

Year-end report | January–December 2016

Fourth quarter of 2016

- Revenues totalled EUR 12.29 million (5.90), an increase of 108 percent compared with the same quarter for the previous year.
- Adjusted operating profit excluding non-recurring IPO and bond expenses amounted to EUR 6.18 million (3.62), corresponding to an adjusted operating margin of 50 percent (61). Operating profit increased to EUR 5.75 million (2.90), corresponding to an operating margin of 47 percent (49).
- Adjusted profit before tax excluding non-recurring IPO and bond expenses totalled EUR 4.87 million (3.62), whilst profit before tax amounted to EUR 4.44 million (2.90).
- New depositing customers (NDCs) totalled 67,023 (24,779), an increase of 170 percent compared with the same quarter for the previous year and an increase of 19 percent when compared to the previous quarter.
- Earnings per share amounted to EUR 0.079 (0.063).

Year 2016

- Revenues totalled EUR 40.05 million (14.94), an increase of 168 percent compared to the previous year.
- Adjusted operating profit excluding non-recurring IPO and bond expenses amounted to EUR 21.03 million (10.15), corresponding to an adjusted operating margin of 53 percent (68). Operating profit increased to EUR 18.65 million (8.98), corresponding to an operating margin of 47 percent (60).
- Adjusted profit before tax excluding non-recurring IPO and bond expenses totalled EUR 19.89 million (10.16), whilst profit before tax amounted to EUR 17.51 million (9.00).
- NDCs totalled 204,633 (69,331), an increase of 195 percent compared with the previous year.
- Earnings per share amounted to EUR 0.319 (0.199).

Summary for the fourth quarter and the year ended 2016

Group	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
	2016		2015	
Operating revenues (€ '000)	12,286	5,898	40,049	14,939
Operating profit (€ '000)	5,747	2,905	18,646	8,983
Operating profit margin (%)	47%	49%	47%	60%
Adjusted operating profit (€ '000)*	6,176	3,620	21,027	10,149
Adjusted operating margin (%)*	50%	61%	53%	68%
Adjusted profit before tax (€ '000)*	4,869	3,617	19,890	10,165
Adjusted profit before tax margin(%)*	40%	61%	50%	68%
Profit before tax (€ '000)	4,440	2,902	17,509	8,999
Earnings per share (€)	0.079	0.063	0.319	0.199
NDC	67,023	24,779	204,633	69,331
Equity to asset ratio (%)	40%	43%	40%	43%

*Adjusted for non-recurring IPO and bond costs of EUR 0.43 million in Q4 2016 and EUR 0.72 million in Q4 2015. Total IPO and bond costs for the year 2016 amounted to EUR 2.38 million (1.17).

Significant events during the fourth quarter

- On 3 October 2016, Catena Media continued to establish its strong and fast growing position in the European lead generation market within iGaming, through the acquisition of SBAT, a UK-based social media sports news, betting and tips website. This acquisition strengthened the Group's focus on sports, as well as its social media know-how. The purchase price amounted to EUR 3.2 million, with an additional maximum earn-out of EUR 10.4 million, over the next two years.
- On 30 November 2016, Catena Media continued to strengthen its position through another acquisition in the UK. The acquisition consisted of the website casinouk.com and all related assets. The purchase price, which consisted of one upfront payment, amounted to EUR 10.6 million.
- On 13 December 2016, Catena Media acquired websites and other affiliate related assets from a US company. The total upfront purchase price amounts to USD 15 million, 25 percent of which will be settled with 440,669 new Catena Media shares. Additional earn-out payments can amount to a maximum of USD 45 million, and are based on revenue performance over the next three years. Revenues relating to this acquisition are reflected in Catena Media's revenues as from 15 January 2017, the effective date of this agreement.
- The Group continued to strengthen the management team through recruitments to a number of key positions. Johannes Bergh was appointed as Chief Operating Officer (COO) whilst Claes Wenthzel was recruited as the new Group Chief Financial Officer (CFO). Claes Wenthzel has extensive experience in similar roles at several mid-sized listed companies. The recruitment is an important step in Catena Media's ambition to move its common share from Nasdaq First North Premier to Nasdaq Stockholm. Both Johannes Bergh and Claes Wenthzel joined the Group in January 2017.
- Catena Media has also recruited Sladjan Osmanagic, a well-known sports journalist. In Sweden, Sladjan will initially create content in the form of texts and variable video formats on Spelbloggare.se. Using Serbia as base, Sladjan will also work with sports journalism from a broad and international perspective on behalf of Catena Media, for example by developing content for SBAT and AskGamblers.
- Furthermore, Catena Media has continued with its preparations for a move from Nasdaq First North Premiere to Nasdaq Stockholm's main list (Mid Cap). The work is proceeding according to plan.

Significant events after the reporting period

- On 9 January 2017, 440,669 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 7.9994 per share. These shares were issued to be utilised as part settlement of the upfront consideration due for the US acquisition (as referred to above).
- On 10 February 2017, Catena Media acquired the assets of the Swedish focused casino affiliate, Slotsia.com. The purchase price amounted to an upfront payment of EUR 3.58 million which is being paid as a cash consideration in conjunction with the transfer of assets. Additional earn-out payments can amount to a maximum of EUR 5 million, and are based on the revenue performance over a period of two years.

168%

Revenue Growth
Y/Y

50%

Adjusted operating
margin

67,023

NDCs

Comment from Robert Andersson, CEO

Another year of success with strong growth and solid results

2016 was the most eventful and successful year to date for Catena Media with continued strong growth and solid results. Looking back at what we have accomplished over the last twelve months is rather impressive. We have completed and integrated seven strategic acquisitions, entered three new markets, and concurrently broadened our offering, reached over 204,000 NDCs and increased the number of employees from 70 to 190. Moreover, we achieved two important milestones with the successful listing of Catena Media's shares on Nasdaq First North Premiere and the issue of a three-year secured bond loan.

Another successful quarter

The fourth quarter was the company's strongest ever with a top line growth of 108 percent when compared to the same quarter last year, coupled with a solid operating margin of 50 percent. As a result of the heavy investment in Paid media, as well as our investments in technology and the recruitment of new employees, our margin declined slightly. This is a natural consequence of our current strategy, which is focused on growth and increase in market share. Given the pace at which Catena Media is growing, being at the forefront of technology is an absolute necessity. We have therefore decided to invest further in technical development by reinforcing our Technical department with two outsourced teams in Budapest.

While making two strategic acquisitions in the UK, we further advanced our market presence in the biggest iGaming market in Europe. Through the acquisition of SBAT, Catena will strengthen its focus on sports, as well as its social media know-how, and through Casinouk.com we have the opportunity to expand our offering in Paid media and Search.

In terms of new markets, we entered the US in January by acquiring regulated affiliate assets targeting the Poker and Casino markets in New Jersey and Nevada. Following the acquisition, Catena Media adds three new verticals to its business. In addition to Poker, we also acquired websites targeting eSports and Daily Fantasy Sports. We are very excited about this opportunity, which makes Catena Media the largest regulated casino affiliate in the US, and puts us in pole position to take advantage of further re-regulation in what has the potential to become the world's largest iGaming market. Following this acquisition, about 50 percent of Catena Media's revenue will derive from regulated markets.

We are also very pleased to note continued growth in our acquired assets and in the Sportsbook segment that we entered earlier this year. In addition, during December, we reached a record of 24,000 NDCs in one single month on our different sites.

Looking forward

I am highly positive and confident as we enter 2017. Our move to the Nasdaq Mid Cap list is progressing as planned and we aim to finalize the transition within the first half of 2017. As previously, our focus remains on delivering in line with our financial targets and on continuing to grow in the same successful way both through organic growth and through acquisitions across existing and new geographic markets.

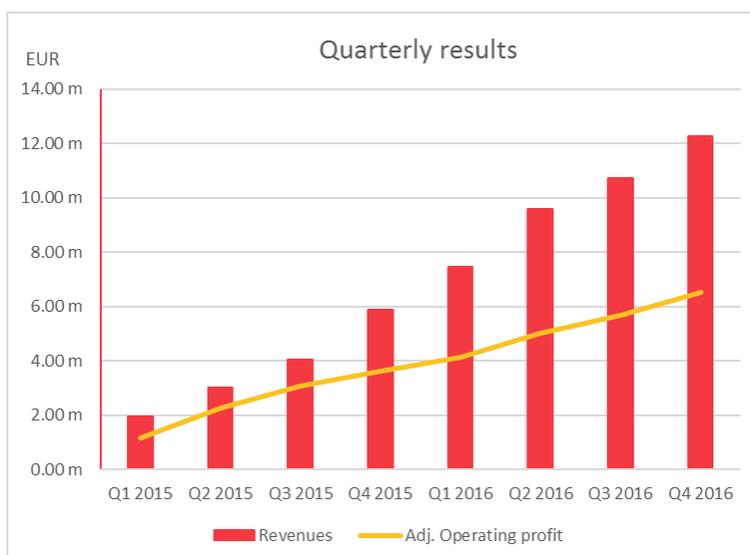
To conclude, I am really proud of what we have achieved in 2016. Catena Media is an extraordinary company with extraordinary people and together we will continue this exciting journey towards becoming the world's number one provider of high-value iGaming leads.

Financial performance during the fourth quarter of 2016

REVENUES

The Group's revenues totalled EUR 12.29 million (5.90) in the fourth quarter, corresponding to an increase of 108 percent compared with the same period in 2015. Search revenue represented EUR 8.78 million (4.82) of the total revenue. The increase in Search revenue was driven in part by organic growth and in part through the acquisitions made during the current and prior year.

Paid revenue amounted to EUR 3.51 million (1.08). This revenue principally related to pay-per-click (PPC) traffic. Revenues relating to the SBAT acquisition, which was finalised during this quarter, were also included in Paid revenue.



EXPENSES

Operating expenses amounted to EUR 6.54 million (2.99). Direct costs related to Paid revenue represented the more significant expense component and amounted to EUR 2.23 million (0.74). These costs predominantly related to AdWords (Google spend) costs. As from this quarter, direct costs relating to Paid Revenue also included similar costs related to the SBAT acquisition. Amounts in this regard are currently not significant.

Personnel expenses amounted to EUR 2.04 million (0.84). The increase in personnel expenses was due to the recruitment of additional members of top and middle management and other employees across the organisation, which was driven by the strong growth being experienced by the Group, as well as the result of the SBAT acquisition during this quarter. The headcount totalled 190 employees at the close of the fourth quarter this year compared to 70 employees at the close of the same quarter last year. This also gave rise to the significant increase in other operating expenses as a result of an increase in staff-related support costs such as increased office expenses, additional office rent, more software user licences, recruitment agency fees and other similar items included in other operating expenses.

Further to the above, as a result of this rapid expansion, the Group also witnessed an increase in other operating expenses which included domain renewal fees for SEO efforts, external consultancy fees and server hosting fees. Other operating expenses amounted to EUR 1.49 million (0.60).

Depreciation and amortisation amounted to EUR 0.35 million (0.11). The increase in depreciation and amortisation is mainly attributable to the acquisition of competitor player databases during the prior and current periods.

Costs relating to the parent company's bond issue amounted to EUR 0.18 million (nil), whilst costs relating to the listing amounted to EUR 0.25 million (0.72).

Financial performance during the fourth quarter of 2016 - continued

EARNINGS

Operating profit for the fourth quarter of 2016 amounted to EUR 5.75 million (2.91), an increase of 98 percent compared to the corresponding quarter of the previous year. Adjusted operating profit amounted to EUR 6.18 million (3.62), corresponding to an adjusted operating margin of 50 percent (61). Operating profit included IPO and bond related costs of EUR 0.43 million (0.72). The decrease in operating margin was mainly a result of the acquisition of Catena Media UK Limited in November 2015, as well as the increase in personnel expenses.

Profit before tax amounted to EUR 4.44 million (2.90), an increase of 53 percent compared with the corresponding quarter in 2015.

Profit for the period amounted to EUR 4.06 million (2.80). Earnings per share amounted to EUR 0.079 (0.063).

For the quarter ended 31 December 2016, the Group had an effective tax rate of 8.5 percent (3).

INVESTMENTS

Investments in intangible assets, which consist of player databases, websites and domains, amounted to EUR 19.97 million (0.92) during the quarter.

Acquisitions of property, plant and equipment amounted to EUR 0.14 million (0.21).

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

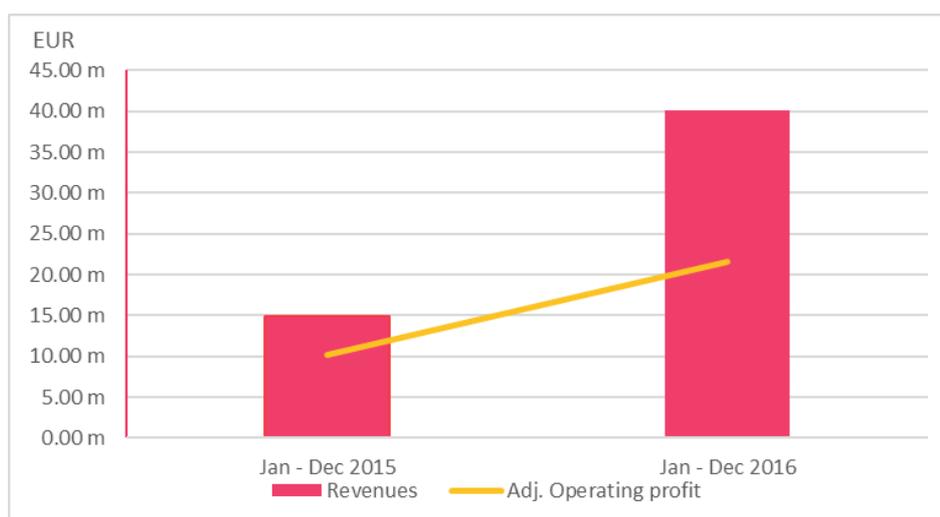
Cash from operating activities excluding the increase in short-term earn-out liabilities relating to our recent acquisitions during the fourth quarter amounted to EUR 3.55 million (2.70). Cash flows used in investing activities were EUR 11.14 million (2.37) and were primarily attributable to the acquisitions that took place during the quarter. Cash flows from financing activities were EUR nil (EUR 0.01). Cash and cash equivalents amounted to EUR 44.71 million (1.53) at the end of the quarter.

Financial performance for the year ended 2016

REVENUES

The Group's revenues totalled EUR 40.05 million (14.94) for the year ended 31 December 2016, corresponding to an increase of 168 percent compared to the previous financial year. Search revenue represented EUR 29.42 million (13.86) of total revenues for the period. The increase in Search revenue was driven in part by organic growth and in part through acquisitions made during the current and prior financial years.

Paid revenue amounted to EUR 10.63 million (1.08). This revenue principally related to pay-per-click (PPC) traffic. Revenues relating to the SBAT acquisition, which was finalised during the last quarter, were also included in Paid revenue.



EXPENSES

Operating expenses amounted to EUR 21.40 million (5.96). Direct costs related to Paid revenue represented the more significant expense component and amounted to EUR 7.21 million (0.74). These costs predominantly related to AdWords (Google spend) costs. As from this quarter, direct costs related to Paid Revenue also include similar costs relating to the SBAT acquisition. Amounts in this regard are currently not significant.

Personnel expenses amounted to EUR 6.11 million (2.02). The increase in personnel expenses was due to the recruitment of additional members of top and middle management and other employees across the organisation, which was driven by the strong growth currently being experienced by the Group, as well as a result of the acquisitions made during the current financial year, in particular Askgamblers.com and SBAT. The headcount totalled 190 employees at the close of the current financial year compared to 70 employees at the close of the previous financial year. This also gave rise to the significant increase in other operating expenses as a result of an increase in staff-related support costs such as increased office expenses, additional office rent, more software user licences, recruitment agency fees and other similar items included in other operating expenses.

Further to the above, as a result of this rapid expansion, the Group also witnessed an increase in other operating expenses, which included domain renewal fees for SEO efforts, external consultancy fees and server hosting fees. Other operating expenses amounted to EUR 4.66 million (1.89).

Depreciation and amortisation amounted to EUR 1.04 million (0.14). The increase in depreciation and amortisation was mainly attributable to the acquisition of competitor player databases during the current and prior years.

Costs relating to the bond issue made by the Parent Company of EUR 1.18 million (nil) and costs relating to the listing of EUR 1.2 million (1.17) were included in operating expenses.

Financial performance for the year ended 2016 - continued

EARNINGS

Operating profit for the year ended 31 December 2016 amounted to EUR 18.65 million (8.98), an increase of 108 percent compared to the previous year. Adjusted operating profit amounted to EUR 21.03 million (10.15), corresponding to an adjusted operating margin of 53 percent (68). Operating profit includes IPO and bond related costs of EUR 2.38 million (1.17). The decrease in operating margins was a result of the acquisition of Catena Media UK Limited in November 2015, as well as the increase in personnel expenses.

Profit before tax amounted to EUR 17.51 million (9.00), an increase of 95 percent compared with 2015.

Profit for the year amounted to EUR 16.14 million (8.31). Earnings per share amounted to EUR 0.32 (0.199).

For the year ended 31 December 2016, the Group had an effective tax rate of 7.8 percent (8).

INVESTMENTS

Investments in intangible assets, which consist of player databases, websites and domains, amounted to EUR 57.72 million (13.40) during the year 2016.

Acquisitions of property, plant and equipment amounted to EUR 0.41 million (0.37).

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash from operating activities excluding the increase in short term earn-out liabilities relating to our recent acquisitions during the year ended 31 December 2016 amounted to EUR 11.07 million (8.38). Cash flows used in investing activities were EUR 41.84 million (4.26) and were primarily attributable to the acquisitions that took place during the year. Cash flows from financing activities were EUR 73.31 million while the amount used in the comparative year was EUR 3.14 million. Cash and cash equivalents amounted to EUR 44.71 million (1.53) at the end of the year

The Catena media shares

On 11 February 2016, the Company's shares were listed on Nasdaq First North Premier, Stockholm, under the trading symbol 'CTM'. Further information about the listing is available in the prospectus, which is available on the company's website at <https://www.catenamedia.com/investors/prospectus>.

The offering, including the over-allotment option, was subscribed for in full and comprised a total of 29,580,990 shares, of which 7,273,000 shares were newly issued shares and 22,307,990 existing shares. The subscription price for the offering was SEK 33 per share and Catena Media raised SEK 229.80 million corresponding to EUR 24.14 million in equity after issue costs. After the new share issue the total number of issued shares amounted to 51,445,152.

Refer to 'Significant events after the reporting period' for details regarding the new share issue in January 2017.

Ownership structure

Shareholders in Catena Media as at 31 December 2016:

Shareholders	Number of shares	Share of capital and votes%
Optimizer Invest Ltd.	8,217,485	15.97%
Aveny Ltd.	5,110,934	9.93%
Pixel Wizard Ltd.	4,098,624	7.97%
Öresund Investment AB	3,030,303	5.89%
Swedbank Robur	3,030,303	5.89%
Carnegie Småbolagsfond	2,725,000	5.30%
Handelsbanken Fonder AB	2,359,877	4.59%
Knutsson Holdings AB	2,000,000	3.89%
LJFK Ltd	2,000,000	3.89%
Skandrenting AB (fully-owned by Erik Selin)	1,515,151	2.95%
Total top 10 shareholders	34,087,677	66.26%
Other shareholders	17,357,475	33.74%
Total	51,445,152	100%

Other

PARENT COMPANY

Catena Media PLC is the ultimate holding company of the Group, (hereinafter referred to as the “Parent Company”) and was incorporated in Malta on 29 May 2015 with the sole purpose of receiving dividend income from the main operational company, Catena Operations Limited. No dividends were received from the latter subsidiary during the year ended 31 December 2016.

Bond and IPO costs in the fourth quarter of 2016 and for the financial year ended 31 December 2016 amounted to EUR 0.004 million (nil) and EUR 0.92 million (nil) respectively, whilst finance costs, also relating to the bond issue, amounted to EUR 0.86 million (nil) and EUR 0.99 million (nil) respectively. Bond finance costs are classified within “Interest payable on borrowings”. During the fourth quarter of 2016, personnel expenses amounted to EUR 0.06 million (0.009), whilst other operating expenses amounted to EUR 0.05 million (0.007). Personnel expenses for the financial year ended 31 December 2016 amounted to EUR 0.15 million (0.03), whilst operating expenses amounted to EUR 0.13 million (0.02). The loss for the period amounted to EUR 1.33 million (0.02), whilst the loss for the financial year ended 31 December 2016 amounted to EUR 2.17 million (profit of 1.86).

The company’s cash and cash equivalents amounted to EUR 31.65 million (0.10), borrowings comprised debt securities amounting to EUR 50.5 million (nil) and equity amounted to EUR 25.21 million (1.71) at the end of the year.

EMPLOYEES

The Group’s total number of employees at 31 December 2016 amounted to 190 (70), of which 72 (23) were women and 118 (47) were men. Expressed as percentages, women represented 38 percent (33) of the total number of employees whilst men represented 62 percent (67). All employees are employed on a full-time basis. Due to its rapid growth, the Group is continuing to recruit new employees.

SIGNIFICANT RISKS AND UNCERTAINTIES

While the Group does not conduct any online gambling operations, the Group is dependent on the online gambling industry which comprises the majority of its customers. The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases also subject to uncertainty, and in many countries online gambling is prohibited and/or restricted. If enforcement or other regulatory actions are brought against any of the online gambling operators, which are also the Group's customers, whether current or future, the Group's revenue streams from such customers may be adversely affected. Further, the authority concerned may also claim that the same or similar actions should be brought against any third party having promoted the business of such online gambling operator, including the Group. Accordingly, any such event, including future changes to laws and regulations, could have a material adverse effect on the Group's business, financial condition and results of operations.

Another risk faced by the Group relates to its reliance on its customers when determining the fees to be invoiced by the Group to its customers. Once a player directed by the Group has registered with one of its customers, the Group has no direct insight into the activities of such a player. Although the Group may request access to the net revenue calculations upon which the Group's fees are determined, there still remains a risk of miscalculation, including fraudulent or negligent calculations made by its customers or as a result of human error. If such miscalculations occur without being detected and subsequently remedied or retroactively adjusted, the Group could receive a lower fee than it is entitled to under its customer agreements, which in turn would result in less revenue. Accordingly, any such miscalculation could have an adverse effect on the Group's business, financial condition and results of operations.

On behalf of the Board:

KATHRYN MOORE BAKER
Chairperson

PER ANDERS HENRIK PERSSON EKDAHL
Director

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Sliema SLM 1801
Malta

Financial calendar

2016 Year-end report	15 February 2017
2016 Annual report	7 April 2017
AGM	28 April 2017
Q1 interim report 2017	17 May 2016
Q2 interim report 2017	18 August 2016
Q3 interim report 2017	17 November 2016

Contact details

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This information is information that Catena Media PLC is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 15 February 2017, at 07:00 a.m. CET.

Condensed consolidated statement of comprehensive income

Group	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan-Dec
		2016	2015	2016	2015
		€ '000	€ '000	€ '000	€ '000
Continuing operations					
Revenue	3	12,286	5,898	40,049	14,939
Direct costs related to Paid revenue		(2,233)	(735)	(7,209)	(735)
Personnel expenses		(2,039)	(836)	(6,113)	(2,024)
Depreciation and amortisation		(349)	(112)	(1,037)	(142)
IPO and bond related costs		(429)	(715)	(2,381)	(1,166)
Other operating expenses		(1,489)	(595)	(4,663)	(1,889)
Total operating expenses		(6,539)	(2,993)	(21,403)	(5,956)
Operating profit		5,747	2,905	18,646	8,983
Interest payable on borrowings		(932)	(3)	(1,081)	(10)
Other losses on financial liability at fair value through profit or loss		(375)	-	(500)	-
Finance income		-	-	444	6
Other non-operating income		-	-	-	20
Profit before tax		4,440	2,902	17,509	8,999
Tax expense		(378)	(98)	(1,367)	(685)
Profit for the period / year from continuing operations		4,062	2,804	16,142	8,314
Discontinued operations					
Loss for the period from discontinued operations		-	-	-	(82)
Other comprehensive income					
Currency translation differences		(36)	(1)	(79)	(1)
Profit for the period / year - total comprehensive income		4,026	2,803	16,063	8,231

The notes on pages 16 to 18 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statements of comprehensive income - continued

Group	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
	2016	2015	2016	2015
	€	€	€	€
Earnings per share attributable to the equity holders of the parent during the period / year (expressed in Euro per share)				
Basic earnings per share				
From continuing operations	0.079	0.063	0.319	0.201
From discontinuing operations	-	-	-	(0.002)
From profit for the period / year	0.079	0.063	0.319	0.199
Diluted earnings per share				
From continuing operations	0.077	0.063	0.313	0.200
From discontinuing operations	-	-	-	(0.002)
From profit for the period / year	0.077	0.063	0.313	0.198

The notes on pages 16 to 18 are an integral part of these condensed consolidated financial statements.

Condensed consolidated balance sheet

Group	Notes	31-Dec 2016	31-Dec 2015
		€ '000	€ '000
ASSETS			
Non-current assets			
Goodwill		7,333	7,333
Other intangible assets	4	71,168	14,342
Property, plant and equipment		766	416
Total non-current assets		79,267	22,091
Current assets			
Trade and other receivables		11,765	4,296
Deferred tax assets		1,397	1,127
Deferred listing costs		-	291
Cash and cash equivalents		44,713	1,529
Total current assets		57,875	7,243
Total assets		137,142	29,334
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		77	66
Share premium		25,741	1,000
Other reserves		5,378	5,073
Retained earnings		22,639	6,497
Total equity		53,835	12,636
Liabilities			
Non-current liabilities			
Borrowings	5	50,500	-
Trade and other payables	6	6,195	2,640
Deferred tax liabilities		2,171	1,032
Total non-current liabilities		58,866	3,672
Current liabilities			
Trade and other payables	6	22,480	10,692
Current tax liabilities		1,961	2,334
Total current liabilities		24,441	13,026
Total liabilities		83,307	16,698
Total equity and liabilities		137,142	29,334

The notes on pages 16 to 18 are an integral part of these condensed consolidated financial statements.

These condensed consolidated financial statements on pages 10 to 18 were authorised for issue by the Board on 15 February 2017 and were signed on its behalf by:

Kathryn Moore Baker
Chairperson

Per Anders Henrik Persson Ekdahl
Director

Condensed consolidated statements of changes in equity

Group	Attributable to owners of the parent				
	Share capital € '000	Other reserves € '000	Share premium € '000	Retained earnings € '000	Total equity € '000
Balance at 1 January 2016	66	5,073	1,000	6,497	12,636
Comprehensive income					
Profit for the year	-	-	-	16,142	16,142
Foreign currency translation movement	-	(79)	-	-	(79)
Total comprehensive income for the year	-	(79)	-	16,142	16,063
Transactions with owners					
Issue of share capital	11	-	24,741	-	24,752
Equity-settled share-based payments	-	148	-	-	148
Capital contribution	-	236	-	-	236
Total transactions with owners	11	384	24,741	-	25,136
Balance at 31 December 2016	77	5,378	25,741	22,639	53,835

The notes on pages 16 to 18 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statements of changes in equity - continued

Group	Attributable to owners of the parent				Non-controlling interest	Total equity
	Share capital	Other reserves	Share premium	Retained earnings		
	€ '000	€ '000	€ '000	€ '000		
Balance at 1 January 2015	1	(5)	-	1,261	5	1,262
Comprehensive income						
Profit for the year	-	-	-	8,232	-	8,232
Foreign currency translation movement	-	(1)	-	-	-	(1)
Total comprehensive income for the year	-	(1)	-	8,232	-	8,231
Transactions with owners						
Issue of share capital (before reorganisation)	-	5,000	-	-	-	5,000
Issue of share capital (after reorganisation)	66	-	1,000	-	-	1,066
Dividends distributed during the year	-	-	-	(2,996)	-	(2,996)
Equity-settled share-based payments	-	74	-	-	-	74
Total transactions with owners	66	5,074	1,000	(2,996)	-	3,144
Adjustments relating to reorganisation						
Reorganisation of the Group	(1)	5	-	-	(5)	(1)
Balance as at 31 December 2015	66	5,073	1,000	6,497	-	12,636

The notes on pages 16 to 18 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statements of cash flows

Group	Oct - Dec 2016	Oct - Dec 2015	Jan - Dec 2016	Jan - Dec 2015
	€ '000	€ '000	€ '000	€ '000
Cash flows from operating activities				
Profit before tax including discontinued operations	4,440	2,902	17,509	8,916
Adjustments for:				
Loss on disposal	-	-	-	78
Depreciation and amortisation	349	112	1,037	142
Impairment of receivables	-	32	89	32
Unrealised exchange differences	(55)	-	(553)	-
Interest expense	883	3	1,015	10
Interest income	-	-	-	(6)
Other losses on financial liability at fair value through profit or loss	375	-	500	-
Share based payments	49	-	148	-
	6,041	3,049	19,745	9,172
Changes in:				
Trade and other receivables	(2,155)	(1,325)	(7,560)	(2,040)
Trade and other payables	(339)	974	(306)	1,238
Cash from operating activities	3,547	2,698	11,879	8,370
Interest received	-	-	-	6
Taxation paid	-	-	(811)	-
Net cash generated from operating activities	3,547	2,698	11,068	8,376
Cash flows used in investing activities				
Acquisition of property, plant and equipment	(122)	(217)	(408)	(375)
Acquisition of intangible assets	(10,149)	(2,255)	(40,563)	(3,863)
Net cash upon disposal	-	108	-	(21)
Interest paid	(871)	(3)	(873)	(3)
Net cash used in investing activities	(11,142)	(2,367)	(41,844)	(4,262)
Cash flows from financing activities				
Net proceeds received on issuance of share capital	-	50	24,208	66
Dividends paid	-	(50)	-	(2,995)
Net proceeds on issue of bond	-	-	49,100	-
Net movement on loans and borrowings	-	-	-	(223)
Proceeds from share warrants	-	10	-	17
Interest paid	-	-	-	(7)
Net cash generated from/(used in) financing activities	-	10	73,308	(3,142)
Net movement in cash and cash equivalents	(7,595)	341	42,532	972
Cash and cash equivalents at beginning of period / year	52,285	1,189	1,529	554
Currency translation differences	23	(1)	652	3
Cash and cash equivalents at end of period / year	44,713	1,529	44,713	1,529

The notes on pages 16 to 18 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

1. GENERAL INFORMATION

Catena Media PLC is a limited liability company and is incorporated in Malta. The Parent Company and its subsidiaries (together the “Group”, also referred to as Catena Media) engage in online and affiliate marketing.

The Group attracts users through online marketing techniques and subsequently seeks to channel high value “traffic” (i.e. users) to online and mobile businesses who, in turn, convert such traffic into paying customers. In return, the Group receives either: (i) a share of the revenue generated by such users, (ii) a fee generated per user acquired, (iii) other fixed fees or (iv) a hybrid of any of these three models (refer to note 3).

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Group’s condensed consolidated financial statements are consistent with those presented in the Annual Report for the year ended 31 December 2015, except as referred to below. Detailed information about the Group’s accounting policies can be found in the Annual Report for 2015 (Note 2), which is available on www.catenamedia.com.

Financial instruments at fair value through profit or loss

During the year under review, the Parent Company issued debt securities. This financial instrument has been designated by management as a financial liability at fair value through profit or loss since it contains an embedded derivative that may significantly modify the resulting cash flows. The fair value designation, once made, is irrevocable.

Financial instruments at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Subsequent measurement is at fair value and all gains/losses from the liability, are reported in the income statement as “Other losses on financial liability at fair value through profit or loss”, whilst the related interest expenses are reported within “Interest payable on borrowings”.

See note 5 for the fair value disclosures in respect of these issued debt securities.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IAS 34 “Interim financial reporting”. They have been prepared under the historical cost convention, as modified by the fair valuation of financial liabilities at fair value through profit or loss.

The Parent Company was incorporated on 29 May 2015 under the terms of the Maltese Companies Act, 1995. On 1 June 2015, the Parent Company acquired a 100 percent shareholding in Catena Operations Limited from its previous five shareholders. On 1 January 2015, Catena Operations Limited transferred its investment in Paxo Finans AB, a subsidiary in which it previously held a 95 percent interest, to Catena Invest Ltd, a related company which is not included in the Group.

The substance of the above was that of a group restructuring by virtue of which Catena Media PLC became the new parent company of Catena Operations Limited. Accordingly, the shareholders of the company were identical to those of Catena Operations Limited, and the restructuring solely interposed an additional holding company as holder of the shares in Catena Operations Limited. This transaction has been accounted for in the consolidated financial statements as a restructuring, and these have been compiled as if Catena Media Plc was the parent company of the Group from incorporation. Accordingly, in order to provide more meaningful information to potential investors, the comparative figures include the financial performance and position of the Group even though the new parent company was legally incorporated on 29 May 2015. The comparative figures therefore present the consolidated results for Catena Operations Limited, the previous parent, and adjustments to reflect the impact of the re-organisation have been reflected in the Statement of changes in equity.

Notes to the condensed consolidated financial statements - continued

2.1 Basis of preparation (continued)

This quarterly report has not been audited or reviewed.

Standards, interpretations and amendments to published standards that are not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016, and have not been applied in preparing these condensed consolidated financial statements. None of these are expected to have a material impact on the financial statements of the Group in the current or future reporting periods.

3. REVENUE

The revenue for the Group for the fourth quarter of 2016 and for the year ended 31 December 2016 is further analysed as follows:

Group	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
	2016	2015	2016	2015
	€ '000	€ '000	€ '000	€ '000
Search revenue	8,779	4,821	29,423	13,862
Paid revenue	3,507	1,077	10,626	1,077
Total revenue	12,286	5,898	40,049	14,939

4. OTHER INTANGIBLE ASSETS

The Group acquired a number of websites, domains and player databases. Additions during the year ended 31 December 2016 amounted to EUR 57.72 million (12.45), 4 percent of which have been allocated to player databases and are being amortised over three years.

5. BORROWINGS

Borrowings comprise a three-year secured bond loan amounting to EUR 50 million, which matures in September 2019. The bond loan is secured by the shares of the Parent Company in its material operating subsidiaries and any other material subsidiaries that may be owned directly or indirectly from time to time by the Parent Company. The debt securities bear a floating rate coupon of Euribor 3m + 6.75 percent. Euribor 3m is subject to a floor of 0 percent; additionally, the bond contains an early redemption option with the redemption price set in accordance with a mechanism as set out in the prospectus.

The bond was issued on 16 September 2016 and was subsequently listed on Nasdaq Stockholm on 2 November 2016 at a price of €100.

The fair value of the bond, which at the reporting date amounted to EUR 50.5 million, was determined by reference to the issue price (par value). Accordingly, the bond's fair value has been categorised within the IFRS 13 fair value hierarchy as Level 2.

Notes to the condensed consolidated financial statements - continued

6. TRADE AND OTHER PAYABLES

As at 31 December 2016, current liabilities included an amount of EUR 20.74 million (8.18) which related to commitments made upon acquisition.

All non-current trade and other payables relate to amounts committed on acquisitions.

7. RELATED PARTY TRANSACTIONS

In view of its shareholding structure, the Group has no ultimate controlling party. All companies forming part of the Group, together with its shareholders, are considered by the directors to be related parties.

The following transactions were carried out with related parties:

a) Sales of services	Oct - Dec 2016	Oct - Dec 2015	Jan - Dec 2016	Jan-Dec 2015
	€ '000	€ '000	€ '000	€ '000
Entities under common control	-	475	-	1,360
Entities with significant shareholding	396	-	2,305	-

b) Key management personnel	Oct - Dec 2016	Oct - Dec 2015	Jan - Dec 2016	Jan-Dec 2015
	€ '000	€ '000	€ '000	€ '000
Loan repayment to	-	-	-	223

c) Other related party transactions	Oct - Dec 2016	Oct - Dec 2015	Jan - Dec 2016	Jan-Dec 2015
	€ '000	€ '000	€ '000	€ '000
Purchases of services:				
Entities under common control	-	10	-	61
Entities with significant shareholding *	487	-	1,369	-
Loan repayment from:				
Entities under common control	-	-	-	259

* Purchases of services from entities with significant shareholding comprise consultancy, advisory and success fees payable to Optimizer Invest Limited. Fees relating to acquisitions reflect the amount paid during the periods and not the maximum amount that could be due in terms of contractual agreements in place which are dependent on the achievement of target earnings.

Condensed Parent Company statements of income and other comprehensive income

	Oct - Dec 2016	Oct - Dec 2015	Jan - Dec 2016	29 May to 31 Dec 2015
	€ '000	€ '000	€ '000	€ '000
Investment and related income	-	-	-	2,600
Personnel expenses	(55)	(9)	(147)	(29)
IPO related costs	(4)	-	(922)	-
Other operating expenses	(50)	(7)	(127)	(15)
Total operating expenses	(109)	(16)	(1,196)	(44)
Operating (loss)/profit	(109)	(16)	(1,196)	2,556
Interest payable on borrowings	(883)	-	(1,015)	-
Other losses on financial liability at fair value through profit or loss	(375)	-	(500)	-
Finance income	41	-	539	-
(Loss)/profit before tax	(1,326)	(16)	(2,172)	2,556
Tax expense	-	-	-	(700)
(Loss)/profit for the period/year - total comprehensive income	(1,326)	(16)	(2,172)	1,856

Condensed Parent Company balance sheet

	31-Dec 2016	31-Dec 2015
	€ '000	€ '000
ASSETS		
Non-current assets		
Investment in subsidiaries	214	55
Current assets		
Trade and other receivables	44,007	1,562
Cash and cash equivalents	31,648	97
Total current assets	75,655	1,659
Total assets	75,869	1,714
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	77	66
Share premium	26,271	1,000
Other reserves	457	62
(Accumulated losses)/retained earnings	(1,596)	576
Total equity	25,209	1,704
Liabilities		
Non-current liabilities		
Borrowings	50,500	-
Total non-current liabilities	50,500	-
Current liabilities		
Trade and other payables	160	10
Total liabilities	50,660	10
Total equity and liabilities	75,869	1,714

Definitions

Unless defined otherwise, in this report the terms below have the following meaning:

ADJUSTED EARNINGS PER SHARE	Profit/loss for the period in relation to the average number of shares in issue and outstanding over the period.
ADJUSTED OPERATING PROFIT	Operating profit for the year adjusted for non-recurring listing costs.
ADJUSTED OPERATING PROFIT MARGIN	Adjusted operating profit divided by revenue.
ADJUSTED PROFIT BEFORE TAX	Profit before tax adjusted for non-recurring listing costs.
ADJUSTED PROFIT BEFORE TAX MARGIN	Adjusted profit before tax divided by revenue.
BOARD	The Board of Directors of the company.
COMPANY	Catena Media PLC, a company registered under the laws of Malta with registration number C 70858.
EARNINGS PER SHARE	Profit/loss for the period in relation to the average number of shares in issue over the period.
EQUITY/ASSETS RATIO	Equity at the end of period in relation to total assets at the end of period.
GROUP / CATENA MEDIA	The company and its subsidiaries.
NDC	New depositing customers.
OPERATING PROFIT	Revenue less total operating expenses.
OPERATING PROFIT MARGIN	Operating profit divided by revenue.
SEARCH REVENUES	Revenue from SEO related service offering.
PAID REVENUE	Revenue from pay-per-click (PPC) media channels.
CATENA MEDIA UK LIMITED (PREVIOUSLY KNOWN AS RCM)	Catena Media UK Limited, a company incorporated in the UK under the laws of England and Wales with registration number 07381409.