catenamedia

ANNUAL REPORT

2018

THIS IS CATENA MEDIA PLC
VOICES FROM INSIDE
FINANCIAL INFORMATION
SUSTAINABILITY REPORT
CORPORATE GOVERNANCE REPORT
AUDITOR'S REPORT

Our story

Catena Media has become the fastest-growing market maker delivering high-value iGaming leads. We have achieved unparalleled growth because we have adapted to market developments and user needs, and built a scalable business model and an advanced technology platform. We have carried out several well done M&As and adapted our organisation for organic growth, through both expertise and resources.

We aim to be the number-one choice within global, innovative, performance-based online marketing, in any business we enter. We will build outstanding relationships and always ensure partner brand growth by providing superior, partner-integrated products with superior user experiences. By focusing on a few brands within iGaming and Financial Services – moving from M&As to more organic growth – our goal is to become a global business with local presence on all continents.

Catena Media is partner-focused and will continue to deliver high-value users at low risk to growing companies. We are the perfect choice for top management, and specifically CMOs, fulfilling their need for a strong partner that can show clear ROI (return on investment), through real-time marketing analytics on a multichannel platform, which contributes to a personalised user experience.

In the ever-growing, ever-changing, performance-based marketing business, where technology is constantly developing, regulations changing, competitors merging and personnel moving between organisations, Catena Media needs to be the true leader: setting the benchmark through cutting-edge business intelligence, continuous innovation, quality content, compliance and social responsibility.

Well-distanced from all minor competitors, but still a startup at heart, we will offer a reliable alternative to traditional media – a smarter branding choice – by providing better, more actionable, ROI-driven content. Fighting to finally destroy the myth of branding without ROI.

2018 – THE INITIATION OF A NEW GROWTH PHASE

As 2017 ended we got off to a flying start with another record-breaking quarter. After an intensive and fast-moving 2018, I am proud to announce that we achieved 15% organic growth, while maintaining one of the highest profit margins on the Nasdaq Stockholm Stock Exchange. We accomplished this while making major investments – especially on the re-regulated US market – acquisitions, top-talent recruitments and setting a new course for increased organic growth.

TRANSITION FROM AN ACQUISITION FOCUS TO ORGANIC GROWTH

During the first quarter of 2018 we refinanced the secured bond of EUR 100m with a new senior unsecured bond of EUR 150m, providing a lower financing cost and increased flexibility for additional acquisitions. In the first six months of 2018 we then made ten additional acquisitions in the iGaming vertical and the newly established Financial vertical, on three continents, in the UK, France, Germany, Italy, Australia, and the US.

Catena Media has grown fast with acquisitions and organic growth. At the same time, opportunities for more efficient use of resources, reduced costs and growth of existing brands were presenting themselves. In the third quarter we decided to change course and shift more of our focus to organic growth. Any acquisitions from there on would be purely strategic, either showing clear synergies or adding new technology skills.

THE POSITIVE EFFECTS ARE STARTING TO SHOW

We are seeing positive effects from having fewer, better and larger brands rather than several smaller ones. We can allocate more time and resources to each brand, which generates positive results. An excellent example of this is AskGamblers, which almost doubled its sales in 2018. Growing geographically means taking our well-known and established brands to additional markets or growing our businesses more where they are already established. During the fourth quarter we were able to discern a positive trend among casino products, for example, in Japan.

To enable our future journey with increased margins, we kicked off some cost control initiatives in 2018. We have now started to implement these initiatives, enabling us to capitalise on our resources and many successful recruitments.

We expect increased profitability in 2019 through a strengthened margin. We also started building a new vertical structure in the organisation, with the aim of improving return on investment, while also making it easier to scale up and replicate the structure into new business verticals.

SUBSTANTIAL GROWTH OPPORTUNITIES IN THE US

In May 2018, the US Supreme Court ruled in favour of allowing regulated sports betting, opening up a huge new online iGaming market. Estimates for the US sports business range from USD 60-150 billion annually in handle – once it is opened up nationwide – and most of those bets should be online. At the New Jersey sport betting launch in September, Catena Media's well-established brands were able to immediately provide thousands of leads for operators. According to feedback from operators, our dominant market share remained with high margins.

We currently have a 25-person strong team in the US market. This is sufficient for us to grow our existing business in New Jersey and to prepares us for the imminent launch in Pennsylvania. We are also ready for other states to pass legislation; the number of states seeking to regulate online gambling is increasing faster than anticipated.

FULLY GEARED FOR THE FUTURE

When joining as CEO at the end of the second quarter, it became clear that we needed to change our strategy to focus more on growing existing assets rather than acquiring new ones.

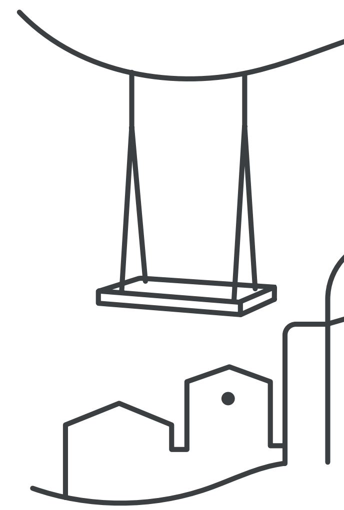
Many companies can acquire assets to grow their revenue, but very few are good at efficient organic growth. We want to become best-in-class in this, but to do so, we also need to reorganise ourselves accordingly. We have already carried out a lot of operational changes and many more still remain to be made during the first half of 2019. However, once completed, we shall be able to show improved margins again after three years of decline. We shall also be able to improve the EPS (earnings-per-share), this being one of our main objectives going forward.

We are fully geared to continue our growth journey during 2019 and beyond.

Per Hellberg, CEO

"When joining as CEO at the end of Q2, it became clear that we needed to change our strategy to focus on growing existing assets rather than acquiring new ones."

INTRODUCTION	**PAGE**
Our story	1
Comments from the CEO	2
This is Catena Media	6
The share	12
The year in brief	14
VOICES FROM INSIDE	**16**
Per Hellberg / CEO	16
Johannes Bergh / COO	20
Louise Wendel / Head of Legal	22
Oscar Karlsten / CIO	24
Klas Winberg / VP Sales and Marketing	26
Michael Daly / General Manager US	28
The Market – iGaming Vertical	30
Richard Gale / General Manager UK	32
Nikola Teofilovic / General Manager Serbia	34
The Market – Financial Services Vertical	36
Nigel Frith / General Manager Financial Services	38
Åsa Hillsten / Head of IR and Communications	40
Erik Edeen / Interim Group CFO	42
FINANCIAL INFORMATION	**44**
Board of Directors Report	44
Risk factors	50
Board signatures	51
Statements of comprehensive income – Group	52
Statements of financial position – Group	53
Statements of changes in equity – Group	54
Statements of cash flows – Group	55
Statements of comprehensive income – Parent Company	56
Statements of financial position – Parent Company	57
Statements of changes in equity – Parent Company	58
Statements of cash flows – Parent Company	59
Notes	60
SUSTAINABILITY REPORT	**84**
CORPORATE GOVERNANCE REPORT	**90**
Board of Directors	99
Executive Management	101
AUDITOR'S REPORT	**102**
OTHER INFORMATION	**107**
Annual General Meeting	107
Further information	107
Definitions	108



34

20

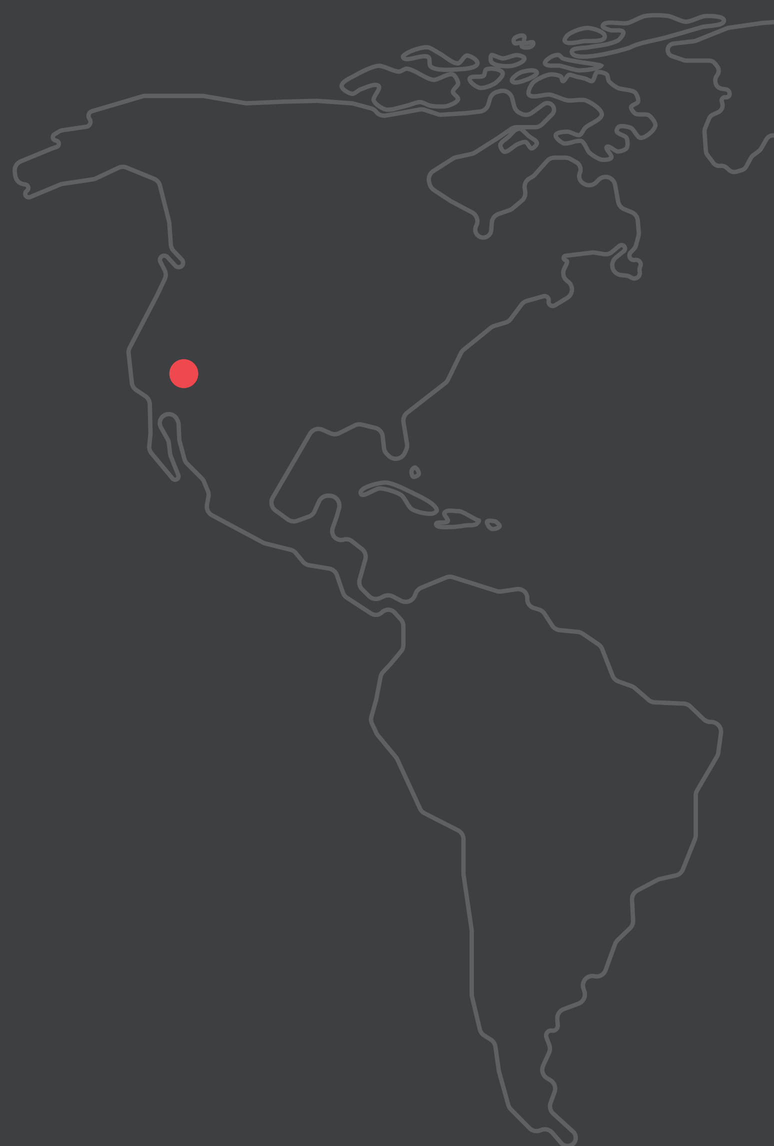
2 / Per Hellberg, Comments from the CEO 20 / Johannes Bergh, Chief Operating Officer
22 / Louise Wendel, Head of Legal 28 / Michael Daly, General Manager U.S.
34 / Nikola Teofilovic, General Manager Serbia 38 / Nigel Frith, General Manager Financial Services

363 EMPLOYEES

8 OFFICES IN THE WORLD

38+ NATIONALITIES

EURm 105.0 TOTAL SALES IN 2018



THIS IS WHAT WE DO

We provide companies with high-quality online lead generation. Through strong organic growth and strategic acquisitions since 2012, we have established a leading market position. We own and develop websites with unique content, superior usability and functions that attract visitors/users and guide them to better decisions, before they move on to one of our partners.

THIS IS HOW WE DO IT

We attract a large number of visitors through organic traffic (SEO) and paid marketing (PPC) and refer them to partners (iGaming operators or financial brokers). When the user deposits funds with the iGaming operators or financial brokers, we invoice our share of revenue.

GLOBAL BUSINESS, LOCAL PRESENCE

THIS IS WHERE WE DO IT

We have offices in the US, the UK, Sweden, Serbia, Italy, Malta (HQ), Japan and Australia. Our business model is global and scalable and we choose our locations strategically.

THIS IS WHY WE DO IT

The digital revolution has dramatically changed consumer behaviour and the way brands need to interact with media. We offer a reliable alternative to traditional media: a smarter branding choice by providing better, more actionable, ROI-driven content on a multi-channel platform, which contributes to a personalised user experience.

Adding true value

Catena Media is partner-focused and will continue to deliver high-value users at low risk to growing companies. We are the perfect choice for top management and specifically CMOs (Chief Marketing Officers), fulfilling their need for a strong partner who can show clear ROI (return on investment), through real-time marketing analytics on a multi-channel platform, which contributes to a personalised user experience.

COMPANY

The number-one choice within innovative, performance-based online marketing, in any business we enter. We ensure partner brand growth by providing superior, integrated products with top user experiences.

CULTURE

In the ever-growing, ever-changing, performance-based marketing business, Catena Media needs to be the true leader: Setting the benchmark through cutting-edge business intelligence, continuous innovation, quality content, compliance and social responsibility.

CUSTOMERS

Catena Media is partner-focused and will continue to deliver high-value users at low risk to growing companies.

CATEGORY

Well distanced from all minor competitors, but still a startup at heart, we offer a reliable alternative to traditional media – a smarter branding choice by providing better, more actionable, ROI-driven content. We are the world's first global performance- based media house.

2018

40%

EUR 0.56
EPS GROWTH YOY

2018

55%

EUR 105.0m
REVENUE GROWTH YOY

2018

39%

EUR 50.1m
ADJUSTED EBITDA GROWTH YOY

2018

7%

EUR 13.2m
CASH FLOW GROWTH YOY

KEY FIGURES	2018	2017	2016	2015	2014
Revenues (EUR 000s)	104,970	67,650	40,049	14,939	3,888
EBITDA (EUR 000s)	47,836	32,637	19,683	9,125	2,299
EBITDA margin (%)	46	48	49	61	59
Adjusted EBITDA (EUR 000s)*	50,057	36,139	22,064	10,291	2,299
Adjusted EBITDA margin (%)*	48	53	55	69	59
Profit before tax (EUR 000s)	33,134	22,853	17,509	8,999	2,213
Earnings per share before dilution (EUR)	0.56	0.40	0.32	0.20	0.04
Earnings per share after dilution (EUR)	0.52	0.40	0.31	0.20	0.04
NDC (New Depositing Customers) (000s)	539	386	205	69	30
Equity to asset ratio (%)	37	36	39	43	35

* Adjusted for non-recurring costs attributable to bond issues, list change to Nasdaq Stockholm Mid Cap and reorganisation costs totalling EUR 3.5 million (2.4).

GROWTH STRATEGIES

OBJECTIVES	STRATEGIC INITIATIVES
Accelerate organic growth	• Build strong global brands. • Scalable, modular technical infrastructure. • Always user-centric. • Optimise traffic flows.
Deepen our customer relations	• Build deep insight into customers' market conditions. • Act proactively and exceed our customers' expectations. • Act as a service company even though we sell a product.
Acquisitions in new verticals or geographic markets	• Prioritise regulated markets. • Prioritise relatively mature markets with growth. • Closely monitor new potential acquisitions. • Speed up integration of acquisitions.
Create a unique corporate culture	• Development programme for company management. • Increased interaction between our offices. • Ensure our values permeate the entire company.
Create innovative energy	• Incentive programmes and activities that motivate all personnel to actively participate in innovation. • Develop the R&D department.

From M&As to organic growth

2018

During the second half of the year, the company went being focused on growing through acquisitions, to an increased focus on organic growth.

INDEBTEDNESS 2018 multiple of:

1.5–2.5

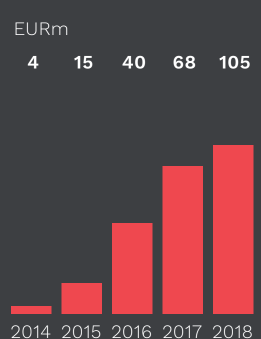
Short to medium-term
A net debt/EBITDA of 1.5–2.5. Under special circumstances and for limited periods, the Board of Directors may choose to operate outside this range.

DIVIDEND

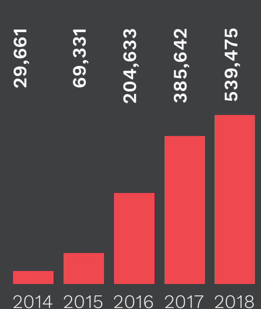
Short to medium-term
Catena Media does not intend to pay a dividend before 2020.

Long–term The Board of Directors has set a long-term dividend policy that up to 50 percent of profit after tax is to be distributed in dividends.

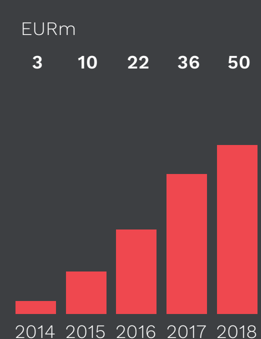
REVENUE



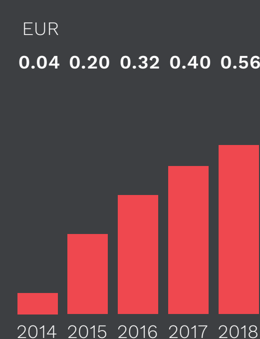
NDCs (New Depositing Customers)



Adjusted EBITDA



Earnings per SHARE



HISTORY

Catena Media is a young company. Founded as a startup in Malta in 2012 by childhood friends Erik Bergman and Emil Thidell, both SEO experts. Catena was their third startup by then, and Catena was initially focusing on lead generation for online insurance and Bingo. The same year the company started, Optimizer Invest Ltd. bought 50% of the company and the focus shifted to lead generation for primarily online Casino. Catena is today well-distanced from all minor competitors, but still a startup at heart, which imbues the entire company culture. To try, to make mistakes, try again and learn is everyday life at Catena Media. Catena Media offers a reliable alternative to traditional media – a smarter way of customer acquisition, by providing better, more actionable, ROI-driven content. Creating true value for our customers.

2012
Catena Media is founded by childhood friends Erik Bergman & Emil Thidell, their third startup in four years.

2012 SEPTEMBER
Optimizer Invest acquires a 50% stake in Catena Media.

2015 OCTOBER
The acquisition of Right Casino Media results in a new office in London.

2016 FEBRUARY
Catena Media is listed on Nasdaq First North.

2016 APRIL
Acquires AskGamblers and establishes a vital business presence in Belgrade.

2017 SEPTEMBER
Catena Media is listed on Nasdaq Stockholm Mid Cap.

2017 SEPTEMBER
With the acquisition of a Tokyo-based affiliate, a new hub for Asia is set up.

2017 OCTOBER
Henrik Persson Ekdahl takes over as interim CEO, pushing the company into a remarkable growth phase.

2017 OCTOBER
In the multi-record-breaking 3rd quarter 100,000 Net Deposit Customers are reached for the first time.

2017 NOVEMBER
The acquisition of BeyondBits lets Catena Media enter the new financial services vertical.

2017 NOVEMBER
Acquires well established PokerScout.com in connection with new online gaming legislation in Pennsylvania, USA.

2017 DECEMBER
All affiliated assets in the largest German-focused sports lead generator, Baybets Ltd, are acquired.

2018 MAY
Per Hellberg, new CEO of Catena Media plc, takes office and Henrik Persson Ekdahl returns to the board of directors and remains as large owner.

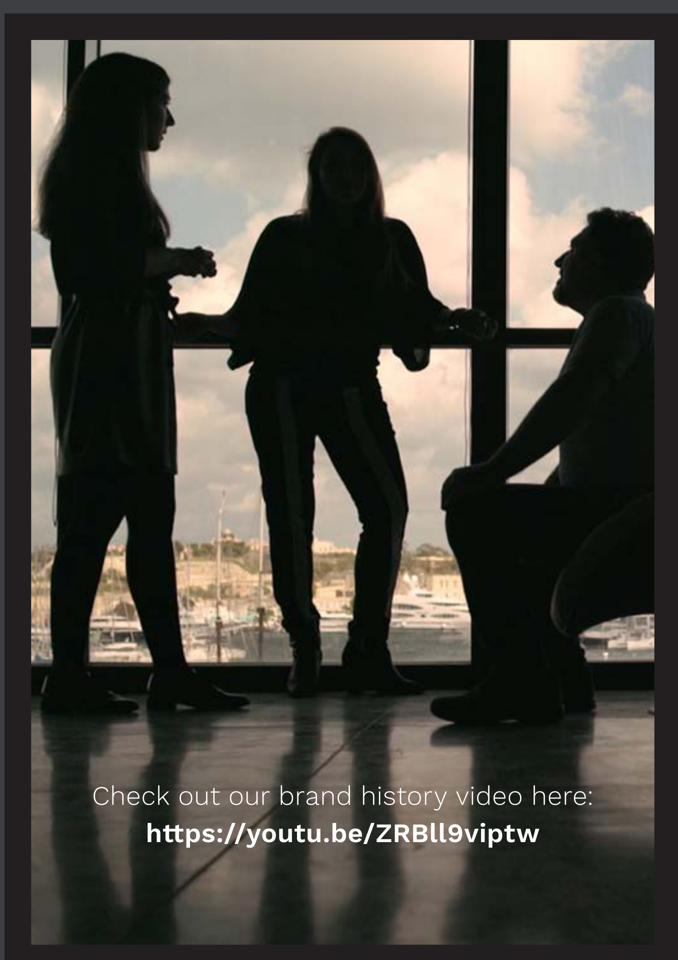
2018 JUNE
By acquiring the US-based premium equity service The Hammerstone, Catena Media strengthens its financial vertical.

2018 JULY
Catena Media consolidates its lead in financial vertical by acquiring premium Forex industry news website LeapRate.com

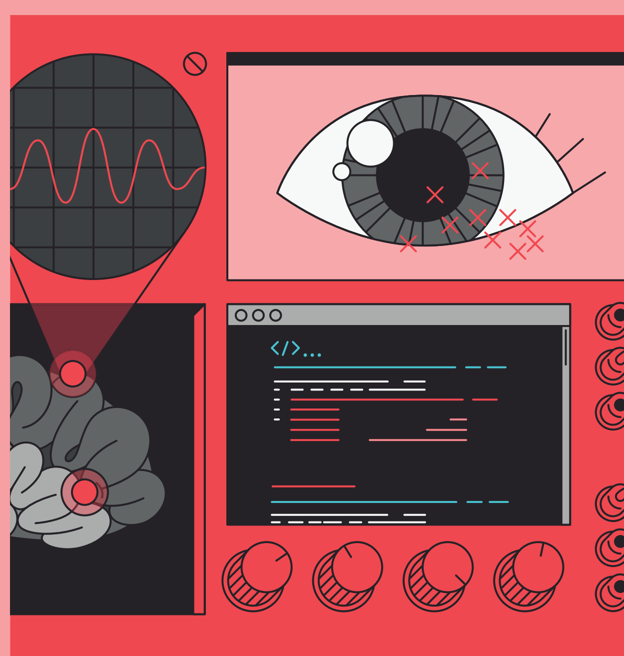
2018 NOVEMBER
Catena Media held capital market days in both London and Stockholm, presenting the new strategy of fewer, but larger and more strategic acquisitions, as well as growing organically by focusing on its own product brands for global expansion.

Strategic changes 2018

- From many local brands → **to a few global brands**
- From M&As → **to organic growth**
- From lead generation → **to perfomance-based online marketing**



Check out our brand history video here:
https://youtu.be/ZRBll9viptw



Check out our business model video here:
https://youtu.be/hvhn2pWWOrM

THE SHARE

The Catena Media PLC share have been traded on the Mid Cap list of Nasdaq Stockholm since 4 September 2017. The shares were previously traded on Nasdaq Stockholm's First North Premier list, where Catena Media was listed on 11 February 2016 under the trading symbol CTM. The subscription price then was SEK 33 per share.

SHARE PERFORMANCE IN 2018

The highest trade price quoted was SEK 156 on 22 May, and the lowest trade price was SEK 71.25, on 11 October.

TRADING VOLUME

In 2018, a total of 56,286,872 Catena Media shares were traded and the total trading volume in 2018 was 88,955,823 shares on the Nasdaq Stockholm Mid Cap list.

OWNERSHIP STRUCTURE

The number of shareholders is 10,301 according to Euroclear's register of shareholders at year-end 2018. The ten largest shareholders according to Euroclear own 59.1 percent of the shares.

DIVIDEND

The Board of Directors has set a long-term dividend policy that up to 50 percent of profit after tax is to be paid out in dividends. However, no dividend will be paid before 2020.

For the 2018 financial year, the Board has thus proposed that no dividend be paid out.

SHARE CAPITAL

At the end of 2018, Catena Media's share capital was EUR 84,430m distributed among 56,286,872 shares and the same number of votes, an increase of 2,281,327 shares during the year. All shares carry equal entitlement to the company profit and equity.

OPTIONS & WARRANTS

In the year 2017 programme 613,643 options and warrants were granted, of which 522,368 were share options and 91,275 were warrants. For the same period and in the year 2018 programme (Ltip) 1,236,110 options and warrants were granted, of which 1,220,610 were share options and 15,500 were warrants.

THE CATENA MEDIA SHARE DEVELOPMENT 2018			
CTM	-5.4%		
OMXSPI	-7.7%		
High	156.00	22 May 2018	
Low	71.25	11 October 2018	
TRADING VOLUME			
Number of shares traded	88,955,823	Nasdaq Stockholm	
Average number of shares traded	355,823	Nasdaq Stockholm	
SHARE CAPITAL	**2018**	**2017**	**INCREASE**
Share capital, EUR ,000	84,430	81,008	3,422
Number of shares	56,286,872	54,005,545	2,281,327
OWNERSHIP STRUCTURE			
Number of known shareholders 31 December 2018	10,301	Euroclear	
Holdings of the ten largest shareholders	59.1%	Euroclear	

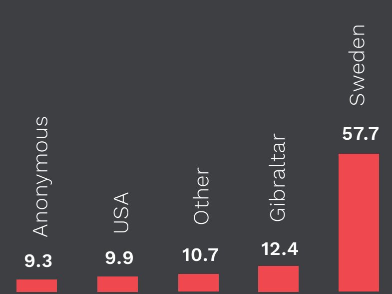
SHAREHOLDER STRUCTURE

Ten largest shareholders as per 31 December 2018	%
Bodenholm Capital AB	9.2%
Ruane, Cunniff & Goldfarb	8.9%
Swedbank Robur fonder AB	8.7%
Investment AB Öresund	8.6%
Aveny Ltd	6.4%
Pixel Wizard Ltd	6.0%
Second Swedish National Pension Fund	3.5%
Baybets Limited	2.8%
Knutsson Holding AB	2.6%
Avanza Pension	2.4 %
Sub-total, 10 largest shareholders	**59.1%**
Other shareholders	**40.9%**
Total	**100%**

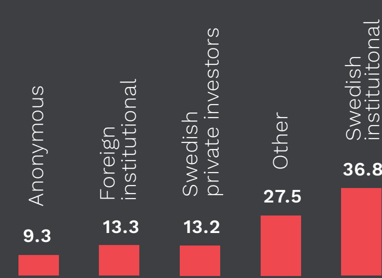
KEY DATA RELATING TO CATENA MEDIA'S SHARE

	2018
Earnings per share (EUR) after dilution	0.52
Outstanding shares at year end	56,286,872
Last price paid 2018, SEK	98.15
Highest price 2018, SEK	156
Lowest price 2018, SEK	71.25
Number of shareholders, 31 Dec 2018	10,301
Number of shares traded in 2018	88,955,823
Marketplace	Nasdaq Stockholm
Listed	4 September 2017
Segment	Midcap
Sector	Medid
Trading name	CTM
ISIN code	MT0001000109
Currency	SEK

OWNER COUNTRIES, VOTES %



OWNER CATEGORIES, CAPITAL %



SHARE PRICE PERFORMANCE

2018 – A NEW BEGINNING

In the ever-growing, ever-changing, performance-based marketing business, where technology is constantly developing, regulations changing, competitors merging and personnel moving between organisations, Catena Media is a true leader in in performance-based marketing in 2018: Setting the benchmark through cutting-edge business intelligence, continuous innovation, quality content, compliance and social responsibility. We progress with speed into 2019.

JAN

JANUARY 18, 2018

CATENA MEDIA PLC STRENGTHENS ITS POSITION IN GERMANY AS LEADING AFFILIATE WITHIN SPORTS BETTING AND FINANCE

FEBRUARY 7, 2018

OFFER TO EXCHANGE EXISTING BONDS INTO NEW BONDS

150

FEBRUARY 16, 2018

CATENA MEDIA ISSUES EUR 150 MILLION NEW SENIOR UNSECURED BOND AND REFINANCES EXISTING EUR 100 MILLION SECURED BONDS

FEBRUARY 28, 2018

CATENA MEDIA AGREES ON AMENDED AND ADVANTAGEOUS TERMS FOR THE ACQUISITION OF AFFILIATE ASSETS IN THE US

MARCH 28TH, 2018

CATENA MEDIA CONFIRMS ITS MARKET-LEADING POSITION IN THE USA BY ACQUIRING TOP AFFILIATE SITE BONUSSEEKER.COM

APRIL 4, 2018

CATENA MEDIA PUBLISHES BOND PROSPECTUS AND APPLIES FOR LISTING OF ITS BONDS ON NASDAQ STOCKHOLM

APRIL 12, 2018

CATENA MEDIA STRENGTHENS ITS FINANCIAL SERVICES VERTICAL BY ACQUIRING BROKERDEAL.DE

APRIL 13, 2018

CATENA MEDIA ENTERS THE FRENCH MARKET BY ACQUIRING TOP SPORTS BETTING SITE PARISS-PORTIFS.COM

APRIL 25, 2018

CATENA MEDIA ACQUIRES GG.CO.UK. A WELL-POSITIONED UK HORSE RACING SITE

75%

NOVEMBER 6TH, 2018

Q3 – 75% OF REVENUES COME FROM LOCALLY REGULATED AND/OR TAXED MARKETS.

JUNE 13TH, 2018

CATENA MEDIA STRENGTHENS ITS FINANCIAL VERTICAL BY ACQUIRING THE US-BASED PREMIUM EQUITY SERVICE THE HAMMERSTONE

JUNE 28, 2018

AFFILIATE OF THE YEAR AT 2018 EGR NORTH AMERICA AWARDS

15%

JANUARY - DECEMBER, 2018

TRADITIONAL ORGANIC GROWTH

MAY 24, 2018

CATENA MEDIA MAKES STRATEGIC PUSH INTO GLOBAL FOREX WITH ADDITION OF FOREX-TRADERS.COM

JULY 25, 2018

CATENA MEDIA CONSOLIDATES ITS LEAD IN FINANCIAL VERTICAL BY ACQUIRING PREMIUM FOREX INDUSTRY NEWS WEBSITE LEAPRATE.COM

DEC

MAY 25, 2018

CATENA MEDIA ESTABLISHES POSITION IN AUSTRALIAN FINANCIAL SERVICES VERTICAL BY ACQUIRING PREMIUM STOCK MARKET NEWS AND ANALYSIS SITE

JUNE 27, 2018

CATENA MEDIA ENTERS ITALIAN SPORTS BETTING MARKET BY ACQUIRING ASAP ITALIA

DECEMBER 4, 2018

AFFILIATE OF THE YEAR AT 2018 SBC AWARDS

JUNE 4, 2018

CATENA MEDIA'S NEW CEO, PER HELLBERG, TAKES THE REINS

NOVEMBER 20 & 21, 2018

CATENA MEDIA'S CAPITAL MARKETS DAYS

MAY 14, 2018

US SUPREME COURT DECISION PERMITS REGULATED SPORTS BETTING

"... if you don't dream big, you will never reach your goals."

Our objective is to become the WORLD'S LEADING provider of quality online leads

Per Hellberg has been the CEO of Catena Media since the summer of 2018. He brings extensive international business experience with him from areas such as consumer electronics, online industry, iGaming and mobile telecommunications. He considers Catena Media to be a flexible, modern company with an attractive and scalable business model – ready to meet future needs in both its existing business areas and new ones. Here are his thoughts on market dynamics, and how Catena Media fits them.

The digital transformation has helped marketing progress from being static to more dynamic. The future will be more about getting to know consumers and satisfying their wishes – with the help of personalisation and interactivity – and ultimately you will only invest in marketing activities directed at consumers who generate income for your company. Our reason for being in business is being able to respond to consumers seeking aggregated information online and helping companies grow with high-value depositing customers.

Our objective is to become the world's leading provider of quality online leads. Although this may appear ambitious and grandiose, if you don't dream big, you will never reach your goals.

IT ALL BUILDS ON A VALUE-GENERATING PROCESS

I also believe that it is extremely important to generate value in several dimensions, particularly as Catena Media targets several interconnected groups – in the form of operators, or business partners, and their customers, that is, consumers.

A consumer can only become a lead, a paying customer, if she or he feels trust in our service and interacts with our qualitative content. We generate value for them by solving a problem or answering a question, making it easier to reach a decision. We then capitalise on them making their choice. Consequently, promising new customers for our business partners is quite simply a promise to the consumer, too. If we do not live up to both promises, we will not be able to continue doing business.

It is all interdependent. We currently have an extremely high level of customer satisfaction and record-high revenues, thanks largely to our thorough understanding of digital behaviours and customer preferences. Combined with solid experience and close cooperation, we also believe we know precisely what consumers need and value. Of course, we are also proud to be able to offer them fantastic choices and the market's best brands.

A FLEXIBLE BUSINESS MODEL FOR ALL INDUSTRIES

Catena Media was built up within iGaming and later within professional Finance, as these were established digital industries with mature users.

"Today we can apply our business model in any vertical. Catena Media's journey has only just begun."

But the company's flexible business model can easily be transferred to several other business areas, as the customer behaviours are actually the same.

We have built up our expertise over several years in iGaming, garnering invaluable knowledge about everything from search engines' complicated algorithms to people's behavioural patterns on the Internet and the questions they have. For example, "where can I find the cheapest hotel?" or "what online casinos can be trusted?", and so on. We need to ascertain all of these things. Once we have this specific information, obviously we also want to know who is sitting at the other end and would be willing to pay for the traffic. Today we can apply our business model in any vertical. Catena Media's journey has only just begun.

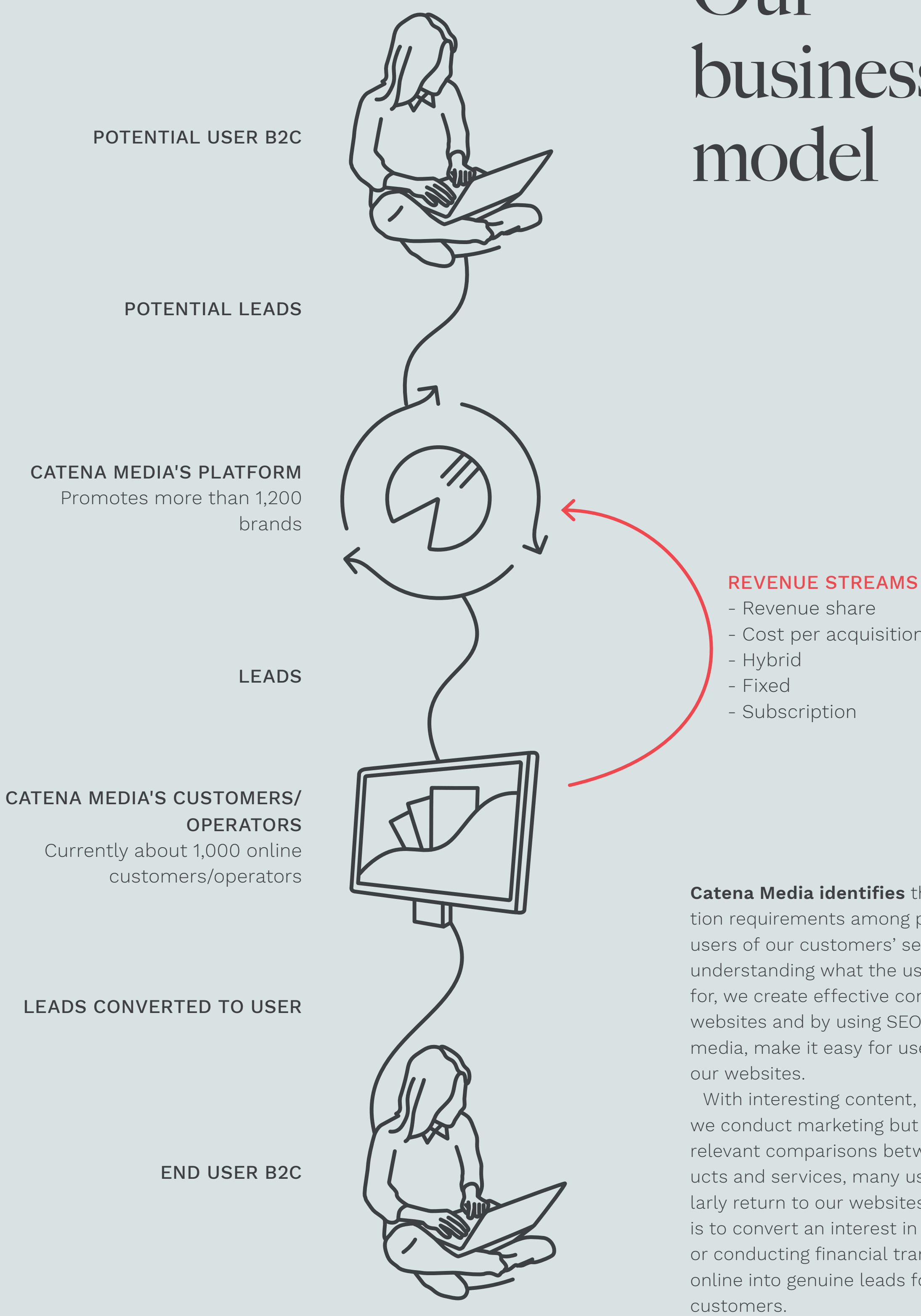
"I see us as the optimal marketing channel."

Catena Media is actually rather similar to other large, modern media channels. The difference is that we are only paid after a consumer makes a transaction with one of our customers. This means that our customers only pay for measurable results. Nothing else. That's rather unique in current marketing, as it entails zero risk for our customers. I see us as the optimal marketing channel.

Per Hellberg
Chief Executive Officer

Photo by
Martin Stenmark

Our business model



Catena Media identifies the information requirements among potential users of our customers' services. By understanding what the user is looking for, we create effective content on our websites and by using SEO and paid media, make it easy for users to find our websites.

With interesting content, in which we conduct marketing but also make relevant comparisons between products and services, many users regularly return to our websites. Our goal is to convert an interest in iGaming or conducting financial transactions online into genuine leads for our customers.

Our revenue model is mainly based on revenue sharing. This means that we receive a certain amount of net revenue that a user generates on a customer's website after Catena Media has referred the user to the customer website.

“Getting the right things to work better.”

Catena Media’s COO, Johannes Bergh, is a man with many tasks. He works in a team together with the managers of Catena Media’s three product areas: Financial Services, Casino and Sport, as well as the heads of Technology, HR and BI. The team’s main task is to take data-driven decisions regarding product development and technical infrastructure to support a global organisation. Personally, he defines his job in simple terms: Getting the right things to work better.

PLAYING FIELD AND OPTIMISED BUSINESS

Three things will be particularly important in 2019 and beyond: Clearly defining our playing field, ensuring we have the right conditions to win there, and optimising our business.

ON WHICH PLAYING FIELD WILL CATENA MEDIA WIN?

Google helps people find what they are looking for, both general information and products and services. That makes them the biggest in the world in lead generation and we will never be able to beat them on their playing field.

Closer to us are the transaction-based search services, such as recommendation sites for hotels and flights. We are very good at helping people make decisions and solve problems. That is, we aggregate information about an industry, casinos for example, educate consumers and help them decide which casino to play at. If you experience a problem with a casino, you can turn to our complaints department, which, at the end of 2018, had helped players recoup EUR 19.8 million – including everything from bonus payments that failed to materialise, to simple problems making deposits. Our game plan can be summarised as follows: We help consumers make decisions and solve problems.

THE USER EXPERIENCE – A PREREQUISITE FOR COMPETITIVENESS

Our greatest challenge right now is to create more competitive products. When Catena Media started, we did not have many competitors, but competition has increased significantly in recent years. Previously, it was sufficient to be good at search engine optimisation, then performance became more important. But

Johannes Bergh
Chief Operating Officer

Photo
Dino Soldin

as consumers have become more sophisticated and have different behaviours on different platforms, a customer-oriented app-roach, with appropriate content, design and user experience, has grown to be more important.

MANY TALENTED PEOPLE

Catena Media must, as an organisation, focus on continuously improving its core skills. But not by turning each and every stone to find perfectly talented individuals. Instead, we invest considerable resources into developing existing employees.

Looking at our income statement and balance sheet, you can see that personnel accounts for about a third of our costs, and this is quite clearly where we must invest. Technology is created by people and investing heavily in our human capital is straightforward business know-how. It also has a very healthy side effect: our employees thrive and develop in their work, meaning we create better solutions than our competitors do.

COMMITMENT GENERATES PRODUCTIVITY AND PROFITABILITY

Because we are data-driven, of course we also measure our employees' commitment. Over the years, we have observed a clear connection between commitment and productivity/profitability.

Accordingly, we have designed our organisation to specifically promote commitment and ownership – in other words, entrepreneurship. We call our organisational design "Pods & Roots". "Roots" are shared resources, including finance, technology and HR. These support our "Pods" – our product teams, in which we generate our revenue. In this way, we encourage an entrepreneur-driven culture, while building an agile and scalable organisation.

2019 WE WILL OPTIMISE THE EXISTING BUSINESS

We frequently talk about organic growth here at Catena Media, and this is closely related to how we are optimising the existing business.

We have applied several internal objectives setting out our path towards improved organic growth. These include steering towards a smaller number of global brands (products) and an M&A strategy that clearly supports our overall plan.

GETTING THE RIGHT THINGS TO WORK BETTER IS A PHILOSOPHY OF LIFE

If we are to have any impact on the world's environmental problems, the solution is not to wait and see what politicians do. Companies are the ones that can make things happen quickly, and we must therefore take our responsibility and do what we can to create a more sustainable world.

But let's put these exciting operational issues aside for a moment. Besides being the COO in a company that has experienced almost unbeatable growth in recent years, I am highly engaged in environmental issues, through a variety of projects within Catena Media. For example, efforts are under way, in partnership with our landlord in Malta, to make Catena Media's headquarters the greenest building on this island nation, with solar panels on the roof producing energy, and self-financed recycling.

A legal department prepared for the

CHALLENGES AHEAD

When Louise Wendel joined Catena Media nearly three years ago, she was the company's first lawyer and was focused on the upcoming listing of the company on the Nasdaq Stockholm exchange. The department has grown apace with the company, today comprising eight people. It is a robust department at the forefront of the affiliate industry, enabling Catena Media to respond to regulatory changes at an early stage.

CATENA MEDIA IS NOT A GAMING COMPANY

At the outset, Catena Media's focus was on iGaming. There was a conscious strategy to grow through acquisitions, since this was a young but established market offering substantial potential. That was an excellent way to consolidate the company, which now has nearly 400 employees and is, by far, the largest in its niche of online lead generation.

As a listed company, we are easily equated with an industry with which we are closely associated – in our case, iGaming. For example, the company is affected when new regulations are introduced in the gaming market.

CUSTOMERS CHOOSE US FOR SECURITY

Catena Media's legal department is well-prepared and able to take the lead as changes occur. There we have an advantage over some of our smaller competitors. For that reason, operators are happy to work with us, as a well-established player, as the winds of regulation sweep across Europe. We are good at compliance and our strategy is to work very close to our customers.

GROWTH ON A BROADER FRONT

Catena Media applies an efficiently scalable business model with clear procedures and processes. This can currently be observed as we establish operations in the US.

Although managing new administrative procedures is challenging, of course, we are well prepared through the strategic acquisitions we conducted in the US back in 2016. At the same time, we are also considering entirely new business areas in which our business model can be applied.

A DEPARTMENT OF FOCUSED GENERALISTS

Since I became Head of legal at Catena Media, we have experienced extreme growth, which has entailed considerable challenges, not least organisationally.

A good corporate lawyer is a generalist who is knowledgeable in several different areas. We are involved in everything concerning the company: agreement negotiations and processes in connection with acquisitions, customer contracts, employment-related matters, trademark protection, license applications, etc. Although the company's lawyers have specific areas of responsibility, we always work as a team. One challenge lies in Catena Media being a Maltese company listed in Sweden, meaning it must comply with several regulations.

2019 - CONSOLIDATE, FOCUS AND GROW

Catena Media has realigned its strategy towards organic growth, developing the existing brand portfolio and aiming to conduct fewer but larger-scale acquisitions.

For us, the most important thing is to stick to the strategy and to consolidate processes and procedures. The idea is to grow more with the resources we already have. The area in which we will grow in particular is iGaming in the US, where many states are seeking to regulate online gaming. States all have their own regulations and the legislative process takes time. But we are ready, both with strong brands that can drive traffic to operators and a legal department prepared to accept the challenge.

Louise Wendel
Head of Legal

Photo
Dino Soldin

LIKE HOTELS.COM – BUT IN ANOTHER VERTICAL

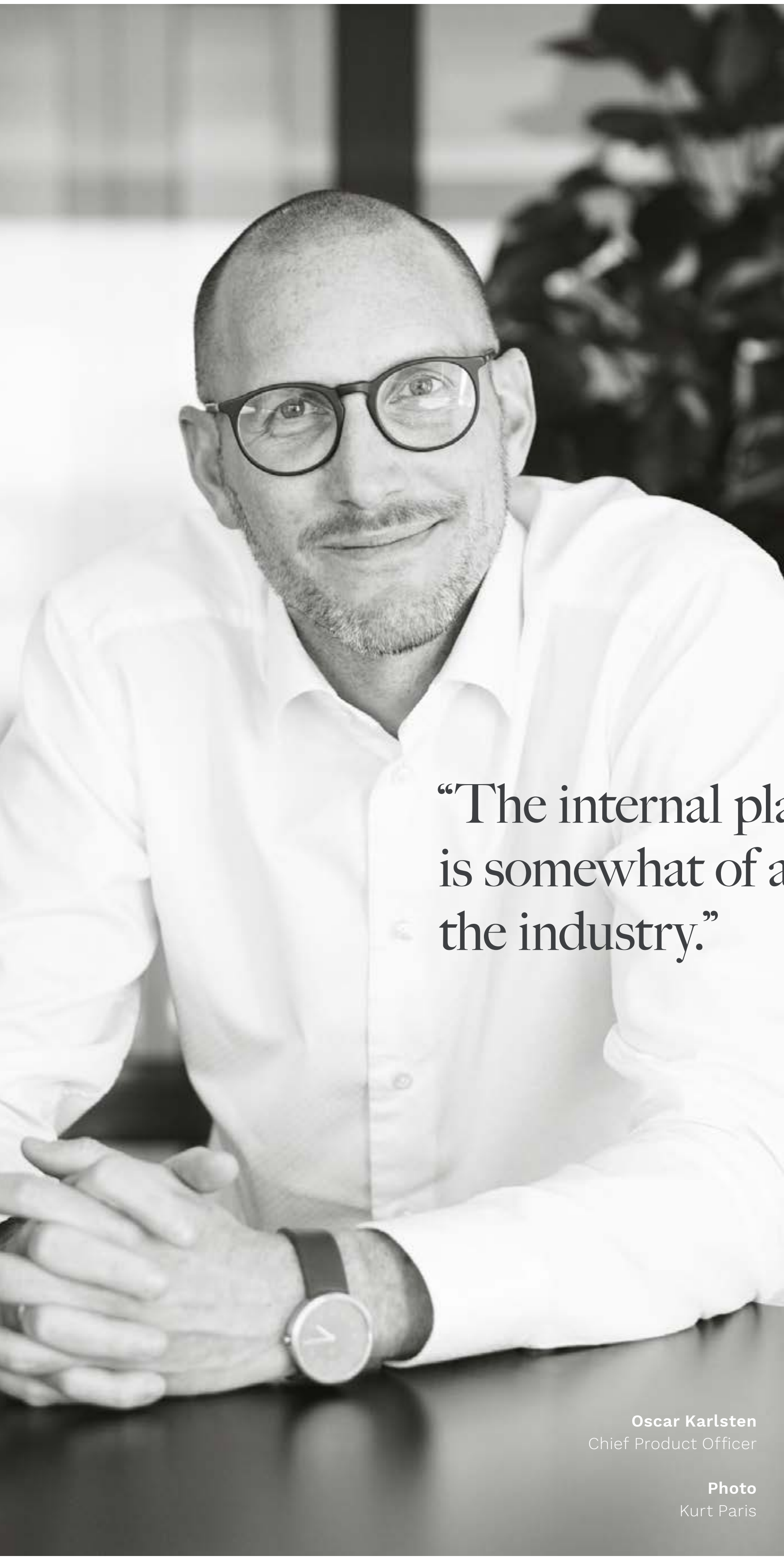
Catena Media has quickly become a global market leader in its industry and, at the beginning of 2018, provided clear evidence of the scalability of its business model when investing in its new financial services vertical, with good results. Because Catena Media's products are not physical or household brands from an outside perspective, it may seem abstract to explain the strength of its products and what makes Catena Media unique. Catena Media's Chief Information Officer, Oscar Karlsten, is responsible for Catena Media's global technology development, and believes that technology and the integration of a core system are crucial for the company's scalability. Here he explains how awareness about the business model and its opportunities are increasing, bringing great opportunities for the company.

The level of awareness and understanding of what an affiliate actually does has been quite low. But the level of understanding among investors and throughout the general industry is on the rise, and that is driving very strong development and many opportunities right now. A major part of understanding our scalability lies in understanding our business model. Most people understand what the value chain looks like, but it has been difficult for people to understand what happens at each stage. It is quite easy to grasp that if someone googles "casino bonus" and gets JohnSlots as the top result, goes into it, compares bonuses, clicks their way to one of our partners, deposits money and starts playing, then Catena Media will earn money. This business idea in itself is pretty simple and can be compared to buying hotel accommodation on Hotels.com or a flight ticket via Momondo. Everyone is familiar with that value chain and can understand it.

One of the challenges, in my opinion, lies in AskGamblers, JohnSlots and BettingPro not being household brands. That makes people insecure. Many have a hard time seeing that you can discuss casino games or sports betting in the same way as a hotel. In the same way that you read reviews of a hotel or look for the best offer before booking your stay, you can read about Ronaldo's latest transfer before placing a bet on a football team. Or you can find the best casino bonus before starting to play, if you want to maximise your experience. It is exactly the same thing, just a more niched variant, where the discussion is not yet as broad or public.

In addition to Catena Media's portfolio of highly popular products, such as AskGamblers, Hammerstone, and BettingPro, the company's greatest strength lies in its technology focus, which clearly distinguishes it from its competitors. For a long time, Catena Media has developed an internal platform with sophisticated applications and integrations that have allowed it to quickly integrate acquired companies and build new features. I believe that technology and the integration of a core system are crucial for the company's scalability.

To put it simply, one could say our platforms' vision and infrastructure are my responsibility. I am ultimately responsible for ensuring that all of our products use the same infrastructure by integrating them into all of our systems and services. Our internal platform is very robust. I believe that we're ahead of everyone else in how we roll out our products and work with them. We try to absorb and consolidate all acquisitions we make and we always try to develop and grow them into something better. The internal platform we built is somewhat of a rocketship in the industry.



Oscar Karlsten
Chief Product Officer

Photo
Kurt Paris

I really believe we have shown that we can make our acquisitions grow, both in terms of product and revenue. We have, for example, built solutions for how we follow up on KPIs: how we measure revenue in greater detail than previously; what parameters we consider and what actions we should take. The more deeply we integrate our products with our internal platform, the better the data is that we obtain, and thanks to that, we can build even stronger products.

As the industry matures, the demand for quality in products and deliveries increases in parallel. In social media, insufficient relevance and insufficient adaptation to target groups has swept away sponsors, advertising and companies from all flows. Quality always beats quantity, bringing a major strategic shift for affiliates. They must now get to know their end customers in greater depth to create more customised and targeted products and content – and I believe Catena Media is well prepared for this change.

“The internal platform we built is somewhat of a rocketship in the industry.”

Being able to get to know the customer based on interactions with Catena Media's products is a huge deal for us. To put it in the simplest terms, we pass users on to our partners. Having a business model like this means we are dependent on data that our customers can send back to us. We then need to piece this together with the data points we have from our products. With our internal platform and services, however, we obtain more data and can start taking responsibility and get to know our customers, which ultimately means we can generate better content and products for our end users. All of a sudden, we are starting to discuss the same challenges as other industries, challenges we have not discussed previously. These challenges include the customer journey and experience in general, as well as customer interactions between our products and offers. It's incredibly exciting and we can truly show our strengths here. We are ready.

"Our greatest challenge became our greatest competitive advantage."

Klas Winberg
VP Sales and Marketing

Photo
Kurt Paris

Klas Winberg is passionate about digital marketing and online innovation. He has an extensive background in online gaming. He has worked at Catena Media since 2016 and is VP Sales & Marketing. He looks back on 2018 as an exciting year for Catena Media, believing that much of its success lies in the company always working professionally and transparently.

CHANGING CONSUMER BEHAVIOUR STRENGTHENS OUR BUSINESS MODEL

What our customers do, actually, is outsource their marketing to us. They entrust us with their brands, meaning they have to be able to trust us to market them correctly, and we are very proud to do just that. We receive very good feedback from our customers and they feel they can really trust us. Our products have grown in both volume and quality, despite some regulatory challenges such as GDPR and major changes in the UK, which really tested our capacity for compliance with the new rules for gaming companies. But we have performed gallantly, being responsive and professional in resolving these issues.

Additional regulatory changes await in 2019. Sweden introduced gaming licenses in January 2019, and in many parts of Europe, changes in legislation are occurring suddenly and unpredictably, bringing new regulations for the gaming market. Catena Media welcomes regulations since we are well diversified and therefore less affected by individual country regulations. Our maturity and professionalism mean that we quickly adapt to new regulations. Being able to advocate responsible gaming plays an incredibly important role, and also gives us a competitive advantage, being as large and professional as we are. We are one of few companies able to manage the changes and continue delivering. Since we attract so much traffic, are a listed company and have such a well-developed relationship with our customers, they can rely on us in a way they cannot rely on smaller companies. Gaming companies can work with 2,000 affiliates but it usually ends up with them choosing to cut down on the smaller ones for lack of insight into what's going on and not even being able to monitor how their brand is being used.

Catena Media has paved the way as a market leader in the iGaming vertical, and in 2017 invested in a new Finanancial Services vertical. I can see further opportunities in additional verticals that have begun to mature, as more companies and industries begin to understand the value of an affiliate.

What favours this business model is that there is fairly widespread overexposure and over-consumption of media in particular. A kind of banner-blindness occurs – people disregard them, leaning forward to focus more closely on what they want by searching the Internet. This changed consumer behaviour acts in our favor, because it involves making an active effort rather than just seeing seven ads in a row. An individual has chosen to seek out the information we deliver then and there, and we don't bother other people, so to speak.

We introduce brands to their ideal customers, just when they are most likely to make a purchase. Of course, this is something that is attractive to additional verticals beyond iGaming and finance, and we are convinced that we have the expertise to build relevant sites in any sector.

Michael Daly
General Manager US

Photo
Martin Stenmark

2018 WAS A BANNER YEAR FOR CATENA MEDIA

Michael Daly has 16 years of experience in senior and executive positions in the gaming sector. Since April 2018, he's been Catena Media's General Manager in the US, overseeing the growing portfolio of state and national brands. Since the US Supreme Court repealed PASPA in May, allowing for regulating sports betting across America, things have been moving quickly.

"...if we play our cards right, we'll be the dominant player for lead generation in the US for years to come."

US SPORTS REGULATION COMING INTO FULL FORCE

2018 was a banner year for Catena Media in the US. Just before I came onboard, we added a second acquisition, Bonusseeker, and over the last nine months our US team grew from six to 20 full-time employees. Thanks to this team, we have essentially doubled revenues on the casino side of our business and even more exciting than that – PASPA was repealed, allowing for the launch of sports betting in the US. That started in New Jersey and has been really impactful for us, with lots of new operators and customer deals. Among these, our estimates show that we are providing a very healthy percentage of New Depositing Customers (NDCs) with our operator customers, and that we are the clear leader among our peers. Given our strong market position, we see no reason for that to change. In addition to New Jersey, several other states have been passing sports betting bills.

West Virginia and Pennsylvania are next in line, with West Virginia having launched in 2018 and Pennsylvania customers targeting to go live in the second quarter of 2019. West Virginia will only offer sports betting initially and it's a relatively small state, with less than one percent of the country's population. However, there are some important areas right on the border of West Virginia, parts of Virginia with some very wealthy counties.

After this, Pennsylvania should come onboard for both casino and sports betting and this is very much like New Jersey, except its population is 40 percent larger. Hopefully business there will be as good. The state has a higher tax rate but the larger population should offset that. Ahead of market launches in both states, we have also established leading positions for relevant search terms. Sites such as LegalSportsReport.com and PlayPennsylvania.com – just two of the dozen-plus sites Catena Media can utilise in the Pennsylvania and West Virginia markets – already see large volumes of traffic and are well-positioned for when the first customers launch in each market.

So we can definitely expect a fast-growing market with a large demand for high-quality leads going forward. While regulation always tends to be a slow breed, it definitely feels like the wheels are moving faster than anyone could foresee.

FIRST PLACE ON THE VALUE CHAIN

We generally believe that lead generation, by being closest to the end user, is the best place to be in the value chain. This is even more the case in the US gambling industry. While casino groups, operators, suppliers and other stakeholders are all jostling for position and market share – and doing so within a complex regulatory environment, we are fully focused on providing leads to eligible operators and other parties prepared to pay well for the customers they require to penetrate the market. Catena Media is well positioned with strong ranking assets for 20+ states already – and if we play our cards right, we'll be the dominant player for lead generation in the US for years to come.

A COMPETITIVE FUTURE AHEAD

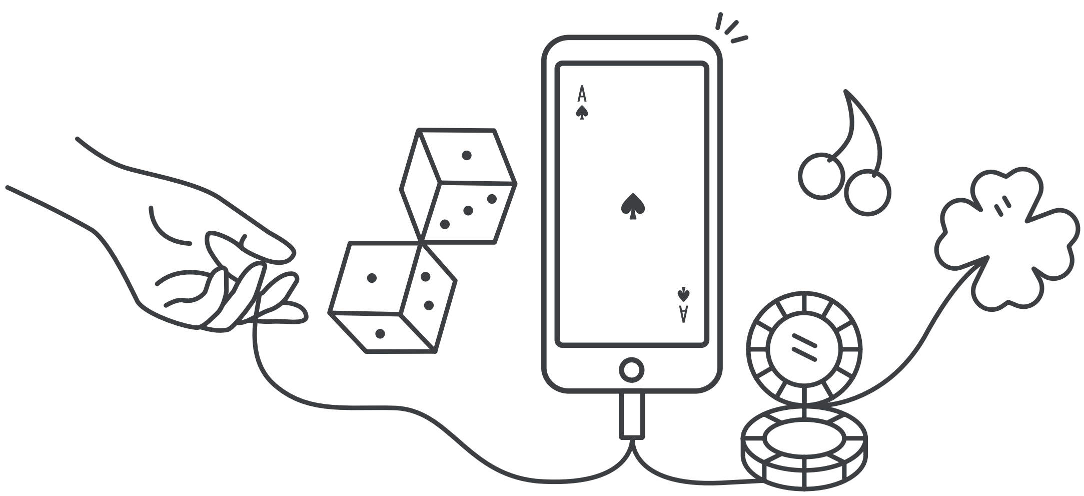
Catena Media has been the main affiliate player in the iGaming industry in the US so far, granted that it's currently confined to just one state. With the opening of more states and business verticals, namely sports betting, it suddenly becomes a much larger market, which makes it much more interesting to our competitors, large and small. Catena Media's US team is in a good position, already ahead of the curve, since we're already here and established in New Jersey and well positioned for Pennsylvania. We are also working on the states that are expected to have iGaming up and running in 2020-2021. America is all about SEO; you can't buy traffic or apply pay-per-click in Google for the US gambling industry yet, like you can in regulated markets. With this in mind, it comes down to how good your sites are and how long they've been running. Since we've had sites running for a long time in many states, this gives us an edge for now.

We've also been growing our team in anticipation of our competitors arriving and locking in people we believe are key players in the market. There are also going to be a lot of unknowns and knee-jerk reactions here in the US in the next 12 months by operators, states and regulators, as more people get involved in iGaming. This is something we need to be prepared for and having the right team helps immensely.

With my extensive experience in US gaming and iGaming, I'm hoping to contribute to Catena Media's continued growth and increasing our lead in the US market.

iGAMING – A CONSTANTLY CHANGING LANDSCAPE

For both online casino and sports betting the outlook for 2019 and beyond can be summarised in a single word – change. Markets are being regulated, consumer behaviour is changing and operators are demanding higher retention rates. Catena Media welcomes these changes and we are adapting to them proactively.



COMPLIANCE IS ONE OF OUR COMPETITIVE ADVANTAGES
The European markets are being increasingly regulated and putting more emphasis on compliance. Something Catena Media embraces, since it lets us stay one step ahead of the competition. Markets like the Netherlands, which have been closed for several years, are now being regulated, letting us operate there. Then there are those like Norway, with a total ban on online gambling, where it remains to be seen if they choose to regulate it or not.

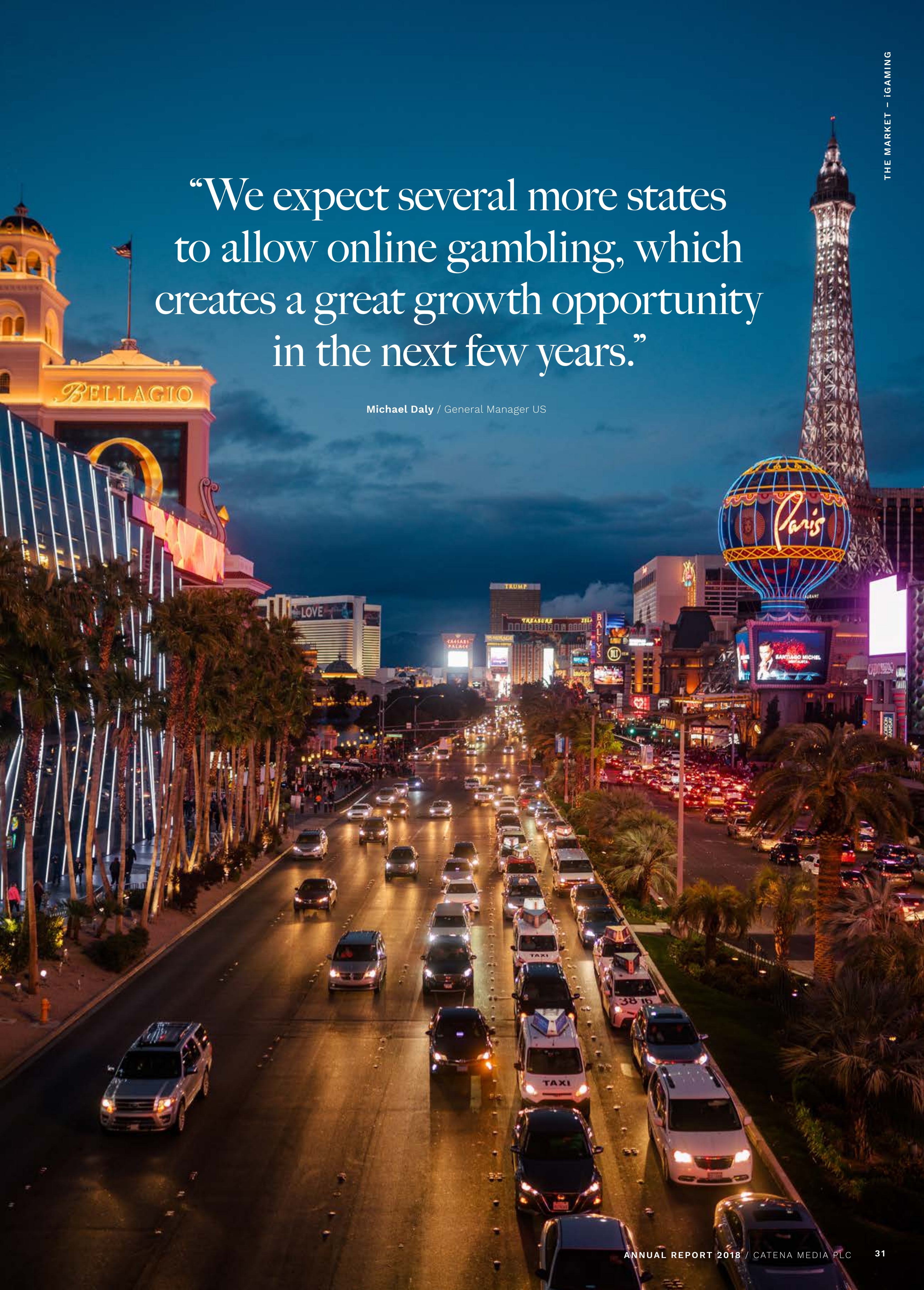
OUR GROWTH OPPORTUNITY LIES IN THE US
In 2018 operators were positioning themselves for a bright future in the US. It started with a Supreme Court decision that permits legalised sports betting, leaving it to each state to decide if they would allow sports betting and online casinos. First out was New Jersey, and in the second half of 2019 Pennsylvania will likely follow. We expect several more states to allow online gambling, which creates a great growth opportunity in the next few years.

HELPING PLAYERS TO MAKE DECISIONS
A constant flow of new operators and new games creates a dynamic market, but also a complex one. It is challenging for users to collect information and make educated decisions about where to play or place a bet. Regardless of the geographical area, Catena Media's products help players to gather data and information about where to play and bet.

FOCUS ON USER EXPERIENCE
To best serve our users, we need to understand their needs. We monitor the customer journey from search to deposit. Based on these insights, we tailor the content and design of our products, regardless of device (phone, tablet or desktop). We think that technologies will converge and the best way to stay on top of the game is to really understand user needs. This will ensure we develop products and services that they appreciate and value.

FROM NEW PLAYERS TO RETENTION
Lead generation has historically focused on acquiring new players. When a market matures and competition increases, we see a surging demand for retention campaigns as well. Our long-term aim is to be the best supplier of leads to our operators, but also the best partner for retention and loyalty campaigns – helping them increase their market share and protect it.

FILLING GAPS IN OUR PORTFOLIO
The last few years has been dominated by intense M&A activities – our own and our competitors. Going forward we aim to be very strategic, only pursuing acquisitions that add substantial value and fill gaps in our portfolio. We will focus our large product portfolio, developing relevant user value propositions and giving our prioritised brands a global footprint.



"We expect several more states to allow online gambling, which creates a great growth opportunity in the next few years."

Michael Daly / General Manager US

A LEAD GENERATION PARTNER THAT BECAME AN INTEGRATED MARKETING SOLUTION

Richard Gale
General Manager UK

Photo
Dino Soldin

Richard Gale is the General Manager for UK and runs our Sports division from the London office. He also oversees sports activities in the Italian, French and German acquisitions, all of which run sports betting operations. Richard has had a hectic year in 2018, including dealing with compliance issues and a multitude of major global sporting events.

I think the start of the year was very much focused on compliance. The Winter Olympics weren't nearly as big as anyone expected and there was almost no betting around that event. So during Q1 and some of Q2 we were very focused on some compliance issues raised by operators. In the meantime, we were in a good position when many operators decided to stop working with thousands of other affiliates and instead focus on companies like us – companies that would be liable and take responsibility for the compliance issues that the operators were liable for under the UKGC. After this, the football World Cup started and this was fantastic for us, of course. During this time it also became apparent that we can actually go beyond delivering leads and provide our partners with very solid brand metrics.

"The potential in America feels massive already."

We believe that with our huge reach across the world, Catena Media is able to help operators raise their brand awareness and in particular, increase their consideration, which is one of the key factors for the CMOs (Chief Marketing Officers) of the operators. We're also looking at how we can help them with retention and extending lifetime value as well. We don't want to be seen as just a lead-generation partner – but rather an integrated marketing solution. Last year we made two key acquisitions to develop that strategy, and it's around them we think we can execute it successfully in 2019 and continue our organic growth. By doing this, we'll have the infrastructure to let us scale, and that's what we'll focus on. Apart from that, the US market is going to be interesting – there are huge opportunities over there. What we're learning already is that every state is slightly different and will offer its own particular challenges. For us, this makes it vital how we adapt our business model on a first-day basis. The potential in America feels massive already.

Nikola Teofilovic
General Manager Serbia

Photo
Dino Soldin

As a major player, you have to take responsibility by also imposing DEMANDS

Catena Media does not own any gaming sites of its own, but merely drives traffic to gaming operators. But when it comes to taking responsibility for conducting sustainable and ethical gaming, Catena Media seeks, as a company, to find other ways of taking responsibility. Nikola Teofilovic is the acting General Manager of Catena Media's operations in Serbia and is responsible for the flagship site AskGamblers. AskGamblers is one of the market's most visited web portals, providing players the unique opportunity to have online casino-related disputes adjudicated via the portal.

AskGamblers is a world-leading iGaming product and serves as a kind of consumer network for online players. We provide players information important for choosing the best casino, with reviews and rankings. We also offer a unique complaints system that helps players claim their rights when compensation has not been paid, for example. In 2018, we helped players who made casino complaints to recoup more than USD 20 million through AskGamblers. Although we are not a court, because we are so large and drive so much traffic, the casinos usually follow our recommendations. As a leading company in the industry, we must actively take responsibility for counteracting gaming abuse, being transparent and imposing demands on operators. We do this through AskGamblers by deselecting those who do not behave ethically.

The gaming market is very much a political issue. Since there are opportunities to earn big money and bring in high tax revenues, for example, right and left-wing governments can have very different ideological views on how the gaming market should be run. This helps explain some of the rapid and abrupt shifts that can occur, with sudden and stringent regulation when there is a change of government in a country. Catena Media welcomes, however, the current trend of legalisation and legislation. We think it's good because it means more people are forced to take responsibility and, if they cannot do that, they will automatically fall by the wayside. What we have managed to do is to add professionalism. We have built a large, world-leading company that is very well organised and has competent people involved. This in an industry that has traditionally been characterised by small two- to four-person operations in informal settings.

> "There will always be games, regardless of whether we drive traffic or not, and that means we must be a responsible actor."

This is where we show our strength, because that type of company neither has the resources nor cares about accepting social responsibility and pursuing important issues. This is why the emergence of larger players in the market – who are able and hopefully willing to allocate resources to take that responsibility – represents a positive development. Many actors are looking only to maximise their profits. You have to have a broader agenda – and I feel that our management team and Board of Directors have that. That is the foremost reason for our success as a company.

FINANCIAL SERVICES – A NEW VERTICAL WITH POTENTIAL

After acquiring BrokerDeal and BeyondBits in 2018, Catena Media entered lead generation in Financial Services. It was a natural step for the company, as it diversified and increased our offering and also added a business area with considerable potential.

CURRENCIES, SHARES, AND CFDS

Catena Medias' Financial Services vertical contains brands providing relevant content for users interested in trading currencies, shares, and CFD (Contract For Difference) instruments. The vertical was launched in early 2018 as part of our strategy to grow our business outside the iGaming vertical.

FIVE PERCENT OF TOTAL REVENUES

In the fourth quarter of 2018 the Financial Services vertical represented 6 percent of Catena Medias' total revenues, adding up to EUR 1.8m in the fourth quarter 2018. For the full year 2018, it represented 5 percent of total revenues, amounting to EUR 5.7m. EBITDA was EUR 0.3m in the fourth quarter and EUR 2.5m for the full year.

ONLINE FINANCIAL SERVICES ARE SIMILAR TO IGAMING

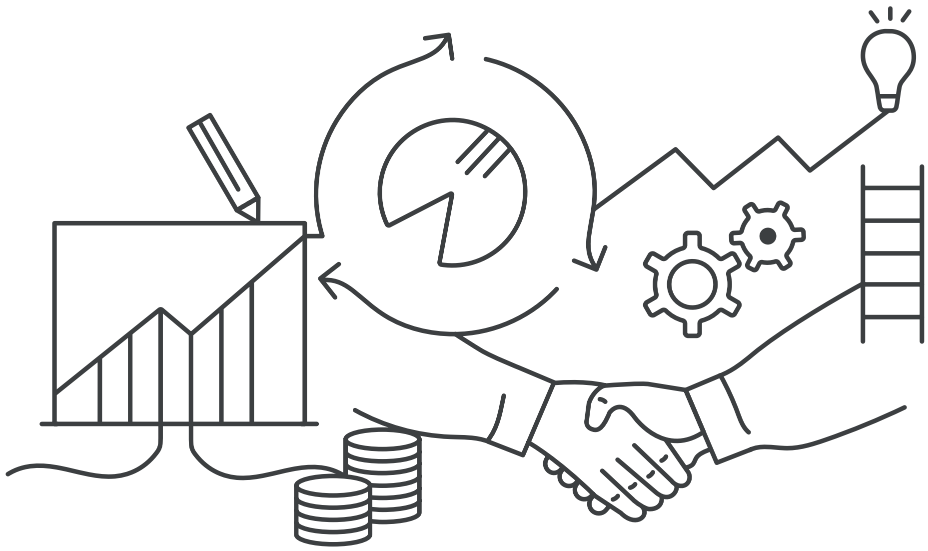
There is a general shift underway towards online services in the finance industry, similar to those of the gambling industry. This in turn translates into other changes that are in line with Catena Medias' expertise: Products translate across the globe and there are new growing regions. The financial market is strictly regulated, which is a major advantage because it entails a distinct set of rules with stable, long-term users and established tax levels. The business model and pricing of leads are similar and operators offer CPA, revenue sharing, hybrid deals and data leads. And lastly, margins are on a par with online casino leads, although revenue per user is slightly higher.

WHAT CATENA MEDIA CAN CONTRIBUTE TO OPERATORS

Catena Media can benefit financial services operators by reducing customer acquisition costs and delivering higher conversion rates. We can help them optimise digital marketing budgets. And our experience from affiliate operations benefits them greatly.

STRATEGIC ACQUISITIONS

We are creating an ecosystem centred around trading. The first objective is to build our ecosystem in the US, the UK and Australia. The acquisitions of TheBull, ForexTraders, BrokerDeal and Hammerstone Inc. are entirely aligned with this strategy. The Hammerstone acquisition in 2018 was of particular strategic significance because it provided Catena Media with an entirely new revenue model through B2B subscriptions, adding to the existing models: CPA, revenue sharing and flat fee. Although currently we see a high demand for subscriptions it is important to cover all revenue models, as it gives us the flexibility to move monetisation options around based on the best yield.



"Our strategy focuses on building a global presence with our well-known brands."

A GLOBAL PRESENCE

In 2018 we focused our efforts and investments on our key brands: Hammerstone, LeapRate, AskTraders and AskBrokers. The strategy is to target high-end brokers with Hammerstone and the currencies market with LeapRate. AskTraders will be our main Q/A site with respect to trading. And finally, AskBrokers will provide deep information and analytics. Our strategy focuses on building a global presence with our well-known brands. This is clearly being executed with LeapRate, which expanded to five new countries this year, and will continue in 2019, with subdomains and country-specific pages.

2018 – Focus on team and processes

- In 2018 we started creating the **foundations for our Trading activity** and made acquisitions in the core geographies where we would like to set a footprint for growth expansion, in the EU, Australia, South Africa and the US.
- We acquired **a range of contract types** as part of our deals to cover: CPA, Revenue Share and Flat fee, which is important as it gives us flexibility with our sites to move the monetisation options around based on the best yield.
- We acquired an asset that gave us **BAFIN tied agent status,** which is important for securing revenue share deals in the EU.
- In 2018 we **acquired the B2B product, Hammerstone**, which gave us the opportunity to build our own retail product www.hammerstonemarkets.com
- Going into 2019 we are **optimising traffic and putting growth plans** as well as geographic expansion plans in place, in order to crystallise our acquisitions and reshape the whole division into a combined group of assets greater than the sum of its parts.

THE TIP OF THE ICEBERG OF WHAT THE MARKET WILL BECOME

At the beginning of 2018 Catena Media expanded its offering by entering a regulated vertical for affiliate marketing focused on financial services. The firm immediately went from zero to nine acquisitions and quickly became a large player in the market. With a turnover of about half a million euros per month and about half a million unique users a month, they have certainly made their presence felt. Nigel Frith is General Manager of Catena Media's Financial Services division and is based in London. While the EU market has seen a slowdown due to ESMA regulations introduced in early 2018, he's seeing a continuously growing interest in trading globally, especially from Africa and Asia.

The last couple of years we have seen a considerable number of retail investors globally start to get involved in personal trading. The whole crypto bubble got alot of people involved. Additionally, with the US lifting the ban on Sports Betting, this market is forecast to bring on an entire wave of new investors. Once people start to get into Sports Betting, there will be a percentage of these new users who want to extend their activities into trading and with the US market being so huge, this could bring a lot of new traders to the industry. I think in the next ten years we'll see a big adoption of trading by many people. The industry is rapidly changing in terms of products, services and regulation. Catena Media is extremely well-positioned to capitalise on this through our long experience in driving qualified audiences.

Catena Media's financial services vertical shares the same terminology and activity as the iGaming vertical. Through SEO-driven products and websites it promotes different trading operators that guide consumers on breaking news and share trading price changes. In June 2018, Catena Media strengt-hened its financial vertical by acquiring the assets of US-based Hammerstone Inc.

Nigel Frith
General Manager Financial Services

Photo
Dino Soldin

What makes Hammerstone different from Catena Media's other products is that it's a premium subscription stock analysis service, which will play an important role in helping the financial services vertical reach a new target group. Catena Media Financial Services recently launched the retail version of Hammerstone aimed at the personal trader: www.hammerstonemarkets.com

We wanted to take the Hammerstone product, which is aimed at professional traders, and build it into an e-commerce site as a subscription product for retail traders – people like you and me. Hammerstone offers deep knowledge of the financial industry, and the subscribers will get access to this in a live feed where they can obtain real-time news and analytics, giving them an edge on a number of stocks. It's simply taking a professional trader's product and customising it for a retail trader audience.

”We aim to help our users by giving them the right tools and content to help them trade better.”

The American market has opened up a whole new generation of people engaging in trading and sports betting. In the UK the number has skyrocketed.
I think that the growing interest in trading, especially among young people, has beens largely driven by crypto, apps and gamification.

In apps where you gamble or take risks to try to win something, the mindset is to speculate. And as these youth become adults the idea will go on to sports betting and the trading platform. This, of course, will not be unproblematic or without risk. We aim to help our users by giving them the right tools and content to help them trade better.
We need to help people understand where to go, what to do and what to avoid doing. That's why we're building a network of sites that educate, provide high-quality reviews and quality comparisons. What we want to do long-term is to build an audience within our sites so they can use us as a resource. We recently launched a new Q&A section on AskTraders that will be a valuable service to help people learn and ask questions to other traders.

SUSTAINABILITY – A VITAL PART OF THE STRATEGY

Åsa Hillsten is Head of Investor Relations and Corporate Communications. She is responsible for communications with the company's shareholders, new investors, quarterly reports, annual reports and the press. Her responsibilities also include sustainability reporting.

In 2018, we initiated a major process to produce a sustainability report for Catena Media, even though the company was not yet required by law to prepare and publish it. I believe, however, that the sustainability report will be an important communications tool for showing Catena Media's long-term objectives and responsibilities.

The Sustainability Report is definitely part of what you would expect from a company the size of Catena Media. It is self-evident that a company operating in the Mid Cap segment should take long-term, sustainable development seriously. As a company, we have obligations towards the stock exchange, towards shareholders and, not least, towards our employees. We recruit many talented young people and, for most of them, how the company views sustainability is a crucial consideration when choosing a new employer. For this reason, it represents an important part of our communications from an employer-branding perspective, in addition to other aspects of market positioning, and a genuine responsibility for our shared future and the planet.

Since Catena Media does not produce any physical products that directly affect the environment, it might be easy to assume that our sustainability efforts are limited solely to a social perspective. However, I don't consider it justifiable to have such a black-and-white view of something as important as environmental issues, believing rather that responsibility can be taken in so many different ways and that all positive initiatives contribute and are welcome.

Nor is it true that Catena Media does not have any emissions from the production perspective, since we have chosen to locate the business in Malta, which is still developing in many respects, including waste management, emission levels, and infrastructure. We also need to fly people to this island nation and back, which of course entails emissions.

But we can also make a difference at a local level. One project we are participating in is World CleanUp Day. In 2018, the focus was on removing plastics from the Mediterranean, and more than one hundred employees helped collect rubbish that had floated ashore. When the day was over, our employees had collected about 20 metric tonnes of plastic and debris.

Another initiative this year was that we chose not to distribute branded merchandise (often meaningless items) during our

Åsa Hillsten
Head of Investor Relations
& Communications

Photo
Dino Soldin

capital market days and chose instead to donate money to charity. We donated EUR 100 per person, totalling SEK 100,000, to a project in Western Sweden through the Keep Sweden Tidy Foundation and Swedish Sea Rescue Society organisations, which collect plastic on Sweden's west coast, then reuse the materials to build Optimist sailing dinghies for children.

Making an effort to benefit the environment or other people need not be costly or be far from the area in which you already work. On the contrary, I believe that people should start by asking themselves what they are good at as a company and then consider how this can be channelled to contribute to a cleaner environment and sustainable growth. You want to keep your sustainability work as close to your DNA as possible. It then becomes more genuine and a natural part of who you already are as a company. In the autumn, we began laying the foundation, the materiality analysis, for continued well-considered and more structured sustainability efforts.

> "Genuine sustainability efforts should be part of your DNA."

The process of producing a sustainability report is driven by management but also rooted in the company, since we involve our employees, asking them to contribute actively with their ideas regarding how we can contribute as a company, and how we can link our efforts closely with our core values. In this annual report you will find our first step in reporting our efforts in the area of sustainability on page 84.

Erik Edeen
Interim Group Chief Financial Officer

Photo
Kurt Paris

IN 2018 OUR ORGANIC GROWTH AMOUNTED TO 15 PERCENT, WITH ONE OF THE HIGHEST MARGINS ON THE STOCKHOLM EXCHANGE

Erik Edeen is Interim Group CFO at Catena Media. With his extensive experience of senior positions in companies with high growth rates, he heads the finance department and is a member of group management. With his experience from growth companies, he works continuously to develop procedures, employees and support systems to provide the optimum foundation for operational decisions.

2018 – A YEAR OF CONTINUED STRONG GROWTH

In 2018, we achieved organic growth of 15 percent and had one of the highest margins on the Stockholm exchange. We nonetheless ended 2018 slightly down on the preceding year, in which we made significant investments for the future, while also managing to generate value for shareholders, with earnings per share showing favourable growth over the year.

TOWARDS AN EXCITING FUTURE

Catena Media is focusing on continued organic growth in 2019, developing the assets it has acquired and working actively to take a number of brands global. Acquisitions remain on the agenda, where strategically appropriate for the company.

Looking back, we have had a high rate of acquisitions, through which we have grown the company and made Catena Media the company it is today. At the same time, this has imposed substantial demands on the finance function, where employees have invested a great deal of energy into making the integrations as successful as possible. We are now in a period of "Operational Excellence", in which we are developing our procedures to provide more adapted support to our operations and verticals in the form of analyses and data for decision-making.

Our 30 largest brands account for almost 80 percent of our revenue, and today we have the conditions and economies of scale needed to expand our brands globally in an effective way. To support this, strategic acquisitions may be made – to access new markets or new technologies, or to expand into new verticals. Developing the finance function and our analyses will generate favourable conditions for the future.

> “We view regulations as opportunities rather than limitations.”

EXTENSIVE EXPERIENCE OF OPERATING IN REGULATED MARKETS

An increasing number of markets are moving towards regulation, causing problems for many smaller players. For Catena Media, precisely the opposite applies, since this instead opens up an opportunity for larger market share.

We have extensive experience of operating in regulated markets and have a well-developed compliance department, giving us many advantages. We are also one of the listed lead generators with the highest proportion of revenue from regulated markets – 76 percent in 2018. We view regulations as opportunities rather than limitations. Today, our largest market is Europe. At the same time, we are building infrastructure in North America, where we perceive considerable potential for growth. We maintain a clear strategy to develop in additional markets and countries, many of which are preparing for regulation.

Board of Directors' Report

DIRECTORS' REPORT

For the year ended 31 December 2018

The Board of Directors present their annual report together with the consolidated and separate financial statements of Catena Media plc (the "Group" and the "Company"), registration number C70858, for the financial year ended 31 December 2018.

The Company has its head office and registered address at Quantum Place, Triq ix-Xatt, Ta' Xbiex, Gzira in Malta. The Group has subsidiaries in Malta, UK, Serbia, Italy, US, Australia, Japan and Sweden.

"Catena Media" or the "the Group" is used throughout this annual report when describing the Group's operations.

PRINCIPAL ACTIVITY

Catena Media's principal activity is to attract consumers through online marketing techniques, principally Search Engine Optimisation (SEO) and Pay-per-click (PPC) and subsequently seek to channel these same consumers to clients, i.e. companies with an online business within igaming and financial services. For this purpose, Catena owns and operates more than 30 strong online brands. i.e. websites providing consumers with valuable information about casino, sport and financial companies and their respective offers to those consumers. Catena is dependent on selling online traffic to the clients and in return getting revenues from the operators via advertising, shared revenues or revenue for each consumer who signs up as a customer with the operator.

BUSINESS OVERVIEW

Catena Media holds a strong market position within the online casino and sports betting sector. In 2018 Catena Media also positioned itself in the financial services segment of the online market.

Catena Media achieves economy of scale by operating the same on-line brands on several geographical markets. A shared technical platform enables efficiency from a production perspective as well as data collection. Analysing the quality and conversion of consumers is crucial to developing and improving website content.

In 2018 Catena Media started some activities within the subscription business, where high-end content is sold within the financial services segment and sports betting. This adds a new revenue stream.

The Group has acquired several assets over the past years and has extensive experience integrating acquired assets in order to maximise synergies and increase revenue. Acquisitions are believed to be a strong driver for further growth and the Directors believe that the Group is well positioned for future organic growth and large strategic acquisitions that match the current brand portfolio.

Catena Media entered the US market at the end of 2016 by acquiring regulated affiliate assets targeting the Casino markets in New Jersey and Nevada. In 2018 a US Supreme Court decision removed a national ban on sports betting. However, the decision to legalise sport betting is made on a state-by-state level, not the national level. We expect additional states to legalise it over the coming years and that will create new growth opportunities for the Company.

THE CURRENT FINANCIAL YEAR

Catena Media continued to make acquisitions during 2018. The Company acquired the shares in ASAP Italia S.r.l and Hammerstone Inc. and the assets of Leap Capital Advisors LTD (leaprate.com), LearnCFDs PTY LTD (LearnCFDs.com), Poet Press PTY LTD (thebull.com/au), Optilab Partners.AB (Optilabs.com), GG.com LTD (GG.co.uk), TAP Digital Media LTD (parissportifs.com), Broker Deal GMBH (Brokerdeal.de), Do Playing LTD, Dreamworx Online LTD, and the websites Fussball.com, Slotsfighter.com, bonusseeker.com and BetFreeBets.co.uk in 2018.

MARKET DEVELOPMENT

Market data shows growth for online casino, sport and financial services. Some markets in which Catena Media operate reported strong growth in recent years and have a positive outlook. Catena Media's view is that the demand for lead generation and gambling affiliates will continue to grow because of this.

Within the fragmented affiliate market, there are only a handful of businesses that can generate a substantial number of new depositing customers (NDCs) to operators. The strongest competitors span the same geographical markets as Catena Media and there seems to be a steady trend for launches of new casino brands with their primary focus on the affiliate channel. This leaves opportunities for both geographic expansion as well as acquisitions.

In Catena Media's core markets, namely the US, Sweden, Finland, Norway, Germany (DACH), Italy and the UK, iGaming is growing faster than land-based gaming. Both new online casino operators and old brands in new markets need visibility; the two-drive growth for the affiliate market through their increased spending on digital marketing, and the pay-per-performance commercial model, such as that offered by Catena Media, together constitute one of the fairest and most accountable acquisition models available.

This coming year, we see great opportunity to focus on our current products and to grow all our verticals organically. We are also investigating potential market entry for other affiliate verticals and potential acquisitions aligned with the Company strategy.

REVENUES

The Group's revenues totalled EUR 105.0m (2017: EUR 67.7) for the year, corresponding to an increase of 55 percent compared to the previous financial year. During the current financial year organic growth, including acquisitions but excluding paid revenue, was 23 percent. Traditional organic growth, excluding paid revenue, was 15 percent for the year.

Search revenue represented EUR 89.9m (2017: EUR 53.9) of total revenues. The increase in search revenue was driven in part by organic growth and in part through acquisitions. Paid revenue amounted to EUR 14.0m (2017: EUR 12.7). This revenue principally related to pay-per-click (PPC) traffic. Subscription revenue amounted to EUR 1.1m (2017: nil) of the total revenue. Other operating income during the prior year amounted to EUR 1.1m, while this was nil during the current financial year.

Of the Group's total revenues, casino revenue represented EUR 61.4m (2017: EUR 51.3) and 59 percent (2017: 77), sports revenue represented EUR 37.8m (2017: EUR 14.2) and 36 percent (2017: 21), while finance revenue represented EUR 5.7m (2017: EUR 1.0) and 5 percent (2017: 2).

NDCs totalled 539,475 (385,642), an increase of 40 percent compared with the previous year.

EXPENSES

Operating expenses amounted to EUR 65.9m (2017: EUR 39.2).

Direct costs related to paid revenue amounted to EUR 13.0m (2017: EUR 8.9). These predominantly related to costs for AdWords (Google spend) and similar costs.

Personnel expenses amounted to EUR 19.2m (2017: EUR 12.6). During the year ended 31 December 2018, Catena Media invested in the US market and also within the Financial Services vertical. This resulted in an increase in personnel and other operating costs, primarily relating to professional fees, sales and marketing, content and software costs. Professional fees have also increased as a result of GDPR and compliance. This affected our margins in the short term, but will strenghten Catena Media in the long run. Headcount totalled 363 employees at the close of the current financial year, compared to the 282 employees at the close of the previous financial year.

Other operating expenses amounted to EUR 22.7m (2017: EUR 10.1).

Depreciation and amortisation amounted to EUR 8.7m (2017: EUR 4.2). The increase in depreciation and amortisation was mainly attributable to the acquisition of competitor player databases during the current and prior period and capital expenditures related to the new head office in Malta.

In March, we refinanced our secured bond of EUR 100m with a new unsecured bond of EUR 150m. Apart from future lower interest margins, and a more flexible structure, the new bond also enables us to examine the possibility of a bank credit facility, with an upper limit of the highest of EUR 30m or 75 percent of adjusted EBITDA. Costs relating to the new bond amounted to EUR 2.0m and are classified as non-recurring costs. An early redemption fee of EUR 3.4m in relation to the old bond has been recognised and is classified within "Interest payable on borrowings". During the third quarter, a multicurrency revolving bank credit facility of EUR 30m was set up with Swedbank. This will allow us to have a more flexible source of funding, at lower interest cost. The cost for setting up the revolving bank credit facility amounts to EUR 0.2m and is classified as non-recurring costs during the third quarter.

EARNINGS

EBITDA, including non-recurring costs, increased by 47 percent, amounting to EUR 47.8m (2017: EUR 32.6). This corresponds to an EBITDA margin of 46 percent (2017: 48). Adjusted EBITDA (excluding non-recurring costs) increased by 39 percent and amounted to EUR 50.1m (2017: EUR 36.1). This corresponds to an adjusted EBITDA margin of 48 percent (2017: 53). The lower margin, compared with the same period of 2017, is due to higher personnel and other operating costs. These mainly comprise higher professional fees and general expenses involved in setting up operations in the US and the Financial Services vertical, and also costs for GDPR and compliance. Proportionately lower direct costs and economies of scale with regard to personnel expenses affect the margin positively compared with 2017.

The effective tax rate for the Group amounted to 7.0 percent (2017: 7.8), while earnings after tax amounted to EUR 30.8m (2017: EUR 21.1), an increase of 46 percent year-on-year. The profit for the year ended 31 December 2018 was affected by non-recurring costs and an early redemption fee for the old and new bonds. Earnings per share (EPS) before dilution amounted to EUR 0.6 (EUR 0.4) and after dilution to EUR 0.5 (EUR 0.4).

CASH AND CASH FLOW

Operating Cash Flow

Cash flow from operating activities before changes in working capital amounted to EUR 47.9m (2017: EUR 33.0) for the period. Depreciation and amortisation charges amounted to EUR 8.7m (2017: EUR 4.2). Interest expense related to the bond amounted to EUR 11.9m (2017: EUR 5.3) and the notional interest charge on contingent considerations amounted to EUR 3.5m (2017: 2.2). Net gains on financial liabilities measured at fair value through profit or loss arising on the bond amounted to EUR 8.9m while net losses for the comparative year amounted to EUR 1.4m.
Share-based payments of EUR 0.5m (2017: EUR 0.8) include the cost associated with the accelerated vesting of share options still held by individuals who are no longer employed by Catena Media. Net cash generated from operating activities, excluding the increase in short-term earn-out liabilities relating to recent acquisitions, grew by 46 percent compared to the same period of 2017 and amounted to EUR 40.7m (2017: EUR 27.8).

Investing activities

Cash flows used in investing activities of EUR 73.3m (2017: EUR 102.0) were related to the settlement of intangible assets during the period. Other cash outflows during the period related to the acquisition of Hammerstone Inc. amounting to EUR 3.6m (2017: nil); the acquisition of property, plant and equipment primarily related to the Malta head office amounting to EUR 1.3m (2017: EUR 3.1); and acquisition of other investments amounting to EUR nil (2017: EUR 0.6).

Financing activities

Cash flows from financing activities amounted to EUR 39.1m (2017: EUR 44.8) and comprised the proceeds received from the new bond issue of EUR 48.7m (2017: EUR 50.0), proceeds from the exercise of share options of EUR 1.9m (2017: nil) net of interest payable on the bond of EUR 11.5m (2017: EUR 5.2).

Cash and cash equivalents at the end of the period amounted to EUR 13.2m (2017: EUR 12.3). The cash conversion rate amounted to 85 percent.

INVESTMENT AND FINANCING

Investments in intangible assets, which consist of player databases, websites and domains, amounted to EUR 77.6m (2017: EUR 172.9) during the year 2018, and are mainly attributed to the acquisitions of assets in Dreamworx.com, Bonusseeker.com, Betfreebet.uk, gg.co.uk, superscommesse.it, ForexTraders.com, ParisSportifs.com, theBull.com.au, BrokerDeal.de, theHammerstone.com. and LeapRate.com. Development of websites and other applications amounted to EUR 7.0m (2017: EUR 3.2).

The acquisitions completed during the current financial year have been financed through funds obtained from the new bond issue made in March of EUR 150m and partly through internal financial resources.

Acquisitions of property, plant and equipment amounted to EUR 1.3m (2017: EUR 3.1).

INTEREST-BEARING DEBT AND LEVERAGE

Catena Media has an outstanding senior unsecured bond of EUR 150m per 31 December 2018. The bond carries a floating rate of Euribor 3m +5.50 percent. Euribor 3m is subject to a floor of 0 percent. Catena Media has a multicurrency revolving bank facility at Swedbank. No part of the facility had been utilised per 31 December 2018. The revolving bank facility carries a floating rate of Euribor 3m +2.50 percent in EUR. Euribor 3m is subject to a floor of 0 percent. The net interest-bearing EBITDA was 2.73 and the net interest bearing EDITDA run rate multiple was 2.86 per 31 December 2018. This is above the financial target regarding leverage set by the Board of Catena Media plc. The target is for Catena Media's leverage to fall within an interval of 1.5-2.5 times the adjusted EBITDA run-rate. We are allowed to operate above the tolerance levels for short periods. As a result of the high growth in revenues, strong operating cash flow and solid cash conversion, the goal is to operate within the range of 1.5-2.5 times the adjusted EBITDA.

GOING CONCERN

Per 31 December 2018, the Group's current liabilities exceeded current assets by EUR 32.7m. Amounts committed on acquisition, including current contingent considerations, amounted to EUR 43.9m. Since the contractual terms of related acquisitions are such that future payments depend on the achievements of target earnings and that part of these payments can be paid in shares, the directors consider that the liquidity risk associated with these transactions is less significant. Furthermore, the Parent Company has obtained a revolving bank faciltiy of EUR 30.0m, which can be used to fund such obligations.

SHAREHOLDERS' EQUITY

Per 31 December 2018, shareholders' equity in the Group amounted to EUR 141.8m (2017: EUR 97.0), which corresponds to EUR 2.53 (2017: 1.86) per share.

SIGNIFICANT EVENTS IN 2018

First quarter

- Catena Media (CTM) confirms its market leading position in the US by acquiring the assets of the top affiliate site BonusSeeker.com.
- In a strategic move, CTM hires top talent to head financial services vertical in London.
- CTM agrees on pre-payment of earn-out in relation to the acquisition of affiliate related assets in Beyondbits Media Ltd.
- Per Hellberg - Appointed New CEO of CTM.
- CTM agrees on amended and advantageous terms for the acquisition of affiliate assets in the US.
- Increased number of shares and votes in CTM plc.
- The Nomination Committee's proposal of CTM's Board of Directors for the AGM 2018.
- CTM announces early redemption of existing bonds due to mature in 2019.
- CTM issues EUR 150 million with a total framework of EUR 250m in new senior unsecured bonds and refinances existing secured bonds of EUR 100 million.
- CTM resolves to implement a directed new issue of shares as payment for assets acquired in January 2018.
- CTM strengthens its position in Germany as leading affiliate within sports betting and finance by acquiring assets in Dreamworx Online Ltd.

Second quarter

- CTM enters Italian sports betting market by acquiring the assets of ASAP ITALIA.
- CTM strengthens its financial vertical by acquiring the US-based premium equity service company, Hammerstone Inc.
- CTM's new CEO, Per Hellberg, took the reins on 4 June 2018.
- Increased number of shares and votes in CTM plc, 31 May.
- CTM establishes position in Australian financial services vertical by acquiring assets in premium stock market news and analysis site TheBull.com.au.
- CTM makes strategic push into global forex with addition of assets in ForexTraders.com.
- CTM resolves upon a directed new issue of shares as payment for assets acquired in April 2018.
- Increased number of shares and votes in CTM plc, 30 April.
- CTM acquires assets in gg.co.uk, a well-positioned UK horse racing site.
- CTM resolves to implement a directed new issue of shares as payment for assets acquired in March 2018.
- CTM enters the French market by acquiring assets in top sports betting site ParisSportifs.com.
- CTM strengthens its financial services vertical by acquiring assets in BrokerDeal.de.
- CTM publishes a bond prospectus and applies for listing of its new bonds on Nasdaq Stockholm.

Third quarter

- Changes in the Board of Directors of Catena Media. Anders Brandt voluntarily resigns. Öystein Engebretsen fills the vacant board seat.
- Change in number of shares and votes in Catena Media plc, August 2018.
- Catena Media resolves to implement directed new share issue as part of second earn-out payment for assets acquired in December 2016.
- Increased number of shares and votes in Catena Media plc, July 2018.
- Catena Media consolidates its lead in the financial vertical by acquiring premium Forex industry news website LeapRate.com.
- Catena Media resolves to implement a directed new issue of shares as payment for assets acquired in May 2017 and June 2018.
- Catena Media resolves to implement a directed new issue of shares as payment for assets acquired in April 2018 and for the company's incentive programmes.

Fourth quarter

- Notification of major holdings in Catena Media plc.
- Catena Media resolves upon a directed new issue of shares as payment for assets acquired in July 2018.
- Increased number of shares and votes in Catena Media plc.
- Interim report January-September 2018.
- Nomination Committee appointed for Catena Media 2019 Annual General Meeting.
- Catena Media agrees on amended terms for US assets acquired in December 2016.
- The proposal from Catena Media's Board of Directors to the annual meeting is that, as in 2017, no dividend is paid for 2018.

EMPLOYEES

As of 31 December 2018, the Group had a total of 363 (282) employees, of whom 125 (98) were women and 238 (184) men. Expressed as percentages, women represented 34 percent (35) of the total number of employees, while men represented 66 percent (65). Of the total number of employees, 356 are employed full-time and 7 are employed part-time.

THIS YEAR AND BEYOND

Our core focus is now organic growth and improved profitability, after changing course in 2018 from multiple acquisitions.

Focusing on fewer brands enables us to allocate more time and resources to each brand, allowing them to grow faster in existing markets. Further geographical expansion into new markets creates additional growth. With costs not projected to grow as fast as revenue, we foresee improved profitability over time.

To grow efficiently, we will continue investing in technologies that improve product performance and technical infrastructure.

One of our key strategic priorities is to continue expanding in the US. Several additional states there are likely to open up for online sports betting and casino after they pass enabling legislation. Following the preparatory investments we made there in 2018, we are now very well positioned to capitalise on these opportunities.

We openly welcome the re-regulation trend affecting our sectors. We have grown our business in regulated markets and soon-to-be regulated markets for several years now. We intend to further develop our strong platform, as well as strengthen our position as one of the top generators of quality leads, while also providing excellent end user experience – together with those operators who also have a high regard for compliance.

Further, at Catena Media we are constantly looking to develop our business in additional verticals that can benefit from the Group's expertise in lead generation, gained through iGaming and other areas.

FINANCIAL TARGETS

Financial targets were presented at the capital markets day in November 2018:

- EUR 100m in EBITDA in 2020, with double-digit organic growth.
- No dividend is planned prior to 2020.
- Focus on organic growth in combination with geographic expansion and acquisitions.
- The majority of the business shall always be generated from regulated and/or taxed markets.
- Focus on current and new verticals.
- Strenghthen the core: products and/or services that improve performance or efficiency.
- Greater attention to fewer brands.
- Declining headcount increased ratio.
- Reduced increase ratio of "Other OPEX".
- Strategic acquisitions focusing on efficiency improvement and/or larger revenue assets with clear cost synergies.

FINANCIAL POLICY

The aim of the policy is to clarify responsibilities and to describe general rules and guidelines for specific areas within Catena Media, with a view to supporting operations, reducing financial risk and allowing efficient use of capital and cash flow.

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.

During the year ended 31 December 2018 no dividends were received from subsidiaries. During the year ended 31 December 2017 "Investment and related income" included dividends amounting to EUR 3.6m and a refund of tax charged to non-resident shareholders upon distribution of these dividends amounting to EUR 1.1m.

IPO, bond and credit facility costs for the financial year ended 31 December 2018 amounted to EUR 1.9m (2017: EUR 0.9) and relate to the new bank financing facilty and bond costs. Bond finance costs, classified as "Interest payable on borrowings," amounted to EUR 11.9m (2017: EUR 5.3) during the year 2018. The fair value gain on the bond for the current financial year amounted to EUR 8.9m (2017: loss of EUR 1.4). The fair value movement is classified in "Other gains/losses on financial liability at fair value through profit or loss".

During the year ended 31 December 2018, personnel expenses amounted to EUR 0.4m (2017: EUR 0.3), while operating expenses amounted to EUR 0.3m (2017: EUR 0.2). The profit for the financial year ended 31 December 2018 amounted to EUR 8.1m (2017: EUR 1.4).

The Parent Company's cash and cash equivalents amounted to EUR 0.8m (2017: EUR 2.0) and borrowings, which are recognised at fair value through profit and loss, comprising the bond, amounted to EUR 144.0m (2017: EUR 102.9). Equity amounted to EUR 71.4m (2017: EUR 48.8) at the end of the year.

OTHER GROUP COMPANIES

Catena Operations Limited

Profit before tax amounted to EUR 20.4m (2017: EUR 23.0). Profit after tax amounted to EUR 11.8m (2017: EUR 13.8). Net equity at year end amounted to EUR 44.1m (2017: EUR 32.2). Subsequent to year end, no dividend was distributed to Catena Media plc.

Catena Financial Limited

Profit before tax amounted to EUR 0.4m (2017: EUR nil). Profit after tax amounted to EUR 0.2m (2017: EUR nil). Net equity at year end amounted to EUR 0.2m (2017: EUR nil).

Catena Media Financials UK Limited

Loss before tax amounted to EUR 0.2m (2017: EUR nil). Loss after tax amounted to EUR 0.2m (2017: EUR nil). Net deficiency at year end amounted to EUR 0.2m (2017: EUR nil).

Molgan Limited

Profit before tax amounted to EUR 0.1m (2017: EUR 0.1). Profit after tax amounted to EUR 0.1m (2017: EUR 0.1). Net equity at year end amounted to EUR 0.3m (2017: EUR 0.2).

Catena Media UK Limited

Profit before tax amounted to EUR 3.2m (2017: EUR 2.0). Profit after tax amounted to EUR 2.5m (2017: EUR 1.6). Net equity at year end amounted to EUR 5.7m (2017: EUR 3.3).

Catena Media doo Beograd

Profit before tax amounted to EUR 0.2m (2017: EUR 0.2). Profit after tax for the year amounted to EUR 0.2m (2017: EUR 0.1). Net equity at year end amounted to EUR 0.4m (2017: EUR 0.2).

Catena Media U.S Inc

Profit before tax amounted to EUR 0.1m (2017: EUR 0.05). Profit after tax for the year amounted to EUR 0.1m (2017: 0.03). Net equity at year end amounted to EUR 0.1m (2017: EUR 0.02).

Catena Australia PTY Limited

Profit before tax amounted to EUR 0.01m (2017: EUR nil). Profit after tax for the year amounted to EUR 0.01m (2017: EUR nil). Net equity at year end amounted to EUR 0.01m (2017: EUR nil).

Catena Media K.K

Profit before tax amounted to EUR 0.05m (2017: EUR nil). Profit after tax for the year amounted to EUR 0.03m (2017: EUR nil). Net equity at year end amounted to EUR 0.03m (2017: EUR nil).

Catena Media Sverige AB

Profit before tax amounted to EUR 0.2m (2017: EUR nil). Profit after tax for the year amounted to EUR 0.1m (2017: EUR nil). Net equity at year end amounted to EUR 0.3m (2017: EUR nil).

Catena Media Financials US Ltd (Formerly Hammerstone Inc.)

Profit before tax amounted to EUR 0.2m (2017: EUR nil). Profit after tax for the year amounted to EUR 0.1m (2017: EUR nil). Net equity at year end amounted to EUR 0.2m (2017: EUR nil).

ASAP Italia S.r.l.

Profit before tax amounted to EUR 0.9m (2017: EUR nil). Profit after tax for the year amounted to EUR 0.9m (2017: EUR nil). Net equity at year end amounted to EUR 1.0m (2017: EUR nil).

SIGNIFICANT RISKS AND UNCERTAINTIES

Although 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 that are also the Group's customers (whether current or future), the Group's revenue streams from such customers may be adversely affected. Furthermore, the concerned authority may also claim that the same or similar actions should be brought against any third party having promoted the business of such online gambling operators, 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 the results of its operations. To manage this risk, the Group is active in regulated and unregulated markets and Catena Media's customer base is highly diverse.

Another risk faced by the Group relates to its reliance on 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 any such players. Although the Group may request access to the net revenue calculations upon which the Group's fees are determined, there 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. In addition to the above, the Directors also consider the following risks as being relevant to the Group:

- Credit risk, being the risk that customers do not pay for the services rendered.
- Market risk, being the risk arising from adverse movement in foreign exchange rates and interest rates.
- Liquidity risk, being the risk of difficulties in obtaining funding

to meet the Group's obligations when they fall due.
- Operational risk, being the risk that the Group loses its ability to maintain efficient SEO and PPC capabilities.

Further details can be found on pages 65-66 of this Annual Report.

ITALIAN LEGISLATION

No change has been made or is under discussion at the moment in relation to the ban on all commercial gambling advertising contemplated in the Dignity Decree, as approved last summer. This ban is in effect since 14 July 2018, but advertising is currently still allowed on the basis of outstanding contracts entered into before that date.

In December the Italian Communication Regulatory Authority (AGCOM), the authority in charge of enforcing the ban, launched a consultation in order to acquire any useful information and evaluation elements on the scope of the ban. It is expected that this Authority will issue some guidelines interpreting the ban at the end of the consultation process, although there is no certainty about the actual release of such guidelines or their relevant timing. At this stage, it is also difficult to foresee whether such guidelines would contain a reference to affiliation activity, and in such a circumstance, what the response would be (whether such activity would fall inside or outside the scope of the ban).

While closely monitoring the situation and its development, Catena Media is conducting business as usual under contracts entered before the ban took effect.

INTERSTATE WIRE ACT

The decision by the US Department of Justice (DOJ) of 14 January 2019 has created a degree of confusion in the US gambling market. As judged by the DOJ, the US Wire Act (1961) prohibits all forms of interstate online gambling. In 2011, the DOJ took the opposite view. It held that the Act does not prohibit interstate online gambling, with the exception of sports betting. In its decision of 14 January 2019, however, the DOJ fell back on its previous interpretation of the Wire Act, i.e. prohibiting transactions and information sharing within all forms of gambling. It should be noted that DOJ decisions have no force of law.

Catena Media is not involved in interstate commerce (i.e. transactions involving customers in two or more US states). Our US operation is limited in scope and mainly covers gambling marketing in regulated states only. Although the exact ramifications of the recent DOJ decision for the US online gambling market remain highly uncertain, the DOJ decision explicitly covers interstate commerce only.

At this stage, therefore, Catena Media expects no more than a minor impact, if any, on revenue from our one and only poker asset, PokerScout, and the revenue generated by lotteries is even smaller. No revenue from interstate gambling forms part of the previous estimates. Because of that, we see no reason for revising our estimates for the US market nor any of the assumptions underlying such estimates.

With regard to casino, Catena Media's business in the US is robust. That being said, we prefer to exercise caution in forecasting continued growth. This is mainly due to the fact that the number of states opening up to casino business remains insignificant compared to the number of states currently open to sports betting. Since "pooling" games are not a part of our operating model, we expect no changes in that vertical, nor do we foresee significant changes in the sports betting vertical.

THE NEW SWEDISH GAMBLING ACT

The new Swedish Gambling Act went into force on 1 January 2019. The Act reflects an effort by the legislature in Sweden to offer gamblers better consumer protection and game security. It introduces a mandatory licensing regime for anyone operating in the Swedish gambling market and criminalises operators who promote gambling in Sweden without a license. The Act divides the gambling market into sectors: a non-profit sector comprising lotteries and bingo; a competitive sector comprising online gambling and betting; and a central government sector comprising state-owned casinos and gambling on token machines. All licensed gambling is subject to an 18% tax, except for the non-profit sector, which will continue to be tax-exempt. Although the new Gambling Act does not affect Catena Media directly, it affects operators in the Swedish gambling market that Catena Media maintains contractual relationships with. Catena Media expects all such operators to be compliant with the Act.

LEGAL DISPUTES AND PROCEEDINGS

This type of risk refers to the costs that may be incurred by Catena Media for pursuing legal proceedings, as well as costs of third parties. During the year, Catena Media was not involved in any disputes that have affected or will affect the Group's position in a material manner.

REMUNERATION TO SENIOR EXECUTIVES

The Board's proposed guidelines for remuneration of senior executives for 2018 essentially mean that salaries and other terms of employment for management will be at market levels. In addition to the fixed base salary, management can also receive variable remuneration and bonuses, which are to have a predetermined ceiling and are to be based on results achieved relative to established targets or other key performance indicators.

An amount is to be set annually for the total cost for fixed and variable remuneration. This amount must include all the Group's remuneration costs. If employment is terminated by the Group, senior executives may be entitled to severance pay, in which case this shall have a predetermined ceiling. No severance pay is payable if employment is terminated by the employee. The Board has the right to deviate from the guidelines if there are particular reasons in individual cases. This proposal follows the guidelines adopted during the 2018 Annual General Meeting.

SHARES AND OWNERSHIP STRUCTURE

The ownership structure of Catena Media plc on 31 December 2018 included the following major shareholders; Bodenholm Capital AB owning 9.2%, Ruane, Cunniff & Goldfarb owning 8.9%, Swedbank Robur fonder AB owning 8.7%, Investment AB Oresund owning 8.6%, Aveny Ltd owning 6.4%, Pixel Wizard Ltd owning 6.0%, Second Swedish National Pension Fund owning 3.5%, Baybets Limited owning 2.8%, Knutsson Holding AB owning 2.6% and Avanza Pension owning 2.4% of the issued shares.

On 11 February 2016, the Company's shares were listed on Nasdaq First North Premier, Stockholm, under the trading symbol CTM. On 4 September 2017, Catena Media plc made the official move to Nasdaq Stockholm's main market. The shares are traded under the same ticker (CTM) and with the same ISIN code (MT0001000109) as before. 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.

On 7 February 2018 385,924 shares were issued with a subscription price of EUR 10.36 per share. These shares were issued as part of the settlement of the consideration for the assets of Dreamworx Online Ltd.

On 7 April 2018 63,904 shares were issued with a subscription price of SEK 128.21 per share. These shares were issued as part of the settlement of the upfront consideration for the assets of Bonusseeker.com.

On 15 May 2018 170,221 shares were issued with a subscription price of SEK 120.97 per share. These shares were issued as part of the settlement of the upfront consideration for the assets of Tap Digital Media LTD (parissportifs.com).

On 22 May 2018, 450,000 shares were issued by virtue of one of the Company's incentive programmes.

On 2 July 2018, 182,550 shares were issued by virtue of one of the company's incentive programmes.

On 9 July 2018, 30,061 shares were issued with a subscription price of SEK 123.30 per share. These shares were issued as part of the settlement of the consideration for the assets of Broker Deal GMBH.

On 19 July 2018 144,282 shares were issued with a subscription price of SEK 133.33 per share. These shares were issued as part of the settlement of the earn-out payment for the assets of New Casino LTD.

On 31 July 2018, it was announced that the Company had resolved to implement a directed issue of 327,150 shares to cover one of the Company's incentive programmes.

On 16 August 2018 77,209 shares were issued with a subscription price of SEK 117.38 per share. These shares were issued as part of the settlement of the earn-out payment for the US assets acquired in December 2016.

On 8 November 2018 188,751 shares were issued with a subscription price of SEK 94.36 per share. These shares were issued as part of the settlement of the upfront consideration for the assets of Leaprate.com.

On 30 November 2018, the Company announced that it had resolved on a directed issue of 261,275 shares by virtue of the Company's incentive programme.

A total of 1,220,975 shares were issued in 2018 by virtue of one of the company's incentive programmes.

After these new share issues, the total number of issued shares for the year ended 31 December 2018 amounted to 56,286,872.

Information about the issued share capital in the Company and further information on allotted shares during the year are presented in note 20 of these financial statements.

FUNDING

In March 2018, Catena Media refinanced the secured bond of EUR 100m with a new senior unsecured bond of EUR 150m. The bond will mature on 2 March 2021 and carries a floating rate of Euribor 3m +5.50 percent. Euribor 3m is subject to a floor of 0 percent. The new bond has a total framework of EUR 250m.

Since issuing the first bond, Catena Media has become a more mature company and refinancing is the first step in the process of aligning our capital structure with the development of the company. Apart from a lower margin on interest rates, the new bond has a more flexible structure. It also enables bank financing of at most EUR 30m or 75 percent of adjusted EBITDA.

In the third quarter, a multicurrency revolving bank facility of EUR 30m was set up with Swedbank. The revolving bank facility will mature on 15 January 2021. In EUR the interest rate will be Euribor +2.50 percent. Euribor 3m is subject to a floor of 0 percent. By diversifying our financing sources, we believe the company's financial risk will decrease and the operational flexibility for further credit enhancing development will increase.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 pm on 2 May 2019 in Stockholm, at Tändstickspalatset, Västra Trädgårsdgatan 15.

DIVIDEND

The Board has proposed to the 2019 Annual General Meeting that no dividend be paid for 2018.

PROPOSED ALLOCATION OF THE COMPANY'S PROFITS

Funds of EUR 43.7m available to the Annual General Meeting are carried forward.

BOARD OF DIRECTORS

The Board of Directors consists of:

- Kathryn Moore Baker (Chairwoman of the Board)
- André Lavold
- Henrik Persson Ekdahl, who also was the acting CEO until 3 June 2018.
- Mats Alders
- Mathias Hermansson
- Anders Brandt, who left the board in September 2018.
- Cecilia Qvist, who entered the Board at the AGM 2018.
- Öystein Engebretson, who replaced Anders Brandt on 25 September 2018.

The Group's Head of Legal Louise Wendel is the company Secretary and also serves as the Board Secretary.

STATEMENT OF DIRECTORS'RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Companies Act (Cap. 386) to prepare financial statements that give a true and fair view of the state of affairs of the Group and the parent Company per the end of each reporting period and of the profit or loss of that period.

In preparing the financial statements, the directors are responsible for:

- Ensuring that the financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.
- Selecting and applying appropriate accounting policies.
- Making accounting estimates that are reasonable in the circumstances.
- Ensuring that the financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the Group and the parent Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Catena Media plc for the year ended 31 December 2018 are included in the Annual Report 2018, which is published in printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the control over, and the security of the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Risk factors

The purpose of Catena Media's risk management processes is to execute the business strategy while maintaining a high level of risk awareness and control. The Board of Directors has approved the risk procedures framework, which includes internal risk control assessments to be carried out on a monthly, quarterly or annual basis, depending on the risk level and business area. This will create and uphold confidence in the company among the Group's stakeholders, thereby creating an environment that is conducive to achieving sustainable shareholder value.

The Board has oversight for risk management with a focus on the most significant risks facing the Group, which comprise strategic, operational, financial, legal and compliance risks.

The Group's risk control reporting processes assist the Board and the CEO in continuously evaluating identified risks.

The Group's risk appetite is determined by the Board and controlled through risk reporting and risk procedures. By weighing potential returns against potential risks in the business plan, the Board can decide on an appropriate risk and return level for the Group's risk appetite. Throughout the year, the Board and the sub-committees, to which it has delegated responsibility, review and discuss specific risk topics by reference to the nature of the risks and their potential impact on the Group. The Board will also consider how identified risks shall be monitored and controlled.

RISK TYPE	RISK PROFILE	RISK MANAGEMENT
COMPLIANCE RISK Risk relating to regulation that could result in restrictions in our customers' operations.	Compliance risk arises as a result of Catena Media's customers operating in markets that may become regulated, or are unlicensed.	The majority of Catena Media's customers are operators in the online casino, sports betting or financial services industries and the Group is accordingly subject to risks relating to the introduction of new regulations or changes to existing regulations in relevant markets which might effect the underlying asset value. Catena Media's revenues are currently 76% derived from regulated markets, the remainder from markets that are currently not regulated. The customer base is sufficiently diverse to mitigate this risk. Catena Media embraces further regulated markets.
CREDIT RISK Risk of a financial loss if a counter-party to a financial instrument fails to meet its contractual obligations.	Credit risk arises principally from outstanding receivables due by the Group's customers and cash and cash equivalents.	Credit risk is regularly monitored by the Finance team, with a dedicated Accounts Receivable and Debt Collections team. The Group assesses the credit quality of its customers, taking into account financial position, past experience and other factors. Credit limits and exposures are managed actively and in a practical manner. Cash and cash equivalents are held both with a leading local financial institution and other financial institutions based outside Malta. This spread reduces dependency on any single financial institution, as well as simultaneously mitigating country risk.
MARKET RISK Risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income.	The Group operates internationally and is exposed to currency risk on revenue, expenses and bank balances that are denominated in currencies other than the entity's functional currency. The Group's exposure to cash flow interest rate risks arises mainly from the bond issued at variable rates.	Foreign exchange risk and exposure to currency fluctuations has not had a material impact on the Group's business, financial condition or results of operations. There is a natural hedge as most customers are billed in EUR or other larger currencies, including GBP and USD. Smaller ones, including Bitcoin, AUD, YEN, NOK and SEK, amount to approximately 1% of the turnover. The bond was issued in EUR and most of the costs are in EUR and GBP. The Group regularly monitors its cash flow interest rate risk and considers it not to be significant in the context of the profits generated from its acquisitions and ongoing operations.

RISK TYPE	RISK PROFILE	RISK MANAGEMENT
LIQUIDITY RISK Risk of difficulties in obtaining funding and the resulting inability to meet payment obligations when they fall due.	Liquidity risk is the risk that the Group will not be able to meet its financial obligations comprising trade and other payables as they fall due.	The approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management also monitors rolling forecasts for the Group's liquidity assets, which consist of cash and cash equivalents, on the basis of expected cash flows.
OPERATIONAL RISK The risk that revenues or expenses are impacted due to internal or external operational factors.	Operational risk arises from the dependency of the Group's operations on its current operational capabilities.	The business is dependent on its ability to maintain efficient Search Engine Optimisation and Pay-Per-Click capabilities. However, search engines such as Google, Bing and Yahoo! could in the future implement strategies that make it more difficult for the Group to operate. Otherwise the company has a low level of operational risk due to having no inventory nor onerous, long-term contracts with suppliers or partners.

Approved by the Board of Directors on 28 March 2019 and signed on its behalf by:

Kathryn Moore Baker
Chairwoman of the Board

André Lavold
Director

Henrik Persson Ekdahl
Director

Cecilia Qvist
Director

Mats Alders
Director

Mathias Hermansson
Director

Öystein Engebretsen
Director

Statements of comprehensive income – Group

EUR '000	Note	Jan - Dec 2018	Jan - Dec 2017
Revenue	5	104,970	66,590
Other operating income	5	-	1,060
Total revenue		**104,970**	**67,650**
Direct costs related to paid revenue		(12,975)	(8,851)
Personnel expenses	7	(19,214)	(12,555)
Depreciation and amortisation	14,15	(8,715)	(4,219)
Non-recurring costs:			
IPO and bond-related costs	8	(2,160)	(2,461)
Reorganisation costs	8	(61)	(1,041)
Other operating expenses	9	(22,724)	(10,105)
Total operating expenses		**(65,849)**	**(39,232)**
Operating profit		**39,121**	**28,418**
Interest payable on borrowings		(11,877)	(5,298)
Other gains/(losses) on bond liability at fair value through profit or loss		8,882	(1,401)
Other finance costs	10	(4,606)	(2,196)
Other finance income	10	1,614	3,330
Profit before tax		**33,134**	**22,853**
Tax expense	11	(2,322)	(1,785)
Profit for the year		**30,812**	**21,068**
Other comprehensive income			
Items that may be reclassified to profit for the year			
Currency translation differences		67	(69)
Items that will not be reclassified to profit for the year			
Loss on disposal of other investments		(589)	–
Total other comprehensive income for the year		**(522)**	**(69)**
Total comprehensive income attributable to the equity holders of the Parent Company		**30,290**	**20,999**
Earnings per share attributable to the equity holders of the parent during the year (expressed in Euro per share)			
Basic earnings per share			
From profit for the year	12	0.56	0.40
Diluted earnings per share			
From profit for the year	12	0.52	0.40

The notes on pages 60 to 83 are an integral part of these financial statements.

Statements of financial position – Group

EUR '000	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	14	11,966	7,333
Other intangible assets	14	328,372	232,132
Property, plant and equipment	15	4,009	3,484
Other investments	17	–	589
Total non-current assets		**344,347**	**243,538**
Current assets			
Trade and other receivables	18	21,412	13,592
Cash and cash equivalents	19	13,161	12,346
Total current assets		**34,573**	**25,938**
TOTAL ASSETS		**378,920**	**269,746**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	84	81
Share premium	20	61,770	47,153
Other reserves		6,063	6,077
Retained earnings		73,930	43,707
Total equity attributable to the equity holders of the parent		**141,847**	**97,018**
Liabilities			
Non-current liabilities			
Borrowings	21	144,000	102,882
Amounts committed on acquisition	22	21,170	27,655
Deferred tax liabilities	23	4,598	3,159
Total non-current liabilities		**169,768**	**133,696**
Current liabilities			
Amounts committed on acquisition	22	60,740	33,641
Trade and other payables	24	5,943	4,178
Current tax liabilities		622	943
Total current liabilities		**67,305**	**38,762**
Total liabilities		**237,073**	**172,458**
TOTAL EQUITY AND LIABILITIES		**378,920**	**269,746**

The notes on pages 60 to 83 are an integral part of these financial statements.

Statements of changes in equity – Group

EUR '000	Note	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		Attributable to owners of the parent				
Balance at 1 January 2017		**77**	**25,741**	**5,378**	**22,639**	**53,835**
Comprehensive income						
Profit for the year		–	–	–	21,068	21,068
Foreign currency translation movement		–	–	(69)	–	(69)
Total comprehensive income for the year		**–**	**–**	**(69)**	**21,068**	**20,999**
Transactions with owners						
Issue of share capital	20	4	21,412	–	–	21,416
Equity-settled share-based payments	13	–	–	768	–	768
Total transactions with owners		**4**	**21,412**	**768**	**–**	**22,184**
Balance at 31 December 2017		**81**	**47,153**	**6,077**	**43,707**	**97,018**
Comprehensive income						
Profit for the year		–	–	–	30,812	30,812
Foreign currency translation movement		–	–	67	–	67
Loss on disposal of other investments		–	–	–	(589)	(589)
Total comprehensive income for the year		**–**	**–**	**67**	**30,223**	**30,290**
Transactions with owners						
Issue of share capital	20	3	14,617	–	–	14,620
Equity-settled share-based payments	13	–	–	(81)	–	(81)
Total transactions with owners		**3**	**14,617**	**(81)**	**–**	**14,539**
Balance at 31 December 2018		**84**	**61,770**	**6,063**	**73,930**	**141,847**

The notes on pages 60 to 83 are an integral part of these financial statements.

Statements of cash flows – Group

EUR '000	Note	Jan - Dec 2018	Jan - Dec 2017
Cash flows from operating activities			
Profit before tax		33,133	22,853
Adjustments for:			
Depreciation and amortisation		8,715	4,219
Impairment of receivables		200	80
Unrealised exchange differences		(1,145)	(3,818)
Interest expense		15,397	7,494
Net (gains)/losses on bond liability at fair value		(8,882)	1,401
Share based payments		499	768
		47,917	**32,997**
Taxation paid		(964)	(1,430)
Changes in:			
Trade and other receivables		(9,204)	(2,368)
Trade and other payables		2,901	(1,354)
Net cash generated from operating activities		**40,650**	**27,845**
Cash flows used in investing activities			
Acquisition of property, plant and equipment		(1,346)	(3,099)
Acquisition of intangible assets		(73,287)	(102,041)
Acquisition of subsidiary, net of cash acquired		(3,624)	–
Acquisition of other investments		–	(589)
Net cash used in investing activities		**(78,257)**	**(105,729)**
Cash flows from financing activities			
Net proceeds on issue of bond	20	48,650	50,045
Proceeds on exercise of share options		1,862	–
Interest paid		(11,456)	(5,198)
Net cash generated from financing activities		**39,056**	**44,847**
Net movement in cash and cash equivalents		1,449	(33,037)
Cash and cash equivalents at beginning of year		12,346	44,713
Currency translation differences		(634)	670
Cash and cash equivalents at end of year	19	**13,161**	**12,346**

The notes on pages 60 to 83 are an integral part of these financial statements.

Statements of comprehensive income – Parent Company

EUR '000	Note	Jan - Dec 2018	Jan - Dec 2017
Investment and related income	5	–	4,746
Personnel expenses	7	(427)	(293)
Non-recurring costs:			
IPO, bond and credit facility related costs	8	(1,885)	(908)
Recharge of IPO, bond and credit facility related costs to subsidiary	8	1,885	900
Other operating expenses	9	(281)	(219)
Other operating income		80	59
Total operating expenses		**(628)**	**(461)**
Operating (loss)/profit		**(628)**	**4,285**
Interest payable on borrowings		(11,857)	(5,299)
Recharge of interest to subsidiary		11,819	5,278
Other gains/(losses) on financial liability at fair value through profit or loss		8,882	(1,401)
Other finance costs	10	(132)	(238)
Other finance income	10	58	–
Profit before tax		**8,142**	**2,625**
Tax expense	11	–	(1,266)
Profit for the year - total comprehensive income		**8,142**	**1,359**

The notes on pages 60 to 83 are an integral part of these financial statements.

Statements of financial position – Parent Company

EUR '000	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Investment in subsidiaries	16	1,239	904
Total non-current assets		**1,239**	**904**
Current assets			
Trade and other receivables	18	216,438	149,597
Cash and cash equivalents	19	837	1,967
Total current assets		**217,275**	**151,564**
TOTAL ASSETS		**218,514**	**152,468**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	84	81
Share premium	20	62,301	47,684
Other reserves		1,145	1,226
Retained earnings/(accumulated losses)		7,905	(237)
Total equity		**71,435**	**48,754**
Liabilities			
Non-current liabilities			
Borrowings	21	144,000	102,882
Total non-current liabilities		**144,000**	**102,882**
Current liabilities			
Trade and other payables	24	3,079	832
Total current liabilities		**3,079**	**832**
Total liabilities		**147,079**	**103,714**
TOTAL EQUITY AND LIABILITIES		**218,514**	**152,468**

The notes on pages 60 to 83 are an integral part of these financial statements.

The financial statements on pages 52 to 83 were approved and authorised for issue by the Board of Directors on 28 March 2019 and signed on its behalf by:

Statements of changes in equity – Parent Company

EUR '000	Note	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		Attributable to owners of the parent				
Balance at 1 January 2017		**77**	**26,271**	**457**	**(1,596)**	**25,209**
Comprehensive income						
Profit for the year		–	–	–	1,359	1,359
Total comprehensive income for the year		**–**	**–**	**–**	**1,359**	**1,359**
Transactions with owners						
Issue of share capital	20	4	21,413	–	–	21,417
Equity-settled share-based payments	13	–	–	769	–	769
Total transactions with owners		**4**	**21,413**	**769**	**–**	**22,186**
Balance at 31 December 2017		**81**	**47,684**	**1,226**	**(237)**	**48,754**
Comprehensive income						
Profit for the year		–	–	–	8,142	8,142
Total comprehensive income for the year		**–**	**–**	**–**	**8,142**	**8,142**
Transaction with owners						
Issue of share capital	20	3	14,617	–	–	14,620
Equity-settled share-based payments	13	–	–	(81)	–	(81)
Total transactions with owners		**–**	**14,617**	**(81)**	**–**	**14,539**
Balance at 31 December 2018		**84**	**62,301**	**1,145**	**7,905**	**71,435**

The notes on pages 60 to 83 are an integral part of these financial statements.

Statements of cash flows – Parent Company

EUR '000	Note	Jan - Dec 2018	Jan - Dec 2017
Cash flows from operating activities			
Profit before tax		8,142	2,625
Adjustments for:			
Unrealised exchange differences		92	238
Interest expense		11,857	5,299
Net (gains)/losses on financial liability at fair value through profit or loss		(8,882)	1,401
Share-based payments		125	–
Dividend income		–	(3,616)
Tax refund receivable		–	(1,084)
		11,334	**4,863**
Changes in:			
Trade and other receivables		(102)	496
Trade and other payables		828	1,584
Net cash generated from operating activities		**12,060**	**6,943**
Cash flows from financing activities			
Net payments on behalf of subsidiary		(51,600)	(81,233)
Net cash used in investing activities		**(51,600)**	**(81,233)**
Cash flows from financing activities			
Issuance of share capital	20	1,850	–
Net proceeds on issue of bond		48,650	50,045
Interest paid		(11,456)	(5,198)
Net cash generated from financing activities		**39,044**	**44,847**
Net movement in cash and cash equivalents		(496)	(29,443)
Cash and cash equivalents at beginning of year		1,967	31,648
Currency translation differences		(634)	(238)
Cash and cash equivalents at end of year	19	**837**	**1,967**

The notes on pages 60 to 83 are an integral part of these financial statements.

Notes to the financial statements

1. REPORTING ENTITY

Catena Media plc (the “Company”) is a limited liability company and is incorporated in Malta.

The consolidated financial statements include the financial statements of Catena Media plc and its subsidiaries (together, the “Group” or “Catena Media”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated. The Parent Company applies the same accounting principles as the Group.

Basis of preparation

The Company was incorporated on 29 May 2015 under the terms of the Maltese Companies Act (Cap. 386). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention, apart from financial liabilities which are recognised at fair value through profit and loss.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group’s accounting policies (see Note 4 – Critical accounting estimates and judgements).

Following changes to internal management reporting in the first quarter of 2018, two operating segments have been identified in terms of the definition of IFRS 8. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Catena Media plc, together with the chief executive officer, assess the financial performance and position of the Group, and make strategic decisions. Previously, all revenue generated from the various acquisitions and through the different marketing methodologies were being treated as one revenue segment in line with internal management reporting.

The financial statements incorporate the results of Catena Operations Limited and its subsidiaries Molgan Limited, Catena Media UK Limited, Catena Media doo Beograd, Catena Media US Inc, Catena Media Australia PTY Limited, Catena Media K.K., Catena Media Sverige AB, Catena Financial Limited, Catena Financials UK Ltd, Catena Financials US inc and Asap Italia Srl.

Going concern

As at 31 December 2018, the Group’s current liabilities exceeded current assets by EUR 32.7m. Amounts committed on acquisition include current contingent considerations amounting to EUR 43.9m. Since the contractual terms of related acquisitions are such that future payments depend on the achievements of target earnings and that part of these payments can be paid up in shares, the directors consider that the liquidity risk associated with these transactions is less significant. Furthermore, the Parent Company has obtained a revolving bank facility of EUR 30.0m which can be used to fund such obligations.

Standards, interpretations and amendments to published standards effective in 2018

In 2018, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group’s accounting period beginning on 1 January 2018. The new standards that became effective on 1 January 2018 have had no or very limited impact on the Group’s financial position, profit or disclosures.

IFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model in IAS 39 and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). Investments in equity instruments, which for the Group comprised a strategic investment, are required to be measured at FVTPL unless the entity makes an irrevocable option at inception to present changes in fair value in OCI instead of the income statement.

IFRS 9 also introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. This amendment impacts the Group only to the extent of trade and other receivables. An assessment was carried out to evaluate the expected losses over a period of time (see further details on page 65). The estimated result was not materially different from the impairment model previously adopted under IAS 39. No significant impact on the Group resulted from this amendment. The hedge accounting provisions in IFRS 9 will also have no impact on the Group.

The adoption of IFRS 9 resulted in the following changes to the Group's financial assets:

	IAS 39			IFRS 9		
	Category	Measurement model	IAS 39 carrying amount 31 Dec 2017 EUR '000	Category	Measurement model	IFRS 9 carrying amount 1 Jan 2018 EUR '000
Non-current financial assets						
Equity investments	Available-for-sale	FVOCI	589	FVOCI	FVOCI	589
Current financial assets						
Trade and other receivables	Loans and receivables	Amortised cost	13,592	Held to collect	Amortised cost	13,592
Cash and cash equivalents	Loans and receivables	Amortised cost	12,346	Held to collect	Amortised cost	12,346
Non-current financial liabilities						
Borrowings	FVPL	FVPL	102,882	FVPL	FVPL	102,882

There were no changes to the measurement models for the Group's financial assets. Trade and other receivables, as well as cash and cash equivalents that were measured at amortised cost under IAS 39, will continue to be measured at amortised cost. Meanwhile the directors have in this case elected to classify the equity investment at FVOCI under IFRS 9, and therefore all fair value movements will be recognised in "other comprehensive income". Accordingly, the only changes were to the categories of financial assets, which are different under IFRS 9 in comparison to IAS 39, without however impacting carrying amounts.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. There has been no impact on the recognition of fair value movements in the company's bond measured at FVTPL as a result of this amendment. As allowed by IFRS 9, the Group has elected not to restate comparatives, and the date of initial application is 1 January 2018.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Catena Media earns commission-based fees that are either revenue share contracts, CPA contracts or a hybrid of these two models. In Catena Media's revenue model, potential players are referred to iGaming operators, and commissions are earned when, and if, the referred players affect deposits or as the case may be, place wagers. Catena Media's revenues are thus deemed to be variable, however determinable at each month end. The standard requires that variable considerations be estimated, and that estimate is recognised in the statement of comprehensive income as the performance obligation is satisfied. The Catena Media revenue model lends itself to a narrow exception on variable consideration that is applicable to variable consideration generated from sales- or usage-based royalties on licences of intellectual property, the amount of which is dependent on the licensee's sales or usage efforts and therefore unknown until the licensee uses the intellectual property. In these instances, the consideration is only recognised as revenue when there is no longer any variability. Under IFRS 15, Catena Media therefore recognises income from revenue share contracts and CPA contracts at the end of each month, when there is no longer any variability on the consideration. Subscription revenue, which is not deemed to be a variable consideration, is recognised in the month to which it relates. On the basis of the above, the effects of the introduction of IFRS 15 have not resulted in any changes to Catena Media's revenue recognition model and have not had material effect on the Group's financial statements. This standard has been applied retrospectively. Since no impact has been identified, no adjustments to comparative figures has been required.

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

A number of new standards, interpretations and changes to published standards will come into force for fiscal years beginning after 1 January 2019 and have not been applied in the preparation of this financial report. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application. IFRS 16 is considered in further detail below.

Under IFRS 16, "Leases", a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The Group companies have entered into long-term office leases: these arrangements were classified as operating leases under IAS 17. As at the reporting date, the Group has non-cancellable operating lease commitments in respect of long-term office leases amounting to EUR 10.4m (note 27). The Group's management has carried out an assessment of the impact of the standard and the directors concluded that these arrangements fall within the remits of this standard.

The Group will apply the standard from its mandatory adoption date of 1 January 2019 and will apply the simplified transition approach. As a result, the Group will not restate comparative amounts for the year prior to first adoption. Under this approach, the lease liability is measured at the present value of the remaining lease payments as at 1 January 2019, which management has estimated to amount to EUR 9.3m. Right-of-use assets at that date will be measured at an amount equivalent to this lease liability with no adjustment to equity. The adoption of IFRS 16 will also result in the replacement of operating lease rental expenditure by amortisation of the right-of-use asset, and an interest cost on the lease liability. On the basis of the lease arrangements in place at 1 January 2019, management estimates that rental costs of EUR 2.9m for the year ending 31 December 2019 will be replaced by a notional interest charge that is expected to be in the region of EUR 0.5m, and an annual amortisation charge in the region of EUR 2.8m. This will therefore result in a reduction of approximately EUR 0.4m in profitability for the year ending 31 December 2019. Management also estimates that EBITDA for the year ending 31 December 2019 will be improved by EUR 2.9m, as the operating lease payments were included in EBITDA, while the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. Rental payments under IFRS 16 are allocated between interest payments and a reduction in the lease liability, with a corresponding impact on the Group's statement of cash flows. The Group's policy is to present interest payments as financing cash flows. Accordingly, lease payments of EUR 2.9m for the year ending 31 December 2019 will in their entirety be reported as a financing cash flow instead of an operating cash flow.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to page 63). Intercompany transactions, balances and unrealised gains or transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Foreign currency translation

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which each of the Group's entities operate ('the functional currency'). The consolidated and separate financial statements are presented in EUR, which is Catena Media plc's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing 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 profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis.

Group companies
Group companies have different functional and presentation currencies. Catena Media UK Limited and Catena Financials UK Ltd use the Great Britain pound (GBP) as its functional and presentation currency while Catena Media doo Beograd uses Serbian dinars (RSD) as its functional and presentation currency. Catena Media US Inc. and Catena Financials US Inc. use the United States dollar (USD) as its functional and presentation currency. Catena Media Australia PTY Limited uses the Australian dollar (AUD) as its functional and presentation currency. Catena Media K.K. uses Japanese yen (JPY) as its functional and presentation currency. Catena Media Sverige AB uses Swedish krona (SEK) as its functional and presentation currency. The results and financial position of the subsidiaries are translated as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- 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.
- 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 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 profit or loss, as part of the gain or loss on sale.

Revenue

The revenue of the Company mainly arises from the dividend earned from its subsidiaries. The Group's revenue is derived from online and affiliate marketing. The Group recognises revenue as set out below.

Dividend income
Dividends are recognised in the statement of profit or loss and other comprehensive income when the Company's right to receive payment is established.

Commission income
The Group's revenue consists of revenue generated in the form of commission on players/investors directed to operators as well as advertising fees charged to operators who want additional exposure on the Group's websites. This is applicable to casinos, sports betting and finance operators. The commission takes the form of:

Revenue share
For a revenue share deal the Group receives a share of the revenues that the operator has generated as a result of a player playing on their site. Revenue is recognised in the month that it is earned by the respective operator.

Cost per acquisition
For cost-per-acquisition deals, a client pays a one-time fee for each player who deposits money on the client's site. Cost-per-acquisition contracts consist of a pre-agreed rate with the client. Revenue from such contracts is recognised in the month in which the deposits are made.

Fixed fees
The Group also generates revenues by charging a fixed fee for operators who would like to be listed and critically reviewed on the Group's sites as well as through advertising revenue, whereby an advertising space is sold to operators who wish to promote their brands more prominently on one of the many sites the Group has to offer. Such revenue is apportioned on an accruals basis over the whole term of the contract.

Subscription revenue
Subscription revenue is recognised in the month to which it relates.

Interest income
Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. 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.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred.
- amount of any non-controlling interest in the acquired entity, and.
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

The Company and the Group account for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The contingent consideration is measured at fair value at the date of acquisition. The amounts payable in the future are discounted to their present value as at the date of the exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise subsequent changes in fair value of the contingent consideration are reflected in the statement of financial position against the contingent liability recognised.

Reorganisations between Group entities

Reorganisations between Group entities under common control are accounted for using the reorganisation method of accounting. Under the reorganisation method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity as recognised and measured in that entity's pre-reorganisation financial statements. No goodwill arises in reorganisation accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity, is included in equity. The financial statements incorporate the acquired entity's full year results, including comparatives, as if the post-reorganisation structure was already in place at the commencement of the comparative period.

Goodwill and other intangible assets

Recognition and measurement

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of a separately acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Where the cost of acquisition includes contingent consideration, cost is determined to be the current fair value of the contingent consideration as determined on the date of acquisition. Any subsequent changes in estimates of the likely outcome of the contingent event are reflected in the statement of financial position. The cost of acquisition of intangible assets for which the consideration comprises an issue of equity shares is calculated as being the fair value of the equity instruments issued in the transaction.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated losses.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Refer to note on Impairment of assets on page 66 for further details. The estimated useful lives are as follows:

• Domains and websites	indefinite
• Player databases	6 – 38 months
• Other intellectual property	36 – 48 months

Other intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the statement of comprehensive income in the period of derecognition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

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.

Intangible assets with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the other 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. Goodwill however, is not amortised but assessed for impairment on an annual basis.

Property, plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains or losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

• Computer equipment	4 years
• Furniture and fixtures	10 years
• Property improvements	5 years
• Motor vehicle	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Non-financial assets

Non-financial assets with indefinite useful lives are reviewed at each reporting date to determine whether there is any impairment. The carrying amounts of the Group's non-financial assets with finite useful lives, as well as those with indefinite useful lives, are reviewed for impairment whenever there is an indication that the asset may be impaired. The asset's recoverable amount is estimated annually for intangible assets with indefinite useful lives and is also estimated for all non-financial assets if an indication of impairment exists.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets and financial liabilities – recognition, derecognition and offsetting

The Group recognises a financial asset when it becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset.

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Debt securities issued by the Company have been designated by management as a financial liability at fair value through profit or loss since this financial instrument contains an embedded derivative that may significantly modify the resulting cash flows. The fair value designation, once made, is irrevocable.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. If payments of the amounts are expected within one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial assets

The Group's financial assets comprise trade and other receivables and cash and cash equivalents.

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and.
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Investments in debt instruments are classified at fair value through other comprehensive income (FVOCI) only if the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit and loss (FVTPL). On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI per FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered primarily includes the stated policies and objectives for the portfolio and the operation of those policies in practice. As set out in the Directors' report, the Group's principal activity is to attract consumers through online marketing techniques, principally Search Engine Optimisation (SEO) and Pay-per-click (PPC) and subsequently seek to channel these same consumers to clients.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension features, and.
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets (other than debt instruments) at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Initial and subsequent measurement of financial assets
Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and cash held at financial intermediaries.

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt investments measured at FVOCI to which the Group is exposed. It measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date, and.
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held), or.
- the financial asset is more than 90 days past due.

The Group considers a debt security and bank balances to have low credit risk when its credit risk rating is equivalent to the globally-understood definition of 'investment grade'. The Group considers this to be BBB- or higher per Fitch.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer.
- a breach of contract, such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganisation, or.
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For each of its financial assets that subject the Group to credit risk, it makes an individual assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Trade and other receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Impairment and risk exposure
When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss. Details about the Group's impairment policies and the calculation of the loss allowance, including the Group's exposure to credit risk and foreign currency risk, are provided on page 68 and page 70.

Classification and initial and subsequent measurement of financial liabilities
The Group classifies its financial liabilities at FVTPL if the liability includes embedded derivatives that are not closely related to the host debt instrument: other financial liabilities are measured using the amortised cost model.

The Group classifies its borrowings, comprising the Company's bond liability, as financial liabilities at fair value through profit and loss. These are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently measured at fair value in accordance with IFRS 9. Gains or losses on financial liabilities designated at FVTPL are required to be split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount presented in profit or loss.

Other financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Contingent considerations arising as a result of asset acquisitions, included in amounts committed on acquisition, are also initially recognised at fair value as at the date of acquisition. The amounts payable in the future are discounted to their present value at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions. Otherwise subsequent changes in fair value of the contingent consideration are reflected in the statement of financial position by adjusting the intangible asset and the amount committed upon acquisition to reflect the present value of cash flows expected to become payable.

Accounting policy applied up to 31 December 2017
Financial instruments

Financial assets can be classified into the following categories:
(a) financial assets measured at fair value through profit or loss,
(b) loans and receivables, and
(c) available-for-sale financial assets. The classification is dependent upon the purpose for which the financial asset was acquired. The classification of the financial assets is determined on initial recognition.

The Group has no assets that fall into category (a). Financial liabilities are classified as financial liabilities at amortised cost and as financial liabilities at fair value through profit or loss.

Financial assets and financial liabilities – recognition and derecognition
The Group derecognises a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset.

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Debt securities issued by the Company have been designated by management as a financial liability at fair value through profit or loss, since this financial instrument contains an embedded derivative that may significantly modify the resulting cash flows. The fair value designation, once made, is irrevocable.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. If payments of the amounts is expected within one year or less ,they are classified as current liabilities. If not, they are presented as non-current liabilities.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets – initial and subsequent measurement
Financial assets are initially recognised at fair value plus transaction costs.

Available-for-sale financial assets
Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and cash held at financial intermediaries.

Financial liabilities – measurement
Financial liabilities 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", while the related interest expenses are reported within "Interest payable on borrowings".

Contingent considerations arising as a result of asset acquisitions, included in amounts committed on acquisition, are also initially recognised at fair value as at the date of acquisition. The amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions. Otherwise subsequent changes in fair value of the contingent consideration are reflected in the statement of financial position by adjusting the intangible asset and the amount committed upon acquisition to reflect the present value of cash flows expected to become payable.

Other financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Impairment of assets

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovering the asset, the relevant amounts are written off. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired. If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent periods.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

Accounting policies applicable to 31 December 2018 and 31 December 2017

Trade and other payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends declared

Final dividends are recognised when approved by the Company's shareholders and interim dividends are recognised when declared by the directors. Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Employee benefits

Termination benefits

Termination benefits are payable when an employee's position is terminated by Catena Media before the normal date of retirement, or when an employee voluntarily accepts redundancy in exchange for such benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of employees in accordance with a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Bonus plans

The Group recognises a liability and an expense for bonus based on various qualitative and quantitative measures. The Group makes a provision for earned bonuses if there is a there is a legal obligation or an informal obligation owing to previous practice.

Post-employment benefits

The Group has no obligations to employees after they have retired or their employment with the company has been terminated.

Pension expenses and pension commitments

The Group has no pension plans.

Incentive schemes

The Group can offer employees the opportunity to participate in share-based incentive schemes in the form of stock options. Share-based incentive schemes are issued on market terms and are recognised continuously over the term of the scheme. Further detail is included in the note below.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Company. Through these equity settled schemes, eligible employees are granted share options, while directors are being granted share warrants.

Equity-settled share-based payment transactions are measured at the grant date fair value for employee services, which requires a valuation of the options and warrants. Once the fair value has been determined, the amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-marketing performance conditions at the vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In the case of share warrants, eligible directors are immediately being granted the warrants and are entitled to the rights granted under the agreement. Accordingly, these are considered to vest immediately and therefore the Group recognises the cost in full on the date these warrants are granted.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all dilutive potential ordinary shares.

3. FINANCIAL RISK MANAGEMENT

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board, together with the management of the Group and Company, are responsible for developing and monitoring the Group and Company's risk management policies.

The Group and Company's risk management policies are established to identify and analyse the risks faced by the Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and Company's activities. The Group and Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how the management monitor compliance with the Group and Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company.

Financial risk factors

The Group and the Company have exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group and Company's exposure to each of the above risks, the Group and Company's objectives, policies and processes for measuring and managing risk, and the Group and Company's management of capital.

Credit risk

Credit risk is the risk of a financial loss to the Group and Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from outstanding receivables due by the Group and Company's customers and cash and cash equivalents. The Group and Company's exposure to credit risk at the end of the reporting period is analysed as follows:

	Group		Company	
EUR '000	**31 Dec 2018**	**31 Dec 2017**	**31 Dec 2018**	**31 Dec 2017**
Financial assets measured at amortised cost				
Trade and other receivables (note 18)	21,412	13,592	216,438	149,597
Cash and cash equivalents (note 19)	13,161	12,346	837	1,967
	34,573	**25,938**	**217,275**	**151,564**
Prepayments and other receivables not subject to risk	(1,507)	(1,262)	(40)	(21)
Net amounts exposed to credit risk	**33,066**	**24,676**	**217,235**	**151,543**

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount, as disclosed in the respective notes to the financial statements. Trade and other receivables for the Company mainly comprise amounts due from its subsidiaries. The Group and Company do not hold any collateral as security in this respect.

The Group and Company usually extend 30-day credit to customers. The Group and Company regularly monitor the credit extended to their customers and assess the credit quality of their customers, taking into account financial position, past experience and other factors. The Group and Company monitor the performance of these financial assets on a regular basis to identify incurred collection losses that are inherent in the Group and Company's receivables, taking into account historical experience in collection of accounts receivable.

The Group and Company manage credit limits and exposures actively and in a practical manner such that past due amounts receivable from customers are within controlled parameters. The Group and Company's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. In determining the expected credit losses under IFRS 9 the Group has considered reasonable and supportable information about past events and current conditions. The Group has considered the risk of a default occurring during its expected life. Using historical data a provision rate was determined and applied. This resulted in no increase of the loss allowance on 1 January 2018 and during the current period.

The Group and Company assess the risk of default by using both available quantitative factors and also by applying experienced credit judgement. By adopting the simplified approach in accordance with IFRS 9, the Group and Company use a lifetime expected loss allowance for trade receivables and a provision rate is set based on historical data. On initial application of IFRS 9, the Group and Company did not recognise an increase in the impairment allowance as at 1 January 2018, as it was not deemed to be material.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Comparative information under IAS 39

The ageing of impaired receivables as at 31 December 2017 is as follows:

Group	Carrying amounts
EUR '000	**31 Dec 2017**
1 - 60 days	123
61 - 120 days	45
120+ days	440
	608

The ageing of impaired receivables and trade receivables that were past due but not impaired as at 31 December 2017 is as follows:

Group	Carrying amounts
EUR '000	**31 Dec 2017**
1 - 60 days	705
61 - 120 days	173
120+ days	310
	1,188

Cash and cash equivalents are held with a lead local financial institution and other financial institutions based outside Malta.

Credit ratings per international rating agency Fitch are as follows:

Credit rating	Carrying amounts	
EUR '000	**31 Dec 2018**	**31 Dec 2017**
A+	1,469	3,995
A	300	801
AA-	3,118	–
BBB	6,908	–
BBB+	327	7,032
BBB-	299	–
	12,421	**11,832**

This spread reduces dependency on one financial institution as well as simultaneously mitigating country risk. Credit risk from cash held with financial intermediaries is not considered to be significant.

The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. As at 31 December 2018 and 31 December 2017, cash and short-term deposits are held with various financial institutions with good credit ratings, as set out in the above table. Management consider the probability of default to be close to zero and as a result of this, no loss has been recognised based on the 12-month expected credit losses, as any such impairment would be wholly insignificant to the Group.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables. In determining the expected credit losses under IFRS 9, the Group considered reasonable and supportable information about past events and current conditions. The Group considered the risk of a default occurring during its expected life. Using historical data, a provision rate was determined and applied. This resulted in no increase of the loss allowance on 1 January 2018 and during the current period.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations comprising trade and other payables as they fall due, within one year from the end of the reporting period.

As at 31 December 2018, the Group's current liabilities exceeded current assets by EUR 32.7m. Amounts committed on acquisition include current contingent considerations amounting to EUR 43.9m. Since the contractual terms of related acquisitions are such that future payments depend on the achievements of target earnings and that part of these can be paid up in shares, the directors consider that the liquidity risk associated with these transactions is less significant.

The approach to managing liquidity is to ensure, as far as possible, that the Group and Company will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation. Management also monitors rolling forecasts for the Group and Company's liquidity assets, which consist of cash and cash equivalents, on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant. Additional information regarding amounts committed on acquisition are disclosed in Note 4.

Group

EUR '000	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Total
At 31 December 2018				
Borrowings	8,388	8,388	152,062	168,838
Amounts commited on acquisitions	65,872	22,440	–	88,312
Trade and other payables	3,810	–	–	3,810
	78,070	**30,828**	**152,062**	**260,960**
At 31 December 2017				
Borrowings	6,750	103,750	–	110,500
Amounts commited on acquisitions	36,639	32,108	–	68,747
Trade and other payables	2,738	–	–	2,738
	46,127	**135,858**	–	**181,985**

Company

EUR '000	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Total
At 31 December 2018				
Borrowings	8,388	8,388	152,062	168,838
Trade and other payables	3,079	–	–	3,079
	11,467	**8,388**	**152,062**	**171,917**
At 31 December 2017				
Borrowings	6,750	103,750	–	110,500
Trade and other payables	832	–	–	832
	7,582	**103,750**	–	**111,332**

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group and Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group operates internationally and is exposed to currency risk on revenue, expenses and bank balances that are denominated in a currency other than the entity's functional currency, primarily the Swedish krona (SEK), Norwegian krone (NOK), United States dollar (USD), Great Britain pound (GBP), Serbian dinar (RSD), Japanese yen (JPY) and Australian dollar (AUD).

Exposure to currency risk

Historically, foreign exchange risk and exposure to currency fluctuations has not had a material impact on the Group's business, financial condition or results of operations.

The currency of the main operating entity is EUR and 61% of the Group's revenue stream is attributable to EUR, and so is the main part of its costs. As a result of the US asset acquisition during the current financial year, 20% of the Group's revenue stream is attributable to USD, while its costs are mainly incurred in USD. In the case of the UK operation, the revenue stream is predominately receivable in EUR but its costs are mainly incurred in GBP, the Serbian operation's costs are incurred in RSD, the Australian operation in AUD and the Japanese operation in JPY. As a result, this exposes the Group to currency fluctuations between EUR and GBP, USD, RSD, AUD and JPY.

If the USD had depreciated/appreciated by 10 percent in relation to EUR, with all other variables constant, profit for the year would have been EUR 2.0m higher/lower. In making this sensitivity analysis, the exposure to currency risk on costs denominated in a foreign currency was not considered to be material since the costs of the Group are principally denominated in EUR.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to cash flow interest rate risks arises mainly from non-current borrowings at variable rates. The Group's borrowings at variable rates were mainly denominated in EUR and comprised debt securities issued during the current and preceding financial year. The Group regularly monitors its cash flow interest rate risk and considers it not to be significant in the context of the profits generated from its acquisitions and ongoing operations.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period is as follows:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Variable rate borrowings (Note 21)	150,000	100,000	150,000	100,000

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt-to-equity ratio. Strategies are expected to remain unchanged in the foreseeable future. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The capital structures of the Company and the Group consist of equity attributable to equity holders comprising issued share capital, other reserves and retained earnings. Capital risk is monitored on a regular basis through reporting the net interest-bearing liabilities against targets set by the Board, prior periods and any covenants or other requirements set by third parties.

Fair values estimation

The different levels of fair values of financial instruments have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Debt securities issued during the current and preceding financial year have been designated as a financial liability at fair value through profit and loss. The bond's fair value has been designated as hierarchy Level 3.

Contingent consideration arrangements relating to the purchase of intangible assets entered into by the Group are measured at fair value. These arrangements require the Group to pay variable amounts of consideration (earn-outs) in addition to the amount payable on the date of purchase. The contingent amounts payable are dependent on the revenues generated by the underlying assets and vary by contract.

The fair value of the contingent consideration is included in Level 3 of the fair value hierarchy and is disclosed in note 22 of these consolidated financial statements. The fair value is determined on the date of purchase and subsequently, at each reporting date, by calculating the expected cash outflow on each purchase agreement. The expected cash flows are discounted to present value by utilising a discount rate of 6.75%, the Company's borrowing rate. Expectations of cash outflows are made by the directors for each asset acquisition on the basis of their knowledge of the industry and how the economic environment is likely to impact it. The maximum potential undiscounted amount that the Group may be required to make under such contingent consideration arrangements is disclosed in note 4.

If a higher/lower discount rate had been used in the present value calculation, the resulting fair value of the contingent consideration would have been lower/higher. The directors are, however, of the view that a reasonable shift in the discount rate used in the calculation of the present value of future expected cash flows would not have a significant impact on the fair value of the contingent consideration.

At 31 December 2018 and 2017, the carrying amounts of all other financial assets and liabilities reflected in the financial statements are reasonable estimates of their fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree that would warrant their disclosure as critical in terms of the requirements of IAS 1 except for:

Determination of contingent consideration on acquisition of intangible assets

The Group enters into contractual obligations to purchase intangible assets from third parties. The contractual terms differ between contracts: some have a pre-determined value, while others further include future payments the value of which can only be determined with the passage of time with reference to contracted targets.

The Group exercises judgement in measuring and recognising liabilities where the consideration is contingent on target earnings. Included in amounts committed on acquisition amounting to EUR 81.9m (2017: EUR 61.3m) is an amount of EUR 65.1m relating to contingent consideration per 31 December 2018 (2017: EUR 58.9m). Out of the total contingent consideration, EUR 43.8m (2017: EUR 31.2m) falls due within one year. The maximum undiscounted amount that could be payable in relation to contingent consideration is EUR 128.7m (2017: EUR 128.3m).

Due to the inherent uncertainty in the evaluation of related future earnings, actual amounts payable may differ from the liability estimated at the point of the acquisition. Any changes in estimates will impact the carrying amount of the recognised contingent consideration, and the effect of any changes are offset against the related asset recognised in the statement of financial position. During the current financial year, amounts committed on acquisition relating to contingent considerations have been adjusted by an amount of EUR 18.8m (2017: EUR -16.2m) to reflect a change in estimates. This mainly related to changes in the agreement terms of one of the acquisitions.

Impairment of other intangible assets and goodwill with an indefinite useful life

IFRS requires management to undertake an annual test for impairment of intangible assets with an indefinite useful life, as well as goodwill.

Impairment testing is an area involving management judgement, requiring assessment of whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections that have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required for highly uncertain matters, including management's expectation of growth in EBITDA. The Group prepares and approves management plans for its operations, which are used in the calculations.

In 2018 the Italian Parliament approved a Dignity Decree banning all commercial gambling advertisements in Italy. Advertising is currently still allowed on the basis of outstanding contracts entered into before 14 July 2018. Management concluded that at this stage it is difficult to forecast whether affiliation activity would fall inside or outside the scope of the ban and thus, whether this will affect the operations of Asap Italia S.r.l. While closely monitoring the situation and its development, the Group is conducting business as usual under contracts entered before the ban. On this basis, management concluded that there is no indication for impairment.

Having considered the Group's future plans, and the recent timing of the Group's acquisitions, management considers that the Group's intangibles assets are not impaired. Further disclosures on key assumptions are included in note 14.

5. REVENUE

The Group attracts end users and generates revenue by using three primary online marketing methodologies:

- Generating organic traffic by search engine optimisation (SEO), including acquisitions.
- Paid media by using pay-per-click (PPC) media channels.
- Providing website users a slimmed down version of content through subscriptions.

Revenues generated from acquisitions and through the different marketing methodologies are being treated as two revenue segments, iGaming and Financial services, in line with internal management reporting. Further disclosure on segment reporting is included in note 6.

The revenue of the Company in the previous financial period mainly consisted of the dividend earned from its subsidiary Catena Operations Limited.

The revenue for the Group and the Company is analysed as follows:

	Group		Company	
EUR '000	**31 Dec 2018**	**31 Dec 2017**	**31 Dec 2018**	**31 Dec 2017**
Search revenue	89,866	53,880	–	–
Paid revenue	13,986	12,710	–	–
Subscription revenue	1,118	–	–	–
Investment and other related income	–	–	–	4,746
	104,970	**66,590**	–	**4,746**

The revenue for the Group is further analysed as follows:

Group	**Group**	**Group**
EUR '000	**31 Dec 2018**	**31 Dec 2017**
Casino revenue	61,422	51,332
Sports revenue	37,803	14,209
Finance revenue	5,745	1,049
	104,970	**66,590**

Other operating income amounts to EUR nil (2017: EUR 1.1m). This relates to a one-off compensation for loss of revenue received from a partner in relation to PPC traffic.

6. SEGMENT REPORTING

The Group's operations are reported on the basis of the two operating segments, iGaming and Financial Services, since 1 January 2018. No comparable figures are available for the year ended 31 December 2017. The segments have been identified in accordance with the definition of an operating segment in IFRS 8, Operating Segments. The CEO and Board monitor performance of the two segments and allocate resources on the basis of these segments. There were no intersegmental revenues during the year. Further, total assets and liabilities for each reportable segment are not presented, since they are not referred to for monitoring purposes. Figures are presented in the table below for the full year ending 31 December 2018.

Jan –Dec 2018

Amounts in '000 (EUR)	iGaming	Financial Services	Unallocated	Total
Revenue from external customers*	99,225	5,745	–	**104,970**
Total revenue	99,225	5,745	–	**104,970**
Direct costs	(12,568)	(407)	–	**(12,975)**
Personnel expenses	(18,533)	(681)	–	**(19,214)**
Depreciation and amortisation	(8,250)	(465)	–	**(8,715)**
Non-recurring costs:				
IPO and bond-related costs	–	–	(2,160)	**(2,160)**
Reorganisation costs	–	–	(61)	**(61)**
Other operating expenses	(20,560)	(2,164)	–	**(22,724)**
Total operating expenses	(59,911)	(3,717)	(2,221)	**(65,849)**
Operating profit	39,314	2,028	(2,221)	**39,121**
Interest payable on borrowings	–	–	(11,877)	**(11,877)**
Other gains on bond liability at fair value through profit or loss	–	–	8,882	**8,882**
Other finance costs	–	–	(4,606)	**(4,606)**
Other finance income	–	–	1,614	**1,614**
Profit before tax	39,314	2,028	(8,208)	**33,134**
Tax expense	–	–	(2,322)	**(2,322)**
Profit for the period attributable to the equity holders of the Parent Company	39,314	2,028	(10,530)	**30,812**
Other comprehensive income				
Items that may be reclassified to profit for the year				
Currency translation differences	–	–	67	**67**
Items that may not be reclassified to profit for the year				
Loss on disposal of other investments	–	–	(589)	**(589)**
Total other comprehensive loss for the period	–	–	(522)	**(522)**
Total comprehensive income attributable to the equity holders of the Parent Company	39,314	2,028	(11,052)	**30,290**

* Revenue reported under finance includes finance revenue of EUR 5.0m (nil) and subscription revenue amounting to EUR 0.7m (nil).

7. PERSONNEL EXPENSES

Personnel expenses incurred during the year are analysed as follows:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Directors' remuneration	315	292	302	293
Salaries and wages	15,675	8,197	–	–
Social security contribution	2,725	3,376	–	–
Share based payments	499	690	125	–
	19,214	**12,555**	**427**	**293**

Average number of employees in the Group during the current financial year was 332 (2017: 243) while the Company had no employees (2017: nil).

CEO and other members of executive management

During the prior financial year, the Board of Catena Media plc appointed Henrik Persson Ekdahl as Acting CEO after Robert Andersson's departure on 3 October 2017. Remuneration to the Acting CEO comprised a fixed salary. Henrik Persson Ekdahl was Acting CEO between 3 October 2017 to 3 June 2018. On 4 June 2018, Per Hellberg was appointed as the new CEO of Catena Media plc.

Remuneration of the CEO comprises a fixed salary, a variable salary, participation in the share option programme and other benefits. The variable salary could have amounted to a maximum of 5 months salary, based on the Group's revenue, earnings and other KPIs. Upon termination of employment, the share options held by the previous CEO were subject to accelerated vesting, the cost of which is included in non-recurring costs – reorganisation costs (see note 8 and note 13), together with other termination benefits.

The other members of executive management during the current financial year were as follows:

Johannes Bergh (Chief Operating Officer), all year employed: Louise Wendel (Head of Legal), all year employed: Claes Wenthzel (Chief Financial Officer), employment terminated i n May 2018: Pia-Lena Olofsson was engaged in this role in January 2018 and terminated in January 2019: Anne Rhenman (Head of Investor Relations), employment terminating in April 2018: Asa Hillsten was engaged in this role in 8 January 2018, all year employed.

EUR '000	Fixed salary	Variable salary	Other benefits	Total remu-neration and other benefits
2018				
Per Hellberg	206	–	131	**337**
Henrik Persson Ekdahl, Acting CEO	140	–	–	**140**
Other members of executive management	962	83	526	**1,571**
2017				
Henrik Persson Ekdahl, Acting CEO	105	–	–	**105**
Robert Andersson, CEO	147	35	446	**628**
Other members of executive management	796	82	60	**938**

8. NON-RECURRING COSTS

Non-recurring costs relate to costs that are not deemed to be in the ordinary course of Catena Media's business, including costs of the IPO, bond, credit facility and reorganisation. Non-recurring costs incurred during the financial year ended 31 December 2018 relate to bond costs and fees relating to the new bank facility amounting to EUR 2.2m, and reorganisation costs amounting to EUR 0.1m, the latter comprising termination benefits and the share option cost subject to accelerated vesting upon termination of employment. IPO and bond costs for 2017 amounted to EUR 2.5m, while reorganisation costs amounted to EUR 1.0m.

9. OTHER OPERATING EXPENSES

The Company's and Group's other operating expenses consist of the following:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
SEO support costs	6,535	2,222	–	–
Professional fees	3,581	1,505	2	2
HR and recruitment costs	1,164	655	–	–
Rent	2,503	1,520	–	–
Corporate and investor relations costs	437	496	246	191
Movement in debtors' impairment provision	200	80	–	–
General office and administration costs	961	525	–	–
Marketing costs	2,431	887	–	–
Travel and entertainment	1,985	992	–	–
Other expenses	2,927	1,223	33	26
	22,724	**10,105**	**281**	**219**

Fees charged by the auditor for services rendered during the financial period ended 31 December 2018 and the preceding period are shown in the table below:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Annual statutory audit	108	130	–	–
Tax advisory and compliance services	105	50	2	2
Other assurance services	10	10	–	–
Other non-audit services	115	361	–	–
	338	**551**	**2**	**2**

Other non-audit services include permissible services in connection with the listing process and other permissible non-audit services.

10. FINANCE INCOME AND COST

During the year ended 31 December 2018 finance costs include the notional interest charge on contingent considerations. Finance income comprises foreign currency exchange differences.

11. TAX EXPENSE

The tax charge for the year comprises the following:

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Current tax expense/(income)	883	(600)	–	1,266
Deferred tax expense	1,439	2,385	–	–
	2,322	**1,785**	–	**1,266**

The tax on the Group's and Company's profit before tax differs from the theoretical tax expense that would arise using the applicable tax rates as shown in the following table. The tax expense for the year and the result of the accounting profit, multiplied by the effective tax rate applicable in Malta and other countries, are reconciled as follows:

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Profit before tax	33,134	22,853	8,142	2,624
Tax calculated at domestic rates applicable to profits in respective countries	2,328	1,529	2,849	918
Tax effect of:				
- expenses not deductible for tax purposes	214	264	287	728
- income not subject to tax	(407)	–	(3,136)	(380)
- other	187	(8)	–	–
	2,322	**1,785**	–	**1,266**

12. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Group	
	31 Dec 2018	**31 Dec 2017**
From profit for the year	0.56	0.40
Weighted average number of ordinary shares in issue	**55,128,363**	52,024,074

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all dilutive potential ordinary shares. The Group's potential dilutive ordinary shares comprise share options, share warrants and shares issued as part payment of asset purchase acquisitions. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscriptions rights attached to outstanding shares. The number of shares calculated above is compared with the number of shares that would have been issued, assuming the exercise of the share options or the issue of shares.

	Group	
	31 Dec 2018	**31 Dec 2017**
From profit for the year	0.52	0.40
Weighted average number of ordinary shares in issue	55,128,363	52,024,074
Adjustments for share options, warrants and shares issued as part payment of asset purchase acquisitions	4,461,971	1,080,211
Weighted average number of ordinary shares for diluted earnings per share	**59,590,334**	**53,104,285**

13. SHARE-BASED PAYMENT

Share options and warrants are granted to directors and to selected employees. In 2015 the Company granted share warrants to three members of the Board to purchase a total of 273,825 shares, which were exercised during the financial year ended 31 December 2018. Share warrants for 91,275 shares were granted to another director during the financial year ended 31 December 2017 and a further 40,000 shares, 15,500 of which were acquired to management during the financial year ended 31 December 2018. Furthermore, the Group also entered into share option agreements with fifty one (2017: eight) of its employees, and committed a total of 1,220,610 shares (2017: 522,368).

The exercise price of the warrants granted during the current financial year is equal to EUR 17.26, while the average exercise price of all outstanding warrants is equal to EUR 14.01. The average exercise price of options granted during the current financial year is equal to EUR 15.49 for 51 option arrangements.

The average exercise price of options granted in the preceding financial year was equal to EUR 11.71 for eight option arrangements. Options are conditional on the employee completing 36 months of service (the vesting period). Both share warrants and option agreements can be exercised after 36 months from the date they were granted, and have a contractual term of 42 months. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share warrants outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in € per warrant	**Number of Warrants**
At 1 January 2017	**3.73**	**273,825**
Granted	10.75	91,275
At 31 December 2017	**5.49**	**365,100**
Granted	17.26	15,500
Vested	3.73	273,825
At 31 December 2018	**14.01**	**106,775**

Out of the 106,775 (2017: 365,100) outstanding warrants, none of the warrants were exercisable at 31 December 2018 (2017: nil).

Share warrants outstanding at the end of the year have the following expiry date and exercise prices:

	Expiry date	Exercise price in € per warrant	Number of Share warrants
Grant date			
Jan 2017	Jun 2020	10.75	91,275
Jun 2018	Dec 2021	17.26	15,500

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in € per option	Number of Options
At 1 January 2017	**2.29**	**1,283,010**
Granted	11.71	522,368
Vested	2.35	980,150
Cancelled	7.62	157,000
At 31 December 2017	**8.01**	**668,228**
Granted	15.49	1,220,610
Exercised	1.83	110,000
Cancelled	12.29	116,500
At 31 December 2018	**14.17**	**1,662,338**

Out of the 1,662,338 (2017: 668,228) outstanding options, 130,860 options (2017: nil) were exercisable at 31 December 2018. During the current financial year, 116,500 share options were cancelled upon termination of employment. Share options exercised during the current financial year amounted to 947,150 (2017: nil).

Valuation of share options for the year ended 31 December 2018

The weighted average fair value of options granted during the period, determined using the Black-Scholes valuation model, was EUR 1.78 per share under option. The significant inputs into the model were weighted average share price of EUR 12.51 on the grant date, exercise price shown above, volatility of 30%, an expected option life of 3 years and an annual risk-free interest rate of 2%. The volatility assumption and the dividend yield assumption were based on the variables observed for listed companies in similar industries.

Valuation of share options for the year ended 31 December 2017

The weighted average fair value of options granted during the period, determined using the Black-Scholes valuation model, was EUR 1.5092 per share under option. The significant inputs into the model were weighted average share price of EUR 9.71 on the grant date, exercise price shown above, volatility of 30%, an expected option life of 3 years and an annual risk-free interest rate of 2%. The volatility assumption and the dividend yield assumption were based on the variables observed for listed companies in similar industries.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

	Expiry date	Exercise price in € per option	Share options
Grant date			
Sep 2015	Mar 2019	2.06	43,620
Oct 2015	Apr 2019	2.06	43,620
Oct 2015	Apr 2019	1.83	43,620
Oct 2015	Apr 2020	7.93	25,000
Jan 2017	Jul 2020	11.57	262,368
Jun 2017	Dec 2020	13.79	30,000
Jan 2018	Jun 2021	14.35	45,000
Jan 2018	Jun 2021	14.38	265,000
Feb 2018	Jul 2021	15.65	100,000
Apr 2018	Oct 2021	14.85	80,000
Jun 2018	Dec 2021	17.38	300,000
Jun 2018	Dec 2021	17.29	331,000
Nov 2018	May 2022	13.80	59,292
Nov 2018	May 2022	12.23	28,020
Nov 2018	May 2022	13.80	3,576
Dec 2018	May 2022	13.80	2,222
			1,662,338

From the 1,662,338 (2017: 668,228) shares granted under option agreements, the Group estimates that 30% of these will not vest, resulting in a total of 1,163,637 (2017: 467,760) shares committed. The effect of this was also taken into account in the statement of comprehensive income.

14. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

EUR '000	Group
Year ended 31 December 2017	
Balance at 1 January 2017	7,333
Balance at 31 December 2017	**7,333**
Year ended 31 December 2018	
Balance at 1 January 2018	7,333
Acquisitions through business combinations	**4,633**
Balance at 31 December 2018	**11,966**

The Group's acquisitions primarily comprise domains and websites, player databases, and in certain instances other components of intellectual property. The consideration paid for player databases is determined by reference to the historical average revenue per active player for the portfolio of acquired players over the expected player life. In the instances where other components of intellectual property are identified, the allocation of the consideration was based on an estimate of the replacement value of the asset. The residual value is being allocated to domains and websites.

Other intangible assets

EUR '000	Domains and websites	Player databases	Other intellectual property	Total
Cost				
At January 2017	**68,089**	**2,888**	**1,267**	**72,244**
Additions	162,791	10,124	3,244	176,159
Change in estimates	(10,904)	(454)	–	(11,358)
Balance at 31 December 2017	**219,976**	**12,558**	**4,511**	**237,045**
Additions	74,809	2,789	7,014	84,612
Present value adjustments	(216)	7	–	(209)
Change in estimates	18,640	1,180	–	19,820
Balance at 31 December 2018	**313,209**	**16,534**	**11,525**	**341,268**
Accumulated depreciation and impairment losses				
At 1 January 2017	**–**	**(709)**	**(367)**	**(1,076)**
Amortisation charge	–	(2,892)	(945)	(3,837)
Balance at 31 December 2017	**–**	**(3,601)**	**(1,312)**	**(4,913)**
Amortisation charge	–	(5,166)	(2,817)	(7,983)
Balance at 31 December 2018	**–**	**(8,767)**	**(4,129)**	**(12,896)**
Carrying amounts				
At 31 December 2017	219,976	8,957	3,199	232,132
At 31 December 2018	**313,209**	**7,767**	**7,396**	**328,372**

Additions of EUR 77.6m (2017: EUR 172.9m) relate to the acquisition of Dreamworx, Bonusseeker, BetfreeBet, ASAP Italia, Hammerstone, Optilabs, gg.co.uk, ParisSportifs, Brokerdeal and Leaprate. Additions comprising contingent considerations, based on estimates, are recognised at fair value. Present value adjustments on considerations recognised during the year amount to EUR -0.2m (2017: EUR -6.7m), while adjustments recognised as a result of changes in estimates of the likely outcome of a contingent event amount to EUR 19.8m (2017: EUR-11.4m). Additions of EUR 7.0m (2017: EUR 3.2m) relate to the other intellectual property which comprise costs on development of websites and other applications.

Amortisation and impairment

During the prior year, management had concluded that the acquired domains and websites are a single cash-generating unit for the purposes of IAS 36. This conclusion was based on the fact that the operations of the Group were managed and monitored as one business unit.

In 2018, following changes to internal management reporting, two operating segments were identified, resulting in two cash-generating units for the purpose of IAS 36. This conclusion is based on the fact that the Board, together with the chief operating decision-maker, assess financial performance and make strategic decisions based on the reported results of the two operating segments.

As at 31 December 2018, the directors evaluated goodwill, domains and websites for impairment. The directors are of the view that the carrying amount of domains amounting to EUR 313.2m (2017: EUR 220.0m) and goodwill amounting to EUR 12.0m (2017: EUR 7.3m) is recoverable on the basis that the cashflows generated from these assets are in line, or exceed, the estimated projections made prior to the acquisitions. The directors are satisfied that the judgements made are appropriate to the circumstances. The fair value of goodwill acquired through the acquisition of Catena Media UK and Hammerstone Inc, amounting to EUR 12.0m (2017: EUR 7.3m), was based on the market price of the ordinary shares that the Group held in Catena Media plc, used as consideration for the acquisition of these domains and goodwill. The recoverable amount of the acquired goodwill, domains and websites was assessed on the basis of value-in-use calculations. A detailed assessment was performed at the end of the reporting period. The Group's conclusion is that the recoverable amount is well in excess of the carrying amount, and hence a sensitivity analysis in this regard is not disclosed. The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2018, the budget for 2019 as confirmed by the entity's Board, the business plan for year 2020 – 2023 and an annual growth rate of 1% (2017: 2%) for the iGaming CGU and 1.5% (2017: 2%) for the Finance CGU beyond the noted period. The projected cash flows of both CGUs were discounted by 15% (2017: 15%) after tax. The effective tax rate was estimated at 35% (2017: 35%). The Group management's method for determining the values inherent to each significant assumption is based on experience and expectations regarding the performance of the market. Consequently, the directors have assessed that there is no need to impair the goodwill and acquired domains and websites.

15. PROPERTY, PLANT AND EQUIPMENT

					Group
EUR '000	**Computer equipment and software**	**Fixtures and fixtures**	**Property improvements**	**Motor vehicle**	**Total**
Cost					
At January 2017	620	325	–	–	945
Additions	295	1,444	1,323	38	3,100
Balance at 31 December 2017	**915**	**1,769**	**1,323**	**38**	**4,045**
Additions	226	217	845	–	1,288
Disposal	–	–	–	(38)	(38)
Balance at 31 December 2018	**1,141**	**1,986**	**2,168**	**–**	**5,295**
Accumulated depreciation and impairment losses					
At 1 January 2017	**(152)**	**(27)**	**–**	**–**	**(179)**
Depreciation	(157)	(117)	(105)	(3)	(382)
Balance at 31 December 2017	**(309)**	**(144)**	**(105)**	**(3)**	**(561)**
Depreciation	(175)	(208)	(345)	(4)	(732)
Disposal	–	–	–	7	7
Balance at 31 December 2018	**(484)**	**(352)**	**(450)**	**–**	**(1,286)**
Carrying amounts					
At 31 December 2017	606	1,625	1,218	35	3,484
At 31 December 2018	**657**	**1,634**	**1,718**	**–**	**4,009**

16. INVESTMENT IN SUBSIDIARIES

EUR '000	**Considera-tion for subscribed capital**	**Capital contribution**	**Total**
Year ended 31 December 2017			
Opening net book amount	1	213	214
Additions	–	690	690
Closing net book amount	**1**	**903**	**904**
Year ended 31 December 2018			
Opening net book amount	1	903	904
Additions	2	333	335
Closing net book amount	**3**	**1.236**	**1,239**

The capital contribution relates to the cost of share options granted to the employees of the Company's subsidiary undertakings. The cost is recognised over the vesting period as an increase to investment in subsidiary undertakings.

SUBSIDIARIES	Country of incorporation	Class of shares held	Percentage of ownership and voting rights held by the Group		Percentage of ownership and voting rights held directly by the Company	
			2018	2017	2018	2017
Catena Operations Limited	Malta	Ordinary shares	100	100	100	100
Molgan Ltd	Malta	Ordinary shares	100	100	–	–
Catena Media UK Limited	UK	Ordinary shares	100	100	–	–
Catena Media doo Belgrad	Serbia	Ordinary shares	100	100	–	–
Catena Media US Inc.	USA	Ordinary shares	100	100	–	–
Catena Media K.K.	Japan	Ordinary shares	100	100	–	–
Catena Media Australia Pty. Ltd.	Australia	Ordinary shares	100	100	–	–
Catena Media Sverige AB	Sweden	Ordinary shares	100	100	–	–
Catena Financial Limited	Malta	Ordinary shares	100	–	100	–
Catena Financials UK Ltd	UK	Ordinary shares	100	–	–	–
Catena Financials Limited US INC	USA	Ordinary shares	100	–	–	–
Asap Italia Srl	Italy	Ordinary shares	100	–	–	–

17. OTHER INVESTMENTS

Other investments included financial assets at fair value through other comprehensive income (previously recognised as available-for-sale financial assets under IAS 39). During the second quarter 2018 the Group sold its shares in Investoo Limited and the Group realised a loss of EUR 0.6m, which has been included in OCI.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Trade receivables	19,055	11,854	–	–
Amounts owed by immediate subsidiary	–	–	212,916	149,574
Amounts owed by other Group undertakings	–	–	3,482	–
Prepayments and accrued income	991	707	40	21
Other receivables	1,366	1,031	–	2
	21,412	**13,952**	**216,438**	**149,597**

The amounts owed by the subsidiary are unsecured, interest free and repayable on demand, although the parent does not expect that such balances are recalled within the next 12 months.

Information related to credit risk and impairment allowances is disclosed in note 3.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, balances with banks and cash held by payment processors. Cash and cash equivalents included in the statement of cash flows reconcile to the amounts shown in the statement of financial position as follows:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Cash in hand	6	4	–	–
Cash at bank	12,421	11,832	837	1,967
Cash held by payment processors	734	510	–	–
	13,161	**12,346**	**837**	**1,967**

Information related to credit risk and impairment allowances is disclosed in note 3.

20. SHARE CAPITAL

On 2 July 2018, the Company announced that it had resolved to implement a directed issue of 182,550 shares to cover one of the Company's incentive programmes.

On 9 July 2018, it was announced that 30,061 new shares inCatena Media plc were issued as payment of part of the purchase price for acquired assets in BrokerDeal.de, with a nominal price of EUR 0.0015 per share and a share premium of EUR 11.9741495 per share.

On 19 July 2018, it was announced that 144,282 new shares in Catena Media plc were issued as payment of the earn-out amount payable to New Casinos Ltd. based on revenue performance. The new shares were issued with a nominal price of EUR 0.0015 per share and a share premium of EUR 12.9938840 per share.

On 31 July 2018, it was announced that the Company had resolved to implement a directed issue of 327,150 shares to cover one of the Company's incentive programmes.

On 16 August 2018, it was announced that 77,209 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 11.1594006 per share. These shares were issued in partial settlement of the purchase consideration for the assets acquired in the US.

On 8 November 2018, it was announced that 188,751 new shares in Catena Media plc were issued as partial payment of the upfront purchase price for acquired assets in LeapRate.com.

On 30 November 2018, the Company announced that it had resolved on a directed issue of 261,275 shares by virtue of the Company's incentive programme.

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 of the settlement of the upfront consideration for the US acquisition.

On 9 June 2017, 93,275 new shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 10.6222 per share. These shares were issued to be utilised as part settlement of the earn-out payment for the US asset acquisition.

On 28 November 2017, 350,885 new shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 7.8358. These shares were issued to be utilised as part settlement of the upfront consideration of the assets of Beyondbits Media Limited. On the same date, a further 117,805 new shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 7.6381. These were issued to be utilised as part settlement of the earn-out payment for the US asset acquisition.

On 18 December 2017, 1,557,759 new shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 8.5043 per share to be utilised as part settlement of the upfront consideration for acquired assets in Baybets Limited. After these new share issues, the total number of issued shares for the year ended 31 December 2017 amounted to 54,005,545.

On 11 February 2016, the Company's shares were listed on Nasdaq First North Premier, Stockholm. The offering comprised of a total of 29,580,990 shares, of which 7,273,000 shares were newly issued. The nominal value of these shares was EUR 0.0015. On 4 September 2017, Catena Media plc made the official move to Nasdaq Stockholm's main market.

During 2015, prior to the Group's reorganisation, Catena Operations Limited issued 254 ordinary shares with a nominal value of EUR 1 each at a premium of EUR 4,999,746. This amount is included within other reserves. The capital contribution included in other reserves relates to a tax refund received by the previous Parent company of the Group, which was waived in favour to Catena Media plc after the Group restructuring in 2015. Other movements in reserves relate to foreign currency translation movements and equity-settled share-based payment charges.

Details of share capital for the Company as at 31 December 2018:

EUR '000	31 Dec 2018
Authorised, issued and fully paid	
56,286,872 ordinary shares of €0.0015 each	84

Details of share capital for the Company as at 31 December 2017:

EUR '000	31 Dec 2017
Authorised, issued and fully paid	
54,005,545 ordinary shares of €0.0015 each	81

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

21. BORROWINGS

Borrowings at the end of the reporting period comprised a three-year unsecured bond loan ("new bond") amounting to EUR 150.0m, under a framework of EUR 250.0m, which matures in March 2021. The corresponding balance at 31 December 2017 comprised an amount of EUR 50.0m that was issued on 16 September 2016, and a tap issue of EUR 50.0m issued on 14 June 2017. The new bond was listed on Nasdaq Stockholm on 6 April 2018 at a nominal value of EUR 100,000. The debt securities bear a floating rate coupon of Euribor 3m + 5.5 percent. Euribor 3m is subject to a floor of 0 percent.

Similar to the previous bond issue, the new bond has been designated by management as a financial liability at fair value through profit and loss since it contains an embedded derivative that may significantly modify the resulting cash flow. This embedded derivative is an early redemption option with the redemption price set in accordance with a mechanism as set out in the prospectus. The fair value of the bond, which at the end of the reporting period amounted to EUR 144.0m was determined by reference to multiple broker quotes. Accordingly, the bond's fair value has been categorised within IFRS13 fair value hierarchy as Level 3. The fair value of the bond was recategorised from Level 1 to Level 3 in the IFRS 13 fair value hierarchy. However, no restatement to the fair value of the bond is required since the valuation technique used in the prior periods is deemed adequate for the purpose of a Level 3 fair value categorisation. The movement in fair value for the year ended 31 December 2018 of EUR 8.82m is recognised in ''Other gains/(losses) on the bond liability at fair value through profit or loss'' in the income statement. If the estimated price of the bond would have increased by 1%, the estimated fair value of the bond would increase by EUR 1.4m. Similarly, if the estimated price of the bond decreased by 1%, the estimated fair value of the bond would decrease by EUR 1.4m.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Cash and cash equivalents	13,161	12,346	837	1,967
Borrowings at variable interest rates - repayable after one year	(144,000)	(102,882)	(144,000)	(102,882)
Net debt	**(130,839)**	**(90,536)**	**(143,163)**	**(100,915)**

	Group	Company
EUR '000	31 Dec 2018	31 Dec 2018
Borrowings as at 1 January 2018	102,882	102,882
Cash flows	48,650	48,650
Fair value movement	(8,882)	(8,882)
Borrowings as at 31 December 2018	**144,000**	**144,000**

22. AMOUNTS COMMITTED ON ACQUISITIONS

EUR '000	Group 31 Dec 2018	Group 31 Dec 2017	Company 31 Dec 2018	Company 31 Dec 2017
Non-current				
Amounts committed on acquistion	21,170	27,655	–	–
Current				
Amounts committed on acquistion	60,740	33,641	–	–
	81,910	**61,296**	–	–

Amounts committed on acquisitions consist of contractual obligations resulting from the purchase of intangible assets from third parties. Some of the obligations have a predetermined value, while others include future payments whose value depends on target earnings. The latter are further referred to as contingent considerations. Total amounts committed on acquisition as at 31 December 2018 of EUR 81.9m (2017: EUR 61.3m) include an amount of EUR 65.1m (2017: EUR 58.9m) which is contingent. The current portion of amounts committed on acquisition of EUR 60.7m (2017: EUR 33.6m) includes an amount of EUR 43.9m (2017: EUR 31.2m) which is contingent. The fair value adjustment to the expected cash flows as recognised in amounts committed on acquisition is of EUR 6.4m (2017: EUR 7.5m), EUR 5.2m (2017: EUR 3.0m) of which is attributable to amounts committed on acquisition due within twelve months from the end of the current financial year. The corresponding adjustment impacts the value of the assets acquired as recognised in the statement of financial position. The notional interest charge on the contingent considerations is included in 'Finance costs', net of foreign exchange differences. During the current financial year, amounts committed on acquisition relating to contingent considerations have been adjusted by an amount of EUR 18.8m (2017: EUR -16.2m) to reflect a change in estimates. The maximum potential undiscounted amount that the Group may be required to settle under such contingent consideration arrangements is EUR 128.7m (2017: EUR 128.8m) which comprises EUR 71.3m (2017: EUR 66.4m) gross of fair a discounting adjustment of EUR -6.4m (2017: EUR -7.5m) and excluding an amount of EUR 17.0 (2017: nil) which is not contingent, as recognised in the statement of financial position as at 31 December 2018, while the remaining amount has not been recognised on the basis of management estimates.

23. DEFERRED TAXATION

Deferred tax is calculated on all temporary differences under the liability method, using the tax rate that is expected to apply to the period when the assets/liabilities are settled, based on the tax rates expected in the tax jurisdictions concerned. The movement in deferred tax balances is analysed as follows:

Group EUR '000	Balance at 1 Jan 2018	Recognised in profit and loss	Balance at 31 Dec 2018
Deferred tax assets			
Unremitted earnings of subsidiary	(63)	–	(64)
Unutilised tax losses	(2,917)	(1,622)	(4,538)
	(2,980)	**(1,622)**	**(4,602)**
Deferred tax liability			
Property, plant and equipment	9	(8)	1
Intangible assets	5,937	3,014	8,951
Provision for bad debts	(10)	(5)	(15)
Unrealised exchange differences	203	60	263
Other	1	(1)	–
	6,139	**3,061**	**9,200**
Net movement	**3,159**	**1,439**	**4,598**

Group EUR '000	Balance at 1 Jan 2017	Recognised in profit and loss	Balance at 31 Dec 2017
Deferred tax assets			
Unremitted earnings of subsidiary	(1,133)	1,070	(63)
Unutilised tax losses	(264)	(2,653)	(2,917)
	(1,397)	**(1,583)**	**(2,980)**
Deferred tax liability			
Property, plant and equipment	4	5	9
Intangible assets	2,173	3,764	5,937
Provision for bad debts	(6)	(4)	(10)
Unrealised exchange differences	–	203	203
	2,171	**3,968**	**6,139**
Net movement	**774**	**2,385**	**3,159**

24. TRADE AND OTHER PAYABLES

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Trade payables	1,765	2,123	6	26
Amounts owed to other Group undertakings	–	–	2,375	–
VAT payable	1,077	50	1	2
Accruals and deferred income	2,132	1,440	15	560
Bond interest liability	642	244	642	244
Other payables	327	321	40	–
Total trade and other payables	**5,943**	**4,178**	**3,079**	**832**

25. RELATED PARTY TRANSACTIONS

In view of its shareholding structure, the Company and the Group have no ultimate controlling party. All companies forming part of the Group and other entities under common control are considered by the directors to be related parties.

The following transactions were carried out with related parties:

	Group		Company	
EUR '000	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
(a) Key management personnel				
Directors' fees	315	292	302	292
Executive management	2,048	1,671	–	–
(b) Other related party transactions				
Purchases of services from entities with significant shareholding*	566	2,352	–	–

As of 21 December 2018, Optimizer Invest Limited no longer holds any shares or voting rights in Catena Media plc, and therefore is no longer deemed to be a related party. Hence, related party transactions up until this date have been disclosed for the financial year ending 31 December 2018.

*Purchases of services from entities with significant shareholding comprised consultancy, advisory and success fees payable to Optimizer Invest Limited. Fees relating to acquisitions reflected the amount paid during the periods and not the maximum amount that could be due in terms of contractual agreements in place that are dependent on the achievement of earnings targets. Transactions for the financial year ended 31 December 2018 were affected by credit notes regarding recharge costs relating to the first and second quarter 2018 from Optimizer Invest Limited.

26. BUSINESS COMBINATIONS

On 12 June 2018, the Group acquired 100 percent of the share capital of Hammerstone Inc. in the US. Hammerstone is an instant messaging-based platform that provides subscribers with immediate notifications of market-driving news.

The Group acquired Hammerstone for an initial consideration and an earn-out consideration. The initial purchase price, paid in conjunction with the transfer of the assets, amounted to an upfront payment of USD 5.0m, of which USD 2.0m (EUR 1.7m) was paid through newly issued shares at a subscription price of SEK 137.32 per share. A total of 127,440 shares were issued in this regard. During the fourth quarter, Catena Media agreed to amended terms whereby the earn-out portion – amounting to a maximum USD 2.5m based on revenue performance over a period of 12 months, with 40 percent of the earn-out being payable in shares – was replaced by a cash payment of USD 1.2m in full and final settlement for the acquistion. The previously estimated contingent consideration (net of PV adjustment) amounted to USD 2.5m (EUR 1.99m).

Details of net assets acquired and adjusted goodwill are as follows:

Purchase consideration (adjusted)	On acquisition EUR '000
Cash settlement	2,574
Share issue and allotment	1,699
Final cash settlement	959
Total purchase consideration	**5,232**
Fair value of net assets acquired (see below)	(599)
Goodwill	**4,633**

The above goodwill is primarily attributed to the potential of the product acquired. The assets and liabilities arising from the acquisition, provisionally determined, are listed in the table below:

	Fair value EUR '000
Subscription database	599
Net assets acquired	**599**

27. MINIMUM LEASE PAYMENTS AND COMMITMENTS

Future minimum fees referring to non-cancellable rental agreements are estimated as follows:

	Group	
EUR '000	31 Dec 2018	31 Dec 2017
within one year	2,899	2,024
within two to five years	7,529	5,898
after five years	–	–
	10,428	**7,922**

Leasing costs, comprising rent, are recognised in operating expenses.

28. EVENTS AFTER THE REPORTING PERIOD

On 4 January 2019, Catena Media appointed Erik Edeen as interim CFO, succeeding Pia-Lena Olofsson.

On 31 January 2019, Catena Media resolved on a directed issue of a total of 22,000 shares by virtue of the Company's incentive programme.

On 22 February 2019, Catena Media was informed by its nomination committee that it intends to propose, to the Annual General Meeting 2019, that Göran Blomberg, Theodore Bergquist and Per Widerström are elected new members of the Board for the period up until the the Annual General Meeting 2020. At the same time Henrik Persson Ekdahl, Andre Lavold, and Mathias Hermansson have declined re-election, in view of Optimizer Invest's reduced shareholding in the Company.

CATENA MEDIA AND SUSTAINABILITY

This is Catena Media's first Sustainability Report. We see it as an important tool for demonstrating and developing our long-term commitment to contributing toward a more sustainable society.

Our new approach to sustainability

This year we initiated a project to shape our strategic approach to sustainability and how we can contribute to a more sustainable society. This involved conducting a stakeholder dialogue and a materiality analysis to identify our most important sustainability aspects. We will continue to develop our sustainability strategy in 2019 and beyond.

STAKEHOLDER DIALOGUE

Dialogue with our stakeholders was an important first step to identify where Catena Media's sustainability impacts occur in society and to define our focus areas. In 2018, we included our owners and employees in this stakeholder dialogue process.

OUR FOCUS AREAS

The stakeholder dialogue has enabled us to identify four focus areas that provide the foundation for our sustainability strategy – Responsible Employer, Responsible Business, Customer Responsibility, and Environmental Responsibility. These focus areas address where we have greatest impact in society and will shape our ongoing work with sustainability. As a growing company within a modern industry, we believe in assuming responsibility by contributing to the well-being and development of those around us and always promoting equality, ethics, diversity and a clean environment.

OUR OPPORTUNITY: COMPANIES CONSTANTLY NEED NEW CUSTOMERS

Most companies have a constant need to attract new customers. Our core enabler is to continue to master lead generation and apply our business model in a variety of industries.

OUR PURPOSE: HELP USERS MAKE DECISIONS AND SOLVE PROBLEMS

Our company purpose is the essence of our existence – to help digital users make decisions and solve problems when online.

OUR STRATEGIC PILLARS

- Create Excellent Products
- Build Outstanding Relationships
- Cultivate the Catena Media Culture
- Catena Media Ideapreneurship

Responsible Employer

Catena Media strives to create supportive, healthy and diverse work environments that enhance employee performance and attract and retain talent. Our success is dependent on our employees, and our strong company culture provides a platform for our employees to promote the development of innovative products and good customer relations.

STRONG COMPANY CULTURE

We strive to promote a strong company culture that inspires our employees to contribute toward their personal goals and those of our company. Our culture defines Catena Media's identity and values throughout the diverse geographies where we work. It is also an important consideration in recruitment, as we assess potential employees on how they fit with our culture.

We have a dedicated Company Culture Team to support the values we stand for and drive forward-looking initiatives. During the year, activities included regular awareness meetings and a workshop to define how to maintain the company culture.

HEALTH AND SAFETY

Catena Media is committed to promoting health and safety to ensure our premises always offer safe and healthy workplaces for everyone. Our ambition is to provide employees with a safe and sustainable work life and a good psychosocial work environment.

HEALTH AND SAFETY RISK MANAGEMENT

Occupational hazards include slipping, falling, the risk of fire and computer-related injuries such as physical aches and pains, and eye problems. We go beyond local health and safety regulations by dealing with the physical and psychosocial issues associated with regular computer use.

Catena Media regularly assesses workplace health and safety risks and strives to avoid all forms of injury or ill health on our premises. Several of our offices have assigned certified fire wardens and first aiders, and we always seek external help on health and safety matters when necessary.

A variety of health problems are associated with regular computer use and we ensure that workstations are set up ergonomically, including those of our flexible and remote workers. We also encourage regular breaks, varied work tasks and equipment adjustments to help avoid health issues.

EMPLOYEE HEALTH AND SAFETY EDUCATION

We inform employees of health and safety practices as part of their induction, and a number of training activities are provided throughout the year. Remote workers are given health and safety self-assessments.

Our core values

Our Core Values guide our employees in their day-to-day activities and reinforce our company culture. They encourage our people to cooperate, lead, engage and learn.

TEAM FIRST

Our team's interests come before our own. When we win, we win together and when we lose? That's together too.
We recognise and we trust.

LEAD BY EXAMPLE

We're all leaders. We're all grit and determination and taking action. We're motivated. We're ambitious. We're accountable.
There is no problem we won't tackle head-on.

ACTIVELY ENGAGED

We're approachable and available. We're active. Never afraid to speak our minds, but happy to give others airtime. We're authentic and perceptive, considerate and adaptive.
We're present.

EAGER TO LEARN

We're hungry to learn. We devour information, seek new paths, expand our knowledge. We never accept "things can't change". We're curious. We're open to new ideas and we challenge our own.

PROMOTING A HEALTHY WORK-LIFE BALANCE

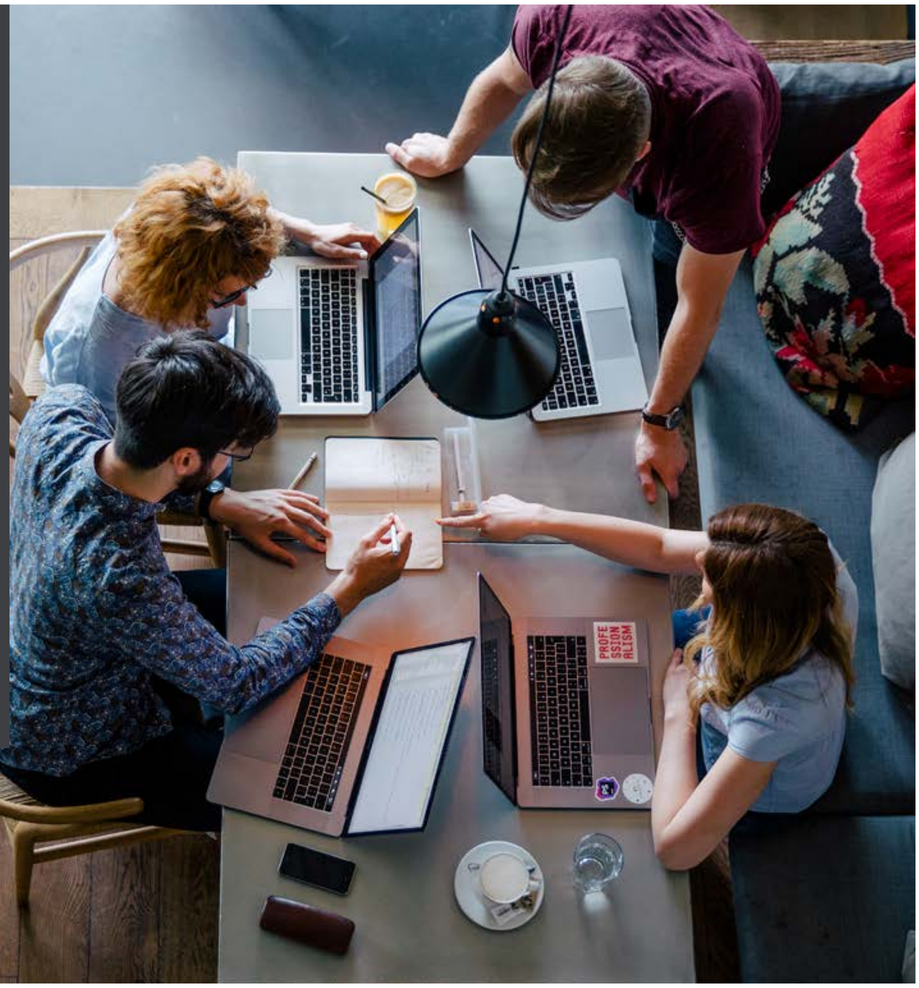
We aim for our work environments to promote productivity, creativity and collaboration. Our ambition is that every employee should be heard, accepted and supported with the right working conditions to grow personally and professionally. Flexible office hours and flexibility measures are also offered to our remote teams to enable them to find a work-life balance that suits them. We tailor flexible working solutions when an employee has personal issues to enable them to manage their

GENDER DISTRIBUTION

66 % men

34 % women

66% of our employees are men and 34% women (December 2018).



work and personal life. A number of initiatives help our employees to disconnect from work, and we do not pay for overtime as our managers are expected to avoid excessive workloads and stress levels.

We understand the benefits that a healthy diet and regular physical activity can have on individual performance and we support employees by offering perks and benefits aimed at improving their health and wellness. This includes wellness bonuses, health insurance, learning and development opportunities.

We have sponsored a number of physical activities such as marathons, assault courses, yoga classes and employee sports days, and we have invited external experts to provide nutrition lectures and personal training sessions. Our Malta and Sweden offices are equipped with employee gyms, and a mindfulness room is being developed in our Malta office.

DIVERSITY AND EQUAL OPPORTUNITIES

We promote equal opportunities among our employees and job candidates, and we do not tolerate discrimination. This includes equal pay for equal experience or qualifications, equal job opportunities, and reasonable workplace modifications to accommodate physically challenged employees. In fact, we believe diversity can drive organisational success as it promotes business development and innovation. We strive for an equal distribution of men and women throughout the organisation across all levels.

Our Equal Opportunities and Dignity at Work Policy informs employees about the types of behaviour that are unacceptable. It also assists employees to put the policy into practice to create harmonious work environments that are free from discrimination, harassment and bullying, and where every employee is treated with respect and dignity.

OUR DIVERSE WORKFORCE

We benefit from a highly diverse workforce that includes over 38 different nationalities. The age of our employees ranges from 18 to 64, and 26 to 34-year-olds represent around half our workforce.

DIVERSITY IN THE RECRUITMENT PROCESS

At Catena Media, our recruitment process treats all applicants equally and evaluates them against the same criteria regardless of their background, beliefs or physical appearance. We focus on offering people a rewarding space where they can cultivate and contribute with their unique talents.

Catena Media's recruitment process sometimes supports applicants that require visas and work permits. During the year, we successfully helped 30 employees through the necessary visa and work permits process.

INTERNSHIP PROGRAMME

Catena Media offers paid internships to gifted students and graduates, which provide them with professional guidance, training and practical work experience. Our interns have opportunities to contribute to active projects, and internships may result in permanent employment with Catena Media.

Responsible business

Catena Media aims to play a positive role in society by creating value – not only for our customers and employees through our services and job creation, but in the communities in which we operate and thrive. Responsible business is the cornerstone of our work with sustainability.

CODE OF CONDUCT

Our Code of Conduct is the foundation for our work with ethics and anti-corruption. The Code is a guidance document for all our employees and partners that we expect them to abide by. Our dedicated compliance team is responsible for the communication of our company-wide policies and training on anti-corruption. We also have a Whistleblowing procedure that our employees and partners can use to report suspected breaches of our Code of Conduct. The number of confirmed corruption incidents during the year is our main KPI. There were no incidents reported in 2018.

ANTI-CORRUPTION

Catena Media has a zero-tolerance approach to bribery and corruption. We are committed to acting fairly and with integrity in all our business dealings and relationships wherever we operate, and we have effective systems to counter bribery and corruption.

Corruption threatens the integrity of the market, damages public trust, increases disparities in income and well-being, undermines the rule of law and imposes a heavy financial burden on society. We believe it is important to take a proactive approach to anti-corruption as it increases trust in our company and enhances relationships with key stakeholders.

Managing privacy risks

Privacy is one of our core values and all our partners handling personal data are required to abide by our policies and procedures. These include our:

- Data Protection Policy
- Information Security Policy
- Privacy by Design and By Default Procedure
- Data Protection in M&A Procedures

All Catena Media directors, employees (including interns, apprentices, and trainees), independent contractors and other similarly contracted workers are responsible for reading, understanding and adhering to our Group Policies.

MANAGING ANTI-CORRUPTION RISKS

When not properly managed, anti-corruption can result in negative impacts for society – as well as fines, blacklisting, significant reputational damage and loss of business for our company. We manage anti-corruption risks through policy management, third-party due diligence, and internal monitoring and staff training. Our internal education programme includes online training videos, policy training and newsletters.

Customer Responsibility

Catena Media takes customer responsibility seriously through comprehensive work with data privacy and the promotion of responsible gambling.

DATA PRIVACY

We see privacy as an essential human right, whereby people own their personal data and they lend it to us. It is therefore our responsibility to secure the personal data of customers and employees alike and use it legally. Our culture of privacy and integrity provides us with a competitive advantage, as it makes Catena Media more trustworthy to our employees, customers, commercial partners and shareholders..

We strive to be transparent with our customers and employees with what information we collect, how we use it, who we share it with and how we safeguardeit. We also inform them about their personal data rights, and they are always welcome to contact us with any queries. We are a global organisation and act responsibly when transferring personal data between Catena Media stakeholders in accordance with our internal Group Data Transfer Agreement.

We strive to build and maintain a privacy culture, where all our employees understand how to treat personal data with integrity and keep it safe – from senior management to new employees. Employees receive regular training on data privacy, and we share guidance and good practice via the company intranet. We raise privacy awareness through our Privacy Tuesdays, which are dedicated privacy days where employees are encouraged to ask privacy-related questions or deepen their knowledge.

We implement technical and organisational measures to safeguard our customers' and employees' personal data. These include: an in-house Privacy Specialist, where appropriate; the pseudonymisation and encryption of personal data; and measures designed to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services. Our dedicated Response Team is ready to react, investigate and ensure that any necessary remediation, reporting or notification is dealt with in accordance with Catena Media's policies and procedures. Data privacy is also incorporated early in the development of new services, tools or products.

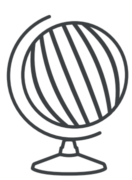
RESPONSIBLE GAMBLING

As one of the world's top online lead generation companies within iGaming, we appreciate the importance of responsible gambling. For a small number of people, gambling can cause personal, social, financial and/or health problems. We are committed to following best practice and operating in compliance with the responsible gambling advertising rules and national regulations where our products are promoted.

RESPONSIBLE GAMBLING RISK MANAGEMENT

Our Responsible Gambling guidelines and controls help avoid the risk of promoting and advertising to vulnerable, self-excluded or underage customers. Our responsible gambling work is managed by a dedicated Compliance Team.

We provide website reviews, responsible gambling training, charitable donations to the BeGambleAware® charity that promotes safer gambling, and a dedicated responsible gambling webpage that provides gambling advice and support. Catena Media also runs and supports the independent AskGamblers Casino Complaint Service to help players resolve issues when gambling at any online casino.



Environmental Responsibility

Despite Catena Media's relatively small environmental footprint, we work actively to reduce our environmental impacts. We engage with our employees on environmental issues and take responsibility in the local communities where we operate.

ENERGY EFFICIENCY

Energy use in our offices and server rooms is our most significant environmental impact and we implement energy-efficiency measures where possible. For example, we have invested in efficient cloud-based servers and are in the process of switching to energy-efficient office lighting.

In 2019, we will make further investments in cloud-based servers, which are more energy-efficient, and also decrease load times and increase reliability. We selected our web services provider based on their environmental responsibility.

GREEN OFFICE AMBITIONS

We committed to converting our head office in Malta into a "Green Office" in 2018 as certified by the World Wildlife Fund (WWF). In 2019, we plan to become one of only two offices with such a certification in Malta. The Green Office certification covers energy, water, procurement, recycling, food and travel. Progress is constantly monitored, measured and improved.

MINIMISING TRAVEL EMISSIONS

We avoid all but essential travel and have invested in digital meeting tools and equipment to ensure unparalleled remote communications. This includes screens with AirTame in our offices, video conferencing software and a new company intranet. However, some travel between our offices and for client visits will always be needed to foster our key relationships.

REDUCING RESOURCE USE

We are working to eliminate all non-recyclable waste in 2019 by replacing paper cups with custom reusable coffee mugs and encouraging employees to use and refill their own water bottles to avoid wasting single-use cups and plastic bottles. Hand dryers in our restrooms reduce the need to purchase paper towels and our new custom-made "bleachers" significantly avoid the need for us to procure new seating.

RECYCLING, SORTING AND CLEANING

Recycling stations are provided on every floor of our Malta office to promote the sorting of recyclable materials, including metal, paper and cardboard, plastic and glass. We also have dedicated recycling champions who encourage employees to sort their office waste.

In 2018, Catena Media sponsored the World Cleanup Day event in Malta run by a local NGO. Our employees also volunteered at the event, which involved 1,700 volunteers and 68 local councils, and resulted in the collection of 90 tonnes of waste for recycling and landfill.

MITIGATING FOOD IMPACTS

We source local produce and ingredients for the restaurant at our Malta Head Office whenever possible, to reduce food miles and support the local economy. The use of meat is limited to one of our main course menu options in the restaurant each day, as meat has a greater environmental footprint than plant-based foods. We also offer nut and oat milk alternatives, and our kitchen team grows their own herbs on-site.

Corporate governance report

Catena Media plc (the "Company" or "Catena Media") is a Maltese public limited liability company listed on Nasdaq Stockholm. The Company has its registered office and head office in Malta. Given this structure, governance, management and control is divided between the shareholders, the Board of Directors, the CEO and the rest of Group management, in accordance with applicable laws, rules and instructions.

CORPORATE GOVERNANCE IN CATENA MEDIA

Good corporate governance is concerned with ensuring that the Company is managed as sustainably, responsibly and effectively as possible for all shareholders. The overall objective is to increase value for the shareholders and thereby meet the shareholders' requirements on invested capital. Achieving this objective requires decision-making that is effective and creates value through a clear distribution of roles and areas of responsibility. Governance, management and control in Catena Media is divided between the shareholders, the Board of Directors, the CEO and the rest of Group management in accordance with applicable laws, rules and instructions.

The following statements on pages 90 to 98 have not been audited by the company's auditor.

The foundation of the corporate governance structure of Catena Media comprises its Memorandum and Articles of Association, the Maltese Companies Act (Chapter 386 of the Laws of Malta), Nasdaq Stockholm's Rulebook for Issuers, which includes the Swedish Corporate Governance Code (the "Code"), and other applicable rules and laws. Catena Media's corporate governance structure is available on the Company's website www.catenamedia.com; Nasdaq Stockholm's Rulebook for Issuers at www.nasdaqomxnordic.com; and the Code at www.bolagsstyrning.se.

In addition to external governance instruments and the Company's Memorandum and Articles of Association, the Company also applies internal steering instruments for corporate governance, such as the CEO instructions, the Board's formal work plan, instructions to the Board committees, an internal Code of Conduct and other policy documents, all of which have been prepared to improve and strengthen internal control in Catena Media. These documents are updated annually and approved by the Board of Directors of Catena Media.

SWEDISH CODE OF CORPORATE GOVERNANCE

When Catena Media's shares were listed on Nasdaq First North Premier, the Company already complied with the Code in certain respects, and since the listing on Nasdaq Stockholm's main market on 4 September 2017, the Company applies the Code in full. Accordingly, the Company has chosen not to adopt the Maltese equivalent of the Code (the Code of Principles of Corporate Governance) set out in the Maltese Listing Rules, although it should be noted that the Maltese and Swedish codes of corporate governance share a number of similar or common principles.

The Code is based on the principle of "comply or explain". This means that a company that applies the Code can deviate from individual rules, but must then explain the reasons for the deviation. For the 2018 financial year, Catena Media deviated from the Code in one aspect. On 25 September 2018, the Board of Catena Media resolved to appoint Öystein Engebretsen as a new director of the Board of Directors to fill the vacant board seat after the director Anders Brandt had resigned voluntarily. This procedure, whereby the Board of Directors appoints a new director to fill a vacancy – as opposed to a new director being appointed by the general meeting – is permitted under Maltese corporate law and the Company's Memorandum of Association, but it constitutes a deviation from the Code.

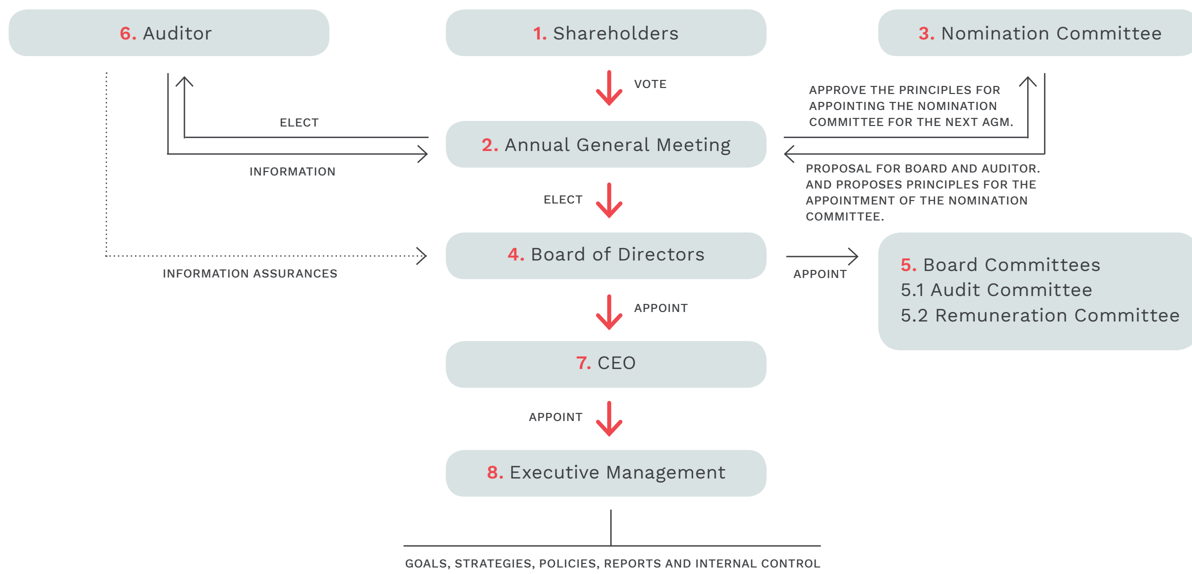
No separate auditor's report on the corporate governance report is required under the Maltese regulations since the report is being prepared in line with the principles of the Swedish Code. With the exception of the matter noted above, the members of the Board of Directors confirm that the company follows the Swedish Code.

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

The Company's Memorandum of Association and Articles of Association are approved by the General Meeting of the Company's shareholders and include provisions regarding what kind of business activities the Company is to conduct, limitations on the share capital and the number of shares, how a notice convening a General Meeting shall be made, handling of matters during the General Meetings and where General Meetings shall be held, as well as the highest permitted number of Board members. In accordance with the Company's Articles of Association, a Board member appointment applies until the end of the first Annual General Meeting after the year the Board member was appointed, after which the respective Board member is available for re-election. Board members are appointed through a General Meeting resolution passed with a simple majority of votes represented at the General Meeting. In addition to this, Board members have a right to appoint new Board members in the Company under certain conditions in accordance with Article 58.1 of the Company's Articles of Association. A Board member's appointment can end early if the Board member notifies that he/she wishes to resign, if the shareholders resolve to dismiss the Board member, or if an obstacle arises for the Board member to serve in that capacity in accordance with Article 59.1 of the Company's Articles of Association. Such a dismissal shall not affect the remuneration requirements the Board member may have due to the Company's potential breach of contract. The shareholders may resolve to dismiss the Board member through a resolution at a General Meeting passed with a simple majority of votes represented at the General Meeting.

The Company may amend its Memorandum of Association and Articles of Association by an extraordinary resolution in terms of Article 79 (1) of the Maltese Companies Act (Chapter 386 of the Laws of Malta). The Articles of Association of the Company require an extraordinary resolution to be taken at a General Meeting passed by shareholders having the right to attend, and holding in aggregate not less than 75 percent in nominal value of the shares represented and entitled to vote at the General Meeting, and at least 51 percent in nominal value of all the shares entitled to vote at the General Meeting.

CATENA MEDIA CORPORATE GOVERNANCE STRUCTURE



1. THE SHARE AND SHAREHOLDERS

Catena Media is listed on Nasdaq Stockholm in the Mid Cap segment since 4 September 2017, and prior to this was listed on Nasdaq First North Premier Stockholm since February 2016. As of 31 December 2018, the total number of shares and votes in the Company amounted to 56,286,872 with an aggregate nominal value of EUR 84,430m. The Company had a total of 10,301 shareholders at the end of 2018. According to the shareholder register kept by Euroclear Sweden AB (including changes subsequently known to the Company), the ten largest shareholders held a total of around 59.1 percent of the total number of shares and votes in the Company at the end of 2018, and the largest shareholder on the same date was Bodenholm Capital AB, with a participating interest of approximately 9.2 percent of the total number of shares and votes in the Company. In addition, there was no shareholder that directly or indirectly owned more than 10 percent of the number of shares or votes in the Company. In accordance with the provisions of the Maltese Companies Act (Chapter 386 of the Laws of Malta), the Board has been authorised in the Company's Articles of Association to issue shares, or allocate options in relation to such shares, up to the maximal authorised share capital in the Company (EUR 200,000) at such times and conditions that the Board finds appropriate. This authorisation applies for five years from 2 July 2015 and the Company can renew this authorisation with a simple majority vote for additional periods of no more than five years at a time. Read more about the Company's share and ownership structure on the Company's website, www.catenamedia.com.

2. GENERAL MEETING

The General Meeting of shareholders is Catena Media's highest decision-making body, where the shareholders exercise their influence on the Company. Every year, the Company shall hold an Annual General Meeting in addition to any Extraordinary General Meetings that are held during the year. Article 16.1 of the Company's Articles of Association states that an Annual General Meeting shall be held once a year at the point in time (within a period of no more than 15 months after the most recent Annual General Meeting) that the Board sees fit. All General Meetings shall be held in Stockholm or in Malta, in accordance with the decisions of the Board of Directors.

An Extraordinary General Meeting may be convened by the Board of Directors in terms of Article 17.1 of the Articles of Association. In addition, the Board of Directors are bound to convene an Extraordinary General Meeting at the request of one or more shareholders who, as of the date of the submission of the request, hold at least 10 percent of the share capital in the Company, in terms of Article 129 of the Maltese Companies Act (Chapter 386 of the Laws of Malta). This request must state the objectives of the meeting and must be signed by the shareholder(s) concerned and is to be submitted to the Company's registered address. If the Board does not convene an Extraordinary General Meeting within 21 days from the date of the submission of such a request, the shareholder(s) concerned may convene an Extraordinary General Meeting within three months of the date that the original request was submitted to the Company.

Article 18 in the Company's Articles of Association states that convening notices to Annual or Extraordinary General Meetings shall as a main rule be issued at least 21 days before the meeting is held. A Swedish and English version of the convening notice shall be published on the Company's website and information that a convening notice has been issued shall also be announced in Dagens Industri, a Swedish business newspaper. In the convening notice, the General Meeting's agenda shall also be presented. The convening notice shall also contain information on time, place and date of the meeting. According to Article 19.1 of the Articles of Association, in the convening notice for the General Meeting, the Company shall, among other things, state that only shareholders registered as shareholders in the shareholder register on a certain record date shall have the right to participate in and vote at the General Meeting. A shareholder who wants to be represented at the General Meeting by a proxy must issue a written signed authorisation in accordance with the authorisation form available in the Company's Articles of Association (Article 42.5) and published on the Company's website for each General Meeting. In a vote at the General Meeting in the Company, every share entitles the holder to one vote and each person entitled to vote can vote for the full number of shares represented. However, in voting, shareholders entitled to more than one vote do not need to use all of their votes or vote in the same way with all of their shares.

The Annual General Meeting passes resolutions on, among other things, the adoption of the previous year's balance sheet and income statement, dividends, the election of Board members and auditors, remuneration of Board members and auditors, how the Nomination Committee is appointed, guidelines for remuneration of the CEO and the rest of the Group management.

One or more shareholders who together hold 5 percent or more of the share capital have a right to demand that a matter be taken up on the agenda for the General Meeting on condition that such a matter is justified or contains a proposed resolution, and present proposed resolutions for matters taken up on the agenda for the General Meeting. Any shareholder who wants to have a matter taken up on the agenda, or who submits a proposed resolution regarding matters included on the agenda, shall send a request to the Company no later than 46 days before the day of the General Meeting, following the terms of Article 19.5 of the Articles of Association of the Company.

Resolutions at a General Meeting are usually passed with a simple majority of votes represented at the Meeting. However, in accordance with the Maltese Companies Act (Chapter 386 of the Laws of Malta) and the Company's Articles of Association, certain resolutions require approval by a higher percentage of the votes represented at the General Meeting.

Extraordinary General Meeting

No Extraordinary meetings were held during the year.

2018 Annual General Meeting

The 2018 Annual General Meeting took place in Stockholm, Sweden on Thursday, 26 April 2018. Among other things, the Annual General Meeting passed resolutions (i) to adopt the Company's consolidated financial statements and the Administration Report and audit report, (ii) to re-elect André Lavold, Anders Brandt, Henrik Persson Ekdahl, Kathryn Moore Baker, Mathias Hermansson, Mats Alders and to elect Cecilia Qvist as Board members, (iii) that remuneration to the Board members shall be paid as follows: EUR 80,000 to the Chairwoman of the Board and EUR 35,000 to each of the other Board members, (iv) that the Company's committees should receive remuneration as follows: EUR 12,500 to the Chair and EUR 6,250 to the other members of the Audit Committee; EUR 6,250 to the Chair and EUR 3,125 to the other members of the Remuneration Committee, (v) to re-elect PricewaterhouseCoopers Malta as the Company's auditor, (vi) to approve the Nomination Committee's proposal on principles for the election of the Nomination Committee prior to the 2019 Annual General Meeting, (vii) to approve the Board's proposal on guidelines for remuneration of senior executives, (viii) to introduce a new incentive programme for key persons within the Catena Media group based on share options or warrants, and (ix) to change the Company's Articles of Association.

Minutes from the 2018 Annual General Meeting and documents associated therewith are available on Catena Media's website, www.catenamedia.com.

2019 Annual General Meeting

The 2019 Annual General Meeting will be held on 2 May at 3 p.m., at "Tändstickspalatset", Västra Trädgårdsgatan 15 in Stockholm, Sweden. A notice convening the Annual General Meeting was published through a press release, announced in Dagens Industri, and published on Catena Media's website, www.catenamedia.com, together with associated documents.

3. NOMINATION COMMITTEE AND ITS WORK

The 2018 Annual General Meeting passed a resolution on the principles for the appearance of Catena Media's Nomination Committee as follows: The Nomination Committee shall have four members. The three largest shareholders/shareholder groups by votes on 31 August the year before the Annual General Meeting is held are entitled to appoint one member each. The largest shareholders in terms of votes shall be determined on the basis of a list of registered shareholders provided by Euroclear Sweden AB. In addition, the Chair of the Board shall be appointed to be a member of the Nomination Committee. The CEO or another person from company management shall not be a member of the nomination committee.

The Chair of the Board shall convene the largest shareholders in the Company no later than 15 October. If such a shareholder refrains from the right to appoint a member to the Nomination Committee, the next shareholder/owner group by size shall be provided the opportunity to appoint a member to the Nomination Committee. The composition of the Nomination Committee is to be announced at least six months before the Annual General Meeting. The Chair of the Board is the convener of the first meeting of the Nomination Committee. However, the Chair of the Board shall not be appointed the Chair of the committee.

If it becomes known that one of the shareholders who appointed a member to the Nomination Committee is no longer one of the largest owners, due to changes in the owner's shareholdings or changes in other owners' shareholdings, the member the shareholder appointed, if the Nomination Committee so decides, shall withdraw and be replaced by a new member appointed by the shareholder who at that time is the largest registered shareholder who has not yet appointed a member to the nomination committee. If the registered ownership structure otherwise materially changes before the Nomination Committee's assignment has been completed, a change in the composition of the Nomination Committee shall be made, if the Nomination Committee so decides, according to the principles stated above.

The Nomination Committee submits proposals regarding the number of Board members, remuneration of the Chair of the Board and other Board members, as well as the auditor, any remuneration for committee work, the Board's composition, the Chair of the Board, decisions regarding the appointment of the Nomination Committee, the Chair of the Annual General Meeting, and the election of auditors. The Nomination Committee's proposed resolutions are published in the notice convening the Annual General Meeting, on the Company's website and during the Annual General Meeting. Information on how to submit proposals to the Nomination Committee is available on the Company's website, www.catenamedia.com.

The Nomination Committee's composition for the 2019 Annual General Meeting was published on 25 October 2018 and consists of the following members: Kathryn Moore Baker (Chairwoman of the Board of Catena Media), Lennart Francke (representing Swedbank Robur Fonder AB), Nicklas Paulsson (representing Investment AB Öresund) and Jake Hennemuth (representing Ruanne Cuniff & Goldfarb). Lennart Francke was announced as the Chairman of the Nomination Committee.

The Nomination Committee held four meetings for the 2019 Annual General Meeting. No remuneration has been paid for the work in the Nomination Committee.

4. BOARD OF DIRECTORS

In accordance with the Company's Memorandum of Association, Catena Media's Board of Directors shall comprise at least three and at most seven members. The Board currently consists of seven members elected by the Annual General Meeting on 26 April 2018 for the time until the end of the 2019 Annual General Meeting. In accordance with the resolution by the 2018 Annual General Meeting, the Board consisted of Kathryn Moore Baker (Chair), Henrik Persson Ekdahl, André Lavold, Mats Alders, Cecilia Qvist, Mathias Hermansson and Anders Brandt. Cecilia Qvist was elected at the Annual General Meeting for the first time, the remainder of the Board members were re-elected from the previous year. Anders Brandt voluntarily resigned from the Board of Directors on 25 September 2018. Öystein Engebretsen accepted to fill the vacant board seat on the same date. More information on the Board members, such as experience, education, other appointments and shareholdings, is available on pages 99-100 of the annual report. At the end of the year, the Board had two women and five men.

The Board of Directors is responsible for the Company's organisation and management of the Company's affairs, which includes responsibility for preparation of overall, long-term strategies and targets, budgets and business plans; adoption of guidelines that the Company's activities create long-term value; reviewing and approving accounts; making decisions on issues concerning investments and sales, capital structure and dividend policy; development of the Group's policies; ensuring that control systems exist for the follow-up of compliance to policies and guidelines; ensuring that systems exist for the follow-up and control of the Company's activities and risks; significant changes to the Company's organisation and operations; appointing the Company's CEO; and setting the salary and other remuneration of the CEO.

The Chair of the Board is responsible for ensuring that Board members, through the care of the CEO, continuously receive the information necessary to be able to monitor the Company's position, performance, liquidity, financial planning and development. It is incumbent on the Chair of the Board to complete assignments issued by the General Meeting regarding the establishment of the Nomination Committee and participating in its work. In close cooperation with the CEO, the Chair of the Board shall monitor the Company's performance and prepare and chair the Board meetings. The Chair of the Board is also responsible for ensuring that the Board of Directors annually evaluates its work and that the Board receives adequate information to do its work in an effective manner.

The Board's work is governed by, among other things, the Maltese Companies Act (Chapter 386 of the Laws of Malta), the Memorandum of Association, the Articles of Association, the Code and the Board's formal work plan. The Board meets according to an annually predetermined schedule. In addition to these meetings, additional Board meetings may be convened to address issues that cannot be postponed to the next ordinary Board meeting.

Independence of the Board

Six out of seven Board members are independent in relation to the Company and the management. The Director Henrik Persson Ekdahl was the acting CEO of the company until 4 June 2018. Seven out of seven Board members are independent in relation to the Company's major shareholders. With this Board composition, the Board of Directors of Catena Media fulfils the Code's requirements on independent members, as the majority of the Board members are independent in relation to the Company and company management, and at least two of them are also independent in relation to the Company's major shareholders. All Board members and members of the Group management have undergone Nasdaq Stockholm's training regarding stock exchange rules.

Board's work in 2018

The Board's formal work plan states which points must always be on the agenda at Board meetings. During 2018, the Board held 38 minuted meetings, of which 21 were per capsulam meetings (resolutions in writing). All of the meetings held during the year followed an agenda that was provided to the Board members ahead of the respective meeting, together with relevant documentation for each point on the agenda. The CEO and the Company's Head of Legal, in her capacity as the Board's secretary, also participated in the Board meetings. The CEO reports on the operating profit at each ordinary Board meeting and the CFO reports on the financial performance. In addition to this, the CFO, senior executives and, when necessary, the Company's auditors hold presentations on special areas. In 2018, the Board devoted particular attention to the numerous acquisitions that were made during the year.

Assessment of the work of the Board

The Board of Directors of Catena Media is evaluated every year with the aim of both developing the Board's work and creating a basis for the Nomination Committee's evaluation of the Board's composition. The evaluation of the Board in 2018 took place by the members completing a questionnaire drawn up by the Chairwoman of the Board. An anonymised compilation of the questionnaires was presented to the Nomination Committee in December 2018 and to the Board of Directors in connection with the ordinary Board meeting in December 2018.

Remuneration of the Board

Remuneration and other benefits to the Board and the Chair of the Board, including Board committees, are decided by the Company's shareholders at the General Meeting. At the Annual General Meeting on 26 April 2018, in accordance with the proposal from the Nomination Committee, it was decided that the remuneration to the Board shall be paid in the amount of EUR 80,000 to the Chair of the Board and EUR 35,000 to each of the other Board members. The Annual General Meeting also resolved that remuneration of the Board's various committees, for the period until the next Annual General Meeting, shall be paid as follows:

- EUR 12,500 to the Chair of the Audit Committee and EUR 6,250 to its other members.
- EUR 6,250 to the Chair of the Remuneration Committee and EUR 3,125 to its other members.

BOARD MEMBER ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2018

NAME	Board meetings	Remuneration Committee	Audit Committee
Kathryn Moore Baker (Chairwoman of the Board)	17/17	2/6	3/6
Henrik Persson Ekdahl	16/17	–	–
André Lavold	17/17	–	5/6
Cecilia Qvist	8/17	–	–
Øystein Engebretsen	3/17	2/6	–
Mats Alders	15/17	–	6/6
Mathias Hermansson	15/17	4/6	0/6
Anders Brandt	13/17	4/6	–

Board Info

- Cecilia Qvist was elected as a director 26 April 2018. The appointement was registered with the Maltese authorities on 16 May 2018.
- Anders Brandt resigned and was replaced by Øystein Engebretsen on 25 September 2018.

Rem Com Composition

- Between 01/01/18 and 26/04/18 : Kathryn (chair) and Anders.
- Between 26/04/18 and 25/09/18 : Mathias (chair) and Anders (after AGM 2018).
- Between 25/09/18 until present: Mathias (chair), Oystein (Anders Brandt resigns).

Audit Com Composition

- Between 01/01/18 until 26/04/18 : Mats (Chair), Mathias and Andre (after AGM 2018).
- Between 26/04/18 until present : Mats (Chair), Kathryn and Andre.

REMUNERATION OF BOARD MEMBERS DURING THE 2018 FINANCIAL YEAR

BOARD MEMBER	Director's fee (EUR)	Remuneration for Remuneration Committee (EUR)	Remuneration for Audit Committee (EUR)	Total Remuneration (EUR)
Kathryn Moore Baker (Chairwoman of the Board)	76,822	1,986	4,264	83,072[1)]
Henrik Persson Ekdahl[2)3)]	33,411	–	–	33,411[4)]
André Lavold[2)]	33,411	–	6,250	39,661[5)]
Anders Brandt	24,109	2,295	–	26,404
Mats Alders	33,411	–	12,500	45,911
Mathias Hermansson	33,411	4,264	1,986	39,661
Cecilia Qvist	23,877	–	–	23,877
Öystein Engebretsen	9,301	830	–	10,131

1) In addition to this, Kathryn Moore Baker received remuneration of USD 10,000 for Board assignments in the Company's subsidiary Catena Media US Inc.
2) Henrik Persson Ekdahl and André Lavold were until 14 of September 2018 not independent in relation to the Company's major shareholders since they together, via Optimizer Invest Ltd, owned 7,274,412 shares in the Company, corresponding to approximately 13.47 percent of the total number of shares and votes in the Company at the time. Optimizer Invest Ltd is no longer a major shareholder.
3) Henrik Persson Ekdahl was the acting CEO of the Company from 4 October 2018 until 3 June 2018 and is subsequently not considered to be independent in relation to the Company and its management. Henrik Persson Ekdahl did not received any remuneration for his Directorship during the time he was the acting CEO of the Company.
4) Henrik Persson Ekdahl invoices his remuneration through Optimizer Invest Ltd, a shareholder of Catena Media.
5) André Lavold invoices his remuneration through Optimizer Invest Ltd, a shareholder of Catena Media.

5. BOARD COMMITTEES

The Board has established two committees: the Audit Committee and the Remuneration Committee, with the aim of structuring, streamlining and assuring the quality of work in these areas. Committee members are appointed annually by the Board at the first Board meeting after the Annual General Meeting.

Audit Committee

The Audit Committee shall consist of at least three members. The members of the Audit Committee may not be employees of the Company. The Audit Committee's members are Mats Alders (Chair), Kathryn Moore Baker and André Lavold.

Among other things, the Audit Committee shall fulfil the following tasks:

- Monitoring the Company's financial reporting and submitting recommendations and proposals to ensure the reliability of the reporting.
- Annually monitoring risks and risk management with regard to financial reporting, including monitoring the efficiency of the Company's internal controls and evaluating the routines for bookkeeping and reporting, to enable reliable financial reporting.
- Staying informed of the audit of the annual report and the consolidated financial statements and of the conclusions of the Supervisory Board of Public Accountants' quality control, and maintaining continuous contact with the Company's accounting department, with the aim of facilitating audits.
- Informing the Board of the results of the audit and of the manner in which the audit contributed to the reliability of financial reporting, and which function the committee had.
- Identifying and evaluating operational risks and reviewing how management handles them.
- Reviewing and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides services other than auditing to the Company.
- Assisting in the preparation of proposals for the General Meeting's resolutions regarding electing auditors.

The Company's employees and auditors can be summoned to the committee's meetings to provide detailed information on specific reports or questions. The committee's meeting minutes are archived and available to all Board members. The committee's Chair reports to the Board at the Board meetings regarding the issues discussed and presented at the committee's meetings. According to its established formal work plan, the Audit Committee shall meet at least five times a year. The Chair of the Audit Committee can convene additional meetings if required. The Audit Committee held five meetings in 2018.

Remuneration Committee

According to the Code, the members of the Remuneration Committee must be independent in relation to the Company and company management. The Board's Remuneration Committee continuously evaluates the senior executives' terms of remuneration in light of current market conditions. The committee prepares matters in these areas for decision by the Board.

The Remuneration Committee has at least two members who can be appointed by the Board annually. The Remuneration Committee consists of Mathias Hermansson (Chair) and Öystein Engebretsen. Anders Brandt was a member of the committee until 25 October 2018 ,when he was replaced by Öystein Engebertsen, as Anders Brandt resigned from the Board of Directors.

Among other things, the Remuneration Committee has the tasks of:

- Preparing the Board's decisions in matters concerning principles of remuneration, compensation and other terms of employment for Group management.
- Monitoring and evaluating on-going programmes and programmes concluded during the year for variable remuneration for company management.
- Monitoring and evaluating the application of the guidelines for remuneration of senior executives, as resolved by the Annual General Meeting, as well as by applicable remuneration structures and levels in the Company.

The committee's meeting minutes are archived and available to all Board members. The committee's Chair reports to the Board at the Board meetings regarding the issues discussed and presented at the committee's meetings. According to its established formal work plan, the committee shall meet at least twice a year. The Remuneration Committee held six meetings in 2018.

6. AUDITORS

The Annual General Meeting elects the Company's auditors. At the Annual General Meeting on 26 April 2018, PricewaterhouseCoopers Malta was elected as the Company's auditor for the time, until the 2019 Annual General Meeting. Romina Soler, Authorised Public Accountant and member of the Malta Institute of Accountants, is the engagement leader. The auditor has the task of auditing Catena Media's annual report on behalf of the shareholders, and making a statement on whether or not the annual report provides a true and fair view, according to IFRS as adopted by the EU, and requirements of the Maltese Companies Act (Chapter 386 of the Laws of Malta). In connection with the nine-month report, the auditor also conducts a review according to ISRE 2410. The 2018 Annual General Meeting passed a resolution that remuneration of the Company's auditor shall be payable in accordance with an approved invoice.

7. CEO AND GROUP MANAGEMENT

CEO

The CEO is subordinate to the Board and is responsible for the Company's on-going management and the operation of the Company. The division of work between the Board and the CEO is set forth in the formal work plan for the Board and the CEO's instructions. The CEO is responsible for leading operations in accordance with the Board's guidelines and instructions and for the Board obtaining information and necessary decision input. The CEO appoints the members of Group management, leads its work and makes decisions after consulting with its members. The CEO is also a presenter at Board meetings and shall ensure that Board members are continuously sent the information needed to monitor the Company's and group's position, performance, liquidity and development. The CEO's work is continuously evaluated by the Board in accordance with the requirements of the Code.

As of 4 June 2018, Per Hellberg is the CEO of the company. Henrik Persson Ekdahl was the acting CEO of the Company from 3 October 2017 until 3 June 2018. For further information on the acting CEO's education, professional experience and holdings in the Company, please refer to page 99 in the annual report and the Company's website, www.catenamedia.com.

Group Management

At the beginning of 2018, Group management consisted of Henrik Persson Ekdahl (acting CEO), Johannes Bergh (Chief Operating Officer), Pia-Lena Olofsson (Chief Financial Officer), Åsa Hillsten (Head of IR and Communications), Louise Wendel (Head of Legal) and Andreas Ericsson (Head of M&A). In June 2018, Per Hellberg became the CEO of the Company.

Åsa Hillsten and Pia-Lena Olofsson started their employment on 8 January 2018.

For further information on Group management's education, professional experience and holdings in the Company, please refer to pages 101 in the annual report and the Company's website, www.catenamedia.com.

Guidelines for remuneration of the CEO and Group management

The Annual General Meeting on 26 April 2018 resolved to approve the guidelines below on remuneration of senior executives in the Company to apply until the 2019 Annual General Meeting.

Remuneration and terms of employment for the CEO and other senior executives currently five people shall be formulated with the aim of ensuring the Company's access to executives with the right expertise. Remuneration shall comprise fixed salary and possible variable remuneration. Remuneration shall be market-based and competitive and relate to the executive's responsibilities and authority. Possible variable remuneration shall be limited to a maximum amount and relate to predetermined and measurable criteria, formulated with the aim of promoting the Company's long-term value creation. If cash compensation is paid based on information that later proves to be clearly incorrect, the Company shall have the right to demand back such compensation. If the Company's profit before tax is negative, no variable remuneration shall be paid out. The CEO's variable remuneration shall be limited to 80 percent of the annual base salary. The variable remuneration shall be based on individual objectives that are to be established by the Board. Examples of such objectives are operational earnings and development, as well as quality targets. For senior executives other than the CEO, the variable remuneration shall be limited to 70 percent of annual base salary, and be based on results in the senior executive's area of responsibility, and fulfilment of individual objectives. At any time, the Board shall be able to offer long-term share-related incentive programmes, which shall be approved by a General Meeting. Senior executives may also receive other customary benefits such as occupational health care, housing allowances, etc. The CEO shall be entitled to a severance pay corresponding to six monthly salaries upon termination by the Company. In addition to their fixed monthly salary, other senior executives shall be able to receive a severance pay during the period of notice corresponding to a maximum of three months' base salary.

The Board has the possibility of deviating from the above guidelines if there are special reasons in the individual case that motivate it. If this happens, the reasons for the deviation shall be reported at the subsequent Annual General Meeting.

System for internal control and risk management

INTRODUCTION

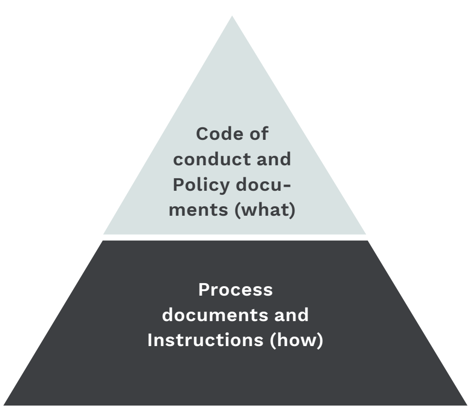
The objective of the internal control is to achieve an effective organisation that achieves the goals set by the Board of Catena Media. This means ensuring, with reasonable certainty, that the Company's business is carried out correctly and efficiently, and ensuring correct and reliable financial reporting in accordance with applicable rules and laws. Catena Media has chosen to structure internal control in accordance with the established COSO framework for internal control: control environment, risk assessment, control activities, information and communication, and monitoring and follow-up.

CONTROL ENVIRONMENT

Catena Media's control environment is based on the division of work between the Board, Board committees and the CEO, as well as the values that the Board and Group management communicate and base the work on. To retain and develop a control environment, to comply with applicable laws and rules and so that the Group's desired way of running the business is implemented in the entire Group, the Board, as the topmost responsible body, has established a number of basic documents of significance to risk management and the internal control. These consist of steering documents, policies, procedures and instructions. These documents include the Board's formal work plan, instructions to the CEO, instructions for financial reporting, the Group's code of conduct and insider policy.

Policies, procedural descriptions and instructions are distributed to affected employees in the Group and signed by the staff through the Group's compliance platform. It is mandatory for all employees in the Group to read, understand and sign off on the company policies and comply with the Group's code of conduct. Employees also conduct regular tests to ensure that they are familiar with the content of relevant policies, procedural descriptions and instructions. In 2018 the company focused on education and training in GDPR, and how it works in a listed environment.

Steering documents are defined as follows:



RISK ASSESSMENT

Catena Media has developed a process for risk assessment in which the Company performs an annual risk analysis and risk assessment. Risks are identified and categorised as follows

- Strategic risks
- Operational risks
- Financial risk
- Risks regarding rule compliance

The Company's goal for the risk analysis is to identify the greatest risks that can prevent the Company from achieving its objectives or fulfilling its strategy. The goal is also to evaluate these risks, based on the likelihood that they arise during upcoming periods and the degree to which risks could affect the Company's objectives, if they were to occur.

Each individual risk has a "risk owner" in the organisation with the responsibility of ensuring that measures and controls are in place and implemented. The risk owner is also responsible for monitoring, following up and reporting changes in the Group's risk exposure to identified risks.

Group management reports identified risks to the Audit Committee. Through the Audit Committee, the Board evaluates the Group's risk management system and related procedures, including risk assessments, in an annual risk report where the top-20 risks are reviewed in detail. This is to ensure that material risks are managed and that controls are implemented to counteract identified risks.

The Company's management deems that the greatest operational risk is related to changes in the regulatory and legislative environment and changing marketing activities of operators (Catena Media's customers), which in turn affect growth and put commercial pressure on the Company. Examples of changes occurring in 2018 are more stringent legislation in the UK and the advertising ban in Italy.

CONTROL ACTIVITIES

The Company has established a risk management procedure that includes a number of key controls of those things that must be established and function in the risk management processes. The control requirements are an important instrument that enables the Company's Board to lead, to evaluate information from Group management, and to take responsibility for identified risks.

The Company focuses on mapping and evaluating the largest risks related to financial reporting, to ensure that the Group's reporting is correct and reliable. One example of such a control is that the Group regularly does an impairment test of the Group's intangible assets, with the aim of assessing return and possible impairment requirements.

INFORMATION AND COMMUNICATION

Internal communication to the Group's employees takes place in several ways: through newsletters and formal policies; instructions are communicated to management and employees through a compliance platform, which makes it possible to check that all employees read, understand and sign off on the policies, procedures and instructions relevant to their work in the Group.

Such policies include the policies the Company has

ROLE DISTRIBUTION IN CATENA MEDIA – INTERNAL CONTROL AND RISK MANAGEMENT

ROLE	Responsibility
Board of Directors	Utmost responsible for reviewing risks and controls in the Company.
Audit Committee	Reports results from the audit meetings with the Board and initiates audits when necessary.
Remuneration Committee	Prepares the Board's decisions in issues concerning remuneration principles, remuneration and terms of employment for the CEO and Group management. The committee also has the task of evaluating and preparing proposals on incentive programmes.
Group Management	Operationally responsible for controls being in place to reduce identified risks. Ensuring that there are relevant steering documents that are implemented and ensuring that employees have adequate knowledge of internal control.
CFO	Operationally responsible for financial reporting, including ensuring adequate internal control for the financial statements.

prepared with the aim of informing employees and others affected in the Group of the laws and rules that are applicable to the distribution of information, and the special requirements placed on people active in a listed company regarding, e.g. insider information. Due to this, the Company has also established procedures for suitable management and limitation of the spread of information that has not yet been made public. The Company's CEO has, on behalf of the Board, been given the overall responsibility for managing issues concerning insider information and the Board has appointed the Head of Legal as responsible for keeping the insider list.

The Company's IR function is led and monitored by the Company's CFO and Head of IR and Communications. The main tasks of the IR function are to support the CEO and senior executives in relation to capital markets. The IR function also works, together with the CEO, to prepare the Company's financial statements, General Meetings, capital market presentations and other regular reporting on IR activities.

MONITORING/FOLLOW-UP

Every year, a self-evaluation is done of the effectiveness of the key roles and a risk report is prepared that summarises self-evaluations done, and presents any deviations that must be addressed. The risk report is presented to the Board annually. The Board also receives reports on the Group's income, earnings and financial position every month, and the Group's quarterly reports, other financial reports and the annual reports are always addressed by the Board before they are published. In addition, the Group's policies are subject to the Board's annual review.

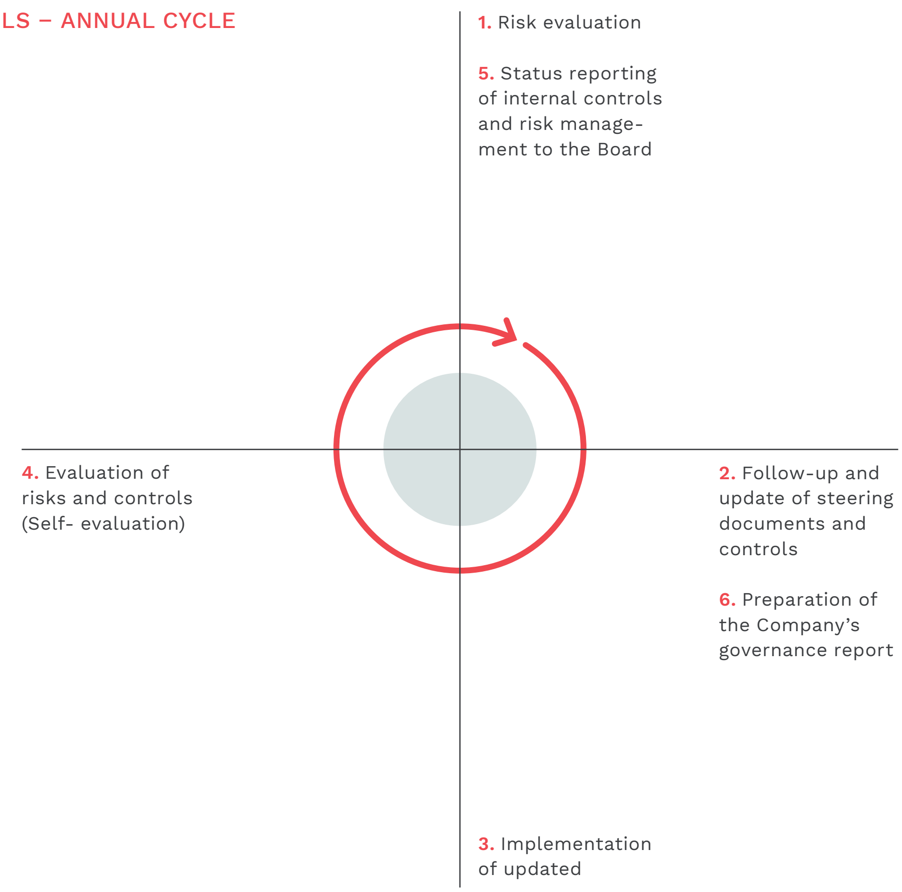
Follow-up activities:

- Annual review and approval of policies by the Board
- Reporting of risk analysis once a year to the Board
- Annual reporting of self-evaluation
- Monthly/on-going follow-up of financial statements

INTERNAL AUDIT

Catena Media has chosen not to establish a formal audit function in the Company, but rather opted to focus on implementing a process for identification of risks, establishment of controls and a self-evaluation of controls. The framework itself, the results and the outcomes are reviewed by Group management and the Board. The head of each area and function in the Company has responsibility for carrying out the self-evaluation and the Audit Committee is responsible together with the Board for complying with established principles for internal control. The Audit Committee has full freedom to call for an external review of parts of the Group, if deemed necessary. For external reviews, external advisers can be engaged to conduct the review, especially to obtain a second opinion if the Company finds it necessary. The Company has a function for rule compliance in the legal team that liaises with the CEO and the Chairwoman of the Board.

RISK AND CONTROLS – ANNUAL CYCLE



KATHRYN MOORE BAKER
Board member since 2015 and Chairwoman of the Board of Directors since 2016.

Born: 1964

Education: Bachelor of Economics, Wellesley College. M.B.A., the Amos Tuck School of Business, Dartmouth College.

Other assignments: Executive Board member of Norges Bank (the Central Bank of Norway), Akastor ASA, DOF ASA and the American Chamber of Commerce in Norway. Member of European Advisory Board of the Tuck School of Business, Dartmouth College and member of Investment Committee of Norfund.

Work experience: Chairwoman of Navamedic ASA Agasti ASA,
Kuddle AS and TheMOON AS.
Board member of
Bertel O. Steen Invest, Data Respons ASA and StormGeo AS and Sevan Marine ASA. Partner of Reiten & Co AS, McKinsey & Company and Morgan Stanley.

Own and closely associated holdings: 109,775 shares (through Lakeside AS).

Independence: Independent of the Company, its senior management and the Company's major shareholders.

HENRIK PERSSON EKDAHL
Board member since 2015.

Born: 1980

Education: B.A. in Business Administration, University of Wisconsin and B.A. in Business Administration, Hull Business School at Lincoln niversity. M.B.A., Gothenburg School of Economics.

Other assignments: Partner of Optimizer Invest Ltd. Board member of True Value Ltd, True Value International Ltd, Catena Invest, Valeo Invest Ltd and Gaming Innovation Group Ltd. Board member of Betit Operation (also partner), Betit Holdings (also partner), Bergen Holding Plc, Haus of Lenny (also partner), Higher holding Limited (also partner), Higherinvest limited (also partner through Higher holding Limited), Valeo Invest Limited (also partner).

Work experience: Chairman of Betit Holding Ltd including group companies. Board member of Optimizer Invest Ltd. Board member and CEO of Betsson Group Ltd including group companies. Board member and CEO of Betsafe (Safepay Malta Ltd) including group companies. CEO Patktrade Europe and CEO BestGames Holdings.

Own and closely associated holdings:
1,279,430 shares

Independence: Not independent of the Company or its senior management, and not independent of the Company's major shareholders.

ANDRÉ LAVOLD
Board member since 2015.

Born: 1980

Education: Tromsdalen upper secondary school.

Other assignments: Partner of Optimizer Invest Ltd. Board member of Agito Holding AS, Lavon AS, Supero Holdings Limited, Valeo Invest Ltd and Optimus Invest Ltd. Board member of Gaming Innovation Group including group companies, Higher Holding Ltd and Sequra SA. Board member of Betit Operation (also partner), Betit Holdings (also partner), Bergen Holding Plc, Haus of Lenny (also partner), Higher holding Limited (also partner), Higherinvest limited (also partner through Higher holding Limited), Valeo Invest Limited (also partner).

Work experience: Business development director of Betsson Group Ltd. Founder, board member and Chief Strategy Officer of Betsafe (Safepay Malta Ltd). Co-Founder and Chief of Production of Nordicbet (Nordic Gaming Group).

Own and closely associated holdings:
1,279,430 shares

Independence: Independent of the Company and its senior management, but not independent of the Company's major shareholders.

MATS ALDERS
Board member since 2015.

Born: 1958

Education: M.B.A., Stockholm University, Advanced certificate in Business Administration, IHM Business School.

Other assignments: Chairman and CEO of Anagram Produktion AB, Chairman of Anagram Sverige AB, Anagram Live AB and Goodbye Kansas Holding AB. Board member of Hantera i Stockholm AB, Anagram Pocket AB and Anagram Rights AB, Chairman of Anagram Norge AS.

Work experience: Chairman of Starbreeze AB, Starbreeze Production AB, Starbreeze Studios AB, Starbreeze Publishing AB, Mobivending AB, Mobile Payment Solutions, Stockholm AB, Netadmin System i Sverige AB and Bambora On Mobile AB. Board member and CEO of Dandy Invest AB.

Own and closely associated holdings:
94,775 shares.

Independence: Independent of the Company, its senior management and the Company's major shareholders.

MATHIAS HERMANSSON
Board member since 2016.

Born: 1972

Education: Business Administration, Gothenburg School of Economics and University of Edinburgh.

Other assignments: CEO of NC Management AB.

Work experience: CFO of Veoneer Inc., Executive Chairman MTGx, CFO of Modern Times Group MTG AB. Board member of CTC Media Inc. Chairman of Viaplay AB, MTG Sport AB, MTG TV AB, Nice Entertainment AB and MTG Radio AB. Board member of Turtle Entertainment GmbH and MTG eSports Holding AB.

Own and closely associated holdings: 15,500 shares and 91,275 warrants as well as corporate bonds of total nominal value EUR 200,000.

Independence: Independent of the Company, its senior management and the Company's major shareholders.

CECILIA QVIST
Board member since 2018.

Born: 1972

Education: M.B.A., University of Edinburgh.

Other assignments: Global Head of Markets at Spotify. Member of Advisory board for Webrock Ventures.

Work experience: Former Global Head of Business Development at Nasdaq OMX (Stockholm), Global Head of Retail at Swedbank and Head of Business Development (Eastern Europe/Central Asia) at Ericsson.

Own and closely associated holdings: –

Independence: Independent of the Company, its senior management and the Company's major shareholders.

ØYSTEIN ENGEBRETSEN
Board member since 25 September 2018.

Born: 1980

Education: Master of Science in Business and Major in Finance at BI Norwegian School of Management in Oslo.

Other assignments: Investment Manager at Investment AB Öresund. Board member of INSR Insurance Group ASA, Scandi Standard AB and Projektengagemang Sweden AB.

Work experience: Board member of Investment AB Öresund. Corporate Finance at HQ AB.

Own and closely associated holdings: 20,700 (17 500 through closely associated holdings).

Independence: Independent of the Company, its senior management and the Company's major shareholders.

PER HELLBERG
Hired 4 June 2018.
Chief Executive Officer (CEO)

Born: 1968

Other assignments: Chairman of the Board in Readly International AB.

Previous assignments: CEO Readly International AB and Readly AB.

Education: Strategic Marketing, RMI Berghs School of Communications.

Shares: 70,000

Warrants/Share options: 300,000 share options.

ERIK EDEEN
Hired 7 January 2019.
Interim Group Chief Financial Officer (CFO)

Born: 1984

Other assignments: –

Previous assignments: More than 12 years of experience from interim positions as CFO and Head of Finance/Head of Business Controlling in privately owned and publicly traded corporations, such as ICA Gruppen AB (publ.) and Investor AB (publ.). Most recently as Group CFO for a European IT company.

Education: Master of Business Economics from Uppsala University. Executive Education at Harvard Business School.

Shares: –

Warrants/Share options: –

ÅSA HILLSTEN
Hired 8 January 2018.
Head of IR & Corporate Communications

Born: 1975

Other assignments: Board Member of eEducation Albert AB (E-tech).

Previous assignments: Chief Communication Officer & IR, Collector AB.

Education: Business Economy, IHM Business School and Strategic Brand Management, IHM Business School.

Shares: –

Warrants/Share options: 140,000 share options.

JOHANNES BERGH
Hired 12 January 2017.
Chief Operating Officer (COO)

Born: 1969

Other assignments: Chairman of the board – Codesign AB. Chairman of the board – IPQ AB.

Previous assignments: Chief Executive Officer Rewir AB, Chief Brand Officer Flir Systems Inc.

Education: Harvard Business School, RMI Berghs, Stockholm University.

Shares: 5,392

Warrants/Share options: 230,000 share options.

LOUISE WENDEL
Hired 5 September 2016.
Head of Legal

Born: 1975

Previous assignments: Head of Legal at Fyndiq AB and Head of Legal at Svensk Fastighetsförmedling AB.

Education: Masters of Laws LLM, Lund University.

Shares: –

Warrants/Share options: 62,368 share options and 15,500 warrants.

Independent auditor's report

To the Shareholders of Catena Media plc

Report on the audit of the financial statements

Our opinion

In our opinion:

- Catena Media plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2018, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and

- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Catena Media plc's financial statements, set out on pages 52 to 83, comprise:

- the Consolidated and Parent Company statements of comprehensive income for the year ended 31 December 2018;
- the Consolidated and Parent Company statements of financial position as at 31 December 2018;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

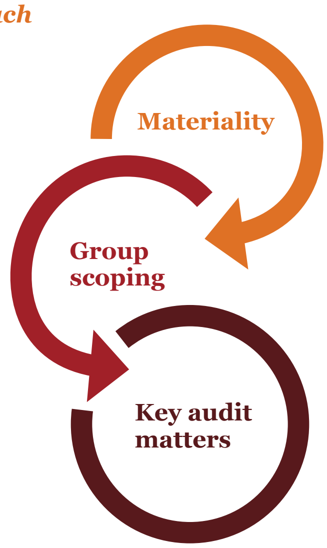
We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Parent Company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Group and its subsidiaries, in the period from 1 January 2018 to 31 December 2018, are disclosed in note 9 to the financial statements.

Our audit approach

Overview



- Overall group materiality: €1.3 million, which represents 5% of adjusted profit before tax.

- All audit work was conducted by the same audit team in Malta, given that the Group's accounting processes are primarily centralised at its head office in Malta.

- Accounting for goodwill and intangible assets in the consolidated financial statement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€1.3 million
How we determined it	5% of adjusted profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax because, in our view, it is a benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Profit before tax was adjusted to exclude the volatility of fair value gains on the bond liability. We chose 5%, which is within a range of quantitative materiality thresholds that is considered to be acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €65,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Accounting for goodwill and intangible assets in the consolidated financial statements	
a) Basis of accounting for acquisition of intangible assets During the current financial year, the Group acquired intangible assets, primarily comprising competitor assets amounting to €84.4 million. Changes in estimates of contingent consideration amounted to €19.8 million. Acquisitions through business combinations amounted to €4.6 million. Accounting for these asset acquisitions involves judgement on the allocation of the components of the assets acquired, as well as the estimation of contingent consideration. Transactions are typically significant on an individual basis, and as disclosed in note 4, the contractual terms differ across contracts. Although some have a pre-determined value, others include future payments the value of which can only be determined with the passage of time with reference to contracted targets. Any changes in recognised contingent considerations are reflected in the statement of financial position. As disclosed in note 4, liabilities where the consideration is contingent on target earnings amounted to €65.1 million as at 31 December 2018. The Group's acquisitions primarily comprise domains and websites. As described in note 14 to the financial statements, management applies a valuation process in allocating the consideration paid to the asset components acquired, and the value attributed to domains and websites is the residual. Domains and websites have an indefinite useful life, and are assessed for impairment as described below.	We assessed the appropriateness of the process utilised to identify assets acquired, and the liabilities assumed at the acquisition date, by reviewing the clauses laid out in the respective acquisition agreements. In respect of the allocation of the value of the acquired intangible assets, our procedures, which were carried out with the assistance of our valuation experts, included an evaluation of the suitability and consistency of the valuation approach and methodology applied, as well as re-performance of the underlying calculations. We further evaluated the basis of the deferred consideration estimated to be payable as at financial year end, with reference to future forecasts and historical experience, to the extent practicable. Due consideration was given to changes in estimates, including changes in agreement terms as referred in note 4. Based on the work performed, we found the basis for accounting for intangible assets and related contingent considerations to be consistent with the explanations and evidence obtained.

Key audit matter	How our audit addressed the Key audit matter
b) Assessment of impairment Goodwill with a carrying amount of €12 million, and other intangible assets, having a carrying amount of €328.4 million as at 31 December 2018, have arisen from a number of acquisitions made during the current and preceding financial years. An assessment is required annually to establish whether goodwill and intangible assets that have an indefinite useful life should continue to be recognised, or if any impairment is required. The assessment was performed at the lowest level at which Catena Media could allocate and assess goodwill, which is referred to as a cash generating unit ("CGU"). As from 2018, management considers that the Group operates two CGUs, igaming and financial services, in line with the basis for the Group's segment reporting, as further described in Note 6. The impairment assessment relied on value-in-use calculations based on the estimated future free cash flow to be generated by Catena, discounted to present value at an appropriate discount rate. The cash flow projections were based on the Group's budget for 2019, the Group's business plan for 2020-2023, and an annual growth rate of 1% for the igaming CGU, and 1.5% for the financial services CGU beyond that period. Further information is provided in notes 4 and 14 to the financial statements. The underlying forecast cash flows, and the supporting assumptions, reflect significant judgements as these are affected by unexpected future market or economic conditions, as well as changes to laws and regulations. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement. The extent of judgement and the size of the goodwill and intangible assets, resulted in this matter being identified as an area of audit focus.	We evaluated the suitability and appropriateness of the impairment methodology applied, and the discounted cash flow model prepared by management, by involving our independent valuation and accounting experts. The calculations underlying the impairment model were re-performed in order to check the model's accuracy. Due focus was given to the basis for the determination of the two CGUs, including enquiry of the Board and management. Our independent valuation experts assessed the discount rate and long-term growth rate assumptions by benchmarking the underlying inputs in the calculation to market data. We concluded that the parameters applied by Catena Media are reasonable. We also assessed whether or not a reasonable possible change in key assumptions could result in an impairment. In view of the extent of headroom available in the impairment assessment for the igaming CGU, a significant deterioration in performance, or variation to the discount factor or long-term growth rate, would need to occur for impairment to result. The impairment assessment of the financial services CGU was sensitised by applying a higher execution risk premium, and impairment did not result. The appropriateness of disclosures made in relation to the impairment assessment of goodwill and intangible assets was also considered.

We have no key audit matters to report with respect to our audit of the Parent Company financial statements.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group includes a number of subsidiaries, with the main subsidiary being Catena Operations Limited. The Group has a centralised accounting function based in Malta. We assessed the overall audit approach and determined the type of work that needed to be performed on the consolidated financial line items by applying overall Group materiality and our assessment of risk. We performed additional procedures on the consolidation process.

This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises management commentary and other information included on pages 1 to 43, and pages 84 to pages 101, and the Directors' report on pages 44 to 51 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

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

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU, and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company'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 the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 or the Parent Company'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 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 auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 those charged with governance 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 those charged with governance 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, related safeguards.

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

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed as auditors of the Group on 17 August 2015. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 4 years. The company became listed on a regulated market on 11 February 2016.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Romina Soler
Partner
28 March 2019

ANNUAL GENERAL MEETING AND OTHER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of Catena Media plc for the financial year 1 January – 31 December 2018 will be held in Stockholm on Thursday 2 May 2019, 3 pm at Tändstickspalatset, Västra Trädgårdsgatan 15. Notice of the Annual General Meeting is published on Catena Media's website, www.catenamedia.com

OTHER INFORMATION

Catena Media intends to release financial reports on the dates below:

Dates	
Interim Report January – March 2019	2 May 2019
Interim Report January – June 2019	19 August 2019
Interim Report January – September 2019	18 November 2019
Year-end Report 2019	February 2020

INVESTOR RELATIONS

Catena Media's Investor Relations department is responsible for providing relevant information to shareholders, investors, analysts, and media. During the year, Catena Media conducted several international road shows and participated in numerous capital market activities. The Company also held regular analyst meetings.

Financial reports, press releases and other information are available from the date of publication on Catena Media´s website, https://www.catenamedia.com/media/press-releases/, where it's also possible to subscribe to press releases and reports. Printed copies of the annual report are sent upon request.

FOR FURTHER INFORMATION, PLEASE CONTACT

Per Hellberg / CEO
per.hellberg@catenamedia.com

Erik Edeen / Interim Group CFO
erik.edeen@catenamedia.com

Åsa Hillsten / Head of IR & Communication
asa.hillsten@catenamedia.com

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Site catenamedia.com

Catena Media's Annual and Sustainability Report is published in English and in a Swedish translation. The English version takes precedence in the event of any discrepancies between the two versions.

Definitions of alternative performance measures

ATERNATIVE KEY RATIO	DESCRIPTION	SCOPE
EBITDA	Operating profit before depreciation and amortisation.	The Group reports this key ratio so that users of the report can monitor operating profit and cash flow. This is also used by investors, analysts and the Group's management to evaluate the Group's operational profitability.
EBITDA MARGIN	EBITDA as a percentage of revenue.	The Group reports this key ratio so that the users of the report can monitor the value creation generated by the operation. This is also used by investors, analysts and the Group's management to evaluate the Group's operational profitability.
ADJUSTED EBITDA	EBITDA adjusted for non-recurring expenses.	The Group reports this key ratio because it provides a better understanding of the operating profit than non-adjusted EBITDA, which also provides a more comparable financial measure over time.
ADJUSTED EBITDA MARGIN	Adjusted EBITDA as a percentage of revenue.	The Group reports this key ratio to show the underlying EBITDA margin before non-recurring costs, which provides a better understanding of EBITDA margin than non-adjusted EBITDA margin, which also provides a more comparable financial measure over time.
NDCs (NEW DEPOSITING CUSTOMERS)	New customers placing a first deposit on a client's website.	The Group reports this key figure since it is key to measure revenues and long-term organic growth.
NON-RECURRING COSTS	Costs that are not part of the normal ongoing operation of the business.	Examples include bond issue costs, IPO costs, costs associated with the Nasdaq Sockholm listing, and reorganisation costs.
ORGANIC GROWTH (including acquisitions)	Revenue growth rate adjusted for acquired portfolios and products. Organic growth includes the growth in existing and acquired portfolios and products.	The Group reports this key ratio since it is key to measure revenues and long-term organic growth.
TRADITIONAL ORGANIC GROWTH (solely in Catena)	Revenue growth rate excluding portfolios and products that have been acquired in the past 12 months. Organic growth includes the growth in existing portfolios and products.	The Group reports this key ratio since it is key to measure revenues and long-term organic growth.
REVENUE GROWTH	Increase in revenue compared to the previous accounting period as a percentage of revenue in the previous accounting period.	The Group reports this key ratio so that users of the report can monitor business growth.
QUICK RATIO	Current assets expressed as a percentage of short-term liabilities.	The Group reports this key ratio to show the Company's ability to pay its current obligations by having assets readily convertible to cash.
REVENUE PRODUCTIVITY RATIO	Revenue per average number of employees.	The Group reports this key ratio to be used by management and investors to assess productivity per employee.
ADJUSTED EBITDA PRODUCTIVITY RATIO	Adjusted EBITDA per average number of employees.	The Group reports this key ratio to be used by management and investors to assess productivity per employee.
CASH CONVERSION RATE	Net cash from operating activities divided by EBITDA.	The Group reports this key figure to determine the Company's ability to convert its profits into available cash.
NET INTEREST-BEARING LIABILITIES/ADJUSTED EBITDA RUN RATE MULTIPLE	Net interest-bearing liabilites divided by the adjusted EBITDA for the quarter multiplied by 4.	The Group reports this key ratio as a measure of leverage.

NOTES