

Q2 2017 Interim report January–June

August 18 2017

Second quarter of 2017

- Revenues totalled EUR 15.10 million (9.58), an increase of 58 percent year-on-year (YoY).
- Operating profit increased to EUR 5.38 million (5.07) corresponding to an operating margin of 36 percent (53). Adjusted operating profit excluding costs related to the new bond issue and the preparation for the planned change of listing to NASDAQ Stockholm, amounted to EUR 7.06 million (5.01), corresponding to an adjusted operating profit margin of 47 percent (52).
- EBITDA amounted to EUR 6.27 million (5.32) corresponding to an EBITDA margin of 42 percent (56). Adjusted EBITDA excluding costs related to the new bond issue and preparation for the planned change of listing to NASDAQ Stockholm, amounted to EUR 7.95 million (5.26), corresponding to an adjusted EBITDA margin of 53 percent (55).
- Earnings per share amounted to EUR 0.102 (0.089) before dilution.
- Earnings per share amounted to EUR 0.100 (0.089) after dilution.
- Search revenue at all time high EUR 11.53 million (7.27), an increase of 59 percent YoY corresponding to 76 percent of total revenues.
- Record in new depositing customers (NDCs) which totalled 91,222 (47,530), an increase of 92 percent YoY and an increase of 13 percent compared to the previous quarter.

First six months of 2017

- Revenues totalled EUR 30.33 million (17.04), an increase of 78 percent YoY.
- Operating profit increased to EUR 12.03 million (8.25) corresponding to an operating margin of 40 percent (48). Adjusted operating profit excluding non-recurring expenses, which during this period comprised costs related to the new bond issue and the preparation for the planned change of listing to NASDAQ Stockholm, amounted to EUR 14.05 million (9.17), corresponding to an adjusted operating profit margin of 46 percent (54).
- EBITDA increased to EUR 13.49 million (8.66) corresponding to an EBITDA margin of 44 percent (51). Adjusted EBITDA excluding costs related to the new bond issue and preparation for the planned change of listing to NASDAQ Stockholm, amounted to EUR 15.51 million (9.58), corresponding to an adjusted EBITDA margin of 51 percent (56).
- Earnings per share amounted to EUR 0.186 (0.164) before dilution.
- Earnings per share amounted to EUR 0.182 (0.163) after dilution.
- NDCs totalled 171,643 (79,851), an increase of 115 percent YoY.

Q2 comments from Robert Andersson, CEO

A successful quarter with strong underlying developments

Catena Media continued its strong development in the second quarter of 2017. Through our scalable business model, we managed to gain revenues that amounted to EUR 15.10 million, corresponding to a year-on-year revenue-growth of 58 percent. Furthermore, adjusted EBITDA was at an all-time-high of EUR 7.95 million, corresponding to an adjusted EBITDA margin of 53 percent.

We referred 91,222 NDCs to our clients in the second quarter, an increase of 92 percent year-on-year and an increase of 13 percent compared to the first quarter. The strong development of this key performance indicator is a reflection that the underlying business development continues to be strong and healthy.

Search revenues are at an all-time-high of EUR 11.53 million, an increase of 58 percent year-on-year, and an increase of 5 percent compared to the previous quarter despite a negative impact of EUR 0.3 million as a result of withdrawing from the Dutch market. Paid revenues amounted to EUR 3.11 million, an increase of 35 percent year-on-year but a decrease of 16% compared to the previous quarter due to sports seasonality and the ongoing shift to perpetual revenue models on paid media.

Speeding up product innovation

The second quarter has been characterized by the highest rate of product launches ever. The announcement and debut of the revamped JohnSlots website, one of Catena's most important brands, has been a success with a significant increase in traffic. We are also proud to have launched our first e-sports site, called gamerbetz.com, which is a partnership with Gamerz, a global e-sports reality TV show. In addition to this, we launched a new sports podcast in Sweden which quickly became a success.

Seasonal effects

Historically, seasonal effects on revenues have been quite limited since online casino behaviour is typically less sensitive to seasonality. However, since an increasing portion our revenues are now generated from Sports, we will naturally start to experience more seasonal effects. Sports turnover is closely correlated with available sports events at any given time, and this summer is particularly slow due to lack of any big sports events.

Catena temporarily withdraws from the Dutch market

Catena Media adheres to strict compliance standards regarding the operators to whom it supplies traffic through its affiliate network and operates in compliance with applicable laws. Recently, the Dutch Gaming Authority, KSA, decided to take a stricter approach to iGaming sites that target Dutch players, and as a result Catena Media decided to temporarily withdraw from the Dutch market to fully comply with applicable law. Short term this will impact revenues negatively by approximately EUR 100-150 thousand per month, but longer term it puts us in a favorable position, if and when, the Dutch market re-regulates. The Upper House of Parliament is currently considering the Remote Gaming bill which aims to regulate online gambling.

Office expansion

As a result of our fast paced growth, we have outgrown our office spaces in London, Malta and Serbia. Therefore, we have moved into brand new offices in both London and Serbia during the first quarter and we are now in the

process of moving into our brand new headquarters in Malta. The office expansion enables us to continue building our already strong and multifaceted workforce, currently consisting of 239 engaged employees from over 30 countries.

Strategic update

Through both organic and acquired growth, Catena Media's vision is to become the world's number one provider of high-value iGaming leads. During the second quarter, Catena Media acquired three affiliate networks, including affiliate websites, accounts and associated agreements. In July, we acquired the award-winning sports affiliate Bettingpro.com and related affiliate assets. These acquisitions further cement our role as the leading consolidator in the affiliate market. In June, we were successful in raising EUR 50 million, the second tranche of our EUR 100 million bond. The proceeds will primarily be used for further acquisitions, and we are in ongoing talks with several potential targets.

Our strategic decision to focus more on perpetual revenue has continued, and 64 percent of the revenues in the second quarter was generated from perpetual revenue share agreements, up from 51 percent in the first quarter. This has negative short-term effects on revenues and margins, particularly in paid media where upfront payments are typically higher, but longer term it is believed to generate more revenue per customer. As from the fourth quarter and onwards we expect to start seeing the benefits from this strategic shift in a more noticeable way.

Regulated and near-regulated markets continues to be a core focus area for Catena Media, and it is estimated that approximately 60 percent of the revenue stems from licensed operators in regulated markets. If we include Sweden, which is likely to be regulated in the not too distant future, the regulated share would increase to over 70 percent. This shows that Catena Media is well prepared to face the ongoing regulatory changes happening across Europe at the moment.

Also, our planned listing on NASDAQ Stockholm (Mid Cap) is progressing well and the aim is to complete this change of listing during the second half of 2017.

Outlook

With strong underlying developments and the sports season starting full throttle mid-August, the table is set for a very exciting second half of the year. We remain optimistic on our strategic, operational and financial development, and are confident that we will continue to grow in the same successful way, both through organic growth and through acquisitions across existing and new geographic markets.

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This information is information that Catena Media plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on August 18, 2017 at 07.00 CET.

About Catena Media

Catena Media is a fast-growing online performance marketing company, having established a leading position through strong organic growth and acquisitions. The company was founded in 2012 and has 239 employees in the US, Serbia, UK and Malta, where the Head Office is situated. The company is listed on Nasdaq Stockholm First North Premier.

In 2016, revenues reached EUR 40 million. The Certified Advisor is Avanza.