XLMEDIA

ANNUAL REPORT & ACCOUNTS 2023

The 2023 Annual Report

You will see this year's Annual Report has been streamlined. By simplifying the document, we are still able to deliver necessary investor information while significantly reducing resource allocation and cost including design, production and printing. For more information about our Business that is not in the report, please visit www.xlmedia.com

We Invite You to Go Digital

Going digital allows us to help reduce our impact on the environment. We hope you will join our efforts to reduce our carbon footprint.

To register, simply visit: www.signalshares.com, a secure platform provided by our Registrar, Link Group. From the homepage, select XLMedia plc as the company, click 'register an account' and follow the on-screen instructions. You will need your shareholder reference number to register.

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STRATEGIC REVIEW

INTRODUCTION

2023 was a year in which we simplified the organisation and exited non-core activities which allowed us to deepen our focus on North America Sports and Europe Sports and Gaming.

North America provides a medium to long-term opportunity in which we believe we are well placed to succeed. The combination of our Owned and Operated websites together with national, regional and local Media Partners provides access and scale across the US.

Following the end of the year, we announced the successful sale of our Europe Sports and Gaming business which created significant shareholder value.

2023 PERFORMANCE SUMMARY

The year started with the successful opening of the online betting market in Ohio in January followed by a quieter launch in Massachusetts in March, after the NFL season had ended. 2023 saw periods of change with some operators exiting certain states and some entering for the first time. Across the year, our teams worked to deepen our existing commercial relationships while also developing new ones. In May 2023, we entered our first major North America revenue share contract.

We also strengthened our relationships with existing Media Partners and entered new partnership agreements with a number of highly regarded publishers, enabling us to further expand our reach and revenue opportunities.

The Group delivered full year revenues of $50.3 million and Adjusted EBITDA of $12.1 million which included our Europe Sports and Gaming operations as well as our North America operations.

Our Chief Executive Officer's Review and Financial Review contain more detail about our operational and financial performance.

REALISING VALUE

During the summer, we announced the sales of our Personal Finance business, followed by a sale of a number of non-core Europe Gaming assets.

Subsequent to the year end, as part of our process to explore ways to create shareholder value, we were pleased to announce in March 2024 that we had entered an agreement with Gambling.com Group Limited for the sale of our Europe and Canada Sports and Gaming assets. The sale, for a total consideration of up to $42.5 million, consists of a fixed element of $37.5 million and a potential earnout of up to $5.0 million. This reflects the strong underlying value of those assets which we judged had not been adequately reflected in the Company's share price. The initial tranche of $20.0 million consideration was received on completion of the transaction at the start of April 2024, with further payments of $10.0 million receivable in October 2024 and up to $12.5 million (including any earnout) in early April 2025.

We are delighted to have realised value for shareholders and are looking at proposals for the best method to return a substantial element of the proceeds to shareholders, and anticipate an initial return of capital in quarter four 2024. As we made clear at the time of the transaction, a portion of the proceeds will also be used to satisfy the final deferred consideration payment of our North America acquisitions, provide working capital and settle tax liabilities.

STRATEGY UPDATE

Following the sale of our Europe Sports and Gaming operations, our focus is firmly on maximising the success of our North America operations. The quality of our content and the strength of our relationships with our high-quality partners remains key to this, and together with our Owned and Operated assets, will ensure that we remain well placed to take advantage of future state launches.

The North America market remains attractive for the long term, with 20 states yet to legalise online sports betting and 43 states yet to legalise online gaming, plus one state regulated but not launched.

We will continue to look for opportunities to maximise shareholder value from our North America assets.

ORGANISATIONAL CHANGE

In May 2023, we announced the retirement of both Jonas Mårtensson and Richard Rosenberg as Directors. Jonas stepped down at the end of June, while Richard remained on the Board until the end of September, in part to assist in a smooth transition of his duties as Chair of the Audit Committee. Both provided enormous service to the Company during their time in office, and on behalf of my Board colleagues I would like to thank them again for their contributions. In January 2024, Caroline Ackroyd, our Chief Financial Officer, advised us of her decision to step down and left at the end of March 2024. Caroline delivered considerable progress in a number of key areas during her time with the Company and left with the gratitude of her fellow Directors for her hard work.

These changes leave us with a smaller Board and I extend my thanks to my fellow Directors for their dedication and guidance during the course of 2023, particularly in light of their agreement to a 15% reduction in the fees payable to our Non-Executive Directors which was implemented from 1 April 2023.

OUR COLLEAGUES

Finally, I would like thank and pay tribute to our staff. 2023 was a challenging year and our reorganisation saw a considerable number of colleagues leaving the business. Throughout this time, our team remained dedicated and committed to delivering the best content for our partners and consumers. They have the gratitude of my fellow Directors and me for their commitment and hard work.

Marcus Rich,
Chair of the Board

CHIEF EXECUTIVE OFFICER 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 Gambling.com Group Limited, 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 rightsizing 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 Partnership 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 and legal including eight out of the ten most populous states (California, Texas, Florida, New York, Illinois, Ohio, Georgia and North Carolina). Rhode Island is now regulated with a launch date subject to confirmation.
- No states are confirmed to launch or in active ballot discussions at present.

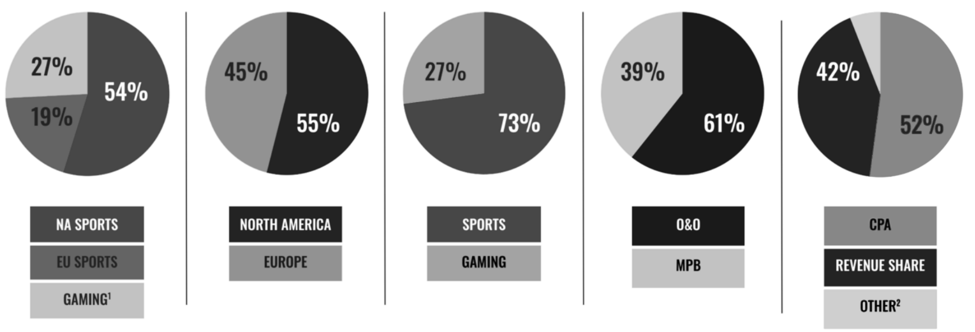
Online casino engagement is typically less seasonal than sports betting and over time can offer a more predictable revenue stream, albeit in the US, this too is currently a CPA-led market.

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 the sale of the Europe assets.

FY 2023 CONTINUING BUSINESS REVENUE SPLITS



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

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

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

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 Gambling.com Group Limited 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, as well as the level of investment by operators in new and existing states.

From 5 May 2024, Google applied manual actions to a number of media organisations' 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 during the NFL season.

Following the sale of the Europe assets at the start of April 2024, the Group is focused on rightsizing 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

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]

$'000	2023	2022	Change 2023 vs 2022
Revenue ($'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 and Operated 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

$'000	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
North America (Sports)	26.9	46.4	(42)%
North America (Gaming)	0.6	1.3	(54)%
North America	**27.5**	**47.7**	**(42)%**
Europe (Sports)	9.7	8.9	9%
Europe (Gaming)	13.1	14.3	(8)%
Europe	**22.8**	**23.2**	**(2)%**
Total	**50.3**	**70.9**	**(29)%**

Revenue 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's 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 share deals in the near to medium term in North America.

REVENUE SPLIT BY CATEGORY

	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
Sports [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 Sports in line with the Group's focus on being sports-led in the US, while also rebuilding its Europe gaming assets and launching a new gaming brand in the US.

REVENUE SPLIT BY OPERATION

	2023 ($m)	2022 ($m)	Change 2023 vs 2022 (%)
North America (Sports)	26.9	46.4	(42)%
Europe (Sports)	9.7	8.9	9%
Sports	**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)%**

Sports 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 Gaming 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 online 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 Gaming 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 Gaming 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 share 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.

CORPORATE GOVERNANCE

OUR BOARD

XLMEDIA'S BOARD IS A HIGHLY SKILLED TEAM WITH BREADTH OF CAPABILITY AND EXPERIENCE

The Board is collectively responsible for promoting the success of XLMedia by directing and supervising policy and strategy. It is responsible to shareholders for the Company's financial and operational performance and risk management.

CHANGES TO THE BOARD DURING THE YEAR:

Jonas Mårtensson – stepped down from the Board on 30 June 2023

Richard Rosenberg – stepped down from the Board on 30 September 2023

CHANGES TO THE BOARD FOLLOWING THE YEAR END:

Caroline Ackroyd – stepped down from the Board on 31 March 2024

COMMITTEE MEMBERSHIP KEY

Audit and Risk Committee | Remuneration Committee | Committee Chair

Marcus Rich
Independent Non-Executive Chair

Appointed: March 2022
Nationality: British

Key strengths and expertise:
- Extensive digital publishing industry leadership experience
- Considerable knowledge of capital markets and global media industry

Other current appointments:
- Non-Executive Chairman at Digitalbox plc

Marcus is an experienced Chair and Chief Executive, with deep knowledge of the global media, publishing and marketing sectors gained from over 30 years' senior leadership experience. Most recently, he was CEO at TI Media from March 2014 to May 2020, prior to the sale to Future plc. Previously, he was at Associated Newspapers for five years in the roles of Commercial Director and Managing Director, Mail On Sunday. Preceding this, Marcus worked at EMAP for 16 years, during which time he held the role of Group Managing Director of EMAP Lifestyle Magazines and EMAP Advertising, and he also ran the company's Australian and US businesses. Marcus was also formerly a Group Account Director at McCann Erickson and ran Optimus Communication.

David King
Chief Executive Officer

Appointed: July 2022
Nationality: British

Key strengths and expertise:
- Broad media and digital publishing industry experience
- Strong leadership and financial expertise

Other current appointments:
- None

David is an experienced Chief Executive Officer with extensive leadership and financial expertise. He joined the Group having held a number of senior executive roles in companies across the media sector, most recently as CEO at JPIMedia Group. Prior to this, he served as CEO of Timeout Group and CFO of BBC Worldwide (now BBC Studios). In his early career, David spent time as a Management Consultant at PwC working with a number of blue-chip clients. He is a qualified Chartered Accountant.

Ory Weihs
Non-Executive Director

Appointed: April 2012
Nationality: Israeli

Key strengths and expertise:
- Extensive knowledge of XLMedia, having founded the business
- Significant understanding of performance marketing

Other current appointments:
- Founder, Team Odeon

Ory co-founded XLMedia and served as CEO from 2008 to 2019, prior to which he worked across all areas of the business as it successfully scaled from the affiliate network he first established in 2003. He brings considerable entrepreneurial and digital business leadership experience. Ory is also the founder of Team Odeon, a performance marketing company focused on higher education. He is an active investor and advisor to companies operating in software as a service, gaming and performance marketing.

Cédric Boireau
Non-Executive Director

Appointed: October 2021
Nationality: French

Key strengths and expertise:
- Significant experience in both public and private markets
- Considerable knowledge of the online gambling industry

Other current appointments:
- Non-Executive Director, Kindred Group plc

Cédric has worked with Premier Investissement SAS for over ten years, initially in the company's listed real estate development subsidiary Bassac, where he worked for five years. In 2017, he co-founded Lagune Holding, an investment advisor, and he worked closely with Premier Investissement to develop its asset management arm and help it to invest in listed companies. Cédric is the appointed representative of Premier Investissement, XLMedia's largest shareholder.

Julie Markey
Independent Non-Executive Director

Appointed: June 2021
Nationality: British

Key strengths and expertise:
- Significant experience in people strategy across international organisations
- Considerable knowledge of large-scale consumer businesses

Other current appointments:
- None

Julie brings a wealth of experience across all facets of Human Resources strategy and development on an international scale, gained from over 30 years of senior leadership. Most recently, Julie was Group People Director at Ocado PLC, where she was responsible for implementing their global people strategy and served on the management committee. Previously, she held senior leadership roles at Tesco PLC and Diageo plc.

DIRECTORS' REPORT

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NOMINATED ADVISOR & CORPORATE BROKER:
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PUBLIC RELATIONS ADVISOR:
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The Directors present their report for the year ended 31 December 2023.

RESULTS AND REVIEW OF THE BUSINESS

The Directors' Report should be read in conjunction with the full 2023 Annual Report and financial statements.

SHARE CAPITAL

The authorised and issued share capital of the Company are shown in note 18 of the financial statements.

Pursuant to the resolution passed by shareholders at the last Annual General Meeting, and in accordance with the Company's Article of Association, the Directors were authorised by shareholders to allot and issue, wholly for cash, with disapplication of pre-emption rights, up to 26,258,640 shares representing 10% of the issued share capital of the Company as of the date of the Annual General Meeting. These authorities expire, to the extent not already used, on the date of the Annual General Meeting to be held on 28 June 2024.

Approval will be sought for new authorities at the Annual General Meeting.

TREASURY SHARES

The Company does not hold any Ordinary Shares in treasury.

MAJOR SHAREHOLDERS

As of 31 December 2023, the following interests of shareholders in excess of 3%, had been notified to the Company by the shareholders:

SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	SHARES AS % OF ISSUED SHARE CAPITAL
Premier Investissement SAS	73,478,567	27.98%
TFG Asset Management UK LLP	13,500,000	5.14%
Ory Weihs	8,137,444	3.08%

Note: on 27 March 2024 the Company announced that it had been notified that Kapitalforengingen Wealth Invest held an interest in 8,000,000 ordinary shares in the issued share capital of the Company (3.05%).

GLOBAL SHARE INCENTIVE PLAN

On 12 May 2023, the Company granted share awards over a total of 6,850,000 ordinary shares, under the XLMedia 2020 Global Share Incentive Plan.

BOARD CHANGES

The following resigned as Directors during the year.

- Jonas Mårtennsson stepped down as a Director on 30 June 2023.
- Richard Rosenberg stepped down as a Director on 30 September 2023.

The following resigned as a Director after the year end.

- Caroline Ackroyd, stepped down from the Board on 31 March 2024

STRATEGIC ACTIVITIES

DIRECTORS' INDEMNITY INSURANCE

The Group has provided to all of its Directors limited indemnities in respect of costs of defending claims against them and third-party liabilities. The Group has made qualifying third-party indemnity provisions for the benefit of its Directors which were available during the period and remain in force at the date of this report.

CORPORATE GOVERNANCE

In September 2018, the Company adopted the QCA Corporate Governance Code published by the Quoted Companies Alliance. For more information about Corporate Governance and the implementation of the QCA Code please refer to the Chair's Statement on pages 7-8 of this Annual Report, and the Corporate Governance Report on pages 33-45 of this Annual Report.

BOARD COMMITTEES

The Board has established an Audit and Risk Committee, and a Remuneration Committee. For more information about the Audit and Risk Committee and for information about the internal and external Auditors please refer to the Audit and Risk Committee Report on pages 46-48 of this Annual Report.

For more information about the Remuneration Committee, Directors' remuneration and bonus and share option schemes please refer to the Remuneration Committee Report on pages 49-53 of this Annual Report.

OUR FINANCIAL INSTRUMENTS

The Group's financial instruments are discussed in note 2 to the financial statements.

OUR PROCEDURES

The Group's Procedures including our Code of Business Conduct, Anti-Bribery and Corruption Policy, Disclosure Policy, Share Dealing Code, Social Media Policy, Whistleblowing Policy and Modern Slavery Policy are determined by the Board and set out for all employees to review. The Company's management is responsible for the implementation of these procedures.

OUR SHARE DEALING CODE

The Company has adopted a Share Dealing Code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules) and in accordance with the Market Abuse Regulations. The Directors reviewed the Share Dealing Code during 2023 and consider that it is appropriate for a company whose shares are admitted to trading on AIM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Reports and the Group and Company financial statements in accordance with applicable law and regulations.

Jersey Companies Law requires the Directors to prepare accounts for each financial period. Under that law, and as required by the AIM Rules for Companies, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In preparing these financial statements, the Directors are required to:

- Present fairly the Group and Company financial position, financial performance and cash flows;
- Select suitable accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgments that are reasonable;
- Provide additional disclosures when compliance with the specific requirements in IFRS, as adopted by the EU, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and
- State whether the Group and Company financial statements have been prepared in accordance with IFRS, as adopted by the EU, subject to any material departures disclosed and explained in the financial statements.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 27-28. Having made enquiries of fellow Directors and of the Company's Auditors each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of that information.

EMPLOYEES

The Directors recognise the value of involving employees in the business and ensuring that matters of concern to them, including the Group's aims and objectives, are communicated in an open and regular manner. Management frequently briefs employees on the Group's performance and activities and discusses matters of concern or interest. Recruitment gives equal opportunity to all employees regardless of age, gender, sex, sexual orientation, colour, race, religion or ethnic origin. Training programmes are available for all levels of staff. These are aimed at increasing skills and contribution.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Company will be holding its Annual General Meeting on 28 June 2024.

GOING CONCERN

The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

AUDITOR

A resolution to reappoint Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global (EY), as Auditors of the Company will be put to the Annual General Meeting. The Directors will also be given the authority to fix the Auditors' remuneration. For more information about the Auditors please refer to the Audit and Risk Committee Report on pages 46-48 of this Annual Report.

During the year, the Auditors undertook certain specific pieces of non-audit work. EY were selected to undertake these tasks due to their familiarity with the online industry and, as regards tax, their alignment with work carried out under the audit. In order to maintain EY's independence and objectivity, EY undertook its standard independence procedures in relation to those engagements.

By Order of the Board

Peter McCall
Company Secretary

CORPORATE GOVERNANCE REPORT

As an AIM-listed company working within regulated markets, our Board recognises the importance of applying sound and consistent governance principles appropriate to the nature, scale and business of the Company and the need to apply best practices wherever possible to help manage risk within the business. Our Board is committed to upholding high standards of corporate governance throughout the Group. It acknowledges its role in setting the culture, values and ethics of the Group and in ensuring good corporate governance principles are maintained for the long-term benefit of the Group.

In line with the requirement in the AIM Rules requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code and detail how they comply with that code, the Board has formally adopted the QCA Corporate Governance Code (the Code) and reports annually on the Company's compliance with the Code and any exceptions.

The Code is constructed around ten key governance principles that the QCA has identified as focusing on the pursuit of medium to long-term value for shareholders. We have set out in the report below how we apply the ten principles of the Code, using the disclosures indicated by the Code.

The Board believes that the Group complies with the principles of the Code to the extent possible and has explained below where it does not comply. The Board will continue to monitor how the Code is interpreted in practice to ensure we can continue to comply with the principles of the Code as far as possible.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth	1	Establish a strategy and business model which promotes long-term value for shareholders	Our strategy and business operations are set out in the Chief Executive Officer Review in pages 9-14 of the Annual Report. For more information that covers our business model, our strategy and how we aim to drive long-term value for shareholders, visit www.xlmedia.com. The risk sections of the Annual Report are on pages 54-57 and deal with the major challenges the business faces and how these challenges are addressed and mitigated.
Deliver Growth	2	Seek to understand and meet shareholders' needs and expectations	We are committed to communicating openly with our shareholders to ensure that our strategy, business model and performance are understood; and to listen to and seek to address any concerns. Representatives of the Company and the Board are present at the Annual General Meeting of the Company to answer questions from shareholders who attend the meeting. The Company has also made available a facility for shareholders to address questions to the Company via email. Additionally, our Chair and the Chief Executive Officer (CEO) meet and talk regularly with shareholders and potential investors directly and through analysts and brokers in order to receive feedback on market expectations or other matters. We nominated our CEO, David King, and our Company Secretary, Peter McCall, as the responsible officers for shareholder engagement and have in place a mailbox to address investor feedback (ir@xlmedia.com).

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth (cont.)	2 (cont.)	Seek to understand and meet shareholders' needs and expectations (cont.)	We also operate a free email alerts tool on our website, which allows subscribers to receive breaking news about the Company and the Group via email. Registration to the newsletter can be made here: https://www.xlmedia.com/investors/regulatory-news/ Additional information about the ways in which the Group is communicating with its shareholders is also available on our website: https://www.xlmedia.com/investors/overview/
Deliver Growth	3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	We are mindful of our corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups. Our key stakeholders are our shareholders, customers and their end customers, suppliers, employees and regulators. We nominated our CEO, David King, and our Company Secretary, Peter McCall, as the responsible officers for stakeholder engagement and set up a mailbox to address stakeholders' feedback (ir@xlmedia.com). The specific needs of each stakeholder group are considered when the Company reviews and responds to that feedback. We are committed to ensuring a high level of customer service. We frequently correspond with, and seek feedback from, key customers in order to improve our services. All customer feedback and requests are handled carefully and promptly. Our executives also regularly meet with key customers at professional

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth (cont.)	3 (cont.)	Take into account wider stakeholder and social responsibilities and their implications for long-term success (cont.)	conventions and other events to improve customer relations and to better understand customers' needs. We view highly trained and satisfied employees as another essential part of business growth. As such, we strive to train and develop our employees to ensure professionalism, excellence and personal development, in turn facilitating progression on their part. We recruit employees who fit our open and dynamic working environment and our employees are encouraged to provide feedback on ongoing matters through informal discussions with managers and executives at all levels and during their meetings with their managers. Managers are encouraged to act on the feedback received. We have established a written Whistleblowing Policy which has been issued to all our workers. The Group has provided a specific email address to be used for the purposes of raising a whistleblowing issue which can only be viewed by senior members of the Group's People and Legal teams. We believe that suppliers are key to providing excellent services and are therefore essential for supporting our long-term success. Many of our suppliers rank at the top of their services category. Suppliers are asked by the relevant functions in our Group to provide feedback about their services and expertise. Any feedback is discussed by us and further action, if required, is considered.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Deliver Growth	4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board has embedded an effective risk management framework to identify, evaluate, manage and mitigate risks, in order to ensure the Company is well positioned to execute its strategy and achieve its business objectives. The Company's risk register is compiled with input from our executives and other employees. The Audit and Risk Committee of the Board is responsible for reviewing the risk register and other risks facing the Company and discussing all compliance issues and regulatory developments based on the risk register and other periodical management updates designed to highlight any new or developing risks. In addition, we have an internal audit function performed by Chaikin Cohen Rubin & Co. which conducts audits periodically pursuant to an internal audit plan. The specific internal audit plan is established each year based on the issues identified by the Audit Committee and the Board as most relevant to such year. Each report published by the internal Auditors is discussed by the Audit Committee and action items identified in such reports are handled by the Company. Further details on the risk management process, the key risks and challenges facing the business and how they are mitigated are set out in pages 54-57 of this Annual Report.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework	5	Maintain the board as a well-functioning, balanced team led by the Chair	The Board is charged with the responsibility of directing and governing the Company's affairs, including: the formulation and approval of the Company's long-term objectives, mission and strategy; the approval of budgets; the oversight of the Company's operations and delegation of authority to management; the establishment and monitoring of sound internal controls and risk management systems; and the evaluation of the implementation of the Company's policies and business plan. The Board operates formally through meetings of both the Board and of its committees, and informally through regular contact between Directors. The Board convenes at least once every quarter to review and monitor the implementation of the Company's strategy, budgets and progress, and more frequently if necessary. While the Board may delegate responsibilities, there are formal matters specifically reserved for decision by the Board. Such reserved matters include the approval of significant capital expenditures, material business contracts and major corporate transactions. A formal schedule of Matters Reserved for the Board has been adopted by the Company. The Board currently comprises five directors, one of whom is an Executive Director and four of whom are Non-Executive Directors, including the Chair. The Board views Julie Markey as an Independent Non-Executive Director and Marcus Rich as an Independent Non-Executive Chair.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	5 (cont.)	Maintain the Board as a well-functioning, balanced team led by the Chair (cont.)	Members of the Board must be re-elected by the shareholders of the Company at the Company's Annual General Meeting at least once every three years. The Board consists of Directors presenting an appropriate balance of skills and experience to effectively operate and control the business and, where deemed necessary, the Board also consults with external advisors or with Executive Officers of the Company. The Board is an independent unit acting for the benefit of the Company and its composition ensures that no individual (or small group of individuals) can dominate its decision-making. The Board has established an Audit and Risk Committee, and a Remuneration Committee, both with formally delegated duties and responsibilities. More information about the composition and the duties and responsibilities of each Board Committee is available in the Company's website on https://www.xlmedia.com/corporate-governance/ The Board does not consider that it is currently necessary to establish a Nominations Committee and the Board will take decisions regarding the appointment of new Directors and Executive employees following a thorough assessment of a potential candidate's skill and suitability for the role.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	5 (cont.)	Maintain the Board as a well-functioning, balanced team led by the Chair (cont.)	Non-Executive Directors are expected to devote as much time as is necessary for the proper performance of their duties. Executive Directors are full-time employees and expected to devote as much time as is necessary for the proper performance of their duties. During 2023, the Board held 11 meetings. Attendance at those meetings is shown on page 45.
Maintain a Dynamic Management Framework	6	Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities	The Board considers its current composition to be appropriate and suitable with the adequate and up-to-date experience, skills and capabilities to make informed decisions. Each member of the Board brings a different set of skills, expertise and experience, making the Board a diverse unit equipped with the necessary set of skills required to create maximum value for the Company. The Board is fully committed to ensuring its members have the right skills. Members of the Board must be re-elected by the shareholders of the Company if they have not been re-elected at the previous two Annual General Meetings in accordance with the Company's Articles of Association (and more frequently in some circumstances), thereby providing shareholders with the opportunity to decide on the election of the Company's Board.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	6 (cont.)	Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities (cont.)	The Directors' biographical details and relevant experience can be found on pages 27-28 of this Annual Report and at the following https://www.xlmedia.com/board-management/ Throughout the year, members of the Board receive updates on corporate governance matters from either the Company Secretary and/or the Company's Nominated Advisor. During the year, the Directors receive regular updates on our business from the CEO and and other senior executives, and regulatory updates from the Company Secretary. More information about the Group's management can be found here https://www.xlmedia.com/board-management/ The Board also consults with external advisors and with Executives of the Company on various matters as deemed necessary and appropriate by the Board.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	In order to ensure that the Board as a whole and its members collectively function in an efficient and productive manner, a formal external Board evaluation was carried out in the first quarter of 2023. A report on the findings of the evaluation exercise was submitted to the Chair who considered its findings with the Board and individual Directors. The Board will consider when it is appropriate to conduct a further evaluation exercise.
Maintain a Dynamic Management Framework (cont.)	8	Promote a corporate culture that is based on ethical values and behaviours	We are committed to acting ethically and with integrity. We expect all employees, officers, Directors and other persons associated with us to conduct their day-to-day business activities in a fair, honest and ethical manner. For that purpose, we have adopted a Code of Business Conduct (Code) which applies to all our workforce personnel. Pursuant to the Code, employees, Directors and other relevant stakeholders are required to comply with all laws, rules and regulations applicable to us. These include, without limitation, laws covering anti-bribery, copyright, trademarks and trade secrets, data privacy, insider trading, illegal political contributions, antitrust prohibitions, rules regarding the offering or receiving of gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	8 (cont.)	Promote a corporate culture that is based on ethical values and behaviours (cont.)	The Code also includes provisions for disclosing, identifying and resolving conflicts of interest of employees and Board members. The Code includes provisions requiring all employees to report any known or suspected violation and ensures that all reports of violations of the Code will be handled sensitively and with discretion. We also recognise the benefits of a diverse workforce and are committed to providing a working environment that is free from discrimination. We have also adopted a Share Dealing Code, regulating trading by persons discharging managerial responsibility (PMDRs) and persons closely associated with them. We take all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of the Share Dealing Code.
Maintain a Dynamic Management Framework (cont.)	9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Company now operates with a small Board, appropriate for its size. The Board Committee membership is comprised entirely of Directors who the Board considers to be independent in order to ensure (amongst other considerations) that resolutions adopted are conflict-free. Further details of the composition and meetings of these Committees can be found on pages 27-28 of the Annual Report. Each of the Board Committees has the ability to use external advisors as it deems necessary in the furtherance of its duties. The Company's CEO is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and then executing the approved strategy.

CATEGORY	PRINCIPLE NUMBER	PRINCIPLE	APPLICATION
Maintain a Dynamic Management Framework (cont.)	9 (cont.)	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (cont.)	The Chair's main responsibility is the leadership and management of the Board's business and its governance and acting as its facilitator. He meets regularly and separately with the CEO and the other Directors to discuss matters relevant to the Board. We will continue to review our governance structures with the QCA Code in mind (including the changes introduced by the revised QCA Code published in November 2023) and are committed to the evolution of our corporate governance in line with best practices, to the extent the Directors judge it appropriate considering the Company's size, stage of development and resources.
Build Trust	10	Communicate how the group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	We are committed to an open communication and dialogue with our stakeholders. Our main stakeholder groups are our regulators, our shareholders, our customers, our suppliers and our employees. We communicate with stakeholders including through the Annual Report, the Annual General Meeting of shareholders, the full-year, half-year and other regulatory market announcements, investor meetings and through the Group's website. Our website is regularly updated, and users can register to be alerted via email when announcements are posted on the website. Annual Reports and notices of Annual General Meetings from recent years can be found on our website. We publish on the Company's website in a clear and transparent manner the outcomes of the General Meetings of shareholders, including a breakdown of votes cast.

ATTENDANCE TABLE

Director	Position	BOARD MEETING Max Possible Attendance	BOARD MEETING Meetings attended	AUDIT AND RISK COMMITTEE Max Possible Attendance	AUDIT AND RISK COMMITTEE Meetings attended	REMUNERATION COMMITTEE Max Possible Attendance	REMUNERATION COMMITTEE Meetings attended
David King	CEO	11	11	-	-	-	-
Caroline Ackroyd	CFO	11	11	-	-	-	-
Marcus Rich	Chair	11	11	3	3	4	4
Julie Markey	Independent Non-Executive Director	11	11	3	3	4	4
Ory Weihs	Non-Executive Director	11	11	-	-	-	-
Richard Rosenberg[1]	Independent Non-Executive Director	9	6	2	2	3	3
Cédric Boireau	Non-Executive Director	11	11	-	-	-	-
Jonas Mårtensson[2]	Independent Non-Executive Director	5	5	1	1	2	2

This table records attendance at Committee meetings by Committee members only.
1. Stepped down on 30 September 2023
2. Stepped down on 30 June 2023

AUDIT AND RISK COMMITTEE REPORT

Marcus Rich
Chair of the Audit and Risk Committee

COMPOSITION OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (referred to as the “Committee” in this section of the Report) is a committee of the Board. The Committee Chair reports formally to the Board on all matters within the Committee’s duties and responsibilities and on how the Committee discharges its responsibilities. The Committee members are Marcus Rich (who chairs the Committee on an interim basis) and Julie Markey. Independent Directors Richard Rosenberg (who previously chaired the Committee) and Jonas Mårtennson both stepped down as Directors and as members of the Committee in 2023.

The members of the Committee are considered to be Independent Directors. For further information about the qualifications of the Committee members please refer to pages 27-28 of this Annual Report and the Company’s website https://www.xlmedia.com/board-management/

The Committee’s terms of reference (which were reviewed in early 2024) provide that it should meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required. The Committee met three times during the year. The Committee also meets regularly with the Company’s internal and external Auditors.

PURPOSE AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The purpose of the Committee is to assist the Board to carry out the following functions:

- Oversight of the integrity of the Group’s formal reports, statements and announcements relating to the Group’s financial performance;
- Reviewing compliance with internal guidelines, policies and procedures and other prescribed internal standards of behaviour.

To achieve such purposes, the Committee has been assigned with the following responsibilities:

- Reviewing the half-year and full-year financial statements with management and with the external Auditors as necessary prior to their approval by the Board;
- Reviewing financial results announcements of the Group and any other formal announcements relating to the Group’s financial performance and recommending them to the Board for approval;

- Reviewing recommendations from the executive management and the external Auditors on the key financial and accounting principles to be adopted by the Group in the preparation of the financial statements;
- Reviewing the Group's systems for internal financial control;
- Approving the appointment and termination of appointment of the Group's internal Auditors, reviewing and approving the Group's internal audit plan and ensuring the internal Auditors have the necessary resources and access to information to enable them to fulfil their mandate;
- Considering and making recommendations to the Board to put to shareholders for approval at the AGM, the appointment, re-appointment and removal of the Company's external Auditors and overseeing the relationship with the external Auditors;
- Reviewing and approving the external audit plan and regularly monitoring the progress of implementation of the plan;
- Determining and monitoring the effectiveness and independence of the internal and external Auditors; and
- Monitoring the level of resources related to the management of audit functions across the Group.

MAIN ACTIVITIES IN 2023

The Committee:

- Reviewed and approved the financial statements for FY2022 and reviewed the external Auditors' plans for the Annual Report of FY2023;
- Reviewed and approved the financial statements of the Company for H1 2023;
- Reappointed Ernst & Young as the external Auditors;
- Reviewed and discussed reports from the internal Auditors, Chaikin Cohen Rubin & Co.; and
- Reviewed and approved the financial statements, RNS and internal audit final reports for FY2022 and the internal audit plan for FY2023.

INTERNAL AUDITORS

The internal Auditors of the Company are Chaikin Cohen Rubin & Co., appointed by the Company in May 2021. The internal Auditors provide their audit based on an audit plan. Each year specific topics are identified by the Committee for audit during such year. Each report of the internal Auditors is discussed by the Committee and if necessary by the Board and its results are learned from and implemented as required.

EXTERNAL AUDITORS

The external Auditors of the Company are Kost Forer Gabbay & Kasierer (Ernst & Young Israel) (EY). The appointment of EY as Auditors by the Committee was based on their performance during past years and their offer for auditing the financial statements for 2023. The Committee review of the external Auditors confirmed the appropriateness of their reappointment and included assessment of their independence, qualification, expertise and resources, and effectiveness of their audit process.

Both the Board and the external Auditors have safeguards in place to avoid the possibility that the Auditors' objectivity and independence could be compromised.

The services provided by the external Auditors include their audit-related services and tax consulting. In recognition of public concern over the effect of consulting services on Auditors' independence, the external Auditors are not invited to provide general consulting work which can affect their independence as external Auditors.

The total remuneration of the external Auditors for 2023 and for 2022 was as listed in the table below:

EXTERNAL AUDITORS' REMUNERATION	$'000 2023	$'000 2022
Audit services	249	200
Acquisition and assurance services	179	--
Tax compliance	419	208

The Committee and the Auditors found that the external audit plan for 2023, the work of the external Auditors for 2023 and the remuneration of the external Auditors for 2023 did not undermine the independence of the external Auditors.

WHISTLEBLOWING

The Group has a Whistleblowing Policy permitting each employee of the Group to raise concerns in confidence about possible improperness in various aspects and matters. Issues raised will be handled appropriately by the management of the Group.

FINANCIAL REPORTING

The Group's trading performance is monitored on an ongoing basis. An annual budget is prepared, and specific objectives and targets are set. The budget is reviewed and approved by the Board. The key trading aspects of the business are monitored on an ongoing basis and internal management and financial accounts are prepared monthly. The results are compared to budget and prior year performance.

The Committee has taken and will continue to take further steps to ensure the Group's control environment is working effectively and efficiently.

MODERN SLAVERY

The Board has approved a policy in respect of preventing modern slavery and all forms of forced labour which applies to all parts of our business and which encourages all of our people to report concerns in respect of this. The Company's modern slavery statement is available on the Company's website at https://www.xlmedia.com/wp-content/uploads/2024/03/Modern-Slavery-Statement-2024-.pdf

Marcus Rich
Chair of the Audit and Risk Committee

REMUNERATION COMMITTEE REPORT

Julie Markey
Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present the Directors' Remuneration Committee Report for the year ended 31 December 2023.

The Remuneration Committee membership comprises Marcus Rich and myself (as Chair). Both of us are independent Non-Executive Directors. Richard Rosenberg and Jonas Mårtensson also served as members of the Remuneration Committee during the year until the date they stepped down from the Board.

RESPONSIBILITIES

The Remuneration Committee is responsible for determining and recommending to the Board the framework for remuneration of the Board Chair, Executive Directors and other Senior Executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards.

During 2023, the Remuneration Committee met four times, and the attendance of the Committee members at these meetings is detailed in the table on page 45. The Remuneration Committee also undertook a comprehensive review of its annual calendar of activities and of its terms of reference (which can be found at https://www.xlmedia.com/wp-content/uploads/2024/03/Remuneration-Committee-Terms-of-Reference-07122023.pdf).

In exercising their role, the Remuneration Committee has regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

During the year FIT Remuneration Consultants LLP (FIT) provided the Remuneration Committee with external remuneration advice, including on all aspects of remuneration policy for the Executive Directors. The Remuneration Committee is satisfied that the advice received was objective and independent. FIT is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure that objective and independent advice is given to Remuneration Committees.

OUR PERFORMANCE AND LINK TO REMUNERATION

Elsewhere in this report you will find details of the developments in corporate strategy during 2023 and the challenges addressed by the Company in a rapidly changing marketplace. As a result of the significant change to the environment that the business was operating in and the challenges faced, the Committee decided to implement an employee retention scheme for our Executive Team to ensure that we retained our key talent.

You can read more about the remuneration of our Executive Directors in the section immediately below.

EXECUTIVE DIRECTOR REMUNERATION

Executive Directors have service agreements with the Group. David King's contract may be terminated by either party serving six months' written notice. At its discretion, the Group may make a payment in lieu of such notice or place the Executive Director on garden leave. The service contracts also contain provisions for early termination in the event of various scenarios and contain typical restrictive covenants.

On 9 January 2024 Caroline Ackroyd notified the Board of her intention to resign as a Director. Caroline remained with the business until 31 March 2024 to assist with an orderly handover. Caroline received her normal salary and benefits to the 31 March 2024 and no payment in lieu of notice or for loss of office was paid.

The following is a summary of the key remuneration components of executive packages:

Base salary:
The salary of an Executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. David King joined in July 2022 on a base salary of USD $392,000. His salary was increased with effect from 1 April 2023 to USD $425,000. Caroline Ackroyd joined in March 2022 on a base salary of USD $271,000. Her salary was increased with effect from 1 April 2023 to USD $313,000.

Pension and benefits:
Ancillary benefits include the reimbursement of all reasonable and authorised out of pocket expenses, provision of private healthcare cover and life cover. The Group also contributes to pension plans or as an additional cash supplement in respect of the Executive Directors at a rate of 10% of salary.

Annual bonus:
The Executive Directors are eligible to receive an annual bonus of up to 100% of salary, subject to achievement of corporate and personal objectives ("Annual Bonus Targets") set by the Remuneration Committee each year and subject to the discretion of the Remuneration Committee.

In July 2023 the Remuneration Committee amended the bonus plan to incorporate a retention element to reflect the importance to the Company of retaining the services of a small number of key staff (including the Executive Directors) deemed essential for the fulfillment of certain objectives during a period of significant change. As a result the Company varied the annual bonus plan for Executive Directors for 2023, reducing the maximum bonus potential for achievement of Annual Bonus Targets to a sum equivalent to 50% of salary (from 100% of salary) and introducing an element of guaranteed bonus equivalent to 50% of salary ("guaranteed element") conditional upon the individual remaining in employment and continuing to positively contribute throughout the period from the date of the agreement by the Committee of the guaranteed element of bonus in July 2023 and ending on 1 April 2024. The scheme did not increase the overall potential maximum available and secured the services of those staff for a period, during which key assets of the Company were being sold.

Targets for corporate objectives for 2023 (which represented 70% of the potential Annual Bonus Targets opportunity) were not achieved and performance against the personal objectives resulted in the Remuneration Committee determining that a bonus payment equivalent to 5.5% of salary would be made to David King under the 2023 annual bonus plan. In addition, Mr. King was potentially eligible for a payment equivalent to 27.5% of annual salary in respect of that part of the guaranteed element of bonus relating to 2023. An amount of $120,000 was expensed in the period. Mr King qualified for the payment on 1 April 2024, and it was subsequently paid together with payment in respect of the 2023 annual bonus plan in April 2024. Following her resignation Caroline Ackroyd was not entitled to any element of bonus in respect of 2023 and no bonus was paid to her (and she will not be entitled to a bonus under the 2024 plan).

The bonus scheme rules permit for the Remuneration Committee to determine that any bonus be paid 50% in cash shortly after determination of performance for the year and 50% in deferred shares vesting over three years subject to continued employment. Given the limited nature of bonuses payable in respect of 2023, and the administration involved in the deferral of bonuses into share awards, the Remuneration Committee has determined that 100% of bonuses payable in respect of 2023 shall be paid in cash.

Any bonus for 2024 will be based on achievements against the priorities and strategic aims of the company for the year.

A discretionary share plan, the LTIP: Executive Directors may receive Performance Stock Units (PSU) Awards up to 200% of salary subject to a minimum three-year performance period, with vesting subject to stretching performance targets set by the Remuneration Committee, followed by a holding period (resulting in a total of a five-year period between grant and potential exercise).

PSU awards were granted during the year to David King and Caroline Ackroyd under the shareholder approved XLMedia 2020 Global Share Incentive Plan (the 2020 LTIP).

The awards were over shares with the following values:

- David King: 58.75% of salary; and
- Caroline Ackroyd: 58.75% of salary.

These PSU Awards are subject to a three-year performance period, with vesting subject to two conditions: (a) performance measured by reference to total shareholder return over the performance period as compared to the constituents of the FTSE AIM 100 index, and (b) performance measured by reference to targets for the Company's adjusted share price at the end of the three-year period. The awards are additionally subject to a two-year holding period following the date of vesting. The award to Caroline Ackroyd lapsed upon her departure from the Company at the end of March 2024.

COMPANY'S TSR RANKING[1].	PERCENTAGE OF AN AWARD CAPABLE OF VESTING.
Lower than median	0%
Median	25%
Upper quartile or better	100%

[1] Calculated on a straight-line basis between 25% and 100%

The Remuneration Committee will decide on the appropriate use of any equity incentives during the course of the year.

NON-EXECUTIVE DIRECTORS

The Board agreed to implement a reduction of 15% in the level of fees paid to Non-Executive Directors (including the Chair) with effect from 1 April 2023.

The fees payable for services as Non-Executive Chair and Non-Executive Directors following this reduction are shown below:

- Marcus Rich: $106,000
- Julie Markey: $64,000
- Ory Weihs: $51,000
- Cédric Boireau[1]: $37,000

1. Does not receive a director's fee but is paid a GBP £30,000 per annum consultancy services fee.

Marcus Rich was appointed Non-Executive Chair of the Group by letter of appointment dated 30 March 2022 and assumed the role on 31 March 2022. The three-year appointment is subject to re-election at the Annual General Meeting in accordance with the Company's Articles of Association and thereafter is terminable on six months' notice by either the Group or Mr. Rich.

The other Non-Executive Directors are appointed subject to re-election every three years at the Annual General Meeting and are terminable on three months' notice by either party – other than Julie Markey's engagement which is terminable on six months' notice.

As it is listed on AIM, the Group is not required to provide all the information required of a company listed on the Official List in this Report. However, in the interests of transparency certain additional information has been included as a voluntary disclosure.

The Report is unaudited, unless otherwise stated.

Directors' Emoluments[1]

$'000	Fees/Basic Salary	Bonus	LTIP	Pension	2023 Total	2022 Total
Executive Directors						
David King[2]	419	24	-	42	485	240
Caroline Ackroyd[3]	304	-	-	30	334	284
Stuart Simms[4]	-	-	-	-	-	608
Non-Executive Directors						
Marcus Rich[5]	111	-	-	-	111	90
Christopher Bell[6]	-	-	-	-	-	28
Julie Markey	66	-	-	-	66	74
Richard Rosenberg[7]	47	-	-	-	47	69
Jonas Mårtensson[8]	29	-	-	-	29	62
Ory Weihs	54	-	-	-	54	60
Cédric Boireau	38	-	-	-	38	9

Notes
1. Due to the global nature of the Group, some of the emoluments for the Directors and Non-Executive Directors listed above are paid in currencies other than in USD and as such are exposed to foreign currency movements.
2. David King joined the Board on 1 July 2022.
3. Caroline Ackroyd joined the Board on 21 March 2022 and stepped down from the Board on 31 March 2024.
4. Stuart Simms stepped down from the Board on 30 June 2022. The figures for fees/basic salary listed above include sums paid to Mr Simms in accordance with his contractual entitlements.
5. Marcus Rich joined the Board on 31 March 2022.
6. Christopher Bell stepped down from the Board on 19 January 2022.
7. Richard Rosenberg stepped down from the Board on 30 September 2023.
8. Jonas Mårtensson stepped down from the Board on 30 June 2023.

Interests in Shares

The details of all the outstanding share awards held by the Executive Directors are shown below:

Director	Type of Award	Date of Grant	Number of Shares	Performance Conditions	Expiry Date	Outstanding options at the end of 2022	Granted in 2023	Cancelled in 2023	Exercised option in 2023	Outstanding options at the end of 2023
David King	PSU	19 August 2022	833,333	TSR[1]	August 2025	833,333	-	-	-	833,333
David King	PSU	12 May 2023	1,700,000	TSR Adjusted share price[2]	May 2026	-	1,700,000	-	-	1,700,000
Caroline Ackroyd[3]	PSU	26 May 2022	762,712	TSR[1]	May 2025	762,712	-	-	-	762,712
Caroline Ackroyd[3]	PSU	12 May 2023	1,250,000	TSR Adjusted share price[2]	May 2026	-	1,250,000	-	-	1,250,000

1. Three-year performance period from the date of grant with vesting dependent on Total Shareholder Return over the performance period as compared to the constituents of the FTSE AIM 100 Index as at the date of grant. 25% of the award vests for achieving a TSR equal to the median ranking with 100% vesting for achieving a TSR equal to an upper quartile ranking.
2. Three-year performance period, with vesting subject to the achievement of two conditions: (a) performance measured by reference to total shareholder return over the performance period as compared to the constituents of the FTSE AIM 100 index, and (b) performance measured by reference to targets for the Company's adjusted share price at the end of the three-year period. The awards to David King and Caroline Ackroyd are additionally subject to a two-year holding period following the date of vesting.
3. Caroline Ackroyd's resignation was announced on 9 January 2024 and her employment with the Company ceased on 31 March 2024. As a result, the share awards made to her detailed above lapsed.

The table below shows the beneficial interests in the Company's shares of Directors serving at the end of period, and their connected persons.

Name	Number of Ordinary Shares as at 31 December 2023	Number of Ordinary Shares as at 31 December 2022
Marcus Rich	88,458	88,458
David King	100,000	100,000
Caroline Ackroyd	-	-
Julie Markey	63,064	63,064
Ory Weihs	8,137,444	8,137,444
Cédric Boireau[1]	-	-

1. Mr Boireau is the appointed representative of Premier Investissement, XLMedia's largest shareholder, with a holding at 31 December of 2023 of 73,478.567 ordinary shares (27.98% of issued share capital).

ASSESSING AND MANAGING OUR RISKS

As with any business, we face risks and uncertainties. Effective risk management is essential to support the achievement of our strategic and operational objectives. In this section we outline a number of the key risks faced by the Group and steps taken to manage them.

GAMBLING LAWS AND REGULATIONS SUCH AS ONLINE MARKETING REGULATIONS ARE CONSTANTLY EVOLVING AND BECOMING MORE STRINGENT

The Group does not itself operate a gambling business, but as a number of the Group's principal clients are online gambling operators, the gambling regulatory environment has a significant effect on the business of the Group (either directly or indirectly through its effect on the Group's clients' businesses), and in particular, the Group's marketing activities for certain gambling operators.

In the United States, the provision of online marketing services to gambling operators is regulated and the Group seeks to obtain and hold the necessary licences and/or approvals and to ensure that its activities comply with the terms of such licences and/or approvals.

A failure by the Group to maintain its licences in the relevant states in the US in which it operates could result in the Group becoming the subject of regulatory action and losing business with operators in the US which could have a material adverse impact on the Group's reputation, business, its strategy to develop its presence in US sports gaming and its financial position.

Furthermore, the Directors cannot predict when (or if) an established regulatory or legislative regime in any jurisdiction will change, what changes (if any) will be made and what effect (if any) such changes will have on the Group's online marketing activities. Investors should be aware that any such changes could have a material adverse effect on the Group's business, financial position and future prospects.

Any future legal proceedings against the Group relating to the provision of online marketing services for gambling operators could involve substantial litigation, expense, penalties, fines, injunctions or other prohibitions being invoked against it or its Directors and Officers or others and divert the attention of key Executives. The outcome of any litigation cannot be predicted.

THE ACTIVITIES OF THE GROUP MAY BE ADVERSELY AFFECTED BY CHANGES TO TAXATION REGIMES APPLICABLE TO GAMBLING WINNINGS

Although in many jurisdictions gambling winnings are currently not subject to income tax or are taxed at low rates, this is not universally the case and future regulatory regimes may introduce such taxation and make participation less attractive to players in those jurisdictions, in turn having an effect of the profitability of the Group.

FAILURE OF SYSTEMS AND CONTROLS COULD EXPOSE THE GROUP TO REGULATORY RISK

The technological solutions that gambling operators have in place to block the access to services by customers located in certain jurisdictions may fail. Operators often block access to their products to players located in certain jurisdictions (and, specifically, for those operating in the United States, to states other than those in which the gambling operator is licensed). There is no guarantee that the technical restrictions which the operators implement will be effective, which could place such operators in breach of the relevant laws and regulations and/or in breach of specific licences they hold, which would also have a detrimental effect on the financial position of such operators and, potentially, the Group.

THE GROUP MUST CONTINUE TO INNOVATE IN ORDER TO COMPETE

The Group must offer and develop new features and perform regular system updates that will continue to attract a broad range of users in order to continue generating traffic to customers' websites. If the Group is unable to adapt its technology or its offering to consumers to ensure that it continues to generate significant volumes of traffic to customers, its revenue and profitability could be significantly reduced which would negatively impact upon the Group's financial performance.

The Group uses business intelligence tools in order to track the flow of traffic to customers and analyses its quality and conversion into revenue using these tools to improve return on investment. Any inability of the Group to access these tools, for whatever reason, could have a material impact on the Group's ability to analyse its business which could have an adverse effect on the financial position of the Group.

THE GROUP IS RELIANT ON ITS TOP SIX CUSTOMERS FOR A SIGNIFICANT PROPORTION OF ITS REVENUES

The Group's top six customers generated 46% of Group revenues. To the extent that the businesses of these customers deteriorate, or are adversely affected, whether by any of the issues described in this section or otherwise, or change the way in which they work with affiliates or XLMedia in particular, the Group's revenue streams from these sources may also be adversely impacted.

MANY OF THE GROUP'S CUSTOMER AGREEMENTS HAVE A SHORT DURATION AND/OR CAN BE TERMINATED ON SHORT NOTICE

Many of the contracts that the Group has entered into have a short duration and/or can be terminated on short notice or at will. To the extent that customers terminate such contracts, this could have an immediate and material adverse effect on the financial position of the Group.

THE GROUP IS RELIANT ON OPERATOR CUSTOMER DATA IN RELATION TO ESTABLISHING ITS REVENUES

The Group relies on information provided by its operator customers in relation to commissions earned by the Group as a result of players' activity. Inadequate information to properly validate commission payments due to the Group resulting from the lack of advanced data systems, with a heavy reliance on third party (customers') systems, may result in loss of revenue to the Group.

THE GROUP'S US INCOME IS PREDOMINANTLY BASED ON COST PER ACQUISITION

The Group's US income is typically earned from introducing betting customers to betting operators and is paid a one-off fee (CPA) for the introduction. A change in the level of investment in customer acquisition by betting operators, or a change in the basis on which the Group earns its income, for example to a smaller initial payment and an ongoing revenue share, may result in a reduction in revenues for the group during the transition period. The timing and scale of such change is uncertain.

THE GROUP'S US INCOME INCLUDES SIGNIFICANT REVENUES FROM NEW STATE LAUNCHES

The Group's US income benefits from new revenue streams following a new state legalising online sports betting or online casino gambling. The timing and scale of state launches is uncertain. There can be no certainty that the number and scale of state launches in a given period will be comparable period on period, giving rises to potential spikes and dips in period on period revenues and profits.

THE GROUP IS RELIANT ON ITS CUSTOMERS MAINTAINING AND ENHANCING THEIR BRANDS

The Group's future success is dependent upon its customers' performance, maintenance, marketing and further building of their brands. Marketing and enhancing these brands will require significant expenses. As certain markets mature or become more competitive, the investment in marketing and customer acquisition of these brands may not be maintained.

MINIMUM GUARANTEE PAYMENT RISK

The Group has one contract with a Media Partner in which the Group is committed to make minimum guarantee payments regardless of the partnership's performance. In the event that the commercial arrangement does not perform as anticipated, the Group could be adversely affected by the requirement to fulfil minimum guarantee payments.

In 2023, the Group has incurred $3.1 million in minimum guarantees on this partner contract, in excess of the profit share generated from trading in the period. This contract ends in August 2024.

SEARCH ENGINE ALGORITHM UPDATES AND MANUAL ACTIONS RESULTING IN DE-RANKING OF WEBSITES MAY HAVE AN ADVERSE MATERIAL IMPACT ON THE GROUP

The Group relies on search engines, mainly Google, which use specific algorithms that decide a website's ranking to determine the discoverability of the website and its content. At any time, Google reserves the right to update its ranking algorithms and Terms of Service. In extreme instances, Google will notify a website of a manual action where it deems specific webpages to be in violation of it terms and will de-rank content until it deems the issue has been resolved. Any material update to those algorithms or any manual actions taken by search engine entities may damage the ranking of the Group's websites in search results and its presence in search-related products like Google News and Google Discover. This would materially disrupt traffic to one or more of the Group's websites and decrease the amount of revenue generated. Any delay in the Group making a full recovery, or if the Group was unable to fully recover following such an update/manual action, it could have a material adverse effect on the financial position of the Group.

On 5 May 2024, Google commenced the process of applying manual actions which impacted the rankings of a number of media organisations' websites (including a small number of the Group's Media Partners). These manual adjustments have been applied where a website is 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 media organisation's brand authority. These manual adjustments may impact the visibility of content produced by these websites in Google Search and thereby reduce revenues. XLMedia's Owned and Operated websites have not been affected.

THE GROUP IS RELIANT ON MAINTAINING ITS COMPUTER AND COMMUNICATION SYSTEMS AND COULD BE ADVERSELY AFFECTED BY A FAILURE OF ITS INFORMATION SECURITY POLICY OR DISASTER RECOVERY STRATEGY

The successful operation of the Group's business depends upon it and its operators maintaining the integrity and operation of its and their respective computer and communication systems. However, these systems are vulnerable to damage or interruption from events which are beyond the Group's control such as fire and flood, power loss or telecommunications or data network failure and interruptions to internet system integrity generally, as the result of attacks by computer hackers, viruses or other types of security breaches. The Group has in place disaster recovery systems and security measures for events of failure, disruption of, or damage to, the Group's network or IT systems or events of security breaches, hacking or other malicious acts and/or cybercrime to the websites owned by the group. Such systems may not, however, be sufficient to ensure that the Group is able to carry on its business in the ordinary course if they fail or are disrupted, such that the Group may not be able to anticipate, prevent or mitigate any material adverse effect of any failure on its operations or financial performance.

THE GROUP IS RELIANT ON THIRD PARTY SUPPLIERS

The Group relies on hosting providers, marketing support services, communications carriers and other third parties for the day-to-day operation of its business. Any failure by one or more of these third parties may jeopardise the business and operations of the Group and may have a material adverse impact on its financial performance.

THE GROUP RELIES ON ITS UNDERLYING CUSTOMERS HAVING EFFECTIVE INTERNAL CONTROLS

The online gambling industry may be vulnerable to attack by customers through fraud on the operators' websites. The Group is reliant on operators having effective internal controls to prevent fraud as it derives the majority of its revenue from fixed payments with operators (with a further element from revenue sharing arrangements) that would be adversely impacted by such activities. Furthermore, such attempts, if not detected and stopped, could result in a loss of confidence in the customer base of such operator websites and could lead to customers leaving such operator's website in favour of a competitor, which may not be an operator with whom the Group works. The Group cannot ensure that operators' financial processes and reporting systems provide reliable financial reports and effectively prevent fraud.

SALE OF EUROPE AND CANADA ASSETS

Following the sale of the Group's Europe and Canada assets it received an initial payment of $20.0 million. A further $10.0 million is due on the date following six months from completion with a further $7.5 million due on the first anniversary. Non-payment of these amounts would impact the Group's cashflow and ability to return cash to shareholders, and could have a material adverse impact on the position of the Group.

FINANCIAL STATEMENTS

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 2023 and 2022, 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 material accounting policy information.

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 2023 and 2022 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 approximately USD 51 million in 2023 (including USD 0.6 million from discontinued operations) are significant to the consolidated financial statements based on their quantitative materiality. As such, there is inherent risk that revenuesmay be improperlyrecognised, 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 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 theadequacy of the disclosures provided in relation to revenues in Notes 2,4 and 8 to the consolidated financial statements.
Domains and Websites and other intangible assets – impairment test	As of 31 December 2023, the total net carrying amount of domains and websites with indefinite useful life and other intangible assets is approximately USD 63 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 a net impairment loss of USD 43 million.	Our audit procedures included, among others, the involvement of valuation experts, examinations and evaluations of the assumptions and methodologies used by the Group. In particular, we tested the Group's determination of the recoverability and the forecasted cash flows 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 11 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 engagement team tax specialists to analyse and evaluate the assumptions used to determine tax provisions. We evaluated and tested the underlying support and data for the calculation of income taxes in the various jurisdictions. We also assessed the adequacy of the Group's disclosures in Notes 7 and 17 to the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

CONTINUED

OTHER INFORMATION INCLUDED IN THE GROUP'S 2023 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.

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

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INDEPENDENT AUDITORS' REPORT
CONTINUED

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 Mr. Eli Barda.

Kost Forer Gabbay & Kasierer

Tel-Aviv, Israel
16 May 2024

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Notes	2023 $000	2022[1] $000
Continuing operations			
Revenue[2]	4	**50,329**	70,935
Expenses:			
Operating	5	**(25,555)**	(34,629)
Sales and marketing		**(18,602)**	(22,824)
Depreciation and amortisation	11, 12	**(6,477)**	(7,313)
Net impairment charge	11c	**(44,624)**	–
Operating (loss)/profit		**(44,929)**	6,169
Finance expenses	6	**(233)**	(1,751)
Finance income	6	**20**	5
Loss on disposal of assets	9	**(212)**	–
Other income		**463**	566
(Loss)/profit before taxes on income		**(44,891)**	4,989
Tax charge	7	**(627)**	(1,604)
(Loss)/profit for the year from continuing operations		**(45,518)**	3,385
Discontinued operations			
Loss for the year from discontinued operations (net of tax)	8	**(1,527)**	(12,824)
Net loss for the year attributable to the owners of the Company		**(47,045)**	(9,439)
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**429**	(372)
Other comprehensive expenses that will not be reclassified to profit or loss in subsequent periods:			
Impairment of equity investment		**(242)**	–
Total other comprehensive income/(expenses)		**187**	(372)
Total comprehensive loss for the year attributable to the owners of the Company		**(46,858)**	(9,811)
(Loss)/earnings per share attributable to the owners of the Company (in $):			
Basic and diluted (loss)/earnings per share from continuing operations	10	**(0.173)**	0.009
Basic and diluted loss per share	10	**(0.179)**	(0.036)

[1] Comparative data for the year ended 31 December 2022 has been adjusted to reflect the reclassification of the Blueclaw business to discontinued operations in line with IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'.*

[2] Total Group revenue including discontinued operations is $50,960,000 (2022: $73,738,000). See Note 4 for further details.

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

CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Consolidated statement of financial position as at 31 December 2023

	Notes	**2023 $000**	2022 $000
Non-current assets			
Intangible assets and goodwill	11	**63,345**	108,581
Property and equipment	12	**1,761**	2,277
Other financial assets	20a	**–**	242
Long-term deposits	13	**78**	75
Current assets		**65,184**	111,175
Short-term deposits	13	**103**	342
Trade receivables	14a	**6,605**	5,699
Other receivables	14b	**1,315**	3,454
Cash and cash equivalents		**4,692**	10,411
		12,715	19,906
Total assets		**77,899**	131,081
Equity and liabilities			
Equity			
Share capital [1]	18	**–**	–
Share premium	18	**122,071**	122,071
Capital reserve		**860**	500
Accumulated deficit		**(69,353)**	(22,308)
Total equity		**53,578**	100,263
Non-current liabilities			
Lease liabilities	16	**937**	1,177
Deferred taxes	17	**1,411**	36
Deferred consideration		**–**	3,884
		2,348	5,097

	Notes	**2023 $000**	2022 $000
Current liabilities			
Trade payables		**4,613**	3,655
Deferred consideration		**3,954**	3,969
Consideration payable on intangible assets	11	**3,500**	3,000
Other liabilities and accounts payables	15	**3,974**	10,241
Current tax provision		**5,696**	4,505
Current maturities of lease liabilities	16	**236**	351
		21,973	25,721
Total liabilities		**24,321**	30,818
Total equity and liabilities		**77,899**	131,081

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 16 May 2024 and were signed on its behalf by:

David King
Chief Executive Officer

Marcus Rich
Chairman

CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital[1] $000	Share premium $000	Capital reserve from share-based transactions $000	Capital reserve from the translation of a foreign operation $000	Other Capital reserves[2] $000	Accumulated deficit $000	Total equity $000
As at 1 January 2023	–	122,071	3,514	(388)	(2,626)	(22,308)	100,263
Loss for the year	–	–	–	–	–	(47,045)	(47,045)
Other comprehensive income	–	–	–	429	(242)	–	187
Total comprehensive loss	–	–	–	429	(242)	(47,045)	(46,858)
Cost of share-based payments[3]	–	173	–	–	–	–	173
As at 31 December 2023	**–**	**122,071**	**3,687**	**41**	**(2,868)**	**(69,353)**	**53,578**
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[3]	–	–	858	–	–	–	858
As at 31 December 2022	**–**	**122,071**	**3,514**	**(388)**	(2,626)	**(22,308)**	**100,263**

[1] Less than $1,000.

[2] Other Capital reserves relate to transactions with non-controlling interests and financial assets at fair value through other comprehensive income.

[3] See Note 19 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 2023

	Notes	2023 $000	2022 $000
Cash flows from operating activities			
Cash generated from operations	21	**9,905**	14,647
Interest paid		**(203)**	(310)
Interest received		**2**	5
Income tax paid		**(5,134)**	(876)
Income tax received		**–**	2,287
Net cash inflow from operating activities		**4,570**	15,753
Cash flows from investing activities			
Proceeds on disposal of property and equipment Proceeds from sale of intangible assets	11	**4,000**	83
Proceeds from sale of discontinued operation	9	**2,050**	–
Purchase of property and equipment		**(14)**	(62)
Purchase of and additions to systems, software and licences	11	**(3,500)**	(3,000)
Acquisition of and additions to domains, websites and other intangible assets		**(5,678)**	(6,701)
Short-term and long-term deposits (net)		**236**	1,824
Net cash outflow from investing activities		**(2,906)**	(7,856)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		**(354)**	(401)
Payment of deferred consideration	20	**(4,004)**	(15,371)
Payment of contingent consideration on intangible assets		**(371)**	–
Payment of consideration on intangible assets		**(3,000)**	(3,000)
Net cash outflow from financing activities		**(7,729)**	(18,772)
Net decrease in cash and cash equivalents		**(6,065)**	(10,875)
Net foreign exchange difference		**346**	(1,151)
Cash and cash equivalents at 1 January		**10,411**	22,437
Cash and cash equivalents at 31 December		**4,692**	10,411

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

NOTES TO 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. ACCOUNTING POLICY INFORMATION

The following accounting policies have been applied consistently in dealing with items which are considered significant 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.

The Group has assessed IAS 1 '*Presentation of Financial Statements*' and concluded it does not have a significant impact on the Group's financial statements.

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.

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 '*Financial Instruments*'. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

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).

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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position,

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 are driven by either the Group's premium branded websites or partners. 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

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.

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.

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.

Amortisation 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

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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.

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 recognis ed 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.

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

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– 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.

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.

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 19). 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.

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3. 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 significant adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 11).

Current 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.

4. REVENUE AND OPERATING SEGMENTS FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

Geographic information for the years ended 31 December

	2023 $000	2022 $000
North America	**25,925**	49,226
Europe	**18,335**	20,725
Rest of the World	**540**	652
Total revenues from identified customer locations	**44,800**	70,603
Revenues from unidentified customer locations	**6,160**	3,135
	50,960	73,738

Revenues by vertical

	2023 $000	2022 $000
Sports U.S.	**8,992**	18,065
Media Partnerships	**18,566**	28,398
Casino	**13,106**	15,602
Sports Europe	**9,665**	8,870
Revenue from continuing operations	**50,329**	70,935
Blueclaw[1]	**–**	870
Personal Finance	**631**	1,933
Revenue from discontinued operation (see Note 8)	**631**	2,803
	50,960	73,738

[1] The Group classified Blueclaw as a discontinued operation in the year ended 31 December 2023 as part of a strategic decision. See Note 8 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. OPERATING EXPENSES FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER

	2023 $000	2022[1] $000
Staff costs[2]	**16,536**	19,065
Share-based payments	**173**	858
Technology expenses	**2,661**	5,158
Professional services	**2,142**	2,799
Administrative expenses	**1,402**	2,170
Transformation costs[3]		
Consulting services	**1,301**	1,685
Hiring and settlements	**1,340**	2,792
Acquisition costs	**–**	102
	25,555	34,629

[1] Comparative data for the year ended 31 December 2022 has been adjusted to reflect the reclassification of the Blueclaw business to discontinued operations in line with IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'.*

[2] Included within staff costs are expenses in respect of defined contribution plans of $1,184,000 (2022: $1,615,000).

[3] Transformation costs total $2,641,000 (2022: $4,579,000).

6. FINANCE EXPENSES AND INCOME FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER

	2023 $000	2022 $000
Finance cost	**79**	138
Foreign exchange loss	**–**	1,297
Lease finance cost	**29**	29
Other charges [1]	**125**	287
Finance expenses	**233**	1,751
Finance income on cash at bank	**(2)**	(5)
Foreign exchange gain	**(18)**	–
Finance income	**(20)**	(5)
Net finance costs	**213**	1,746

[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:

	2023 $000	2022 $000
Current taxes	**2,434**	(242)
Deferred taxes (Note 17)	**(1,807)**	1,846
Tax charge	**627**	1,604

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:

	2023 $000	2022[1] $000
(Loss)/profit before taxes on income from continuing operations	**(44,891)**	4,989
Taxes on income at 23.5% (2022: 19%)	**(10,549)**	948
Adjustment due to the difference between the Group's statutory tax rate and tax rates applicable to the subsidiaries	**(270)**	660
Non-deductible expenses for tax purposes	**10,635**	15
Taxes in respect of previous years – current tax	**(3,207)**	(5,116)
Unrecognised temporary differences and others	**4,018**	5,097
Tax charge	**627**	1,604

[1] Comparative data for the year ended 31 December 2022 has been adjusted to reflect the reclassification of the Blueclaw business to discontinued operations in line with IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'.*

The Group has a tax presence in different jurisdictions, including Jersey (where the parent company is incorporated), U.K., U.S., 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 2023 (2022: 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. TAX FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

The applicable U.S. federal statutory income tax rate for the Group's U.S. subsidiaries for 2023 was 21% (2022: 21%). In addition, state and city taxes are applicable in certain states and cities.

Losses carried forward for tax purposes

As at 31 December 2023, the Group has carry-forward tax losses in its subsidiaries of $4,000,000 covering its Israel and UK jurisdictions, of which $416,000 has been recognised as part of the deferred tax asset on other short-term temporary differences (see Note 17). The remaining element has not been recognised on the statement of financial position as there is insufficient evidence as to the generation of suitable profits against which these assets can be offset.

8. DISCONTINUED OPERATIONS

For the year ended 31 December 2023, the Group classified the Personal Finance and Blueclaw businesses as discontinued operations based on strategic decisions. Revenue and expenses, and gains and losses relating to the discontinuation of these activities are shown as a single line item on the face of the statement of profit or loss as "Loss for the year from discontinued operations (net of tax)", with the comparative figures being restated as required by IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'*.

Profit or loss

The financial results of discontinued operations were as follows:

	2023 $000	2022 $000
Revenue	**631**	2,803
Expenses:		
Operating	**(875)**	(3,755)
Sales and marketing	**(151)**	(1,219)
Impairment reversal/ (charge) (Note 11)	**2,050**	(13,835)
Profit/(loss) before taxes on income	**1,655**	(16,006)
Tax (charge)/credit (Note 17)	**(3,182)**	3,182
Loss from discontinued operations	**(1,527)**	(12,824)

Taxation from discontinued operations of $3,182,000 relates to the deferred tax impact of the $13,835,000 impairment charge incurred in the year ended 31 December 2022, and its subsequent unwind on disposal of the Personal Finance business in the year ended 31 December 2023 (see Note 9).

8. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows

	2023 $000	2022 $000
Loss for the year	**(1,527)**	(12,824)
Impairment (reversal)/charge	**(2,050)**	13,835
Tax charge/(credit)	**3,182**	(3,182)
Cash outflow from discontinued operations	**(395)**	(2,171)

Cash flows from discontinued operations also include working capital balances to support the Personal Finance and Blueclaw businesses. These are immaterial for disclosure in both the year ended 31 December 2023 and in the comparative year.

9. LOSS ON DISPOSAL OF ASSETS

On 30 May 2023 and 6 June 2023, the Group disposed of the assets of the Personal Finance business for total proceeds of $2,050,000. The disposal is detailed below:

	2023 $000
Consideration received	**2,050**
Costs of disposal	**(212)**
Carrying value of net assets sold	**(2,050)**
Loss on disposal after tax	**(212)**

The disposal of the Personal Finance business incurred no tax payable.

The cash generated from the disposal of the Personal Finance business has been utilised in the day-to-day operations of the wider business of the Group.

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share ("EPS") is calculated by dividing the loss 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. Note that share options for the Group have not been reflected for the year ended 31 December 2023 as their effect would be anti-dilutive.

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

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10. (LOSS)/EARNINGS PER SHARE (CONTINUED)

Continuing operations

	2023			2022		
	Earnings[1] $000	**Weighted average number of ordinary shares Thousands**	**Loss per share $**	Earnings[1] $000	Weighted average number of ordinary shares Thousands	EPS $
Basic and diluted (loss)/earnings per share	**(45,518)**	**262,586**	**(0.173)**	2,353	262,586	0.009

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

Discontinued operations

	2023			2022		
	Earnings[1] $000	**Weighted average number of ordinary shares Thousands**	**Loss per share $**	Earnings[1] $000	Weighted average number of ordinary shares Thousands	Loss Per Share $
Basic and diluted loss per share	**(1,527)**	**262,586**	**(0.006)**	(11,792)	262,586	(0.045)

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

Total Group

	2023			2022		
	Earnings[1] $000	**Weighted average number of ordinary shares Thousands**	**Loss per share $**	Earnings[1] $000	Weighted average number of ordinary shares Thousands	Loss Per Share $
Basic and diluted loss per share	**(47,045)**	**262,586**	**(0.179)**	(9,439)	262,586	(0.036)

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

11. INTANGIBLE ASSETS AND GOODWILL

	Goodwill $000	Domains and websites $000	Agencies Relationships $000	Systems, software and licences $000	Work in Progress[1] $000	Total $000
Cost or valuation						
At 1 January 2022	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[2]	–	–	–	(637)	–	(637)
At 31 December 2022	**31,870**	**164,920**	**668**	**54,118**	**–**	**251,576**
Additions	–	3,500	–	–	–	3,500
Additions – internally developed	–	–	–	3,954	1,660	5,614
Disposals	–	(35,048)	–	(7,169)	–	(42,217)
Revaluations	105	–	25	–	–	130
Reclassifications[2]	–	(32)	–	(5,083)	–	(5,115)
At 31 December 2023	**31,975**	**133,340**	**693**	**45,820**	**1,660**	**213,488**
Accumulated amortisation and impairment:						
At 1 January 2022	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[2]	–	–	–	(637)	–	(637)
At 31 December 2022	**30,052**	**68,941**	**532**	**43,470**	**–**	**142,995**
Amortisation	–	–	171	5,776	–	5,947
Impairment charge	1,923	40,651	–	–	–	42,574
Disposals	–	(30,163)	–	(6,085)	–	(36,248)
Revaluations	–	–	(10)	–	–	(10)
Reclassifications[2]	–	–	–	(5,115)	–	(5,115)
At 31 December 2023	**31,975**	**79,429**	**693**	**38,046**	**–**	**150,143**
Net book value						
At 31 December 2022	**1,818**	**95,979**	**136**	**10,648**	**–**	**108,581**
At 31 December 2023	**–**	**53,911**	**–**	**7,774**	**1,660**	**63,345**

[1] Work in Progress relates to internally developed software.

[2] These items relate to reclassifications between asset class, cost and accumulated depreciation on historical balances. There is no net book value impact from these reclassifications.

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11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

a. Goodwill and Agency Relationships

In September 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 is retranslated at the end of each reporting period. As at 31 December 2023, the goodwill balance of $1,923,000 was fully impaired as a result of the impairment review of non-financial assets. See Note 11c for further details.

Agency relationships are amortised in line with the Group's accounting policy.

b. Domains and websites

In the 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.

In the year ended 31 December 2023, due to targets being met for the acquisition of CB Sports and Warwick Gaming (CBWG), additions of $3,000,000 were recognised and paid, and a further $3,500,000 was recognised as an addition, and paid in March 2024.

In the year ended 31 December 2023, the Group disposed 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 (see Note 9 for further details). Before the sales completed, the Group reversed the impairment charge relating to these domains and websites up to the sales proceeds as the recoverable amount of the assets was deemed to be the consideration agreed with the third party buyers for those specific assets. The Group then disposed of those domains and websites for a combined total of $6,050,000, with $2,050,000 relating to the Personal Finance assets being recognised within discontinued operations in the line "Loss for the period from discontinued operations (net of tax)" in the year ended 31 December 2023.

c. Net impairment of non-financial assets

The Group tests goodwill and intangible assets with indefinite useful life for impairment annually or when whenever events or changes in circumstances indicate that the carrying amount is not recoverable. Intangible assets are grouped into cash generating units ("CGU's") to determine their recoverable amount, which is the higher of fair value less cost of sale and value in use. If the carrying amount of the CGUs exceeds their recoverable amount, the assets are reduced to their recoverable amount.

11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

In measuring value in use, the expected future cash flows of each CGU are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The key assumptions used in calculating the value in use are:

- 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 25% (2022: 20%).

Fair value less cost of sale is considered if external, market-based evidence exists indicating the valuation of the CGUs.

For the impairment review for the year ended 31 December 2023, the value in use was deemed to be the recoverable amount for Sports U.S. For the Casino and Sports Europe CGUs, due to the existence of a fair valuation soon after 31 December 2023, the fair value less cost of sale was applied as the recoverable amount for these CGUs. This fair value reflects the consideration paid by a third party for those CGUs (see Note 24).

In total, the Group has recognised a net impairment charge of $42,574,000 in the year ended 31 December 2023. This figure is made up of a net impairment charge of $44,624,000 related to continuing operations, offset by an impairment reversal of $2,050,000 for discontinued operations.

For continuing operations, the net impairment charge of $44,624,000 consists of an impairment charge of $58,534,000 (2022: $Nil) for the Sports U.S. and Sports Europe CGUs . This is driven by a decline in trading for Sports U.S. during the year ended 31 December 2023, and a high cost base for the assets in the Sports Europe CGU, offset by an impairment reversal of $13,910,000 for Casino. The impairment reversal in Casino reflected the increase in the recoverable amount to the consideration received for assets. The Group received $4,000,000 disposal of three of the Europe Gaming domains and associated websites, Casino.se, Casino.grand Casino.pt, with the remainder of the reversal reflecting the consideration paid by a third party for the remainder of the Casino CGU in April 2024 (see Note 24).

This net impairment charge has been allocated first to the goodwill balance and then to domains and websites in line with IAS 36 '*Impairment of Assets*'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The table below summarises the net impairment charge assigned to the different intangible asset classes for the year ended 31 December 2023:

	Goodwill $000	Domains and websites $000	Total $000
Sports U.S.	1,923	55,335	57,258
Sports Europe	–	1,276	1,276
Impairment charge	**1,923**	**56,611**	**58,534**
Casino[1]	–	(13,910)	(13,910)
Impairment reversals	**–**	**(13,910)**	**(13,910)**
Net impairment charge for continuing operations	**1,923**	**42,701**	**44,624**
Personal Finance	–	(2,050)	(2,050)
Impairment reversal for discontinued operations (see Note 8)	–	**(2,050)**	**(2,050)**
	1,923	**40,651**	**42,574**

[1] Within this impairment reversal, the Group recognised $4,000,000 of reversal relating to the disposal of three of the Europe Gaming domains and associated websites, Casino.se, Casino.gr and Casino.pt in the year ended 31 December 2023.

12. PROPERTY AND EQUIPMENT

	Computers, furniture, office equipment and others $000	Leasehold improvements $000	Right of use leased assets – Offices (see note 16) $000	Total $000
Cost				
At 1 January 2022	685	341	4,795	5,821
Additions	62	–	419	481
Reclassifications	403	30	(2,840)	(2,407)
Disposals	(299)	–	–	(299)
At 31 December 2022	**851**	**371**	**2,374**	**3,596**
Additions	14	–	–	14
Termination of leases	–	–	(326)	(326)
At 31 December 2023	**865**	**371**	**2,048**	**3,284**
Accumulated depreciation				
At 1 January 2022	250	15	3,155	3,420
Depreciation during the year	41	34	419	494
Reclassifications	429	4	(2,840)	(2,407)
Disposals	(188)	–	–	(188)
At 31 December 2022	**532**	**53**	**734**	**1,319**
Depreciation during the year	94	40	396	530
Termination of leases	–	–	(326)	(326)
At 31 December 2023	**626**	**93**	**804**	**1,523**
Net book value				
At 31 December 2022	**319**	**318**	**1,640**	**2,277**
At 31 December 2023	239	**278**	**1,244**	**1,761**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. LONG-TERM AND SHORT-TERM DEPOSITS AS AT 31 DECEMBER

	2023 $000	2022 $000
Long-term deposits		
Held in EUR	**78**	75
	78	75
Short-term deposits		
Held in USD	**100**	100
Held in NIS	**–**	239
Held in EUR	**3**	3
	103	342

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

Short-term deposits carried no interest rate in the year ended 31 December 2023 (2022: 0.99%).

14. TRADE AND OTHER RECEIVABLES AS AT 31 DECEMBER

a. Trade receivables

	2023 $000	2022 $000
Receivables from third party customers	**6,869**	6,015
Allowance for expected credit losses	**(264)**	(316)
	6,605	5,699

As at 31 December 2023, the Group has no material amounts that are past due and not impaired (2022: $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 $182,000 (2022: $29,000 decrease).

See Note 20b(ii) on the credit risk of trade receivables.

b. Other receivables

	2023 $000	2022 $000
Government authorities	**755**	676
Prepaid expenses	**560**	2,319
Other receivables	**–**	459
	1,315	3,454

15. OTHER LIABILITIES AND ACCOUNTS PAYABLES AS AT 31 DECEMBER

	2023 $000	2022 $000
Employees and payroll accruals	**1,644**	2,496
Accrued expenses	**1,511**	2,889
Deferred revenues	**730**	191
Government authorities	**89**	4,283
Other liabilities	**–**	382
	3,974	10,241

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

16. LEASE LIABILITIES AS AT 31 DECEMBER

	2023 $000	2022 $000
Lease liabilities	**1,173**	1,528
Less – current maturities	**(236)**	(351)
Non-current lease liabilities	**937**	1,177

The Group recorded fixed liens on bank deposits in connection with these agreements (see Note 13).

In the year ended 31 December 2023, the Group terminated one of its lease contracts, recognising a $4,000 loss in the statement of profit and loss and incurring $61,000 in dilapidations costs.

17. DEFERRED TAXES AS AT 31 DECEMBER

	2023 $000	2022 $000
Deferred tax assets	**(628)**	(2,073)
Deferred tax liabilities	**2,039**	2,109
	1,411	36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. DEFERRED TAXES AS AT 31 DECEMBER (CONTINUED)

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 2023	(1,226)	1,734	375	(847)	36
(Credited) / charged to loss from continuing operations	(1,956)	151	(221)	219	(1,807)
Charged to loss from discontinued operations	3,182	–	–	–	3,182
As at 31 December 2023	**–**	**1,885**	**154**	**(628)**	**1,411**
Prior period					
As at 1 January 2022	2,072	(270)	(3)	(427)	1,372
(Credited) / charged to profit from continuing operations	(116)	2,004	378	(420)	1,846
(Credited) to loss from discontinued operations	(3,182)	–	–	–	(3,182)
As at 31 December 2022	(1,226)	1,734	375	(847)	36

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

The deferred taxes are computed at the tax rates of 12.5% to 25% based on the tax rates that are expected to apply upon realisation (2022: 19% to 23%).

18. EQUITY AS AT 31 DECEMBER

	2023 Thousands	2022 Thousands
Authorised shares		
Ordinary shares with a nominal value of $0.000001 each	**100,000,000**	100,000,000

	2023 Thousands	2022 Thousands
Ordinary shares issued and outstanding including share premium		
At 1 January 2022, 31 December 2022 and at 31 December 2023	**262,586**	122,071

Share capital in the table above is less than $1,000. Share premium is net of treasury shares.

As at 31 December 2023, 3,356,979 ordinary shares were held in trust for the Group's share-based payment plans (2022: 3,356,979).

19. SHARE-BASED PAYMENTS

In 2013, 2017 and 2020, the Group adopted Share Option Plans ("the 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.

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:

	2023 $000	2022 $000
Total expense arising from share-based payment transactions	**173**	858

Employee Share Options

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. SHARE-BASED PAYMENTS (CONTINUED)

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

	2023 Number in thousands	**2023 WAEP**	2022 Number in thousands	2022 WAEP
Outstanding at 1 January	**148**	**$0.74**	2,359	$0.90
Forfeited during the year	**(106)**	**$0.67**	(2,211)	$0.67
Outstanding at 31 December	**42**	**$0.69**	148	$0.74
Exercisable at 31 December	**42**	**$0.69**	148	$0.74

The weighted average remaining contractual life for the options outstanding as at 31 December 2023 was 0.2 years (2022: 1.3 years). The range of exercise prices for options outstanding (not including the RSUs and PSUs) as at 31 December 2023 was $0.69 (2022: $0.66 to $0.98).

Restricted Stock Units

In May 2021, the Group granted Restricted Stock Units ("May 2021 RSU") to key management personnel and used the following inputs to the models:

	2021 May RSU
Weighted average fair values at the measurement date ($)	0.69
Shares granted	910,000
Expected volatility (%)	54.9
Risk-free interest rate (GBP curve)	1.58
Expected life of share options (years)	3
Weighted average share price (GBP)	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, amended for leavers from the Group.

The only performance condition which needs to be achieved such that RSUs are capable of vesting is service.

Performance Stock Units

The Group granted Performance Stock Units ("PSUs") in 2022. On 11 May 2023, the Group granted a further 6,850,000 of Performance Stock Units under the XLMedia 2020 Global Share Incentive Plan to the Executive Committee members, including the Executive Directors of the Group.

19. SHARE-BASED PAYMENTS (CONTINUED)

The PSU award is a contingent right to acquire shares for no consideration. It is subject to a three-year performance period, with vesting subject to the achievement of performance measured by reference to total shareholder return over the performance period as compared to the comparator group, followed by a two-year holding period.

The following tables list the inputs for the schemes which are still live as at 31 December 2023:

	2023 May PSU	**2022 October PSU**	**2022 August PSU**	**2022 May PSU**	**2021 October PSU**	**2021 March PSU**
Weighted average fair values at the measurement date ($)	0.09	0.22	0.28	0.28	0.16	0.61
Shares granted	6,850,000	530,120	833,333	2,467,264	1,615,275	470,977
Expected volatility (%)	72.14	81.51	80.27	78.91	71.20	73.94
Risk-free interest rate (GBP curve)	3.56	4.24	3.10	2.72	0.60	0.29
Expected life of share options (years)	3	3	3	3	3	3
Weighted average share price (GBP)	0.1175	0.195	0.38	0.295	0.423	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, amended for leavers from the Group.

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

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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. SHARE-BASED PAYMENTS (CONTINUED)

Movement during the year of RSUs and PSUs are as follows:

	2023 Number in thousands	2022 Number in thousands
Outstanding at 1 January	**4,061**	3,335
Granted during the year	**6,850**	3,871
Forfeited during the year	**(1,986)**	(3,145)
Vested during the year	**(187)**	–
Outstanding at 31 December	**8,738**	4,061

These RSUs and PSUs do not have an exercise price.

20. FINANCIAL INSTRUMENTS

a. Classification of financial assets and liabilities

	2023 $000	2022 $000
Financial assets		
Financial assets at fair value through other comprehensive income		
Equity instruments	–	242
Financial assets measured at amortised cost:		
Cash and cash equivalents	**4,692**	10,411
Short-term and long-term deposits	**181**	417
Trade receivables	**6,605**	5,699
Other receivables	**1,315**	99
Total financial assets	**12,793**	16,868
Total non-current	**78**	317
Total current	**12,715**	16,551
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	**4,613**	3,655
Deferred consideration	**3,954**	7,853
Consideration payable on intangible assets	**3,500**	3,000
Other liabilities and account payables	**3,974**	5,954
Lease liabilities	**1,173**	1,528
Total financial liabilities	**17,214**	21,990
Total non-current	**937**	5,061
Total current	**16,277**	16,929

20. FINANCIAL INSTRUMENTS (CONTINUED)

On 28 February 2022, the Group converted a loan receivable from Xineoh Technologies Inc. to shares giving the Group a 2.6% stake in ordinary shares with no special rights. The Group elected to designate the equity investment as at fair value through Other Comprehensive Income.

As at 31 December 2023, the Group reviewed the financial performance of Xineoh Technologies Inc. and have concluded that the carrying value of $242,000 was fully impaired. This impairment charge has been recognised in Other Comprehensive Income as "Impairment of equity investment".

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 2023. A foreign exchange rate gain of $18,000 was recognised in the year ended 31 December 2023 (2022: loss of $1,297,000).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. FINANCIAL INSTRUMENTS (CONTINUED)

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	4,613	–	–	–	–	**4,613**
Other liabilities and account payables	3,974	–	–	–	–	**3,974**
Consideration payable on intangible assets	3,500	–	–	–	–	**3,500**
Deferred consideration	3,954	–	–	–	–	**3,954**
Lease liabilities	236	135	155	158	489	**1,173**
At 31 December 2023	**16,277**	**135**	**155**	**158**	**489**	**17,214**

	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

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.

20. FINANCIAL INSTRUMENTS (CONTINUED)

d. Sensitivity tests relating to changes in market factors

	2023 $000	2022 $000
Sensitivity test to changes in EUR to USD exchange rate:		
Gain (loss) from the change:		
Increase of 10% in the exchange rate	**(183)**	175
Decrease of 10% in the exchange rate		
Sensitivity test to changes in NIS to USD exchange rate:		
Gain (loss) from the change (net of the effect of derivates):	**183**	(175)
Increase of 10% in the exchange rate	**30**	(5)
Decrease of 10% in the exchange rate		
Sensitivity test to changes in GBP to USD exchange rate:		
Gain (loss) from the change:	**(30)**	5
Increase of 10% in the exchange rate	**119**	76
Decrease of 10% in the exchange rate	**(119)**	(76)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. 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 2022	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**
Additions	3,500	–	–	–	3,500
Finance lease obligation	–	–	–	29	29
Cash flows	(3,000)	–	(4,004)	(421)	(7,425)
Changes in interest expense	–	–	105	49	154
Other changes	–	–	–	(12)	(12)
At 31 December 2023	**3,500**	**–**	**3,954**	**1,173**	**8,627**

During the year ended 31 December 2023, the Group paid $4,004,000 (2022: $18,371,000) in deferred consideration relating to the 2021 acquisitions of Sports Betting Dime, and a further $3,000,000 for the 2021 acquisition of CBWG.

21. CASH GENERATED FROM OPERATIONS

	2023 $000	2022 $000
Loss for the year	**(47,045)**	(9,439)
Adjustments to reconcile loss for the year to net cash flows:		
Depreciation and amortisation	**6,477**	7,313
Net impairment charge for continuing operations	**44,624**	–
Impairment (reversal)/charge for discontinued operations	**(2,050)**	13,835
Net finance expense	**231**	450
Loss on disposal of property and equipment	**–**	157
Loss on disposal of intangible assets	**212**	–
Other income	**(463)**	–
Cost of share-based payments	**173**	858
Tax charge from continuing operations	**627**	1,604
Tax charge/(credit) from discontinued operations	**3,182**	(3,182)
Exchange differences on balances of cash and cash equivalents	**(3)**	1,297
Working capital changes:		
(Increase)/decrease in trade receivables	**(906)**	3,002
Decrease in other receivables	**2,139**	2,665
Increase in trade payables	**958**	1,322
Increase/(decrease) in other liabilities and accounts payable	**1,749**	(5,235)
Cash generated from operations	**9,905**	14,647

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.

Balances	2023 $000	2022 $000
Current liabilities – management fees and other short-term payables	**9**	20
Compensation of key management personnel of the Group		
Short-term employee benefits	**2,657**	2,426
	2,657	2,426

No other related party services were provided or received by the Group in the year ended 31 December 2023 (2022: None).

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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 2023 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	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.

24. SUBSEQUENT EVENTS

Director changes

In January 2024, the Group announced that Caroline Ackroyd, Chief Financial Officer, would step down from the Board of Directors of the Company on 31 March 2024. In March 2024, Karen Tyrell, Chief People and Operations Officer, was promoted to Interim Chief Operating Officer and will cover all finance responsibilities for the Group.

Disposal of EU Sports and Casino businesses

On 1 April 2024, the Group disposed of its Europe and Canada sports betting and gaming assets to Gambling.com Group Limited for a total consideration of up to $42,500,000.

The purchase consideration includes a fixed sum of $37,500,000, plus a potential earnout of up to $5,000,000 based on achieving contingent targets in April 2025. For the fixed element, $20,000,000 cash consideration was received on completion on 2 April 2024, $10,000,000 deferred consideration is due in October 2024 and a further $7,500,000 due in April 2025.

24. SUBSEQUENT EVENTS (CONTINUED)

As the sale formally completed on 1 April 2024 which was after the statement of financial position reporting date of 31 December 2023, the full financial impact will be reported in the consolidated financial statements for the year ended 31 December 2024.

However, the consideration received as part of the sale was deemed to be the best indication of the fair value of the domains and websites in the Casino and Sports Europe CGUs as at 31 December 2023. In line with IAS 36 *'Impairment of Assets'*, previous impairment charges have been reversed to reflect the net book value up to the value of the consideration received. The impairment review is detailed further in Note 11 and as of 31 December 2023, the assets had a statement of financial position valuation of approximately $35,643,000.

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
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 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.

GLOSSARY OF OTHER TERMS

TERM	DEFINITION
Cost per acquisition (CPA)	A one-off, upfront payment for a referred user that either creates a new profile or makes a deposit with an operator.
Revenue share	A revenue share model is based on the percentage of the net revenue a user generates for the operator. It is typically ongoing revenue for the lifetime of the player, but this duration can vary between operators.
Hybrid deal	A blended revenue model consisting of an upfront CPA payment combined with a long-term revenue share model.
Fixed deal	A fixed deal allows an operator brand to secure a position on a site or page for a tenancy period.
Other revenue	Display advertising sold on a CPM (cost per mille impressions) basis and sponsorships sold for either a flat fee or CPM.
Real money player (RMP)	A user that creates an online account and makes a deposit with an operator.
State spikes	Following the launch of a newly legal online sports betting state in North America, the business typically identifies a significant spike in revenues. For the purposes of time allocation, this is considered to be the first ten days post a state launch.
Media Partnership Business (MPB)	The MPB is a collective of leading sports media and news publishers that benefit from our quality storytelling, industry expertise and operator relationships. Media Partners provide sports audiences, XLMedia provides sports betting commercial content to those partners and together we share in the revenue it generates.

TERM	DEFINITION
Owned and Operated (O&O) Portfolio	O&O brands are fully owned assets that provide news, insights and entertainment from expert reporters and talent.
Google E-E-A-T	From Google's Search Quality Evaluator Guidelines: "Experience, Expertise, Authoritativeness and Trust (E-E-A-T) are all important considerations in page quality (PQ) rating. The most important member at the centre of the E-E-A-T family is Trust. Depending on the purpose of the page, topic, and type of website, a high level of E-E-A-T may be required for the page to achieve its purpose well and be considered high quality. Pages with high E-E-A-T are trustworthy or very trustworthy. A website or content creator who is the uniquely authoritative, go-to source for a topic has very high E-E-A-T. A content creator with a wealth of experience may be considered to have very high E-E-A-T for topics where experience is the primary factor in trust."
Search engine optimisation (SEO)	This is an operational activity for the business that capitalises on the demand from consumers searching for information online. The process optimises the online visibility of a website to improve search rankings and deliver organic traffic from editorial and commercial content appearing in search engine results.
Search ranking	To provide the most useful information to users, search engines apply algorithms that take a variety of factors into account to sort, identify and serve websites and webpages to address users' query. The weight of the factors varies depending on the nature of the query. The result is a ranking or list of results designed to be the most valuable to the user.