catenamedia

Annual report 2016

This is us!

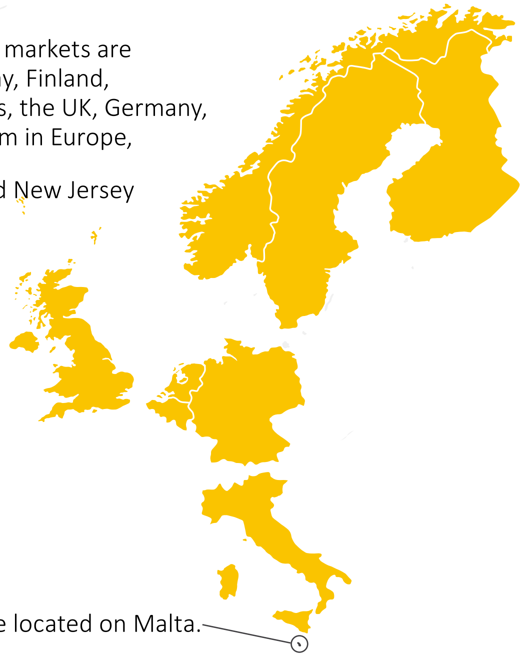
- Over 200,000 NDCs (New Depositing Customers)
- Successfully listed on Nasdaq First North Premier
- Seven acquisitions
- New markets: Germany, Belgium and Italy
- The number of employees increased from 70 to 190

This is Catena Media

Catena Media is a fast-growing online lead generation company within the iGaming industry, connecting online players to online casinos and sportsbooks.

Catena Media's markets are Sweden, Norway, Finland, the Netherlands, the UK, Germany, Italy and Belgium in Europe,

and Nevada and New Jersey in the US.



The headquarters are located on Malta.

Contents

In figures

2012 Founded	168% Revenue growth 2016	190 Employees
3 Offices in the UK, Serbia and Malta	38% Women co-workers	28 Nationalities

The company owns and develops a multitude of content sites in different languages, including well-known portals such as AskGamblers, JohnSlots and RightCasino.

In 2016, Catena Media referred over 200,000 NDCs (New Depositing Customers) through our websites to more than 1,000 iGaming customer brands.

OUR VISION

To become the world's number one provider of high-value iGaming leads.

Follow us!

"Push the boundaries. Think creatively. Work passionately. Have fun.

At Catena Media, we believe a fun, collaborative and supportive environment sparks creativity, passion and inspiration."

The year in brief

Q1

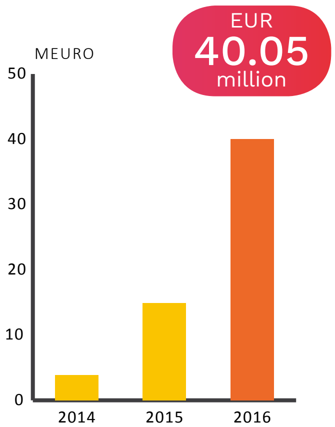
- **The company's shares** were admitted to trading on the First North Premier exchange. The subscription price was SEK 33 per share. Total proceeds from the issue amounted to SEK 240 million, corresponding to EUR 25 million.
- **Catena Media acquired** a number of casino comparison websites that operate mainly in Italy and Belgium, which represent new markets for Catena Media.
- **Catena Media acquired** the Swedish affiliate network Wonko Media AB.
- **Catena Media acquired** the highly regarded affiliate website AskGamblers.com for EUR 15 million. The transaction was the largest in Catena Media's history.

Q2

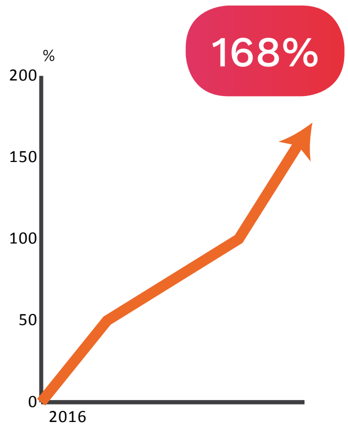
- **Catena Media acquired** the player accounts and domains of one of the leading iGaming affiliates in Germany.
- **By acquiring** the Swedish sportsbook affiliate Spelbloggare.se, Catena Media entered into a new market vertical: sportsbetting.
- **Catena Media launched** its own sportsbook affiliate product in the UK.
- **Catena Media recruited** key expertise to the Board of Directors.

A financial snapshot

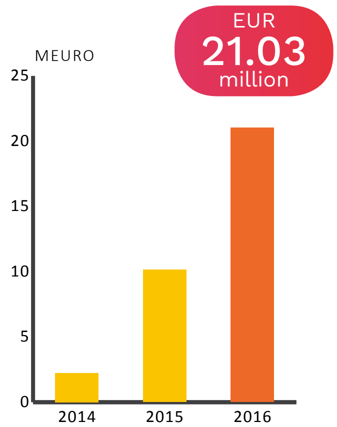
Revenue



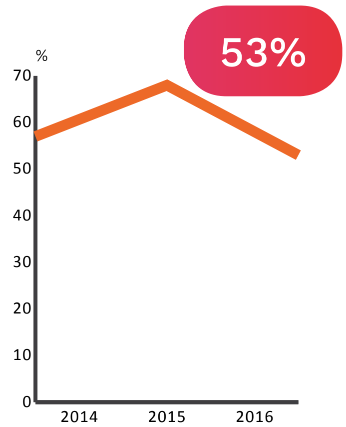
Revenue growth



Adj. Operating profit



Adj. Operating margin



On the next page,
Comments from
the CEO.

Q3

- **A three-year secured bond loan** of EUR 50 million was issued, maturing in September 2019. Interest in the bond was substantial. The bond is intended to be used primarily for acquisition financing.
- **A new visual design** was launched for the Group.
- **A strategically important milestone** was reached in September, when we reached 20,000 NDCs (New Depositing Customers) for the first time in a single month — solid proof of sustainable growth at Catena Media.

Q4

- **Through the acquisition of SBAT**, a UK-based social media sports news, betting and tips website, the company will strengthen its focus on sports as well as its social media know-how.
- **Acquisition in the UK** – by acquiring casinouk.com, we are building an even stronger presence in the biggest iGaming market in Europe. Casinouk.com will strengthen the company's offer in Paid media and Organic search.
- **Shortlisted** in several categories at the iGaming Business Awards.
- **Catena Media took a leading position in the US market** through an acquisition of regulated affiliate assets in that country. Following the acquisition, Catena Media adds three new verticals to its business. In addition to Poker, the company is also acquiring websites targeting eSports and Daily Fantasy Sports.

Key figures

	2016	2015	2014
Operating revenue (€ '000)	40,049	14,939	3,888
Operating profit (€ '000)	18,646	8,983	2,222
Operating profit margin (%)	47	60	57
Adjusted operating profit (€ '000)*	21,027	10,149	2,222
Adjusted operating margin (%)*	53	68	57
Adjusted profit before tax (€ '000)*	19,890	10,165	2,213
Adjusted profit before tax margin(%)*	50	68	57
Profit before tax (€ '000)	17,509	8,999	2,213
Earnings per share (€)	0.319	0.199	0.042
NDCs (New Depositing Customers)	204,633	69,331	29,661
Equity to asset ratio (%)	40	43	35

* Adjusted for non-recurring IPO and bond costs of total EUR 2.38 million (1.17).

Another year of success with strong growth and solid results

As I look back at 2016, I am truly impressed with what we have accomplished. It was by far the most eventful and successful year so far for Catena Media, with continued strong growth and solid results.

WE HAVE COMPLETED and integrated seven strategic acquisitions and entered three new markets, while simultaneously broadening our offering, reaching over 200,000 NDCs (New Depositing Customers) and increasing the number of employees from 70 to 190. Furthermore, we achieved two important milestones with the successful listing of Catena Media´s shares on NASDAQ First North Premiere and the issue of a three-year secured bond loan.

Bigger and stronger day by day

We started the year with another record-breaking quarter and ended with the Group's strongest ever fourth quarter, with top line growth of 108 percent compared with the same period last year and a solid operating margin of 50 percent. As a result of the heavy investment in Paid media, as well as our investments in technology and the recruitment of new employees during the year, our margin declined slightly. This is a natural consequence of our current strategy, which is focused on growth and increasing our market share. When we consider the pace at which Catena Media is growing, it is vital to be at the forefront of technology. We have therefore invested further in technical development by reinforcing our Technical department with two outsourced teams located in Budapest.

Strategic acquisitions, new markets and added verticals

In line with our strategy, we worked successfully throughout the year to identify attractive acquisition prospects that complement and strengthen our portfolio. Accordingly, we made our largest transaction so far by acquiring the award-winning affiliate, AskGamblers. The site is one of the best brands in the affiliate market and contributes to creating a better iGaming industry through its stringent requirements regarding certified casinos. We also entered the large sports betting vertical by acquiring the Swedish sportsbook affiliate, Spelbloggare.se

> The high growth rate that has distinguished us since the start in 2012 continues to be evident. We have within just a few years created both a track record of profitability and earned confidence from investors.

By making several strategic acquisitions in the UK, we further advanced our market presence in the biggest iGaming market in Europe. Through the acquisition of SBAT, Catena will strengthen both its focus on sports and its social media know-how, while Casinouk.com offers us the opportunity to expand our offering in Paid media and Search.

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

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

Constantly looking for new talent

Since we are growing at such a fast pace, we are constantly looking for new talent to join Catena Media´s exciting journey. We employed 130 new co-workers in 2016. We will never compromise on quality, however, as it is crucial for us to grow in a sustainable way, meaning new employees should have the same high standards as current employees. Equally, we strive to build a strong and coherent corporate culture. We firmly believe that this will be part of our ability to retain our co-workers and attract new talent.

We also strengthened our Board of Directors during the year. A new Chair of the Board was appointed, Kathryn Moore Baker, as well as new board members Mathias Hermansson and Mats Alders. At the same time, we continued to strengthen our Executive Management Team, adding new functions and roles to build an organisation prepared to exploit the growth opportunities ahead of us and to be well prepared for a change of listing.

Looking ahead

I feel highly positive and confident as we enter 2017. Our move to the NASDAQ Mid Cap list is progressing in line with the plan and we aim to finalise the transition within the first half of 2017. As previously mentioned, we will continue to focus on delivering in line with our financial targets and continuing to grow in the same successful way, both through organic growth and acquisitions across existing and new geographic markets. We will also continue to generate value both for our customers and for our shareholders.

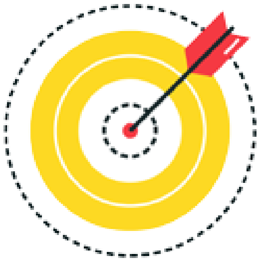
I am truly proud of what we have achieved in 2016, but this was only possible thanks to the great efforts and commitment of our outstanding team. Thank you all. Catena Media is an extraordinary company with extraordinary people and together we will continue this exciting journey towards becoming the world´s number-one provider of high-value iGaming leads.

Malta, April 2017

ROBERT ANDERSSON
CEO

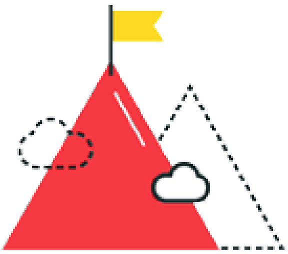
Vision, business idea and targets

Mission



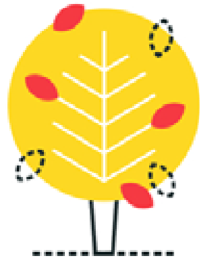
To transform iGaming through the power of choice.

Vision



To become the world's number-one provider of high-value iGaming leads.

Strategy



To focus on organic growth in combination with geographical expansion and acquisitions.

Business idea

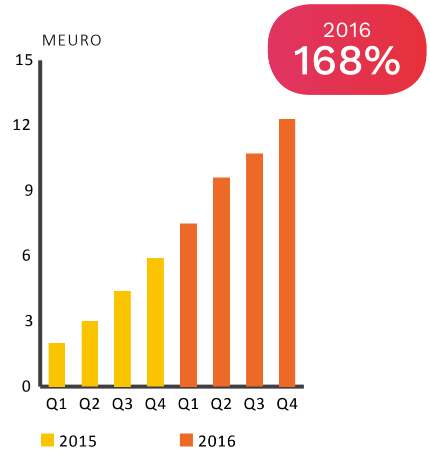
Catena Media operates in the iGaming industry and its business idea is to attract online players through various products and services and direct them to iGaming operators.

Growth strategy based on four pillars

Objectives	Strategic initiatives
Continued organic growth To be the leading provider of high-value iGaming leads with strong position in both organic traffic and paid media.	• Strong customer relationship with key iGaming operators. • Increase sales to existing customers. • Increase business intelligence through technical platform. • A close relationship with website visitors.
Growth from new markets Geographic expansion in prioritised markets. Europe has top priority.	• Prioritise regulated markets. • Prioritise relatively mature markets with growth. • Launch through acquisitions.
Acquisitive growth Consolidation backed by strong track record of acquisitions and integration.	• Closely monitor new potential acquisitions. • Pay a reasonable multiple for acquisitions. • Speed up integration of acquisitions. • Ensure a mix of smaller and larger acquisitions.
Best place to work Ensure continued growth by attracting top talent.	• More recruitment activity in social media, industry events and conferences. • Establish a clear set of values. • Work actively on building strong culture and cohesion between offices.

Financial targets

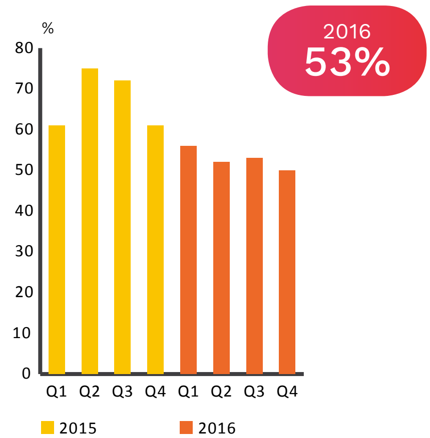
Growth



SHORT TO MEDIUM-TERM (2016–2018)
Average annual revenue growth to exceed 75 percent, incl. acquisitions.

LONG-TERM
Annual revenue growth to exceed 25 percent per year, incl. acquisitions.

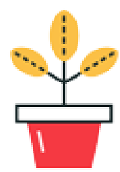
Margin, adjusted



SHORT TO MEDIUM-TERM (2016–2018)
Adjusted operating profit margin to exceed 50 percent.

LONG-TERM
Operating profit margin to exceed 40 percent.

Dividend



LONG-TERM
Annual dividend up to 50 percent of the company's net profit (after tax).

Example of activities in 2016

- Improved content quality to convert more players.
- Recruited more and well-known content writers/sport journalists.

- **New markets during 2016:** Germany, Belgium, Italy.

Acquisitions
- Seven acquisitions during 2016.
- Several strategic acquisitions in the UK.
- Biggest acquisition, EUR 15 million, and smallest EUR 1 million.

- 130 new employees in 2016.
- Measuring success in recruitment.
- Company-wide gathering once per year, some employees moved around offices, a new company newsletter was launched.

MARKET OVERVIEW

Catena Media operates in a fast-growing market

Catena Media's core business – online casino – is expected to grow 6.6% annually between 2014–2018 in the company's key markets Sweden, Finland, Norway, Netherlands and the UK. The affiliate and lead generation market in which Catena Media operates is expected to develop faster than or in line with this underlying market.

The global online gaming market continues to grow at a rapid pace. The structural growth of iGaming is supported by several mega trends, such as digitalisation, globalisation and the fact that consumers – aided by digitalisation – compare alternatives online before they make a purchase decision.

Focus on online casino and sportsbetting

The iGaming market can be divided into five different verticals: poker, sportsbetting, casino, lottery and bingo. Catena Media operates in the growing, European iGaming market generally, with a particular emphasis on the online casino and sportsbetting market.

Increased internet penetration, technological advances and mobile migration have greatly benefited the iGaming market. In addition, the number of market participants has grown continuously as a result of iGaming becoming increasingly accepted as a mainstream leisure activity. As iGaming becomes increasingly established, many European countries are revising their iGaming regulations, resulting in new markets being opened to external players.

Gaming growth

In the key markets, the underlying iGaming market is estimated to amount to EUR 5.2 billion in 2016, and is expected to grow by a Compound annual growth rate (CAGR) of 6.6% during the period 2014–2018. In 2016, the online casino market was estimated to amount to EUR 1.6 billion and sportsbook to EUR 2.4 billion.

The online casino affiliate market

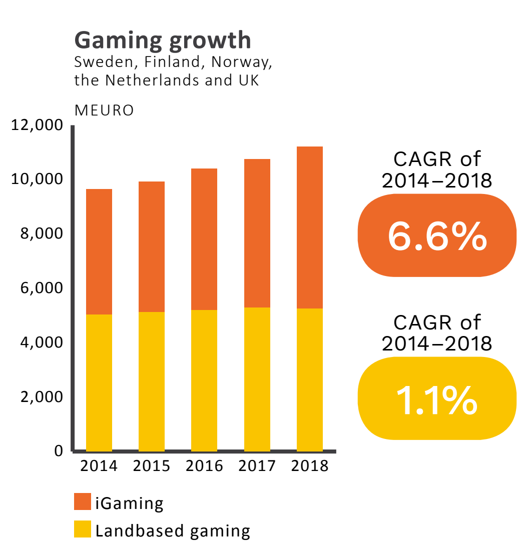
The online casino affiliate market is expected to grow slightly faster – by a CAGR of 7.1% during the same period.

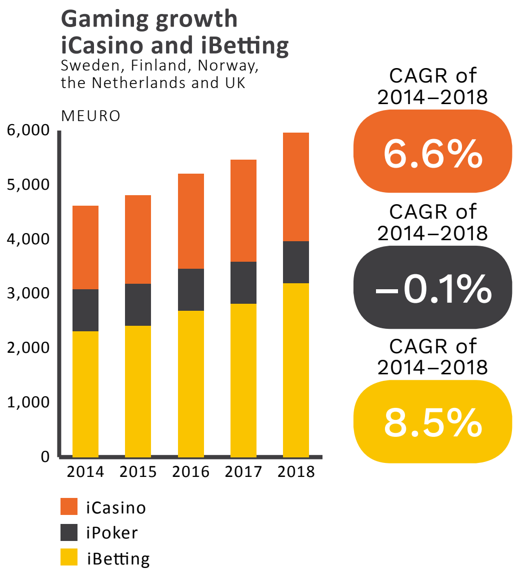
According to an analysis by PwC, approximately 40% of the online casino market is estimated to be generated via affiliates.

The online Sportsbook affiliate market

Catena Media entered the sportsbook affiliate vertical in 2016. The company's exposure in terms of revenue towards this segment is, of course, still at a low level. However, the potential in this vertical is substantial as the online sportsbook market is somewhat bigger than casino and shows a similar growth pattern.

Source: H2GC, a PwC-report and the Market Report.





Market drivers

Catena Media is exposed to underlying market drivers and trends within the iGaming market generally and the online casino and sportsbook market in particular.

iGaming

Market	Examples of identified drivers	Comments	Outlook
6.6% **iGaming market,** expected annual growth, during 2014–2018	**Growing shift from land-based gaming to iGaming**	Online casino will represent an increasing proportion of the total casino market.	
	Mobile technology	Mobile technology further enhances the availability of online casino offerings, thus driving the market.	
	Increased internet penetration	Access to computers and the internet is continuing to increase, meaning internet penetration is rising globally.	
	New laws and regulation	Tightening regulations for casino services, with both positive and negative effects for online casino. While re-regulation generally results in increased awareness of online casinos and sportsbooks, it also puts pressure on the iGaming operators. Re-regulation increases overall demand for iGaming.	

Online casino affiliated market

Market	Examples of identified drivers	Comments	Outlook
7.1% **Online casino affiliated market,** expected annual growth, during 2014–2018	**Size and birth rate of online casino operators**	Catena Media's view is that competition is getting more intense amongst operators than amongst iGaming affiliates.	
	Increased spending on digital marketing	The pay-per-performance commercial model is one of the fairest and most accountable acquisition models available.	
	Stronger focus on high-quality content	High-quality content is very important for both search engine rankings and building trust among online players. In a market that continues to develop and expand, affiliates need to give users a reason to visit their sites.	
	Business intelligence	The affiliates have started to develop different tools that enable access to information about the online players and thus an enhanced decision-making basis when planning future marketing campaigns.	

Markets and regulations

The gambling industry is regulated at the national level. Regulatory reviews are now taking place in several of Catena Media's markets to adapt these regulations for iGaming and to traditional gambling. Regulations and re-regulations in different markets, help iGaming become more socially and legally acceptable.

Although the provision of affiliate marketing services to online gambling operators is not typically an activity which is licensable by gambling regulators, with some notable exceptions, such as New Jersey and Delaware, affiliate marketing providers are supporting a highly regulated industry. Furthermore, gambling regulation is evolving to impose obligations on online gambling operators to ensure their affiliates act in a way that is consistent with operators' own regulatory obligations, for example to comply with various advertising standards.

The Nordic markets

The major Nordic gambling markets, where the Group has derived, and continues to derive, revenues, provide an illustration of this. These markets typically have in force laws that seek to restrict the provision of gambling services only to state monopolies.

Offshore online gambling operators and their service providers typically rely on arguments that these national laws have no applicability outside the relevant country's borders and that, where relevant, the restriction on providing gambling services without a licence does not apply to an offshore operator lawfully supplying its services in reliance on a licence held elsewhere in the EU. Supporting these arguments is the fact that it is typically not a criminal offence for local citizens to participate in online gambling products offered by offshore operators. Furthermore, there have been limited enforcement attempts against offshore operators who operate without a local licence in these markets. From time to time, the authorities have attempted to curb marketing by instigating proceedings against local media companies (such as newspapers) that advertise on behalf of offshore operators but such activities remain the subject of on-going legal proceedings and, hence, of legal uncertainty. In light of the above, there are generally considered to be coherent arguments for offshore operators and their service providers to continue to support key Nordic markets based on the lack of applicability and enforceability of the legislation.

The EU member states

A number of EU Member States have introduced local licensing regimes, notably France, Denmark, Italy, Spain and the United Kingdom, the latter being a significant market for the Group. Local licensing regimes are in the process of being introduced or are anticipated in the near term in the Netherlands, Germany and various Eastern European countries.

However, in some instances laws appear to have been fully implemented by certain Member States in contravention of the various tests laid down through the jurisprudence of the ECJ, and also in contravention of guidance given to Member States by the European Commission following review and comment on draft laws and regulations.

In contrast with the European countries which have introduced licensing regimes and from which the Group derives revenue, including those referred to above, other countries have adopted a different approach which have required online gambling operators and service providers such as the Group to examine their legal position in order for them to adopt a coherent risk rationale to support their activities.

This involves online gambling operators and their service providers, including affiliate marketing companies such as the Group, examining laws and regulations which place restrictions on offering and/or marketing and promoting gambling services. Restrictions may be drafted in such a way as to apply to activities conducted both within and outside of a jurisdiction.

It is worth noting that companies providing affiliate marketing services to online gambling operators do not typically vet or conduct checks in relation to players who may access gambling websites from links on their marketing websites. Reliance is placed therefore on the online gambling operator to assess the countries from which they are willing to accept players, typically by reference to territories where online gambling is expressly prohibited, and in respect of age verification.

Our focus markets

Catena Media's market is immature, rapidly changing and constantly evolving. Catena Media has a multitude of websites in different languages in its network, providing online players with offers for bonuses, free spins, reviews and much more

NORWAY

- **Active since 2013**
- **Example of sites:** Casinomagasinet, Casino6000

Norway is estimated to grow by a CAGR* of

9.5%

FINLAND

- **Active since 2013**
- **Example of sites:** Slottimania, Gamblegeneration

Finland is estimated to grow by a CAGR* of

9.5%

SWEDEN

- **Active since 2012**
- **Example of sites:** JohnSlots, Freespins

Sweden is estimated to grow by a CAGR* of

9.2%

THE NETHERLANDS

- **New market since 2015**
- **Example of sites:** Gokoverzicht, Simbatgokkasten

The Netherlands is estimated to grow by a CAGR* of

8.6%

THE UK

- **Established during 2015 and strengthened by Right Casino Media acquisition in Oct 2015**
- **Example of sites:** Askgamblers.com, SBAT.com and Rightcasino

The UK is estimated to grow by a CAGR* of

5.5%

BELGIUM

- **Recently entered through the acquisition of an affiliate network in Italy and Belgium in March 2016**
- **Example of sites:** Onlinecasinolijst

GERMANY

- **Recently entered through the acquisition of a leading local iGaming affiliate**
- **Example of sites:** Casinobonus360

ITALY

- **Recently entered through the acquisition of an affiliate network in Italy and Belgium in March 2016**
- **Example of sites:** Slotgallinaonline, Auraweb

THE US

- **Most recent geographical expansion**
- **Entered in January 2017**
- **Example of sites:** playnj.com and uspoker.com

* 2014–2018

“As a business-to-business provider to the iGaming industry, Catena Media is not directly affected by new regulations that affect industry operators. However, the company believes that regulations in general have a positive impact on the industry by:

- Increasing awareness and demand for iGaming
- Creating a clear legal framework to operate within
- Making iGaming more legitimate and socially acceptable”

Catena Media’s position in the iGaming market

Major obstacles to success enable Catena Media to be the leading consolidator in a fragmented market

Barriers to entry

First mover advantage
Established in 2012, Catena Media has become one of Europe’s fastest growing and largest affiliates. In addition, access to funding has started a consolidation process in the industry.

Proprietary technology
Catena Media continuously develops its proprietary technical platform, Catena Connect in-house. This results in enhanced business intelligence and greater efficiency in business decisions and enables smooth integration processes post-acquisition.

Extensive knowledge within SEO and PPC marketing
Catena Media has built up extensive knowledge in terms of how to structure content and websites to receive favourable rankings and rewards from search engines. This has been a long-term process that would be difficult for a new participant to duplicate.

Long-standing and strong customer relations
Catena Media has been able to position itself as a preferred partner for most large online casino operators in Europe. Catena Media has specially negotiated terms with over 1,000 partner brands.

Competitive landscape among affiliates

Given Catena Media’s cooperation with over 1,000 well-known and established online casino and sportsbook brands, the company believes that it is one of the largest independent online lead generation companies with a focus on the online casino and sportsbook vertical.

Key competitors
The affiliate market is highly fragmented within the online casino- and sportsbook vertical.

Catena Media competes with a variety of companies, many of whom are also active in other verticals or other geographical locations. Many of these competitors focus purely on either SEO, PPC or e-mail marketing.

Catena Media competes primarily with large affiliates. Competitors such as XL Media, RakeTech and Gaming Innovation Group all have similarities with Catena Media and are viewed as key competitors.

The Nordic market is currently undergoing a wave of consolidation, as large affiliates are being consolidated to increase their market shares.

Other channels

Catena Media also competes with other marketing channels such as TV, print and radio. However, these marketing channels lack the ability to provide an efficient, performance-based pricing model, which is highly appreciated by iGaming operators.

Casumo has been collaborating with Catena Media since early 2012. It has been a pleasure for us to watch Catena Media transform from a relatively small company run by a few enthusiasts into a major multinational company with the skills to direct everything from high-quality SEO traffic to advanced PPC traffic based on our search criteria.

The contact people we have had at Catena Media have always been eager to help us as best they can with every possible issue, large or small, that may arise. I am extremely grateful that we at Casumo have had the opportunity to grow together with Catena Media in a responsible manner, and am looking forward to facing future challenges together.

Christian Ferreri, Head of Affiliates - Casumo

Mr Green has had a long and prosperous relationship with Catena Media, and as Catena Media has grown rapidly over the last few years we have always taken the opportunity to strengthen our cooperation with them. The reason for this has everything to do with how hard they work to maintain the highest professional standards and deliver quality all the time.

I can't imagine a better account manager on the affiliate side than our contact person at Catena. She's always quick and quality assures every step of the traffic funnel. Im looking forward to 2017 and continuing to develop our relationship while creating special campaigns with Catena's unique strengths in mind. Thank you for this year, Catena!

Tobias Regnestam - Head of affiliates - Mr Green

Our strengths

Catena Media's vision is to become the world's number-one provider of high-value iGaming leads. In order to achieve this, the company has built core strengths on which it heavily relies in order to reach its ambitious goals.

1

Attractive and scalable business model

We have been able to scale up the company's business operations and grow its revenue significantly without having to increase its cost base at the same pace.

Read more on page 16

2

Extensive and wide customer base

We currently supply internet traffic to more than 1,000 iGaming brands. The company has a large number of customers in each of its key markets and is therefore not dependent on one or a few customers.

Read more on page 18

3

Strong online asset base

We own and operate a multitude of websites in different languages. The websites are designed to attract potential online players and direct them to customers.

Read more on page 19

4

Proven track record of successful acquisitions

We have successfully acquired several marketing affiliates in the past and have extensive experience in integrating the acquired assets in order to maximise synergies and increase revenue.

Read more on page 21

5

Advanced technical platform

We have, over the last few years, built a stable and easy-to-manage system allowing the company to handle its websites and content on multiple websites from one central base: the Catena Core platform.

Read more on page 22

6

Strong company culture

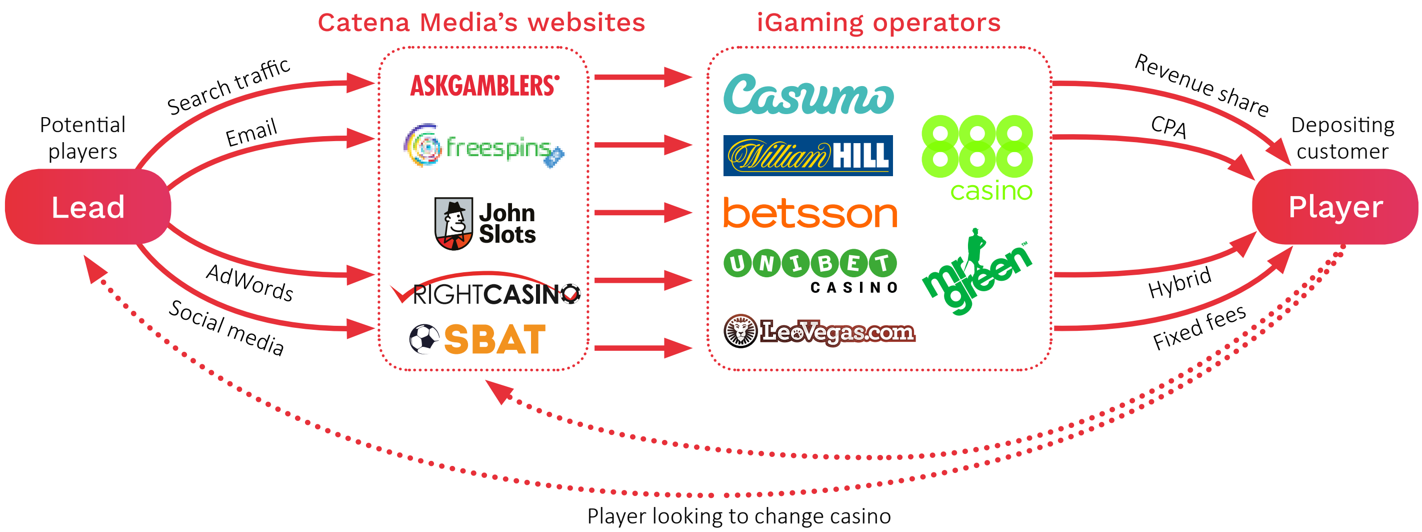
Our success is largely dependent on these values and the company strives to build a dynamic and supportive working environment to attract and retain top talent.

Read more on page 24

OUR STRENGTHS

Attractive and scalable business model

Catena Media has been able to scale up its business operations and grow its revenue significantly without having to increase its cost base at the same pace. The larger Catena Media becomes, the more it can benefit from economies of scale.



Strong position in terms of both organic traffic and paid media

The key to successful lead generation is the management of search engine optimisation (SEO). Building a robust, trustworthy and qualitative SEO business requires expertise, consistency and true customer insight – and Catena Media has invested thousands and thousands of hours in becoming the best in the industry.

Organic traffic – search traffic
Search engine optimisation (SEO) is the process of optimising websites to rank higher and become more relevant in search queries on different search engines. A fundamental part of SEO is understanding how search engine algorithms are structured. SEO is structured around three key areas:

Keyword research
The optimisation of a website's texts and codes is based on keyword research. The on-page optimisation is about investigating which volumes specific keywords have, how the value of one visitor differs from another, and how to present the answers to the specific type of visitor each keyword represents. On-page optimisation then adapts the content based on the keyword research.

Content
Content development is about providing and answering different search queries about certain high value keywords by creating content that provides the visitor with the most relevant information in response to their query.

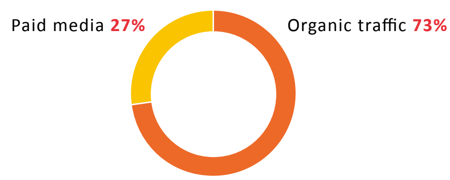
Link development
Link development is about connecting high authority articles and websites to each other. A website that is considered a high authority by Google and other search engines can raise the authority of another website by linking to it. The same applies to high authority articles on a specific website. This helps both search engines and visitors to find high-quality content.

Paid media
Pay-per-click
Pay-per-click (PPC) marketing refers to paid search results in the search engine algorithms. Keywords within the PPC market, such as Google's AdWords, are up for bidding in real time and allow the buyer to get access to instant results and rankings. PPC marketing is highly data driven and monitored on a daily basis.

Using PPC marketing allows the affiliate to buy a search position for a certain keyword or phrase, obtaining access to a large amount of traffic that is later directed to a site owned by an online casino or sportsbook operator. PPC marketing is therefore driven by the return on investment on the amount paid for the achieved traffic. The conversion rate of that traffic is, therefore, an important ratio for the PPC buyer to monitor.

For an affiliate to improve and drive conversion of such traffic, testing and development of different combinations coupled with user behaviour allows the affiliate to offer a competitive and strong edge that receives higher click rates.

Share of revenue



Facts about search

89%
of customers begin their buying process using a search engine. (Biznology)

Over **1.2 trillion** global searches are conducted each month. (2016)

91%
of internet users use a search engine. (2016)

Mobile internet usage surpassed desktop searches in 2016.

Revenue model

The commission-based fees are either revenue share contracts, CPA contracts or a hybrid of these two models.

The customer agreements include a monthly settlement between the operator and Catena Media.

Revenue share

The main revenue model is through revenue-sharing with customers. Revenue share is based upon Catena Media receiving a share of the revenue generated for an iGaming operator from an online player who was directed to the operator's casino or sportsbook via a Catena Media channel. In general, the company generates such revenue over the account lifetime of a player, notwithstanding a potential termination of the contract with the iGaming operator.

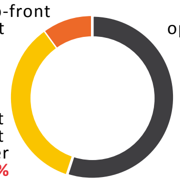
Cost per acquisition (CPA) – a fixed fee

Catena Media also has a model based on a fixed fee, referred to as Cost Per Acquisition (CPA) model. Under a CPA model, Catena Media is entitled to a lump sum for every end-user that creates a new profile and makes a first deposit on the iGaming operator's website.

Other revenues

Catena Media also generates revenue by charging a fixed fee for specific events, for example when online casino or sportsbook operators pay a fixed fee to be listed or reviewed on a Catena Media website, or when advertising space on a Catena Media website is sold to iGaming operators. These specific events are most often negotiated as part of a broader contract that also includes a variable fee component.

Share of total revenue



Revenue share

- **Proportion of the casino's net gaming revenue for a given player account**
- **No negative carry-over from player losses**
- **Contracts that guarantee Catena Media a share of the revenue over the players' account lifetime for each customer brand**

Up-front payment (CPA)

- **Up-front fee from the iGaming operator for each depositing player that Catena Media mediates**
- **One-off revenue is an important contributor to building short-term cash flow needed within PPC marketing**

Other revenue

- **Fixed up-front fees for exposure on websites**
- **Fixed up-front fees for top list placements on Catena Media's websites**
- **Other fixed start-up fees payed by iGaming operators**

Extensive and broad customer base

Catena Media strives to be perceived as the preferred partner for online player traffic, and, from that position, to benefit from a stronger pricing power with a maintained high customer value.

Today, Catena Media supplies internet traffic to more than 1,000 iGaming brands, including well-known and established companies such as Unibet, Betsson, Bet365, Mr.Green and William Hill.

Value for iGaming operators

Catena Media offers a "one-stop-shop" for obtaining large amounts of valuable new players from all over Europe.

Through Catena Media websites, such as AskGamblers, JohnSlots and Right Casino, the company is able to offer its customers high value leads which could otherwise be challenging and expensive for the online iGaming operators to attract themselves. Catena Media's strong ability to generate high-value leads and potential online players make it a preferred partner for user acquisition among online operators.

Increased quality of players

The company's ambition and promise to operators is to deliver high-quality leads. An online player who actively searches for a specific offering is more likely to become a depositing customer than someone who is a passive receiver of messages, for example someone watching a commercial for an online casino on TV. The size of Catena Media's business and leading value proposition tends to attract potential players who are more willing to play online.

Acquiring NDCs (New Depositing Customers) through Catena Media is therefore associated with lower risk compared to traditional marketing channels where the outcome on a given marketing investment is often uncertain.

The preferred partner

Catena Media continuously evaluates its portfolio of contracted customers and negotiates adjustments, additions or new contracts. In general, the company renegotiates the contracts every year. As of the date of this annual report, no customer has terminated any contract with us since the time the first contract was agreed.

Sales strategy

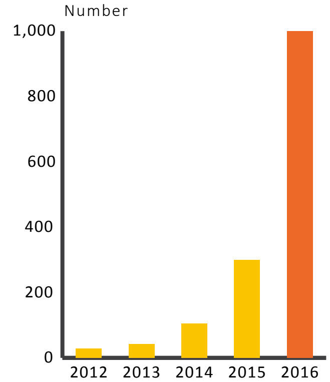
Catena Media's sales strategy is based on the following two pillars:

- New customers; both recently established iGaming operators as well as well-established iGaming operators seeking affiliate services, for example when trying to enter new markets in which Catena Media already is present.
- Ongoing negotiation with existing customers through add-on offers, customisation and special campaigns.

Customer dependency

Catena Media is working actively to ensure a diversified revenue base and thereby limit dependency on a few customers. The number of customer brands available from operators in Catena Media's network has increased from 28 in 2012 to more than 1,000 as of December 2016. During 2016, the largest customer in terms of revenue contributed to 9% of revenue while the top 3 and top 10 customers contributed 25% and 49% of revenue respectively.

Development of number of customer brands



Strong online asset base

Catena Media owns and operates a multitude of content sites in different languages. The websites are designed to attract potential online players and refer them to customers. As a result of Catena Media's strong focus on delivering high-value content, and its distinct focus on SEO, many of the websites rank in top positions in search engine algorithms.

Catena Media's main offering is to provide high-value leads that convert into NDCs (New Depositing Customers). Through an extensive network of websites and a strong product offering, Catena Media is able to reach a wide range of potential online casino and sportsbetting players who can be directed to iGaming operators.

Value for online players

Through Catena Media's websites, online players have access to high-quality content such as casino guides, top lists, reviews, newsletters, display banners and targeted bonus offers. The websites are continuously updated with the latest news and changes in the online casino and sportsbook market. Catena Media's strong position and ability to direct a large number of high value leads is reflected in the attractive offers the players receive from the online casino and sportsbook operators, such as higher bonuses or more free spins, that will typically be exclusively for Catena Media-operated websites.

Catena Media's popularity among operators is based on the company being able to supply 100% interested visitors with a strong intention to play.

What makes a good affiliate site?

The sites have to be highly relevant, user-friendly and visitors should quickly and easily find what they were looking for. In addition, the visit to the operator needs to correspond to what was promised on our site for us to build trust and convert players.

Overview of product offering

- **Game reviews**: offer players qualitative game reviews and guides to different games offered by the operators, helping the player to find the most relevant and preferred alternative.
- **Guides:** give players an overview of different games and their specific value proposition in terms of games, offers, professionalism and more.
- **Top lists:** ranking of operators, based on offering, casino games, professionalism, customer reviews and more.
- **Directed campaigns and offers:** specific campaigns and offers promoted by customers to attract players, typically bonuses and free spins.
- **Betting related odds with focus om sport:** Also offer player's reviews and tips.

Example sites from the Catena Media portfolio

By gathering all the best gaming companies and deals together on one site, Catena Media attracts online players to a website which in turn is based on Catena Media's selection. Catena Media offers the player value they would not find anywhere else. The contents of the websites are written by professional writers and are continuously updated to provide players with the most relevant and up-to-date information.

ASKGAMBLERS

- Best Casino Website 2016 by iGaming business
- Best Casino Affiliate 2012, 2013 and 2015 by iGaming Business
- eGR's 50 Power Affiliates list 2011, 2012, 2013, 2014, 2015 and 2016
- Monitors and certifies the reliability and fairness of each casino
- Forum where members and casino sites can meet
- Daily news articles from the industry

John Slots

- One of the biggest iCasino guides in Sweden
- Over 800 game reviews
- Daily news articles from the industry and the latest operator promotions
- High number of returning visitors
- Available in Swedish, Finnish, Norwegian and English. Soon to be launched in Dutch

freespins

- The most visited casino blog in Sweden
- Very social with an average of over 150–200 blog comments on every new post
- Bonus-driven site where readers often discuss different casino offers with each other
- Very high number of returning visitors

RIGHTCASINO

- Easy-to-use online casino comparison website
- Casinos pay a one-off fee to be in the comparison in addition to the affiliate business model
- Casino school for new players
- Daily news articles from the industry and the latest operator promotions
- Available in 18 languages

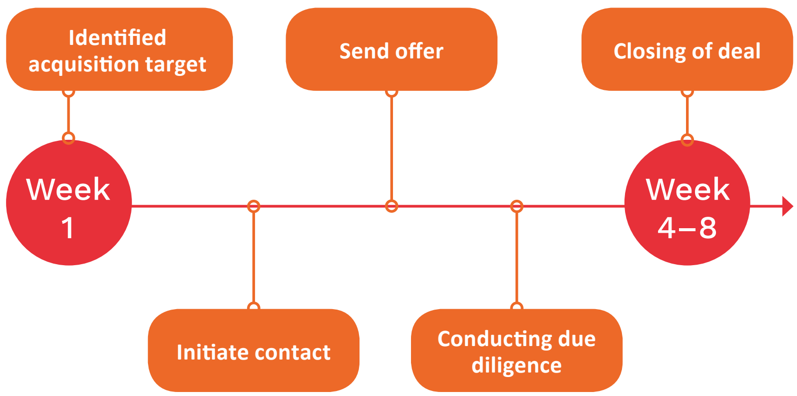

UTION IS SPARKE

Proven track-record of successful acquisitions

Catena Media has successfully acquired several marketing affiliates in the past and has extensive experience with integrating the acquired assets in order to maximise synergies and increase revenue. Acquisitions are a strong driver of further growth and Catena Media is well-positioned to acquire further marketing affiliates and to leverage increased scale advantages and incremental synergies.

An efficient acquisition and integration process

- Acquisition of smaller competitors part of normal course of business.
- Acquisitions executed efficiently, within a few weeks of the first contact.
- Bread-and-butter acquisitions are a strong growth driver for Catena Media.
  –Improved pricing following an acquisition as traffic is moved to existing Catena Media contracts.
  –Improved marketing methodologies drive NDC (New Depositing Customers) volumes at the acquired site.
- Track-record of increasing revenue from the first integration phase.



Consolidation opportunities

Small affiliates ~10% market share

- Between 500–2,000 very small companies
- 1–2 person-operated affiliate sites
- Less than 50 NDCs per month
- Usually target a single market

Medium affiliates ~40% market share

- +100 slightly larger companies
- Closely monitored by the larger affiliate firms
- Potential acquisition targets
- Up to 1,000 NDC's per month
- Usually target 2–3 markets

Large affiliates ~50% market share

- Few large, often international players, but still relatively small compared to iGaming operators
- Present in several countries
- 1,000+ NDC's per month
- Preferred by operators

Advanced technical platform

Over the last couple of years, Catena Media has built a stable and easy-to-manage system allowing the company to manage its websites and content on multiple websites from one central base. The technology platform is centred on what is referred to as the Catena Core platform.

Catena Core merges three different parts and delivers them as a service to the websites:

- Catena Connect
- Catena Intellect
- Catena Patterns

It allows for constant improvement of the sites with ongoing integration and data-driven decision-making. See below.

A robust technical platform
For Catena Media, Catena Core is a source of competitive advantage and the reason why it is able to scale the business. Since acquisitive growth is a large part of Catena Media's strategy, it is important for it to be able to integrate a newly acquired company, and its assets, into Catena Media's platform smoothly. With Catena Connect, Catena Media is able to do that from day one.

Increased use of mobile devices
Mobile-optimised websites are of utmost importance for affiliates, and shifting from a one-device to a multi-device strategy is a key factor for the affiliates' future success.

Catena Media launched a mobile platform through the platform developed by Askgamblers.com, acquired by Catena Media in 2016.

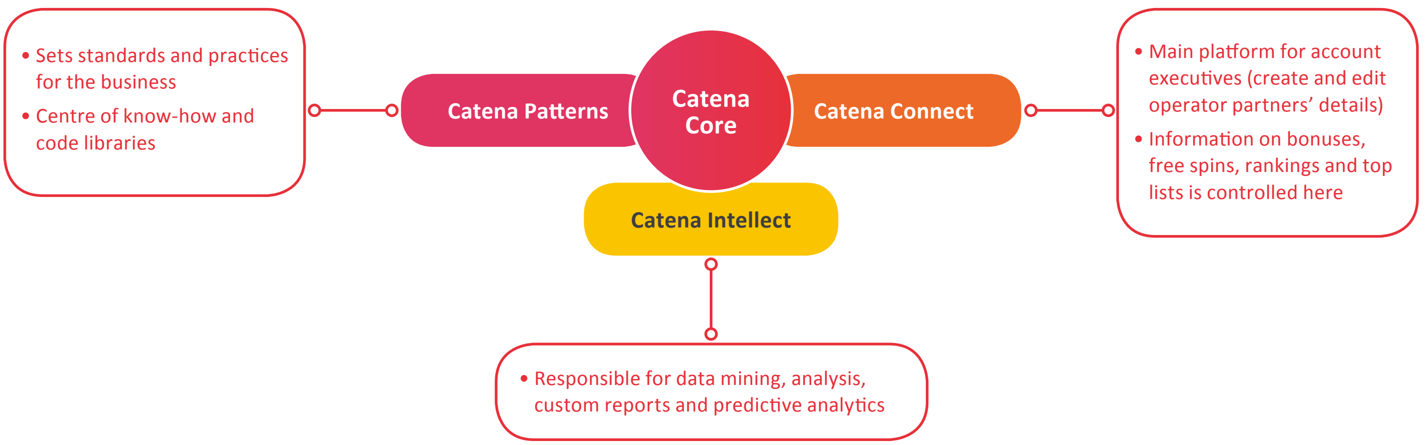
Proprietary technical platform and mobile solution

Catena Core – Main technical platform

Catena Core is Catena Media's main technical platform in which the company has made substantial investments.

The platform merges all parts of the system and delivers them as a service to Catena Media's websites. Catena Connect enables the company to efficiently integrate new acquisitions and also serves as a data-driven decision-making tool.

The system is continuously developed and improved.



Catena Media's extensive expertise regarding affiliate marketing at many different levels makes it an obvious partner for LeoVegas. Catena Media has a broad offering of marketing channels to help drive and optimise the acquisition of new customers, thus making it possible to order everything from SEO-based traffic to High-Value PPC traffic with a favourable geographical distribution. This, in combination with Catena Media's extensive experience of directing traffic and new customers, and LeoVegas's data-driven marketing procedures, has led to a highly rewarding collaboration.

Philip Kellin, Director of Business Development - LeoVegas Gaming

LeoVegas.com

Did you know...

75%

of users never scroll past the first page of search results

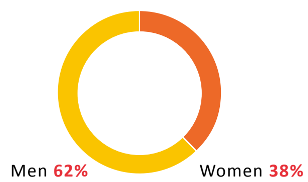
93%

of online experiences begin with a search engine

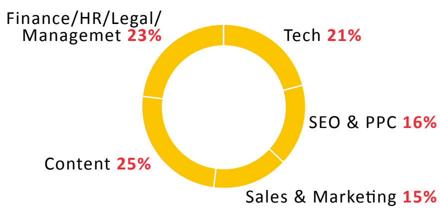
Strong company culture

Catena Media's has a clear set of values that guide everything we do internally and towards our customer and stakeholders. These values are communicated to all employees and Catena Media places strict requirements on its managers to live and breathe the values.

Gender distribution



Division of roles



Passionate
"We are inclusive – we care about each other's well-being and success. We have fun together! We are in the business to win – we strive for the best and we never give up. We excel when it comes to our clients' success, we always go that extra mile. We celebrate successes and support each other when life is hard."

Professional
"We are honest and accountable, we deliver on time and keep our promises. We speak our minds while representing the company and maintaining the company 's standards. We are accessible, we react promptly and always respond to inquiries in a timely manner. We comply with laws and regulations and strive to exceed expectations in whatever we do."

Curious
"Our curiosity keeps us learning and inventing new ways to improve. We challenge the standards of today and always try to do things a little better. We encourage the 'why?' and 'what if?'. We are always assessing how we can bring more value to our customers. Their needs are the driving force of our curiosity and improvement."

The importance of a strong company culture
For Catena Media, which has three offices spread over Europe, a strong corporate culture is important when trying to synchronise efforts across different geographical locations. It's equally important in terms of helping Catena Media attract new talent – the struggle to find the right skills is even tougher when recruiting to a small island like Malta where most of the employees are based.

Every competitive edge that Catena Media can get is worth considering. When sourcing for new talent, the company's employees are Catena Media's ultimate ambassadors. Passionate, professional and curious, the message they convey is often more effective than that of a recruitment ad. And, thanks to these qualities, they in turn attract like-minded employees to the organisation.

CORE VALUES

Passionate, professional and curious

Recruitment

Finding employees

Catena Media is constantly on the lookout for new people to join the company. When it comes to attracting new talent, social media is a very important tool in Catena Media's recruitment process.

The company's in-house recruitment team is constantly scouting various social media channels for new talent, and have, over time, compiled a large talent pool.

The Catena Media recruitment team is also a frequent visitor at various industry conferences, as this is an effective way to get face-to-face connections with potential candidates.

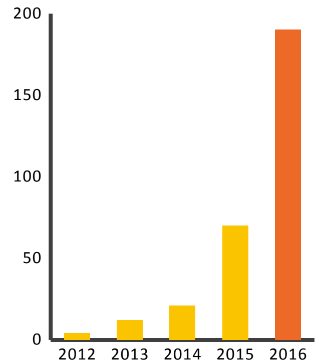
To become even more relevant in the eyes of potential young talent, Catena Media is planning to launch an internship programme.

Measuring success in recruitment

Since Catena Media is growing at such great speed, the company is in constant need of new talent. However, Catena Media would never compromise on quality. The company wants to grow in a sustainable way, meaning that new employees should have the same high standards and be as passionate, professional and curious as the current employees. The company's customers expect nothing less. For this reason, Catena Media has implemented a thorough recruitment process, consisting of assessments combined with interviews with several key stakeholders within the company.

Catena Media considers welcoming each new employee to be a measure of success. Another measure of its recruitment success is staff turnover – Catena Media has a low rate of staff turnover compared to the rest of the industry.

Number of employees
31 December



130
Total hires 2016

190
Employees

32
Average age

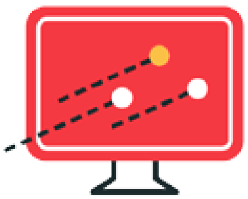
38%
Women co-workers

28
Nationalities

Responsibility and ethics

We believe in social responsibility when it comes to our business environment. Our ambition does not only involve our customers; we also want to be a positive force for players, employees, suppliers, shareholders and society at large.

1 Catena Media's responsibility in terms of responsible gaming



Catena Media believes that online casino and sports betting games are about entertainment in a secure and reliable environment. With this in mind, the organisation continuously aims to educate its employees on how to manage online players who, according to a number of parameters, are displaying risky behaviour.

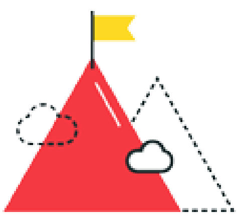
The company's goal is to work with operators with a high standard of CSR and, for this reason, the company aims to recommend certain targets that the customers (the operators) and other business partners should follow.

Gambling and betting can turn into an addiction for some people – an addiction that affects social, physical and psychological well-being. The Public Health Agency of Sweden (2014) estimates that around 2% of the population aged between 16 and 84 experience problems with gaming – and another 4% are in the risk zone for addiction.

Catena Media is striving to be one of the most trustworthy and transparent affiliates within the iGaming industry. Even if Catena Media, as a B2B provider, does not have a direct business relationship with the online players – all revenues come from the operators – the company works actively through its network of websites to educate online players about responsible gaming.

Catena Media's main mission is to transform iGaming through the power of choice. This means that the company, through its websites and services, is working hard to provide online players with the best iGaming options. At the same time, it is also important that online players feel secure when using Catena Media's websites to find operators – and part of that involves promoting responsible gaming.

2 Equality and diversity

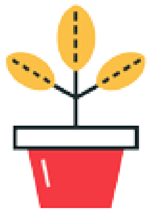


Catena Media can proudly state that it is actively working to achieve an equal and diverse workplace. During 2016, the company made significant progress in terms of reaching a better gender balance within both management and across the organisation as a whole. Today, nearly 40% of the workforce is women, compared to 30% one year ago. In addition, Catena Media has a workforce of over 28 different nationalities spread across three offices. Although progress has been made in these two areas, there is still a lot to be done. In other words, Catena Media is proud, but not content in this regard.

3 Anti-discrimination

Catena Media provides equal opportunities irrespective of gender, sexual orientation, ethnicity, religion or other belief, disability, or age. This applies to all employees, applicants for employment or promotion, suppliers, customers and members of the public with whom the company comes into contact. The company strongly believes that employees from varied backgrounds enrich Catena Media's culture and support its commercial success.

4 Catena Media's effect on the environment

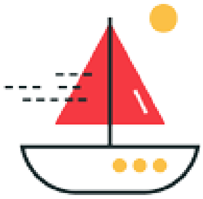


Catena Media's digital native business model is a more environmentally friendly alternative to traditional marketing companies that normally consume more resources. Catena Media takes environmental issues seriously, and focuses on environmental work within several areas.

As far as possible, travel is avoided in favour of video or phone meetings, as this also supports the environmental and social efficiency and profitability of the business. Catena Media strives to be green via measures such as recycling, the reduction of paper, and disposables.

In addition, the company is investing in new energy-efficient workstations and servers with the aim of reducing energy consumption.

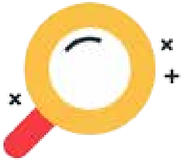
5 Catena Media's measures for a good work environment



Passionate, professional and curious employees who feel good at work are crucial in the company's ability to reach its ambitious goals. Great results start with employees who thrive, develop and are challenged. Catena Media is, by way of different tools, constantly monitoring the extent to which employees enjoy working at Catena Media, how they enjoy working in their teams, and how they view their own personal development.

Once a year, the company gathers all employees from every office for a fun social event the company's culture and celebrate success.

6 Fraud, corruption and money laundering



Catena Media is strongly committed to business ethics and combatting various forms of fraudulent behaviour. The company expects its employees to avoid any behaviour that is unlawful or could be seen as unethical or inappropriate. Such behaviour could involve fraud, extortion, bribery, corruption, facilitation payments, kickbacks and money laundering activities. These examples or related activities are never tolerated, regardless of whether they were pursued actively or by way of negligence.

Catena Media always complies with the applicable laws, standards and other legal provisions governing ethical business conduct of the countries in which it operates. The company is aware of the continuous development of laws, regulations and social standards, and adopts those that are relevant to its business. In the longer term, Catena Media is convinced that robust business ethics will lead to both higher shareholder value and a superior partnership structure, and will facilitate the recruitment of the best employees.

Catena Media's primary stakeholders are customers, players, employees, shareholders, investors, suppliers and society at large.

Stakeholder dialogue

Catena Media's primary stakeholders are customers, players, employees, shareholders, investors, suppliers and society at large. These groups are essential to Catena Media's long-term survival.

Stakeholders	Area of concern	Actions and communication
Customers	• Quality of directed traffic • Website quality • Player satisfaction	• Ongoing dialogue • Improve business intelligence • Improve content quality on Catena Media websites • Increase number of content editors • Secure up-time on Catena Media websites
Players	• Product quality • Up-to-date and relevant offers • Safety	• Improve analysis of consumer behavior • Improve content quality on Catena Media websites • Only corporate with professional and ethic operators • Promote responsible gaming
Employees	• Developing professionally and personally • Diversity & equality • Health	• Regular employee surveys • Team activities • Stimulating work tasks • Actively working to achieve balance in all aspects
Investors	• Satisfying returns on investment • Business ethics in general	• Constantly working to increase shareholder value • Financial and strategic communication
Suppliers	• Promotion of sound business ethics	• Ongoing dialogue
Society	• Supporting regulations • Supporting local society • Environmentally friendly	• Welcoming and promoting regulations • Program for giving away computers to children in need • Recycling and trying to minimise air travel • Digital business model

How we create value

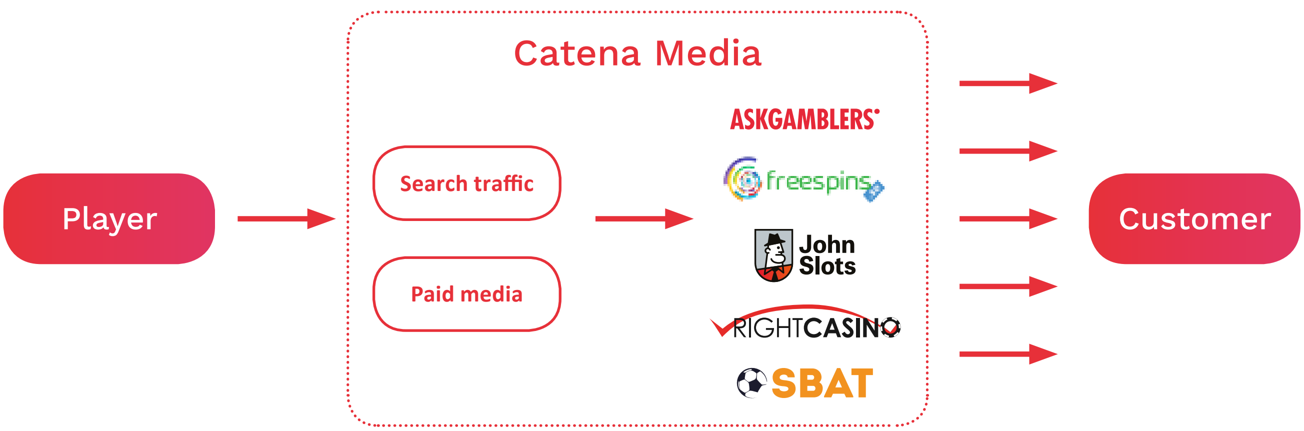
Our business model and strategy aim to deliver value for our stakeholders. Catena Media creates value for both customers – the operators – and online players as well as for our employees and owners.

Inflow

- Financial capital
- Intellectual capital
- Relationship capital
- Procedures
- Technology

A multi-brand strategy with a diverse portfolio

Catena Media acts as a link between online players and the online casino and sportsbook operators. The company's role is to provide high-value leads, consisting of potential players, to customers.



Value for online players

- Helps players find the relevant casino
- Up-to-date game guides and reviews
- Access to special Catena Media unique offers

Value for customers

- Through our websites we can offer the operators high-value leads.
- We attract potential players who are more willing to play online.
- Catena Media generally apply a performance-based revenue share model, with no up-front costs.

Outflow

- High levels of online player satisfaction
- High levels of customer satisfaction
- An attractive workplace
- Sustainable growth
- Long-term profitability

The share

Catena Media's shares were listed on the stock market on 11 February 2016 and are traded on NASDAQ Stockholm's First North Premiere list under the trading symbol CTM. The subscription price was SEK 33 per share. Based on the last price paid on 30 December 2016, which was SEK 87.50, Catena Media's market capitalisation was SEK 4,501.45 M.

Share performance in 2016

Catena Media's share price rose 165 percent in 2016, while the total index, OMX Stockholm PI, went up 9.3 percent. The highest closing price quoted during the year was SEK 87.50 on 30 December, and the lowest closing price was SEK 37.20, on 22 February.

Trading volume

In 2016, a total of 19,289,095 of Catena Media shares were traded and the average daily trading volume was 86,846 shares on the NASDAQ First North.

Share capital

At year-end 2016, Catena Media's share capital amounted to SEK 0.74M, divided among 51,445,152 shares. All shares carry equal entitlement to the company profit and equity.

At the end of the period there were 273 825 warrants and 1 283 101 share options outstanding, no warrants or share options were exercisable per 31 December 2016. The effect on share capital if all outstanding warrants and share options vested would be 3 percent.

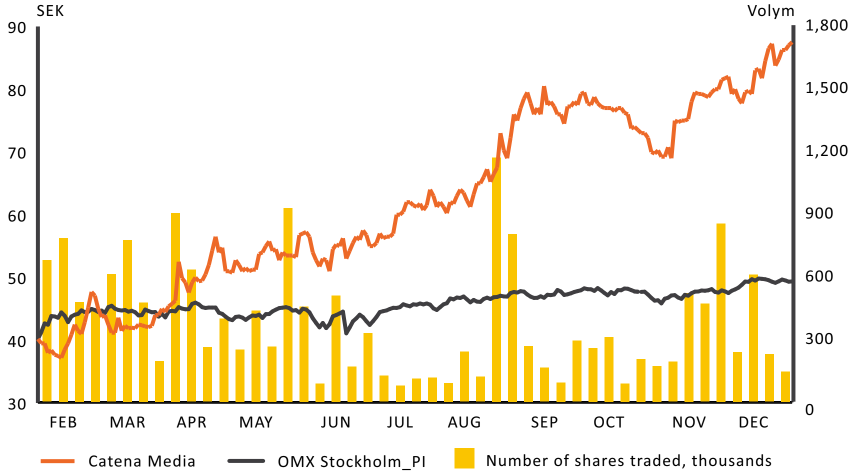
Ownership structure

The number of shareholders was 2,594 at year-end 2016. 66.26 percent of the shares are owned by the 10 largest shareholders.

Dividend

The Board of Directors has set a long term dividend policy that states, that up to 50 percent of profit after tax is to be paid out in dividends. For the 2016 financial year, the Board has proposed that no dividend is paid out.

Catena Media, 11 February–31 December 2016



Source: SIX

ANALYST COVERAGE

Carnegie: Mikael Laséen

Swedbank: Mathias Lundberg

5 reasons to invest in Catena Media

- Strong market fundamentals
- First-mover advantage
- Proprietary technology
- Extensive knowledge of SEO and PPC marketing
- Long-standing and strong customer relations

The ten largest shareholders according to Euroclear Sweden AB at December 31, 2016:

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

Key data relating to Catena Media's share

	2016
Earnings per share, (SEK)	0.319
Outstanding shares at year end, thousands	51,445
Average number of shares, thousands	50,611
Last price paid 2016, SEK	87.50
Highest price paid 2016, SEK	87.50
Lowest price paid 2016, SEK	37.20
Market capitalisation at year-end, SEK M	4,501
Number of shareholders, 31 Dec 2016	2,594

Risk management

The purpose of Catena Media's risk management processes is to execute the business strategy whilst 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 amongst 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 of 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 the 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 potential impact on the Group. The Board will also consider how identified risks shall be monitored and controlled.

Risk type	Risk profile
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.
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.
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 a currency 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.
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 their financial obligations comprising trade and other payables as they fall due.
Operational Risk The risk that revenues and or expenses are impacted due to internal and/or external operational factors.	Operational risk arises from the dependency of the Group's operations on the current operational capabilities.

Risk management

The majority of Catena Media's customers are operators in the iGaming industry and the Group is accordingly subject to risks relating to the introduction of new regulations or changes to existing regulations in relevant markets. Catena Media's revenues are currently 50% derived from regulated markets, the remaining portion being derived from markets which are currently not regulated. The customer base is sufficiently diverse to mitigate this risk. Catena Media embrace further regulated markets.

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 practicable 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 one financial institution as well as simultaneously mitigating country risk.

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, other larger currencies include GBP and USD. Smaller ones, including Bitcoin, NOK and SEK, remain less than 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.

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 Group's liquidity assets, which consist of cash and cash equivalents, on the basis of expected cash flows.

Catena Media has significant liquidity reserve to cover operational outflows and any foreseeable earn-out payments.

The business is dependent on its ability to maintain efficient Search Engine Optimization and Pay Per Click capabilities, however, search engines such as Google, Bing and Yahoo! could in the future implement strategies that makes it more difficult for the Group to operate. Otherwise the company has a low level of operational risk due to no inventory or onerous, long-term contracts with suppliers / partners.

Corporate Governance Report

Catena Media plc is a Maltese public limited liability company listed on NASDAQ First North Premier Stockholm since February 11th 2016, with its registered office and headquarters in Malta.

Corporate governance refers to the decision-making systems via which owners directly or indirectly manage the Group. The purpose is to ensure decision-making that is effective and creates value through a clear division of roles and responsibilities. Governance, management and control are divided between shareholders, the board, the CEO and executive management. The decision-making system comprises principles, directives and processes.

The following statement on pages 34 to 42 has not been audited by the company's auditor.

For corporate governance within Catena Media, the company mainly applies the Memorandum & Articles of Association, the Maltese Companies Act, the Market Abuse Regulation[1], the Swedish Market Abuse Penal Act[2] and the Act on Reporting Obligations for Certain Holdings of Financial Instruments[3], the practices of the Swedish Financial Supervisory Authority as well as the Swedish Code of Corporate Governance, found at www.bolagsstyrning.se.

The company was listed on NASDAQ First North Stockholm in February 2016 and it is the company´s ambition to be listed on NASDAQ Stockholm in 2017. The company has continuously made adaptations with regard to this change and will apply the Swedish Corporate Governance Code as from 2018 and does not foresee any deviation from the Code. Any deviations will be included in the Corporate Governance report for the financial year 2018.

In addition to external regulations and the Memorandum & Articles of Association, there are internal rules which provide a platform for corporate governance, such as the Instruction for the CEO, policy documents and the Code of Conduct which have been formulated to enhance and strengthen control, which are updated and approved by the board annually.

Memorandum & Articles of Association

The Memorandum & Articles of Association are adopted by the general meeting of shareholders and contain basic compulsory information about the company.

The Articles of Association specify the type of business activities the company will operate, limits on share capital, the number of shares and the number of Board members allowed. The Memorandum & Articles of Association are available in their entirety at www.catenamedia.com.

Governance structure

As of 31 December 2016, the total number of shares was 51,445,152 and the share capital was EUR 77,000. Each share carries one vote. The company had 2,594 shareholders at the end of the year. The ten (10) largest shareholders held an aggregate of 66.26 percent of total share capital at the close of 2016. Read more about the company's largest shareholders at www.catenamedia.com.

The Annual General Meeting (AGM) is Catena Media's highest governing body at which shareholders exercise their influence in the company. Catena Media's financial year runs from 1 January to 31 December.

Pursuant to the Memorandum & Articles of Association, written notice must be given no fewer than twenty (20) days prior to the AGM. Notices shall be deemed to be validly served if published on the company's website in English and in Swedish. In addition, the company shall announce in the Swedish newspaper *"Dagens Industri"* that a notice to attend a general meeting of the shareholders has been issued and the notice of the AGM will subsequently be available on the company website.

The AGM resolves on the adoption of the year's balance sheet and income statement, dividends, election of Board members and auditors, fees to Board members and auditors and other items of business as prescribed by the Swedish Companies Act and the Articles of Association. All shareholders listed in the shareholders' register on the day prior to the AGM who have provided timely notification of their participation are entitled to participate in the AGM, either in person or by proxy.

1 Shareholders

Every shareholder is entitled to request that a matter be addressed by the AGM. A shareholder who wishes to do so must submit a written request to the Board no later than one (1) week before the earliest date on which notice of the AGM is published (i.e. the request must be received no later than twenty-seven (27) days prior to the AGM).

Decisions at the AGM are normally made by a simple majority of votes. However, certain types of resolutions require approval by a higher proportion of the votes and shares represented at the meeting, in accordance with the Maltese Companies Act. Extraordinary General Meetings may be held as needed.

2 2017 Annual General Meeting

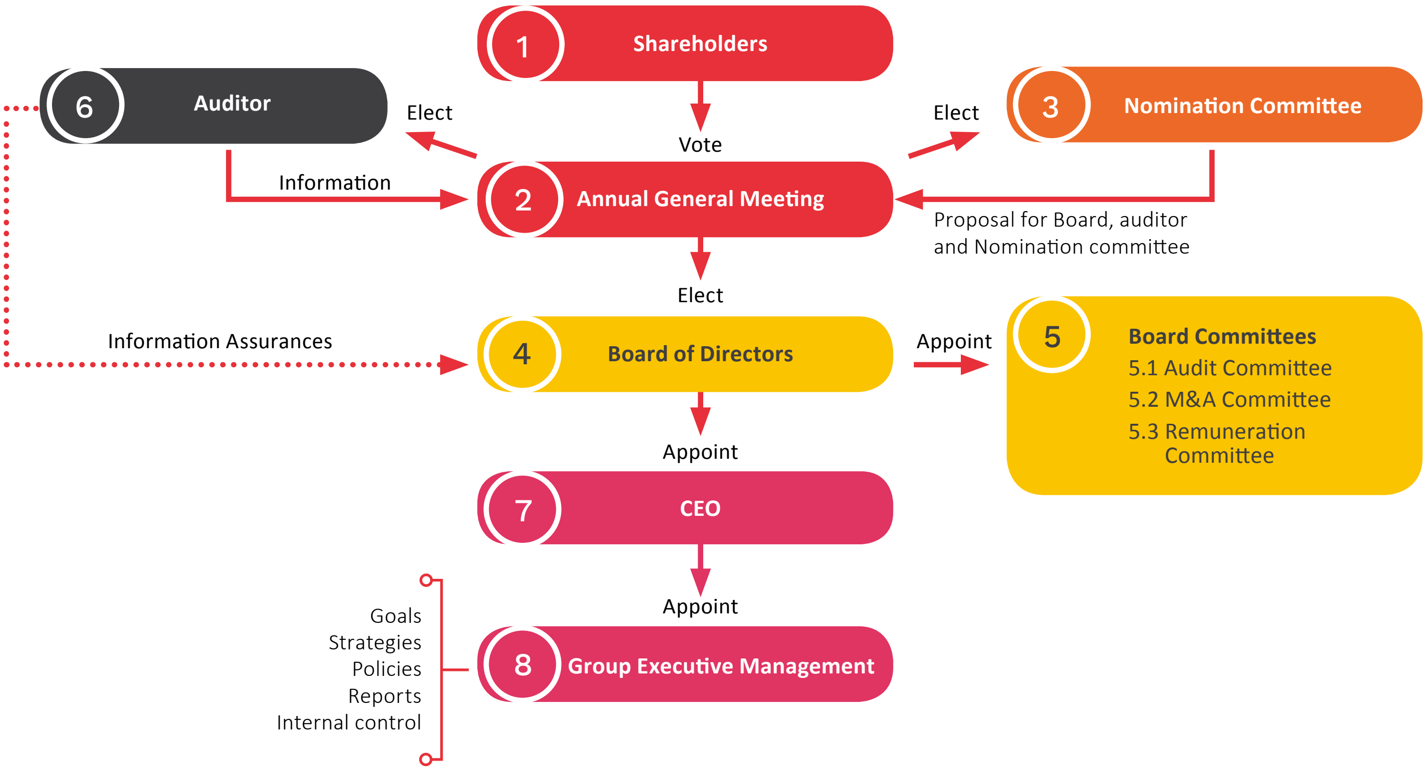
The 2017 AGM will be held on Friday, 28 April at 8:30 am, 2017 at Birger Jarlsgatan 57A, 113 81 Stockholm, Sweden. Notice of the meeting will be provided on the company's website (www.catenamedia.com) ahead of the meeting, along with required documents for the AGM.

Among other things, the AGM will decide:

- To approve the submitted, consolidated financial statement and the report of the Board of Directors and the report of the auditors.

1) Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
2) Financial Instruments Trading (Market Abuse Penalties) Act (2005:377).
3) Act concerning Reporting Obligations for Certain Holdings of Financial Instruments (2000:1087).

Catena Media
Corporate Governance Structure



- To adopt the balance sheet and income statement.
- Regarding the suggestion from the Nomination committee to re-elect Kathryn Baker, André Lavold, Henrik Persson Ekdahl, Anders Brandt, Mats Alders and Mathias Hermansson as members of the Board of Directors for the period until the end of the next Annual General Meeting.
- On fees for the Chairperson of the Board and other Board members.
- To re-elect PricewaterhouseCoopers Malta ("PwC") as auditor for the period through to the next AGM and to authorise the Board of Directors to determine the fees of the auditor.

AGM minutes will be available at www.catenamedia.com.

3 Nomination committee

The Nomination Committee is composed of representatives of the three largest shareholders, as recorded in the shareholders' register as of the last business day in August of each year, and the Chairperson of the Board, who is also responsible for convening the committee's first meeting. If a shareholder who is ordered to serve on the Nomination Committee declines, the inquiry shall instead be offered to the next largest shareholder. The committee's composition will be changed to reflect any changes to the shareholder structure.

The Nomination Committee submits proposals concerning the election of the AGM Chairman, members of the Board of Directors and Chairperson of the Board, as well as Board member compensation and the election of auditors. The committee conducts its work in the interest of all shareholders. Instructions for the Nomination Committee and options for submitting suggestions to the committee are available on the company's website, www.catenamedia.com

The Nomination Committee is comprised of the following members: Kathryn Moore Baker (Chairperson of the Board of Catena Media), Henrik Persson Ekdahl (representing Optimizer Invest Ltd), Erik Bergman (representing Aveny Ltd) and Öystein Engebretsen (representing Öresund Investment AB). Following the AGM 2016 and until the end of the year, the committee held one recorded meeting. The Nomination Committee's proposals, report on committee work done in preparation for the 2017 AGM and information on proposed Board members are published in conjunction with the AGM notice.

4 Board of Directors

Pursuant to the Memorandum & Articles of Association, Catena Media's Board of Directors shall be comprised of at least three (3) and no more than six (6) members. Members of the Board are appointed by the AGM for a one-year term. In accordance with the resolution of the 2016 AGM, the Board of Directors is comprised of Kathryn Moore Baker, Chairperson, Henrik Persson Ekdahl, André Lavold, Anders Brandt, Mats Alders and Mathias Hermansson. Kathryn Moore Baker, Henrik Persson Ekdahl, Andre Lavold, Mats Alders and Anders Brandt were re-elected, while Mikael Riese Harstad declined re-election. Mathias Hermansson was elected for the first time in 2016. Further details on members of the Board of Directors, such as experience, education, other assignments and shareholding are available on page 40.

At year-end 2016, the Board had one female and five male members.

Independence

The Board of Directors is considered to meet independence requirements. All members of the Board are considered independent in relation to the company and its management, and all members of the Board apart from

Henrik Persson Ekdahl and André Lavold are considered independent in relation to major shareholders.

Board work in 2016

The Board's rules of procedure describe which items shall be on the agenda at each Board meeting. In 2016, the Board of Directors held fourteen (14) meetings. All meetings held during the year followed an agenda which, together with the documentation for each agenda item, was provided to Board members ahead of the meetings. Also, present at Board meetings were the CEO and, from September, the Head of Legal in capacity as the secretary of the Board. The CEO reports on operational performance at each ordinary Board meeting, and the CFO reports on financial performance. In addition, the CFO and various senior executives, and auditors if needed, deliver presentations on various specialist topics.

In 2016, three committees were created, Audit, Remuneration and M&A committee. The creation of committees has been a part of the company´s efforts to list the company on the NASDAQ Stockholm. Before the creation of Board committees, the board's members as a group took decisions regarding all matters.

The Board has paid particular attention to acquisitions, and major investments during the year.

Board remuneration

At the 2016 Annual General Meeting, it was decided, in accordance with the Nomination Committee's proposal, that the total remuneration for the Board would be EUR 220,000, with EUR 70,000 to the Chairperson and EUR 30,000 to each of the other directors of the Board.

In addition to Board remuneration, it was decided at the Extraordinary General Meeting held on 16 January 2017, that the following remuneration for committee work would be awarded; Audit Committee Chairperson, EUR 12,500 and Members of Audit Committee EUR 6,250; M&A Committee Chairperson EUR 12,500 and Members of the M&A Committee EUR 6,250; Remuneration Committee Chairperson EUR 6,250 and Remuneration Committee Member EUR 3,125.

All Board members who are independent of major shareholders were granted warrants at the time of joining the Board. At the Extraordinary General Meeting held on 16 January 2017, it was resolved that the company shall enter into a warrant agreement with Mathias Hermansson on substantially similar terms to the existing warrant agreements with the other Directors.

Chair of the Board

Kathryn Moore Baker was elected Chairperson of the Board of Catena Media by the AGM held on 26 May 2016. Kathryn Moore Baker has served in this capacity since.

The Chairperson of the Board supervises the Board's work and fulfilment of its duties, and has special responsibility for ensuring that the Board's work is well-organised, efficiently run and aligned with operational developments. The Chairperson of the Board serves as the Board's spokesperson to Catena Media's shareholders, ensures that the CEO provides sufficient information for Board decisions and oversees that Board decisions are executed.

5 Board committees

The Board appoints committees. The committees prepare issues arising and recommend the board proposals for decisions.

Audit Committee

The Audit Committee serves in an advisory capacity and prepares issues for consideration and decision by Catena Media's Board of Directors. The committee is responsible for overseeing and ensuring the quality of financial reporting and the effectiveness of the company's internal control including , Risk Control and Compliance functions. The committee also discusses valuation matters, such as the assessment of impairment and other assessments pertaining to the annual accounts.

The Audit Committee reviews and oversees the company's external auditors' impartiality and independence, regardless of the board's other responsibilities and duties, regularly meets with and reviews reports from the company's external auditors to remain informed about the focus and scope of the audit. The committee assists in the preparation of proposals for the AGM's election of external auditors and decisions on auditors' fees. The committee is required to meet at least five (5) times per financial year.

The Audit Committee shall be comprised

Board of Directors 2016, for more information see page 40.

Name	Position	Elected	Independent in relation to major shareholders	Independent in relation to company and its management	Remuneration Committee	Audit Committee	M&A Committee	Fees EUR
Kathryn Moore Baker	Chairperson	2015	Yes	Yes	Chairperson			76,250
Henrik Persson Ekdahl	Member	2015	No	Yes	Member	Member		39,375
Andre Lavold	Member	2015	No	Yes				30,000
Anders Brandt	Member	2015	Yes	Yes			Member	36,250
Mats Alders	Member	2015	Yes	Yes		Chairperson		42,500
Mathias Hermansson	Member	2016	Yes	Yes		Member	Chairperson	48,750

Attendance at Board and Committee Meetings

Name	Board Meetings	Remuneration Committee	Audit Committee	M&A Committee
Kathryn Moore Baker	14/14	1/1		
Henrik Persson Ekdahl	14/14	1/1	1/2	
Andre Lavold	14/14			
Anders Brandt	14/14			2/2
Mats Alders	14/14		2/2	
Mathias Hermansson**	8/8		2/2	2/2
Mikael Riese Harstad*	6/6			

* Elected at AGM 2016. **Did not make himself available for re-election at AGM 2016, 26th May 2016.

of at least three (3) members. The members of the Audit Committee may not be employees of the company. At least one (1) of the members shall have accounting or auditing competence. The Chairperson of the Board of Directors can be appointed as a member of the Audit Committee.

Committee members in 2016 were Mats Alders (chair), Mathias Hermansson and Henrik Persson Ekdahl. The company's employees and auditors may be summoned to committee meetings to provide details on specific reports or issues. Committee meeting minutes are recorded and available to all Board members. The Chairperson of the committee reports to the Board at Board meetings concerning the issues discussed and proposed at committee meetings. The committee was set up during 2016 and held two meetings in 2016.

Remuneration Committee

The Remuneration Committee's primary task is to prepare the Board for making decisions on remuneration policies, benefits and other terms of employment for Executive Management team members. The Committee monitors and evaluates ongoing variable remuneration program for senior executives and those completed during the year, as well as the application of the remuneration guidelines for senior executives resolved on by the AGM and the Group's remuneration structure and remuneration levels.

The Remuneration Committee has at least two (2) members appointed by the Board on an annual basis. All members must be independent in relation to the company and the company's management. The committee meets at least twice per financial year. In 2016, the committee was comprised of Kathryn Moore Baker (chair) and Henrik Persson Ekdahl. Company employees may be summoned to committee meetings to provide details on specific reports or issues. Committee meeting minutes are recorded and available to Board members. The Chairperson of the committee reports to the Board at Board meetings concerning the issues discussed and proposed at committee meetings. The committee was set up during 2016 and held one meeting in 2016.

The M&A Committee

The M&A Committee's primary task is to independently oversee the M&A process of the company for M&A targets to ensure that they are adequately explored and analysed before being presented to the Board of Directors. It then analyses and evaluates the financial, legal, tax, commercial and operational due diligence performed by advisors and the company to ensure that each transaction has been adequately explored and analysed. For the avoidance of doubt, the M&A Committee shall not decide whether an M&A transaction should be carried out or not, although the Committee makes recommendations to the board who makes the decision.

Furthermore, the M&A Committee is a pre-acquisition committee and shall not evaluate the results of the M&A transactions completed by the company.

The M&A Committee has at least two (2) members appointed by the Board on an annual basis. The committee meets as often as required to fulfil its assignment. The committee was set up during 2016 and comprised Mathias Hermansson (chair) and Anders Brandt.

Company employees may be summoned to committee meetings to provide details about specific reports or issues. Committee meeting minutes are recorded and available to Board members. The Chairperson of the committee reports to the Board at Board meetings concerning the issues discussed and proposed at committee meetings. The committee was set up during 2016 and held two (2) meetings in 2016.

6 Auditors

The AGM elects the company's auditors. At the AGM held on 26th of May 2016, PwC was re-elected as auditor for the period up to the 2017 AGM, with Authorised Public Accountant Romina Soler as the Partner auditor. The auditor reports to the shareholders on the truth and fairness of the consolidated financial statements in accordance with IFRS as adopted by EU, and the requirements of the Maltese Companies Act, 1995. PwC Malta is also engaged to review the quarterly report for the nine-month period in accordance with ISRE 2410.

The 2016 AGM authorised the directors to approve the auditor's fees, for the period up to the next AGM. The Group may also refer to the auditors on ad-hoc advisory matters subject to independence restrictions.

7 CEO and Executive Management Team, see also page 42

The CEO is appointed by the Board and runs the business in accordance with instructions adopted by the Board. The CEO is responsible for the company and Group's day-to-day administration pursuant to the Articles of Association. The CEO also works with the Chairperson of the Board to decide on matters that will be dealt with at each Board meeting. The Board adopts instructions for the CEO each year and evaluates the CEO's duties on a regular basis.

Robert Andersson has been CEO of Catena Media since February 2015. For additional information on the CEO and the CEO's shareholdings, see the presentation of the Board of Directors and Executive Management Team and the website www.catenamedia.com.

The company's CEO heads, sets the meeting schedule for, and appoints the members of the Executive Management Team. The Executive Management Team's role is to prepare and implement strategies, manage corporate governance and organisational issues and monitor the company's financial development.

The CEO is responsible for ensuring that Board members receive essential information and decision-making data by presenting reports and proposals at Board meetings on issues handled by management. The CEO keeps the Board and Chairperson updated on the company and Group's financial position and development. The CEO's work is evaluated by the Board on a continuous basis.

8 Executive Management Team

The Executive Management Team (EMT) consisted of three (3) members during 2016 and was increased from 1st January 2017 to six (6) members, including the CEO, who hold the operational responsibility for the company. For information on the CFO and other members of the Executive Management Team, see the section regarding the board and the EMT and the company's website www.catenamedia.com.

The Board's proposal regarding principles for remuneration to executive management

The Board's proposal regarding principles for remuneration to the management, consisting of the CEO and five (5) persons (executive management), is prepared by the Remuneration Committee. The Board takes a decision on the proposed principles. The principles are the adopted by the AGM.

In handling matters related to remuneration, external advice is sought where necessary.

The main principle is to offer senior executives market-based remuneration and other terms of employment. Actual levels of remuneration are determined based on factors such as expertise, experience and performance.

The board may deviate from these guidelines on an individual basis if particular reasons arise.

System for internal control and risk management

Introduction

The purpose of internal control is to achieve an effective organisation that achieves goals set by the Board of Directors. This means to a reasonable extent ensure that the company's business is conducted appropriately and effectively, that laws and regulations are complied with and to provide reasonable assurance in relation to the reliability of the financial reporting. Catena Media has chosen to describe the work on internal control in accordance with COSO's components: control environment, risk assessment, control activities, information and communication as well as monitoring.

The Board of Directors is responsible for internal control of the company.

Control environment

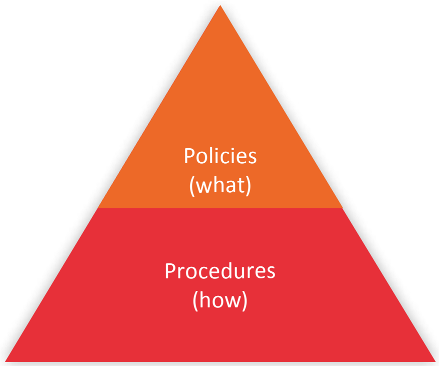
The control environment is based on the distribution of work between the Board of Directors and its committees and the CEO. The control environment also include the values that the Board of Directors and the management have communicated and are operating from.

Governing documents are established and assessed on a continuous basis by management and policies are approved by the Board of Directors.

Policies, procedures and process descriptions are distributed to and signed for by each staff member using Catena Media's online compliance system. All employees have to formally sign off the Code of Conduct and Insider Policy, while specific departments also need to sign off on policies and procedures relevant to them.

Governing documents are defined as follows

Code of conduct



Risk assessment

During 2016 Catena Media developed a process for risk management where the business annually carries out a risk analysis. Risks are identified in the following categories:

- Strategic risks
- Operational risks
- Financial risks
- Compliance risks

The goal of the risk analysis is that the greatest risks that threaten the company's overall objectives and strategic direction are identified and evaluated in relation to the likelihood of the risk occurring during the planning period as well as its impact on the goal achievement. How well the risks are managed should be taken into consideration.

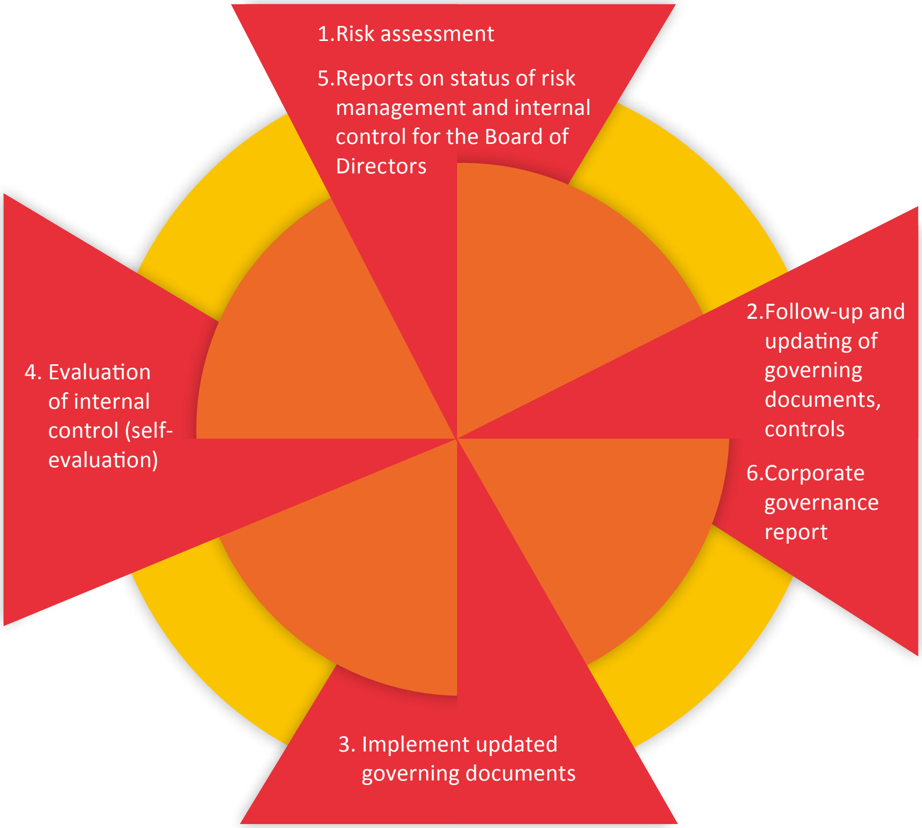
Each risk has a designated risk owner in the line organisation with the mandate and responsibility to ensure that measures and controls for managing the risk have been implemented. The risk owner is also responsible for monitoring, follow-up and reporting of any changes to the risk exposure.

Management reports the identified risks to the Audit Committee. Through the Audit Committee, the Board reviews the company's risk management framework and related processes, including risk assessments, the annual risk report and the top 10 risks in detail. This is to ensure that all significant risk areas are covered and that controls are implemented to mitigate the identified risks.

Division of roles within Catena Media – Internal control and risk management

Role	Responsibility
Board of Directors	Ultimately responsible for reviewing risks and controls within the Catena Media Group of companies.
Audit Committee	Reporting results of audit meetings to the Board as well as initiating reviews where necessary.
Remuneration Committee	Preparing the Board's decisions regarding remuneration principles, remuneration and terms of employment of the CEO and guidelines for remuneration and terms of employment for group executive management position holders and the CEOs of subsidiaries. Additionally, the committee is tasked with preparing proposals for incentive programs.
M&A Committee	Reviewing potential acquisitions and making proposals to the Board of Directors.
Group Management	Operationally responsible for controls being put in place to mitigate identified risks. Ensuring there are policies and procedures in place, as well as ensuring that employees have sufficient knowledge of internal control.
CFO	Operationally responsible for the financial reporting including ensuring sufficient internal control in the financial reports.
Country Managers	Responsible for implementing and following-up on policies that apply to their markets.
Employees	Responsible for day-to-day as applicable to their specific roles and for reviewing the controls as applicable.

Risk & Control yearly cycle



The company's largest operational risks are related to the quickly changing environment that characterises the gaming industry specifically and the rapidly evolving area of search engine optimisation in general.

Control activities

During 2016 Catena Media established a risk management procedure including a number of key controls that serve as a basis for the minimum level of control that must be established in the business processes. The control requirements are important tools and instruments for the Board of Directors to be able to manage and evaluate information from the management and take responsibility in relation to the identified risks.

Catena Media has placed special emphasis on mapping and assessing the most significant risks relating to financial reporting to ensure correct reporting. As an example, intangible asset controls include the periodic impairment testing procedure in order to determine return and potential impairment.

The effectiveness of each control is tested regularly through self-assessment.

Information and communication

Internal information and external communication are regulated using the Communication and Disclosures Policy as well as the Insider Policy. Internal communication to and from the Board and the CEO to the staff is conducted through the weekly newsletter and internal communication tools such as Slack and Jira. Formal policies and procedures are issued on the compliance portal.

The Board of Directors regularly receives financial reports on the Group's position and earnings trend. Within the company meetings are held at the management level, then proceeding to the level each entity finds appropriate.

Monitoring

A control self-assessment is performed once a year. A summary report of the performed control self-assessment is presented to the Board yearly, which includes measures of both preventive and detective nature and highlights deficiencies to be addressed.

The Board of Directors discusses all of the Group's quarterly reports, financial statements and annual reports before they are published. The Board of Directors receives monthly financial reports on the Group's position and earnings trend and at every board meeting the Group's financial situation is dealt with.

Monitoring activities;

- Annual review and approval policies by the Board of Directors.
- Reporting of risk analysis once per year to the board of directors.
- Reporting of control self- assessment yearly
- Monthly / continuous follow-up and variance analysis of financial reporting figures.

Internal audit

There is no formal internal audit function within the company, although Catena Media has implemented a risk management process including risk assessment, control requirements and self-assessment process for controls. The framework and self-assessment results have been reviewed by management and reported to the Board. The head of each area and function within the company has a responsibility to carry out the self-assessment while the Audit committee bears the responsibility together with the Board to ensure compliance with established principles of internal control.

The Audit Committee has absolute freedom to call for an external review of certain areas of the company should it be deemed necessary. For ad hoc assignments, external advisors can be commissioned to review particular areas for a second opinion to the Board, should this be considered necessary. Moreover, the company has a Compliance function within the legal team that liaises with the CEO and the Chairperson.

Board of Directors

Kathryn Moore Baker

Chairman of the Board of Directors since 17 June 2016. Board member since June 2015.

Born: 1964

Other assignments: Chaiman of the Board of Navamedic ASA. Board member of Norges Bank (the Central Bank of Norway), Akastor ASA, Sevan Marine Asa, DOF ASA and the American Chamber of Commerce in Norway. Member of European Advisory Board of the Tuck School of Business, Dartmouth College.

Previous assignments held during the past five years: Partner of Reiten & Co AS. Chairman of Agasti ASA, Kuddle AS, TheMOON AS. Board member of Bertel O. Steen Invest, Data Respons ASA, StormGeo AS.

Education: Bachelor of Economics, Wellesley College. MBA, the Amos Tuck School of Business, Dartmouth College.

Previous experience: McKinsey & Company, Morgan Stanley.

Shares: 8,500 through Lakeside AS

Warrants/options: 91,275 warrants through Lakeside AS.

Independence:
In relation to major shareholders: Yes
In relation to the company and management: Yes

Mats Alders

Member of the Board of Directors 2015.

Born: 1958

Other assignments: Chairman and CEO of Anagram Produktion AB. Chairman of Anagram Sverige AB, Anagram Pocket AB, Anagram Live AB, Anagram Rights AB and Anagram Nöjesproduktion AB. Board member of Hantera i Stockholm AB. Deputy Board member and CEO of Alders Film & TV AB.

Previous assignments held during the past five years: 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, Bambora On Mobile AB. Board member and CEO of Dandy Invest AB.

Education: MBA in Economics, Stockholm University. Advanced certificate in Business Administration, IHM Business School.

Shares: –

Warrants/options: 91,275 warrants.

Independence:
In relation to major shareholders: Yes
In relation to the company and management: Yes

Anders Brandt

Member of the Board of Directors since 2015.

Born: 1960

Other assignments: Chairman of Idekapital AS, Play Magnus AS and Meshtech AS. Board member of Nimbus Direct AS, Cloudberry Mobile AS, Viken Fiber Holding AS, Viken Fiber AS, NVFT AS, Palos AS, Motimate AS, Wheelme AS, OMG AS, Tactic Real-Time Marketing AS and Guldværket Cirkumferens Gullgruvenes Venner. CEO of Best Consulting V/Anders Brandt. Deputy Board member of Hilvimed AS, Interjob AS and Spiralis AS.

Previous assignments held during the past five years: Chairman of Easybring AS and Moreto EDB AS. Board member of EVRY ASA, Nimber AS, BC Kapital AS, Brand Invest AS, Mytos Systems AS, Brandmaster AS, NRK Aktivum AS, Teo Invest AS. Deputy board member of Globalgateways S.L.

Education: Examen philosophicum and studies in law, University of Oslo. Studies in marketing Westerdals Reklameskole, Oslo.

Shares: –

Warrants/options: 91,275 warrants through Idekapital AS.

Independence:
In relation to major shareholders: Yes
In relation to the company and management: Yes

Henrik Persson Ekdahl

Member of the Board of Directors since 2015.

Born: 1980.

Other assignments: Partner of Optimizer Invest Ltd. Board member of True Value Ltd, True Value International Ltd, Catena Invest, Valeo Invest Ltd & Okobay Ltd.

Previous assignments held during the past five years: 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 Safepay Malta Ltd (Betsafe) including group companies.

Education: BA in Business Administration, University of Wisconsin and BA in Business Administration, Hull Business School at Lincoln University. MBA, Gothenburg School of Economics.

Shares: 8,217,485 shares through Optimizer Invest Ltd.

Warrants/options: –

Independence:
In relation to major shareholders: No
In relation to the company and management: Yes

Mathias Hermansson

Member of the Board of Directors since 27 May 2016.

Born: 1972

Other assignments: CEO NC Management AB. Board member of Interactive Advertising Bureau Sweden and Bitsec AB. Chairman of the Board of MTGx International AB,

Previous assignments held during the past five years: Chief Financial Officer of Modern Times Group MTG AB, Non-executive Director of CTC Media, Inc, Chairman of the Board of Viaplay AB, Viasat AB, Viasat Sport AB, MTG TV AB, Nice Entertainment AB and MTG Radio AB, Board member of Turtle Entertainment GmbH, Splay AB and MTG eSports holding AB.

Education: Business Administration at Gothenburg School of Economics and The University of Edinburgh, Great Britain.

Shares: –

Warrants/options: 91,275 warrants.

Independence:
In relation to major shareholders: Yes
In relation to the company and management: Yes

Andre Lavold

Member of the Board of Directors since 2015.

Born: 1980.

Other assignments: Co-Founder & Partner of Optimizer Invest Ltd. Founder and board member of Agito Holding AS, Lavon AS, Supero Holdings Limited and Optimus Invest Ltd. Board member of Gaming Innovation Group including group companies, Valeo Invest Ltd, Bergen Holding Ltd, Higher Holding Ltd and Sequra SA.

Previous assignments held during the past five years: : Business development director of Betsson Group Ltd. Founder, board member and chief strategy officer of Betsafe (Safepay Malta Ltd). Board member of Optimizer Invest Ltd, Casumo AB and Tinitell AB.

Education: Tromsdalen upper secondary school.

Shares: 8,217,485 shares through Optimizer Invest.

Warrants/options: –

Independence:
In relation to major shareholders: No
In relation to the company and management: Yes

Executive Management

Robert Andersson

Chief Executive Officer (CEO) since 2015

Born: 1977

Other assignments: Board member and CEO of Gorollsson AB. Deputy Board member of Imagination Studios i Stockholm AB.

Previous assignments held during the past five years: External CEO of The Teroni Group AB, River Cresco AB, Matsuda Agency AB and ISBIT GAMES AB. Partner of Smillea HB.

Education: Computer Science, Stockholm University and studies at Griffith University.

Shares: 11,433 shares.

Warrants/options: 450,000 options.

Johannes Bergh

Chief Operating Officer (COO)
Member of the Executive Management since 2017

Born: 1969

Other assignments: Chairman of the board – Codesign AB. Chairman of the board – IPQ AB.

Previous assignments held during the past five years: Chief Executive Officer Rewir AB, Chief Brand Officer Flir Systems Inc.

Shares: –

Education: Harvard Business School, RMI Berghs, Stockholm University.

Warrants/Options: –

Fiona Ewins Brown

Human Resources Director
Member of the Executive Management since 2015

Born: 1973

Previous assignments held during the past five years: HR Director and Talent Management Director at GFI Software Development Ltd. HR Director at Morgan Stanley.

Education: Human Resources Management, Seaforth College of TAFE and Charles Sturt University.

Shares: 2,883 shares.

Warrants/options: 43,620 options.

Anne Rhenman Eklund

Head of IR and Communications
Member of the Executive Management since 2016

Born: 1957

Previous assignments held during the past five years: Head of IR and Communications at Hoist Finance AB and Director IR and Communications at Axfood AB

Education: Nordic Executive Investor Relations Program, Helsinki School of Economics and Berghs School of Communication.

Shares: –

Warrants/options: –

Louise Wendel

Head of Legal
Member of the Executive Management since 2016

Born: 1975

Previous assignments held during the past five years: Head of Legal at Fyndiq AB and Head of Legal at Svensk Fastighetsförmedling AB.

Education: Masters of Laws LLM, Lund University.

Shares: –

Warrants/options: –

Claes Wenthzel

Chief Financial Officer (CFO)
Member of the Executive Management since 2017

Born: 1962

Other assignments: Board member of WenCon AB and PeWe International AB.

Previous assignments held during the past five years: CFO at Kemetyl Group, Interim CFO at Pricer AB (publ.), Financial advisor Doro AB (publ.), M&A consultant Mycronic AB (publ.), Financial advisor Sprint Bioscience AB (publ.).

Education: BSc. Business Administration, Stockholms University.

Shares: 5,000

Warrants/options: –

Directors' Report

For the Year Ended 31 December 2016

The Board of Directors present their annual report together with the consolidated and separate financial statements of Catena Media p.l.c (the "Group" and the "Company"), registration number C70858, for the financial year ended 31 December 2016.

The Company has its head office and registered address at The Firs, Gorg Borg Olivier Street, Sliema in Malta. The Group has subsidiaries in Malta, London, Belgrade and on 15 January 2017 a new subsidiary was incorporated in Delaware, USA.

"Catena Media" or the "Group" is used throughout this annual report when describing the Group's affiliate marketing operations. This primarily includes the operations of our Malta based operation, but also our other subsidiaries as referred to above.

Principal activity

Catena Media's principal activity is to attract users through online marketing techniques, principally Search Engine Optimisation (SEO) and Pay-per-click advertising (PPC) and subsequently seek to channel these same users to online and mobile business clients, i.e i-gaming operators. For this purpose, Catena owns and operates more than 3,000 websites in various languages. Many of the websites rank in top positions in search engine algorithms, and together with a complementing PPC strategy and extensive knowledge of our specialists in the field, Catena Media attracts high value traffic of potential players. The contents of the websites are written by professional writers and are continuously updated to provide the players with the most relevant and up-to-date information.

Business overview

The Group has a strong focus on delivering high value content, and it primarily focuses on SEO. Catena Media holds a strong market position within the online casino segment, which is its core focus market. Whilst Catena Media continues to focus on the fast-growing online casino market, during the current financial year, it has also entered the sports betting segment of the online market, as well as strengthening its social media know-how. Catena Media has reached the position it has today by building a portfolio of relevant websites combined with sophisticated key word research and content optimization techniques.

Catena Media entered the US market in January 2017 by acquiring regulated affiliate assets targeting the Poker and Casino markets in New Jersey and Nevada. Following this acquisition, Catena Media adds three new verticals to its business. In addition to Poker, eSports and Daily Fantasy Sports websites were also acquired. This acquisition makes Catena Media the largest regulated casino affiliate in the US, and puts the Group in pole position to take advantage of further re-regulation in what has the potential to become the world's largest iGaming market.

Catena Media utilizes a variety of business intelligence tools in order to track the flow of internet traffic to its websites and its customers. Analysing the quality and conversion of such traffic is crucial in order to be able to develop and improve website content. The investment in technology and business intelligence has increased Catena Media's competitiveness and has been an important factor in attaining its strong position in its core focus markets. This improves the Group's market position, especially on its efforts in PPC, as well as ensuring that Catena Media provides a high-quality product offering to end-users and service to its customers.

The Group has successfully acquired several marketing affiliates over the past two years and has extensive experience in integrating the acquired assets in order to maximize 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 to acquire further affiliate marketing operations and to leverage on increased scale advantages and incremental synergies.

Catena Media has been able to scale up its business operations and grow its revenues significantly without having to increase its cost base at the same pace. The in-house developed technology platform and business intelligence analysis, coupled with a flexible and fast moving organisation have enabled the Group to develop and provide a high-quality product and service offering. The AskGamblers and CasinoUK acquisitions provided Catena Media with variations to the affiliate business model and this has proven to be an excellent way to reach additional customer bases.

Market development

The online casino market in which Catena Media operates has reported strong growth in recent years. 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 players who can generate a substantial number of new depositing customers (NDC) 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 Sweden, Finland, Norway, the Netherlands and the UK, iGaming is growing faster than land-based gaming. Both new online casino operators and old brands in new markets need visibility and, combined, 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, comprises one of the fairest and most accountable acquisition models available.

Revenues

The Group's revenues totalled EUR 40.05 million (2015: EUR 14.94) for the year, corresponding to an increase of 168 percent compared to the previous financial year. Search revenue represented EUR 29.42 million (2015: EUR 13.86) of total revenues for the period. The increase in Search revenue was driven in part by organic growth and in part through acquisitions made during the current and prior financial years.

Paid revenue amounted to EUR 10.63 million (2015: EUR 1.08). This revenue principally related to pay-per-click (PPC) traffic. Revenues relating to the SBAT acquisition, which was finalised during the last quarter, were also included in Paid revenue.

NDCs totalled 204,633 (69,331), an increase of 195 percent compared with the previous year.

Expenses

Operating expenses amounted to EUR 21.40 million (2015: EUR 5.96). Direct costs related to Paid revenue represented the more significant expense component and amounted to EUR 7.21 million (2015: EUR 0.74). These costs predominantly related to AdWords (Google spend) costs.

Personnel expenses amounted to EUR 6.11 million (2015: EUR 2.02). The increase in personnel expenses was due to more employees, which was driven by the strong growth currently being experienced by the Group, as well as a result of the acquisitions made during the current financial year, in particular Askgamblers.com and SBAT. The headcount totalled 190 employees at the close of the current financial year compared to 70 employees at the close of the previous financial year. This also gave rise to the significant increase in other operating expenses as a result of an increase in staff-related support costs such as increased office expenses, additional office rent, more software user licences, recruitment agency fees and other similar items included in other operating expenses.

Further to the above, as a result of this rapid expansion, the Group also witnessed an increase in other operating expenses, which included domain renewal fees for SEO efforts, external consultancy fees and server hosting fees. Other operating expenses amounted to EUR 4.66 million (2015: EUR 1.89).

Depreciation and amortisation amounted to EUR 1.04 million (2015: EUR 0.14). The increase in depreciation and amortisation was mainly attributable to the acquisition of competitor player databases during the current and prior years.

Costs relating to the bond issue made by the Parent Company of EUR 1.18 million (2015: nil) and costs relating to the listing of EUR 1.2 million (2015: EUR 1.17) were included in operating expenses.

Earnings

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

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

Profit for the year amounted to EUR 16.14 million (2015: EUR 8.31). Earnings per share amounted to EUR 0.319 (0.199).

For the year ended 31 December 2016, the Group had an effective tax rate of 7.8 percent (2015: 7.6).

Cash and cash flow

Cash from operating activities amounted to EUR 11.07 million (2015: EUR 8.38). Cash flows used in investing activities were EUR 40.97million (2015: EUR 4.26) and were primarily attributable to the acquisitions that took place during the year. Cash flows from financing activities were EUR 72.44 million which include proceeds from the bond issued in September 2016, whilst the amount used in the comparative year was EUR 3.15 million. Cash and cash equivalents amounted to EUR 44.71 million (2015: EUR 1.53) at the end of the year.

Investments and financing

Investments in intangible assets, which consist of acquired player databases, domains and websites, and other intellectual property, amounted to EUR 57.73 million (2015: EUR 13.40) during the current financial year. The acquisitions completed during the current financial year have been financed through funds obtained from the listing in February 2016, the bond issue made in September 2016 (as referred to below) and partly through internal financial resources.

Shareholders' equity

As at 31 December 2016, shareholders' equity in the Group amounted to EUR 53.84 million (2015: EUR 12.64), which corresponds to EUR 0.319 (2015: 0.199) per share.

Significant events in 2016

Quarter 1

On 11 February 2016, the company's shares were admitted to trading on the First North Premiere exchange.

Catena Media continued to consolidate its status as market leader in Sweden and continued to strengthen its position in lead generation through the acquisition of the Swedish affiliate network Wonko Media AB. It also acquired several casino comparison websites that operate mainly in Italy and Belgium, which comprise new markets for Catena Media.

Quarter 2

Catena Media acquired the acknowledged and highly regarded affiliate website AskGamblers.com for a consideration of EUR 15 million. AskGamblers operates one of the markets' most highly visited web portals for player reviews and rankings of online casinos. The transaction comprises all affiliate accounts, domains, mobile apps and social media accounts.

Catena Media further acquired the player accounts and domains of one of the leading iGaming affiliates in Germany and of a Swedish sportsbook affiliate Spelbloggare.se. With the acquisition of the latter, Catena Media made an entry into the sportsbook segment – a new vertical for the Group.

Quarter 3

Catena Media plc issued a three-year secured bond loan for EUR 50 million with a final maturity in September 2019. The proceeds from the bond issue will be used to further strengthen Catena Media's position as one of Europe's leading online performance marketing and lead generation companies within iGaming and sportsbook.

Quarter 4

Catena media continued to strengthen its position in the affiliate marketing industry through the acquisition of the assets of two affiliate marketing companies, namely SBAT and CasinoUK (both UK based) and signed an agreement to acquire the assets of a US based operation. CasinoUK and the US based acquisition focus on the online casino segment, whilst SBAT focuses on the on-line sports betting segment. Revenues relating to the US acquisition will be reflected in Catena Media's revenues as from 15 January 2017, the effective date of this agreement.

Employees

The Group's total number of employees at 31 December 2016 amounted to 190 (2015: 70), of which 72 (2015: 23) were women and 118 (2015: 47) were men. Expressed as percentages, women represented 38 percent (2015: 33) of the total number of employees whilst men represented 62 percent (2015: 67). All employees are employed on a full-time basis. Due to its rapid growth, the Group is continuing to recruit new employees.

Events after the end of the year

On 9 January 2017, 440,669 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 7.9994 per share. These shares were issued to be utilised as part settlement of the upfront consideration due for the US acquisition (as referred to above).

On 10 February 2017, Catena Media acquired the assets of the Swedish focused casino affiliate, Slotsia.com. The purchase price comprised of an upfront payment of EUR 3.58 million and additional earn-out payments of a maximum of EUR 5 million, based on the revenue performance over a period of two years.

Full-year outlook for 2017

Both revenues and profit are expected to increase during 2017.

Financial targets

The target is to have an operating margin exceeding 50 percent and an average annual growth exceeding 75 percent during the period 2016–2018.

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

In addition to Group management and financial functions, Catena Media p.l.c. is the ultimate holding company of the Group, 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.

The Company´s revenue was nil during the current financial year (2015: EUR 2.60) since no dividends were received from its main operational subsidiary.

Bond and IPO costs for the financial year ended 31 December 2016 amounted to EUR 0.92 million (2015: nil) respectively, whilst finance costs, also relating to the bond issue amounted to EUR 0.99 million (2015: nil). Bond finance costs are classified within "Interest payable on borrowings". During the year ended 31 December 2016, personnel expenses amounted to EUR 0.15 million (2015: EUR 0.03), whilst operating expenses amounted to EUR 0.13 million (2015 EUR 0.02). The loss for the financial year ended 31 December 2016 amounted to EUR 2.17 million (2015: profit of EUR 1.86).

The Company's cash and cash equivalents amounted to EUR 31.65 million (2015: EUR 0.10), borrowings comprised debt securities amounting to EUR 50.5 million (2015: nil) and equity amounted to EUR 25.21 million (2015: EUR 1.71) at the end of the year.

Other group companies

Catena Operations Limited

Profit before tax amounted to EUR 17.39 million (2015: EUR 8.53). Profit after tax amounted to EUR 11.23 million (2015: EUR 5.53). Net equity as at year end amounted to EUR 20.15 million (2015: EUR 8.77). Subsequent to year end, a dividend of EUR 2.35 million was distributed to Catena Media p.l.c.

Molgan Ltd

Profit before tax amounted to EUR 0.08 million (2015: EUR 0.11). Profit after tax amounted to EUR 0.05 million (2015: EUR 0.07). Net equity as at year end amounted to EUR 0.12 million (2015: EUR 0.06).

Catena Media UK Limited

Profit before tax amounted to EUR 2.20 million (2015: EUR 0.16). Profit after tax amounted to EUR 1.76 million (2015: EUR 0.14). Net equity as at year end amounted to EUR 1.78 million (2015: EUR 0.11).

Catena Media doo Beograd

Profit before tax amounted to EUR 0.06 million. Profit after tax for the year amounted to EUR 0.06 million. Net equity as at year end amounted to EUR 0.06 million.

Significant risks and uncertainties

Regulatory risk

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

To manage this risk, the Group is active in regulated and unregulated markets and Catena Media's customer base is sufficiently diverse.

Reliance on third parties

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

Other risks

Apart from the above, the Directors further consider the below 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 the foreign exchange rates and interest rates.
- Liquidity risk being the risk of difficulties in obtaining funding to meet the Groups obligations when they fall due.
- Operational risk being the risk that the Group loses its ability to maintain efficient SEO and PPC capabilities

Further detail with respect to the above can be found on page 57 of this Annual Report.

Legal disputes and proceedings

This type of risk refers to the costs that may be incurred by Catena Media for pursuing various 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 2017 essentially mean that salaries and other terms of employment for the management will be at market levels. In addition to the fixed basic salary, the 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 (and in certain cases 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 for this in individual cases. This proposal is in line with the guidelines adopted during the 2016 Annual General Meeting.

Shares and ownership structure

The ownership structure of Catena Media p.l.c at 31 December 2016 included the following major shareholders; Optimizer Invest Ltd owning 15.97%, Aveny Ltd owning 9.93%, Pixel Wizard Ltd owning 7.97% and Öresund Investment AB owning 5.89% 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'. The offering, including the over-allotment option, was subscribed for in full and comprised a total of 29,580,990 shares, of which 7,273,000 shares were newly issued shares and 22,307,990 existing shares. The subscription price for the offering was SEK 33 per share and Catena Media received SEK 229.80 million corresponding to EUR 24.14 million in equity after issue costs.

The authorised and issued share capital of the Company, together with details of shares allotted during the year are shown in note 19 to these financial statements.

Annual general meeting

The Annual General Meeting will be held at 8.30 am on 28 April 2017 in Stockholm.

Dividend

The Company's long-term target is a dividend up to fifty percent of net profit. The Board has proposed to the 2017 Annual General Meeting that no dividend is paid for 2016.

Proposed allocation of the Company's profits

Funds of EUR 22.64 million available to the Annual General Meeting are carried forward.

Board of directors

The Board of Directors consists of:
Kathryn Moore Baker
(Chairperson of the Board)
Andre Andersen Lavold
Per Anders Henrik Persson Ekdahl
Anders Brandt
Mats Goran Alders
Yong-Nam Mathias Hermansson
(appointed 26 May 2016)
Mikael Sven Tarald Riese Harstad
(resigned 26 May 2016)

The Group's Head of Legal Louise Wendel was co-opted onto the Board as secretary as from the 28 November 2016. The previous secretary Erik Bergman resigned on the same date.

Statement of director's responsibilities for the financial statements

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Parent Company as at 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, 1995. 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 p.l.c for the year ended 31 December 2016 are included in the Annual Report 2016, which is published in hard-copy printed form and is 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 controls 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.

Approved by the Board of Directors on 4 April 2017, and signed on its behalf by:

Kathryn Moore Baker
Chairperson

Per Anders Henrik Persson Ekdahl
Director

Statements of Comprehensive Income

		Group		Company	
EUR, 000’	Notes	Jan–Dec 2016	Jan–Dec 2015	Jan–Dec 2016	29 May–31 Dec 2015
Continuing operations					
Revenue	5	40,049	14,939	–	–
Investment and related income	5	–	–	–	2,600
Total revenue		**40,049**	**14,939**	**–**	**2,600**
Direct costs related to Paid revenue		–7,209	–735	–	–
Personnel expenses	6	–6,113	–2,024	–147	–29
Depreciation and amortisation	12, 13	–1,037	–142	–	–
IPO related costs		–2,381	–1,166	–922	–
Other operating expenses	7	–4,663	–1,889	–127	–15
Total operating expenses		**–21,403**	**–5,956**	**–1,196**	**–44**
Operating profit/(loss)		**18,646**	**8,983**	**–1,196**	**2,556**
Interest payable on borrowings		–1,081	–10	–1,015	–
Other losses on financial liability at fair value through profit or loss		–500	–	–500	–
Finance income	8	444	6	539	–
Other non-operating income		–	20	–	–
Profit/(loss) before tax		**17,509**	**8,999**	**–2,172**	**2,556**
Tax expense	9	–1,367	–685	–	–700
Profit/(loss) for the year/period from continuing operations		**16,142**	**8,314**	**–2,172**	**1,856**
Discontinued operations					
Loss for the year/period from discontinued operations		–	–82	–	–
Other comprehensive income					
Currency translation differences		–79	–1	–	–
Profit/(loss) for the year/period – total comprehensive income		**16,063**	**8,231**	**–2,172**	**1,856**
Earnings per share attributable to the equity holders of the parent during the year/period (expressed in Euro per share)					
Basic earnings per share					
From continuing operations		0.319	0.201		
From discontinuing operations		–	–0.002		
From profit for the year/period	10	**0.319**	**0.199**		
Diluted earnings per share					
From continuing operations		0.313	0.200		
From discontinuing operations		–	–0.002		
From profit for the year/period	10	**0.313**	**0.198**		

The notes on pages 52 to 69 are an integral part of these financial statements.

Statements of Financial Position

		Group		Company	
EUR, 000’	Notes	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
ASSETS					
Non-current assets					
Goodwill	12	7,333	7,333	–	–
Other intangible assets	12	71,168	14,342	–	–
Property, plant and equipment	13	766	416	–	–
Investment in subsidiaries	14	–	–	214	55
Total non-current assets		**79,267**	**22,091**	**214**	**55**
Current assets					
Trade and other receivables	15	11,765	4,296	44,007	1,562
Deferred tax assets	22	1,397	1,127	–	–
Deferred listing costs		–	291	–	–
Cash and cash equivalents	16	44,713	1,529	31,648	97
Total current assets		**57,875**	**7,243**	**75,655**	**1,659**
TOTAL ASSETS		**137,142**	**29,334**	**75,869**	**1,714**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19	77	66	77	66
Share premium	19	25,741	1,000	26,271	1,000
Other reserves		5,378	5,073	457	62
Retained earnings/(accumulated losses)		22,639	6,497	–1,596	576
Total equity		**53,835**	**12,636**	**25,209**	**1,704**
Liabilities					
Non-current liabilities					
Borrowings	17	50,500	–	50,500	–
Trade and other payables	18	6,195	2,640	–	–
Deferred tax liabilities	22	2,171	1,032	–	–
Total non-current liabilities		**58,866**	**3,672**	**50,500**	**–**
Current liabilities					
Trade and other payables	18	22,480	10,692	160	10
Current tax liabilities		1,961	2,334	–	–
Total current liabilities		**24,441**	**13,026**	**160**	**10**
Total liabilities		**83,307**	**16,698**	**50,660**	**10**
TOTAL EQUITY AND LIABILITIES		**137,142**	**29,334**	**75,869**	**1,714**

The notes on pages 52 to 69 are an integral part of these financial statements.

The financial statements on pages 47 to 69 were approved and authorised for issue by the Board of Directors on 4 April 2017, and signed on its behalf by:

Kathryn Moore Baker
Chairperson

Per Anders Henrik Persson Ekdahl
Director

Statements of Changes in Equity – Group

EUR, 000’	Notes	Share capital	Other reserves	Share premium	Retained earnings	Non-controlling interest	Total equity
		Attributable to owners of the parent					
Balance at 1 January 2015		**1**	**–5**	**–**	**1,261**	**5**	**1,262**
Comprehensive income							
Profit for the year		–	–	–	8,231	–	8,231
Foreign currency translation movement		–	–1	–	–	–	–1
Total comprehensive income for the year		**–**	**–1**	**–**	**8,231**	**–**	**8,230**
Transactions with owners							
Issue of share capital (before reorganisation)	19	–	5,000	–	–	–	5,000
Issue of share capital (after reorganisation)	19	66	–	1,000	–	–	1,066
Dividends distributed during the year	21	–	–	–	–2,995	–	–2,995
Equity-settled share-based payments	11	–	74	–	–	–	74
Total transactions with owners		**66**	**5,074**	**1,000**	**–2,995**	**–**	**3,145**
Adjustments relating to reorganisation							
Reorganisation of the Group	20	–1	–	–	–	–	–1
Disposal of subsidiary		–	5	–	–	–5	–
Total adjustments relating to reorganisation		–1	5	–	–	–5	–1
Balance at 31 December 2015		**66**	**5,073**	**1,000**	**6,497**	**–**	**12,636**
Comprehensive income							
Profit for the year		–	–	–	16,142	–	16,142
Foreign currency translation movement		–	–79	–	–	–	–79
Total comprehensive income for the year		**–**	**–79**	**–**	**16,142**	**–**	**16,063**
Transactions with owners							
Issue of share capital	19	11	–	24,741	–	–	24,752
Equity-settled share-based payments	11	–	148	–	–	–	148
Capital contribution		–	236	–	–	–	236
Total transactions with owners		**11**	**384**	**24,741**	**–**	**–**	**25,136**
Balance at 31 December 2016		**77**	**5,378**	**25,741**	**22,639**	**–**	**53,835**

The notes on pages 52 to 69 are an integral part of these financial statements.

Statements of Changes in Equity – Company

EUR, 000'	Notes	Share capital	Other reserves	Share premium	Retained earnings	Total equity
Comprehensive income						
Profit for the period		–	–	–	1 856	1 856
Total comprehensive income for the period		**–**	**–**	**–**	**1 856**	**1 856**
Transactions with owners						
Issue of share capital	19	66	–	1 000	–	1 066
Dividends distributed during the period	21	–	–	–	–1 280	–1 280
Equity-settled share-based payments	11	–	62	–	–	62
Total transactions with owners		**66**	**62**	**1 000**	**–1 280**	**–152**
Balance at 31 December 2015		**66**	**62**	**1 000**	**576**	**1 704**
Comprehensive income						
Loss for the year		–	–	–	–2 172	–2 172
Total comprehensive income for the year		**–**	**–**	**–**	**–2 172**	**–2 172**
Transactions with owners						
Issue of share capital	19	11	–	25 271	–	25 282
Equity-settled share-based payments	11	–	159	–	–	159
Capital contribution		–	236	–	–	236
Total transactions with owners		**11**	**395**	**25 271**	**–**	**25 677**
Balance at 31 December 2016		**77**	**457**	**26 271**	**–1 596**	**25 209**

The notes on pages 52 to 69 are an integral part of these financial statements.

Statements of Cash Flows

		Group		Company	
EUR, 000'	Notes	Jan–Dec 2016	Jan–Dec 2015	Jan–Dec 2016	29 May–31 Dec 2015
Cash flows from operating activities					
Profit/(loss) before tax including discontinued operations		17,509	8,916	–2,172	2,556
Adjustments for:					
Loss on disposal/acquisition		–	78	–	–
Depreciation and amortisation		1,037	142	–	–
Impairment of receivables		89	32	–	–
Unrealised exchange differences		–553	–	–539	–
Interest expense		1,015	10	1,015	–
Interest income		–	–6	–	–
Net losses on financial liability at fair value through profit or loss		500	–	500	–
Share based payments		148	–	–	–
Dividend income		–	–	–	–2,000
Tax refund receivable		–	–	–	–600
		19,745	**9,172**	**–1,196**	**–44**
Changes in:					
Trade and other receivables		–7,560	–2,040	–91	–671
Trade and other payables		–306	1,238	1,982	9
Cash generated from/(used in) operating activities		**11,879**	**8,370**	**695**	**–706**
Interest received		–	6	–	–
Taxation paid		–811	–	–	–
Net cash generated from/(used in) operating activities		**11,068**	**8,376**	**695**	**–706**
Cash flows used in investing activities					
Acquisition of property, plant and equipment		–408	–375	–	–
Acquisition of intangible assets		–40,563	–3,863	–	–
Net payments on behalf of subsidiary		–	–	–42,354	–
Net cash upon disposal/acquisition		–	–21	–	–
Dividend received		–	–	–	2,000
Net cash (used in)/generated from investing activities		**–40,971**	**–4,259**	**–42,354**	**2,000**
Cash flows from financing activities					
Issuance of share capital		24,208	66	24,208	66
Dividends paid		–	–2,995	–	–1,280
Net proceeds on issue of bond	17	49,100	–	49,100	–
Repayment of loans		–	–223	–	–
Contribution from shareholders		–	–	236	–
Proceeds from share warrants		–	17	–	17
Interest paid		–873	–10	–873	–
Net cash (used in)/generated from financing activities		**72,435**	**–3,145**	**72,671**	**–1,197**
Net movement in cash and cash equivalents		42,532	975	31,012	97
Cash and cash equivalents at beginning of year/period		1,529	554	97	–
Currency translation differences		652	3	539	–
Cash and cash equivalents at end of year/period	16	**44,713**	**1,529**	**31,648**	**97**

The notes on pages 52 to 69 are an integral part of these financial statements.

Notes to the consolidated financial statements

Note 1 Reporting entity

Catena Media p.l.c. (the "Company") is a limited liability company and is incorporated in Malta.

The consolidated financial statements include the financial statements of Catena Media p.l.c and its subsidiaries, (together, the "Group" or "Catena Media").

Note 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.

Basis of preparation

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

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

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, 1995. 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).

The financial statements incorporate the results of Catena Operations Limited and its subsidiaries Molgan Limited, Catena Media UK Limited and Catena Media doo Beograd.

Standards, interpretations and amendments to published standards effective in 2016

In 2016, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2016. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Group's accounting periods beginning after 1 January 2016. 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, with the possible exception of IFRS 9, IFRS 15 and IFRS 16, there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is considering the implications of the standard and its impact on the Group's financial results and position, together with the timing of its adoption.

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. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

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 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; an optional exemption is available for certain short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on 1 January 2019 and earlier application is permitted, subject to endorsement by the EU, and subject to the Group also adopting IFRS 15. The Group is assessing the impact of IFRS 16.

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.

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 Euro which is Catena Media p.l.c'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

Two of the group companies Catena Media UK Limited and Catena Media doo Beograd have a different functional and presentation currency. Catena Media UK Limited uses the Great Britain Pound as its functional and presentation currency whilst Catena Media doo Beograd uses Serbian Dinars 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 when the amount of revenue can be reliably measured, and it is probable that the economic benefits will flow to the entity.

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 directed to gaming operators as well as advertising fees charged to gaming operators who want additional exposure on the Group's websites. The commission takes the form of:

Revenue share

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

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 assets 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.

The estimated useful lives are as follows:

• Domains and websites	indefinite
• Player databases	3 years
• Other intellectual property	3 – 4 years

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.

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 are as follows:

• Computer equipment	4 years
• Furniture and fixtures	10 years

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

Financial instruments

The Group classifies its financial assets as loans and receivables. 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 recognises loans and receivables on the date that they are originated and the Group becomes a party to the contractual provisions of the instrument. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

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 in 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 - measurement

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", whilst the related interest expenses are reported within "Interest payable on borrowings".

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, 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 recovery of 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.

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 cash-generating unit ('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.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in 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.

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.

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.

Note 3 Financial risk management

Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Financial risk factors

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

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

Credit risk

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

	Group		Company	
EUR, 000'	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Loans and receivables				
Trade and other receivables (note 15)	11,765	4,296	44,007	1,562
Cash and cash equivalents (note 16)	44,713	1,529	31,648	97
Total loans and receivables	**56,478**	**5,825**	**75,655**	**1,659**
Prepayments and other receivables not subject to risk	–1,293	–649	–635	–603
Net amounts exposed to credit risk	**55,185**	**5,176**	**75,020**	**1,056**

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. The Group does not hold any collateral as security in this respect.

Cash and cash equivalents are held both with a leading local financial institution and other financial institutions based outside Malta. Credit ratings as per international rating agency Fitch are as follows:

Credit Rating

	Carrying amounts	
EUR, 000’	31 Dec 2016	31 Dec 2015
A+	32,156	–
BBB	12,193	–
BBB-	73	–
BBB+	–	1,517
	44,422	**1,517**

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 usually extends 30-day credit to its customers. The Group regularly monitors the credit extended to its customers and assesses the credit quality of its customers taking into account financial position, past experience and other factors. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Group’s receivables, taking into account historical experience in collection of accounts receivable.

The Group manages credit limits and exposures actively and in practicable manner such that past due amounts receivable from customers are within controlled parameters. The Group’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. Management does not expect any material losses from non-performance by these customers.

Trade and other receivables are assessed to determine whether there is objective evidence that an impairment loss has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

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.

Impaired trade receivables principally relate to customers for which reconciliations are in progress and to a much lesser extent to customers from which the Group has received limited response as at date of reporting. The Group, on the basis of historical patterns in such instances, expects that a significant portion of these receivables will be recovered and has recognised impairment losses of EUR 0.12 million (2015: EUR 0.03). The ageing of these impaired receivables is as follows:

Group	Carrying amounts
EUR, 000’	31 Dec 2016
1–60 days	703
61–120 days	345
More than 120 days	278
	1,326

Movements in the provision for impairment of trade receivables is as follows:

Group	Carrying amounts	
EUR, 000’	31 Dec 2016	31 Dec 2015
At 1 January	32	–
Provision for impairment recognised during the year	89	32
At 31 December	**121**	**32**

As at 31 December 2016, trade receivables of EUR 1.74 million were past due but not impaired. These related to a number of customers for whom there is no recent history of default. Categorisation of receivables as past due is determined by the Group on the basis of the nature of the credit terms in place and the credit arrangements actually utilised in the managing exposures with customers.

The ageing analysis of these trade receivables is as follows:

Group	Carrying amounts
EUR, 000’	31 Dec 2016
1–60 days	716
61–120 days	612
More than 120 days	413
	1,741

During the previous financial year, the Group’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. These were analysed as follows:

Group	Carrying amounts
EUR, 000’	31 Dec 2016
2 months	624
3 months	310
4 months	145
5 months and over	173
	1,252

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 (note 18).

Trade and other payables include amounts committed on acquisition amounting to EUR 26.94 million as at 31 December 2016 (2015: EUR 10.82). A portion of the amounts committed on acquisition, amounting to EUR 14.97 million, depend on the achievements of target earnings and thus 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 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 Group’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.

EUR, 000'	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Total
At 31 December 2016				
Borrowings	3,375	3,375	53,375	60,125
Amounts committed on acquisitions	20,741	6,195	–	26,936
Trade payables	969	–	–	969
	25,085	**9,570**	**53,375**	**88,030**
At 31 December 2015				
Amounts committed on acquisitions	8,182	2,640	–	10,822
Trade payables	1,242	–	–	1,242
	9,424	**2,640**	**–**	**12,064**

Market risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group'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 Kroner (SEK), Norwegian Kroner (NOK), United States Dollar (USD), Great Britain Pound (GBP) and Serbian Dinars (RSD).

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. Foreign currency exposure for the operations in Malta is limited since more than 74% of the Group's revenue stream is attributable to EUR, and so is the main part of its costs. In the case of the UK operation, the revenue stream is predominately receivable in EUR but its costs are mainly incurred in GBP, whilst the Serbian operation's costs are incurred in Serbian Dinars. As a result, this exposes the Group to currency fluctuations between EUR and GBP and EUR and RSD.

The net exposure to currency risk with respect to other foreign currencies is not considered to be material and accordingly a sensitivity analysis for foreign exchange risk disclosing how profit or loss would have been impacted by changes in these foreign exchange rates is not deemed necessary.

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 risk arises mainly from non-current borrowings at variable rates. During 2016 (2015: nil) the Group's borrowings at variable rates were mainly denominated in Euros and comprised of debt securities issued during the current 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 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Variable rate borrowings (note 17)	50,000	–	50,000	–

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst 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.

On 11 February 2016, 7,273,000 shares were issued on listing. The subscription price for the offering was SEK 33 per share and Catena Media received SEK 229.80 million corresponding to EUR 24.14 million in equity after issue costs.

The capital structure of the Company and the Group consist of equity attributable to equity holders comprising issued share capital, other reserves and retained earnings.

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 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 1 as at 31 December 2016.

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 18 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.

Had a higher/lower discount rate 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 2016 and 2015, 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 of the relatively short period of time between the origination of the instruments and their expected realisation.

Note 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 which 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, whilst 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 payable amounting to EUR 26.94 million is an amount of EUR 14.97 million relating to contingent consideration as at 31 December 2016 (2015: EUR 10.82). Out of the total contingent consideration, EUR 8.78 million (2015: EUR 8.18) falls due within one year. The maximum amount that could be payable in relation to contingent consideration is EUR 22.37 million.

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. Estimates made in the current and preceding financial year have been achieved and no adjustments have been made to the carrying amount of the recognised contingent consideration.

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 as to 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 to be made in respect of 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.

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 is included in note 12.

Note 5 Revenue

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

- Generating organic traffic by search engine optimisation (SEO), including acquisitions
- Paid media by using pay-per-click (PPC) media channels

The SEO traffic contributed to all of the Group's revenue up until end of October 2015. The paid media revenues were added in November 2015 following the strategic acquisition of Catena Media UK Ltd ("RCM").

All revenue generated from the various acquisitions and through the different marketing methodologies is being treated as one cash generating unit and accordingly as one revenue segment.

The revenue of the Company in the previous financial period mainly consisted of the dividend earned from its subsidiary Catena Operations Limited. No dividends were received during the financial year ended 31 December 2016.

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

	Group		Company	
EUR, 000'	2016	2015	2016	29 May –31 Dec 2015
Search revenue	29,423	13,862	–	–
Paid revenue	10,626	1,077	–	–
Investment and other related income	–	–	–	2,600
	40,049	**14,939**	**–**	**2,600**

Note 6 Personnel expenses

Personnel expenses incurred during the year are analysed as follows:

	Group		Company	
EUR, 000'	2016	2015	2016	29 May –31 Dec 2015
Directors' emoluments	147	220	147	27
Salaries and wages	4,349	1,225	–	–
Social security contribution	1,469	512	–	–
Share based payments	148	67	–	2
	6,113	**2,024**	**147**	**29**

Average number of employees by the Group and Company during the year was 139 (2015: 37) and 2 (2015: nil) respectively. The salaries and wages relating to the employees of the Company were borne by a subsidiary undertaking.

CEO and other members of Executive management

Remuneration to the CEO comprises fixed salary, variable salary, participation in the share option program and other benefits. The variable salary can amount to a maximum of 25% of fixed salary, based on the Group's revenue, earnings and other KPIs. The CEO was granted 450,000 share options during 2015.

In the event of termination of employment at the initiative of the Company, the period of notice is 12 months. Apart from the salary and other benefits during the period of notice, no severance pay will be issued to the CEO in the event of termination of employment at the initiative of the Company.

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

- Louise Wendel (Head of Legal) – employed on 5 September 2016
- Anne Rhenman (Head of Investor Relations and Communications) – employed on 19 September 2016

EUR, 000'	Fixed salary	Variable salary	Other benefits	Total remuneration and other benefits
2016				
Robert Andersson CEO	170	14	65	249
Other members of Executive management	91	–	–	91
2015				
Robert Andersson CEO	111	–	20	131
Other members of Executive management	–	–	–	–

Note 7 Other operating expenses

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

	Group		Company	
EUR, 000'	2016	2015	2016	29 May –31 Dec 2015
SEO support costs	1,060	328	–	–
Professional fees	721	411	22	11
HR and recruitment costs	632	280	–	–
Rent	549	162	–	–
Corporate and investor relations costs	320	105	–	–
Movement in debtors' impairment provision	89	32	–	–
General office and administration costs	387	89	–	–
Other expenses	905	482	105	4
	4,663	**1,889**	**127**	**15**

Fees charged by the auditor for services rendered during the financial period ended 31 December 2016 and the preceding period are shown in the table below.

	Group		Company	
EUR, 000'	2016	2015	2016	29 May –31 Dec 2015
Annual statutory audit	80	56	6	6
Tax advisory and compliance services	22	116	–	1
Other assurance services	46	20	–	–
Other non-audit services	183	354	–	–
	331	**546**	**6**	**7**

Note 8 Finance income

Finance income comprises foreign currency exchange differences.

Note 9 Tax expense

The tax charge for the year/period is comprised of the following:

EUR, 000’	Group 2016	Group 2015	Company 2016	Company 29 May –31 Dec 2015
Current tax expense	498	885	–	700
Deferred tax expense	869	–200	–	–
	1,367	**685**	**–**	**700**

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/period and the result of the accounting profit multiplied by the effective tax rate applicable in Malta, are reconciled as follows:

EUR, 000’	Group 2016	Group 2015	Company 2016	Company 29 May –31 Dec 2015
Profit/(loss) before tax	17,509	8,999	–2,172	2,556
Tax calculated at domestic rates applicable to profits in respective countries	1,206	455	–760	895
Tax effect of:				
– expenses not deductible for tax purposes	200	10	949	15
– income not subject to tax	–27	–	–189	–210
– adjustment to temporary differences	–	–98	–	–
– impact of dividends prior to reorganisation	–	332	–	–
– Other	–12	–14	–	–
	1,367	**685**	**–**	**700**

Note 10 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 2016	Group 2015
Profit from continuing operations (€)	0.319	0.201
Loss from discontinuing operations (€)	–	–0.002
Total	**0.319**	**0.199**
Weighted average number of ordinary shares in issue	50,610,545	41,406,453

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 and share warrants. 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 share options. The number of shares as calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group 2016	Group 2015
Profit from continuing operations (€)	0.313	0.200
Loss from discontinuing operations (€)	–	–0.002
Total	**0.313**	**0.198**
Weighted average number of ordinary shares in issue	50,610,545	41,406,453
Adjustments for share options and warrants	953,308	176,406
Weighted average number of ordinary shares for diluted earnings per share	51,563,853	41,582,859

Note 11 Share-based payments

Share options and warrants are granted to directors and to select employees. In the preceding financial year the Company granted share warrants to three members of the Board to purchase a total of 273,825 warrants. No further share warrants were granted during 2016. Furthermore, the Group also entered into share option agreements with six (2015: eight) of its employees, and committed a total of 145,000 shares (2015: 1,138,010).

The average exercise price of the granted warrants is equal to EUR 3.73. The average exercise price of options granted during the current financial year is equal to EUR 7.93 for 6 option arrangements. The average exercise price of options granted in the preceding financial year was equal to EUR 1.57 for 8 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 in which they have been 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:

	2016 Average exercise price in € per warrant	2016 Warrants no.	2015 Average exercise price in € per warrant	2015 Warrants no.
At 1 January	3.73	273,825	–	–
Granted	–	–	3.73	273,825
At 31 December	**3.73**	**273,825**	**3.73**	**273,825**

Out of the 273,825 (2015: 273,825) outstanding warrants, none of the warrants were exercisable at 31 December 2016 (2015: nil).

The weighted average fair value of warrants granted during the preceding financial year determined using the Black & Scholes valuation model was EUR 0.0325 per share under warrant. The significant inputs into the model were weighted average share price of EUR 1.823 at the grant date, exercise price shown above, volatility of 25%, an expected warrant 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 warrants outstanding at the end of the year have the following expiry date and exercise prices:

	Expiry date	Exercise price in € per warrant	Share warrants
Grant date			
June 2015	Jan 2019	3.56	182,550
September 2015	Mar 2019	4.08	91,275
			273,825

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

	2016 Average exercise price in € per option	2016 Options no.	2015 Average exercise price in € per option	2015 Options no.
At 1 January	1.57	1,138,010	–	–
Granted	7.93	145,000	1.57	1,138,010
At 31 December	**2.29**	**1,283,010**	**1.57**	**1,138,010**

Out of the 1,283,010 (2015: 1,138,010) outstanding options, no options (2015: nil) were exercisable at 31 December 2016.

Valuation of share options for the year ended 31 December 2016
The weighted average fair value of options granted during the period determined using the Black & Scholes valuation model was EUR 0.6293 per share under option. The significant inputs into the model were weighted average share price of EUR 7.80 at 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 2015
The weighted average fair value of options granted during the period determined using the Black & Scholes valuation model was EUR 0.5320 per share under option. The significant inputs into the model were weighted average share price of EUR 1.834 at the grant date, exercise price shown above, volatility of 25%, 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			
Jun 2015	Jan 2019	1.12	450,000
Jul 2015	Jan 2019	1.83	327,150
Sep 2015	Mar 2019	1.83	60,000
Sep 2015	Mar 2019	2.06	43,620
Sep 2015	Mar 2019	1.83	60,000
Sep 2015	Mar 2019	1.83	110,000
Oct 2015	April 2019	2.06	43,620
Oct 2015	April 2019	1.83	43,620
Oct 2016	April 2020	7.93	145,000
			1,283,010

From the 1,283,010 shares granted under option agreements, the Group estimates that 30% of these will not be vested, resulting in a total of 898,107 shares committed. The effect of this was also taken into account in the statement of comprehensive income.

Note 12 Goodwill and other intangible assets

Goodwill

EUR, 000’	Group
Year ended 31 December 2015	
Balance at 1 January 2015	–
Acquisitions through business combinations (note 23)	7,333
Balance at 31 December 2015	**7,333**
Year ended 31 December 2016	
Balance at 1 January 2016	7,333
Balance at 31 December 2016	**7,333**

Other intangible assets

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 on the basis of the average historical value of the NDCs for the portfolio of the players acquired. 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.

				Group
EUR, 000'	**Domains and websites**	**Player databases**	**Other intellectual property**	**Total**
At 1 January 2015				
Cost	1,071	43	–	1,114
Additions	11,950	547	–	12,497
Acquisitions through business combinations (note 23)	–	–	900	900
Balance at 31 December 2015	**13,021**	**590**	**900**	**14,511**
Additions	55,068	2,298	367	57,733
Balance at 31 December 2016	**68,089**	**2,888**	**1,267**	**72,244**
Accumulated depreciation and impairment losses				
At 1 January 2015	**–65**	**–3**	**–**	**–68**
Amortisation charge	65	–116	–50	–101
Balance at 31 December 2015	**–**	**–119**	**–50**	**–169**
Amortisation charge	–	–590	–317	–907
Balance at 31 December 2016	**–**	**–709**	**–367**	**–1,076**
Carrying amounts				
At 31 December 2015	13,021	471	850	14,342
At 31 December 2016	**68,089**	**2,179**	**900**	**71,168**

Amortisation and impairment

Management has concluded that the acquired domains and websites are a single cash-generating unit for the purposes of IAS 36. This conclusion is based on the fact that the performance and cashflows of the different assets is dependent on those generated by other assets. Further, the discontinuing of one of the assets would not result in any overall leakage of customers.

As at 31 December 2016, the directors have evaluated goodwill, domains and websites for impairment. The directors are of the view that the carrying amount of domains amounting to EUR 68.09 million and goodwill amounting to EUR 7.33 million 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, amounting to EUR 7.33 million, was based on the market price of the ordinary shares which 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. The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2016, the budget for 2017 as confirmed by the entity's Board, the business plan for year 2018 – 2021 and an annual growth rate of 2% beyond that.

The projected cashflows were discounted by 15% after tax. The effective tax rate was estimated at 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.

Note 13 Property, plant and equipment

			Group
EUR, 000'	**Computer equipment and software**	**Fixtures and fixtures**	**Total**
Cost			
At 1 January 2015	53	33	86
Additions	216	158	374
Disposals	–2	–	–2
Acquisitions through business combinations (note 23)	8	–	8
Balance at 31 December 2015	**275**	**191**	**466**
Additions	347	136	483
Disposals	–2	–2	–4
Balance at 31 December 2016	**620**	**325**	**945**
Accumulated depreciation and impairment losses			
At 1 January 2015	**–7**	**–2**	**–9**
Depreciation	–32	–9	–41
Balance at 31 December 2015	**–39**	**– 11**	**–50**
Depreciation	–113	–17	–130
Disposals	–	1	1
Balance at 31 December 2016	**–152**	**–27**	**–179**
Carrying amounts			
At 31 December 2015	236	180	416
At 31 December 2016	**468**	**298**	**766**

Note 14 Investment in subsidiaries

On 1 January 2015, Catena Operations Limited, the previous parent company, transferred its investment in Paxo Finans AB, a subsidiary in which it previously held a 95% interest, to Catena Invest Ltd, a related company which is not included in the Group.

On 1 June 2015, the Company acquired a 100% shareholding in Catena Operations Limited from its previous five shareholders.

The table below reflects the subsidiaries of the company at the current and preceding year.

Company EUR, 000'	Consideration for subscribed capital	Capital contribution	Total
Year ended 31 December 2015			
Opening net book amount	–	–	–
Additions	1	54	55
Closing net book amount	**1**	**54**	**55**
Year ended 31 December 2016			
Opening net book amount	1	54	55
Additions	–	159	159
Closing net book amount	**1**	**213**	**214**

The capital contribution relates to the cost of share options granted to employees of 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	
			2016	2015	2016	2015
Catena Operations Limited	Malta	Ordinary shares	100	100	100	100
Molgan Ltd	Malta	Ordinary shares	99.9	99.9	–	–
Catena Media UK Limited	UK	Ordinary shares	100	100	–	–
Catena Media doo Beograd	Serbia	Ordinary shares	100	–	–	–

Note 15 Trade and other receivables

	Group		Company	
EUR, 000'	31 Dec 2016	31 Dec 2015	31 Dec 2016	29 May –31 Dec 2015
Trade receivables	9,616	3,603	–	–
Amounts owed by subsidiary	–	–	43,366	959
Amounts owed by other related parties	–	26	–	–
Prepayments and accrued income	566	49	35	3
Other receivables	1,583	618	606	600
	11,765	**4,296**	**44,007**	**1,562**

The amounts owed by subsidiary and other related parties are unsecured, interest free and repayable on demand.

Note 16 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 2016	31 Dec 2015	31 Dec 2016	29 May –31 Dec 2015
Cash in hand	1	–	–	–
Cash at bank	44,422	1,517	31,648	97
Cash held by financial intermediaries	290	12	–	–
	44,713	**1,529**	**31,648**	**97**

Note 17 Borrowings

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

The bond was issued on 16 September 2016 and was subsequently listed on NASDAQ Stockholm on 2 November 2016 at a price of €100. The fair value of the bond, which at the reporting date amounted to EUR 50.5 million, was determined by reference to the price quoted on the NASDAQ Stockholm website. Accordingly, the bond's fair value which had been previously categorised within the IFRS 13 fair value hierarchy as Level 2, was transferred to Level 1 as at 31 December 2016.

Note 18 Trade and other payables

	Group		Company	
EUR, 000'	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2016**	**29 May –31 Dec 2015**
Current				
Trade payables	969	1,242	13	6
Amounts committed on acquisitions	20,741	8,182	–	–
Amounts owed to other related parties	–	26	–	1
VAT payable	116	70	–	–
Accruals and deferred income	476	1,172	6	3
Bond interest liability	141	–	141	–
Other payables	37	–	–	–
Total current payables	**22,480**	**10,692**	**160**	**10**
Non-current				
Amounts committed on acquisition	6,195	2,640	–	–
Total non-current payables	6,195	2,640	–	–
Total payables	**28,675**	**13,332**	**160**	**10**

The amounts owed to other related parties are unsecured, interest free and repayable upon demand.

Amounts committed on acquisitions consist of contractual obligations upon purchase of intangible assets from third parties. Some of the obligations have a pre-determined value, whilst others include future payments whose value depends on target earnings.

Note 19 Share capital

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.

In the preceding financial year, during the period commencing on 1 January 2015 to 28 May 2015, prior to the Group reorganisation disclosed in note 20, Catena Operations Limited issued 254 ordinary shares with a nominal value of EUR 1 each at a premium of EUR 4,999,746.

On 29 May 2015, the Company was incorporated having 43,620,000 ordinary shares with a nominal value of EUR 0.0015 each, and on 1 June 2015, the Company acquired a 100% shareholding in Catena Operations Limited from its previous five shareholders. Subsequently, the Company issued 552,152 ordinary shares with a nominal value of EUR 0.0015 each at a premium of EUR 999,793 to a third party, in part consideration for the acquisition of intangible assets.

Details of share capital for the Company as at 31 December 2016:

EUR, 000'	**31 Dec 2016**
Authorised, issued and fully paid	
51,445,333 ordinary shares of €0.0015 each	77

Details of share capital for the Company as at 31 December 2015:

EUR, 000'	**31 Dec 2015**
Authorised, issued and fully paid	
44,172,152 ordinary shares of €0.0015 each	66

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.

Note 20 Group reorganisation

On 1 June 2015, the Company acquired 100% of the share capital of Catena Operations Limited for cash consideration of EUR 1,454. Catena Operations Limited's shareholders prior to this transaction became shareholders of the Company, and this reorganisation has been recognised in accordance with the accounting policy applicable to such transactions.

The following table summarises the consideration paid by the Company and the amounts of assets acquired, and liabilities assumed, that were recognised in the consolidated statement of financial position as at 1 June 2015, being the date of the legal reorganisation:

EUR, 000'	
Cash consideration	1
Total consideration transferred	**1**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intangible assets	6,643
Property, plant and equipment	133
Investment in subsidiary	1
Trade and other receivables	1,533
Cash and cash equivalents	398
Trade and other payables	–2,290
Total net assets acquired	**6,418**
Equity adjustment	
Retained earnings	–1,417
Share premium reclassified to other reserves on re-organisation	–5,000
	1

Note 21 Dividends

The dividends paid in the preceding financial year are disclosed below.

Dividends distributed prior to group reorganisation

Period covered	Date paid	Net dividend paid (€'000)	Dividend per share (€)	Shares entitled to dividends during the period (no. of shares)
28 Feb 2015	23 Apr 2015	150	125.10	1,199
31 Mar 2015	05 May 2015 27 May 2015 22 Jun 2015	1,000	687.76	1,454
30 Apr 2015	19 May 2015	366	251.46	1,454
30 May 2015	22 Jun 2015	200	137.55	1,454
Total		**1,716**		

Dividends distributed after the group reorganisation

The dividends distributed below cover the period from 1 June 2015 to 31 December 2015, after the reorganisation disclosed in note 20:

Period covered	Date paid	Net dividend paid (€'000)	Dividend per share (€)	Shares entitled to dividends during the period (no. of shares)
30 June 2015	31 July 2015	730	0.0167	43,620,000
31 July 2015	1 Aug 2015	500	0.0113	44,172,152
30 Sep 2015	10 Dec 2015	50	0.001125	44,172,152
Total		**1,280**		

Note 22 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 2016	Recognised in profit and loss	Balance at 31 Dec 2016
Deferred tax assets			
Unremitted earnings of subsidiary	–1,127	–6	–1,133
Unutilised tax losses	–	–264	–264
Other	–	–	–
	–1,127	**–270**	**–1,397**
Deferred tax liabilities			
Property, plant and equipment	10	–6	4
Intangible assets	1,022	1,151	2,173
Provision for bad debts	–	–6	–6
	1,032	**1,139**	**2,171**
Net movement	**–95**	**869**	**774**

Group EUR, 000'	Balance at 1 Jan 2015	Recognised in profit and loss	Balance at 31 Dec 2015
Deferred tax assets			
Unremitted earnings of subsidiary	–	–1,127	–1,127
	–	**–1,127**	**–1,127**
Deferred tax liability			
Property, plant and equipment	3	7	10
Intangible assets	106	916	1,022
Other	–4	4	–
	105	**927**	**1,032**
Net movement	**105**	**–200**	**–95**

Note 23 Business combinations

On 23 October 2015, the Group acquired 100% of the share capital of Right Casino Media Limited ("RCM") in the UK. RCM specialises in PPC (Pay Per Click), is based in London, focuses primarily on the UK market, and continued to operate under the name Catena Media UK Limited.

The Group acquired RCM for a cash consideration of USD 3 million (EUR 2.73 million) and a contingent consideration of USD 6 million (EUR 5.35 million). USD 1.5 million (EUR 1.37 million) was paid upon the contract date and USD 1.5 million (EUR 1.36 million) was paid on 1 March 2016.

At the time of the acquisition the largest shareholders Optimizer, Aveny and Pixel, the guarantors, agreed to unconditionally settle the second instalment of the purchase price of RCM, if Catena Media defaulted.

Details of net assets acquired and goodwill are as follows:

EUR, 000'	On acquisition
Purchase consideration:	
- Cash	2,726
- Contingent consideration	5,354
- Other	173
Total purchase consideration	**8,253**
Fair value of net assets acquired (see below)	–920
Goodwill	**7,333**

The determined fair value of assets and liabilities arising from the acquisition, are listed in the table below.

EUR, 000'	Fair value
Player accounts and other intellectual property	950
Property, plant and equipment	5
Trade and other receivables	358
Cash and cash equivalents	108
Trade and other payables	–462
Tax payable	–39
Net liabilities acquired	**920**

The determined fair value of the acquired trade and other receivables amounted to EUR 0.36 million. The gross contractual amounts are equal to their fair value. All the receivable amount was expected to be collected as at the date of the acquisition.

The revenue included in the consolidated statement of comprehensive income since 1 November 2015, contributed by Catena Media UK Limited, was EUR 0.93 million and profit for the period amounted to EUR 0.16 million.

Based on the information provided from the predecessor owners, had Catena Media UK Limited been consolidated from 1 January 2015, the consolidated revenue would have approximately included an additional EUR 1.50 million in revenue and an additional EUR 0.17 million in profit.

Note 24 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'	2016	2015	2016	29 May –31 Dec 2015
(a) Sales of services				
– Entities under common control	–	1,360	–	–

	Group		Company	
EUR, 000'	2016	2015	2016	29 May –31 Dec 2015
(b) Key management personnel				
– Directors' fees	147	29	147	29
– Directors' remuneration	–	193	–	–
– Executive management	340	131	–	–
– Loan repayment to	–	223	–	–
– Share based payments (note 9)	148	74	159	62
(c) Other related party transactions				
– Dividends distributed, net	–	2,995	–	1,280
– Purchases of services				
– Entities under common control	–	61	–	–
– Entities with significant shareholding*	1,369	–	–	–
– Loan repayment from:				
– Entities under common control	–	259	–	–

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

Note 25 Events after the reporting period

On 9 January 2017, 440,669 new shares in the Company 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 as part settlement of the upfront consideration due for the US acquisition, as referred to further in the directors' report.

On 10 February 2017, Catena Media acquired the assets of the Swedish focused casino affiliate, Slotsia.com. The purchase price amounted to an upfront payment of EUR 3.58 million which is being paid as a cash consideration in conjunction with the transfer of assets. Additional earn-out payments can amount to a maximum of EUR 5 million, and are based on the revenue performance over a period of two years.

Note 26 Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance with requirements of the Companies Act, 1995. An amount of EUR 0.80 million previously netted against deferred tax liability was reclassified to deferred tax assets during the current year. In addition, an amount of EUR 0.33 was reclassified to deferred tax assets from trade and other receivables, to conform with the current year's presentation.

Independent auditor's report

To the Shareholders of Catena Media p.l.c

Report on the audit of the financial statements

Our opinion

In our opinion:

- Catena Media p.l.c'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 2016, 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).

What we have audited

Catena Media p.l.c's financial statements, set out on pages 47 to 69, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2016;
- the Consolidated and Parent Company statements of comprehensive income for the year then ended;
- 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.

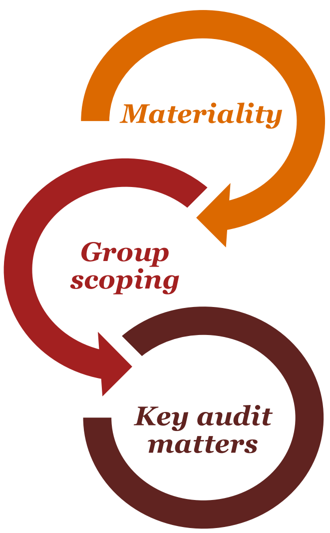
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the 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 (Capt. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall group materiality: €875 thousand, which represents 5% of 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 statements
- Assessment of the impairment of receivables for the Group

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	€875 thousand
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €44 thousand 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 judgment, 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) Assessment of impairment

Goodwill with a carrying amount of €7.3 million, and other intangible assets, having a carrying amount of €71.2 million as at 31 December 2016, 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 could allocate and assess goodwill, which is referred to as a cash generating unit ("CGU"). Management considers that the Group operates as one CGU.

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 based on Catena's estimated weighted average cost of capital. The cash flow projections were based on the Group's budget for 2017, the Group's

We evaluated the suitability and appropriateness of the impairment methodology applied, including the determination of the CGU, 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. Furthermore, management's cash flow forecasts were critically assessed, and agreed to the most recent business plan approved provided by the Group.

Our independent valuation experts also critically assessed the discount rate and long-term growth rate assumptions by benchmarking the underlying inputs in the calculation to market data and other estimates. We concluded that the parameters applied by Catena are reasonable. We also critically 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, a significant deterioration in performance, or variation to the discount

Key audit matter	How our audit addressed the Key audit matter
business plan for 2018-2021, and an annual growth rate of 2% beyond that period. Further information is provided in notes 4.2 and 12 to the financial statements. The assumptions supporting the underlying forecast cash flows reflect significant judgements as these are affected by unexpected future market or economic conditions. 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.	factor or long-term growth rate, would need to occur for impairment to result. We determined that a movement in these key assumptions of this magnitude is unlikely. Our discussions with the Audit Committee in respect of this key audit matter focused on the identification of one CGU, the key assumptions, and the outcome of our sensitivity analysis. During these discussions, management confirmed their view that the forecasts remained appropriate. The appropriateness of disclosures made in relation to the impairment assessment of goodwill and intangible assets was also reviewed.
b) Basis of accounting for acquisition of intangible assets	
During the current financial year, the Group acquired intangible assets, primarily comprising competitor assets amounting to €57.72 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 4.1, 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 consideration are reflected in the statement of financial position. The Group's acquisitions primarily comprise domains and websites and player databases. As described in note 12.2 to the financial statements, management applies a valuation process in allocating the consideration paid to the asset components acquired. The value of player databases is determined with reference to traffic generated by players existing at the point of acquisition, and the value attributed to domains and websites is the residual. Where other less significant components were identified in certain transactions, these were based on estimated replacement value. Whereas player databases are assumed to have a finite life of three years, domains and websites have an indefinite useful life, and are assessed for impairment as described above.	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 specialists, included discussions with management on the process undertaken to identify the underlying intangible assets, an evaluation of the suitability and appropriateness of the valuation approach and methodology applied, as well as re-performance of the underlying calculations. In respect of the determination of the contingent price payable on the acquisition of intangible assets, our work included the consideration of the forecast cash flows expected to be generated by the acquired intangible assets, based on forecast revenue metrics as well as actual revenues generated since acquisition. We further assessed the reliability of management's estimates by comparing amounts paid on acquisitions fully executed during the year against estimates originally reflected on recognition, and no material adjustments were identified. We further challenged the appropriateness of the useful economic life attributed to the acquired intangible assets with reference to market practices. Our discussions with the Audit Committee in respect of this key audit matter focused on the judgement applied in the assets valuation process, the methodologies applied as well as the determination of useful life. During these discussions, management and the Audit Committee confirmed their view on the bases for the assets recognised as well as the key assumptions and underlying methodologies. The appropriateness of disclosures made in relation to intangible assets acquired was also reviewed.

Key audit matter	How our audit addressed the Key audit matter
Assessment of the impairment of receivables for the Group	
Trade receivables were significant as at 31 December 2016, representing 18% of the Group's net assets. The assessment of the impairment of receivables is inherently uncertain, and the element of subjectivity is higher for a fast-growing Group with limited historical experience for collections. As disclosed in note 3.2.1 to the financial statements, trade receivables which were past due amounted to €3.07m as at the year-end. Judgement is applied in determining the basis for impairment and the appropriate parameters used to calculate the impairment provision, and therefore this assessment was identified as a key audit matter. Management's impairment assessment was primarily based on a categorisation of receivables by credit risk, with reference to an analysis of overdue balances, operators' financial standing, correspondence with customers, and other qualitative factors. Management considers that the provision for impairment is adequate based on the detailed assessment that was undertaken.	We evaluated the robustness of management's impairment exercise by selecting a sample of overdue receivables and examining supporting documentation that was available to justify management's credit risk assessment. The aged analysis used in management's impairment assessment was tested for appropriate allocation of invoices due to the relevant time buckets. As part of our broader work on revenue and receivables, we tested underlying amounts billed to third party websites, and considered the results of the response to amounts circularised. Where such response was not forthcoming for the sample selected, alternative procedures were performed. We challenged management on the impairment risk provision attributed to the respective categories of overdue balances, primarily with reference to discussions with the credit collection team, consideration of communications with customers and settlement patterns during and after the period, as well as the extent of write-offs or corrections made by the Group during the year. Our discussions with management and the Audit Committee in respect of this key audit matter focused on the subjectivity of the impairment assessment, and the results of the work that we carried out. During these discussions, management confirmed their view that the impairment assessment remained appropriate. Whilst acknowledging that this is a judgemental matter, we found that management were able to provide explanations, and where relevant appropriate evidence, to support the basis for their impairment assessment. We also evaluated the adequacy of the Group's disclosures regarding trade receivables and credit risk.

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 parent company and its main subsidiary, Catena Operations Limited, are based in Malta, and the financial statements of these entities have been audited by the Group audit team. The Group includes another two subsidiaries, Catena Media UK Limited, registered in the United Kingdom, and Catena Media doo Beograd, registered in Serbia. These components were audited by the Group audit team by applying overall Group materiality, together with additional procedures performed on the consolidation. Molgan Limited, another Maltese registered company, was not considered to be material to the Group.

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 42 and 76 to 77 and the Directors' report on pages 43 to 46 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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 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 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 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 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 judgment 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the financial statements – continued

- 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 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 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, 1995 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.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Romina Soler
Partner
4 April 2017

Definitions

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

Adjusted earnings per share	Profit/loss for the period in relation to the average number of shares in issue and outstanding over the period.
Adjusted operating profit	Operating profit for the year adjusted for non-recurring listing costs.
Adjusted operating profit margin	Adjusted operating profit divided by revenue.
Adjusted profit before tax	Profit before tax adjusted for non-recurring listing costs.
Adjusted profit before tax margin	Adjusted profit before tax divided by revenue.
Board	The Board of Directors of the company.
Catena Media UK Limited (previously known as RCM)	Catena Media UK Limited, a company incorporated in the UK under the laws of England and Wales with registration number 07381409.
Company	Catena Media PLC, a company registered under the laws of Malta with registration number C 70858.
Earnings per share	Profit/loss for the period in relation to the average number of shares in issue over the period.
Equity/Assets ratio	Equity at the end of period in relation to total assets at the end of period.
Group/Catena media	The company and its subsidiaries.
NDC	New depositing customers.
PPC 'Pay Per Click'	Pay per click is a method for online marketing where search words are purchased from a search engine (e.g. Google) for a period of time, when a user searches for the term an advert is shown to the user.
Operating profit	Revenue less total operating expenses.
Operating profit margin	Operating profit divided by revenue.
ROI 'Return On Investment'	Return on investment.
SEO 'Search engine Optimisation'	Search engine optimization relates to creating and adjusting content and search terms on the company's websites in order to enable higher ranking on search engines.
Search revenues	Revenue from SEO related service offering.
Paid revenue	Revenue from pay-per-click (PPC) media channels.

Annual General Meeting and other information

Annual General Meeting
The Annual General Meeting of Catena Media plc for the financial year January 1 – December 31, 2016 will be held in Stockholm on Friday 28 April 2017, 8:30 am at Konferens Spårvagnshallarna, Birger Jarlsgatan 57A. 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:

	Date
Interim report January – March 2017	17 May, 2017
Interim Report January – June 2017	18 August, 2017
Interim Report January – September 2017	17 November, 2017
Year-end Report 2017	February 2018

Investor relations
Catena Media's Investor Relations department is responsible for providing relevant information to shareholders, investors, analysts, and the 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, www.catenamedia.com where it´s also possible to subscribe to press-releases and reports. Printed copies of the annual report are sent upon request.

Production: Catena Media in collaboration with Addira.
Print: åtta45

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