



YEAR-END REPORT 2019

# Year-end report 2019

## OCTOBER – DECEMBER 2019 (COMPARED WITH OCTOBER – DECEMBER 2018)

- Operating revenue amounting to EUR 27.1m was impacted by an exceptional EUR 0.5m adjustment relating to previous periods, resulting in a reported total of EUR 26.6m (27.3), a decrease of 3%
- Adjusted EBITDA excluding exceptional costs decreased by 2 percent and totalled EUR 11.8m (12.0), corresponding to an adjusted EBITDA margin of 44 percent (44)
- EBITDA decreased by 29 percent and totalled EUR 8.5m (12.0), corresponding to an EBITDA margin of 32 percent (44)
- Net cash generated from operating activities amounted to EUR 9.0m (11.5)
- New Depositing Customers (NDCs) totalled 113,283 (127,805), a decrease of 11 percent
- Earnings per share amounted to EUR -0.53 (0.22) before dilution
- Earnings per share amounted to EUR -0.50 (0.21) after dilution

“We will continue to execute on our strategy to focus on few brands, invest in new markets, and continue our focus on cost control. We are prepared for continued improvements in 2020 and beyond.”

Per Hellberg / CEO

## KEY TAKEAWAYS

- The underlying EBITDA continued to show a positive trend compared to the third quarter 2019.
- Continued focus on cost control activities, where costs are reduced to improve margins in our legacy business, and reinvested into new growth markets.
- Updated financial targets.
- The refinancing activities continue with a positive momentum.

## SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- AskGamblers – a Catena Media core brand – now in Japanese, Spanish and Portuguese.
- Catena Media agrees on amended and final terms for US assets acquired in December 2016.
- Catena Media Nomination Committee 2020 AGM appointed.
- Catena Media resolves upon a directed new share issue as final payment for an acquisition made in June 2018.
- Notification of Major Holdings in Catena Media plc. The notification indicates that Bodenholm Capital AB, as of 2 October 2019, holds 15.19 percent of the voting rights in Catena Media plc.
- Notification of Major Holdings in Catena Media plc indicating that Swedbank Robur Fonder AB, as of 7 October 2019, holds 4.46 percent of the voting rights in Catena Media plc.

## JANUARY – DECEMBER 2019 (COMPARED WITH JANUARY – DECEMBER 2018)

- Revenue decreased by 2 percent and totalled EUR 102.8m (105.0)
- Adjusted EBITDA excluding exceptional costs decreased by 13 percent and totalled EUR 43.5m (50.1), corresponding to an adjusted EBITDA margin of 42 percent (48)
- EBITDA decreased by 15 percent and totalled EUR 40.5m (47.8), corresponding to an EBITDA margin of 39 percent (46)
- Net cash generated from operating activities amounted to EUR 38.0m (40.7)
- New Depositing Customers (NDCs) totalled 436,706 (539,475), a decrease of 19 percent
- Earnings per share amounted to EUR -0.18 (0.56) before dilution
- Earnings per share amounted to EUR -0.17 (0.52) after dilution

OCT – DEC 2019  
**-2.6%**  
EUR 26.6m  
REVENUE GROWTH YOY

OCT – DEC 2019  
**-1.7%**  
EUR 11.8m  
ADJUSTED EBITDA GROWTH YOY

OCT – DEC 2019  
**44%**  
ADJUSTED EBITDA MARGIN

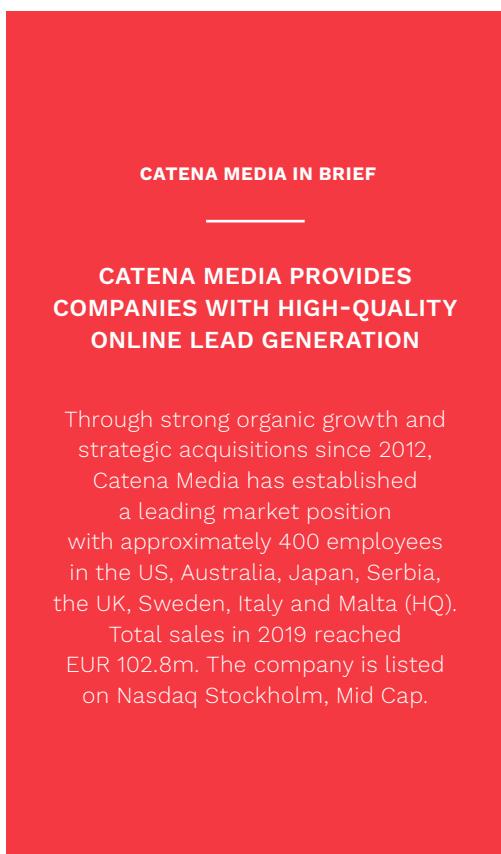
## UPDATED FINANCIAL TARGETS

Due to changed market conditions and an increasingly dynamic business environment, the board has reviewed, and decided to change the long-term financial targets for Catena Media. The current financial targets will be replaced by:

1. Profitable double-digit growth on a yearly basis (organic)
2. Operate below a net interest-bearing debt/adjusted EBITDA of 1.75x long-term

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Catena Media deepens its relationship with the sellers of the US assets after the earn-out period and secures competence in the important US market.
- Catena Media takes the lead in sustainable gambling with a review site focusing on sustainable online casinos.
- Catena Media resolves upon a directed share issue as payment of 70 percent of the final purchase price for the US assets acquired in December 2016.
- Notification of Major Holdings in Catena Media plc. The notification indicates that Erik Bergman, one of the founders of Catena Media, as of 16 January 2020, holds 4.36 (6.2) percent of the voting rights in Catena Media plc, via Aveny Ltd.
- Catena Media foresees lower operating profit for Q4 2019 due to impairment of intangible assets, adoption of IFRS 9 accounting assumptions and an exceptional revenue adjustment in the US.
- The average revenue in the first quarter 2020, up until January 31, was 9 percent higher than the average revenue for the corresponding period 2019. This trading update is not a revenue forecast, but an indication of how the quarter has started.



## CATENA MEDIA'S BRAND STORY

Catena Media has become the largest lead generator delivering high-value iGaming online customers. In recent years 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 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 high-quality, partner-integrated products with superior user experiences.

By focusing on strong brands within Sports, Casino 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 for communication managers, fulfilling their need for a strong partner that can show clear return on investment.

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 aims to be the true leader: setting the benchmark through cutting-edge business intelligence, continuous innovation, quality content, regulatory compliance and social responsibility.

Well-distanced from our competitors, we offer a reliable alternative to traditional media – a smarter branding choice – by providing better, more actionable, ROI-driven content.

# Consolidated key data and ratios

In addition to financial measures defined by IFRS, Catena Media presents some alternative performance measures in this year-end report that are not defined by IFRS. These alternative performance measures provide valuable additional information to investors and management for evaluating the financial performance and position of Catena Media. These non-IFRS measures, as defined on page 25 of this report, will

not necessarily be comparable to similarly titled measures in other companies' reports. Neither should they be considered as substitutes to financial reporting measures prepared in accordance with IFRS. More information, as well as calculations of key ratios, are found at [www.catenamedia.com/investors/key-performance-indicators-definitions](http://www.catenamedia.com/investors/key-performance-indicators-definitions)

	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
<b>Financial measures defined by IFRS</b>				
Revenues (EUR '000)	<b>26,555</b>	27,336	<b>102,817</b>	104,970
Earnings per share before dilution (EUR)	<b>(0.53)</b>	0.22	<b>(0.18)</b>	0.56
Earnings per share after dilution (EUR)	<b>(0.50)</b>	0.21	<b>(0.17)</b>	0.52
Weighted average number of outstanding shares at period's end before dilution (EUR '000)	<b>58,587</b>	56,034	<b>57,556</b>	55,128
Weighted average number of outstanding shares at period's end after dilution (EUR '000)*	<b>61,708</b>	60,404	<b>60,676</b>	59,590
<b>Alternative Performance Measures</b>				
EBITDA (EUR '000)	<b>8,523</b>	11,960	<b>40,506</b>	47,836
EBITDA margin (%)	<b>32</b>	44	<b>39</b>	46
Adjusted EBITDA (EUR '000)	<b>11,804</b>	11,960	<b>43,471</b>	50,057
Adjusted EBITDA margin (%)**	<b>44</b>	44	<b>42</b>	48
Effective tax rate (%)	<b>(3.3)</b>	5.1	<b>1.7</b>	7.0
New depositing customers ('000)	<b>113</b>	128	<b>437</b>	539
Average shareholders' equity, last 12 months (EUR '000)	<b>158,626</b>	116,366	<b>158,626</b>	116,366
Return on equity, rolling 12 months (%)	<b>(7)</b>	26	<b>(7)</b>	26
Equity to assets ratio (%)	<b>44</b>	37	<b>44</b>	37
Quick ratio (%)	<b>126</b>	51	<b>126</b>	51
Net interest-bearing liabilities (NIBL) (EUR '000)	<b>150,214</b>	136,839	<b>150,214</b>	136,839
NIBL/EBITDA multiple	<b>3.71</b>	2.86	<b>3.71</b>	2.86
NIBL/adjusted EBITDA multiple	<b>3.46</b>	2.73	<b>3.46</b>	2.73
Net debt/equity ratio multiple	<b>1.26</b>	1.67	<b>1.26</b>	1.67
Equity per share before dilution (EUR)	<b>2.51</b>	2.53	<b>2.55</b>	2.57
Equity per share after dilution (EUR)	<b>2.38</b>	2.35	<b>2.42</b>	2.38
Average number of employees	<b>413</b>	362	<b>396</b>	332
Employees at period-end/year-end	<b>404</b>	363	<b>404</b>	363
Productivity ratio (EUR '000)	<b>64</b>	76	<b>260</b>	316
Adjusted EBITDA productivity ratio (EUR '000)	<b>27</b>	33	<b>110</b>	151

\*Includes the maximum portion of shares that will be issued in settlement of earn-out payments according to the respective agreements.

\*\*Adjusted for reorganisation costs of EUR 0.1m (nil), loss allowances on trade receivables of EUR 2.7m (nil) and impairment on intangible assets of EUR 32.1m (nil) in Q4 2019. During the year ending 31 December 2019, exceptional costs comprised bond and credit facility costs of EUR 0.1m (2.2), reorganisation costs of EUR 0.3m (0.1), loss allowances on trade receivables of EUR 2.7m (nil) and impairment on intangible assets of EUR 32.1m (nil).

# Continued positive developments

Our operating revenue at 27.1m (26.6m in reported revenue), grew from the third quarter and almost ended on par with the same period last year. An exceptional revenue adjustment in the United States related to previous quarters did, however, negatively affect our revenues this quarter. Our underlying business continued to show a positive trend. Our top Casino brand, AskGamblers, reached an all-time high, our Italian operations generated good results, and two new states came online in the US, which represented 18 percent of our revenues in 2019. Our site improvements over the past year showed improved results as we performed well after recent Google updates.

## CASINO IS LOOKING GOOD

Our Casino strategy the past year and a half has been to improve and rebuild a wide set of sites for better efficiency where necessary – and it has worked. While continuous algorithm updates by Google have had negative impact on many websites, our organic traffic generated by our brands continues to show a positive trend. They are still below their peak in 2018, but we will continue to take action, and we expect to see continued improvements throughout 2020 and beyond. With a strong executive background in the Casino segment focusing on business turnarounds and fast growth, our newly hired Vice President of Casino, Hamish Brown, will continue to manage this business segment on its growth journey.

In Japan, we saw a slight decline in revenues for our Casino products, as forecast. They did, however, grow 45 percent in the fourth quarter compared to last year. Our Tokyo-based team remains dedicated to achieving further growth in 2020. In the US, we saw a slight decline from the third quarter, but we almost doubled our revenue compared to the same period in 2018. Most gratifyingly, AskGamblers had a second consecutive all-time high, in revenues, in the fourth quarter and we continue to maintain a strong momentum in existing and new markets, especially as we will add about four new language versions in 2020.

## MIXED RESULTS IN SPORTS – RESTRUCTURING FOR GROWTH

While Italy performed well, Germany came out below our expectations as we saw some challenges on the German Sports market this quarter. Our UK-focused brands ended up on par with the previous quarter, while France remained at low revenue levels as our sites were undergoing restructuring.

After successful improvements to underperforming Casino sites in 2019, one of our highest prioritised projects in 2020 is to rebuild some of our European Sports brands to ensure traffic growth and expansion into new markets, with improved cost efficiency. We expect these changes will take place in 2020. To lead our Sports segment into the future following our new strategy, we have brought Chris Welch onboard as Vice President for the segment. Chris joins us with a solid executive career in some of the largest companies in the industry, and in particular a proven track record of improving and growing businesses globally.



US Sports grew nicely, mainly thanks to more operators going live in Pennsylvania, even though some new operators were a bit slow out of the blocks. However, an exceptional revenue adjustment required us to conclude revenues on par with the previous quarter. The adjustment was due to a single operator adjusting historical numbers of qualified online leads, as they found some consumers already existed in their database, registered from previous land-based gaming activities. With traffic redirected towards a growing group of other operators in the state, we consider the risk of this happening again as limited. Excluding the adjustment, the operating business grew compared to the third quarter.

We expect a positive development in the US in 2020. Additional states are planning to go live, greatly increasing the targetable population as a result. The timing remains to be confirmed, but as in previous states that have gone live, we are prepared to start sending new leads from day one. To ensure further growth, we will continue to invest in content creation throughout 2020 to ensure a market leading position, regardless of which state it is.

## IMPAIRMENT AND REFINANCING

As the efforts we have put into our products now show a positive growth trend, we also saw challenges with some of our previously acquired assets not performing as planned. In our strategic review, operational efficiency programmes and evaluations of previously acquired products, we are writing down the value of certain assets acquired in the period 2016-2018, which simply can't perform under today's market conditions. Now, with only two earn-out commitment to be settled, and with a strong operating cash flow, we aim to reduce our debt levels in 2020 to support a positive refinancing of the company; we will communicate further details as soon as we have information to give.

## OUTLOOK

Seasonality will likely make the first half of the year a bit slower than the second half, but we are looking forward to an exciting year with the European football championship and continued growth from AskGamblers and Japan. We have a lot of activities ahead of us to ensure a profitable double-digit organic growth, but we are well prepared and highly motivated to make it happen. Good growth in Italy and our European Casino brands, a strong second half in the US market driven by the NFL kick-off, and new states coming live will support our journey, together with a revitalised UK-based Sports operation. We will continue to execute on our strategy to focus on few brands, invest in new markets, and continue our focus on cost control. We are prepared for continued improvements in 2020 and beyond.

A handwritten signature in black ink, appearing to read "Per Hellberg".

Per Hellberg, CEO

# Financial performance October – December 2019

## REVENUES

Revenue amounting to EUR 27.1m was impacted by an exceptional EUR 0.5m adjustment relating to previous periods, resulting in a total of EUR 26.6m (27.3), a decrease of 3%. Organic growth excluding paid revenue increased by 2 percent for the fourth quarter of 2019 when compared to the fourth quarter of 2018. During the fourth quarter search revenue represented EUR 23.3m (23.5), paid revenue EUR 2.8m (3.2) and subscription revenue EUR 0.4m (0.6) of total revenues. Revenues derived through revenue-sharing arrangements comprised 41 percent of total revenues for the quarter, while revenues from cost per acquisition comprised 41 percent, fixed fees comprised 16 percent and subscription revenue comprised 2 percent. This quarter there was an increase in cost per acquisition due to the growth in the US market, which involved mainly cost per acquisition deals.

Approximately 82 percent of revenues were generated from locally regulated or taxed markets.

## EXPENSES

Total operating expenses including impairment on intangible assets and loss allowances on trade receivables amounted to EUR 53.8m (17.9).

Direct costs related to paid revenue increased compared to the corresponding period in the previous year as a result of an increased spend in pay-per-click (PPC) in the US market.

Personnel costs also increased compared to the corresponding period of the previous year, mainly as a result of further investment in the US market. This strategic investment will continue to strengthen our margins. Furthermore, other operating expenses have decreased when compared to the corresponding quarter, as a result of the investment in the Financial Services segment during the corresponding quarter.

Exceptional costs of EUR 34.9m during the quarter mainly related to a EUR 2.7m increase in the loss allowances on trade receivables and EUR 32.1m impairment loss on intangible assets. EUR 0.1m related to reorganisation costs. During the corresponding period there were no costs classified as exceptional.

## EARNINGS

EBITDA, including exceptional costs but excluding impairment on intangibles assets, decreased by 29 percent and amounted to EUR 8.5m (12.0). This corresponds to an EBITDA margin of 32 percent (44). Exceptional costs incurred during the fourth quarter of 2019 amounted to EUR 34.9m (nil). The decline in the margin is a result of the loss allowances on trade receivables, decrease in revenue and increase in direct and personnel costs.

Adjusted EBITDA (excluding exceptional costs) decreased by 2 percent and amounted to EUR 11.8m (12.0). This corresponds to an adjusted EBITDA margin of 44 percent (44) which is in line with the same quarter of the previous year.

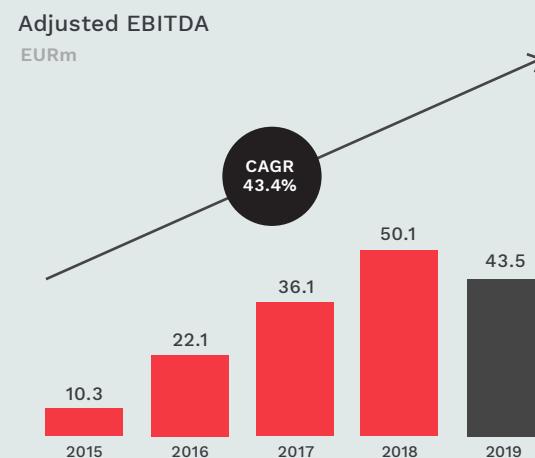
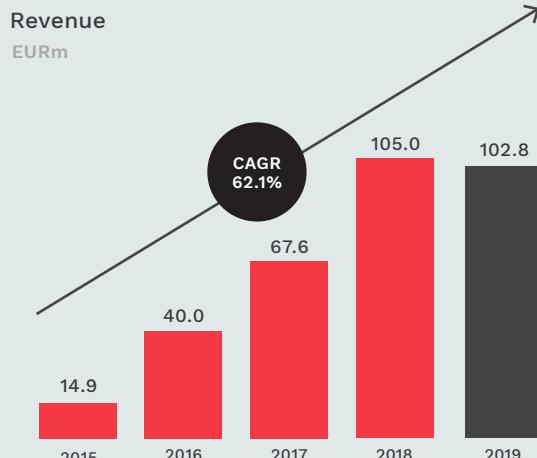
The effective tax rate for the Group amounted to -3.3 percent (5.1), while earnings after tax (EAT) amounted to a loss of EUR 31.1m compared to a profit of EUR 12.4m in the corresponding period, a decrease of 351 percent year-on-year. Earnings per share (EPS) before dilution decreased by 341 percent compared with the fourth quarter of 2019 and amounted to EUR -0.53 (0.22). Earnings per share (EPS) after dilution amounted to EUR -0.50 (0.21). Earnings per share (EPS) were impacted negatively by the impairment of intangible assets and the loss allowances on trade receivables. In terms of IFRS, the dilution presumes that the earn-outs will be settled with the maximum portion of shares according to the agreement. However, the portion that will be paid in shares or cash is decided by Catena Media, and may vary for each payment.

## INVESTMENTS

Investments in intangible assets amounted to EUR 1.3m (1.8) during the fourth quarter and mainly related to costs for the development of websites and other applications.

## LIQUIDITY AND CASHFLOW

At year end, cash and cash equivalents amounted to EUR 12.3m (13.2). High operating cash flow and solid cash conversion underlie Catena Media's operations. Net cash generated from operating activities decreased by 22 percent compared with the fourth quarter of 2018 and amounted to EUR 9.0m (11.5). The cash conversion rate at the end of the period was 106 (96) percent.



# Financial performance January – December 2019

## REVENUES

The Group's revenues for the year ending 31 December 2019 decreased compared to the previous year and amounted to EUR 102.8m (105.0).

The period's total revenues comprised EUR 88.3m (89.9) search revenue, EUR 11.9m (14.0) paid revenue and EUR 2.6m (1.1) subscription revenue. Revenues derived through revenue share arrangements comprised 43 percent of total revenues for the year, while 40 percent was derived from cost per acquisition, 15 percent from fixed fees and 2 percent from subscriptions.

Approximately 81 percent of revenues were generated from locally regulated or taxed markets.

## EXPENSES

Total operating expenses including impairment on intangible assets and loss allowances on trade receivables amounted to EUR 108.5m (65.9). During the year ending 31 December 2019, direct costs related to paid revenue increased when compared to the corresponding period of the previous year, as a result of an increased spend in pay-per-click (PPC) in the US market. Furthermore, both personnel and other operating costs increased, mainly as a result of an investment in the US market. Exceptional costs of EUR 0.1m and EUR 0.3m relate to the credit facility and reorganisation costs, respectively. Exceptional costs also include EUR 2.7m for the loss allowances on trade receivables and EUR 32.1m impairment on intangible assets. During the comparative period, EUR 2.0m in costs relating to the refinanced bond and EUR 0.2m costs in relation to the credit facility were classified as exceptional costs. An early redemption fee of EUR 3.4m in relation to the old bond had been recognised and classified as "Interest payable on borrowings" in 2018.

## EARNINGS

EBITDA, including exceptional costs but excluding impairment on intangible assets, decreased by 15 percent and amounted to EUR 40.5m (47.8). This corresponds to an EBITDA margin of 39 percent (46). The decline in margin is a result of the loss allowances on trade receivables. Adjusted EBITDA (excluding exceptional costs) decreased by 13 percent and amounted to EUR 43.5m (50.1). This corresponds to an adjusted EBITDA margin of 42 percent (48). The decrease in margin when compared to the previous year is a result of higher direct costs and personnel costs, and the decline in revenues. The increased costs are mainly a result of ongoing investments in the US market. The effective tax rate for the Group amounted to 1.7 percent (7.0), while earnings after tax (EAT) amounted to -10.5m (30.8), a decrease of 134 percent year-on-year.

Earnings per share (EPS) before dilution amounted to EUR -0.18 (0.6), and after dilution to EUR -0.17 (0.5). The earnings per share (EPS) was negatively impacted by the impairment of intangible assets and the loss allowances on trade receivables.

## FUNDING

In March 2018, Catena Media refinanced the secured bond of EUR 100m with a 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 at a maximum of EUR 30m, or 75 percent of adjusted EBITDA.

Furthermore, a multicurrency revolving bank facility of EUR 30m was set up with Swedbank. This revolving bank facility will mature on 15 January 2021. In EUR the interest rate is Euribor 3m +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. The Company utilised EUR 12.5m of this credit facility during the year ended 31 December 2019.

## INVESTMENTS

Investments in intangible assets amounted to EUR 5.9m (84.6) during the year, and were mainly related to costs for the development of websites and other applications. During the corresponding period the previous year, investment in intangibles mainly related to the acquisition of various websites and domains.

## LIQUIDITY AND CASHFLOW

At year end, cash and cash equivalents amounted to EUR 12.3m (13.2). High operating cash flow and solid cash conversion underlie Catena Media's operations. Net cash generated from operating activities decreased by 7 percent compared to the previous year and amounted to EUR 38.0m (40.7). The cash conversion rate amounted to 94 percent.

## INTEREST-BEARING DEBT AND LEVERAGE

Catena Media has an outstanding senior unsecured bond of EUR 150m as of 31 December 2019. The net interest-bearing liability/adjusted EBITDA was 3.46 as of 31 December 2019, compliant with our maintenance covenants. This is above the financial target regarding leverage set by the Board of Catena Media. The target is for Catena Media's leverage to fall below 1.75x times the adjusted EBITDA, long-term.

# Our Segments

## Casino

In the fourth quarter, the Casino segment represented 59 percent (EUR 15.7m) of total revenue and generated an adjusted EBITDA of EUR 8.5m. No comparative information is available.

### ALL-TIME HIGH FOR ASKGAMBLERS

AskGamblers, one of Catena Media's core brands, reached an all-time high in revenue in the fourth quarter, repeating the trend from the third quarter. The team continued to work on security upgrades as well as preparing the product to be launched in new markets. During the quarter, the site went live in Japan.

### EUROPE – MOVING IN THE RIGHT DIRECTION

Our legacy products in Europe continued their growth trend in the fourth quarter, taking steps in the right direction. We continued to focus on value creation, product improvements, efficiency and operational excellence. We still have a bit to go, but we are happy to see that the efforts we put into those products support the development.

### UNITED STATES

Catena Media was the first affiliate to go live in Pennsylvania, and we started to drive traffic to our online partners on 17 July. With more operators going live, we see a positive development. New Jersey continued to develop well during the quarter. We continue to prepare as new states are opening up and we are adding resources accordingly.

## Sports

In the fourth quarter, the Sports segment represented 36 percent (EUR 9.5m) of total revenue and generated an adjusted EBITDA of EUR 3.2m.

### UNITED KINGDOM ACCORDING TO PLAN

We continued to adapt our approach to meet an evolving market and we are pleased with the results. We prudently reduced spend on paid searches, delivering improved margins while delivering quality leads to our customers. We will continue to refine our approach to build on the progress made this quarter.

### ITALY – POSITIVE GROWTH CONTINUES AFTER REGULATORY CHANGES

Our key brands in Italy continued to deliver good revenue growth. Given the regulatory changes, the development is positive and encouraging for future growth.

### UNITED STATES

Our US Sports business continued to prepare for further growth, both in Pennsylvania where more operators went live, but also for other states.

### GERMANY – SPORTS DEVELOPED SLOWER THAN EXPECTED

Developments in Germany went slower in the fourth quarter as December was impacted by more volatile historic revenue share, combined with two sportsbooks operators that paused spending in December.

### NEW BUSINESS OPPORTUNITIES

The business continues to invest in organic search that will provide sustainable long-term traffic growth, at improved margins over pay-per-click advertising. We were pleased to see continued progress in this area this quarter and further investment is underway.

## Financial Services

In the fourth quarter of 2019, the Financial Services segment represented 5 percent (EUR 1.3m) of total revenues, and for the year ended 31 December 2019, 6 percent (EUR 5.7m) of total revenue. Adjusted EBITDA for the Financial Services segment amounted to EUR 0.02m in the fourth quarter and EUR 0.3m for the year 2019.

### ASKTRADERS – A PREMIUM BRAND

The core brand within the Financial Services segment is AskTraders.com, an online community for traders who like to place bets in the stock and forex market and find a broker who will give them the best bonuses and leverage. The new design launched early February, containing a host of new features such as Q&A Forum, Complaints section, Trading Ideas, and many more trading how-to guides and broker reviews. It will also launch new language versions in March with Arabic, Japanese, Spanish and Malaysian, growing our international presence.

### THE US MARKET IS STABLE

Catena Media's US domain is Hammerstone-Markets.com, a premium content publisher in financial services providing stock analysis services. From a trading point of view the US market is stable. We have been working hard on developing the Hammerstone proprietary app for delivering the data feed, and directly encouraging the client base to use this app, as opposed to third-party distribution points. We are pleased to announce we now have our web app version with enhanced features, as well as an Appstore and Playstore version.

## Impairment of intangible assets

A strategic review of assets was performed during the fourth quarter, and after consideration of both internal and external information available, it was concluded that four products are not expected to produce economic benefit over an indefinite period of time. Expected revenues for those four products has been estimated to eight years, and on this basis has recognised an impairment on intangible assets of EUR 23.1m.

Following changes in internal management reporting during the third quarter, three operating segments were identified, resulting in three cash-generating units (CGU) for the purpose of IAS 36. The recoverable amount of the CGUs was assessed on the basis of value-in-use calculations. Following a detailed impairment assessment that was performed at the end of the reporting period, where it was concluded that the recoverable amount for Casino CGU and Sports CGU exceeded the carrying amount. For the Financial Services CGU, it was concluded that the carrying amount was lower, resulting in an impairment on intangible assets of EUR 9.0m.

### CASINO

Following the strategic review, certain Casino assets acquired in 2016, primarily consisting of revenue-share accounts, have been reclassified as inactive products, where no further investments will be made. This results in a write-down of those specific assets.

### SPORTS

Following the strategic review, certain Sports assets acquired in 2018, primarily consisting of revenue-share accounts, have been reclassified as inactive products, where no further investments will be made. This results in a write-down of the asset value for one of our Sports products.

### FINANCIAL SERVICES

The Financial assets, primarily conducting business within the European Union, were acquired in the period 2017–2018. Since then, several events occurred that reduced trading opportunities within the region: (1) Binary options were banned; (2) ESMA implemented stringent regulations on CFD leverage; and (3) The volatility in the cryptocurrency market increased. The strategic review continues, as the previous implemented strategy and product development focus has not compensated for these changed market conditions. The write-down within this segment is one of the actions taken, in addition to cost reductions and operational efficiency measurements.

# Other

## THE CATENA MEDIA SHARE

On 11 February 2016, Catena Media plc was listed on Nasdaq First North Premier, Stockholm (CTM). On 4 September 2017, Catena Media plc made the move to Nasdaq Stockholm's main market, Mid Cap. The shares are traded under the same ticker (CTM) and with the same ISIN code (MT0001000109) as before. Further information about the listing is presented in the prospectus, which is available on the Company's website at <https://www.catenamedia.com/investors/prospectus>.

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 in Catena 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 part 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 31 January 2019, the Company announced that it had resolved on a directed issue of 22,000 shares by virtue of the Company's incentive programme.

On 28 February 2019, the Company announced that it had resolved on a directed issue of 468,132 shares as part payment of the upfront purchase price for acquired assets in Baybets Ltd.

On 30 April 2019, the Company announced that it had resolved on a directed issue of 108,860 shares by virtue of the Company's incentive programme.

On 28 June 2019, the Company announced that it had resolved on a directed issue of 103,280 shares as earn-out payments for acquired assets in BonusSeeker and BrokerDeal.

On 31 July 2019, the Company announced that it had resolved on a directed issue of 1,440,454 shares as final earn-out payments for US assets acquired in December 2016.

On 29 November 2019, the Company announced that it had resolved on a directed issue of 183,672 shares as final earn-out payments for the final part of the purchase price for the acquisition of ASAP Italia S.r.l.

## SHARE CAPITAL

As of 31 December 2019, share capital amounted to EUR 87,920 divided among 58,613,270 ordinary shares. As of 31 December 2019, the closing price for the Catena Media share was SEK 39.52. The Company has one (1) class of shares.

## SHAREHOLDER STRUCTURE

Shareholders in Catena Media plc as of 31 December 2019.

### Ten largest shareholders as of 31 December 2019

%

Bodenholm Capital	15.2%
Investment AB Öresund	8.9%
Ruane, Cunniff & Goldfarb	8.6%
Second Swedish National Pension Fund	6.2%
Aveny Ltd	6.2%
Baybets Ltd	3.5%
Avanza Pension	2.6%
Long Light Capital LLC	2.5%
Capital Group	2.5%
Henrik Persson Ekdahl	2.3%
<b>Subtotal, 10 largest shareholders</b>	<b>58.5%</b>
<b>Other shareholders</b>	<b>41.5%</b>
<b>Total</b>	<b>100%</b>

Each share entitles the owner to one (1) vote at the General Meeting. The total number of shareholders as of 31 December 2019 was approximately 9,600.

## RELATIONSHIPS WITH RELATED PARTIES

In view of its shareholding structure, the Group has 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.

## DIVIDEND

According to the adopted dividend policy, Catena Media will focus on growth, meaning that dividends may be low or not occur at all in the medium term. There was no dividend paid for the financial period ended 31 December 2019.

## FINANCIAL TARGETS

Catena Media has two main financial targets. The first one is to reach profitable double-digit growth (organic) on a yearly basis. The second relates to leverage, where the goal is to operate below a net interest-bearing debt/adjusted EBITDA of 1.75x long term.

## EMPLOYEES

As of 31 December 2019, the Group had a total of four hundred and four (404) employees, of whom one hundred and thirty-two (132) were women and two hundred and seventy-two (272) men. Expressed as percentages, women represented thirty-three percent (33) of the total number of employees, while men represented sixty-seven percent (67). Of our 404 employees, 400 are employed full-time and 4 employed part-time.

## PARENT COMPANY

The Parent Company is the ultimate holding company and was incorporated in Malta on 29 May 2015 with the purpose of receiving dividend income from the main operating company, Catena Operations Limited.

During both the fourth quarter of 2019 and 2018, no dividends were received from subsidiaries. Total credit facility costs for the year ended 31 December 2019 were EUR 0.03m, while costs related to the bond issue in the corresponding year 2018 amounted to EUR 1.9m. Bond and credit facility finance costs, classified as "Interest payable on borrowings", amounted to EUR 2.2m (2.2) during the fourth quarter and EUR 8.7m (11.9) for the year ended 31 December 2019.

The bond and credit facility costs and the interest payable on borrowings have been recharged to Catena Operations Limited. The bond's fair value movement classified in "Other (losses)/gains on financial liability at fair value through profit or loss", recognised in the fourth quarter of 2019 resulted in a loss of EUR 2.7m and a gain of EUR 5.3m in the same quarter of the previous year. During the year ended 31 December 2019, the bond's fair value movement resulted in a gain of EUR 5.6m (8.9).

During the fourth quarter of 2019, personnel expenses amounted to EUR 0.4m (0.1), while other operating expenses amounted to EUR 0.04m (0.1). Loss for the period amounted to EUR 3.1m, while a profit of EUR 5.1m was generated during the corresponding quarter of the previous year. Personnel expenses and other operating expenses for the year ended 31 December 2019 amounted to EUR 1.0m (0.4) and EUR 0.2m (0.3) respectively. Profit for the year amounted to EUR 4.5m (8.1).

The Parent Company's cash and cash equivalents amounted to EUR 0.1m (0.8), while borrowings, comprising the bond at fair value through profit and loss and the bank credit facility, amounted to EUR 151.0m (144.0). Equity amounted to EUR 91.6m (71.4) at the end of the reporting period.

### 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 or restricted. If enforcement or other regulatory actions are brought against any online gambling operators within longstanding or emerging markets – which are the Group's current and future customers – the Group's revenue streams from such customers may be adversely affected. Furthermore, the concerned authority might also claim that the same or similar actions should be brought against any third party that has 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 to them. Once a player directed by the Group has registered with one of its customers, the Group has no direct insight into the activities of that player. 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 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 – the risk that customers do not pay for the services rendered.
- Market risk – the risk arising from adverse movement in foreign exchange rates and interest rates.
- Liquidity risk – the risk of difficulties in obtaining funding to meet the Group's obligations when they fall due.
- Operational risk – the risk that the Group loses its ability to maintain efficient SEO and PPC capabilities.

Full details on risks are published in the 2018 Annual Report. <https://www.catenamedia.com/app/uploads/2019/03/Annual-Report-2018-1.pdf>

### A SCALABLE BUSINESS MODEL

All industries are potential Catena Media industries and we are a new type of media agency – acting online, hand in hand with the consumer's ever-changing online behaviour. Under established brands, Catena Media operates websites that guide consumers to make the right choice when making their buying decisions for online services. Flight and hotel bookings are good examples of services managed online. A well-known lead generator and product peer is Hotels.com. Catena Media runs a number of own-branded lead generating products. Most other industries will develop online the same way as the hotel or iGaming industry, and education, healthcare, and automotive are well on their way. Catena Media has a highly scalable business model, so it works on any online service.

Put simply, we help consumers find relevant information and transparently guide them to the product or service that suits them. It benefits both consumers and sellers, who can find their customers. We aggregate information on products and services and what concerns them. We then create content and publish it on one of our established sites: news articles, product comparisons, guides, tips and advice, etc. With our SEO expertise, we then ensure that the content ends up at the top of the results on Google. And with knowledge about user behaviour, we can create an online journey that fits consumers so that they find their way, and our clients find their customers. View our business model movie: <https://www.youtube.com/watch?v=hvhn2pWWOrM&t=>

### ENTERING COLORADO SPORTS 2020

In November 2019, Colorado voted to legalise sports betting and the Colorado Division of Gaming is working to establish regulations for the state. U.S General Manager Michael Daly confirms that Catena Media will go into the state in 2020, or as soon as the state is ready for online operations.

Catena Media already has good traffic from Colorado on national sites like Legalsportsreport.com and PlayUSA.com.

### CATENA MEDIA WINS CASINO AFFILIATE OF THE YEAR

Catena Media won the award for Affiliate of the Year at SBC Awards 2019. The awards featured five main categories, which included awards for operators, suppliers, operators and suppliers, affiliates and payment suppliers. Catena Media was also shortlisted for Sports Affiliate of the Year and Employer of the Year.

## AMENDED AND FINAL TERMS FOR US ASSETS

In December 2019 Catena Media agreed with the sellers of U.S. assets acquired in December 2016 to amend the final earn-out terms. The final earn-out payment corresponds to a total of USD 19,386,876, 30% of which will be paid in cash in April 2020, and 70% of which will be paid through a share issue, to be made to the sellers as soon as possible in 2020. The settlement was followed by an agreement to deepen the relationship with the sellers of the US assets after the earn-out period to secure competence in the important US market. The context of the service agreement is that Catena Media has an option to provide the relevant sellers' new investment company i15Media with affiliation activities in relation to companies or assets to be acquired by i15Media. In addition to the service agreement, Catena Media has a right of first refusal if i15Media decides to divest such assets or companies. Catena Media thus retains the knowledge and expertise of the US market that sits within the seller's network and experience.

## TAKING THE LEAD IN SUSTAINABLE GAMBLING

Catena Media started off the year by launching [Playandsustain.com](http://Playandsustain.com), a site ranking online casinos on how sustainable they are. The initiative is a part of the Catena Media sustainability effort, taking the lead in sustainable gambling. Play and Sustain will take into consideration four different categories of sustainability of an operator: Carbon Footprint, Charitable Causes, Responsible Gaming and Customer Service.

The idea of Play and Sustain came from Catena Media's yearly internal Dragons' Den-style entrepreneurship event, where Catena Media employees present innovations and business ideas to a jury. The review site recommends online casinos based on their sustainability efforts. Play and Sustain will help players make informed decisions on which brands to choose based upon sustainability, and the efforts the brands are taking to protect players and help society at large. This is a win for all stakeholders in the industry – players, brands, investors, and all the employees working around the industry.

## ANNUAL REPORT 2019

The Annual Report for 2019 will be published digitally on 30 March 2020 at: <https://www.catenamedia.com/investors/reports/annual-reports/>.

## ANNUAL GENERAL MEETING

The next Annual General Meeting will be held on 15 May 2020 at 10 am at the Catena Media office in Malta. Shareholders who wish to register and vote in Stockholm will be able to do so via a live video link.

The Chairman of the Nomination committee is Erik Orving, the CEO of Bodenholm Capital AB.

## EXECUTIVE MANAGEMENT FOR FURTHER FOCUS

The Executive Management of Catena Media as of February 2020 consists of: CEO Per Hellberg, Interim Group CFO Erik Edeen, Deputy CEO Johannes Bergh, Chief Human Resources Officer Fiona Ewins-Brown, VP Financial Services Nigel Frith, VP Sports Chris Welch, and VP Casino Hamish Brown. These roles in executive management provide increased control, business optimisation and greater focus on each business area.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Catena Media deepens its relationship with the sellers of the US assets after the earn-out period and secures competence in the important US market.
- Catena Media takes the lead in sustainable gambling with a review site focusing on sustainable online casinos.
- Catena Media resolves upon a directed share issue as payment of 70 percent of the final purchase price for the US assets acquired in December 2016.
- Notification of Major Holdings in Catena Media plc. The notification indicates that Erik Bergman, one of the founders of Catena Media, as of 16 January 2020, holds 4.36 (6.2) percent of the voting rights in Catena Media plc, via Aveny Ltd.
- Catena Media foresees lower operating profit for Q4 2019 due to impairment of intangible assets, adoption of IFRS 9 accounting assumptions and an exceptional revenue adjustment in the US.
- The average revenue in the first quarter 2020, up until January 31, was 9 percent higher than the average revenue for the corresponding period 2019. This trading update is not a revenue forecast, but an indication of how the quarter has started.

## PRESENTATION TO INVESTORS AND MEDIA

A combined audiocast with telephone conference with the opportunity to ask questions will be held on 20 February 2020 at 9:00 am CET, at which CEO Per Hellberg and interim Group CFO Erik Edeen will present the Q4 report.

The presentation will be given in English and will be simultaneously audiocast at:

<https://tv.streamfabriken.com/catena-media-q4-2019>

To participate via telephone please call:

UK	+ 44 3333 009 031
Sweden	+ 46 8 566 427 06
US	+ 1 833 526 83 80

The switchboard opens at 8:55 am (CET) and the presentation will be available on our website:

<https://www.catenamedia.com/investors/reports/quarterly>



# Supplemental information

The Board of Directors and the CEO affirm that this year-end report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Malta, 20 February 2020

## THE BOARD OF DIRECTORS



Kathryn Moore Baker  
*Chairwoman*



Göran Blomberg



Theodore Bergquist



Öystein Engebretsen



Mats Alders



Per Widerström



Cecilia Qvist

*This report has not been audited or reviewed by the company's auditors.*

## Upcoming dates

### 30 March 2020

Annual Report 2019

The Annual Report will be available in a PDF format at <https://www.catenamedia.com/investors/reports/annual-reports/>

### 15 May 2020

Annual General Meeting

The annual general meeting will be held in Malta with the opportunity to vote in Stockholm. The AGM starts at 10 am.

### 20 May 2020

Interim report Q1  
January–March 2020

An audiocast with telephone conference will be held. The presentation starts at 9 am.

### 19 August 2020

Interim report Q2  
January–June 2020

An audiocast with telephone conference will be held. The presentation starts at 9 am.

## For further information, please contact

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### Erik Edeen, Interim Group CFO

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### Åsa Hillsten, Head of IR & Communication

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### REGISTERED OFFICE

Quantum Place, Triq ix-Xatt  
Ta' Xbiex, Gzira, GZR 1052, Malta

This information is information that Catena Media plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on 20 February 2020 at 07:00 CET.

# Condensed consolidated statement of comprehensive income

Amounts in '000 (EUR)	Notes	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Revenue</b>	2	<b>26,555</b>	27,336	<b>102,817</b>	104,970
<b>Total revenue</b>		<b>26,555</b>	27,336	<b>102,817</b>	104,970
Direct costs	4	(3,305)	(2,944)	(13,610)	(12,975)
Personnel expenses		(5,866)	(5,748)	(22,780)	(19,214)
Depreciation and amortisation		(3,712)	(2,533)	(14,083)	(8,715)
Exceptional costs:					
Bond and credit facility related costs	5	-	-	(62)	(2,160)
Reorganisation costs	5	(104)	-	(253)	(61)
Loss allowances on trade receivables	5	(2,650)	-	(2,650)	-
Impairment on intangible assets	5	(32,103)	-	(32,103)	-
Other operating expenses		(6,107)	(6,684)	(22,956)	(22,724)
<b>Total operating expenses</b>		<b>(53,847)</b>	(17,909)	<b>(108,497)</b>	(65,849)
<b>Operating (loss)/profit</b>		<b>(27,292)</b>	9,427	<b>(5,680)</b>	39,121
Interest payable on borrowings		(2,213)	(2,194)	(8,718)	(11,877)
Other (losses)/ gains on financial liability at fair value through profit or loss		(2,700)	5,250	<b>5,550</b>	8,882
Other finance costs		(276)	(982)	(2,549)	(4,606)
Other finance income		257	1,614	<b>1,039</b>	1,614
<b>(Loss)/profit before tax</b>		<b>(32,224)</b>	13,115	<b>(10,358)</b>	33,134
Tax income/expense		1,079	(668)	(178)	(2,322)
<b>(Loss)/profit for the period/year attributable to the equity holders of the Parent Company</b>		<b>(31,145)</b>	12,447	<b>(10,536)</b>	30,812
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit for the period/year</i>					
Currency translation differences		(33)	43	(37)	67
<i>Items that will not be reclassified to profit for the period/year</i>					
Loss on disposal of other investments		-	-	-	(589)
<b>Total other comprehensive (loss)/income for the period/year</b>		<b>(33)</b>	43	<b>(37)</b>	(522)
<b>Total comprehensive (loss)/income attributable to the equity holders of the Parent Company</b>		<b>(31,178)</b>	12,490	<b>(10,573)</b>	30,290
<b>Earnings per share attributable to the equity holders of the parent during the period/year (expressed in Euro per share):</b>					
<b>Basic earnings per share</b>					
From (loss)/profit for the period/year		(0.53)	0.22	(0.18)	0.56
<b>Diluted earnings per share</b>					
From (loss)/profit for the period/year		(0.50)	0.21	(0.17)	0.52

The notes on pages 16 to 22 are an integral part of these condensed consolidated year-end financial statements.

# Condensed consolidated balance sheet

Amounts in '000 (EUR)	Notes	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		<b>7,333</b>	11,966
Right-of-use asset	11	<b>7,433</b>	-
Other intangible assets	6	<b>281,584</b>	328,372
Property, plant and equipment		<b>3,324</b>	4,009
<b>Total non-current assets</b>		<b>299,674</b>	344,347
<b>Current assets</b>			
Trade and other receivables		<b>20,553</b>	21,412
Cash and cash equivalents		<b>12,286</b>	13,161
<b>Total current assets</b>		<b>32,839</b>	34,573
<b>Total assets</b>		<b>332,513</b>	378,920
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		<b>88</b>	84
Share premium		<b>76,666</b>	61,770
Other reserves		<b>6,848</b>	6,063
Retained earnings		<b>63,394</b>	73,930
<b>Total equity</b>		<b>146,996</b>	141,847
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	7	<b>150,950</b>	144,000
Amounts committed on acquisition	8	-	21,170
Deferred tax liabilities		<b>3,589</b>	4,598
Lease liability	11	<b>4,688</b>	-
<b>Total non-current liabilities</b>		<b>159,227</b>	169,768
<b>Current liabilities</b>			
Amounts committed on acquisition	8	<b>18,068</b>	60,740
Trade and other payables		<b>7,683</b>	5,943
Current tax liabilities		<b>539</b>	622
<b>Total current liabilities</b>		<b>26,290</b>	67,305
<b>Total liabilities</b>		<b>185,517</b>	237,073
<b>Total equity and liabilities</b>		<b>332,513</b>	378,920

The notes on pages 16 to 22 are an integral part of these condensed consolidated year-end financial statements.

These condensed consolidated year-end financial statements on pages 12 to 22 were authorised for issue by the Board on **20 February 2020** and were signed on its behalf by:

**Kathryn Moore Baker**  
Chairwoman

**Mats Alders**  
Director

# Condensed consolidated statements of changes in equity

Amounts in '000 (EUR)	Attributable to owners of the parent				
	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2019	84	61,770	6,063	73,930	141,847
<b>Comprehensive income</b>					
Loss for the period	–	–	–	(10,536)	(10,536)
Currency translation differences	–	–	(37)	–	(37)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>(37)</b>	<b>(10,536)</b>	<b>(10,573)</b>
<b>Transactions with owners</b>					
Issue of share capital	4	14,896	–	–	14,900
Equity-settled share-based payments	–	–	822	–	822
<b>Total transactions with owners</b>	<b>4</b>	<b>14,896</b>	<b>822</b>	<b>–</b>	<b>15,722</b>
<b>Balance at 31 December 2019</b>	<b>88</b>	<b>76,666</b>	<b>6,848</b>	<b>63,394</b>	<b>146,996</b>
 Attributable to owners of the Parent Company					
Amounts in '000 (EUR)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	81	47,153	6,077	43,707	97,018
<b>Comprehensive income</b>					
Profit for the period	–	–	–	30,812	30,812
Foreign currency translation movement	–	–	67	–	67
Loss on disposal of other investments	–	–	–	(589)	(589)
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>67</b>	<b>30,223</b>	<b>30,290</b>
<b>Transactions with owners</b>					
Issue of share capital	3	14,617	–	–	14,620
Equity-settled share-based payments	–	–	(81)	–	(81)
<b>Total transactions with owners</b>	<b>3</b>	<b>14,617</b>	<b>(81)</b>	<b>–</b>	<b>14,539</b>
<b>Balance at 31 December 2018</b>	<b>84</b>	<b>61,770</b>	<b>6,063</b>	<b>73,930</b>	<b>141,847</b>

The notes on pages 16 to 22 are an integral part of these condensed consolidated year-end financial statements.

# Condensed consolidated statements of cash flows

Amounts in '000 (EUR)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(32,224)	13,115	(10,358)	33,134
Adjustments for:				
Depreciation and amortisation	3,712	2,533	14,083	8,715
Loss on disposal of assets	3	-	95	-
Loss allowances on trade receivables	2,835	100	3,016	200
Impairment on intangible assets	32,103	-	32,103	-
Unrealised exchange differences	(437)	(1,661)	909	(1,145)
Interest expense	2,490	3,138	9,791	15,397
Net gains/(losses) on financial liability at fair value through profit or loss	2,700	(5,250)	(5,550)	(8,882)
Share based payments	323	138	878	499
Taxation paid	11,505	12,113	44,967	47,918
	(722)	(405)	(1,370)	(964)
Changes in:				
Trade and other receivables	(410)	618	(2,711)	(9,204)
Trade and other payables	(1,373)	(793)	(2,889)	2,900
<b>Net cash generated from operating activities</b>	<b>9,000</b>	<b>11,533</b>	<b>37,997</b>	<b>40,650</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(31)	(271)	(503)	(1,346)
Acquisition of intangible assets	(5,149)	(6,066)	(39,285)	(73,287)
Acquisition of subsidiary, net of cash acquired	-	(1,050)	-	(3,624)
<b>Net cash used in investing activities</b>	<b>(5,180)</b>	<b>(7,387)</b>	<b>(39,788)</b>	<b>(78,257)</b>
<b>Cash flows from financing activities</b>				
Net proceeds on borrowings	-	-	12,500	48,650
Proceeds on exercise of share options	-	695	257	1,862
Interest paid	(2,204)	(2,151)	(8,594)	(11,456)
Lease payments	(832)	-	(3,042)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,036)</b>	<b>(1,456)</b>	<b>1,121</b>	<b>39,056</b>
<b>Net movement in cash and cash equivalents</b>	<b>784</b>	<b>2,690</b>	<b>(670)</b>	<b>1,449</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>11,698</b>	<b>10,604</b>	<b>13,161</b>	<b>12,346</b>
<b>Currency translation differences</b>	<b>(196)</b>	<b>(133)</b>	<b>205</b>	<b>(634)</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>12,286</b>	<b>13,161</b>	<b>12,286</b>	<b>13,161</b>

The notes on pages 16 to 22 are an integral part of these condensed consolidated year-end financial statements.

# Notes to the condensed consolidated financial statements

## 1. ACCOUNTING PRINCIPLES

The year-end report is prepared in accordance with IAS 34 "Interim financial reporting". It has been prepared under the historical cost convention, as modified by the fair valuation of financial liabilities measured at fair value through profit and loss. The principal accounting policies applied in the preparation of the Group's condensed consolidated financial statements are consistent with those presented in the Annual Report for the year ended 31 December 2018, except for leases as a result of the implementation of IFRS 16, "Leases", which became effective as from 2019. The Parent Company applies the same accounting principles as the Group.

The new standards, which became effective on 1 January 2019, have had no or very limited impact on the Group's financial statements, except for the items noted 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 31 December 2018, the Group had non-cancellable operating lease commitments for long-term office leases amounting to EUR 10.4m. 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 applied the standard from its mandatory adoption date of 1 January 2019 and applied the simplified transition approach. As a result, the Group did 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 31 December 2019, which amounts to EUR 7.8m. The right-of-use asset is initially measured at an amount equivalent to the lease liability with no adjustment to equity. The adoption of IFRS 16 also resulted 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 as at 1 January 2019, rental costs of EUR 3.0m for the year ending 31 December 2019 were replaced by a notional interest charge amounting to EUR 0.4m, and an annual amortisation charge of EUR 3.0m. This has therefore resulted in a reduction of EUR 0.4m in profitability for the year ended 31 December 2019.

Also, IFRS 16 improved EBITDA for the year ended 31 December 2019 by EUR 3.0m, as the operating lease payments are 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 2.6m for the year ended 31 December 2019 were reported in their entirety as a financing cashflow instead of an operating cash flow. The impact of the adoption of IFRS 16, "Leases", on the Group's financial statements is further disclosed in note 11.

## Critical accounting estimates

### *CGUs and impairment assessment*

Management has performed a strategic review of its portfolio of assets, and after due consideration of both internal and external information available, has concluded that four products are not expected to produce economic benefit over an indefinite period of time. Management has considered expected revenues over an estimated life of eight years for these four products, and on this basis has recognised an impairment loss of EUR 23.1m specific to these assets.

In 2019, following changes in internal management reporting, three operating segments were identified, resulting in three cash-generating units (CGUs) for the purpose of IAS 36. The recoverable amount of the CGUs was assessed on the basis of value-in-use calculations. Following a detailed impairment assessment that was performed at the end of the reporting period, management concluded that the recoverable amount for Casino CGU and Sports CGU exceeded the carrying amount. However, the Group concluded that the recoverable amount for the Financial Services CGU is lower than the carrying amount of this CGU, and the total impairment loss amounts to EUR 9.0m.

### *Trade receivables and loss allowances on trade receivables*

The loss allowance on trade receivables is also a critical accounting estimate. Management continued to review the impact of the IFRS 9 expected loss model. Given that the Group had limited historical experience, the judgement was highly subjective. Management increased the loss allowance on trade receivables by a further EUR 2.7m in the last quarter of 2019. Management will continue to monitor the adequacy of this loss allowance.

## 2. REVENUE

The revenue of the Group for the fourth quarter of 2019 is further analysed as follows:

Amounts in '000 (EUR)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Search revenue	<b>23,332</b>	23,507	<b>88,283</b>	89,866
Subscriptions revenue	<b>403</b>	628	<b>2,582</b>	1,118
Paid revenue	<b>2,820</b>	3,201	<b>11,952</b>	13,986
<b>Total revenue</b>	<b>26,555</b>	27,336	<b>102,817</b>	104,970

Search revenue comprised EUR 15.1m Casino revenue, EUR 7.3m Sports revenue and EUR 0.9m Financial services revenue for the current quarter. Comparative data for the corresponding quarter and for the first half of the year is not available, as only two operating segments were previously reported, namely iGaming and Financial services. Search revenue for the fourth quarter of 2018 comprised EUR 22.1m iGaming revenue and EUR 1.4m Financial services revenue, and EUR 84.7m and EUR 5.2m respectively for the year ended 31 December 2018. Paid revenue comprised EUR 2.1m Sports revenue and EUR 0.7m Casino revenue. In the comparative periods, paid revenue was reported within iGaming in its entirety.

NOTES

**3. SEGMENT REPORTING**

The Group's operations are reported on the basis of the three operating segments, Casino, Sports and Financial Services, following a change in organisational structure implemented during the third quarter of 2019. The segments have been identified in accordance with the definition of an operating segment in IFRS 8, Operating Segments. No comparative information is available, as the Group's resources were previously allocated on the basis of only two reporting segments, iGaming and Financial Services, in line with the previous structure. Hence, comparative figures are presented on the basis of the previous organisation structure and operating segments. There were no intersegmental revenues during the period. Further, total assets and liabilities for each reportable segment are not presented, since they are not referred to for monitoring purposes. The tables below show figures for each respective period presented in this report.

Amounts in '000 (EUR)	Oct-Dec 2019				Total	Oct-Dec 2018			Total
	Casino	Sports	Financial services	Unallocated		iGaming	Financial services	Unallocated	
Revenue*	15,707	9,522	1,326	–	<b>26,555</b>	25,581	1,755	–	27,336
<b>Total revenue</b>	<b>15,707</b>	<b>9,522</b>	<b>1,326</b>	<b>–</b>	<b>26,555</b>	25,581	1,755	–	27,336
Direct costs	(1,672)	(1,563)	(70)	–	<b>(3,305)</b>	(2,769)	(175)	–	(2,944)
Personnel expenses	(2,935)	(2,426)	(505)	–	<b>(5,866)</b>	(5,410)	(338)	–	(5,748)
Depreciation and amortisation	(2,102)	(1,378)	(232)	–	<b>(3,712)</b>	(2,437)	(96)	–	(2,533)
Exceptional costs	–	–	–	–	<b>(104)</b>	–	–	–	–
Reorganisation costs	–	–	–	(104)	<b>(104)</b>	–	–	–	–
Loss allowance on trade receivables	–	–	–	(2,650)	<b>(2,650)</b>	–	–	–	–
Impairment on intangible assets	(13,230)	(934)	(17,939)	–	<b>(32,103)</b>	–	–	–	–
Other operating expenses	(2,558)	(2,815)	(734)	–	<b>(6,107)</b>	(5,760)	(924)	–	(6,684)
<b>Total operating expenses</b>	<b>(22,497)</b>	<b>(9,116)</b>	<b>(19,480)</b>	<b>(2,754)</b>	<b>(53,847)</b>	(16,376)	(1,533)	–	(17,909)
<b>Operating (loss)/profit</b>	<b>(6,790)</b>	<b>406</b>	<b>(18,154)</b>	<b>(2,754)</b>	<b>(27,292)</b>	9,205	222	–	9,427
Interest payable on borrowings	–	–	–	(2,213)	<b>(2,213)</b>	–	–	(2,194)	(2,194)
Other (losses)/gains on financial liability at fair value through profit or loss	–	–	–	(2,700)	<b>(2,700)</b>	–	–	5,250	5,250
Other finance costs	–	–	–	(276)	<b>(276)</b>	–	–	(982)	(982)
Other finance income	–	–	–	257	<b>257</b>	–	–	1,614	1,614
<b>(Loss)/profit before tax</b>	<b>(6,790)</b>	<b>406</b>	<b>(18,154)</b>	<b>(7,686)</b>	<b>(32,224)</b>	9,205	222	3,688	13,115
Tax income/(expense)	–	–	–	1,079	<b>1,079</b>	–	–	(668)	(668)
<b>(Loss)/profit for the period/year attributable to the equity holders of the Parent</b>	<b>(6,790)</b>	<b>406</b>	<b>(18,154)</b>	<b>(6,607)</b>	<b>(31,145)</b>	9,205	222	3,020	12,447
<b>Company</b>	<b>(6,790)</b>	<b>406</b>	<b>(18,154)</b>	<b>(6,607)</b>	<b>(31,145)</b>	9,205	222	3,020	12,447
<b>Other comprehensive income</b>									
Items that may be reclassified to profit for the period/year	–	–	–	–	–	–	–	–	–
Currency translation differences	–	–	–	(33)	<b>(33)</b>	–	–	43	43
<b>Total other comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(33)</b>	<b>(33)</b>	–	–	43	43
<b>Total comprehensive (loss)/income attributable to the equity holders of the Parent Company</b>	<b>(6,790)</b>	<b>406</b>	<b>(18,154)</b>	<b>(6,640)</b>	<b>(31,178)</b>	9,205	222	3,063	12,490
Adjusted EBITDA	8,542	3,245	17	–	<b>11,804</b>	11,642	318	–	11,960
Adjusted EBITDA margin	54%	34%	1%	–	<b>44%</b>	46%	18%	–	44%
NDCs ('000)	64	48	1	–	<b>113</b>	127	1	–	128

\* Revenue reported under Financial services includes Financial services' revenue of EUR 0.9m and Subscriptions revenue amounting to EUR 0.4m.

NOTES

Amounts in '000 (EUR)	Jan–Dec 2019						Jan–Dec 2018			
	Casino	Sports	iGaming	Financial services	Unallocated	Total	iGaming	Financial services	Unallocated	Total
Revenue*	32,109	18,150	46,876	5,682	–	<b>102,817</b>	99,225	5,745	–	<b>104,970</b>
<b>Total revenue</b>	<b>32,109</b>	<b>18,150</b>	<b>46,876</b>	<b>5,682</b>	–	<b>102,817</b>	99,225	5,745	–	<b>104,970</b>
Direct costs	(3,261)	(3,521)	(6,248)	(580)	–	<b>(13,610)</b>	(12,568)	(407)	–	<b>(12,975)</b>
Personnel expenses	(5,825)	(4,730)	(10,089)	(2,136)	–	<b>(22,780)</b>	(18,533)	(681)	–	<b>(19,214)</b>
Depreciation and amortisation	(4,522)	(2,458)	(6,505)	(598)	–	<b>(14,083)</b>	(8,250)	(465)	–	<b>(8,715)</b>
Exceptional costs										
Bond and credit facility related costs	–	–	–	–	(62)	<b>(62)</b>	–	–	(2,160)	<b>(2,160)</b>
Reorganisation costs	–	–	–	–	(253)	<b>(253)</b>	–	–	(61)	<b>(61)</b>
Loss allowance on trade receivables	–	–	–	–	(2,650)	<b>(2,650)</b>	–	–	–	–
Impairment on intangible assets	(13,230)	(934)	–	(17,939)	–	<b>(32,103)</b>	–	–	–	–
Other operating expenses	(5,362)	(4,918)	(9,974)	(2,702)	–	<b>(22,956)</b>	(20,560)	(2,164)	–	<b>(22,724)</b>
<b>Total operating expenses</b>	<b>(32,200)</b>	<b>(16,561)</b>	<b>(32,816)</b>	<b>(23,955)</b>	<b>(2,965)</b>	<b>(108,497)</b>	<b>(59,911)</b>	<b>(3,717)</b>	<b>(2,221)</b>	<b>(65,849)</b>
<b>Operating (loss)/profit</b>	<b>(91)</b>	<b>1,589</b>	<b>14,060</b>	<b>(18,273)</b>	<b>(2,965)</b>	<b>(5,680)</b>	<b>39,314</b>	<b>2,028</b>	<b>(2,221)</b>	<b>39,121</b>
Interest payable on borrowings	–	–	–	–	(8,718)	<b>(8,718)</b>	–	–	(11,877)	<b>(11,877)</b>
Other gains on bond liability at fair value through profit or loss	–	–	–	–	5,550	<b>5,550</b>	–	–	8,882	<b>8,882</b>
Other finance costs	–	–	–	–	(2,549)	<b>(2,549)</b>	–	–	(4,606)	<b>(4,606)</b>
Other finance income	–	–	–	–	1,039	<b>1,039</b>	–	–	1,614	<b>1,614</b>
<b>(Loss)/profit before tax</b>	<b>(91)</b>	<b>1,589</b>	<b>14,060</b>	<b>(18,273)</b>	<b>(7,643)</b>	<b>(10,358)</b>	<b>39,314</b>	<b>2,028</b>	<b>(8,208)</b>	<b>33,134</b>
Tax expense	–	–	–	–	(178)	<b>(178)</b>	–	–	(2,322)	<b>(2,322)</b>
<b>(Loss)/profit for the year attributable to the equity holders of the parent company</b>	<b>(91)</b>	<b>1,589</b>	<b>14,060</b>	<b>(18,273)</b>	<b>(7,821)</b>	<b>(10,536)</b>	<b>39,314</b>	<b>2,028</b>	<b>(10,530)</b>	<b>30,812</b>
<b>Other comprehensive income</b>										
Items that may be reclassified to profit for the period										
Currency translation differences	–	–	–	–	(37)	<b>(37)</b>	–	–	67	<b>67</b>
Items that will not be reclassified to profit for the period/year										
Loss on disposal of other investments	–	–	–	–	–	–	–	–	(589)	<b>(589)</b>
<b>Total other comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(37)</b>	<b>(37)</b>	<b>–</b>	<b>–</b>	<b>(522)</b>	<b>(522)</b>
<b>Total comprehensive (loss)/income for the period attributable of the parent company</b>	<b>(91)</b>	<b>1,589</b>	<b>14,060</b>	<b>(18,273)</b>	<b>(7,858)</b>	<b>(10,573)</b>	<b>39,314</b>	<b>2,028</b>	<b>(11,052)</b>	<b>30,290</b>
Adjusted EBITDA	17,661	4,981	20,565	264	–	<b>43,471</b>	47,564	2,493	–	<b>50,057</b>
Adjusted EBITDA margin	55%	27%	44%	5%	–	<b>42%</b>	48%	43%	–	<b>48%</b>
NDCs ('000)	127	84	220	6	–	<b>437</b>	528	11	–	<b>539</b>

\* Revenue reported under Financial services includes Financial services' revenue of EUR 4.2m and Subscriptions revenue amounting to EUR 1.5m.

**4. DIRECT COSTS**

Direct costs include costs related to paid revenue, cashbacks and other direct costs.

**5. EXCEPTIONAL COSTS**

Exceptional costs relate to costs that are deemed by management to be significant one-offs in nature, including bond, credit facility and reorganisation costs. During the last quarter of 2019 the Group recognised a loss allowance on trade receivables and impairment on intangible assets as exceptional costs. As previously disclosed, these were a result of Management's revised IFRS 9 assessment and the strategic review of the segments, which affected the value of the intangible assets.

During the fourth quarter of 2019, reorganisation costs amounted to EUR 0.1m, the loss allowance on trade receivables amounted to EUR 2.7m and impairment on intangible assets amounted to EUR 32.1m. No exceptional costs were incurred during the same quarter of 2018. During the financial year ended 31 December 2019 exceptional costs of EUR 0.1m and EUR 0.3m relate to the credit facility and reorganisation costs, respectively. Exceptional costs of EUR 2.7m relate to the loss allowance on trade receivables and EUR 32.1m relate to impairment on intangible assets. During the comparative period, costs relating to the refinanced bond amounted to EUR 2.0m and EUR 0.2m costs in relation to the credit facility were classified as exceptional costs.

**6. OTHER INTANGIBLE ASSETS**

The Group's acquisitions primarily comprise domains and websites, player databases and in certain instances other components of intellectual property, which include outsourced development. 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 instances where other components of acquired 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 allocated to domains and websites.

Amount in '000 (EUR)	Group			
	Domains and websites	Player database	Other intellectual property	Total
Cost at 1 January 2019	313,209	16,534	11,525	341,268
Additions	440	13	5,420	5,873
Disposals	(88)	–	(63)	(151)
Change in estimates	(14,613)	(492)	–	(15,105)
<b>Cost at 31 December 2019</b>	<b>298,948</b>	<b>16,055</b>	<b>16,882</b>	<b>331,885</b>
Accumulated amortisation and impairment at 1 January 2019	–	(8,767)	(4,129)	(12,896)
Amortisation charge	–	(5,234)	(4,765)	(9,999)
Disposals	–	–	63	63
Impairment	(27,469)	–	–	(27,469)
<b>At 31 December 2019</b>	<b>(27,469)</b>	<b>(14,001)</b>	<b>(8,831)</b>	<b>(50,301)</b>
<b>At 31 December 2019</b>	<b>271,479</b>	<b>2,054</b>	<b>8,051</b>	<b>281,584</b>
At 31 December 2018	313,209	7,767	7,396	328,372

Additions of EUR 5.5m related to other intellectual property, which comprises costs for the development of websites and other applications. No asset acquisitions were concluded during the fourth quarter of 2019. Adjustments recognised as a result of changes in estimates of the likely outcome of a contingent event and changes in agreements amounted to EUR -15.1m (19.8m). As a result of the detailed impairment assessment disclosed in the accounting principles section on page 16, the Group recorded a total impairment of intangible assets of EUR 32.1m. EUR 23.1 was attributed to specific assets while EUR 9.0m was allocated to the Financial services CGU. For the purpose of impairment testing, the goodwill amounting to EUR 4.6m arising from Hammerstone Inc.'s acquisition (note 10) has been allocated to the financial services CGU and was fully impaired. The remaining EUR 4.4m was allocated to the Financial services CGU, as can be seen in the table above.

## 7. 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 maturing in March 2021, as well as EUR 12.5m representing the utilised portion of the revolving bank credit facility. The corresponding balance as at 31 December 2018 comprised only the new bond amounting to EUR 150.0m. 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.

The new bond was 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 cashflow. This embedded derivative is an early redemption option, with the redemption price set in accordance with a mechanism defined in the prospectus. The fair value of the bond, which at the end of the reporting period amounted to EUR 138.5m, was determined by reference to multiple broker quotes. Accordingly, the bond's fair value was categorised within the IFRS 13 fair value hierarchy as Level 3.

The movements in fair value for the fourth quarter and for the year ended 31 December 2019 comprising a loss of EUR 2.7m and a gain of EUR 5.6m respectively, are recognised in "Other (losses)/gains on financial liability at fair value through profit or loss" in the income statement. If the estimated price of the bond 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.

## 8. AMOUNTS COMMITTED ON ACQUISITION

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. Expected cash outflows relating to these contingent considerations are assessed 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.

Movements during the period/year are summarised below:

Amounts in '000 (EUR)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Opening balance	23,355	65,831	81,910	61,296
Acquisitions during the period/year	-	-	-	82,862
Settlements/set-offs	(4,304)	(7,148)	(50,195)	(82,776)
Present value adjustments	-	(1,508)	-	-
Notional interest charges	(443)	(766)	1,956	1,920
Adjustments arising as a result of a change in estimate	(540)	25,501	(15,603)	18,608
<b>Closing balance</b>	<b>18,068</b>	81,910	<b>18,068</b>	81,910

The maximum potential undiscounted amount that the Group may be required to settle under such contingent consideration arrangements is EUR 6.5m, of which EUR 1.8m has been recognised based on estimates of future earnings.

Amounts committed are further analysed as follows:

Amounts in '000 (EUR)	31 Dec 2019	31 Dec 2018
<b>Current</b>		
Contingent	1,752	43,884
Non-contingent	16,316	16,856
	18,068	60,740
<b>Non-current</b>		
Contingent	-	21,170
Non-contingent	-	-
	-	21,170
<b>Total amounts committed</b>	<b>18,068</b>	81,910

Contingent considerations are measured at fair value and are included in Level 3 of the fair value hierarchy. The fair value is determined on the date of purchase and subsequently per 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 percent.

The notional interest charge on the contingent considerations is included in "Other finance costs", net of foreign exchange differences.

## 9. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Amount in '000 (EUR)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Purchases of services:				
Entities with significant shareholding*	-	137	-	566

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.

\*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.

## 10. 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 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 of 2018, 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 acquisition. The previously estimated contingent consideration (net of PV adjustment) amounted to USD 2.5m.

Details of net assets acquired and goodwill are as follows:

	On acquisition EUR '000
Purchase consideration	
Cash settlement	2,574
Share issue and allotment	1,699
Final cash settlement	959
<b>Total purchase consideration</b>	<b>5,232</b>
Fair value of net assets acquired (refer to the below)	(599)
<b>Goodwill</b>	<b>4,633</b>

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

	Fair value EUR '000
Subscription database	599
<b>Net assets acquired</b>	<b>599</b>

As disclosed in note 6, as a result of the detailed impairment assessment carried out during 2019, the goodwill of EUR 4.6m was fully impaired.

## 11 ADOPTION OF IFRS 16

This note explains the impact of the adoption of IFRS 16 “Leases” on the Group’s financial statements, which became mandatory as of 1 January 2019. The Group has applied the simplified transition approach and as a result, comparative amounts are not restated, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

After adopting IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.5%.

From 1 January 2019, each lease payment has been allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Amounts in ‘000 (EUR)

Operating lease commitments disclosed as of 31 December 2018	10,411
Discounted using the Group’s incremental borrowing rate at 1 January 2019	9,258
Notional interest charge for the year ended 31 December 2019, net of foreign exchange differences	449
New lease arrangements and termination during the year ended 31 December 2019	1,036
Payments	(2,961)
	<b>7,782</b>

### Lease liability recognised as at 31 December 2019

Analysed as follows:

Current lease liability	3,094
Non-current lease liability	4,688
	<b>7,782</b>

As at 1 January 2019, lease liability amounting to EUR 2.9m was due within twelve months, while the amount of EUR 6.4m was due after more than one year. The current portion of the lease liability is included within “Trade and other payables” on the statement of financial position.

The associated right-of-use asset for property leases was measured at an amount equivalent to the lease liability plus prepaid lease expenses as of 1 January 2019. The asset is subsequently depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

The recognised right-of-use asset relates to the following type of asset:

Amounts in ‘000 (EUR)	31 December 2019	1 Jan 2019
Properties	7,433	9,258

# Condensed Parent Company statements of income and other comprehensive income

Amounts in '000 (EUR)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Personnel expenses	(356)	(139)	(953)	(427)
Bond and credit facility related costs	-	-	(30)	(1,885)
Recharge of bond and credit facility related costs to subsidiary	-	-	30	1,885
Other operating expenses	(44)	(56)	(194)	(281)
Other operating income	20	20	79	80
Total operating expenses	(380)	(175)	(1,068)	(628)
<b>Operating loss</b>	<b>(380)</b>	<b>(175)</b>	<b>(1,068)</b>	<b>(628)</b>
Interest payable on borrowings	(2,166)	(2,175)	(8,716)	(11,857)
Recharge of interest to subsidiary	2,166	2,175	8,716	11,819
Other (losses)/gains on financial liability at fair value through profit or loss	(2,700)	5,250	5,550	8,882
Other finance costs	-	-	(9)	(132)
Finance income	2	3	2	58
<b>(Loss)/profit before tax</b>	<b>(3,078)</b>	<b>5,078</b>	<b>4,475</b>	<b>8,142</b>
Tax expense	-	-	-	-
<b>(Loss)/profit for the period - total comprehensive income</b>	<b>(3,078)</b>	<b>5,078</b>	<b>4,475</b>	<b>8,142</b>

# Condensed Parent Company year-end balance sheet

Amounts in '000 (EUR)	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in subsidiaries	<b>1,509</b>	1,239
<b>Current assets</b>		
Trade and other receivables	<b>246,441</b>	216,438
Cash and cash equivalents	<b>109</b>	837
<b>Total current assets</b>	<b>246,550</b>	217,275
<b>Total assets</b>	<b>248,059</b>	218,514
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	<b>88</b>	84
Share premium	<b>77,196</b>	62,301
Other reserves	<b>1,967</b>	1,145
Retained earnings	<b>12,380</b>	7,905
<b>Total equity</b>	<b>91,631</b>	71,435
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	<b>150,950</b>	144,000
<b>Total non-current liabilities</b>	<b>150,950</b>	144,000
<b>Current liabilities</b>		
Trade and other payables	<b>5,478</b>	3,079
<b>Total current liabilities</b>	<b>5,478</b>	3,079
<b>Total liabilities</b>	<b>156,428</b>	147,079
<b>Total equity and liabilities</b>	<b>248,059</b>	218,514

# Definitions of alternative performance measures

ALTERNATIVE KEY RATIO	DESCRIPTION	SCOPE
EBITDA	Operating profit before depreciation and amortisation, and impairment on intangible assets.	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 exceptional costs.	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 exceptional 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.
EXCEPTIONAL COSTS	Costs that are not part of the normal operations of the business.	Exceptional costs are costs that do not relate to the ongoing operations of the business. Examples include bond issue costs, credit facility related costs, loss allowances on trade receivables, impairment on intangible assets as well as reorganisation costs.
ORGANIC GROWTH	Revenue growth rate excluding portfolios and products that have been acquired in the past 12 months. Paid revenue is excluded in the organic growth calculation. 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.