catenamedia

INTERIM REPORT SECOND QUARTER 2018

Interim Report January – June 2018

APRIL – JUNE 2018
(COMPARED WITH APRIL – JUNE 2017)

- Revenues increased by 73 percent and totalled EUR 26.1 million (15.1)
- EBITDA increased by 93 percent and totalled EUR 12.1 million (6.3), corresponding to an EBITDA margin of 46 percent (42)
- Adjusted EBITDA excluding non-recurring costs increased by 52 percent and totalled EUR 12.1 million (8.0), corresponding to an adjusted EBITDA margin of 46 percent (53)
- Net cash generated from operating activities was EUR 8.7 million (2.5)
- New Depositing Customers (NDCs) totalled 140,154 (91,222), an increase of 54 percent
- Earnings per share amounted to EUR 0.10 (0.10) before dilution
- Earnings per share amounted to EUR 0.10 (0.10) after dilution

JANUARY – JUNE 2018
(COMPARED WITH JANUARY – JUNE 2017)

- Revenues increased by 65 percent and totalled EUR 50.0 million (30.3)
- EBITDA increased by 67 percent and totalled EUR 22.5 million (13.5) corresponding to an EBITDA margin of 45 percent (44)
- Adjusted EBITDA excluding non-recurring costs increased by 58 percent and totalled EUR 24.5 million (15.5) corresponding to an adjusted EBITDA margin of 49 percent (51)
- Net cash generated from operating activities was EUR 19.0 million (6.5)
- New Depositing Customers (NDCs) totalled 273,476 (171,643), an increase of 59 percent
- Earnings per share amounted to EUR 0.19 (0.19) before dilution
- Earnings per share amounted to EUR 0.18 (0.18) after dilution

"The team and I are strongly motivated to take Catena Media to new heights."

Per Hellberg / CEO

APRIL–JUNE 2018	APRIL–JUNE 2018	APRIL–JUNE 2018	APRIL–JUNE 2018
73%	52%	54%	248%
EUR 26.1m	EUR 12.1m	140.2 thousand	EUR 8.7m
REVENUE GROWTH YOY	**ADJUSTED EBITDA GROWTH YOY**	**NDC GROWTH YOY**	**NET CASH OPERATING ACTIVITIES GROWTH YOY**

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

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

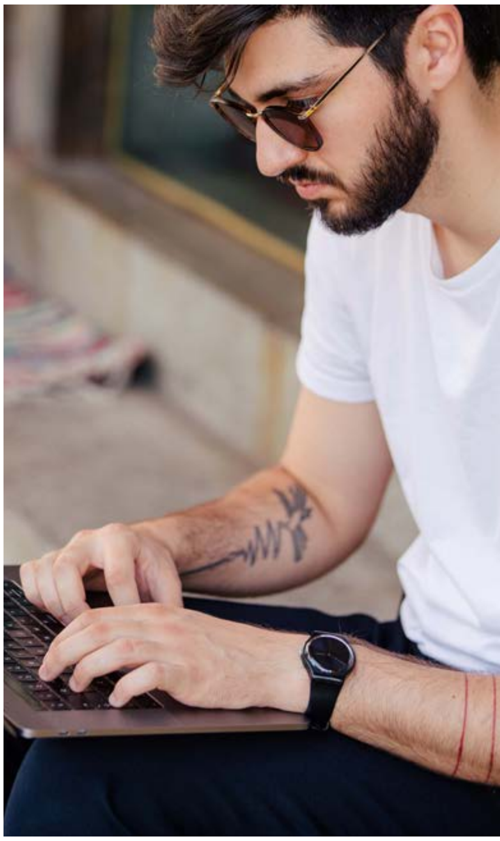
SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Increased number of shares and votes in CTM plc on 31 July
- CTM consolidates its lead in the financial vertical by acquiring the asset of premium Forex industry news website LeapRate.com
- CTM resolves upon a directed new issue of shares as payment for assets signed in May 2017, as well as in June 2018
- CTM resolves upon a directed new issue of shares as payment for assets in April 2018 and for the company´s incentive programs

CATENA MEDIA IN BRIEF

CATENA MEDIA PROVIDES COMPANIES WITH HIGH-QUALITY ONLINE LEAD GENERATION

Through strong organic growth and strategic acquisitions, Catena Media has, since 2012, established a leading market position with approximately 350 employees in the US, Australia, Japan, Serbia, the UK, Sweden, Italy and Malta (HQ). Total sales in 2017 reached EUR 67.7 million. The company is listed on Nasdaq Stockholm, Mid Cap.



Consolidated key data and ratios

Some financial measures presented in this interim report are not defined by IFRS. These measures will provide valuable additional information to investors and management for evaluating the financial performance and position of Catena Media. These measures, as defined on page 26 of this report, will not necessarily be comparable to similarly titled measures in other companies' reports. These non-IFRS measures should not be considered as substitutes to financial reporting measures prepared in accordance with IFRS. The alternative performance measures reported in the following tables are not defined by IFRS. More information as well as calculations of key ratios are found at www.catenamedia.com/investors/key-performance-indicators-definitions.

	April–June 2018	April–June 2017	**Jan–June 2018**	Jan–June 2017	Jan–Dec 2017
Financial measures defined by IFRS:					
Revenues (€ '000)	**26,109**	15,098	**49,959**	30,326	67,650
Earnings per share before dilution (€)	**0.10**	0.10	**0.19**	0.19	0.40
Earnings per share after dilution (€)	**0.10**	0.10	**0.18**	0.18	0.40
Number of outstanding shares at period's end before dilution (€ '000)	**54,703**	51,907	**54,435**	51,841	52,024
Number of outstanding shares at period's end after dilution (€ '000)	**58,439**	53,404	**58,171**	53,337	53,104
Alternative Performance Measures:					
EBITDA (€ '000)	**12,109**	6,273	**22,511**	13,488	32,637
EBITDA margin (%)	**46**	42	**45**	44	48
Adjusted EBITDA (€ '000)	**12,109**	7,954	**24,508**	15,512	36,139
Adjusted EBITDA margin (%)*	**46**	53	**49**	51	53
Effective tax rate (%)	**9.2**	8.5	**8.7**	7.8	7.8
NDC ('000)	**140**	91	**273**	172	386
Average shareholders' equity (€ '000)	**85,580**	56,184	**85,580**	56,184	69,568
Return on equity, rolling 12 months (%)	**25**	31	**25**	31	30
Equity to assets ratio (%)	**33**	29	**33**	29	36
Quick ratio (%)	**43**	132	**43**	132	67
Net interest-bearing liabilities (NIBL) (€ '000)	**133,848**	49,287	**133,848**	49,287	87,654
NIBL/EBITDA multiple	**3.21**	2.01	**3.21**	2.01	2.69
NIBL/adjusted EBITDA multiple	**2.97**	1.76	**2.97**	1.76	2.43
Net debt/equity ratio multiple (%)	**2.07**	2.47	**2.07**	2.47	1.78
Equity per share before dilution (€)	**2.09**	1.32	**2.10**	1.32	1.86
Equity per share after dilution (€)	**1.96**	1.29	**1.96**	1.29	1.83
Average number of employees	**318**	234	**302**	230	243
Employees at period-end/year-end	**346**	239	**346**	239	282
Revenue productivity ratio (€ '000)	**82**	65	**166**	132	278
Adjusted EBITDA productivity ratio (€ '000)	**38**	34	**81**	67	149

*Adjusted for non-recurring IPO and bond costs of EUR nil (1.7) in Q2 2018. Non-recurring costs for the period ended 30 June 2018 amounted to EUR 2.0m (2.0) whilst reorganisation costs amounted to EUR 0.1m (nil). Total IPO and bond costs and reorganisation costs for the year ended 31 December 2017 amounted to EUR 2.5m and EUR 1.0m respectively.

CEO Comments – Time to up our game in the US

In May, the Supreme Court declared to regulate the sports betting industry in the US, opening up for a huge new iGaming market. Catena Media already provides new operators with quality leads in New Jersey and we are investing for a future with increased player influx and revenue. All the while, we intend to stick to our global game plan – developing the iGaming and Financial Services verticals through increased organic growth and acquisitions.

THE US SPORTS BETTING MARKET IS BEING REGULATED

Sport is a big deal in the US. Just look at football, where a final can attract 125,000 spectators to the stands. For years, although the government has said no to Sports Betting, the public have still been able to use foreign websites for gambling. It has been rumored that this uncontrolled business amounts to between USD 60 billion and USD 100 billion annually. The authorities now seek control over this money and want to ensure that it is put to better domestic use.

CATENA MEDIA IS ALREADY ESTABLISHED IN THE US

To invest in the future and to grow within these new markets, Catena Media is making considerable investments, acquiring companies offering a strong foothold and recruiting exceptional talent. Our US sites already have thousands of daily visitors and we are ready to provide quality leads to new operators. With economies of scale resulting from these initiatives set to substantially increase our revenues in the long term, we are carefully taking into account the associated short-term decrease in margins.

STRATEGIC ACQUISITIONS

The EUR 150 million bond we issued in the first quarter of 2018 has been put to good work with three iGaming acquisitions and four in finance in Q2. We can say with pride that we are the largest iGaming lead generator in the world. In April, we acquired French site ParisSportifs and UK site gg.co.uk, a horse racing site with a highly engaged visitor base. In the Italian market, which is very passionate about sports, we acquired the assets of the largest sports betting lead generator in June. Italy has been a regulated market since 2010, offering considerable potential, and Catena Media's management monitors developments in Italy continuously and very closely. We are continuing to concentrate on compliance and maintain a distinct long-term focus.

FINANCIAL SERVICES VERTICAL GROWING FAST

Although iGaming has a potentially larger player base, each finance lead generates up to ten times as much revenue. And the content is global, as opposed to iGaming, where it is local. This means that we can create quality recyclable content for simultaneous publication across several sites, which is highly cost efficient. Australian site thebull.com.au is one example of an acquisition providing us with top-quality content. The acquisition of Hammerstone Inc in the US, is another. It is also a subscription-based site – a completely new revenue stream for us. In April, we also acquired BrokerDeal.de in Germany and ForexTraders.com in the US.

RECRUITING AND DEVELOPING TALENT

We are striving for a healthy balance between acquisitions and organic growth and, during the quarter, we once again proved that we nurture our acquired assets with organic growth. This requires great talent. We have set up several new personnel programs focused on recruitment, although we also make efforts to develop and retain our existing personnel. One of the more important initiatives is our inter-office work-away program, through which we encourage employees to use our global presence to gain new experiences.

HEAVY-HITTING NEW RECRUITS

Major recruits have joined our team in the second quarter. To build our London office and the Financial Services vertical, Nigel Frith was appointed in March, beginning vigorously with four new finance acquisitions. Our new General Manager in the US, Michael Daly, will use his strong capabilities to enhance our efforts in the US market. As the new Head of M&A, Andreas Ericson will increase already high acquisition rate and help us to reach our goals in the US and globally. I am happy to have joined Catena Media as of June and the team and I are strongly motivated to take Catena Media to new heights.

Per Hellberg, CEO

Financial performance April – June 2018

REVENUES

Catena Media showed an all time high in revenues and accelerating growth in the second quarter of 2018. Total revenues increased by 73 percent compared to the corresponding period in the previous year and amounted to EUR 26.1m (15.1). The growth has been driven by a combination of organic growth and successful acquisitions. Organic growth excluding paid revenue was 30 percent for the second quarter. During the quarter, other operating income amounted to EUR nil (0.5).

The quarter's total revenues comprised of EUR 22.2m (11.5) search revenue, EUR 3.8m (3.1) paid revenue and EUR 0.1m (nil) subscriptions revenue. About 72 percent of revenues were generated from locally regulated or taxed markets.

Of Catena Media's total revenues, 54 percent was derived from revenue share, 34 percent from cost per acquisition and 12 percent from fixed fees. All revenue streams are growing, but fixed fees relating to sports betting have increased significantly in the second quarter as a result of the World Cup.

EXPENSES

Total operating expenses amounted to EUR 16.1m (9.7).

During the second quarter, we invested in professional fees and personnel to take advantage of the opportunities we see in the US following the Supreme Court ruling regarding sports betting. The US market is opening up faster and at larger extent than we had anticipated. We also see huge potential in the Financial Services vertical. In this regard we have built a new group structure with separate entities in order to obtain licenses in different countries, whilst also building up the functions for this segment. These strategic investments will lower our short term margins but will strengthen our margins going forward.

EARNINGS

EBITDA, including non-recurring costs, increased by 93 percent, amounting to EUR 12.1m (6.3). This corresponds to an EBITDA margin of 46 percent (42). There were no non-recurring costs incurred during the second quarter of 2018. Adjusted EBITDA (excluding non-recurring costs) increased by 52 percent and amounted to EUR 12.1m (8.0). This corresponds to an adjusted EBITDA margin of 46 percent (53). The lower margin for the second quarter 2018 compared to the first quarter 2018 is mainly a result of higher operating expenses incurred as a result of the investments made in the US market and the Financial Services vertical.

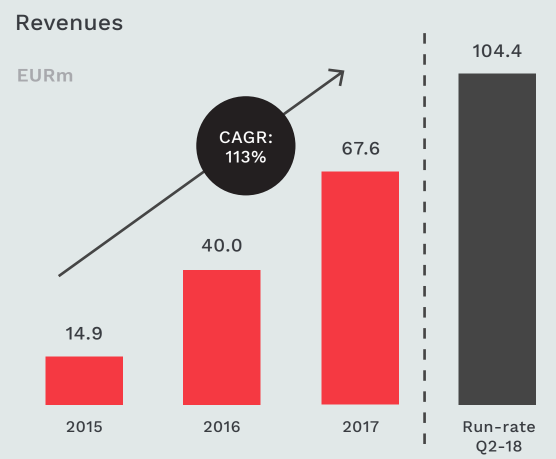
The effective tax rate for the Group amounted to 9.2 percent (8.5) while earnings after tax (EAT) amounted to EUR 5.6m (5.3), an increase of 6 percent year-on-year. Earnings per share (EPS) before dilution amounted to EUR 0.10 (0.10) and after dilution to EUR 0.10 (0.10).

INVESTMENTS

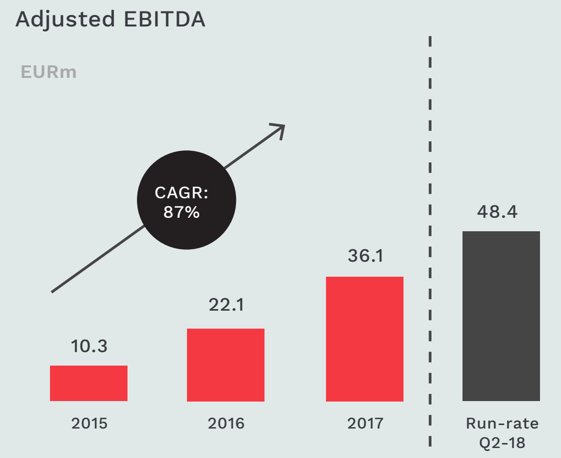
Investments in intangible assets amounted to EUR 53.8m during the second quarter and are mainly attributed to the acquisitions of assets in ParisSportifs, gg.co.uk, ForexTraders, BrokerDeal, The Bull and ASAP Italia, as well as Hammerstone Inc.

LIQUIDITY AND CASHFLOW

On 30 June, cash and cash equivalents amounted to EUR 16.2m (50.7). Catena Media has a high operating cash flow and solid cash conversion underlying its operations. Net cash generated from operating activities grew by 248 percent compared to the second quarter 2017 and amounted to EUR 8.7m (2.5). The cash conversion rate amounted to 72 percent.



- In the period from 2015 to 2017, Catena Media has increased its revenue by EUR 52.7m, equalling a CAGR (compounded average growth rate) of 113 percent.
- Run-rate is the Q2 2018 revenues multiplied by 4.



- In the period from 2015 to 2017, Catena Media has increased its adjusted EBITDA by EUR 25.8m, equaling a CAGR of 87 percent.
- Run-rate is the Q2 2018 adjusted EBITDA multiplied by 4.

Financial performance January – June 2018

REVENUES

The Group's revenues for the first six months of 2018 increased by 65 percent compared to the corresponding period in the previous year and amounted to EUR 50.0m (30.3).

Other operating income amounted to EUR nil (1.1). The period's total revenues comprised of EUR 42.7m (22.5) search revenue, EUR 7.2m (6.8) paid revenue and EUR 0.1m (nil) subscriptions revenue. More than 70 percent of revenues were generated from locally regulated or taxed markets.

Of Catena Media's total revenues for the first half of 2018, 55 percent derived from revenue share, 34 percent from cost per acquisition and 11 percent from fixed fees.

EXPENSES

Total operating expenses amounted to EUR 31.4m (18.3). During the first six months of 2018, we invested for the future especially to be able to expand in the US market and within the Financial Service vertical. Professional fees have also increased as a result of GDPR and compliance. This affected our margins in the short term, but will strenghten Catena Media in the long run.

In March, we refinanced our secured bond of EUR 100m with a new unsecured bond of EUR 150m. Apart from lower interest margins going forward, and a more flexible structure, the new bond also enables us to examine the possibility of a bank credit facility, with a limit being the highest at EUR 30m or 75 percent of adjusted EBITDA. Costs relating to the new bond amounted to EUR 2.0m and are classified as non-recurring costs. An early redemption fee of EUR 3.4m in relation to the old bond has been recognised and is classified within "Interest payable on borrowings".

EARNINGS

EBITDA, including non-recurring costs, increased by 67 percent, amounting to EUR 22.5m (13.5). This corresponds to an EBITDA margin of 45 percent (44). Adjusted EBITDA (excluding non-recurring costs) increased by 58 percent and amounted to EUR 24.5m (15.5). This corresponds to an adjusted EBITDA margin of 49 percent (51). The slightly lower margin, compared to the first six months of 2017 is due to higher costs related to other operating expenses. They are mainly comprised of higher professional fees and general expenses in regards to setting up operations in the US and the Financial Services vertical and also cost for GDPR and compliance. Proportionately lower direct cost and economies of scale in regards to personnel expenses are affecting the margin positively compared to the first six months 2017.

The effective tax rate for the Group amounted to 8.7 percent (7.8), while earnings after tax (EAT) amounted to 10.3m (9.6), an increase of 7 percent year-on-year. However, the profit for the period ended 30 June 2018 was affected by non-recurring costs and an early redemption fee for the old and new bond. Earnings per share (EPS) before dilution amounted to EUR 0.19 (0.19) and after dilution to EUR 0.18 (0.18).

FUNDING

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

Since the issue of the first bond, Catena Media has become a more mature company and refinancing is the first step in the process of aligning our capital structure with the development of the company. Apart from a lower margin on interest rates, the new bond has a more flexible structure. It also enables bank financing of the highest at EUR 30m or 75 percent of adjusted EBITDA. By diversifying our financing sources, we believe the company's financial risk will decrease and the operational flexibility for further credit enhancing development will increase. The excess capital gained has been utilised for acquisitions in line with the growth strategy.

INVESTMENTS

Investments in intangible assets amounted to EUR 75.0m during the first six months of the year and are mainly attributed to the acquisitions of assets in Dreamworx, Bonusseeker, Betfreebet, gg.co.uk, ASAP Italia, ForexTraders, ParisSportifs, The Bull and BrokerDeal as well as Hammerstone Inc.

LIQUIDITY AND CASHFLOW

On 30 June, cash and cash equivalents amounted to EUR 16.2m (50.7). Catena Media has a high operating cash flow and solid cash conversion underlying its operations. Net cash generated from operating activities grew by 193 percent compared to the same period of 2017 and amounted to EUR 19.0m (6.5). The cash conversion rate amounted to 84 percent.

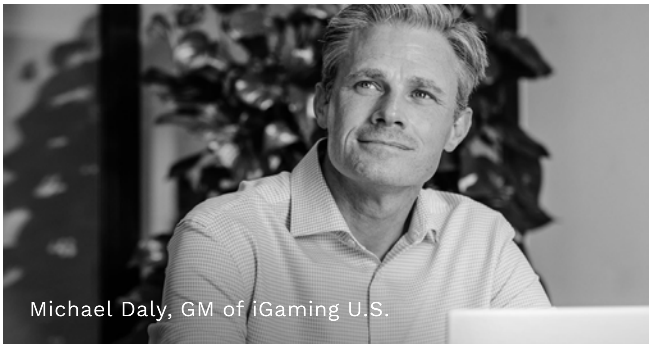
INTEREST-BEARING DEBT AND LEVERAGE

Catena Media has an outstanding senior unsecured bond of EUR 150m as at 30 June 2018. The bond carries a floating rate of Euribor 3m +5.50 percent. Euribor 3m is subject to a floor of 0 percent.

The net interest-bearing/adjusted EBITDA was 2.97 and the net net interest-bearing/adjusted EBITDA run rate multiple was 2.76 as per 30 June 2018. This falls above the financial target, regarding leverage set by the Board of Catena Media plc. The target is for Catena Media´s leverage to fall within an interval of 1.5-2.5 times the adjusted EBITDA run-rate. We are allowed to operate above the tolerance levels for a short period of time. As a result of the high growth in revenues, strong operating cash flow and solid cash conversion, we will be within the set interval at the end of the third quarter 2018.

Our Segments

iGAMING



Michael Daly, GM of iGaming U.S.

The iGaming segment comprises of casino and sports betting brands. The segment has increased its revenue by 65 percent to EUR 24.9m and EBITDA by 83 percent to EUR 11.5 m, compared with the second quarter of 2017. During the first six months, revenues increased by 57 percent to EUR 47.5m and EBITDA by 69 percent to EUR 22.8m. During the second quarter of 2018, 137,000 new depositing customers (NDCs) were generated. During the first six months of the year, more than 265,000 NDCs were generated for our iGaming customers.

THE US MARKET HAS GREAT POTENTIAL

The US Supreme Court struck down a federal law (PASPA) that prohibited individual states from introducing regulated sports betting. The reaction from the states was immediate, with Delaware and New Jersey starting to take bets within weeks of the decision. Catena Media USA is well-positioned to benefit from online sports betting in New Jersey as a result of our existing New Jersey online gambling presence and our sports betting portfolio. We already received revenues from online sports betting in New Jersey, and also anticipate a significant number of states to follow suit later this year, with additional states likely to initiate procedures in 2019.

Pennsylvania launched its online lottery product in early June, with an affiliate program live at launch. Catena Media US was well-positioned to benefit from the launch and is already generating revenue from referred NDCs. We are seeing high growth in the US and this could well become our largest market, even as early as 2019.

FIFA WORLD CUP

There is a very clear correlation between key events occurring in sports, traffic levels, and the number of NDCs being delivered to operators. The second quarter saw significant spikes in traffic and NDCs due to the FIFA World Cup. This will most likely also have a positive effect on revenues and profit in the third quarter.

KEY EVENTS DURING THE SECOND QUARTER

- Entered the Italian sports betting market by acquiring the assets of ASAP ITALIA, SuperScommesse.it
- Acquired assets in gg.co.uk, a well-positioned UK horse racing site
- Entered the French market by acquiring assets in top sports betting site ParisSportifs.com
- The FIFA World Cup resulted in significant upturns in traffic and NDCs during the second quarter

FINANCIAL SERVICES

Nigel Frith, GM of Financial Services

In the fourth quarter of 2017, Catena Media generated its first revenues from the Financial Services vertical. In the second quarter of 2018, the Finance Services vertical represented 5 percent of total revenues (EUR 1.2m) and had nearly 3,000 new depositing customers (NDCs) and over 700 active subscribers. In the first six months of 2018, the Finance Services vertical also represented 5 percent of total revenues (EUR 2.4m) and had nearly 8,000 NDCs and over 700 active subscribers. EBITDA for the Financial Services vertical amounted to EUR 0.6m in the secound quarter and EUR 1.7m for the the first six months 2018.

ENGLISH SPEAKING TERRITORIES

The Financial Services segment is creating an eco-system centered around Trading. This entails building a content hub for users interested in trading currency, share, and CFD (contract for difference) instruments. Our first objective is to build our trading eco-system in the territories of the US, the UK and Australia. Acquisitions of TheBull, ForexTraders, BrokerDeal and Hammerstone Inc. are entirely in line with this strategy.

A STRATEGICALLY IMPORTANT ACQUISITION

Hammerstone Inc. acquisition was of particular strategic significance because it provides Catena Media with an entirely new revenue stream through the B2B subscription model as well as allowing a slimmed down version of the content to be provided to website users. LearnCFDs came with a number of high-quality educational videos compiled by the site owner, who is also an expert author on the subject of trading CFDs. As part of the acquisition, Catena Media also obtains a range of new videos to be produced.

KEY EVENTS DURING THE SECOND QUARTER

- Strengthened the financial services vertical by acquiring US premium equity service Hammerstone Inc.
- Established position in Australian financial services vertical by acquiring assets in premium stock market news and analysis site TheBull.com.au
- Made strategic push into global forex with addition of assets in ForexTraders.com
- Strengthened the Financial Services vertical by acquiring assets in BrokerDeal.de

Other

THE CATENA MEDIA SHARE

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

On 7 February 2018, 385,924 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 10.3632350 per share. These shares were issued as part settlement of the initial payment for the Dreamworx Online Ltd. asset acquisition.

On 19 April 2018, 63,904 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 12.6202719 per share. These shares were issued as part settlement of the purchase price for acquired assets in BonusSeeker.com.

On 15 May 2018, 170,221 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 11.7479316 per share. These shares were issued as part settlement of the purchase price for acquired assets in ParisSportifs.com.

In addition to this share issue, the Company resolved on a directed issue of 450,000 shares by virtue of one of the Company's incentive programs. This share issue was registered on 22 May 2018.

SHARE CAPITAL

As of 30 June 2018, the share capital amounted to EUR 82,613 divided into 55,075,594 ordinary shares. The Company has one (1) class of shares. Each share entitles the owner to one (1) vote at the General Meeting. The total number of shareholders as of 30 June 2018 was approximately 8,700.

SHAREHOLDER STRUCTURE

Shareholders in Catena Media plc as of June 30 2018.

10 largest shareholders as of 30 June 2018	%
Optimizer Invest Ltd.*	13.2%
Aveny Ltd.**	8.2%
Swedbank Robur Fonder	8.2%
Investment AB Öresund	7.1%
Pixel Wizard Ltd.	6.1%
Andra AP-fonden	4.5%
Handelbanken Fonder	3.8%
Carnegie Fonder	3.2%
Michael Knutsson	3.1%
Baybets Ltd.	2.8 %
Sub-total, 10 largest shareholders	**60.2%**
Other shareholders	**39.8%**
Total	**100%**

* Optimizer Invest Ltd. is owned by Henrik Persson Ekdahl, Andre Lavold and Mikael Riese Harstad.
** Aveny Ltd. is owned by Founder, Erik Bergman.

RELATIONSHIPS WITH RELATED PARTIES

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

The service agreement with Optimizer Invest Limited expired on 9 November 2017, after a contractual termination period of three months.

DIVIDEND

According to the adopted dividend policy, Catena Media will focus on growth, which means that dividends may be low or not occur at all in the medium term. There was no dividend paid for the 2017 financial year.

FINANCIAL TARGETS

Catena Media has two financial targets. The first one relates to growth and earnings. Catena Media should reach an adjusted EBITDA in excess of EUR 100m by 2020. The second target relates to leverage. The medium term goal is to operate with a net debt run rate /adjusted EBITDA in the range of 1.5-2.5x.

EMPLOYEES

The Group´s total number of employees at 30 June 2018 amounted to 346 (239), of which 117 (89) were women and 229 (150) were men. Expressed as percentages, women represented 34 percent (37) of the total number of employees, whilst men represented 66 percent (63). All employees are employed on a full-time basis.

PARENT COMPANY

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

During both the second quarter of 2018 and the comparative quarter of 2017, no dividends were received from subsidiaries. During the second quarter of 2018, costs related to the bond issue in the Parent Company amounted to EUR nil (0.9). Total bond costs for the period ended 30 June 2018 were EUR 1.7m (0.9). Bond finance costs, classified as "Interest payable on borrowings", amounted to EUR 2.1m (1.0) during the second quarter and EUR 7.6m (1.9) for the period ended 30 June 2018. The bond costs and interest payable on the bond have been recharged to Catena Operations Limited.

The fair value movement classified in "Other gains/(losses) on bond liability at fair value through profit or loss" during the first six months of 2018 relates to the old bond. No fair value movement has been recognised on the new bond during the second quarter since there have been no material movements in the market value of the bond. During the second quarter of 2018, personnel expenses amounted to EUR 0.1m (0.1), while other operating expenses amounted to EUR 0.1m (0.1). The loss for the second quarter of 2018 amounted to EUR 0.3m (2.0).

Personnel expenses and other operating expenses amounted to EUR 0.1m (0.2) and 0.1m (0.1) respectively for the period ended 30 June 2018. Profit for the first six months of 2018 amounted to EUR 2.5m while the loss for the comparative period amounted to EUR 0.5m.

The Parent Company's cash and cash equivalents amounted to EUR 5.1m (48.0) whilst borrowings, which are recognised at fair value through profit and loss, comprising the bond, amounted to EUR 150.0m (102.3). Equity amounted to EUR 58.7m (29.5) at the end of the reporting period.

SIGNIFICANT RISKS AND UNCERTAINTIES

Although the Group does not conduct any online gambling operations, the Group is dependent on the online gambling industry which comprises the majority of its customers.

The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases also subject to uncertainty, and in many countries online gambling is prohibited 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. Furthermore, the concerned authority may also claim that the same or similar actions should be brought against any third party having promoted the business of such online gambling 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 very diverse.

Another risk faced by the Group relates to its reliance on customers when determining the fees to be invoiced by the Group to its customers. Once a player directed by the Group has registered with one of its customers, the Group has no direct insight into the activities of such a player. Although the Group may request access to the net revenue calculations upon which the Group's fees are determined, there remains a risk of miscalculation, including fraudulent or negligent calculations made by its customers or as a result of human error.

If such miscalculations occur without being detected and subsequently remedied or retroactively adjusted, the Group could receive a lower fee than it is entitled to under its customer agreements, which in turn would result in less revenue. Accordingly, any such miscalculation could have an adverse effect on the Group's business, financial condition and results of operations.

In addition to the above, the Directors also consider the following risks as being relevant to the Group:

- Credit risk being the risk that customers do not pay for the services rendered.
- Market risk being the risk arising from adverse movement in foreign exchange rates and interest rates.
- Liquidity risk being the risk of difficulties in obtaining funding to meet the Group's obligations when they fall due.
- Operational risk being the risk that the Group loses its ability to maintain efficient SEO and PPC capabilities.

Full details on risks are published in the 2017 Annual Report.

UPDATE ON ITALIAN LEGISLATION

In July 2018, the new Italian coalition government pushed through emergency legislation that, among other impacts, included a ban on advertising and sponsoring of gaming, regardless of the media used. The governmental decree is currently being reviewed by Parliament, which will have to ratify the law within 60 days of its publication. The ban will come into full force effective from January 2019. Advertising agreements already in place when the decree was enacted will remain valid until 30 June 2019.

IMPORTANT DEVELOPMENT IN THE US

Nationwide regulated sports betting: In May, the US Supreme Court struck down a federal law (PASPA) that had prohibited individual states from introducing regulated sports betting. The reaction from the states was immediate, with Delaware and New Jersey starting to take bets within weeks of the decision. We expect a significant number of states to follow this year, with additional states likely to initiate procedures in 2019. New Jersey online sports betting: In June, the New Jersey regulators released temporary regulations for online sports betting. This puts the state on track to launch online sports betting before the start of the NFL season. Catena Media US is well-positioned to benefit from online sports betting in New Jersey thanks to our existing New Jersey online gambling presence and our sports betting portfolio.

Pennsylvania online gambling: In April, the Pennsylvania regulators began accepting applications for online gambling operator licenses. This keeps the state on track for the launch of online casino and poker games in late 2018. We continue to strengthen our position in Pennsylvania by expanding existing sites and launching new ones.

Pennsylvania Online Lottery: Pennsylvania launched its online lottery product in early June, with an affiliate program live at launch. Catena Media USA was well-positioned to benefit from the launch and is already realising revenue from referred NDCs. Pennsylvania is the second state (following Michigan) to introduce online lottery with an affiliate program.

Horse racing: Catena Media USA generated its first revenues from sending NDCs to online horse betting sites in the US market in Q2. We are expanding the portfolio to include horse racing where relevant and expect the vertical to act as a complement to our broader sports betting initiative.

AFFILIATE OF THE YEAR

On 28 June, Catena Media was named Affiliate of the Year at the 2018 EGR North America Awards. In celebration of excellence within the North American online gambling industry, EGR officially crowned Catena Media as 'Affiliate of the Year' in a brand new category presented at the fourth edition of the prestigious awards ceremony. The award was based on company performance over the past 12 months and required nominees to stand out within the competitive US-facing market, providing concrete evidence within numerous areas – including growth, innovation, quality, strong partner relationships, scale of traffic and differentiation. 'Affiliate of the Year' was one of 15 categories presented at Le Meridien, Philadelphia on 26 June 2018.

ANNUAL GENERAL MEETING AND ANNUAL REPORT
The Annual General Meeting was held on Thursday, 26 April at 09:00 CET at Helio GT30, Grev Turegatan 30 in Stockholm, Sweden. The Annual Report was published on 28 March and is available at https://www.catenamedia.com/investors/reports/annual-reports/.

MANAGEMENT FOR FURTHER GROWTH
Catena Media is preparing for further strategic growth in the US and has recruited Michael Daly as its new General Manager of iGaming within the region, as of 24 April. Michael joins Catena Media directly from the position of Executive Vice President for North America at GAN, a developer and supplier of gaming software and content.

Catena Media has prepared the expansion of its financial services vertical by hiring Nigel Frith. Nigel joined us on 23 April as General Manager of Finance, bringing more than 16 years of digital experience to the role, after having previously served as Global General Manager of money transfer comparison site FXcompared.com.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD
- Increased numbers of shares and votes in CTM plc on 31 July
- CTM consolidates its lead in Financial Services vertical by acquiring the asset of premium Forex industry news website LeapRate.com
- CTM resolves upon a directed new issue of shares as payment for assets acquired in May 2017, as well as in June 2018
- CTM resolves upon a directed new issue of shares as pay ment for assets acquired in April 2018 and for the company´s incentive programs.

REINFORCED EXECUTIVE MANAGEMENT
In July, Andreas Ericsson joined Catena Media as the new Head of M&A. Andreas brings a strong profile and solid experience to the team. His expertise will provide valuable help when selecting future acquisitions in additional markets and new verticals.

PRESENTATION TO INVESTORS AND MEDIA
A live conference call will be held on 10 August 2018 at 09:00 CET, where CEO Per Hellberg and Group CFO Pia-Lena Olofsson will present the report. The presentation will be in English at Helio T-House, Engelbrektsgatan 1, in Stockholm and will be broadcast live at:
https://tv.streamfabriken.com/catena-media-q2-2018

To participate in the conference, please call:
UK: **+44 20 300 898 07**
SE: **+46 856 642 697**
US: **+1 855 831 59 47**

The switchboard opens at 8:55 a.m. (CET) and the presentation will be available on our website:
https://www.catenamedia.com/investors/reports/quarterly

Another upcoming event will be on 20 November 2018 when Catena Media will hold a Capital Markets Day in Stockholm. Register at:
https://www.catenamedia.com/capital-markets-day/

Supplemental information

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

This interim report has neither been reviewed nor audited by the company's auditors.

Malta, 10 August 2018

THE BOARD OF DIRECTORS

Kathryn Moore Baker,
Chairman

Henrik Persson Ekdahl

Andre Lavold

Anders Brandt

Mats Alders

Mathias Hermansson

Cecilia Qvist

Upcoming reporting dates

6 November 2018
Interim report
January–September 2018

20 November 2018
CTM Capital Markets Day
At Berns in Stockholm

7 February 2019
Year-end report
January–December 2018

24 April 2019
Interim report
January–March 2019

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This information is information that Catena Media plc is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons above, on 10 August 2018 at 07.00 CET.

Condensed consolidated interim statement of comprehensive income

Amounts in '000 (EUR)	Notes	April–June 2018	April–June 2017	Jan–June 2018	Jan–June 2017	Jan–Dec 2017
Revenue	2	**26,109**	14,638	**49,959**	29,266	66,590
Other operating income	4	**–**	460	**–**	1,060	1,060
Total revenue		**26,109**	15,098	**49,959**	30,326	67,650
Direct costs	5	**(3,713)**	(1,924)	**(6,944)**	(4,883)	(8,851)
Personnel expenses		**(4,714)**	(3,105)	**(8,828)**	(5,943)	(12,555)
Depreciation and amortisation		**(2,086)**	(890)	**(3,910)**	(1,461)	(4,219)
Non-recurring costs:						
IPO and bond related costs	6	**–**	(1,681)	**(1,936)**	(2,024)	(2,461)
Reorganisation costs	6	**–**	–	**(61)**	–	(1,041)
Other operating expenses		**(5,573)**	(2,115)	**(9,679)**	(3,988)	(10,105)
Total operating expenses		**(16,086)**	(9,715)	**(31,358)**	(18,299)	(39,232)
Operating profit		**10,023**	5,383	**18,601**	12,027	28,418
Interest payable on borrowings		**(2,121)**	(1,006)	**(7,574)**	(1,856)	(5,298)
Other gains/(losses) on bond liability at fair value through profit or loss		**–**	106	**2,882**	(769)	(1,401)
Other finance costs		**(1,687)**	(574)	**(2,622)**	(1,013)	(2,196)
Other finance income		**–**	1,892	**–**	2,053	3,330
Profit before tax		**6,215**	5,801	**11,287**	10,442	22,853
Tax expense		**(569)**	(494)	**(986)**	(812)	(1,785)
Profit for the period/year attributable to the equity holders of the parent company		**5,646**	5,307	**10,301**	9,630	21,068
Other comprehensive income						
Items that may be reclassified to profit for the period/year						
Currency translation differences		**(40)**	75	**35**	160	(69)
Items that will not be reclassified to profit for the period/year						
Loss on disposal of other investments		**(589)**	–	**(589)**	–	
Total other comprehensive (loss)/ income for the period/year		**(629)**	75	**(554)**	160	(69)
Total comprehensive income attributable to the equity holders of the parent company		**5,017**	5,382	**9,747**	9,790	20,999
Earnings per share attributable to the equity holders of the parent during the period/year (expressed in Euro per share):						
Basic earnings per share						
From profit for the period/year		**0.10**	0.10	**0.19**	0.19	0.40
Diluted earnings per share						
From profit for the period/year		**0.10**	0.10	**0.18**	0.18	0.40

The notes on pages 17 to 23 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim balance sheet

Amounts in '000 (EUR)	Notes	**30 June 2018**	30 June 2017	31 Dec 2017
ASSETS				
Non-current assets				
Goodwill	12	**12,997**	7,333	7,333
Other intangible assets	7	**298,771**	161,422	232,132
Property, plant and equipment		**4,060**	1,198	3,484
Other investments	8	**–**	589	589
Total non-current assets		**315,828**	170,542	243,538
Current assets				
Trade and other receivables		**18,607**	13,099	13,592
Current tax assets		**–**	1,685	–
Cash and cash equivalents		**16,152**	50,713	12,346
Total current assets		**34,759**	65,497	25,938
Total assets		**350,587**	236,039	269,476
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		**83**	78	81
Share premium		**54,826**	30,256	47,153
Other reserves		**5,904**	5,782	6,077
Retained earnings		**53,419**	32,269	43,707
Total equity attributable to the equity holders of the parent		**114,232**	68,385	97,018
Liabilities				
Non-current liabilities				
Borrowings	9	**150,000**	102,214	102,882
Amounts committed on acquisition	10	**39,584**	14,476	27,655
Deferred tax liabilities		**3,650**	2,473	3,159
Total non-current liabilities		**193,234**	119,163	133,696
Current liabilities				
Amounts committed on acquisition	10	**35,543**	45,307	33,641
Trade and other payables		**6,789**	2,508	4,178
Current tax liabilities		**789**	676	943
Total current liabilities		**43,121**	48,491	38,762
Total liabilities		**236,355**	167,654	172,458
Total equity and liabilities		**350,587**	236,039	269,476

The notes on pages 17 to 23 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements on pages 12 to 23 were authorised for issue by the Board on **10 August 2018** and were signed on its behalf by:

Kathryn Moore Baker
Chairperson

Per Anders Henrik Persson Ekdahl
Director

Condensed consolidated interim statements of changes in equity

Amounts in '000 (EUR)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Attributable to owners of the parent				
Balance at 1 January 2018	81	47,153	6,077	43,707	97,018
Comprehensive income					
Profit for the period	–	–	–	10,301	10,301
Foreign currency translation movement	–	–	35	–	35
Loss on disposal of other investments	–	–	–	(589)	(589)
Total comprehensive income for the period	–	–	35	9,712	9,747
Transactions with owners					
Issue of share capital	2	7,673	–	–	7,675
Equity-settled share-based payments	–	–	(208)	–	(208)
Total transactions with owners	2	7,673	(208)	–	7,467
Balance at 30 June 2018	**83**	**54,826**	**5,904**	**53,419**	**114,232**

The notes on pages 17 to 23 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statements of changes in equity – continued

Amounts in '000 (EUR)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Attributable to owners of the parent				
Balance at 1 January 2017	77	25,741	5,378	22,639	53,835
Comprehensive income					
Profit for the period	–	–	–	9,630	9,630
Foreign currency translation movement	–	–	160	–	160
Total comprehensive income for the period	–	–	160	9,630	9,790
Transactions with owners					
Issue of share capital	1	4,515	–	–	4,516
Equity-settled share-based payments	–	–	244	–	244
Total transactions with owners	1	4,515	244	–	4,760
Balance at 30 June 2017	78	30,256	5,782	32,269	68,385

Amounts in '000 (EUR)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Attributable to owners of the parent				
Balance at 1 January 2017	77	25,741	5,378	22,639	53,835
Comprehensive income					
Profit for the year	–	–	–	21,068	21,068
Foreign currency translation movement	–	–	(69)	–	(69)
Total comprehensive income for the year	–	–	(69)	21,068	20,999
Transactions with owners					
Issue of share capital	4	21,412	–	–	21,416
Equity-settled share-based payments	–	–	768	–	768
Total transactions with owners	4	21,412	768	–	22,184
Balance at 31 December 2017	81	47,153	6,077	43,707	97,018

The notes on pages 17 to 23 are an integral part of these condensed consolidated inteirm financial statements.

Condensed consolidated interim statements of cash flows

Amounts in '000 (EUR)	**April–June 2018**	April–June 2017	**Jan–June 2018**	Jan–June 2017	Jan–Dec 2017
Cash flows from operating activities					
Profit before tax	**6,215**	5,801	**11,287**	10,442	22,853
Adjustments for:					
Depreciation and amortisation	**2,086**	890	**3,910**	1,461	4,219
Impairment of receivables	**50**	–	**50**		80
Unrealised exchange differences	**406**	(2,262)	**651**	(2,522)	(3,818)
Interest expense	**3,287**	1,583	**9,216**	2,872	7,494
Net (gains)/losses on bond liability at fair value through profit or loss	**–**	(106)	**(2,882)**	769	1,401
Share based payments	**112**	83	**196**	165	768
	12,156	5,989	**22,428**	13,187	32,997
Taxation paid	**(559)**	(1,430)	**(559)**	(1,430)	(1,430)
Changes in:					
Trade and other receivables	**(4,252)**	(819)	**(5,694)**	(2,199)	(2,368)
Trade and other payables	**1,380**	(1,236)	**2,821**	(3,081)	(1,354)
Net cash generated from operating activities	**8,725**	2,504	**18,996**	6,477	27,845
Cash flows from investing activities					
Acquisition of property, plant and equipment	**(388)**	(334)	**(959)**	(617)	(3,099)
Acquisition of intangible assets	**(40,995)**	(24,432)	**(53,109)**	(48,387)	(102,041)
Acquisition of subsidiary, net of cash acquired	**(2,575)**	–	**(2,575)**	–	–
Acquisition of other investments	**–**	–	**–**	(589)	(589)
Net cash used in investing activities	**(43,958)**	(24,766)	**(56,643)**	(49,593)	(105,729)
Cash flows from financing activities					
Net proceeds on issue of bond	**–**	50,045	**48,650**	50,045	50,045
Proceeds on exercise of share options	**504**	–	**504**	–	–
Interest paid	**(2,190)**	(874)	**(7,222)**	(1,725)	(5,198)
Net cash (used in)/generated from financing activities	**(1,686)**	49,171	**41,932**	48,320	44,847
Net movement in cash and cash equivalents	**(36,919)**	26,909	**4,285**	5,204	(33,037)
Cash and cash equivalents at beginning of period/year	**53,284**	23,041	**12,346**	44,713	44,713
Currency translation differences	**(213)**	763	**(479)**	796	670
Cash and cash equivalents at end of period/year	**16,152**	50,713	**16,152**	50,713	12,346

The notes on pages 17 to 23 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated financial statements

1. ACCOUNTING PRINCIPLES

The interim report is prepared in the accordance with IAS 34 "Interim financial reporting". It has been prepared under the historical cost convention, as modified by the fair valuation of financial liabilities measured at fair value through profit and loss. The principal accounting policies applied in the preparation of the Group's condensed consolidated financial statements are consistent with those presented in the Annual Report for the year ended 31 December 2017, except for segment reporting and changes to the treatment of financial instruments as a result of the implementation of IFRS 9. The Parent Company applies the same accounting principles as the Group.

As at 30 June 2018, the Group's current liabilities exceeded current assets by EUR 8.4m. Amounts committed on acquisition include contingent considerations amounting to EUR 22.2m. Since the contractual terms of related acquisitions are such that future payments depend on the achievements of target earnings, the directors consider that the liquidity risk associated with these transactions is less significant. On the basis of the foregoing future prospects and funding, the Board believes that it remains appropriate to prepare the financial statements on a going concern basis.

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

The new standards which became effective as from 1 January 2018 have had no or very limited impact on the Group's financial position, profit or disclosures.

IFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model in IAS 39 and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI (FVOCI) and fair value through P&L (FVTPL). Notwithstanding this change, trade and other receivables which are measured at amortised cost under IAS 39, will also continue to be measured at amortised cost.

Investments in equity instruments, which for the Group comprised a strategic investment are required to be measured at FVTPL unless the entity makes an irrevocable option at inception to present changes in fair value in OCI instead of the income statement. The directors have in this case elected to classify the investment at FVOCI under IFRS 9, and therefore all fair value movements will be recognised in 'other comprehensive income'.

IFRS 9 also introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. This amendment impacts the Group only to the extent of trade and other receivables, and there has been no significant impact on the Group as a result of this amendment. The hedge accounting provisions in IFRS 9 will also have no impact on the Group.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. There has been no impact on the recognition of fair value movements in the company's bond measured at FVTPL as a result of this amendment. This standard will be applied retrospectively. However since no impact has been identified no adjustments to comparative figures will be required.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Catena Media earns commission-based fees that are either revenue share contracts, CPA contracts or a hybrid of these two models. In Catena Media's revenue model, potential players are referred to iGaming operators, and commissions are earned when, and if, the referred players effect deposits or as the case may be, place wagers. Catena Media's revenues are thus deemed to be variable, however determinable at each month end.

The standard requires that variable considerations be estimated, and that estimate is recognised in the statement of comprehensive income as the performance obligation is satisfied.

The Catena Media revenue model lends itself to a narrow exception on variable consideration that is applicable to variable consideration generated from sales- or usage-based royalties on licences of intellectual property, the amount of which is dependent on the licensee's sales or usage efforts and therefore unknown until the licensee uses the intellectual property. In these instances, the consideration is only recognised as revenue when there is no longer any variability. Under IFRS 15, Catena Media therefore recognises income from revenue share contracts and CPA contracts at the end of each month, when there is no longer any variability on the consideration.

Subscription revenue which is not deemed to be a variable consideration, is recognised in the month to which it relates.

On the basis of the above, the effects of the introduction of IFRS 15 have not resulted in any changes to Catena Media's revenue recognition model and have not had material effect on the Group's financial statements. This standard will be applied retrospectively. However since no impact has been identified no adjustments to comparative figures will be required.

Under IFRS 16, “Leases,” a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, and subject to the Group also adopting IFRS 15. An assessment of the impact of the standard is currently under way and the preliminary conclusion is that the long-term office leases entered into by subsidiaries of the Group will fall within the remits of this standard.

As at the reporting date, the Group has non-cancellable operating lease commitments in respect of long-term office leases amounting to EUR 7.1m. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group’s profit or loss and classification of cash flows going forward.

2. REVENUE

The revenue of the Group for the second quarter of 2018 and the first six months of 2018 are further analysed as follows:

Amounts in ‘000 (EUR)	**April–June 2018**	April–June 2017	**Jan–June 2018**	Jan–June 2017	Jan–Dec 2017
Search revenue	**22,243**	11,528	**42,690**	22,465	53,880
Subscriptions revenue	**81**	–	**81**	–	–
Paid revenue	**3,785**	3,110	**7,188**	6,801	12,710
Total revenue	**26,109**	14,638	**49,959**	29,266	66,590

Search revenue comprises of EUR 21.0m (11.5) iGaming revenue, EUR 1.2m (nil) Finance revenue for the second quarter of 2018 and EUR 40.2m (22.5) and EUR 2.5m (nil) respectively for the first six months of 2018. Paid revenue relates to iGaming in its entirety. Subscriptions revenue is generated by the recent acquisition of Hammerstone Inc.

3. SEGMENT REPORTING

The Group's operations are reported on the basis of the two operating segments, iGaming and Financial service since 1 January 2018. No comparable figures are available for the second quarter of 2018. The segments have been identified in accordance with the definition of an operating segment in IFRS 8, Operating Segments. The CEO and Board monitors performance for the two segments and allocates resources on the basis of these segments. There are no intersegment revenues during the period. Further, total assets and liabilities for each reportable segment are not presented since they are not referred to for monitoring purposes. Figures are presented in the tables below for the second quarter of 2018 and for the first six months of 2018 respectively.

April–June 2018

Amounts in '000 (EUR)	iGaming	Financial service	Unallocated	**Total**
Revenue form external customers *	24,864	1,245	–	**26,109**
Total revenue	24,864	1,245	–	**26,109**
Direct costs	(3,610)	(103)	–	**(3,713)**
Personnel expenses	(4,606)	(108)	–	**(4,714)**
Depreciation and amortisation	(1,971)	(115)	–	**(2,086)**
Non-recurring costs:				
IPO and bond related costs	–	–	–	–
Reorganisation costs	–	–	–	–
Other operating expenses	(5,148)	(425)	–	**(5,573)**
Total operating expenses	(15,335)	(751)	–	**(16,086)**
Operating profit	9,529	494	–	**10,023**
Interest payable on borrowings	–	–	(2,121)	**(2,121)**
Other finance costs	–	–	(1,687)	**(1,687)**
Profit before tax	9,529	494	(3,808)	**6,215**
Tax expense	–	–	(569)	**(569)**
Profit for the period attributable to the equity holders of the parent company	9,529	494	(4,377)	**5,646**
Other comprehensive income				
Items that may be reclassified to profit for the period/year				
Currency translation differences	–	–	(40)	**(40)**
Items that may not be reclassified to profit for the period/year				
Loss on disposal of other investments	–	–	(589)	**(589)**
Total other comprehensive loss for the period	–	–	(629)	**(629)**
Total comprehensive income attributable to the equity holders of the parent company	9,529	494	(5,006)	**5,017**
Adjusted EBITDA	11,500	609	–	**12,109**
Adjusted EBITDA margin	46%	49%	–	**46%**
NDC's ('000)	137	3	–	**140**

* Revenue reported under Finance includes Finance revenue of EUR 1.17m (nil) and Subscriptions revenue amounting to EUR 0.08m (nil).

Jan–June 2018

Amounts in '000 (EUR)	iGaming	Financial service	Unallocated	**Total**
Revenue form external customers *	47,547	2,412	–	**49,959**
Total revenue	47,547	2,412	–	**49,959**
Direct costs	(6,841)	(103)	–	**(6,944)**
Personnel expenses	(8,705)	(123)	–	**(8,828)**
Depreciation and amortisation	(3,670)	(240)	–	**(3,910)**
Non-recurring costs:				
IPO and bond related costs	–	–	(1,936)	(1,936)
Reorganisation costs	–	–	(61)	(61)
Other operating expenses	(9,164)	(515)	–	**(9,679)**
Total operating expenses	(28,380)	(981)	(1,997)	**(31,358)**
Operating profit	19,167	1,431	(1,997)	**18,601**
Interest payable on borrowings	–	–	(7,574)	**(7,574)**
Other gains on bond liability at fair value through profit or loss			2,882	**2,882**
Other finance costs	–	–	(2,622)	**(2,622)**
Profit before tax	19,167	1,431	(9,311)	**11,287**
Tax expense	–	–	(986)	**(986)**
Profit for the period attributable to the equity holders of the parent company	19,167	1,431	(10,297)	**10,301**
Other comprehensive income				
Items that may be reclassified to profit for the period/year				
Currency translation differences	–	–	35	**35**
Items that may not be reclassified to profit for the period/year				
Loss on disposal of other investments	–	–	(589)	**(589)**
Total other comprehensive loss for the period	–	–	(554)	**(554)**
Total comprehensive income attributable to the equity holders of the parent company	19,167	1,431	(10,851)	**9,747**
Adjusted EBITDA	22,837	1,671	–	**24,508**
Adjusted EBITDA margin	48 %	69 %	–	**49 %**
NDC's ('000)	265	8	–	**273**

* Revenue reported under Finance includes Finance revenue of EUR 2.33m (nil) and Subscriptions revenue amounting to EUR 0.08m (nil).

4. OTHER OPERATING INCOME
No other operating income was generated during the quarter. Other operating income of EUR 0.5m, recognised in the comparative quarter, related to a one-off compensation for loss of revenue received from a partner in relation to PPC traffic.

5. DIRECT COSTS
Direct costs include costs related to Paid revenue, cash backs and other direct costs.

6. NON-RECURRING COSTS
Non-recurring costs relate to costs which are not deemed to be in the ordinary course of the Catena Media's business, including IPO, bond and reorganisation costs. No non-recurring costs were incurred during the current quarter. In the first six months of 2018, the Company incurred bond costs amounting to EUR 1.9m (nil), whilst reorganisation costs, which comprised termination benefits amounted to EUR 0.1m (nil). IPO and bond costs for the same period of the previous year amounted to EUR 2.0m. Non-recurring costs in the comparative quarter amounted to EUR 1.7m of which EUR 1.0m related to the new bond issue and EUR 0.7m related to the preparation for the planned change of lising on NASDAQ Stockholm.

7. OTHER INTANGIBLE ASSETS
The Group's acquisitions primarily comprise domains and websites, player databases and in certain instances other components of intellectual property, which comprise out-sourced development. The consideration paid for player databases is determined by reference to the historical average revenue per active player for the portfolio of acquired players over the expected player life. In 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			
Amount in '000 (EUR)	Domains and websites	Player database	Other intellectual property	Total
Cost at 1 January 2018	219,976	12,558	4,511	237,045
Additions	68,586	2,782	3,604	74,972
Present value adjustments	866	49	–	915
Change in estimates	(5,727)	95	–	(5,632)
Cost at 30 June 2018	**283,701**	**15,484**	**8,115**	**307,300**
Accumulated amortisation at 1 January 2018	–	(3,601)	(1,312)	(4,913)
Amortisation charge	–	(2,431)	(1,185)	(3,616)
At 30 June 2018	**–**	**(6,032)**	**(2,497)**	**(8,529)**
At 30 June 2018	**283,701**	**9,452**	**5,618**	**298,771**
At 30 June 2017	150,410	9,204	1,808	161,422

Additions of EUR 75.0m during the first half of 2018 mainly comprised the acquisition of Dreamworx, Bonusseeker and BetfreeBet affiliate assets in the first quarter and ASAP Italia, Hammerstone, Optilabs, gg.co.uk, ParisSportifs and Brokerdeal in the second quarter. Additions comprising contingent considerations, based on estimates, are recognised at fair value (refer to Note 9). Present value adjustments on considerations recognised during the period amounted to EUR 0.9m (5.8), whilst adjustments recognised as a result of changes in estimates of the likely outcome of a contingent event amounted to EUR -5.6m (11.4).

8. OTHER INVESTMENTS

Other investments included financial assets at fair value through other comprehensive income (previously recognised as available-for-sale financial assets under IAS 39) which have been disposed of during the current quarter.

9. BORROWINGS

Borrowings as at the end of the reporting period comprise a three-year unsecured bond loan ("new bond") amounting to EUR 150.0m, under a framework of EUR 250.0m, which matures in March 2021. The corresponding balance as at 30 June 2017 and the balance as at 31 December 2017 comprised of an amount of EUR 50.0m which was issued on 16 September 2016, and a tap issue of EUR 50.0m issued on 14 June 2017. The new bond was listed on Nasdaq Stockholm on 6 April 2018 at a nominal value of EUR 100,000. The debt securities bear a floating rate coupon of Euribor 3m + 5.5 percent. Euribor 3m is subject to a floor of 0 percent.

Similar to the previous bond issue, the new bond has been designated by management as a financial liability at fair value through profit and loss since it contains an embedded derivative that may significantly modify the resulting cashflow. This embedded derivative is an early redemption option with the redemption price set in accordance with a mechanism as set out in the prospectus. The fair value of the bond, which at the end of the reporting period amounted to EUR 150.0m, was determined by reference to the price quoted on Nasdaq Stockholm's website. Accordingly, the bond's fair value has been categorised within the IFRS 13 fair value hierarchy as Level 1. No material change in fair value has occurred since the listing of the bond.

10. AMOUNTS COMMITTED ON ACQUISITION

Amounts committed on acquisitions consist of contractual obligations resulting from the purchase of intangible assets from third parties. Some of the obligations have a predetermined value, while others include future payments whose value depends on target earnings. The latter are further referred to as contingent considerations. Expected cash outflows relating to these contingent considerations are assessed by the Directors for each asset acquisition on the basis of their knowledge of the industry and how the economic environment is likely to impact it.

Movements during the period/year are summarised below:

Amounts in '000 (EUR)	**Jan–June 2018**	Jan–June 2017	Jan–Dec 2017
Opening balance	61,296	26,936	26,936
Acquisitions during the period/year	76,873	81,431	156,228
Settlements/set-offs	(60,043)	(28,121)	(98,223)
Fair value adjustments	914	(3,603)	(6,727)
Notional interest charges	1,719	(764)	(719)
Adjustments arising as a result of a change in estimate	(5,632)	(16,096)	(16,199)
Closing balance as at 30 June 2018	**75,127**	**59,783**	**61,296**

The maximum potential undiscounted amount that the Group may be required to settle under such contingent consideration arrangements is EUR 117.8m, of which EUR 80.9m (gross of fair value adjustment of EUR -5.8m and excluding an amount of EUR 16.8m which is not contingent) has been recognised based on estimates of future earnings.

Amounts committed are further analysed as follows:

Amounts in '000 (EUR)	**30 June 2018**	30 June 2017	31 Dec 2017
Current			
Contingent	22,208	18,471	31,218
Non-contingent	13,335	26,836	2,423
	35,543	45,307	33,641
Non-current			
Contingent	36,084	14,476	27,655
Non-contingent	3,500	–	–
	39,584	**14,476**	**27,655**
Total amounts committed	**75,127**	**59,783**	**61,296**

Contingent considerations are measured at fair value and are included in Level 3 of the fair value hierarchy. The fair value is determined on the date of purchase and subsequently, 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 percent. The cumulative fair value adjustment to the expected cash flows as at 30 June 2018 is of EUR 5.8m (4.4), EUR 2.5m (1.5) which is attributable to amounts committed on acquisition due within twelve months from the end of the second quarter. The corresponding adjustment impacts the value of the assets acquired as recognised in the statement of financial position.

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

11. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Amount in '000 (EUR)	**April–June 2018**	April–June 2017	**Jan–June 2018**	Jan–June 2017	Jan–Dec 2017
Purchases of services:					
Entities with significant shareholding*	**286**	607	**674**	1,287	2,352

* 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. The maximum amount that could be due under this agreement is EUR 0.6m (2.0). The agreement was terminated on 9 November 2017.

12. BUSINESS COMBINATIONS

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

The Group acquired Hammerstone for an initial consideration and an earn-out consideration. The initial purchase price, paid in conjunction with the transfer of the assets, amounted to an upfront payment of USD 5.0m of which USD 2.0m (EUR 1.7m) was paid through newly issued shares at a subscription price of SEK 137.32 per share. A total of 127,440 shares were issued in this regard. The earn-out portion amounts to a maximum USD 2.5m based on revenue performance over a period of 12 months, with 40 percent of the earn-out being payable in shares. The directors are of the view that the maximum earn-out will be achieved and consequently USD 2.5m (EUR 2.1m) has been recognised as a contingent consideration.

Details of net assets acquired and goodwill are as follows:

Purchase consideration	On acquisition € '000
Cash	2,574
Share issue and allotment	1,699
Contingent consideration (net of PV adjustment)	1,990
Total purchase consideration	**6,264**
Fair value of net assets acquired (refer to the below)	(599)
Goodwill	**5,664**

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

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

Condensed Parent Company interim statements of income and other comprehensive income

Amount in ' 000 (EUR)	**April–June 2018**	April–June 2017	**Jan–June 2018**	Jan–June 2017	Jan–Dec 2017
Investment and related income	**–**	–	**–**	4,746	4,746
Personnel expenses	**(57)**	(111)	**(138)**	(167)	(293)
IPO and bond related costs	**–**	(901)	**(1,725)**	(908)	(908)
Recharge of IPO and bond related costs to subsidiary	**–**	–	**1,725**	–	900
Other operating expenses	**(75)**	(60)	**(144)**	(112)	(219)
Other operating income	**20**	20	**40**	20	59
Total operating expenses	**(112)**	(1,052)	**(242)**	(1,167)	(461)
Operating (loss)/profit	**(112)**	(1,052)	**(242)**	3,579	4,285
Interest payable on borrowings	**(2,121)**	(1,007)	**(7,574)**	(1,857)	(5,299)
Recharge of interest to subsidiary	**2,085**	–	**7,536**	–	5,278
Other gains/(losses) on bond liability at fair value through profit or loss	**–**	106	**2,882**	(769)	(1,401)
Other finance costs	**(117)**	(65)	**(132)**	(193)	(238)
(Loss)/profit before tax	**(265)**	(2,018)	**2,470**	760	2,625
Tax expense	**–**	–	**–**	(1,266)	(1,266)
(Loss)/profit for the period/year - total comprehensive income	**(265)**	(2,018)	**2,470**	(506)	1,359

Condensed Parent Company interim balance sheet

Amount in '000 (EUR)	**30 June 2018**	30 June 2017	31 Dec 2017
ASSETS			
Non-current assets			
Investment in subsidiaries	**1,061**	380	904
Current assets			
Trade and other receivables	**205,673**	84,129	149,597
Cash and cash equivalents	**5,116**	48,038	1,967
Total current assets	**210 ,789**	132,167	151,564
Total assets	**211,850**	132,547	152,468
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**83**	78	81
Share premium	**55,356**	30,787	47,684
Other reserves	**1,018**	702	1,226
Retained earnings/accumulated losses	**2,233**	(2,102)	(237)
Total equity	**58,690**	29,465	48,754
Liabilities			
Non-current liabilities			
Borrowings	**150,000**	102,250	102,882
Total non-current liabilities	**150,000**	102,250	102,882
Current liabilities			
Trade and other payables	**3,160**	832	832
Total current Liabilities	**3,160**	832	832
Total liabilities	**153,160**	103,082	103,714
Total equity and liabilities	**211,850**	132,547	152,468

Definitions of Alternative Performance Measures

ATERNATIVE KEY RATIO	DESCRIPTION	SCOPE
EBITDA	Operating profit before depreciation and amortisation.	The Group reports this key ratio so that users of the report can monitor operating profit and cash flow. This is also used by investors, analysts and the Group's management to evaluate the Group's operational profitability.
EBITDA MARGIN	EBITDA as a percentage of revenue.	The Group reports this key ratio so that the users of the report can monitor the value creation generated by the operation. This is also used by investors, analysts and the Group's management to evaluate the Group's operational profitability.
ADJUSTED EBITDA	EBITDA adjusted for non-recurring expenses.	The Group reports this key ratio because it provides a better understanding of the operating profit than non-adjusted EBITDA, which also provides a more comparable financial measure over time.
ADJUSTED EBITDA MARGIN	Adjusted EBITDA as a percentage of revenue.	The Group reports this key ratio to show the underlying EBITDA margin before non-recurring costs, which provides a better understanding of EBITDA margin than non-adjusted EBITDA margin, which also provides a more comparable financial measure over time.
NDC (NEW DEPOSITING CUSTOMERS)	A new customer placing a first deposit on a client's website.	The Group reports these key figures since they are key to measure revenues and long-term organic growth.
NON-RECURRING COSTS	Costs that are not part of the normal operation of the business.	Non-recurring expenses are costs that do not relate to the ongoing operations of the business. Examples include bond issue costs, IPO-costs, including costs associated with the planned change in the listing on Nasdaq Stockholm, as well as reorganisation costs.
ORGANIC GROWTH	Revenue growth rate adjusted for acquired portfolios and products. Organic growth includes the growth in existing and acquired portfolios and products.	The Group reports this key ratio since it is key to measure revenues and long-term organic growth.
REVENUE GROWTH	Increase in revenue compared to the previous accounting period as a percentage of revenue in the previous accounting period.	The Group reports this key ratio so that users of the report can monitor business growth.
QUICK RATIO	Current assets expressed as a percentage of short-term liabilities	The Group reports this key ratio to show the Company's ability to pay its current obligations by having assets readily convertible to cash.
REVENUE PRODUCTIVITY RATIO	Revenue per average number of employees.	The Group reports this key ratio to be used by management and investors to assess productivity per employee.
ADJUSTED EBITDA PRODUCTIVITY RATIO	Adjusted EBITDA per average number of employees.	The Group reports this key ratio to be used by management and investors to assess productivity per employee.
CASH CONVERSION RATE	Net cash from operating activities divided by EBITDA	The Group reports this key figure to determine the Company's ability to convert its profits into available cash.