions with non-controlling interests $000	Accumulated deficit $000	Total equity $000
As at 1 January 2022	-	122,071	2,656	(16)	(2,626)	(12,869)	109,216
Loss for the year	-	-	-	-	-	(9,439)	(9,439)
Other comprehensive loss	-	-	-	(372)	-	-	(372)
Total comprehensive loss	-	-	-	(372)	-	(9,439)	(9,811)
Cost of share-based payments [2]	-	-	858	-	-	-	858
As at 31 December 2022	**-**	**122,071**	**3,514**	**(388)**	**(2,626)**	**(22,308)**	**100,263**
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 loss	-	-	-	(16)	-	-	(16)
Total comprehensive income	-	-	-	(16)	-	5,641	5,625
Cost of share-based payments [2]	-	-	520	-	-	-	520
Share capital issuance	-	35,806	-	-	-	-	35,806
Exercise of option	-	243	(232)	-	-	-	11
As at 31 December 2021	**-**	**122,071**	**2,656**	**(16)**	**(2,626)**	**(12,869)**	**109,216**

1 Less than $1,000.

2 See Note 18 for further details.

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

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 $000	2021 $000
Cash flows from operating activities			
Cash generated from operations	21	**14,647**	7,845
Interest paid		**(310)**	(76)
Interest received		**5**	3
Income tax paid		**(876)**	(572)
Income tax received		**2,287**	48
Net cash inflow from operating activities		**15,753**	7,248
Cash flows from investing activities			
Proceeds on disposal of property and equipment		**83**	-
Purchase of property and equipment		**(62)**	(1,118)
Purchase of and additions to systems, software and licences		**(6,701)**	(7,718)
Acquisition of and additions to to domains, websites and other intangible assets		**(3,000)**	(23,127)
Acquisition of subsidiary (net of cash acquired)		**-**	(395)
Short-term and long-term deposits (net)		**1,824**	507
Net cash outflow from investing activities		**(7,856)**	(31,851)
Cash flows from financing activities			
Share capital issuance	17	**-**	35,806
Proceeds from exercise of share options		**-**	11
Payment of principal portion of lease liabilities		**(401)**	(1,163)
Payment of deferred consideration	19	**(18,371)**	-
Net cash (outflow) / inflow from financing activities		**(18,772)**	34,654
Net (decrease) / increase in cash and cash equivalents		**(10,875)**	10,051
Net foreign exchange difference		**(1,151)**	(262)
Cash and cash equivalents at 1 January		**22,437**	12,648
Cash and cash equivalents at 31 December		**10,411**	22,437

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

1. General

a. Corporate information

XLMedia PLC ("the Group") is a global performance publisher listed on the London Stock Exchange Alternative Investment Market ("AIM"). The Group was incorporated in Jersey and its registered office is 12 Castle Street, St. Helier Jersey, JE2 3RT (registration number 114467).

b. Definitions

In these financial statements, the following terms will be used:

EUR	- Euro
GBP	- British Pound Sterling
IFRS	- International Financial Reporting Standards as adopted by the European Union
NIS	- New Israeli Shekel
Related parties	- As defined by IAS 24 'Related Party Disclosures'
Subsidiaries	- Entities controlled (as defined in IFRS 10 'Consolidated Financial Statements') by the Group and whose financial statements are consolidated into the Group. For a list of the main subsidiaries, see Note 23
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

2. Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements, unless otherwise stated.

a. Basis of presentation of the consolidated financial statements

i. Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union, and issued by the International Accounting Standards Board ("IASB"), in accordance with the requirements of the Companies (Jersey) Law 1991.

ii. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) - measured at fair value or revalued amount; and
- assets held for sale - measured at the lower of carrying amount and fair value less costs to sell.

iii. New accounting standards, amendments and interpretations adopted by the Group

There are no new major standards or amendments applicable for the Group.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of companies that are controlled by the parent company (subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

2. Significant accounting policies *continued*

b. Basis of consolidation *continued*

The financial statements of the Group and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements of the Group are prepared using consistent accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

c. Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

The cost of the acquisition is measured at the fair value of the consideration transferred on the date of acquisition with the addition of non-controlling interests in the acquiree. In each business combination, the Group chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the date of acquisition or at their proportionate share in the fair value of the acquiree's net identifiable assets. Direct acquisition costs are expensed as incurred.

Contingent consideration is recognised at fair value on the acquisition date and classified as a financial asset or liability in accordance with IFRS 9. Subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent remeasurement.

Goodwill is initially measured at cost, which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the resulting amount is negative, the acquirer recognises the resulting gain on the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

d. Functional currency, presentation currency and foreign currency

Functional currency and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Group's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

d. Functional currency, presentation currency and foreign currency ***continued***

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
ii. income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
iii. all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e. Cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition.

f. Short-term and long-term deposits

Short-term bank deposits are deposits with an original maturity of more than three months from the investment date and do not meet the definition of cash equivalents. Long-term deposits are deposits with a maturity of more than twelve months from the reporting date. The deposits are presented according to their terms of deposit.

g. Revenue recognition

The Group generates revenues mainly from referred players who visit the Group's premium branded websites. The main revenue streams are: cost per acquisition ("CPA"), revenue-share fees or a combination of both, which is referred to as a hybrid.

CPA fees are fixed-rate fees owed for each player who registers and usually deposits a minimum balance on the operator's site, and they are recognised when earned upon acceptance of the referral by the operator.

g. Revenue recognition ***continued***

Revenue-share fees represent a set percentage of net revenues generated over the lifetime of the referred player. The Group has no material obligations for discounts, incentives or refunds of commissions subsequent to completion of performance obligations.

Deferred revenues are recorded when payments are received from customers in advance of the Group's rendering of services.

h. Taxation

Current or deferred taxes are recognised in the statement of profit or loss, except to the extent that they relate to items that are recognised in other comprehensive income or equity.

Current taxes
The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred taxes
Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes. Deferred taxes are measured at the tax rate that is expected to apply when the asset is realised or the liability is settled based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilised. Deductible temporary differences for which deferred tax assets had not been recognised are reviewed at each reporting date, and a respective deferred tax asset is recognised to the extent that their utilisation is probable. Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against current tax liability, and the deferred taxes relate to the same taxpayer and the same taxation authority.

i. Leases

The Group accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition of assets and liabilities
For leases in which the Group is the lessee, the Group recognises on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Group has elected to recognise the lease payments as an expense in the statement of profit or loss on a straight-line basis over the lease term.

i. Leases *continued*

In measuring the lease liability, the Group has elected to apply the practical expedient and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract. On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. After the commencement date, the Group measures the lease liability using the effective interest rate method. The right-of-use asset is recognised in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life or the lease term (see j below). The Group tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36 'Impairment of Assets'.

Variable lease payments that depend on an index
The Group uses the index rate prevailing on the commencement date to calculate the future lease payments. For leases in which the Group is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

Lease extension and termination options
A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of a significant change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Group remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognised in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognised in the statement of profit or loss.

Lease modifications
If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Group remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Group recognises a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Group subsequently remeasures the carrying amount of the lease liability according to the revised lease terms at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

2. Significant accounting policies *continued*

j. Property and equipment

Property and equipment are measured at cost, including directly attributable costs less accumulated depreciation. Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Office furniture and equipment	10
Computers and peripheral equipment	33
Right of use leased assets and leasehold improvement (over the lease term)	10 - 50

Right of use leased assets, and leasehold improvements are depreciated on a straight-line basis over the shorter lease term (including any extension option held by the Group and intended to be exercised) and the asset's expected life. The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An asset is derecognised on disposal or when no further economic benefits are expected from its use.

k. Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost, including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalised development costs, are recognised in the statement of profit or loss when incurred.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year-end.

The Group's assets include computer systems comprising hardware and software. Software forming an integral part of the hardware to the extent that the hardware cannot function without the programs installed on it is classified as property and equipment. In contrast, software that adds functionality to the hardware is classified as an intangible asset. Amortision is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Systems and software (purchased and in-house development cost)	33
Non-competition and Agencies Relationships	33 - 50

Intangible assets (domains and websites) with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date, the asset is tested for impairment. Commencing from that date, the asset is amortised systematically over its useful life.

2. Significant accounting policies *continued*

k. Intangible assets *continued*

Research expenditures are recognised in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognised if the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Group's intention to complete the intangible asset and use or sell it; the Group's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development. The asset is measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. The asset is amortised over its useful life. Testing of impairment is performed annually over the period of the development project.

l. Impairment of non-financial assets

The Group evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.
If the carrying amount of the cash-generating unit of the non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset.

The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the statement of profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognised in the statement of profit or loss.

Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating unit (or Group of cash-generating units) to which the goodwill has been allocated. An impairment loss is recognised if the recoverable amount of the cash-generating unit (or Group of cash-generating units) to which goodwill has been allocated is less than the carrying amount of the cash-generating unit (or Group of cash-generating units). Any impairment loss is allocated first to goodwill. Impairment losses recognised for goodwill cannot be reversed in subsequent periods.

The Group reviews goodwill and intangible assets with indefinite useful life that are not systematically amortised (domains and websites) for impairment annually on 31 December, or more frequently if events or changes in circumstances indicate that there is a need for such review.

2. Significant accounting policies *continued*

m. Financial instruments

i. Financial assets

Financial assets are measured upon initial recognition at fair value plus transaction costs directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in the statement of profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- the Group's business model for managing financial assets; and
- the contractual cash flow terms of the financial asset.

Debt instruments measured at amortised cost

The Group's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the
instruments in this category are measured according to their terms at amortised cost using the effective interest rate method, less any provision for impairment.

Financial assets held for trading

Financial assets held for trading (derivatives) are measured through the statement of profit or loss unless they are designated as effective hedging instruments.

ii. Impairment of financial assets

The Group reviews at the end of each reporting period the provision for loss of financial debt instruments which are measured at amortised cost. The Group has short-term trade receivables in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. An impairment loss on debt instruments measured at amortised cost is recognised in the statement of profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

iii. Derecognition of financial assets

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

iv. Financial liabilities

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest rate method, except for:

- financial liabilities at fair value through profit or loss such as derivatives; and
- contingent consideration recognised by the buyer in a business combination within the scope of IFRS 3.

At initial recognition, the Group measures financial liabilities that are not measured at amortised cost at fair value. Transaction costs are recognised in the statement of profit or loss. After initial recognition, changes in fair value are recognised in the statement of profit or loss.

v. Derecognition of financial liabilities

A financial liability is derecognised only when it is extinguished, that is when the obligation is discharged or cancelled or expires.

2. Significant accounting policies *continued*

n. Fair value measurement

Fair value is the price to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities measured at fair value or for which fair value is disclosed are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
Level 3 - inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

o. Provisions
A provision in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Asset' is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense is recognised in the statement of profit or loss net of the reimbursed amount.

p. Employee benefit liabilities
Short-term employee benefits include salaries, paid sick leave, recreation and social security contributions, and are recognised as expenses as the services are rendered. Liability in respect of a cash bonus or a profit-sharing plan is recognised when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee, and a reliable estimate of the amount can be made.

Post-employment benefits are financed by contributions to insurance companies or pension funds and are classified as defined contribution plans. The Israeli subsidiaries of the Group have defined contribution plans pursuant to Section 14 to the Severance Pay Law under which the subsidiary pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognised as an expense when contributed concurrently with the performance of the employee's services.

2. Significant accounting policies *continued*
q. Share-based payment transactions
The Group's employees and officers are entitled to remuneration in the form of equity-settled share-based payment transactions. The cost of equity-settled transactions is measured at the fair value of the equity instruments granted at the grant date. The fair value is determined using an acceptable option pricing model (also see Note 18). In estimating fair value, the vesting conditions (consisting of service conditions and performance conditions other than market conditions) are not taken into account. The cost of equity-settled transactions is recognised in the statement of profit or loss together with a corresponding increase in equity during the period which the performance is to be satisfied ending on the date on which the relevant employees or officers become entitled to the award ("the vesting period"). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

r. Earnings per share
Earnings per share are calculated by dividing the net income attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. The Group's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Group. If the number of ordinary shares outstanding increases as a result of a capitalisation, bonus issue, or share split, the calculation of earnings per share for all periods presented are adjusted retrospectively.

Potential ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

s. Discontinued operations
A discontinued operation is a component of the Group that either has been disposed of or is classified as held-for-sale. The operating results relating to the discontinued operation (including comparative data) are presented separately in the statement of profit or loss, net of the tax effect.

3. Significant accounting judgements, estimates and assumptions

Estimations and assumptions
The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses.

Changes in accounting estimates are reported in the period of the change in estimate. The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. Significant accounting judgements, estimates and assumptions *continued*

Impairment of domains and websites
The Group reviews domains and websites for impairment at least once a year. This requires management to make an

estimate of the projected future cash flows from the continuing use of the cash-generating units to which the assets are allocated and also to choose a suitable discount rate for those cash flows (see Note 10).

Income taxes

The Group is subject to income tax in various jurisdictions, and judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises tax liabilities based on assumptions supported by, among others, transfer price studies. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors, including past experience and interpretations of tax law (see Note 7).

4. Revenue and operating segments for the years ended 31 December

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 for the years ended 31 December

	2022	2021
	$000	$000
North America	**49,226**	32,489
Europe	**20,725**	30,255
Rest of the World	**652**	914
Total revenues from identified locations	**70,603**	63,658
Revenues from unidentified locations	**3,135**	2,829
	73,738	66,487

Revenues by vertical

	2022	2021
	$000	$000
Sports U.S.	**18,065**	15,202
Media Partnerships	**28,398**	6,692
Casino	**15,602**	23,216
Sports Europe	**7,561**	9,528
Blueclaw and Reef [1]	**2,179**	3,129
Revenue from continuing operations	**71,805**	57,767
Personal Finance [1]	**1,933**	8,720
Revenue from discontinued operation (see Note 8)	**1,933**	8,720
	73,738	66,487

Non-core revenues (the sum of items marked [1] in the table above) was $4,112,000 (2021: $11,849,000).

5. Operating expenses from continuing operations for the years ended 31 December

	2022	2021
	$000	$000
Staff costs [1]	**20,840**	22,367
Share-based payments	**858**	520
Technology expenses	**5,202**	3,943
Professional services	**2,802**	2,153
Administrative expenses	**2,348**	1,969
Transformation costs [2]		
Consulting services	**1,685**	3,124
Hiring and settlements	**2,792**	2,342
Acquisition costs	**102**	1,557
Lease termination	**-**	(437)
Sale of property	**-**	(82)
	36,629	37,456

[1] Included within staff costs are expenses in respect of defined contribution plans of $1,615,000 (2021: $1,966,000).
[2] Transformation costs total $4,579,000 in 2022 (2021: $6,504,000).

6. Finance expenses and income from continuing operations for the years ended 31 December

	2022	2021
	$000	$000
Finance cost on bank overdrafts	**138**	195

Foreign exchange loss	**1,297**	-
Lease finance cost	**29**	77
Other charges [1]	**287**	277
Finance expenses	**1,751**	549
Finance income on cash at bank	**(5)**	(36)
Foreign exchange gain	**-**	(270)
Finance income	**(5)**	(306)
Net finance costs	**1,746**	243

[1] Other charges relate to interest accrued on acquisition related costs.

7. Tax from continuing operations for the years ended 31 December

Taxation included in the statement of profit or loss for the years ended 31 December:

	2022	2021
	$000	$000
Current taxes	**(242)**	(1,756)
Deferred taxes (Note 16)	**1,846**	130
Tax charge / (credit)	**1,604**	(1,626)

7. Tax from continuing operations for the years ended 31 December *continued*

Tax reconciliation

The reconciliation between the tax expense, assuming that all the income and expenses were taxed at the statutory tax rate for the U.K., and the taxes on income recorded in the statement of profit or loss for the years ended 31 December are as follows:

	2022	2021
	$000	$000
Profit before taxes on income from continuing operations	**3,957**	1,219
Taxes on income at 19% (2021: 19%)	**752**	232
Adjustment due to the difference between the Group's statutory tax rate and tax rates applicable to the subsidiaries	**660**	(126)
Non-deductible expenses for tax purposes	**15**	86
Taxes in respect of previous years - current tax	**(5,116)**	(2,319)
Taxes in respect of previous years - deferred tax	**-**	98
Unrecognised temporary differences and others	**5,293**	403
Tax charge / (credit)	**1,604**	(1,626)

The Group has a tax presence in different jurisdictions, including Jersey (where the parent company is incorporated), UK, US, Cyprus, Canada and Israel.

Tax law applicable to the Group's Israeli subsidiaries is the Israeli tax law - Income Tax Ordinance (New Version) 1961. The Israeli corporate income tax rate was 23% in 2022 (2021: 23%). Amendment 73 to the law for the Encouragement of Capital Investments, 1959 also prescribes special tax tracks for technological enterprises, which became effective in 2017, as follows:

- Technological preferred enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A preferred technological enterprise, as defined in the law, is located in Israel and is subject to tax at a rate of 12% on profits deriving from intellectual property.
- Any dividends distributed to "foreign companies", as defined in the law, deriving from income from the technological enterprises will be subject to a withholding tax at a rate of 4%.

The applicable U.S. federal statutory income tax rate for the Group's U.S. subsidiaries for 2022 was 21% (2021: 21%). In addition, state and city taxes are applicable in certain states and cities.

Losses carried forward for tax purposes
As at 31 December 2022, the Group has carry-forward tax losses in its subsidiaries of $11,000,000covering its Israel and UK jurisdictions.

8. Discontinued operations

On 15 December 2022, the Group announced the restructuring of the Personal Finance operating segment with a view to selling the Personal Finance assets. As a result of this decision, the Group has reviewed the intangible assets held (domains and websites) for impairment (see Note 10 for more details). Revenue and expenses, and gains and losses relating to the discontinuation of this activity are shown as a single line item on the face of the statement of profit or loss as "(Loss) / profit for the year from discontinued operations (net of tax)".

Profit or loss

The financial results of discontinued operations were as follows:

	2022	2021
	\$000	\$000
Revenue	**1,933**	8,720
Expenses:		
Operating	**(1,755)**	(3,284)
Sales and marketing	**(1,317)**	(2,640)
Impairment charge (Note 10)	**(13,835)**	-
(Loss) / profit before taxes on income	**(14,974)**	2,796
Tax credit (Note 16)	**3,182**	-
(Loss) / profit from discontinued operations	**(11,792)**	2,796

Taxation from discontinued operations relates to the deferred tax impact of the \$13,835,000 impairment charge incurred in the year ended 31 December 2022.

Cash flows

	2022	2021
	\$000	\$000
(Loss) / profit for the year	**(11,792)**	2,796
Impairment charge	**13,835**	-
Tax credit	**(3,182)**	-
Cash (outflow) / inflow from discontinued operations	**(1,139)**	2,796

Cash flows from discontinued operations also include working capital balances to support the Personal Finance business. These are immaterial for disclosure in both the year ended 31 December 2022 and in the comparative year.

9. (Loss) / earnings per share

Basic (loss) / earnings per share ("EPS") is calculated by dividing the (loss) / earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding shares held in trust.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of potentially dilutive ordinary shares.

The following tables reflects the income and share data used in the basic and diluted EPS calculations:

9. (Loss) / earnings per share (EPS) ***continued***

Continuing operations

	2022			2021		
	Earnings [1]	**Weighted average number of ordinary shares Thousands**	**EPS**	Earnings [1]	Weighted average number of ordinary shares Thousands	EPS
	\$000		**\$**	\$000		\$
Basic earnings per share from continuing operations	**2,353**	**262,586**	**0.009**	2,845	245,710	0.012
Share options [2]	-	3,244	-	-	659	-
Diluted earnings per share from continuing operations	**2,353**	**265,830**	**0.009**	2,845	246,369	0.012

[1] Defined as Profit for the year from continuing operations as per the statement of profit or loss.

[2] Options, Restricted Stock Units ("RSUs"), and Performance Stock Units ("PSUs") - see Note 18.

Discontinued operations

	2022			2021		
	Earnings [1]	**Weighted average number of ordinary shares**	**Loss per share**	Earnings [1]	Weighted average number of ordinary shares	EPS

	$000	Thousands	$	$000	Thousands	$
Basic (loss) / earnings per share from discontinued operations	**(11,792)**	**262,586**	**(0.045)**	2,796	245,710	0.011
Share options	-	3,244	0.001	-	659	-
Diluted (loss) / earnings per share from discontinued operations	**(11,792)**	**265,830**	**(0.044)**	2,796	246,369	0.011

[1] Defined as (Loss) / profit for the year from discontinued operations (net of tax) as per the statement of profit or loss.

Total Group

	2022			2021		
	Earnings [1]	**Weighted average number of ordinary shares**	**Loss per share**	Earnings [1]	Weighted average number of ordinary shares	EPS
	$000	**Thousands**	**$**	$000	Thousands	$
Basic (loss) / earnings per share	**(9,439)**	**262,586**	**(0.036)**	5,641	245,710	0.023
Share options	-	3,244	-	-	659	-
Diluted (loss) / earnings per share	**(9,439)**	**265,830**	**(0.036)**	5,641	246,369	0.023

[1] Defined as Net (loss) / profit attributable to the owners of the Company as per the statement of profit or loss.

10. Intangible assets and goodwill

	Goodwill $000	Domains and websites $000	Agencies Relationships $000	Systems, software and licences $000	Total $000
Cost or valuation					
At 1 January 2021	30,052	111,047	232	40,336	181,667
Additions	-	51,240	-	3,400	54,640
Acquisition of a subsidiary	2,063	-	484	-	2,547
Additions - internally developed	-	-	-	4,318	4,318
At 31 December 2021	**32,115**	**162,287**	**716**	**48,054**	**243,172**
Additions	-	3,000	-	3,926	6,926
Additions - internally developed	-	-	-	2,775	2,775
Other adjustments	(245)	(367)	(48)	-	(660)
Reclassifications [1]	-	-	-	(637)	(637)
At 31 December 2022	**31,870**	**164,920**	**668**	**54,118**	**251,576**
Accumulated amortisation and impairment:					
At 1 January 2021	30,052	55,106	8	32,635	117,801
Amortisation	-	-	193	4,894	5,087
At 31 December 2021	**30,052**	**55,106**	**201**	**37,529**	**122,888**
Amortisation	-	-	241	6,578	6,819
Impairment charge	-	13,835	-	-	13,835
Exchange differences	-	-	90	-	90
Reclassifications [1]	-	-	-	(637)	(637)
At 31 December 2022	**30,052**	**68,941**	**532**	**43,470**	**142,995**
Net book value					
At 31 December 2022	**1,818**	**95,979**	**136**	**10,648**	**108,581**
At 31 December 2021	**2,063**	**107,181**	**515**	**10,525**	**120,284**

Items marked [1] in the table above relate to reclassifications between cost and accumulated depreciation on historical balances. There is no net book value impact from these reclassifications.

In the previous year ended 31 December 2021, the Group acquired domains and websites, including Sports Betting Dime and Saturday Football inc. and accounted for these as an asset acquisition. The Group recognises a liability for the intangible assets acquired for contingent consideration only when there is sufficient certainty that the liability will be settled. Total domains and websites acquired in 2021 were $51,240,000 including $3,000,000 which related to CB Sports and Warwick Gaming ("CBWG") contingent payment for the year ended 31 December 2021. As targets were met in 2022, a further $3,000,000 has been recognised as a contingent payment for the year ended 31 December 2022, payable in 2023.

The potential future contingent liability for these assets is up to an additional $3,500,000 payable to 2024. The acquisition cost also includes deferred consideration of $3,969,000 which is payable in 2023, and a further $3,884,000 payable to 2024.

Impairment of non-financial assets
The Group tests goodwill and intangible assets with indefinite useful life for impairment annually. Intangible assets are grouped into cash generating units ("CGU's") to determine their value in use and compared that to their carrying value to assess if impairment exists.

10. Intangible assets and goodwill *continued*

Impairment of non-financial assets continued
During the previous year ended 31 December 2021, the Group acquired Blueclaw Media Ltd, recognising a goodwill balance of $2,063,000 and agencies relationships of $484,000. As Blueclaw Media Ltd is a foreign operation, the goodwill balance has been retranslated to $1,818,000 in the year ended 31 December 2022 and the agencies relationships have been amortised in line with the Group's accounting policy. See Note 20 for further detail on this acquisition.

For the year ended 31 December 2022, the goodwill created upon acquisition of Blueclaw Media Ltd in September 2021 has been allocated to the CGUs which use the services of that entity in line with IAS 36 'Impairment of Assets'.

The table below summarises the carrying amounts of goodwill and domains and websites as at 31 December:

	Goodwill		Domains and websites	
	2022 $000	2021 $000	**2022 $000**	2021 $000
Sports U.S.	**1,098**	-	**70,102**	67,102
Casino	**357**	-	**13,514**	13,705
Sports Europe	**341**	-	**12,363**	12,539
Blueclaw and Reef	**22**	2,063	**-**	-
Personal Finance	**-**	-	**-**	13,835
	1,818	2,063	**95,979**	107,181

The key assumptions used in calculating the value in use:

- The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Revenues and the profit rate assumptions are based on management expectations and forecasts for the coming years. These forecasts included an evaluation of factors which could adversely affect revenues and profitability.
- Cash flows beyond the three-year period are extrapolated using the estimated terminal growth rate of 3%. This growth rate is based on the long-term average growth rate as customary in similar industries.
- The discount rate reflects management's assumptions regarding the Group's specific risk premium.
- The pre-tax discount rate that was applied for the cash flow projection was 20% (2021: 15%).

For the Personal Finance CGU, as a result of a decline in financial results and the Group's decision to prioritise resource allocation to its core activities as detailed in Note 8, the Group recognised an impairment charge in the statement of profit or loss of $13,835,000.

For the other CGUs listed in the table above, the Group concluded that the recoverable amount for each CGU is in excess of the carrying value recognised in the statement of financial position. As such, no impairment exists as of 31 December 2022 (2021: $Nil).

At 31 December 2022, the assumptions to which the value in use calculation is most sensitive to are the discount rates and growth rates. However, the Group does not believe there are reasonably possible changes in these assumptions that could cause carrying amount to exceed recoverable amount.

11. Property and equipment

	Computers, furniture, office equipment and others $000	Leasehold improvements $000	Right of use leased assets - Offices (see note 15) $000	Total $000
Cost				
At 1 January 2021	3,125	559	3,325	7,009
Additions	775	371	5,922	7,068
Adjustments for indexation	-	-	191	191
Termination of leases	-	-	(4,643)	(4,643)
Disposals	(3,215)	(589)	-	(3,804)
At 31 December 2021	**685**	**341**	**4,795**	**5,821**
Additions	62	-	419	481
Reclassifications [1]	403	30	(2,840)	(2,407)
Disposals	(299)	-	-	(299)
At 31 December 2022	**851**	**371**	**2,374**	**3,596**
Accumulated depreciation				
At 1 January 2021	2,731	559	2,647	5,937
Depreciation during the year	366	19	1,498	1,883
Termination of leases	-	-	)990(	)990(
Disposals	)2,847(	)563(	-	)3,410(
At 31 December 2021	**250**	**15**	**3,155**	**3,420**
Depreciation during the year	41	34	419	494
Reclassifications [1]	429	4	(2,840)	(2,407)
Disposals	(188)	-	-	(188)
At 31 December 2022	**532**	**53**	**734**	**1,319**
Net book value				
At 31 December 2022	**319**	**318**	**1,640**	**2,277**
At 31 December 2021	**435**	**326**	**1,640**	**2,401**

Items marked [1] in the table above relate to reclassifications between cost and accumulated depreciation on historical balances. There is no net book value impact from these reclassifications.

12. Long-term and short-term deposits as at 31 December

	2022 **$000**	2021 $000
Long-term deposits		
Held in EUR	**75**	83
	75	83
Short-term deposits		
Held in USD	**100**	500
Held in NIS	**239**	1,653
Held in EUR	**3**	5
	342	2,158

The long-term deposits have a fixed lien in relation to a bank guarantee for the Cyprus office lease.

Short-term deposits carried a weighted average interest rate of 0.99% in the year ended 31 December 2022 (2021: 0.01%).

13. Trade and other receivables as at 31 December

a. Trade receivables

	2022 **$000**	2021 $000
Receivables from third party customers	**6,015**	9,046
Allowance for expected credit losses	**(316)**	(345)
	5,699	8,701

As at 31 December 2022, the Group has no material amounts that are past due and are not impaired (2021: $Nil).

Changes in the allowance for expected credit losses are included in administrative expenses reported in Note 5. In the statement of profit or loss, the allowance decreased by $29,000 (2021: $730,000 decrease). See Note 19b(ii) on the credit risk of trade receivables.

b. Other receivables

	2022 **$000**	2021 $000
Government authorities	**676**	3,024
Prepaid expenses	**2,319**	1,969

Other receivables	**459**	808
Loan to a third party	**-**	234
Financial derivatives (Note 19)	**-**	84
	3,454	6,119

The loan to a third party relates to a loan to Xineoh Technologies Inc. provided in the year ended 31 December 2021. On 28 February 2022, the Group converted the receivable to shares giving the parent company a 2.6% stake in ordinary shares with no special rights. The Group elected to designate the equity investment at fair value through other comprehensive income and has presented this asset within "Other financial assets" in the statement of financial position with a carrying value of $242,000. The Group believes there was no material change in the fair value of the equity investment since its recognition.

14. Other liabilities and accounts payables as at 31 December

	2022 $000	2021 $000
Employees and payroll accruals	**2,496**	3,311
Accrued expenses	**2,889**	2,264
Deferred revenues	**191**	2,031
Government authorities	**4,283**	199
Other liabilities	**382**	15
	10,241	7,820

Government authorities mainly relates to agreed settlements of historic tax liabilities in specific jurisdictions.

15. Lease liabilities as at 31 December

	2022 $000	2021 $000
Lease liabilities	**1,528**	1,553
Less - current maturities	**(351)**	(311)
	1,177	1,242

The Group recorded fixed liens on bank deposits in connection with these agreements (see Note 12).

In the year ended 31 December 2022, the Group signed two new real estate lease agreements, with commencement dates of 1 June 2022 and 1 October 2022, with the Group's total assets and liabilities increasing by $419,000.

In December 2021, the Group terminated two of three signed leases from 2020. The Group remeasured the U.K. lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change was recognised in the carrying amount of the right-of-use asset until it reduced to $Nil, and any further reductions were recognised in the statement of profit or loss. For the Israeli lease, the Group de-recognised the remaining balances of the lease right-of-use asset and lease liability in December 2021, recognizing a profit of $437,000 in 'Operating expenses'.

16. Deferred taxes as at 31 December

	2022 $000	2021 $000
Deferred tax assets	**(1,226)**	(700)
Deferred tax liabilities	**1,262**	2,072
	36	1,372

IAS 12 'Income taxes' permits the offsetting of balances within the same tax jurisdiction. All of the deferred tax assets are available for offset against deferred tax liabilities. The movements in deferred tax liabilities are shown below:

	Domains and websites $000	**Other intangible assets $000**	**Property and equipment $000**	**Other short-term temporary differences $000**	**Total $000**
Current period					
As at 1 January 2022	2,072	(270)	(3)	(427)	1,372
(Credited) / charged to profit from continuing operations	(116)	346	378	1,238	1,846
(Credited) to loss from discontinued operations	(3,182)	-	-	-	(3,182)
As at 31 December 2022	**(1,226)**	**76**	**375**	**811**	**36**
Prior period					
As at 1 January 2021	772	639	(12)	(157)	1,242
Charged / (credited) to profit from continuing					

operations [1]	1,300	(909)	9	(270)	130
As at 31 December 2021	2,072	(270)	(3)	(427)	1,372

[1] There is no tax impact from discontinued operations in the year ended 31 December 2021 - see note 8 for further details.

16. Deferred taxes as at 31 December *continued*

Other short-term temporary differences include deferred tax on tax losses carried forward, lease liabilities and on employee benefits.

The deferred taxes are computed at the tax rates of 19% to 23% based on the tax rates that are expected to apply upon realisation (2021: 19% to 23%).

17. Equity as at 31 December

	2022 Thousands	2021 Thousands
Authorised shares		
Ordinary shares with a nominal value of $0.000001 each	**100,000,000**	100,000,000

	Thousands	$000
Ordinary shares issued and outstanding including share premium [1]		
At 1 January 2021	191,594	86,022
Issued in March and April 2021 for the acquisition of a website	67,500	35,806
Exercise of option and vesting of Restricted Stock Units ("RSUs")	804	243
At 31 December 2021 and at 31 December 2022	**259,898**	**122,071**

[1] Share capital is less than $1,000. Share premium is net of treasury shares

As at 31 December 2022, 3,356,979 ordinary shares were held in trust for the Group's share-based payment plans (2021: 2,688,684).

18. Share-based payments

The Group have three different share schemes - Employee Share Options, Restricted Stock Units ("RSUs"), and Performance Stock Units ("PSUs").

The expense recognised in the statement of profit or loss for services received for those share schemes were:

	2022 $000	2021 $000
Total expense arising from share-based payment transactions	**858**	520

Employee Share Options
In August 2013, December 2017 and 2020, the Group adopted Share Option Plans. According to the plans, the Group's Board of Directors are entitled to grant certain employees, officers and other service providers (together herein "employees") of the Group remuneration in the form of equity-settled share-based payment transactions. Pursuant to the plans, the Group's employees may be granted options to purchase the Group's ordinary shares. These options may be exercised, subject to the continuance of engagement of such employees with the Group, within a period of eight years from the grant date, at an exercise price to be determined by the Group's Board of Directors at the grant date.

Restricted Stock Units
In May 2021 and in May 2022, the Group granted 910,000 Restricted Stock Units ("May 2021 RSU") and a further 40,000 Restricted Stock Units ("May 2022 RSU") to key management personnel.

18. Share-based payment *continued*
Restricted Stock Units continued
The following tables list the inputs to the models used for the plans for the years ended 31 December 2022 and 2021, respectively:

	2022 May RSU	**2021 May RSU**
Weighted average fair values at the measurement date ($)	0.37	0.69
Shares granted	40,000	910,000
Expected volatility (%)	54.9	54.9
Risk-free interest rate (GBP curve)	1.58	1.58

Expected life of share options (years)	3	3
Weighted average share price (GBP)	0.295	0.485

The fair value of an RSU is measured by use of the Monte Carlo model. The total fair value of the awards above are recognised on a straight line basis in the statement of profit or loss over the vesting period.

The performance conditions to be achieved such that RSUs are capable of vesting are as follows:

Group'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 Group's rank
Median	25%
Lower than median	-

Performance Stock Units
The Group granted Performance Stock Units in 2021 and 2022. These 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 compared to a comparator group from the FTSE AIM 100, followed by a two-year holding period.

The following tables list the inputs to the models used for the plans for the years ended 31 December 2022 and 2021, respectively:

	2022	**2022**	**2022**	**2021**
	October PSU	**August PSU**	**May PSU**	**March PSU**
Weighted average fair values at the measurement date ($)	0.22	0.28	0.28	0.61
Shares granted	530,120	833,333	2,467,264	470,977
Expected volatility (%)	81.51	80.27	78.91	73.94
Risk-free interest rate (GBP curve)	4.24	3.10	2.72	0.29
Expected life of share options (years)	3	3	3	3
Weighted average share price (GBP)	0.195	0.38	0.295	0.54

The fair value of an PSU is measured by use of the Monte Carlo model. The total fair value of the awards above are recognised on a straight line basis in the statement of profit or loss over the vesting period.

The performance conditions to be achieved such that PSUs are capable of vesting are as follows:

18. Share-based payment *continued*
Performance Stock Units continued

XLMedia's ranking relatively to the Comparator group	% of PSUs capable of vesting
Upper quartile or better	100%
Between upper quartile and median	On a straight-line basis, between 100% and 25%
Median 25%	25%
Lower than Median	0%

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year (excluding RSUs and PSUs):

	2022	**2022**	2021	2021
	Number in thousands	**WAEP**	Number in thousands	WAEP
Outstanding at 1 January	**2,359**	**$0.90**	3,334	$0.37
Forfeited during the year	**(2,211)**	**$0.67**	(957)	$1.11
Exercised during the year	**-**	**-**	(18)	$0.66
Outstanding at 31 December	**148**	**$0.74**	2,359	$0.90
Exercisable at 31 December	**148**	**$0.74**	1,383	$0.93

Movement during the year of RSUs and PSUs:

	2022 Number in thousands	2021 Number in thousands
Outstanding at 1 January	**3,335**	3,066
Granted during the year	**3,871**	3,341
Forfeited during the year	**(3,145)**	(2,286)
Vested during the year	**-**	(786)
Outstanding at 31 December	**4,061**	3,335

These RSUs and PSUs do not have an exercise price. The weighted average remaining contractual life for the options outstanding as at 31 December 2022 was 1.3 years (2021: 5.9 years). The range of exercise prices for options outstanding (not including the RSUs and PSUs) as at 31 December 2022 was $0.66 to $0.98 (2021: $0.66 to $1.81).

19. Financial instruments

a. Classification of financial assets and liabilities

	2022 $000	2021 $000
Financial assets		
Financial assets at fair value through other comprehensive income		
Equity instruments	**242**	-
Financial assets at fair value through profit or loss:		
Financial derivatives	**-**	84
Financial assets measured at amortised cost:		
Cash and cash equivalents	**10,411**	22,437
Short-term and long-term deposits	**417**	2,241
Trade receivables	**5,699**	8,701
Other receivables	**99**	1,100
Total financial assets	**16,868**	34,563
Total non-current	**317**	83
Total current	**16,551**	34,480

19. Financial instruments *continued*

a. Classification of financial assets and liabilities *continued*

	2022 $000	2021 $000
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Contingent consideration	**-**	808
Financial liabilities measured at amortised cost:		
Trade payables	**3,655**	2,333
Deferred consideration	**7,853**	26,138
Consideration payable on intangible assets	**3,000**	3,000
Other liabilities and account payables	**5,954**	5,588
Lease liabilities	**1,528**	1,553
Total financial liabilities	**21,990**	39,420
Total non-current	**5,061**	9,787
Total current	**16,929**	29,633

b. Financial risks factors

The Group's activities expose it to various financial risks.

i. Market risk - Foreign exchange risk

A portion of the Group's revenues is received in EUR and in GBP. The Group has subsidiaries in Israel, the UK and in Cyprus where expenses are paid in NIS, in GBP and in EUR. Therefore, the Group is exposed to fluctuations in the foreign exchange rates in EUR, GBP and NIS against the USD.

The Group did not enter into any forward or options contracts to reduce the foreign exchange risk of forecasted cash flows in the year ended 31 December 2022. A foreign exchange rate loss of $1,297,000 was recorded in the year ended 31 December 2022 (2021: gain of $270,000). For the year ended 31 December 2021, the Group entered into contracts which were not designated as hedges for accounting purposes and were measured at fair value through profit or loss.

ii. Credit risk

The Group usually extends 30-60 days term to its customers. The Group regularly monitors the credit extended to its customers and their general financial condition but does not require collateral as security for these receivables. The Group maintains cash and cash equivalents, short-term and long-term investments in various financial institutions. These financial institutions are located in the EU, Israel and U.S.

iii. Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than one year $000	**1 to 2 years $000**	**2 to 3 years $000**	**3 to 4 years $000**	**> 4 years $000**	**Total $000**
Trade payables	3,655	-	-	-	-	**3,655**
Other liabilities and account payables	5,954	-	-	-	-	**5,954**

Consideration payable on intangible assets	3,000	-	-	-	-	**3,000**
Deferred consideration	4,000	4,000	-	-	-	**8,000**
Lease liabilities	407	289	157	156	607	**1,616**
At 31 December 2022	**17,016**	**4,289**	**157**	**156**	**607**	**22,225**

19. Financial instruments *continued*

b. Financial risks factors *continued*

	Less than one year $000	1 to 2 years $000	2 to 3 years $000	3 to 4 years $000	> 4 years $000	Total $000
Trade payables	2,333	-	-	-	-	2,333
Other liabilities and account payables	5,588	-	-	-	-	5,588
Consideration payable on intangible assets	3,000	-	-	-	-	3,000
Contingent consideration	-	410	410	-	-	820
Deferred consideration	18,520	4,000	4,000	-	-	26,520
Lease liabilities	352	183	169	167	809	1,680
At 31 December 2021	**29,793**	**4,593**	**4,579**	**167**	**809**	**39,941**

c. Fair value

The carrying amounts of the Group's financial assets and liabilities approximate their fair value. The fair value of financial derivatives are categorized within level 2 of the fair value hierarchy. The fair value of the contingent consideration is categorized within level 3 of the fair value hierarchy.

d. Sensitivity tests relating to changes in market factors

	2022	2021
Sensitivity test to changes in EUR to USD exchange rate:	**$000**	$000
Gain (loss) from the change:		
Increase of 10% in the exchange rate	**175**	143
Decrease of 10% in the exchange rate	**(175)**	(143)
Sensitivity test to changes in NIS to USD exchange rate:		
Gain (loss) from the change (net of the effect of derivates):		
Increase of 10% in the exchange rate	**(5)**	138
Decrease of 10% in the exchange rate	**5**	48
Sensitivity test to changes in GBP to USD exchange rate:		
Gain (loss) from the change:		
Increase of 10% in the exchange rate	**76**	488
Decrease of 10% in the exchange rate	**(76)**	(488)

The sensitivity tests reflect the effects of possible changes in exchange rates on the position of the Group for the above currencies as of the end of the year. As described in b.i. above, these contracts are intended to reduce the Group's exposure to fluctuations in exchange rates on future revenues and expenses. Therefore, although it is expected the above effects will be offset by contra effects upon the recording of the revenues and expenses, the timing of these effects may not coincide in the same reporting period.

Sensitivity tests and principal assumptions

The selected changes in the relevant risk variables were determined based on management's estimate as to reasonable possible changes in these risk variables. The Group has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity tests present the effects (before tax) on profit or loss and equity in respect of each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date.

The test of risk factors was determined based on the materiality of the exposure of the operating results or the financial condition of each risk with reference to the functional currency and assuming that all the other variables are constant. The Group does not have significant exposure to interest rate risk.

19. Financial instruments *continued*

e. Changes in liabilities arising from financial activities

	Consideration payable on intangible assets $000	Contingent consideration $000	Deferred consideration $000	Lease Liabilities $000	Total $000
At 1 January 2021	-	-	-	690	690
Business combination	-	806	-	-	806
Website acquisition	3,000	-	26,138	-	29,138
Finance lease obligation	-	-	-	5,844	5,844
Cash flows	-	-	-	(1,163)	(1,163)
Changes in interest expense	-	2	-	75	77
Termination of leases	-	-	-	(3,783)	(3,783)
Other changes	-	-	-	(110)	(110)
At 31 December 2021	**3,000**	**808**	**26,138**	**1,553**	**31,499**
Additions	3,000	-	-	-	3,000
Finance lease obligation	-	-	-	449	449
Cash flows	(3,000)	-	(18,371)	(401)	(21,772)
Changes in interest expense	-	-	234	28	262
Other changes	-	(808)	(148)	(101)	(1,057)
At 31 December 2022	**3,000**	**-**	**7,853**	**1,528**	**12,381**

During the year ended 31 December 2022, the Group paid $18,371,000 (2021: $Nil) in deferred consideration relating to the prior year acquisitions of Sports Betting Dime, Saturday Football inc., and Blueclaw Media Ltd, and a further $3,000,000 for the prior year acquisition of CBWG.

In December 2022, the Group agreed to settle all potential contingent consideration with the previous owners of Blueclaw Media Ltd, with a final payment expected in early 2023.

20. Business combinations

There were no new business combinations in the year ended 31 December 2022.

During the previous year ended 31 December 2021, the Group acquired 100% of the ordinary share capital of Blueclaw Media Ltd, a multi-award-winning agency based in the U.K. Goodwill recognised in the transaction was $2,063,000, being the total consideration of $3,872,000 for net assets with a fair value of $1,809,000.

21. Cash generated from operations

	2022	2021
	$000	$000
(Loss) / profit for the year	**(9,439)**	5,641
Adjustments to reconcile profit for the year to net cash flows:		
Depreciation and amortisation	**7,313**	6,970
Impairment charge	**13,835**	-
Net finance expense / (income)	**450**	(76)
Loss on disposal of property and equipment	**157**	-
Other income	**-**	(437)
Cost of share-based payments	**858**	520
Tax charge / (credit) from continuing operations	**1,604**	(1,626)
Tax (credit) from discontinued operations	**(3,182)**	-
Exchange differences on balances of cash and cash equivalents	**1,297**	246
Working capital changes:		
Decrease / (increase) in trade receivables [1]	**3,002**	(2,672)
Decrease in other receivables [1]	**2,665**	647
Increase in trade payables [1]	**1,322**	313
Decrease in other liabilities and accounts payable [1]	**(5,235)**	(1,681)
Cash generated from operations	**14,647**	7,845

Total working capital inflow (the sum of items marked [1] in the table above) was $1,754,000 (2021: $3,393,000 outflow).

22. Balances and transactions with related parties including Directors

The Group's related party transactions in the year include the compensation of the senior managers, the Directors' emoluments and retirement benefit entitlements, share awards and share options as disclosed in the Directors' remuneration report, which forms part of these financial statements.

	2022	2021
	$000	$000
Balances		
Current liabilities - management fees and other short-term payables	**20**	11
Compensation of key management personnel of the Group		
Short-term employee benefits	**2,426**	2,044
Share-based payments transactions	**-**	68
	2,426	2,112

During the year ended 31 December 2022, the Group provided services to a company associated with one of the Group's key management personnel in return for a fee of $5,000.

No other related party services were provided or received by the Group in 2022.

23. List of main subsidiaries

A full list of related undertakings including the country of incorporation, the principal activity and the effective percentage of equity owned as at 31 December 2022 is disclosed below:

Name of entity	**Country of incorporation**	**Principal activity**	**Registered address**
XLMedia Finance Ltd	Cyprus	Bank guarantees for Cyprus	232 Agias Fylaxeos, Limassol, 3082, Cyprus
XLMedia Publishing Ltd	Jersey	Websites / domains	12 Castle Street, St. Helier, Jersey, JE2 3RT
Webpals Holdings Ltd	Israel	Holding entity	HaMada 7, 6th floor, Herzliya, 4673341, Israel
Webpals Systems S.C Ltd	Israel	Personal Finance and services to Casino business	As above
Marmar Media Ltd	Israel	Dormant	As above
Webpals Inc.	U.S	Services to US Sports business	U.S c/o Vcorps Services LLC 1013 Centre Road Suite 403-b Newcastle,

			Wilimington, DE 19805c
XLMedia US Inc.	U.S	US Sports	As above
XLMedia Canada Marketing Ltd	Canada	SBD business	c/o Farris LLP 700 West Georgia Street, 25th Floor, Vancouver, BC V7Y 1B3
Blueclaw Media Ltd	U.K.	Services company	167 - 169 Great Portland Street, London, W1W 5PF

All interest in the subsidiaries confer 100% voting rights and 100% rights to profits.

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