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.

17 May 2024

XLMedia PLC
("XLMedia" or the "Group" or the “Company” or the “Business”)

Results for the Year Ended 31 December 2023

XLMedia (AIM: XLM), a sports and gaming digital media company, announces audited results for the year ended 31 December 2023 (“FY 2023”).

Key Highlights

- Delivered revenue from continuing operations [1] of $50.3 million.
- Adjusted EBITDA[2] from continuing operations of $12.1 million.
- Loan free with cash balances (including short-term deposits) of $4.8 million as at 31 Dec 2023.
- $2.05 million sale of XLMedia’s Personal Finance business in H1 2023, and $4.0 million sale in July 2023 of three Europe gaming domains and associated websites.

In addition, $37.5 million proceeds (and potential earnout of up to $5.0 million) following sale of the Group’s Europe and Canada assets to Gambling.com Group Limited (“GAMB”) on 1 April 2024.

Continuing operations [1]	**2023**	**2022**	**Change 2023 vs 2022**
Revenue ($’m)	50.3	70.9	(29)%
Gross profit ($’m)	26.6	36.0	(26)%
Operating (loss) / profit before impairment ($’m)	(0.3)	6.2	-
Adjusted EBITDA ($’m) [2]	12.1	18.9	(36)%
Adjusted EBITDA margin (%)	*24%*	*27%*	*(3)% pts*
Non-cash net impairment charge ($’m)	(44.6)	-	-
Statutory (loss) / profit for the period ($’m)	(45.5)	3.4	-
Basic (loss) / earnings per share ($)	(0.173)	0.009	-

[1] Defined as total Group financial performance less discontinued operations. For 2023, the Group classified the Personal Finance and Blueclaw verticals as discontinued.
[2] Adjusted EBITDA is defined as the operating profit after adding back depreciation, amortisation, impairment, share based payments, exceptional minimum guarantee cost, restructuring costs and aborted deal related costs.

- The Group paid $7.4 million of deferred and earnout acquisition payments in FY 2023, using approx. $6.0 million of gross proceeds from asset sales to support the payments.
- Operating loss of $44.9 million driven mainly by a non-cash net impairment charge of $44.6 million for the US Sports and Europe Sports net of a write back on Europe Gaming (2022: $6.2 million).
- At the year end, the Group had cash at bank of $4.8 million including short-term deposits and had no borrowings.

Revenue split by geography

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

- In the period, revenues from North America represented 55% of Group revenues (FY 2022: 67%).
- The Group's core operations are defined as its sport and gaming activities.

Operating summary

- The Group continued to expand its presence in the US, now operating across 21 regulated states which have legalised online sports betting, including North Carolina from March 2024.
- Key initiatives in the period included:
  - Further expansion of the Media Partnership Business including entering agreements with *Atlanta Journal-Constitution* and *WRAL*. After the period end, contracts were also signed with *Star Tribune* and *NOLA.com.*
  - The Group's Media Partner minimum guarantee contracts end in summer 2024.
  - Supporting PENN Entertainment's re-entry into the market with the launch of ESPN BET in Q4; and
  - Further rationalisation of the US structure and cost base.
- The Group re-platformed its Europe Sports websites alongside investing in its Europe Gaming websites, this delivered 9% year-on-year growth in Europe Sports, led by Freebets.com. Premium gaming marketing sites, Nettikasinot.com and WhichBingo, also returned to growth.
- Further progress was made across FY 2023 in streamlining business operations through the sale or closure of non-core activities, delivering cost savings of over $8 million.

Post Balance Sheet Event

- On 21 March 2024, the Group announced the sale of its Europe and Canada assets ("Assets") to GAMB for a fixed sum of $37.5 million and a potential earnout of up to $5.0 million.
- The transaction completed on 1 April 2024, with the first instalment of $20.0 million received on 2 April 2024. A further fixed instalment of $10.0 million is due on the six-month anniversary, with a final instalment of $7.5 million and up to $5.0 million in earnout, payable on the first anniversary.
- Following the sale of Assets, the Group will continue to provide Assets transition support for a period of six months.

Outlook

- In North America, working with all the large operators, the year started well, albeit the absence of a January state launch will impact period on period comparisons. The launch of online sports betting in North Carolina on 11 March 2024, after the end of the NFL season, saw good growth in customer registrations and offers the prospect of a further revenue uplift when the new season launches in September.
- The North America business is now in the off season and will see the normal seasonal dip in sports revenues. During this period, the team continue to prepare the portfolio to maximise revenues from the new NFL season, including working with new and existing partners.
- Following the sale of the Group's Europe and Canada assets, Adjusted EBITDA for continuing operations is estimated to be around $5.0 million for full year 2024, with 2025 benefiting from the full year effect of cost savings made in 2024.
- The Group anticipates an initial return of capital to shareholders from the sale proceeds of the Europe and Canada assets in Q4 2024.

David King, Chief Executive Officer of XLMedia, commented:

"Following the announcement of the sale of the Europe Sports and Gaming business on 1 April 2024, we are focused on driving organic revenues in the North America market, while continuing both to expand our footprint in preparation for new state launches when they happen, while also right sizing the Group's cost base for 2025."

Marcus Rich, Chair of XLMedia, commented:

"We are delighted to have realised value for shareholders from the sale of the Group's Europe and Canada assets whilst also providing cash to clear legacy liabilities and working capital for the North America business. We anticipate an initial return of capital to shareholders from sale proceeds in quarter four 2024".

Financial Statements and Notes to the Accounts

For access to the Financial Statements and Notes to the Accounts for the year ended 31 December 2023, please click on the following link:
[RNS TO INSERT LINK TO PDF HERE]

Analyst and Institutional investor webcast

A live presentation and Q&A conference call for analysts and institutional investors will be held on Friday, 17 May 2024 at 9.00 a.m. BST. To register for this event, please go to: https://secure.emincote.com/client/xlmedia/2023-full-year-results

A webcast of the presentation will be available shortly afterwards on the Company's website at: https://www.xlmedia.com/investors/webcasts/

For further information, please contact:

XLMedia plc David King, Chief Executive Officer www.xlmedia.com	ir@xlmedia.com via Vigo Consulting
Vigo Consulting Jeremy Garcia / Fiona Hetherington / Kendall Hill www.vigoconsulting.com	Tel: 020 7390 0233
Cavendish Capital Markets Limited (Nomad and Broker) Giles Balleny / Callum Davidson (Corporate Finance) Charlie Combe (Corporate Broking) www.cavendish.com	Tel: 020 7220 0500

About XLMedia

XLMedia (AIM: XLM) is a sports and gaming 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 in regulated markets which are designed to reach passionate people with the right content at the right time.

Chief Executive Review

Introduction

2023 saw the Business make further strategic progress, growing its premium Europe assets, continuing to rationalise its cost base and selling non-core assets.

In the US, there was a strong start to the year with the legalisation of online sports betting in Ohio in January. However, over the year the US market dynamics continued to evolve at a rapid pace, putting pressure on North America revenues. In particular, the market saw increased competition from large publishers, average customer acquisition payment ("CPA") rates gradually falling and rates varying in different states.

The Group ended the year with continuing revenues of $50.3 million (FY 2022: $70.9 million) delivering a gross profit margin of 53%. Adjusted EBITDA from continuing operations was $12.1 million (FY 2022: $18.9 million). Revenues from North America activities were $27.6 million, while revenues from our Europe Sports and Gaming assets were $22.8 million. The Europe business was sold after the balance sheet date on 1 April 2024 for a fixed price of $37.5 million plus an earnout of up to $5.0 million.

The Group paid $7.4 million of deferred and earnout acquisition payments in FY 2023, using approximately $6.0 million of gross proceeds from asset sales to support the payments. At the year end, the Group had cash at bank of $4.8 million and no borrowings.

Sale of Europe and Canada Gaming Assets

On 21 March 2024, the Group announced the divestment of its Europe and Canada assets for a fixed sum of $37.5 million and a potential earnout of up to $5.0 million. The transaction completed on 1 April 2024, with the first instalment of $20.0 million received on 2 April 2024. A further fixed instalment of $10.0 million is due six-months after completion, with a final instalment of $7.5 million and up to $5.0 million in earnout, payable on the first anniversary. The Group will provide transition support for a period of six months to GAMB, the acquirer of these assets.

Following the sale of the Europe Sports and Gaming business, the Group is now focused on driving organic revenues in the North America market, while continuing to expand its footprint in preparation for new state launches.

Having delivered cost savings of some $8.0 million in FY 2023, and following the sale in April 2024, management remains focused on right sizing the Group's remaining cost base commensurate with the requirements of our North America business, with the objective of completing this process by the end of 2024.

Delivering Shareholder Value

In December 2023, the Board confirmed it had been in discussions with potential acquirors regarding the possibility of a sale of the whole Company. At that time, it became clear that while there was demand for the Group's assets, given the prevailing share price, a sale of the whole Company was unlikely to create maximum value for shareholders. In parallel, the Board began exploring alternative opportunities to create shareholder value through separate asset sales and had some early discussions with potential purchasers.

As announced at the time of the sale of the Group's Europe and Canada assets, the Board intends to use the Net Cash Proceeds to pay the final deferred acquisition payment of $4.0 million due in 2024, provide working capital for the North America business, settle outstanding tax provisions while returning cash to shareholders and anticipates making an initial return of capital from proceeds to shareholders in Q4 2024.

Strategy

Having previously focused the Group's strategy towards becoming sports-led with a strong gaming presence, we have now refined this to focus the Group's activities in the North America sports market, while seeking to build the gaming side of the business. The market offers the opportunity for organic growth over the longer term as new operators enter the existing markets and new states legalise online sports betting and online gaming.

The core elements of the Group's strategy remain unchanged. We will seek to expand our footprint, deepen audience relationships and diversify revenue streams with the goal of developing more predictable income for the longer term. This will take time as the market currently remains a predominantly CPA-led market with a relatively small number of operators.

In preparation for growth in online gaming, the Business will continue building its US Gaming vertical and in 2023 it soft launched a new website, Honey Monkey Pineapple, which will take time to build its rankings and attract audiences.

North America Sports Opportunity

The Group is one of the leading affiliates in the US online sports betting market. As new US states legalise online sports betting, the Group is well placed to grow new revenues through its portfolio of Owned and Operated ("O&O") sites and its Media Partner Business ("MPB"). The Group's North America business only operates in legalised states.

The Group currently operates in 21 states with legalised online sports betting. There are 20 states yet to legalise online sports betting, including California and Texas, the two most populous states.
Update on US regulated online sports betting as at 16 May 2024:

- 30 states are live, legal (North Carolina launched post-period March 2024). The Group does not participate in nine of these states due to limited affiliate opportunity e.g., single operator monopoly (Florida) or in-person registration requirements.
- 20 states are not yet live, legal for online sports betting including California, Texas, Georgia. Four of these states are in active ballot discussions (Minnesota, Missouri, Hawaii and Oklahoma).
- One Canadian Province, Ontario is live and permits legal online sports betting.

In Sports, our O&O websites aim to combine analysis, opinion, information and unique insights to engage with sports fans and where appropriate, introduce them to opening a new 'book' or to place a bet with an operator. Similarly, our Media Partners create high quality, engaging content that attracts audiences and we support them with excellent sports betting and gaming commercial content. Across the portfolio, our content and promotions find ranking in Google news, an important source for new customer acquisition, particularly around a state launch.

North America Gaming Opportunity

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.

The Group operates in four legal online gaming states. There are 44 states yet to legalise online gaming.

Update on US regulated online gaming as at 16 May 2024:

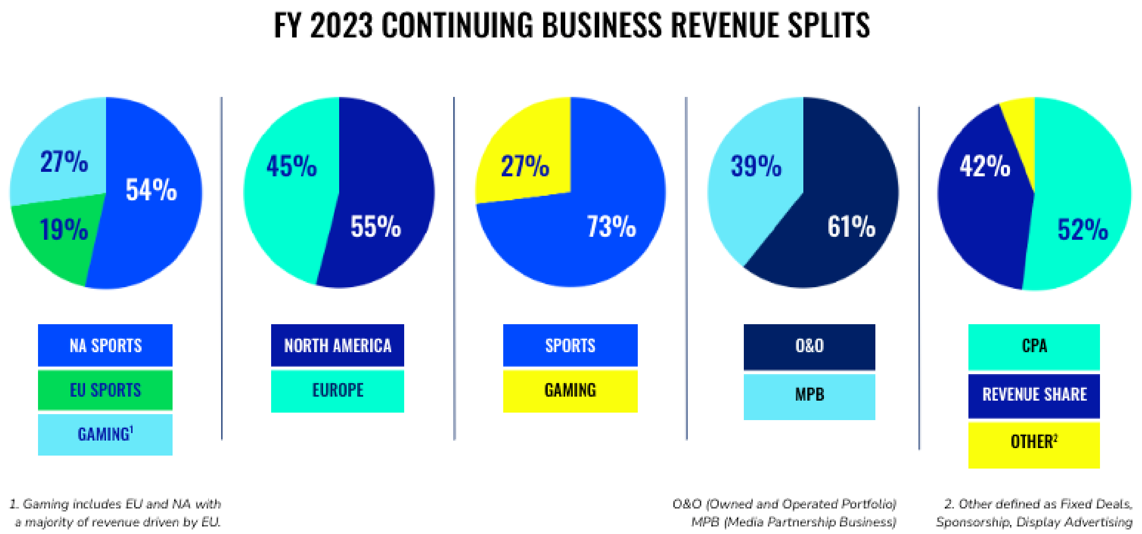
- Six states are live, legal: Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, West Virginia. Nevada only allows online poker. Delaware and Connecticut are states in which XLMedia does not participate due to limited affiliate opportunity.
- 44 states are not yet live, legal including eight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

Online casino engagement is typically less seasonal than sports betting and over time can offer a more predictable revenue stream, albeit in the US, this too is currently a CPA-led market.

The Group is significantly underweight in gaming, with modest revenues, largely earned from gaming pages on sports sites. Critical to growth is expanding the Group's reach through increased SEO rankings, working with Media Partners and developing our O&O sites, including Honey Monkey Pineapple.

2023 Business Mix

The following FY 2023 analysis presents the business as a whole in 2023 prior to sale of the Europe assets.



In 2023, 55% of revenues came from North America, with the balance from Europe. Of the North America revenue, 26% came from spikes following new states launching in the year. Sports represented 98% of North America revenues, and 93% of total North America revenues came from CPA income.

The North America business was created through a series of acquisitions in 2020 and 2021, and the development of a Media Partnership Business.

Having delivered significant revenues since acquisition, the annual impairment review concluded that it was necessary to write down the carrying value of US assets by some $57.3 million. This reflects the uncertainty over the timing and level of future revenues, particularly from state launches, and in particular the requirement to discount future cashflows at 25%. This impairment charge is a non-cash charge to the profit and loss account.

Organisation and Operations Update

Sustainable cost savings of approximately $8.0 million delivered in the period including a reduction in technology, expenditure, content creation costs and headcount.

In January 2024, Caroline Ackroyd resigned from the Group to pursue other interests. Her final day with the Company was 31 March 2024.

Karen Tyrrell, our Chief People and Operations Officer who is a qualified accountant, was appointed Interim Chief Operating Officer in March 2024. In 2023, Karen was responsible for leading Europe Sports and Gaming, as well as our People Team. Karen is now responsible for Finance, People and overseeing the transition following the sale of the Europe and Canada assets.

The Group has also seen changes in staff numbers during the period. Having started 2023 with 193 staff, we continued our restructuring programme and ended the year with 146 staff. The sale of the Europe and Canada assets saw 28 staff transferred to the GAMB on 1 April 2024. The current employee base for the Company at 3 April 2024 was 100 staff.

Financial Performance

In Europe, we saw good growth from our premium brands offsetting decline in the long tail of revenue share, ending the year with revenue of $22.8 million (FY 2022: $23.2 million). In the US, we delivered a strong performance in January 2023 following the legalisation of sports betting in Ohio, however, this was not of the scale of New York’s launch in January 2022, resulting in revenues for FY 2023 of $27.5 million, significantly lower than the prior year (FY 2022: $47.7 million).

In the Europe Gaming market, success in developing our data tracking, enhanced testing and the launch of our ‘auto exposure’ tool for online casino game listings contributed to a significant growth in new real money players (“RMPs”), particularly in Nettikasinot.com, with the same tools being rolled out across other gaming sites. Furthermore, WhichBingo recorded a record month in H1 2023.The Group's Freebets brand grew revenue 107% year-on-year, led by Freebets.com. The Group's Europe Gaming premium brands Nettikasinot.com and WhichBingo both returned to growth, up 38% and 23% year-on-year respectively.

Europe Sports, particularly Freebets.com benefited from a new, stable platform, and enjoyed considerable success across the year, with strong performance at Cheltenham, the Grand National, Ascot and across the Premier league season, as well as the Champions League, despite some unfavourable sport results.

Across the year, Google algorithm updates were regularly rolled out, often with no impact, on occasion benefiting our websites, and similarly on occasion slowing progress, latterly slowing down the success we delivered in H1 from WhichBingo. The team continue to enhance content across all our websites with the objective of ensuring we are well positioned when algorithm changes take place.

The US market saw considerable change including the reduction of average customer acquisition payment rates. The Barstool Sportsbook brand exited the sport betting market and was replaced in mid-November by ESPN BET. Fanatics Sportsbook acquired PointsBet, while some smaller operators withdrew from selected states. bet365 continued its US rollout state by state and, in May 2023, we were able to enter revenue share arrangements with them having previously worked on a CPA only basis.

The US business enjoyed considerable success in Ohio following the launch of online sports betting, working with our partners, Advance Local, and their premium site, *Cleveland.com*. The launch of online sports betting in Massachusetts in March 2023, after the NFL season, proved disappointing. Legislation enabling affiliate marketing companies to work with operators was approved only days before launch, providing no time for pre-registration marketing.

The start of the new season saw a pick-up in activity, and the launch of online sports betting in Kentucky in late September 2023. The absence of PENN Entertainment’s Barstool Sportsbook in the market impacted revenues in the period to mid-November, but these then benefited from the launch of ESPN BET, delivering a strong close to the year.

During the year we were pleased with the progress made working with Daily Fantasy Sport operators and have now developed this as a new revenue stream.

The successful partnership with Schneps Media for *amNY* was extended for a further three years. New Media Partnerships were signed with *Atlanta Journal-Constitution* based in Georgia and *WRAL* the latter in preparation for the launch of online sports betting in North Carolina in 2024.

In July 2023, we announced the disposal of three of the Group's Europe Gaming domains and associated websites, Casino.se, Casino.gr and Casino.pt, for a total upfront cash consideration of $4.0 million. This followed the disposal of the Group's Personal Finance asset portfolio for a total cash consideration of $2.05 million in May 2023.

Operating Risk

Following the sale of Europe and Canada assets, the Group operates affiliate marketing services in legalised online sport and legalised online gaming states in North America. Period-on-period performance is impacted by the scale and timing of state launches, and level of investment by operators in new and existing states.

From 5 May 2024, Google applied manual actions to a number of media organisation’s websites judged to feature third-party content that promotes coupons and offers, including in some instances online casino and sports betting offers, that are not consistent with the Brand’s authority. These manual actions may impact the visibility of this content in Google search. XLMedia’s O&O websites have not been affected and a number of pages have seen ranking improvements.

Outlook

The Group saw a solid start to the year in Europe and North America. North Carolina launched online sports betting on 11 March 2024, after the NFL season had finished and, while we delivered a strong performance, revenues in the quarter were below 2023 which saw the launch of online sports betting in Ohio in January 2023 during the NFL season.

Following the sale of the Europe assets at the start of April 2024, the Group is focussed on right sizing the cost base allowing it to enter 2025 with an infrastructure commensurate with the requirements of North America business.

Looking forward, XLMedia will retain its focus on revenue diversification. With no further state launches confirmed for 2024, the Group will continue its focus on optimising existing legalised sports betting states and monetising its audiences. This will include daily fantasy sport advertising and sponsorship as well as new customer acquisition. In the period to date we have signed two new media partners, *Star Tribune*, a highly respected publisher in Minnesota, and *NOLA.com* in Louisiana.

Growing the Media Partner business remains a key element of the strategy. Having added five new partners in H2 2023 through Q1 2024, including securing partners in preparation for new state launches, we will seek to further expand our partner footprint. No new minimum guarantee arrangements have been entered into.

The Group is working closely with all its Media Partners following the Google update, the majority of which have been unaffected by the changes to date, while continuing to focus on its O&O websites which have seen some early improvements in rankings. We continue to monitor the situation very closely.

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

David King
Chief Executive Officer
17 May 2024

Financial Review

Financial Highlights

The Business has delivered revenue from continuing operations of $50.3 million, with adjusted EBITDA from continuing operations of $12.1 million. Operating profit has declined to a reported loss of $44.9 million driven mainly by a net impairment charge of $44.6 million for the US Sports and EU Sports verticals, reflecting uncertainty over the timing and level of future revenues.

Cash balances (including short-term deposits) reduced from $10.8 million in the prior year to $4.8 million at the year end. Cash generated from continuing operations of the Group, together with receipts from assets disposed of, were offset by capital expenditure, payments in respect of acquisitions in prior periods, and tax payments for the period 2016 to 2020.

Continuing operations [1]

	2023	**2022**	**Change 2023 vs 2022**
Revenue ($'m)	50.3	70.9	(29)%
Gross profit ($'m)	26.6	36.0	(26)%
Gross profit margin (%)	*53%*	*51%*	*2% pts*
Operating (loss) / profit before impairment ($'m)	(0.3)	6.2	-
Net impairment charge ($'m)	(44.6)	-	-
Operating (loss) / profit ($'m)	(44.9)	6.2	-
Adjusted EBITDA ($'m) [2]	12.1	18.9	(36)%
Adjusted EBITDA margin (%)	*24%*	*27%*	*(3)% pts*
Statutory (loss) / profit for the period ($'m)	(45.5)	3.4	-
Basic (loss) / earnings per share ($)	(0.173)	0.009	-

[1] Defined as total Group financial performance less discontinued operations. For 2023, the Group classified the Personal Finance and Blueclaw verticals as discontinued.
[2] Adjusted EBITDA is defined as the operating profit after adding back depreciation, amortisation, impairment, share based payments, exceptional minimum guarantee cost, restructuring costs and aborted deal related costs.

Continuing Operations Revenue

Revenue from continuing operations for 2023 was $50.3 million (FY 2022: $70.9 million), a 29% decline compared to the previous financial year. The decline in revenues was driven primarily by the North America Sports vertical, and particularly the smaller scale of new state launches during 2023, compared to those launched in 2022. H1 2022 saw launches in New York, Louisiana and Ontario. In H1 2023, Ohio launched in January and performed well. The launch of Massachusetts in March 2023 after the end of the NFL season was disappointing. Both our owned sites and our Media Partners declined primarily as a result of the relative scale of new state launches, and changing CPA rates in some states. In Europe, we continued to rebuild our sites, driving new customer acquisition, and creating new tail revenues. Total Europe revenues declined by 2% as a result of decline in historical tail revenue shares.

The decline can be seen in customer volumes with Real Money Players ("RMPs") from core websites (including Media Partners) of c.160,000 in 2023 (FY 2022: c.180,000), a decrease of 11% year-on-year, reflecting the relative size of state launches and demonstrating the impact of reducing average CPA levels on total revenues.

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.

Revenue and Estimated Adjusted EBITDA by vertical 2023

	Revenue ($m)	Estimated Adjusted EBITDA ($m)
North America	27.5	5.5
Europe	22.8	6.6
Total	**50.3**	**12.1**

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

Revenue split by geography

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

Revenue from the North America region decreased 42% to $27.5 million (FY 2022: $47.7 million) due primarily to the relative scale of new state launches and accounted for 55% of the Group continuing operations revenues (FY 2022: 67%).

Revenue from the Europe region decreased by 2% to $22.8 million (FY 2022: $23.2 million). Old tail revenues in online casino declined year-on-year offset by growth in new RMPs revenues in both sports and gaming.

Revenue split by type

	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
CPA	26.2	48.3	(46)%
Revenue share / hybrid and other [2]	24.1	22.6	7%
Total	**50.3**	**70.9**	**(29)%**

[2] Other defined as Fixed Deals, Sponsorship Deals, Display Advertising

The US market has continued largely as a cost per acquisition ("CPA") led market whereas the Europe market continues to operate with a mixture of fixed, hybrid and revenue share deals. As a result, CPA revenues accounted for 52% of continuing revenues, declining from 68% in the prior year. Revenue share has increased to 48% of total revenue due to the overall decline in US revenues as a percentage of total revenues. As the US market continues to develop, we have started to see some hybrid and revenue share deals offered and expect to see modest growth in revenue shares deals in the near to medium term in North America.

Revenue split by category

	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
Sport [3]	36.6	55.3	(34)%
Gaming	13.7	15.6	(12)%
Total	**50.3**	**70.9**	**(29)%**

[3] Includes the North America Sports, Media Partnerships and Europe Sports verticals.

In 2023, 73% of revenues came from Sport in line with the Group's focus on being sports led in the US, while also rebuilding its Europe casino assets and launching a new casino brand in the US.

Revenue split by Operation

	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
North America (Sport)	26.9	46.4	(42)%
Europe (Sport)	9.7	8.9	9%
Sport	**36.6**	**55.3**	**(34)%**
North America (Gaming)	0.6	1.3	(54)%

Europe (Gaming)	13.1	14.3	(8)%
Gaming	**13.7**	**15.6**	**(12)%**

Sport revenues decreased by 34% year-on-year to $36.6 million (FY 2022: $55.3 million) driven primarily by the relative scale of state launches in North America, partially offset by a strong performance from Freebets.com, which returned to growth in the period.

Europe Sports revenues grew to $9.7 million in 2023 (FY 2022: $8.9 million). In Europe, Freebets, our primary brand, grew revenue by 107% year-on-year.

Gaming revenues declined by 12% to $13.7 million (FY 2022: $15.6 million) as tail revenues declined in Europe gaming markets against the prior year. Our marquee brands Nettikasinot and WhichBingo grew by 38% and 23% respectively in 2023, year-on-year. Europe remains the main Gaming region for the Group, with revenues of $13.1 million (FY 2022: $14.3 million), accounting for more than 90% of Gaming revenue in both 2023 and 2022.

Our US Gaming revenues are driven by gaming pages provided on our sports websites, in particular Crossing Broad which had previously enjoyed a large Barstool Sportsbook audience. US Gaming revenues declined year-on-year to $0.6 million (FY 2022: $1.3 million).

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

	2023 ($m)	**2022 ($m)**	**Change 2023 vs 2022 (%)**
North America Partnership	18.5	28.4	(35)%
Europe Partnership	1.2	1.3	(8)%
Total Partnership	**19.7**	**29.7**	**(34)%**
North America O&O	9.0	19.3	(53)%
Europe O&O	21.6	21.9	(1)%
Total O&O	**30.6**	**41.2**	**(26)%**
Total revenue	**50.3**	**70.9**	**(29)%**

Revenue from Partnerships decreased by 34% to $19.7 million (FY 2022: $29.7 million) again reflecting the relative scale in state launches.

Partnership revenues represented 39% of Group revenues (FY 2022: 42%).

Revenue from O&O decreased by 26% to $30.6 million (FY 2022: $41.2 million). In Europe, O&O Casino sites were impacted by ongoing reduction in tail revenue from closed sites, but this was offset by growth in new RMPs revenues in both sports and casino, in particular Freebets.com and Nettikasinot. North America O&O sites were impacted by the relative size of their footprint in new state launches and changing CPA rates in some states.

Gross profit [4] and gross margin

	2023	**2022**	**Change 2023 vs 2022 (%)**

Gross profit from continuing operations ($'m)	26.6	36.0	(26)%
Gross profit margin (%)	*53%*	*51%*	*2% pts*

[4] 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, and excludes exceptional minimum guarantee costs. Note, these costs are part of operating, and sales and marketing expenses as defined in the consolidated financial statements.

The Group's gross profit from continuing operations for 2023 was down 26% to $26.6 million, with a gross margin of 53% (FY 2022: $36.0 million, 51% gross margin). Europe Sports and Europe Gaming margin improved to 55% and 78% respectively offsetting the decline in North America margin to 40%. Revenue share payments to Media Partners, which form part of the reported sales and marketing expenses, were $10.9 million in 2023 (FY 2022: $16.3 million).

Earnings

The Group recognised an operating loss from continuing operations of $44.9 million (FY 2022: $6.2 million profit).

EBITDA from continuing operations included items which affect comparability. The Group excludes these items in calculating Adjusted EBITDA metrics. These are detailed below:

Reconciliation of operating profit for continuing operations to Adjusted EBITDA

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

Adjustments to earnings

From the annual impairment review of non-financial assets, the Group recognised a net impairment charge of $44.6 million for continuing operations in 2023. This consists of an impairment charge of $58.5 million for US Sports and EU Sports assets, offset by an impairment reversal of $13.9 million for Casino assets. Note 11 of the Financial Statements provides a further breakdown of the impairment.

The impairment of EU Sports and the reversal of previous impairments for Casino were both impacted by the sale of the Europe and Canada assets in April 2024 as the sales price was deemed to be an indicator of the recoverable amount of those assets at the balance sheet date.

The Group incurred $0.2 million of share-based payment charges (FY 2022: $0.9 million), with the reduction year-on-year due to senior management leavers from the schemes in 2023.

In addition, the Group incurred $2.6 million of reorganisation costs in 2023 (FY 2022: $4.5 million) relating to the continuation of the Group's restructuring plan and integration, and deal-related costs.

In 2023, the Group classified $3.1 million of costs from the minimum guarantees in the contract with one media partner as an adjusting item to EBITDA due to the size and short-term nature of this agreement. The agreement expires in summer 2024. Further minimum guarantees have not been offered to extend this contract.

Adjusting for these one-off items:

- Adjusted EBITDA from continuing operations was $12.1 million (FY 2022: $18.9 million), with a margin of 24% (FY 2022: 27%).
- Group adjusted EBITDA including Personal Finance and Blueclaw was $11.7 million (FY 2022: $16.8 million).

The Group completed the sale of Personal Finance assets and the restructuring of non-core activities in H1 2023 removing marginal and loss-making activity, while allowing resources to be focused on the continuing business.

Sales and marketing costs

Direct costs associated with our revenue streams decreased to $18.6 million from $22.8 million. This includes the revenue shares payments to our Media Partners in the US amounting to $14.0 million (FY 2022: $16.3 million) including $3.1 million of minimum guarantee top ups. Excluding revenue shares payments to Media Partners, sales and marketing costs were $4.6 million (FY 2022: $6.5 million), a reduction of 29%. These costs relate largely to content and SEO expenses.

Operating costs

Operating costs of $25.6 million include $2.6 million of reorganisation costs and $0.2 million of share-based payment charges (FY 2022: $34.6 million including $4.5 million of reorganisation costs and $0.9 million of share-based payment charges).

Operating costs include staff costs, technology investment and other operating costs.

Staff costs

Staff costs from continuing operations was $16.7 million (FY 2022: $19.9 million). The reduction year-on-year was partly due to refining operations in the US and Canada, as well as the closure of the UK Blueclaw operation in 2023. This has also been reflected in the reduction in total Group employee numbers (including Personal Finance) to 146 from 193.

As a result of the sale of the Europe and Canada assets in April 2024, the total Group employee numbers have fallen to 100 at 3 April 2024, including 28 employees transferring to the Gambling.com Group Limited upon completion of the transaction.

Technology investment

The Group has continued to invest in its technology in 2023, including replacing legacy technology for data platforms and implementing a new finance billing system. Cost was reduced to $2.7 million of operating costs (FY 2022: $5.2 million).

Other operating costs

Other operating costs were $6.2 million (FY 2022: $9.5 million). These include all other operating costs such as administrative expenses, professional service costs and one-off reorganisation costs of $2.6 million (FY 2022: $4.5 million).

Earnings per share (EPS)

	2023	2022	Change 2023 vs 2022 (%)
Basic and diluted EPS from continuing operations ($)	(0.173)	0.009	-
Basic and diluted EPS ($)	(0.179)	(0.036)	(397)%

Basic and diluted EPS remained the same (FY 2022: same) due to the number of weighted average number of shares. In 2023, the Group recognised a basic and diluted loss per share from continuing operations of $0.173 (FY 2022: EPS of $0.009).

Including the discontinued operations of Personal Finance (before it was sold) and Blueclaw, the Group recognised a loss per share of $0.179 (FY 2022: loss per share of $0.036).

Finance costs

Net financial costs amounted to $0.2 million (FY 2022: $1.7 million). The prior year comparative includes a $1.5 million foreign exchange loss due to re-translation of monetary balances held in GBP and EUR to USD, the presentational currency of the Group, which was not replicated in 2023.

Excluding this forex impact, net financial costs were consistent year on year at $0.2 million relating to bank charges and lease finance costs.

The Group does not hold any external debt financing as at 31 December 2023.

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 parent company 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 total tax charge of $0.6 million in 2023 for its continuing operations (FY 2022: $1.6 million charge). A deferred tax charge of $3.2 million was recognised upon sale of the Personal Finance business in discontinued operations to reverse a previous deferred tax asset recognised in 2022.

The Group recognised an income tax provision of $5.7 million (FY 2022: $4.5 million). The increase in the income tax liability relates to an increase in specific tax provisions to mitigate tax risks across jurisdictions. In 2023, the Group paid $3.5 million to tax authorities in Israel in respect of the tax years 2016 to 2020 and a further $1.6 million in the jurisdictions it operates (FY 2022: $0.9 million).

The Group understands the importance of the tax contribution it makes, 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

	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
Free cash flow [5]	4.0	7.6	(47)%
Cash from operations [6]	4.6	15.8	(71)%
Normalised Capital expenditure [7]	5.7	6.8	(16)%
Acquisition-related payments	7.4	18.4	(60)%

[5] Defined as cash from operations excluding tax payments or refunds, less capital expenditure.
[6] Includes working capital and trading from discontinued operations.
[7] Defined as reported capex less acquisition-related capital expenditure.

Cash and working capital

Group cash balance (including short-term deposits) at 31 December 2023 was $4.8 million (FY 2022: $10.8 million). After adjustment for forex movements, overall cash balances decreased due to acquisition-related payments, historical tax payments and lower trading performance, offsetting consideration received from the sale of assets.

The Group recognised free cash inflows of $4.0 million in 2023 after adjusting for one-off cash items compared to an inflow of $7.6 million in 2022. The main driver of the reduction in free cash outflows was the decline in underlying trading.

Whilst the Group did not acquire any businesses in 2023, it continued to invest in its assets, mainly in its domains and enhanced websites, spending $5.7 million on capital expenditure (FY 2022: $6.8 million).

The Group received $6.05 million for the disposal of three of the Europe Gaming domains and associated websites, Casino.se, Casino.gr and Casino.pt, and domains and websites relating to the Personal Finance business.

The Group's acquisition programme between Q4 2020 and Q4 2021 resulted in it committing to future acquisition and earn out payments as part of the acquisition consideration, to be substantially funded from the Group's free cashflow.

During 2023, the Group paid out $7.4 million of deferred acquisition and earnout payments (FY 2022: $18.4 million). Post period, the Group has paid a further $3.5 million on earnout payments with a final payment of $4.0 million of deferred consideration expected in H2 2024. Included in the 2023 cash outflow was a one-off settlement for 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.

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

Notes to the consolidated financial statements

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 information published by other companies who use similar measures.

Profit measures

Metric	Closest equivalent IFRS measure	Definition
Continuing operations revenue	Revenue	Group revenue less discontinued operations revenue. For 2023, the Group classified the Personal Finance and Blueclaw verticals as discontinued.
Adjusted EBITDA	Operating Profit [1]	Earnings before Interest, Taxes, Depreciation and Amortisation, and excluding any impairment, share-based payments, exceptional minimum guarantee costs, restructuring costs and aborted deal related costs.
Adjusted EBITDA from continuing operations	Operating Profit [1]	As above but excluding discontinued operations
Adjusted Basic and diluted earnings per share from continuing operations	Basic and diluted earnings per share	Based on profit for the period from continuing 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 excluding one-off tax payments or refunds, excluding acquisition costs, less capital expenditure.
Normalised capital expenditure	No direct equivalent	Reported capital expenditure excluding acquisition-related capital expenditure.