

ANNUAL REPORT

2019

THIS IS CATENA MEDIA
THE SHARE
SUSTAINABILITY
FINANCIAL INFORMATION
CORPORATE GOVERNANCE REPORT
AUDITORS REPORT

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Our story

Catena Media has become the largest lead generator delivering high-value iGaming and financial online customers. In recent years we have achieved unparalleled growth because we have adapted to market developments and user needs, and built a scalable business model and an advanced technology platform. We have carried out several M&As and adapted our organisation for organic growth, through both expertise and resources.

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

Catena Media is partner-focused and will continue to deliver high-value users at low risk to growing companies. We are the perfect choice for top management, and specifically for communication managers, fulfilling their need for a strong partner that can show clear return on investment.

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

We offer a reliable alternative to traditional media – a smart branding choice – by providing quality, actionable content driven by return on investment.

A black and white portrait of a middle-aged man with a shaved head, wearing a dark suit jacket over a light-colored button-down shirt. He is standing with his hands in his pockets, looking directly at the camera with a serious expression. The background is a plain, light-colored wall with a vertical metal frame element on the right side.

“The first half of the year was challenging with regulations in several markets. The second half of 2019 we started a positive trend. Revenue increased and we slowed our cost development.”

2019

– AN INTENSIVE YEAR WITH TWO DIFFERENT FACES

Because of new regulations as well as updated Google algorithms in the first half of the year, our business was negatively hit and we saw declining revenues as a result. But we rose to the challenges, adapted our business, in line with our strategy, and came out stronger at the end of the year.

The second half of 2019 we started a positive trend. The US grew as planned, as did Japan, AskGamblers presented an all-time high in revenue, Italy saw a turn-around, and we continued with our global expansion entering new markets. But most importantly, revenue grew from quarter to quarter, and we slowed our cost development. The world is now facing an unusual and challenging situation due to COVID-19. Catena Media is closely following the global development and its potential impact on the business.

First quarter

CONTINUING OUR LONG-TERM STRATEGIC WORK

Our work, transforming Catena Media from acquisitional to organic growth, fewer but larger brands, and increased cost control, continued in the first quarter. But at the same time, we saw regulations impacting operators negatively, and us in turn, which led to a challenging quarter, and our revenues came in below our expectations.

REGULATORY EFFECTS IN SWEDEN

The new regulations in Sweden introduced new restrictions on operators, and their revenue declined, which affected us in turn. In the long term we believe regulations will prove beneficial, with a higher demand for our services. Especially if regulations would restrict use of other marketing channels, such as TV advertising in the future.

FINANCIAL SERVICES STRONGLY REGULATED

The new regulations for Forex trading, CFDs, crypto and binary options issued by ESMA and BaFin, were in essence good – set up to protect consumers and brokers. This became challenging for us as brokers cut their marketing spend. While some of our competitors went out of business, we started an overhaul to realign our sites and services. This effort continued throughout the year.

FOCUSING ON OPERATIONAL EFFICIENCY

In order to turn certain declining and non-growing casino products into long-term organic growth, we continued onboarding acquired assets. We moved them onto our own content management system for efficiency, as well as reorganised and transferred personnel. We also scaled up our top casino brand, AskGamblers, via a major technical makeover, enabling us to launch the product into new markets globally. →

Second quarter

PREPARING FOR A STRONG SECOND HALF OF 2019

Besides the seasonal swing being lower in the second quarter compared to the first, this year we were also negatively affected by regulatory changes in the United Kingdom and France. We pulled out the stops to gear up for a strong second half of 2019 by finishing the rebuild of many of our sites, improving our business model, and preparing to expand into new markets.

"KNOW YOUR CUSTOMER" IN THE UNITED KINGDOM

When additional Know-Your-Customer requirements were introduced in the United Kingdom at the beginning of May, all consumers – whether current or new – had to verify their identities, age and address with a passport or ID. This resulted in delayed deposits and revenues. But operators quickly improved their registration processes and the numbers came up again at the beginning of the third quarter.

MAJOR REGULATORY IMPACT IN FRANCE

Local regulation interpretation forced us to split our French website into two different ones in order to continue doing business in the French market. As a result, the subscription website was closed down to be relaunched in 2020.

ADAPTING TO GOOGLE UPDATES

Google made several updates to its algorithms at the end of 2018 and beginning of 2019. This turned into a hard blow to the market; several business were affected, and ranking positions were changed. We had to put special efforts into rebuilding our sites from the ground up to mitigate these changes. We also recruited new talents and reshaped the organisation towards more value-creating roles, resulting in improved operational efficiency.

EXPANSION IN THE US

The long-anticipated Sports and Casino affiliation went live

in Pennsylvania during the second quarter and we delivered traffic from day one. We were well positioned, with multiple operators aligned for the launch. Statewide brands, such as playpennsylvania.com, were already top-ranked and our national brands, such as PlayUSA.com and BonusSeeker.com, all had numerous pages dedicated to Pennsylvania. Around the same time, we were crowned "Affiliate of the Year" by EGR North America for the second year running. Clear proof that we are doing it right.

Third quarter

OUR EFFORTS STARTED TO PAY OFF

After three consecutive quarters of decline, we could happily announce a revenue increase compared to the second quarter, making it the third-best quarter in the history of the company. Major growth came from the United States, which represented 17% of the total year-to-date revenues at the time. Strong performance from AskGamblers and the Japanese market also contributed positively. The European Casino segment, which had been in decline since the third quarter of 2018, levelled out and several products showed positive growth in traffic and revenues.

STRONG PERFORMANCE FOR ASKGAMBLERS

It's unusual for a Casino product to show growth between June and August, but AskGamblers exceeded our expectations both in revenues and new depositing customers. To ensure further growth in 2020 we launched the site in three new languages: Spanish, Portuguese and Japanese.

EUROPEAN SPORTS – CHALLENGING BUT GOOD

The challenges we saw in the second quarter continued in the third.

- United Kingdom: Due to changes in the Sports market, we started reworking our product strategy in order to enable further growth from fewer products. Combined

with increased cost control, this will support stronger gross margins and is expected to show results during 2020.

- Italy: The Italian marketing ban entered into force in July and halted business temporarily, but it started growing back in August and September, and 2019 ended with a strong revenue development.

UNITED STATES SHOWED STRONG GROWTH

Both the Casino business and Sports in New Jersey showed steady growth. But most importantly, Pennsylvania was live, with its first sports operator online. With only one operator launching in time for the NFL kick-off, the total demand for affiliate traffic was less than originally anticipated, but we were still satisfied with our market share and revenue development.

Indiana went live, cutting through the red tape surprisingly fast, confirming our positive view of the US market. With several more states expected to go live in 2020, we decided to further increase our investment levels, which will allow us to maintain our strong position for years to come.

Fourth quarter

CONTINUED POSITIVE DEVELOPMENTS

Our underlying business continued to show a positive trend. Our top Casino brand, AskGamblers, reached an all-time high, our Italian operations generated good results, and the US continued to grow, representing 18 percent of our revenues in 2019. Our site improvements over the past year showed improved results as we performed well after recent Google updates.

CASINO IS LOOKING GOOD

Our Casino strategy over the past year and a half, to improve and rebuild a wide set of sites for better efficiency, showed results. While continuous algorithm updates by Google have

had negative impact on many websites, our organic traffic generated by our brands continues to show a positive trend. AskGamblers had a second consecutive all-time high in the fourth quarter and we continued to maintain a strong momentum in existing and new markets. In the US, we almost doubled our revenues compared to the same period last year.

MIXED RESULTS IN SPORTS

While Italy performed well, Germany came out below our expectations as we saw some challenges on the German Sports market. Our UK-focused brands ended up on par with the previous quarter, while France remained at low revenue levels as our sites were undergoing restructuring. After successful improvements to underperforming Casino sites in 2019, one of our highest prioritised projects in 2020 is to rebuild some of our European Sports brands to ensure traffic growth and expansion into new markets, with improved cost efficiency. Our US Sports business grew well, mainly as additional operators went live in Pennsylvania.

Operational efficiency, global expansion and organic growth

We are satisfied with the work we have conducted over the past year, dedicated to quality and efficiency improvements, and it's starting to pay off. But this year has taught us that we need to continually improve our existing products and can never stop, as markets are increasingly regulated and undergoing changes. Furthermore, we need to add new markets and revenue streams to avoid regulatory changes having large impacts on our short-term results, as they did in the first and second quarter this year. We will continue to execute on our strategy to focus on few brands, invest in new markets and continue our focus on cost control.



Per Hellberg, CEO



HISTORY

Catena Media is a young company. Founded as a startup in Malta in 2012 by two SEO experts. Catena Media was their third startup by then, and Catena Media was initially focused on lead generation for online insurance and Bingo. The same year they started, an investment company bought 50% of the firm and the focus shifted to lead generation for primarily online Casino. Catena Media is today well-distanced from all minor competitors, but still a startup at heart, which imbues the entire company culture. To try, to make mistakes, to try again and to learn is everyday life at Catena Media. Catena Media offers a reliable alternative to traditional media – a smarter way of acquiring customers, by providing better, more actionable content driven by return on investment. Creating true value for our customers.



GLOBAL BUSINESS, LOCAL PRESENCE



404

EMPLOYEES

8

OFFICES IN THE WORLD

40+

NATIONALITIES

EURm
102.8

TOTAL SALES IN 2019

■ THIS IS WHAT WE DO

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

■ THIS IS HOW WE DO IT

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

■ THIS IS WHERE WE DO IT

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

■ THIS IS WHY WE DO IT

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

2019

-2%

EUR 102.8m
REVENUE GROWTH YOY

2019

-13%

EUR 43.5m
ADJUSTED EBITDA GROWTH YOY

2019

-7%

EUR 12.3m
CASH FLOW GROWTH YOY

KEY FIGURES	2019	2018	2017	2016	2015
Revenues (EUR 000s)	102,817	104,970	67,650	40,049	14,939
EBITDA (EUR 000s)	40,506	47,836	32,637	19,683	9,125
EBITDA margin (%)	39	46	48	49	61
Adjusted EBITDA (EUR 000s)*	43,471	50,057	36,139	22,064	10,291
Adjusted EBITDA margin (%)*	42	48	53	55	69
(Loss)/profit before tax (EUR 000s)	(10,358)	33,134	22,853	17,509	8,999
Earnings per share before dilution (EUR)	(0.18)	0.56	0.40	0.32	0.20
Earnings per share after dilution (EUR)	(0.17)	0.52	0.40	0.31	0.20
NDC (New Depositing Customers) (000s)	437	539	386	205	69
Equity to asset ratio (%)	44	37	36	39	43
Net interest-bearing liabilities (NIBL) (EUR 000s)	150,214	136,839	87,654	5,287	–
NIBL/EBITDA multiple	3.71	2.86	2.69	0.27	–
Net debt/equity ratio multiple	1.26	1.67	1.81	1.55	1.26

* Adjusted for exceptional costs in relation to the bond issue and credit facility, loss allowance on trade receivables, impairment on intangible assets and reorganisation costs totalling EUR 35.1m million (3.5).

GROWTH STRATEGIES

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

FINANCIAL TARGETS

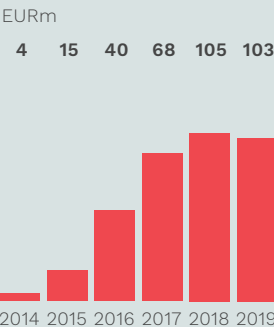
Catena Media has two financial targets. The first is to reach profitable double-digit growth (organic) on a yearly basis. The second relates to leverage, where the goal is to operate below a net interest-bearing debt/adjusted EBITDA of 1.75x long term.

DIVIDEND

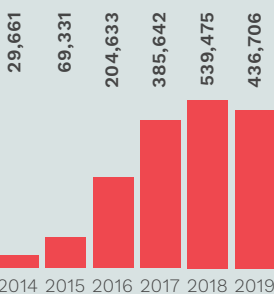
The board of directors has set a long-term dividend policy that up to 50 percent of profit after tax is to be paid out in dividends. However, no dividend will be paid before the period ending 31 December 2021.

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

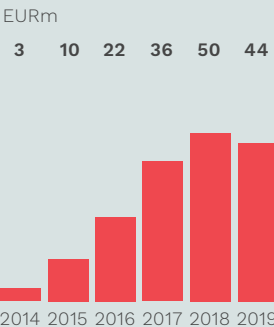
REVENUE



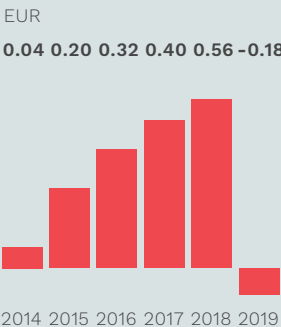
NDCs (New Depositing Customers)



Adjusted EBITDA



Earnings per SHARE



THE SHARE

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

SHARE PERFORMANCE IN 2019

The highest trade price quoted was SEK 98.50 on 2 January, and the lowest trade price was SEK 37.94, on 19 December.

TRADING VOLUME

In 2019, a total of 98,753,003 Catena Media shares were traded and the total trading volume in 2019 was 142,880,000 shares on the Nasdaq Stockholm Mid Cap list.

OWNERSHIP STRUCTURE

The number of shareholders is 9,603 according to Euroclear's register of shareholders at year-end 2019. The ten largest shareholders according to Euroclear own 58.5 percent of the shares.

DIVIDEND

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SHARE CAPITAL

At the end of 2019, Catena Media's share capital was EUR 87,920 distributed among 58,613,270 shares and the same number of votes, an increase of 2,326,398 shares during the year. All shares carry equal entitlement to the company profit and equity.

OPTIONS & WARRANTS

In the 2017 programme 613,643 options and warrants were granted, of which 522,368 were share options and 91,275 were warrants. In the 2018 programme (Ltip) 1,236,110 options and warrants were granted, of which 1,220,610 were share options and 15,500 were warrants. In the 2019 programme 1,910,000 share options were granted.

THE CATENA MEDIA SHARE DEVELOPMENT 2019

CTM	-59.9%	
OMXSPI	29.5%	
High	98.50	2 January 2019
Low	37.94	19 December 2019

TRADING VOLUME

Number of shares traded	98,753,003	Nasdaq Stockholm
Average number of shares traded	395,012	Nasdaq Stockholm

SHARE CAPITAL

	2019	2018	INCREASE
Share capital, EUR ,000	87,920	84,430	3,490
Number of shares	58,613,270	56,286,872	2,326,398

OWNERSHIP STRUCTURE

Number of known shareholders 31 December 2019	9,603	Euroclear
Holdings of the ten largest shareholders	58.5%	Euroclear

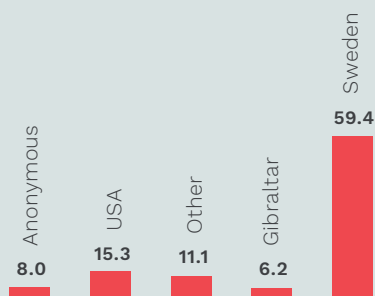
SHAREHOLDER STRUCTURE

Ten largest shareholders as per 31 December 2019	%
Bodenholm Capital AB	15.2%
Investment AB Öresund	8.9%
Ruane, Cunniff & Goldfarb	8.6%
Second Swedish National Pension Fund	6.2%
Aveny Ltd.	6.2%
Baybets Limited	3.5%
Avanza Pension	2.6%
Long Light Capital LLC	2.5%
Capital Group	2.5%
Henrik Persson Ekdal	2.3%
Sub-total, 10 largest shareholders	58.5%
Other shareholders	41.5%
Total	100%

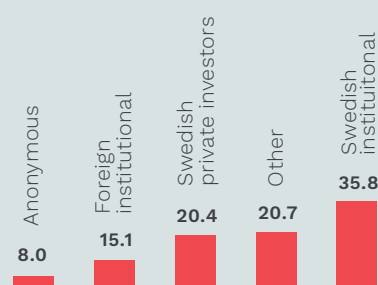
KEY DATA RELATING TO CATENA MEDIA'S SHARE

	2019
Earnings per share (EUR) after dilution	(-0.18)
Outstanding shares at year end	58,613,270
Last price paid 2019, SEK	39.52
Highest price 2018, SEK	98.50
Lowest price 2018, SEK	37.94
Number of shareholders, 31 Dec 2019	9,603
Number of shares traded in 2019	98,753,003
Marketplace	Nasdaq Stockholm
Listed	4 September 2017
Segment	Midcap
Sector	Media
Trading name	CTM
ISIN code	MT0001000109
Currency	SEK

OWNER COUNTRIES, VOTES %



OWNER CATEGORIES, CAPITAL %



SHARE PRICE PERFORMANCE





FINANCIAL SERVICES

MAINTAINING REVENUE IS A “WIN” IN A CHALLENGING EUROPEAN MARKET

“Catena Media achieved the near-impossible in 2019,” states VP Financial Services Nigel Frith. “The new regulations, meant to protect both consumers and brokers in Europe, really hurt the market. But we held on to our revenue, when many clients and competitors experienced tough times. After working hard to adapt to the new rules, we are positive for 2020.”

STRUGGLING TO HOLD ON IN EUROPE

First, the European Securities and Markets Authority (ESMA) regulated CFD trading, setting lower limits to the win and loss possibilities. It was to protect consumers, which we see as a good thing. But consequently, the market plunged when consumers suddenly needed to invest ten times as much for the same potential returns.

“Many EU brokers cut their marketing spend and increased the time needed to qualify a user through to CPA on the same conditions,” continues Frith. “This had a detrimental effect on our branded media business and our CPA revenues. The fact that we maintained a stable revenue is a win, given the macro situation.”

MOVING TO INTERNATIONAL BROKERS

Second, the Federal Financial Supervisory Authority in Germany (BaFin), hampered Catena Media’s revenue share business. In an effort to protect brokers, they mandated that the revenue share payments to the introducing partner must be regulated, which meant the vast majority of partners had to cease paying revenue share on already-generated partner accounts and this had a negative impact on one of our revenue streams. Our focus in 2019 was to develop the international expansion plan and centre efforts on building AskTraders.com. AskTraders.com will see a major rebrand and relaunch during the first quarter of 2020, with a new

design and customised user journeys to set the business up for growth.

GREAT OPPORTUNITIES IN THE US

The US subscription business, HammerstoneMarkets.com, has performed solidly and maintained stable revenue. Catena Media is now making enhancements to the inhouse suite of tools for professional traders to access the data feed.

“Our app is launched in App store and Google Play,” explains Frith, “And we expect a strong year in gaining new traders to our proprietary platform, as opposed to them being limited to third-party platforms to access our feed. We also have beta partnerships with two leading broker platforms for their many thousands of pro traders to access the feed.”

“An adapted version of the feed for consumers on a subscription basis is under development and would be a fantastic addition to Catena Media’s financial services.”

WE EXPECT THE HARD WORK WILL PAY OFF IN 2020

“With heavier EU regulation, many of our clients and competitors have struggled, but we made it through our toughest year to date,” concludes Frith. “We embarked on a business transformation in mid-2019 to focus on core brands and develop new tools and features to aid our expansion. We are looking forward to the deployment of key stage one in early 2020.”



CASINO

SIMULTANEOUS GROWTH AND TURN-AROUND

“We’ve demonstrated we can deliver sustainable organic growth after a period of acquisition” says Catena Media’s recently appointed VP of Casino, Hamish Brown. “The team delivered rapid and sustainable growth in Japan while still maintaining a focus on our core European markets and customers.”

A SUCCESSFUL SECOND HALF

Catena Media ended 2019 with a good third and strong fourth quarter. In Malta, where we produce many of our European casino websites, we went through a massive project to reposition and improve our products. And in the second half of 2019, all that hard work resulted in a return to positive growth, despite challenging market conditions and increased competition.

ASKGAMBLERS KEEPS GOING STRONG

In the casino space, AskGamblers holds the absolute leading position. This comprehensive site covers more than 1600 casinos and the successful complaint section has thus far helped players recover over EUR 30M from casinos, where errors were rectified. The complaint function also helps casinos improve their customer support, so it’s good for both parties. Our long-term growth objective is to have a localised version of AskGamblers present in every regulated market. We successfully launched the brand in several new languages in 2019 and will continue to launch in additional languages in 2020.

GROWING IN THE US

States that want to regulate online gambling are lining up in the US. After New Jersey in 2013, Pennsylvania launched in the third quarter 2019. We were well prepared and started delivering traffic from day one, all according to plan. In fact, at launch, we were the exclusive provider in Pennsylvania – for a period of time – thanks to our pre-launch positioning.

We have a clear growth strategy for 2020 and beyond: establishing and positioning our products in as many states

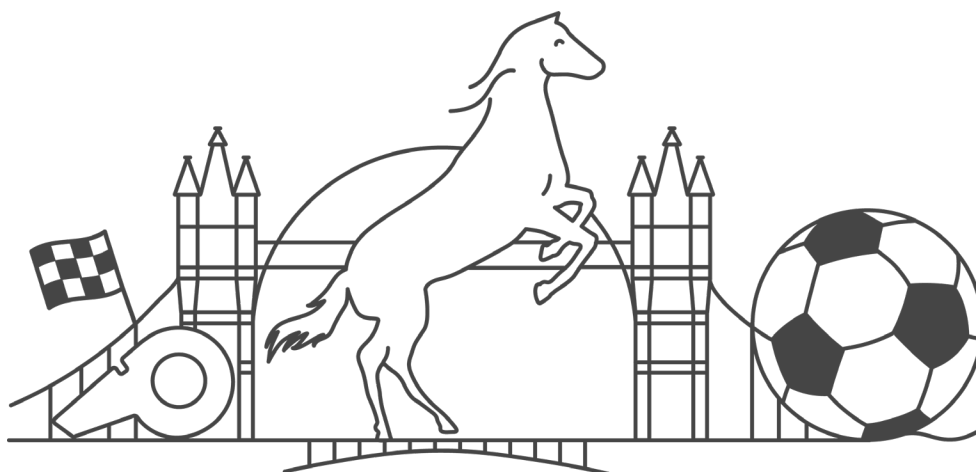
as possible. Grow traffic, gain share of voice and collect data, before the state regulates. And be ready when the first online casinos open up. To date, we have the best position by far among casino affiliates in the US.

A YEAR OF REGULATORY CHANGES IN EUROPE

We see the new EU regulations as a healthy development, since the aim is to protect players from harm. One consequence of the more challenging regulatory environment is market consolidation and we foresee fewer, high quality, highly compliant operators dominating the space. The same is true of affiliates, with only a few larger ones able to manage the new regulatory landscape. In fact, with our considerable compliance infrastructure, we’re positioning Catena Media to thrive in this new environment by proactively adapting to operator needs and community expectations. The affiliate channel is only going to become more important in jurisdictions such as the UK, where traditional marketing such as television is now severely restricted.

A GREAT SET UP FOR 2020

“All in all, 2019 was a rewarding year, including planning for new market launches and the successful completion of a program of work which returned the Casino segment to growth,” concludes Brown. “I am very proud of the team’s achievements and our ability to deliver on these two strategies simultaneously and achieve good results. In addition, we have completed the integration of acquired assets, meaning that in 2020 we are free of legacy earn-out deals and able to run the business 100% in line with Catena Media’s sustainable growth strategy”.



SPORTS

A YEAR OF CHANGE AND CONSOLIDATION

After a second quarter that saw several regulation changes in Europe, Catena Media ended December delivering record traffic for the Sports portfolio. "2019 saw a number of changes in some of our markets," says VP Sports, Chris Welch. "Catena Media adapted well to these challenges."

OFF TO A QUIET START

"The first quarter has historically been slower. It was quite uneventful in 2019 as well," explains Welch. "We were hitting our targets and following our strategy of moving from acquisition-based growth to organic growth and migrating assets to our own systems. The only setback was declining revenue in Sweden. It stabilised by the second quarter, so not much harm done."

NEW REGULATIONS IN

3 COUNTRIES IN THE SECOND QUARTER

"April and May were very challenging months for Catena Media Sports and its operator partners," continues Welch. "First the French online gaming authority, ARJEL, sent official notices to all licensed operators in France regarding premium tips provided by performance marketing companies. This meant our business model was no longer compliant, so we had to take down our site and split it in two. We plan to relaunch the sites in 2020."

ITALIAN ADVERTISING BAN WAS GOOD IN THE LONG RUN

When the Italian ban on all gambling advertising came into effect in April, it did not expressly regulate affiliation activity. While there were still a few uncertainties in how to interpret the new law, Catena Media conducted internal assessments and made changes to all its websites, with the aim of complying with Italian law. By working in partnership with operators, we ensured regulatory compliance and gained trust, which also led to long-term commitments from the operators. We ended with

a record-breaking year in Italy and confirmed our position as the leading sports lead generator in the market with our hero superscommesse brand.

UK INTRODUCED MORE STRINGENT KYC PROCESSES IMPACTING THE USER JOURNEY AND CONVERSION RATES

The UK introduced new KYC (Know Your Customer) requirements, in which all players – new and old – need to document their identity before gambling. This was previously required after a period of days and before withdrawing any funds.

Operators and players had to adapt to the new requirements; some were better prepared than others and this naturally impacted conversion rates and overall gambling activity. We saw these impacts gradually diminish over the year with conversions returning close to normalised rates. The UK is likely to remain a challenging market.

WELL POSITIONED ON THE US MARKET

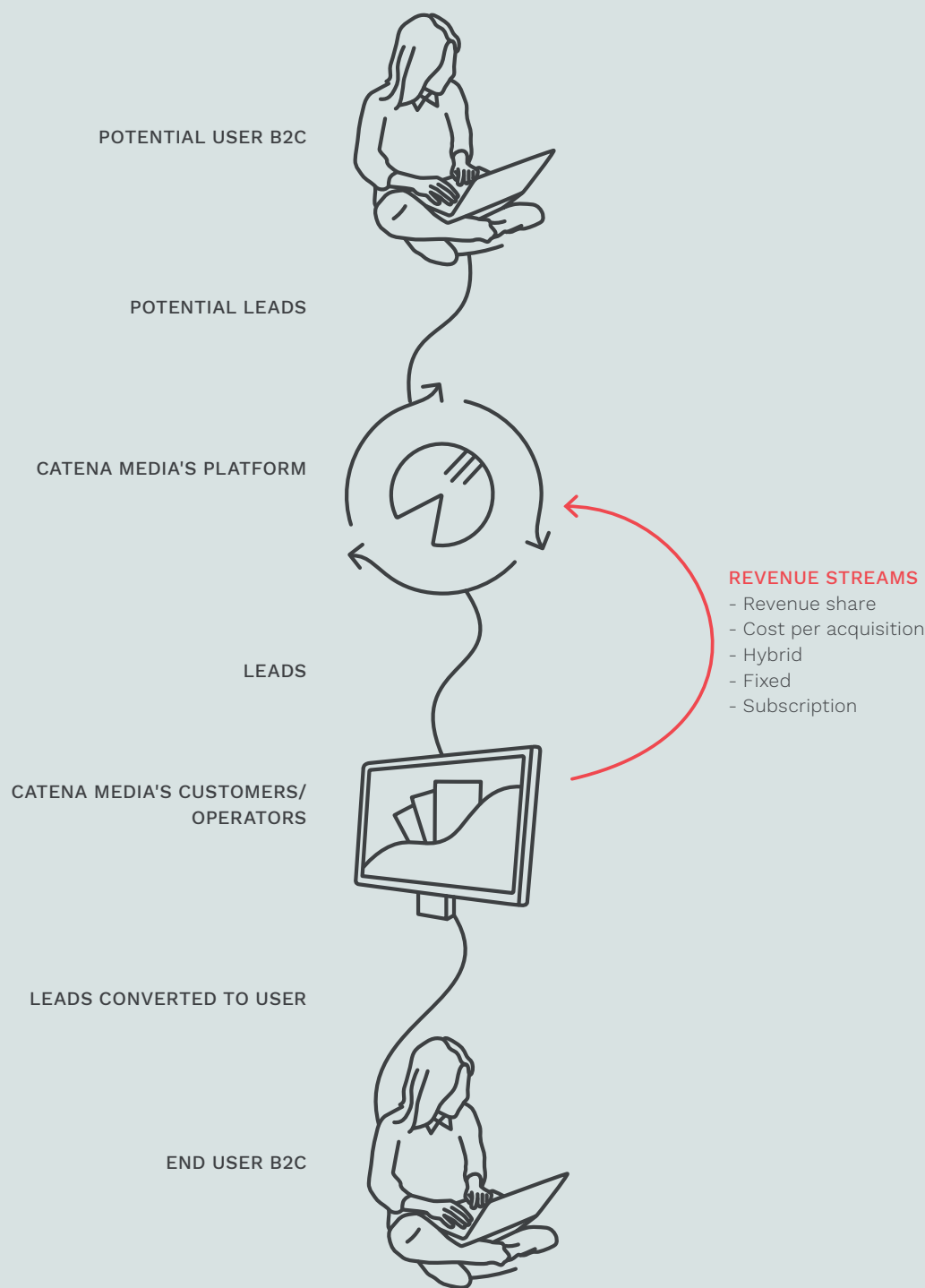
With sports betting being the dominant gambling product in most newly regulated states, Catena Media confirmed its position as the leading lead generator of sports betting leads for the US market. As more states regulated during the year, we worked with our operator partners to capitalise, leveraging our strong brand network and unrivalled marketing expertise to deliver a strong performance with the outlook looking positive for continued growth. Since the COVID-19 pandemic has resulted in several sport events across the globe being cancelled 2020, or postponed for safety reasons, the company anticipates negative effects from COVID-19, particularly for the sports betting industry. Consequently, there is an expectation that sports betting revenues will decline. The Group is working closely with key operators to mitigate the likely shortfall in sports revenue by seeking to convert traffic from a number of sport-related sites into casino revenue, and by holding back on low-margin media spend. The likely length of cessation of sports events is uncertain, although the Group remains hopeful that activity will resume after the summer break. Events that are postponed events may contribute positively when they are rescheduled.

Our business model

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

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

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





“No competitor was even close to the position we were in,” says Daly. “We quickly secured large market share, and once all operators and products go live, we expect levels of revenue similar to New Jersey. With low incremental cost, this will have a large positive impact on our earnings.”

ALREADY 18% OF REVENUE, AND OUR EXPANSION IS JUST STARTING

“At the start of 2019, we were increasing revenue and making good margins in the three states already online: Delaware, Nevada and New Jersey,” says VP Catena Media US, Michael Daly. “By the end of 2019, Pennsylvania, West Virginia and Indiana had also launched and the US represented 18% of Catena Media's total revenue in 2019. Colorado is likely to go live in mid-2020 and five other states* are in preparation. It's likely we'll see a doubling, or even tripling, of our Sports revenue within the next two years.”

* New Hampshire, Tennessee, Michigan, Illinois, Iowa

NO. 1 IN PENNSYLVANIA

Sports opened up in Pennsylvania in May and Casino in July 2019. Because Catena Media had proactively set up multiple websites, fully prepared to send high-quality leads from day one, and negotiated operator deals, we started delivering traffic from day one. “No competitor was even close to the position we were in,” says Daly.

INDIANA LAUNCHED EARLIER THAN EXPECTED

“Six months ahead of schedule, Indiana launched its online sports books,” continues Daly. “It was an unexpected, but most welcome, addition to our business.”

“Since Catena Media's strategy is to start up sites years in advance – collecting data, generating traffic and positioning ourselves in states that are discussing online gambling regulations – Indiana was not a complete surprise. We delivered traffic to operators and took the top position immediately.”

“West Virginia also re-launched in the third quarter, and true to our habit, we were the first to deliver traffic to the two operators that went online.”

A GREAT TEAM

“Our competitors are very aggressively trying to recruit our talent. They have to, since it is very hard to find better personnel,” explains Daly. “But they haven't succeeded. Today, we are 40 employees and have put together a great benefits package.”

“Catena Media is more than just a job; we have a great team that thrives together and, so far, only one person has chosen to leave us. Having a decentralised organisation, where people can stay local, has been one of the keys to our success at retaining talent.”

EGR NORTH AMERICA “AFFILIATE OF THE YEAR” FOR THE SECOND YEAR IN A ROW

EGR North America Awards is an annual event that celebrates the operators and service providers who have shown outstanding performance and innovation over the preceding 12 months. The judges mentioned Catena Media's “highly-differentiated portfolio, with key sites recognised as industry editorial leaders” and highlighted the “thoroughness of product and quality of writing”.

RECORD BREAKING FOURTH QUARTER

“All in all, 2019 ended great. Pennsylvanian sports and casino operators continued to launch, driving up CPA rates, many states were online for the NFL season and we hit overall record revenue,” concludes Daly. “While our competitors are struggling to catch up in the regulated states, we will continue to reap the benefits of our hard work, and re-invest in the North American market, aiming to establish our presence in every new state expected to launch within the coming few years.”

CATENA MEDIA AND SUSTAINABILITY

Our approach to sustainability

At Catena Media, we are constantly working to make our business model more sustainable. **We strive to create positive value for our stakeholders and our planet.** With a high sense of ethics and respect for all parties, we can achieve this. This mindset helps us to constantly look for opportunities to improve our business model and make it more sustainable. We strongly believe that it is our duty as a company to take responsibility for our environmental footprint.

OUR FOUR FOCUS AREAS

A stakeholder dialogue and a materiality analysis were conducted in 2018 that enabled us to identify four focus areas that provide the foundation for our sustainability strategy. These enable us to make the largest impact, where we can create value for employees, customers, partners, suppliers, investors, owners and society at large.

- Responsible employer
- Responsible business
- Customer responsibility
- Environmental responsibility



These focus areas will shape our ongoing sustainability efforts. As a growing company within a modern industry, we believe in assuming responsibility by contributing to the well-being and development of those around us and always promoting equality, ethics, diversity and a clean environment.



Our core values

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

LEAD BY EXAMPLE

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

ACTIVELY ENGAGED

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

EAGER TO LEARN

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

OUR OPPORTUNITY:

Companies constantly need new customers

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

OUR PURPOSE:

Help users make decisions and solve problems

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

OUR STRATEGIC PILLARS

- Create excellent products
- Build outstanding relationships
- Cultivate the Catena Media culture
- Catena Media Ideapreneurship



Responsible Employer

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

COMPANY CULTURE

We strive to promote a vigorous company culture that inspires our employees to contribute toward their personal goals and those of our company. We believe that creativity, passion and innovation are fuelled by a strong team spirit, brave leadership and individual development. Our company culture encourages continuous learning and growth. By investing in our employees and recruiting exceptional and forward-thinking talents, we can promote a company culture that generates innovations.

We are committed to develop our leaders further and to support our employees in growing and taking on new responsibilities and new roles. For the second year in a row we are offering employees the opportunity to participate in our leadership training course, Catena Academy. The course develops and coaches leaders in the organisation to lead by example, be actively engaged, show the right attitude and communicate effectively. We also strive to establish a culture where we challenge how we work today and encourage creativity and innovation while strengthening our work processes.

Our employees can expect an international workplace where everyone is supported to reach their highest potential. We are also proud to offer benefits that go beyond standard industry practice, and we are a family-friendly organisation. We actively encourage our employees to practise a healthy and active lifestyle.

HEALTH AND SAFETY

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

At Catena Media work-related injuries seldom occur. In an office environment there are, however, occupational hazards that must be addressed. We encourage regular breaks, varied work tasks and equipment adjustments to help avoid health issues.

We inform all employees of health and safety practices as part of their introduction, and a number of training activities are provided throughout the year.

We recognise the benefits of a healthy diet and regular physical activity on individual performance. We support employees by offering benefits aimed at improving their health and wellbeing. This includes wellness bonuses, health insurance, and learning and development opportunities. Our Malta and Sweden offices are equipped with gyms, and our Malta office has a mindfulness room.

PROMOTING WORK-LIFE BALANCE

We strive to offer all employees an environment that promotes productivity, creativity and collaboration. We offer a workplace that respects individual circumstances. This entails that all employees are accepted and supported with the right working conditions to grow personally and professionally. We tailor flexible working solutions to enable employees to manage their work and personal life. A number of initiatives help our employees to disconnect from work, as our managers are expected to avoid excessive workloads and stress levels.

As part of offering our employees flexibility and development, Catena Media recently launched an Interoffice Work-away Programme that allows employees to spend up to two weeks working remotely from another office from our office locations. We believe this will benefit the organisation and employees by developing more diverse thinking, learning from different cultures, and further increasing internal competence.

DIVERSITY AND EQUAL OPPORTUNITIES

We promote equal opportunities among our employees and job candidates, and we do not tolerate any kind of discrimination. This includes equal pay for equal work, regardless of gender identity or expression.

We are convinced that diversity drives innovation and helps develop our organisation into a uniquely competent workforce, where professional qualities are not being compromised by undue attention to factors such as cultural background, gender or physical disabilities.

It is our ambition to have an equal distribution of men and women throughout the organisation, across all levels. Furthermore, we have a zero-tolerance policy on discrimination and sexual harassment. In 2019 we implemented a grievance policy to enable our employees to raise any issues or complaints regarding their employment. This policy will ensure that any grievance is followed up and suitable measures are taken. No grievances were reported in 2019.

Our Equal Opportunities and Dignity at Work Policy informs employees about the types of behaviour that are unacceptable. It also assists employees to put the policy into practice to create harmonious work environments that are free from discrimination, harassment and bullying, and where every employee is treated with respect and dignity. There are over 40 different nationalities represented in our workforce.

ACQUIRING COMPETENCE AND TALENT

Catena Media is a fast-growing company and it is always a challenge to recruit and maintain talent at the required pace. Not only the recruitment per se, but also the structure and routines for a sound HR function.

At Catena Media, our recruitment process treats all applicants equally and evaluates all candidates against the same criteria regardless of their background, beliefs or physical appearance. We offer people a rewarding space where they can cultivate and contribute with their unique talents. Catena Media's recruitment process sometimes supports applicants who require visas and work permits.



Responsible business

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

SUSTAINABLE BUSINESS MODEL

Catena Media is convinced that the way forward is to create long-term value for all stakeholders through a sustainable and scalable business model. We strive to achieve sustainable and healthy growth with reasonable financial targets while sustaining a balanced debt ratio. Making a transition to a more sustainable business model comes with some challenges. One of them is to communicate and convince shareholders that a sustainable strategy is the way forward and that strong future growth depends on it.

We intend to be transparent towards the public market and keep it well-informed about our operations. Catena Media is a Mid-Cap company and the main focus is to keep investing in segments with long-term potential. The revenue models are based on growing markets within performance-based marketing for online businesses. Catena Media aims to maintain a fair share value through predictability based on clear and relevant financial information.

UNDERSTANDING OUR EXTERNAL STAKEHOLDERS

In a fast-changing environment, it is essential for Catena Media to understand and analyse the market where we are present. This implies understanding and managing our relationship with our stakeholders.

CUSTOMERS

We have noticed an increased awareness among customers concerning sustainability that is changing current linear consumption patterns. We must therefore adapt to changing consumer behaviour to provide services that are relevant to our target groups.

PARTNERS

Catena Media is always careful and mindful in the selection of the partners we work with. We make sure our partners are highly suitable for the task at hand and successful in their respective fields. We carefully consider their business impact as part of the selection process, to ensure we have as little negative impact on both their own and our sustainability efforts.

SUPPLIERS

Our suppliers are essential to our business model as they provide digital and IT services. It is our belief that long-term relationships with our suppliers that are based on mutual interests generate healthy, sustainable growth for all parties involved. We encourage our suppliers to act in accordance with an ethical standard consistent with our standards.

CODE OF CONDUCT

Our Code of Conduct is the foundation for our work with ethics and anti-corruption. The Code is a guidance document for all our employees and partners that we require them to abide by. Our dedicated compliance team is responsible for the communication of our company-wide policies and training on anti-corruption. We also have a whistleblowing procedure that is available to all employees and partners, to report suspected breaches of our Code of Conduct.

Catena Media has a zero-tolerance approach to bribery and corruption, and in 2019 we established policies covering those areas. We are committed to act fairly and with integrity in all our business relationships wherever we operate. We remain bound by national laws and international laws with respect to our conduct both at home and abroad. Corruption threatens the integrity of the market, damages public trust, increases disparities in income and well-being, undermines the rule of law and imposes a heavy financial burden on society. We believe it is important to take a proactive approach to anti-corruption, as it increases trust in our company and enhances relationships with key stakeholders. We manage anti-corruption risks through policy management, third-party due diligence, internal monitoring and staff training. Our internal education programme includes online training videos, policy training and newsletters.

In 2019 there were no reported cases of corruption or bribery within Catena Media.



Customer responsibility

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

DATA PROTECTION

We see privacy as a basic human right, whereby people own their personal data, which they lend to us. It is therefore our responsibility to secure the personal data of customers and employees alike and use it according to current legal requirements. Our data protection policy is guiding our efforts to ensure privacy and integrity to our customers.

We strive to be transparent with our customers and employees regarding the information we collect, how we use it, whom we share it with, and how we safeguard it. We believe that being transparent regarding data protection will generate a trusting relationship between us and our stakeholders. We always inform customers about their personal data rights, and we encourage them to contact us with any queries. We are a global organisation and act responsibly when transferring personal data between Catena Media stakeholders in accordance with our internal Group Data Transfer Agreement. In 2019, Catena Media reported two minor data protection breaches to the authorities. The breaches were dealt with according to established procedures and the events did not cause any serious consequences. They have been followed up and suitable measures have been taken to minimise the risk of similar events occurring in the future.

All employees, from senior management to new hires, are informed on how to treat personal data with integrity and keep it safe. We carry out regular training in data privacy and we share guidance and good practice via the company intranet.

We implement technical and organisational measures to safeguard our customers' and employees' personal data. Data protection is managed by the General Counsel and the Chief Information Officer. This work is based on a review of operations, current contracts and other arrangements for sharing data with partners, suppliers, and clients, as well as internal procedures that ensure that Catena Media complies with The European General Data Protection Regulation (GDPR). Data privacy is always incorporated at an early stage in the development of new services, tools or products.

RESPONSIBLE GAMBLING

As one of the world's top online lead generation companies within iGaming, we recognise the importance of responsible gambling. Gambling can cause personal, social, financial and health problems. We are committed to always follow best practice and operating in compliance with gambling advertising rules and regulations where our products are promoted.

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

Catena Media also runs and supports the independent AskGamblers Casino Complaint Service to help players resolve issues when gambling at any online Casino. This service provides a platform where mediators help players to report and shed light on any wrongdoings and questionable procedures. By supporting this platform, we hope to protect and support our players and partners by prompting all Casino brands to act responsibly and professionally. So far, we have contributed to resolving over 7000 casino complaints, helping players recover over EUR 30M, which is an important step towards ensuring fair procedures for all.

PLAY AND SUSTAIN

Taking responsible gambling one step further, we launched the website Playandsustain.com. This site will rank online casinos based on how sustainable they are. The operators are ranked based on their carbon footprint, charitable causes, responsible gambling and customer service.

The idea of Play and Sustain was first introduced at Catena Media's annual Dragons' Den-style competition, where employees have the opportunity to present innovations and business ideas to a jury. The website helps players make informed decisions on which brands to choose based upon sustainability, and the efforts the brands are making to protect players and help society at large. This is a win for all stakeholders in this industry – players, brands, investors, and employees.



Environmental responsibility

Catena Media recognises that we are part of a global ecosystem where we all share the same resources such as water, soil and air. We often refer to our environmental responsibility as our “planetary conscience and responsibility”. Our business is mainly online. Therefore, we have a relatively small environmental footprint. Nonetheless, we are committed to finding opportunities to lower the negative impact of our infrastructure and daily operations. We participate in a variety of meaningful projects and take responsible roles in the communities where we operate.

ENERGY EFFICIENCY

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

The cloud-based servers are more energy-efficient, and also decrease load times and increase reliability. We selected our web services provider based on their environmental responsibility. It is our ambition to keep promoting the transition to cloud-based servers to further lower our climate impact.

MINIMISING TRAVEL EMISSIONS

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

REDUCING WASTE, RECYCLING, SORTING AND CLEANING

We are taking steps to eliminate all non-recyclable waste by replacing paper cups with custom reusable coffee mugs and encouraging employees to use and refill their own water bottles to avoid wasting single-use cups and plastic bottles.

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

MITIGATING FOOD IMPACTS

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



Board of Directors' Report

DIRECTORS' REPORT

For the year ended 31 December 2019

The Board of Directors present their annual report together with the consolidated and separate financial statements of Catena Media plc (the "Group" and the "Company"), registration number C70858, for the financial year ended 31 December 2019.

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

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

PRINCIPAL ACTIVITY

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

BUSINESS OVERVIEW

Catena Media holds a strong market position within the online casino and sports betting sector. The company also conducts business

within online financial services. Catena Media achieves economy of scale by operating the same online brands in several geographical markets. A shared technical platform enables efficiency from a production perspective as well as data collection. Analysing the quality and conversion of consumers is crucial to developing and improving website content. In 2018 Catena Media started some activities within the subscription business, where high-end content is sold within the Financial services and Sports segments. This adds a new revenue stream. The Group acquired several assets over the past years and has extensive experience integrating acquired assets in order to create synergies. The Group is well positioned for future organic growth with focus on scaling the current brand portfolio. Catena Media entered the US market at the end of 2016 by acquiring regulated affiliate assets targeting the Casino markets in New Jersey and Nevada. The company expects additional states to legalise online casino and sports betting over the coming years and that will create new growth opportunities for the Company.

THE CURRENT FINANCIAL YEAR

During the current financial year, Catena Media did not make any further acquisitions, as the Group's strategy was changed to focus on few brands, invest in new markets and continue to focus on cost control.

MARKET DEVELOPMENT

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

Within the fragmented affiliate market, there are only a handful

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

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

Catena Media has become the largest lead generator, delivering high-value iGaming online customers. The Group has adapted to market developments and user needs and built a scalable business model and an advanced technology platform. Catena Media has adapted the organisation for organic growth, through both expertise and resources.

REVENUES

The Group's revenues totalled EUR 102.8m (2018: EUR 105.0) for the year, corresponding to a decrease of 2 percent compared to the previous financial year. During the current financial year organic growth, excluding paid revenue and subscriptions, was -6 percent (2018: 15).

Search revenue represented EUR 88.3m (2018: EUR 89.9) of total revenues. Paid revenue amounted to EUR 11.9m (2018: EUR 14.0). This revenue principally related to pay-per-click (PPC) traffic. Subscription revenue amounted to EUR 2.6m (2018: EUR 1.1) of the total revenue.

The Group's operations are reported on the basis of the three operating segments, Casino, Sports and Financial Services, following a change in organisational structure implemented during the third quarter of 2019. The segments were identified in accordance with the definition of an operating segment in IFRS 8, Operating Segments. No comparative information is available, as the Group's resources were previously allocated on the basis of only two reporting segments, iGaming and Financial Services, in line with the previous structure. Hence, comparative figures are presented on the basis of the previous organisational structure and operating segments. There were no intersegmental revenues during the year.

NDCs totalled 436,706 (539,475), a decrease of 19 percent compared with the previous year.

EXPENSES

Total operating expenses, including impairment on intangible assets and loss allowances on trade receivables, amounted to EUR 108.5m (2018: EUR 65.9).

Direct costs related to paid revenue amounted to EUR 13.6m (2018: EUR 13.0). These predominantly related to costs for AdWords (Google spend) and similar costs. The increase in comparison to the previous year relates to an increased spend in pay-per-click (PPC) in the US market.

Personnel expenses amounted to EUR 22.8m (2018: EUR 19.2) while other operating expenses amounted to EUR 23.0m (2018: EUR 22.7). The increase in both personnel and other operating costs are also a result of the further investment in the US market. This affected our margins in the short term, but will strengthen Catena Media in the long run. Personnel expenses include a share based payments expense of EUR 0.9m (2018: EUR 0.5). Headcount totalled 404 employees at the close of the current financial year, compared to the 363 employees at the close of the previous financial year.

Depreciation and amortisation amounted to EUR 14.1m (2018: EUR 8.7).

Exceptional costs of EUR 0.1m and EUR 0.3m relate to the credit facility and reorganisation costs, respectively. Exceptional costs also include EUR 2.7m for the loss allowance on trade receivables and EUR 32.1m impairment on intangible assets. During the comparative year, EUR 2.2m in costs relating to the refinanced bond

and EUR 0.2m costs in relation to the credit facility were classified as exceptional costs. An early redemption fee of EUR 3.4m in relation to the old bond had been recognised and classified as "Interest payable on borrowings" in 2018.

EARNINGS

EBITDA, including exceptional costs but excluding impairment on intangible assets, decreased by 15 percent and amounted to EUR 40.5m (2018: EUR 47.8). This corresponds to an EBITDA margin of 39 percent (2018: 46). The decline in margin is a result of the loss allowances on trade receivables. Adjusted EBITDA (excluding exceptional costs) decreased by 13 percent and amounted to EUR 43.5m (2018: EUR 50.1). This corresponds to an adjusted EBITDA margin of 42 percent (2018: 48). The decrease in margin when compared to the previous year is a result of higher direct costs and personnel costs, and the decline in revenues. The increased costs are mainly a result of ongoing investments in the US market. The effective tax rate for the Group amounted to 1.7 percent (2018: 7.0), while earnings after tax (EAT) amounted to EUR -10.5m (2018: EUR 30.8m), a decrease of 134 percent year-on-year. Earnings per share (EPS) before dilution amounted to EUR -0.18 (2018: EUR 0.6) and after dilution to EUR -0.17 (2018: EUR 0.5). The earnings per share (EPS) was negatively impacted by the impairment of intangible assets and the loss allowances on trade receivables.

CASH AND CASH FLOW

Operating activities

Cash flows from operating activities before changes in working capital amounted to EUR 45.0m (2018: EUR 47.9) for the year. Depreciation and amortisation charges amounted to EUR 14.1m (2018: EUR 8.7). Interest expense related to the bond and credit facility amounted to EUR 8.7m (2018: EUR 11.9) and the notional interest charge on contingent considerations and lease liability amounted to EUR 1.1m (2018: EUR 3.5). Net gains on financial liabilities measured at fair value through profit or loss arising on the bond amounted to EUR 5.6m (2018: EUR 8.9m). Share-based payments of EUR 0.9m (2018: EUR 0.5) include the cost associated with the accelerated vesting of share options still held by individuals who are no longer employed by Catena Media. Net cash generated from operating activities, excluding the increase in short-term earn-out liabilities relating to recent acquisitions, decreased by 6.6 percent compared to the same period of 2018 and amounted to EUR 38.0m (2018: EUR 40.7).

Investing activities

Cash flows used in investing activities of EUR 39.3m (2018: EUR 73.3) related to the settlement of intangible assets during the period. The acquisition of property, plant and equipment amounted to EUR 0.5m (2018: EUR 1.3). The comparative period also included other cash outflows of EUR 3.6m relating to the acquisition of Hammerstone Inc.

Financing activities

Cash flows from financing activities amounted to EUR 1.1m (2018: EUR 39.1) and comprised the proceeds received from the credit facility of EUR 12.5m during the current year and EUR 48.7m related to proceeds from the bond facility during the comparative year, proceeds from the exercise of share options of EUR 0.3m (2018: 1.9) net of interest payable on the bond of EUR 8.6m (2018: EUR 11.5).

Cash and cash equivalents at the end of the period amounted to EUR 12.3m (2018: EUR 13.2). The cash conversion rate amounted to 94 percent.

INVESTMENT AND FINANCING

Investments in intangible assets, which consist of player databases, websites and domains, amounted to EUR 0.5m (2018: EUR 77.6) in 2019. Costs for the development of websites and other applications amounted to EUR 5.4m (2018: EUR 7.0).

During the corresponding period investment in intangibles mainly related to the acquisition of various websites and domains.

Acquisitions of property plant and equipment amounted to EUR 0.4m (2018: EUR 1.3).

INTEREST-BEARING DEBT AND LEVERAGE

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

GOING CONCERN

The Group's bond, with a nominal value of EUR 150.0m, matures in March 2021. In addition, a further EUR 12.5m drawn down on a revolving bank facility is renewable in January 2021. Management remains confident around the possibilities for re-financing, at the same time acknowledging that the impact of COVID-19 on global markets creates an increased volatility. Re-financing activity is progressing according to plan, and management remains confident around the prospects, and is therefore preparing these financial statements on a going concern basis. At the same time, management acknowledges that the impact of COVID-19, gives rise to an uncertain environment that is dependent on external factors outside of the Group's control.

SHAREHOLDERS' EQUITY

As at 31 December 2019, shareholders' equity in the Group amounted to EUR 147.0 m (2018 EUR 141.8), which corresponds to EUR 2.55 (2018: 2.57) per share.

SIGNIFICANT EVENTS IN 2019

First quarter

- Catena Media (CTM) appoints Erik Edeen as interim CFO.
- Notification of major holdings in CTM plc.
- Increased number of shares and votes in CTM plc, 31 January.
- CTM resolves upon a directed new share issue as payment for assets acquired in December 2017.
- The Nomination Committee of CTM intends to propose Göran Blomberg, Theodore Bergqvist and Per Widerström as new members of the board.
- Increased number of shares and votes in CTM plc, 28 February.
- The Nomination Committee's proposal of CTM's Board of Directors for the AGM 2019

Second quarter

- Notification of major holdings in CTM plc.
- Increased number of shares and votes in CTM plc, 30 April.
- Notification of major holdings in CTM plc.
- CTM resolves upon two directed new share issues as payment for assets acquired in March 2018 and in April 2018.
- Increased number of shares and votes in CTM plc, 28 June.

Third quarter

- CTM agreed on amended terms for assets acquired in December 2017.
- CTM resolves upon a new directed issue of shares as a pre-payment to the final payment for the US assets acquired in December 2016.
- Increased number of shares and votes in CTM plc, 31 July.

Fourth quarter

- Increased number of shares and votes in CTM plc, 3 October.
- CTM launches AskGamblers in Japanese, Spanish and Portuguese, meaning the site operates in six languages.
- CTM resolves upon a directed new issue of shares as final payment for an acquisition made in June 2018.
- Notification of major holdings in CTM plc.
- CTM Nomination Committee 2020 AGM appointed.
- Increased number of shares and votes in CTM plc, 29 November.
- CTM agrees on amended and final terms for US assets acquired in December 2016.

EMPLOYEES

As of 31 December 2019, the Group had a total of 404 (363) employees, of whom 132 (125) were women and 272 (238) men. Expressed as percentages, women represented 33 percent (34) of the total number of employees, while men represented 67 percent (66). Of the total number of employees, 400 are employed full-time and 4 are employed part-time.

THIS YEAR AND BEYOND

Our core focus is now organic growth and improved profitability, after changing course in 2019 from multiple acquisitions.

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

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

One of our key strategic priorities is to continue expanding in the US. Several additional states there are likely to open up for online sports betting and casino after they pass enabling legislation. Following the preparatory investments we made there in 2019, we are now very well positioned to capitalise on these opportunities.

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

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

FINANCIAL TARGETS

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

FINANCIAL POLICY

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

PARENT COMPANY

Catena Media plc is the ultimate holding company of the Group, (hereinafter referred to as the "Parent Company") and was incorporated in Malta on 29 May 2015 with the sole purpose of receiving dividend income from the main operational company, Catena Operations Limited.

During the year ended 31 December 2019 and 2018 no dividends were received from subsidiaries. Total credit facility costs for the year ended 31 December 2019 were EUR 0.03m, while costs related to the bond issue in the corresponding year 2018 amounted to EUR 1.9m. Bond and credit facility finance costs, classified as "Interest payable on borrowings," amounted to EUR 8.7m (2018: EUR 11.9) during the year 2019. The fair value gain on the bond for the current financial year amounted to EUR 5.6m (2018: EUR 8.9). The fair value movement is classified in "Other gains on financial liability at fair value through profit or loss".

During the year ended 31 December 2019, personnel expenses amounted to EUR 1.0m (2018: EUR 0.4), while operating expenses amounted to EUR 0.2m (2018: EUR 0.3). The profit for the financial year ended 31 December 2019 amounted to EUR 4.5m (2018: EUR 8.1).

The Parent Company's cash and cash equivalents amounted to EUR 0.1m (2018: EUR 0.8) and borrowings comprising the bond at fair value through profit and loss, comprising the bond, amounted to EUR 151.0m (2018: EUR 144.0). Equity amounted to EUR 91.6m (2018: EUR 71.4) at the end of the year.

OTHER GROUP COMPANIES***Catena Operations Limited***

Loss before tax amounted to EUR 18.6m, while loss after tax amounted to EUR 13.0m. In the corresponding period the entity reported profit before tax of EUR 21.9m and profit after tax of EUR 13.3m. Net equity at year end amounted to EUR 32.5m (2018: EUR 45.1). Subsequent to year end, no dividend was distributed to Catena Media plc.

Catena Financial Limited

Loss before tax amounted to EUR 0.3m, while loss after tax amounted to EUR 0.1m. Net deficiency at year end amounted to EUR 0.1m. In the corresponding period the entity reported profit before tax of EUR 0.1m, profit after tax EUR 0.1m and net equity of EUR 0.1m.

Catena Media Financials UK Limited

Profit before tax amounted to EUR 0.1m (2018: EUR 0.02). Profit after tax amounted to EUR 0.1m (2018: EUR 0.02). Net equity at year end amounted to EUR 0.1m (2018: EUR 0.02).

Molgan Limited

As at 1 Jan 2019, Molgan Limited merged with Catena Operations Limited. During 2018 profit before tax amounted to EUR 0.1m Profit after tax amounted to EUR 0.1m. Net equity at year end amounted to EUR 0.3m.

Catena Media UK Limited

Profit before tax amounted to EUR 0.9m (2018: EUR 1.1). Profit after tax amounted to EUR 0.7m (2018: EUR 0.9). Net equity at year end amounted to EUR 5.3m (2018: EUR 4.2).

Catena Media doo Beograd

Profit before tax amounted to EUR 0.3m (2018: EUR 0.2). Profit after tax for the year amounted to EUR 0.3m (2018: EUR 0.2). Net equity at year end amounted to EUR 0.7m (2018: EUR 0.4).

Catena Media US Inc

Profit before tax amounted to EUR 0.4m (2018: EUR 0.1). Profit after tax for the year amounted to EUR 0.3m (2018: 0.1). Net equity at year end amounted to EUR 0.5m (2018: EUR 0.1).

Catena Australia PTY Limited

Profit before tax amounted to EUR 0.01 (2018: EUR 0.01). Profit after tax for the year amounted to EUR 0.003 (2018: EUR 0.01). Net equity at year end amounted to EUR 0.01m (2018: EUR 0.01).

Catena Media K.K

Profit before tax amounted to EUR 0.08m (2018: EUR 0.05). Profit after tax for the year amounted to EUR 0.1m (2018: EUR 0.03). Net equity at year end amounted to EUR 0.85m (2018: EUR 0.03).

Catena Media Sverige AB

Profit before tax amounted to EUR 0.2m (2018: EUR 0.2). Profit after tax for the year amounted to EUR 0.1m (2018: EUR 0.1). Net equity at year end amounted to EUR 0.4m (2018: EUR 0.3).

Catena Media Financials US Ltd

Profit before tax amounted to EUR 0.3m (2018: EUR 0.2). Profit after tax for the year amounted to EUR 0.2m (2018: EUR 0.1). Net equity at year end amounted to EUR 0.3m (2018: EUR 0.2).

ASAP Italia S.r.l.

Profit before tax amounted to EUR 2.0m (2018: EUR 0.9). Profit after tax for the year amounted to EUR 1.4m (2018: EUR 0.9). Net equity at year end amounted to EUR 2.5m (2018: EUR 1.0).

Catena Media Canada Ltd

On 28 November 2019, the company was incorporated and became a subsidiary within the Group. During 2019, no operations were carried out.

SIGNIFICANT RISKS AND UNCERTAINTIES

Although the Group does not conduct any online gambling operations, the Group is dependent on the online gambling industry, which comprises the majority of its customers. The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases also subject to uncertainty, and in many countries online gambling is prohibited and/or restricted. If enforcement or other regulatory actions are brought against any of the online gambling operators that are also the Group's customers (whether current or future), the Group's revenue streams from such customers may be adversely affected. Furthermore, the concerned authority may also claim that the same or similar actions should be brought against any third party that has promoted the business of such online gambling operators, including the Group. Accordingly, any such event, including future changes to laws and regulations, could have a material adverse effect on the Group's business, financial condition and the results of its operations. To manage this risk, the Group is active in regulated and unregulated markets and Catena Media's customer base is highly diverse.

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

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

- Compliance risk, being the risk relating to regulation that could result in restrictions in our customers' operations and risks associated with unregulated markets such as Japan.
- Credit risk, being the risk that customers do not pay for the services rendered.
- Market risk, being the risk arising from adverse movement in foreign exchange rates and interest rates.
- Liquidity risk, being the risk of difficulties in obtaining funding to meet the Group's obligations when they fall due.
- Operational risk, being the risk that the Group loses its ability to maintain efficient SEO and PPC capabilities.

Further details on financial risks can be found in note 3 of this Annual Report.

COVID-19 AND POTENTIAL IMPACT ON FINANCIAL AND OPERATIONAL PERFORMANCE

The majority of the Group's customers are operating in the online gambling industry, which is affected by general economic and consumer trends outside the Group's and its operators' control. The occurrence of extraordinary events, such as natural disasters, and the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In early 2020, the existence of a new virus, now known as COVID-19, was confirmed, and since this time COVID-19 has spread across China, and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity, which has also been reflected in recent fluctuations in global stock markets.

The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent

uncertainties, it is difficult to ascertain the impact of COVID-19 on the Group, or to provide a quantitative estimate of this impact.

Potential impact on performance of sports segment

Since the pandemic has resulted in several sport events across the globe being cancelled, or postponed for safety reasons, management anticipates negative effects from COVID-19, particularly for the sports betting industry. Consequently, there is an expectation that sports betting revenues will decline in 2020. In 2019, sports accounted for EUR 38.4 million of the Group's revenues.

The Group is working closely with key operators to mitigate the likely shortfall in sports revenue by seeking to convert traffic from a number of sport-related sites into casino revenue, and by holding back on low-margin media spend. The likely length of cessation of sports events is uncertain, although management remains hopeful that activity will resume after the summer break. Events that are postponed events may contribute positively when they are rescheduled.

Potential impact on performance of casino segment

In 2019, EUR 58.7 million of the Group's revenues were generated from the Casino segment. The Group does not foresee negative implications on casino revenues as a result of COVID-19 in the short term, based on market indicators and experience as at the time of reporting.

Potential impact on outlook for all segments

The revenues of the Group are mainly driven by the gambling activity of online users directed by the Group to its customers. The gambling activity is in turn driven by the online users' disposable incomes. There is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes, the number of online users utilising online casino, sports betting and financial services platforms and the amounts being spent by online users. In turn, this may lead to a decrease in the demand for the Group's services provided to its customers. Accordingly, negative developments in the global economy that adversely affect the demand for the Group's services could have a negative impact on the Group's operations, earnings and financial position. Although the situation is uncertain, based on the information available at the time of reporting, management remains of the belief that the COVID-19 outbreak will not have a foreseeable negative long-term effect on the Group's business.

Potential impact on the value of the Group's assets

Management's assessment of the recoverable amount of intangible assets, including consideration of indicators of impairment relating to intangibles, was based on economic conditions, including equity market levels, that existed at 31 December 2019. Such assessment did not therefore contemplate the impact of COVID-19, which only emerged in 2020. The factors described above therefore heighten the risk of future impairments, particularly for the sports segment which accounted for 54% of the Group's intangible assets as at 31 December 2019. The assessment of impairment of the Group's intangible assets is designated as a critical accounting estimate (Note 4). Note 15 provides further detail on the impairment assessment, which is inherently uncertain, particularly for the sports segment which is sensitive to variations in the underlying key assumptions, including forecast growth.

Similarly, management's loss allowance on receivables was determined as at 31 December 2019, based on experience developed as at point, without considering the impact that COVID-19 could have on credit risk. Note 4 also describes management's IFRS 9 assessment for receivables as a critical accounting estimate.

Potential impact on the Group's re-financing activity

All the factors described above could potentially impact the Group's re-financing activity. Note 22 to these financial statements states that the Group's bond, with a nominal value of EUR 150m, matures

in March 2021. In addition, a further EUR 12.5m drawn on a revolving bank facility is renewable in January 2021. The Group has mandated financial advisors to explore different alternatives for the re-financing of the bond. Re-financing activity is progressing according to plan, and management remains confident around the prospects, and is therefore preparing these financial statements on a going concern basis. At the same time, management acknowledges that the impact of COVID-19, gives rise to an uncertain environment that is dependent on external factors outside of the Group's control.

LEGAL DISPUTES AND PROCEEDINGS

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

REMUNERATION TO SENIOR EXECUTIVES

The Board's proposed guidelines for remuneration of senior executives for 2019 essentially mean that salaries and other terms of employment for management will be at market levels. In addition to the fixed base salary, management can also receive variable remuneration and bonuses, which are to have a predetermined ceiling and are to be based on results achieved relative to established targets or other key performance indicators.

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

SHARES AND OWNERSHIP STRUCTURE

The ownership structure of Catena Media plc on 31 December 2019 included the following major shareholders; Bodenholm Capital AB owning 15.2%, Investment AB Öresund owning 8.9%, Ruane, Cunniff & Goldfarb owning 8.6%, Second Swedish National Pension Fund owning 6.2%, Aveny Ltd owning 6.2%, Baybets Limited owning 3.5%, Avanza Pension owning 2.6%, Long Light Capital LLC owning 2.5%, Capital Group owning 2.5%, Henrik Persson Ek Dahl owning 2.3% of the issued shares.

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

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

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

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

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

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

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

On 19 July 2018 144,282 shares were issued with a subscription

price of SEK 133.33 per share. These shares were issued as part of the settlement of the earn-out payment for the assets of New Casino LTD.

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

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

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

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

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

On 13 February 2019, it was announced that 468,132 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 10.10994752 per share as part payment of the upfront purchase price for acquired assets in Baybets Ltd.

On 30 April 2019, it was announced that the Company had resolved to implement a directed issue of 108,860 shares by virtue of one of the Company's incentive programs.

On 19 June 2019, it was announced that 75,425 new shares in Catena Media plc were issued as part payment for the first earn-out for the acquired assets in BonusSeeker.com. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 6.39692890. On the same day a further 27,855 shares were issued as part payment for the first earn-out for the acquired assets in BrokerDeal.de. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 6.46053550.

On 16 July 2019, it was announced that 1,440,454 new shares in Catena Media plc were issued as part of the prepayment of the third and final earn-out for acquired assets in the US. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 5.66690033.

On 14 October 2019, it was announced that 183,672 new shares in Catena Media plc were issued as payment of the final part of the purchase price for the acquisition of ASAP Italia S.r.l. The shares were issued with a nominal value of EUR 0.0015 per shares and a share premium of EUR 5.58238595.

A total of 2,326,398 shares were issued in 2019 by virtue of one of the company's incentive programmes.

After these new share issues, the total number of issued shares for the year ended 31 December 2019 amounted to 58,613,270.

Information about the issued share capital in the Company and further information on allotted shares during the year are presented in note 21 of these financial statements.

FUNDING

In March 2018, Catena Media refinanced the secured bond of EUR 100m with a senior unsecured bond of EUR 150m. The bond will mature on 2 March 2021 and carries a floating rate of Euribor 3m +5.50 percent. Euribor 3m is subject to a floor of 0 percent. The bond has a total framework of EUR 250m. The current bond enables bank financing at a maximum of EUR 30m, or 75 percent of adjusted EBITDA.

Furthermore, we have a multicurrency revolving bank facility of EUR 30m with Swedbank. This revolving bank facility will mature on 15 January 2021. This carries an interest rate of Euribor 3m +2.50 percent. Euribor 3m is subject to a floor of 0 percent. The Company utilised EUR 12.5m of this credit facility during the year ended 31 December 2019.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 10 pm on 15 May 2020 in Stockholm, Sweden at Västra Trädgårdsgatan 15.

DIVIDEND

The Board has proposed to the 2020 Annual General Meeting that no dividend be paid for 2019.

PROPOSED ALLOCATION OF THE COMPANY'S PROFITS

Funds of EUR 63.4m available to the Annual General Meeting are carried forward.

BOARD OF DIRECTORS

The Board of Directors consists of:

- Kathryn Moore Baker (Chairwoman of the Board)
- André Lavold (resigned on 2 May 2019)
- Henrik Persson Ekdahl (resigned on 2 May 2019)
- Mats Alders
- Mathias Hermansson (resigned on 2 May 2019)
- Cecilia Qvist
- Øystein Engebretson (appointed on 2 May 2019)
- Theodore Bergqvist (appointed on 2 May 2019)
- Per Widerstrom (appointed on 2 May 2019)
- Goran Blomberg (appointed on 2 May 2019)

The Group's General Counsel, Louise Wendel, is the company Secretary and also serves as the Board Secretary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

- Ensuring that the financial statements are 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 controls 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, and that comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and the parent Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Catena Media plc for the year ended 31 December 2019 are included in the Annual Report 2019, which is published in printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the control over, and the security of the website. Access to the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from the requirements or practice in Malta.

AUDITORS

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

Risk factors

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

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

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

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

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

RISK TYPE	RISK PROFILE	RISK MANAGEMENT
LIQUIDITY RISK Risk of difficulties in obtaining funding and the resulting inability to meet payment obligations when they fall due.	Liquidity risk is the risk that the Group will not be able to meet its financial obligations comprising borrowings, lease liability, amounts committed on acquisition and trade and other payables	The approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management also monitors rolling forecasts for the Group's liquidity assets, which consist of cash and cash equivalents. Re-financing activity is progressing according to plan, and management remains confident around the prospects, and is therefore preparing these financial statements on a going concern basis. At the same time, management acknowledges that the impact of COVID-19, gives rise to an uncertain environment that is dependent on external factors outside of the Group's control.
OPERATIONAL RISK The risk that revenues or expenses are impacted due to internal or external operational factors.	Operational risk arises from the dependency of the Group's operations on its current operational capabilities.	The business is dependent on its ability to maintain efficient Search Engine Optimisation and Pay-Per-Click capabilities. However, search engines such as Google, Bing and Yahoo! could in the future implement strategies that make it more difficult for the Group to operate. Otherwise the company has a low level of operational risk due to having no inventory nor onerous, long-term contracts with suppliers or partners. The majority of the Group's customers are operating in the online gambling industry, which is affected by general economic and consumer trends outside the Group's and its operators' control. The existence of a new virus, now known as COVID-19, was confirmed in early 2020 and has caused disruption to businesses and economic activity, which has also been reflected in recent fluctuations in global stock markets. Given the inherent uncertainties, it is difficult to ascertain the impact of COVID-19 on the Group, or to provide a quantitative estimate of this impact. Management has however considered the potential impact, based on the known circumstances as at the date of reporting, and their assessment of potential future developments. Further detail is found in note 2.

Approved by the Board of Directors on 30 March 2020 and signed on its behalf by:



Kathryn Moore Baker
Chairwoman of the Board



Mats Alders
Director



Cecilia Qvist
Director



Øystein Engebretsen
Director



Göran Blomberg
Director



Per Widerström
Director



Theodore Bergquist
Director

Statements of comprehensive income – Group

EUR '000	Note	Jan – Dec 2019	Jan – Dec 2018
Revenue	5	102,817	104,970
Total revenue		102,817	104,970
Direct costs	6	(13,610)	(12,975)
Personnel expenses	8	(22,780)	(19,214)
Depreciation and amortisation	15, 16, 17	(14,083)	(8,715)
Exceptional costs:			
Bond and credit facility related costs	9	(62)	(2,160)
Reorganisation costs	9	(253)	(61)
Loss allowances on trade receivables	9	(2,650)	–
Impairment on intangible assets	9	(32,103)	–
Other operating expenses	10	(22,956)	(22,724)
Total operating expenses		(108,497)	(65,849)
Operating (loss)/profit		(5,680)	39,121
Interest payable on borrowings		(8,718)	(11,877)
Other gains on financial liability at fair value through profit or loss		5,550	8,882
Other finance costs	11	(1,510)	(4,606)
Other finance income	11	–	1,614
(Loss)/profit before tax		(10,358)	33,134
Tax expense	12	(178)	(2,322)
(Loss)/profit for the year attributable to the equity holders of the Parent Company		(10,536)	30,812
Other comprehensive income			
<i>Items that may be reclassified to profit for the year</i>			
Currency translation differences		(37)	67
<i>Items that will not be reclassified to profit for the year</i>			
Loss on disposal of other investments		–	(589)
Total other comprehensive loss for the year		(37)	(522)
Total comprehensive (loss)/income attributable of the equity holders of the Parent Company		(10,573)	30,290
Earnings per share attributable to the equity holders of the Parent Company during the year (expressed in euros per share)			
Basic earnings per share			
From (loss)/profit for the year	13	(0.18)	0.56
Diluted earnings per share			
From (loss)/profit for the year	13	(0.17)	0.52

The notes on pages 40 to 62 are an integral part of these financial statements.

Statements of financial position – Group

EUR '000	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Goodwill	15	7,333	11,966
Right-of-use asset	17	7,433	–
Other intangible assets	15	281,584	328,372
Property, plant and equipment	16	3,324	4,009
Total non-current assets		299,674	344,347
Current assets			
Trade and other receivables	19	20,553	21,412
Cash and cash equivalents	20	12,286	13,161
Total current assets		32,839	34,573
TOTAL ASSETS		332,513	378,920
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	88	84
Share premium	21	76,666	61,770
Other reserves	21	6,848	6,063
Retained earnings		63,394	73,930
Total equity		146,996	141,847
Liabilities			
Non-current liabilities			
Borrowings	22	150,950	144,000
Amounts committed on acquisition	23	–	21,170
Deferred tax liabilities	24	3,589	4,598
Lease liability	17	4,688	–
Total non-current liabilities		159,227	169,768
Current liabilities			
Amounts committed on acquisition	23	18,068	60,740
Trade and other payables	25	7,683	5,943
Current tax liabilities		539	622
Total current liabilities		26,290	67,305
Total liabilities		185,517	237,073
TOTAL EQUITY AND LIABILITIES		332,513	378,920

The notes on pages 40 to 62 are an integral part of these financial statements.

The financial statements on pages 32 to 62 were approved and authorised for issue by the Board of Directors on 30 March 2020 and signed on its behalf by:

Kathryn Moore Baker
Chairwoman of the Board

Mats Alders
Director

Statements of changes in equity – Group

EUR '000	Note	Attributable to owners of the parent				Total equity
		Share capital	Share premium	Other reserves	Retained earnings	
Balance at 1 January 2018		81	47,153	6,077	43,707	97,018
Comprehensive income						
Profit for the year		–	–	–	30,812	30,812
Foreign currency translation movement				67	–	67
Loss on disposal of other investments		–	–	–	(589)	(589)
Total comprehensive income for the year		–	–	67	30,223	30,290
Transactions with owners						
Issue of share capital	21	3	14,617	–	–	14,620
Equity-settled share-based payments		–	–	(81)	–	(81)
Total transactions with owners		3	14,617	(81)	–	14,539
Balance at 31 December 2018		84	61,770	6,063	73,930	141,847
Comprehensive income						
Loss for the year		–	–	–	(10,536)	(10,536)
Currency translation difference		–	–	(37)	–	(37)
Total comprehensive loss for the year		–	–	(37)	(10,536)	(10,573)
Transactions with owners						
Issue of share capital	21	4	14,896	–	–	14,900
Equity-settled share-based payments	14	–	–	822	–	822
Total transactions with owners		4	14,896	822	–	15,722
Balance at 31 December 2019		88	76,666	6,848	63,394	146,996

The notes on pages 40 to 62 are an integral part of these financial statements.

Statements of cash flows – Group

EUR '000	Note	Jan – Dec 2019	Jan – Dec 2018
Cash flows from operating activities			
(Loss)/profit before tax		(10,358)	33,134
<i>Adjustments for:</i>			
Depreciation and amortisation		14,083	8,715
Loss on disposal of assets		95	–
Loss allowances on trade receivables and bad debts		3,016	200
Impairment on intangible assets		32,103	–
Unrealised exchange differences		909	(1,145)
Interest expense		9,791	15,397
Net gains on bond liability at fair value through profit or loss		(5,550)	(8,882)
Share based payments		878	499
		44,967	47,918
Taxation paid		(1,370)	(964)
<i>Changes in:</i>			
Trade and other receivables		(2,711)	(9,204)
Trade and other payables		(2,889)	2,900
Net cash generated from operating activities		37,997	40,650
Cash flows used in investing activities			
Acquisition of property, plant and equipment		(503)	(1,346)
Acquisition of intangible assets		(39,285)	(73,287)
Acquisition of subsidiary, net of cash acquired		–	(3,624)
Net cash used in investing activities		(39,788)	(78,257)
Cash flows from financing activities			
Net proceeds on borrowings	22	12,500	48,650
Proceeds on exercise of share options		257	1,862
Interest paid		(8,594)	(11,456)
Lease payments		(3,042)	–
Net cash generated from financing activities		1,121	39,056
Net movement in cash and cash equivalents		(670)	1,449
Cash and cash equivalents at beginning of year		13,161	12,346
Currency translation differences		(205)	(634)
Cash and cash equivalents at end of year	20	12,286	13,161

The notes on pages 40 to 62 are an integral part of these financial statements.

Statements of comprehensive income

– Parent Company

EUR '000	Note	Jan – Dec 2019	Jan – Dec 2018
Personnel expenses	8	(953)	(427)
Exceptional costs:			
Bond and credit facility related costs	9	(30)	(1,885)
Recharge of bond and credit facility related costs to subsidiary	9	30	1,885
Other operating expenses	10	(194)	(281)
Other operating income		79	80
Total operating expenses		(1,068)	(628)
Operating loss		(1,068)	(628)
Interest payable on borrowings		(8,716)	(11,857)
Recharge of interest to subsidiary		8,716	11,819
Other gains on financial liability at fair value through profit or loss		5,550	8,882
Other finance costs	11	(9)	(132)
Finance income	11	2	58
Profit before tax		4,475	8,142
Tax expense	12	–	–
Profit for the year – total comprehensive income		4,475	8,142

The notes on pages 40 to 62 are an integral part of these financial statements.

Statements of financial position

– Parent Company

EUR '000	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Investment in subsidiaries	18	1,509	1,239
Total non-current assets		1,509	1,239
Current assets			
Trade and other receivables	19	246,441	216,438
Cash and cash equivalents	20	109	837
Total current assets		246,550	217,275
TOTAL ASSETS		248,059	218,514
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	88	84
Share premium	21	77,197	62,301
Other reserves	21	1,967	1,145
Retained earnings		12,380	7,905
Total equity		91,632	71,435
Liabilities			
Non-current liabilities			
Borrowings	22	150,950	144,000
Total non-current liabilities		150,950	144,000
Current liabilities			
Trade and other payables	25	5,477	3,079
Total current liabilities		5,477	3,079
Total liabilities		156,427	147,079
TOTAL EQUITY AND LIABILITIES		248,059	218,514

The notes on pages 40 to 62 are an integral part of these financial statements.

The financial statements on pages 32 to 62 were approved and authorised for issue by the Board of Directors on 30 March 2020 and signed on its behalf by:

Kathryn Moore Baker
Chairwoman of the Board

Mats Alders
Director

Statements of changes in equity

– Parent Company

EUR '000	Note	Attributable to owners of the parent				Total equity
		Share capital	Share premium	Other reserves	Retained earnings	
Balance at 1 January 2018		81	47,684	1,226	(237)	48,754
Comprehensive income						
Profit for the year		–	–	–	8,142	8,142
Total comprehensive income for the year		–	–	–	8,142	8,142
Transactions with owners						
Issue of share capital	21	3	14,617	–	–	14,620
Equity-settled share-based payments	14	–	–	(81)	–	(81)
Total transactions with owners		3	14,617	(81)	–	14,539
Balance at 31 December 2018		84	62,301	1,145	7,905	71,435
Comprehensive income						
Profit for the year		–	–	–	4,475	4,475
Total comprehensive income for the year		–	–	–	4,475	4,475
Transaction with owners						
Issue of share capital	21	4	14,896	–	–	14,900
Equity-settled share-based payments	14	–	–	822	–	822
Total transactions with owners		4	14,896	822	–	15,722
Balance at 31 December 2019		88	77,197	1,967	12,380	91,632

The notes on pages 40 to 62 are an integral part of these financial statements.

Statements of cash flows – Parent Company

EUR '000	Note	Jan – Dec 2019	Jan – Dec 2018
Cash flows from operating activities			
Profit before tax		4,475	8,142
<i>Adjustments for:</i>			
Unrealised exchange differences		(4)	92
Interest expense		8,716	11,857
Net gains on financial liability at fair value through profit or loss		(5,550)	(8,882)
Share-based payments		609	125
		8,246	11,334
<i>Changes in:</i>			
Trade and other receivables		(21)	(102)
Trade and other payables		420	828
Net cash generated from operating activities		8,645	12,060
Cash flows from financing activities			
Net payments on behalf of subsidiaries and related parties		(13,723)	(51,600)
Net cash used in investing activities		(13,723)	(51,600)
Cash flows from financing activities			
Net proceeds received on Issuance of share capital		257	1,850
Net proceeds on borrowings	22	12,500	48,650
Interest paid		(8,594)	(11,456)
Net cash generated from financing activities		4,163	39,044
Net movement in cash and cash equivalents		(915)	(498)
Cash and cash equivalents at beginning of year		837	1,967
Currency translation differences		187	(634)
Cash and cash equivalents at end of year	20	109	837

The notes on pages 40 to 62 are an integral part of these financial statements.

Notes to the financial statements

1. REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

Following changes to internal management reporting during the third quarter of 2019, three operating segments were identified in terms of the definition of IFRS 8, namely Casino, Sports and Financial Services. 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, assesses the financial performance and position of the Group, and makes strategic decisions. Previously, all revenue generated from acquisitions and through the different marketing methodologies were being allocated to only two reporting segments, iGaming and Financial Services.

The financial statements incorporate the results of Catena Media plc and its subsidiaries Catena Operation Limited, Catena Media UK Limited, Catena Media doo Beograd, Catena Media US Inc, Catena Media Australia PTY Limited, Catena Media K.K., Catena Media Sverige AB, Catena Financial Limited, Catena Financials UK Ltd, Catena Financials US inc, Asap Italia Srl and Catena Media Canada Ltd. Up until 31 December 2018 the financial statements incorporated the results of Molgan Limited. Molgan Limited merged with Catena Operations Limited on 1 January 2019. Furthermore, on 28 November 2019 Catena Media Canada Ltd was incorporated and became a new subsidiary within the Group.

Covid-19 and potential impact on financial and operational performance

The majority of the Group's customers are operating in the online gambling industry, which is affected by general economic and consumer trends outside the Group's and its operators' control. The occurrence of extraordinary events, such as natural disasters, and the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In early 2020, the existence of a new virus, now known as COVID-19, was confirmed, and since this time COVID-19 has spread across China, and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity, which has also been reflected in recent fluctuations in global stock markets.

The Group considers the emergence and spread of COVID-19 to

be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is difficult to ascertain the impact of COVID-19 on the Group, or to provide a quantitative estimate of this impact.

Potential impact on performance of sports segment

Since the pandemic has resulted in several sport events across the globe being cancelled, or postponed for safety reasons, management anticipates negative effects from COVID-19, particularly for the sports betting industry. Consequently, there is an expectation that sports betting revenues will decline in 2020. In 2019, sports accounted for EUR 38.4 million of the Group's revenues.

The Group is working closely with key operators to mitigate the likely shortfall in sports revenue by seeking to convert traffic from a number of sport-related sites into casino revenue, and by holding back on low-margin media spend. The likely length of cessation of sports events is uncertain, although management remains hopeful that activity will resume after the summer break. Events that are postponed events may contribute positively when they are rescheduled.

Potential impact on performance of casino segment

In 2019, EUR 58.7 million of the Group's revenues were generated from the Casino segment. The Group does not foresee negative implications on casino revenues as a result of COVID-19 in the short term, based on market indicators and experience as at the time of reporting.

Potential impact on outlook for all segments

The revenues of the Group are mainly driven by the gambling activity of online users directed by the Group to its customers. The gambling activity is in turn driven by the online users' disposable incomes. There is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes, the number of online users utilising online casino, sports betting and financial services platforms and the amounts being spent by online users. In turn, this may lead to a decrease in the demand for the Group's services provided to its customers. Accordingly, negative developments in the global economy that adversely affect the demand for the Group's services could have a negative impact on the Group's operations, earnings and financial position. Although the situation is uncertain, based on the information available at the time of reporting, management remains of the belief that the COVID-19 outbreak will not have a foreseeable negative long-term effect on the Group's business.

Potential impact on the value of the Group's assets

Management's assessment of the recoverable amount of intangible assets, including consideration of indicators of impairment relating to intangibles, was based on economic conditions, including equity market levels, that existed at 31 December 2019. Such assessment did not therefore contemplate the impact of COVID-19, which only emerged in 2020. The factors described above therefore heighten the risk of future impairments, particularly for the sports segment which accounted for 54% of the Group's intangible assets as at 31 December 2019. The assessment of impairment of the Group's intangible assets is designated as a critical accounting estimate (Note 4). Note 15 provides further detail on the impairment assessment, which is inherently uncertain, particularly for the sports segment which is sensitive to variations in the underlying key assumptions, including forecast growth.

Similarly, management's loss allowance on receivables was determined as at 31 December 2019, based on experience developed as at point, without considering the impact that COVID-19 could have on credit risk. Note 4 also describes management's IFRS 9 assessment for receivables as a critical accounting estimate.

Potential impact on the Group's re-financing activity

All the factors described above could potentially impact the Group's re-financing activity. Note 22 to these financial statements states that the Group's bond, with a nominal value of EUR150m, matures in March 2021. In addition, a further EUR12.5m drawn on a revolving bank facility is renewable in January 2021. The Group has mandated financial advisors to explore different alternatives for the re-financing of the bond. Re-financing activity is progressing according to plan, and management remains confident around the prospects, and is therefore preparing these financial statements on a going concern basis. At the same time, management acknowledges that the impact of COVID-19, gives rise to an uncertain environment that is dependent on external factors outside of the Group's control.

New and amended standards adopted by the Group in 2019

The Group has applied IFRS 16, "Leases", for the first time for the annual reporting period commencing 1 January 2019.

Under IFRS 16, "Leases", a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The Group companies have entered into long-term office leases: these arrangements were classified as operating leases under IAS 17. As at 31 December 2018, the Group had non-cancellable operating lease commitments in respect of long-term office leases amounting to EUR 10.4m.

The Group's management has carried out an assessment of the impact of the standard and the directors concluded that these arrangements fall within the remits of this standard.

The Group applied the standard from its mandatory adoption date of 1 January 2019 and applied the simplified transition approach. As a result, the Group did not restate comparative amounts for the year prior to first adoption. Under this approach, the lease liability is measured at the present value of the remaining lease payments as at 31 December 2019, which amounts to EUR 7.8m. The right-of-use asset is initially measured at an amount equivalent to the lease liability with no adjustment to equity. The adoption of IFRS 16 also resulted in the replacement of operating lease rental expenditure by amortisation of the right-of-use asset, and an interest cost on the lease liability.

On the basis of the lease arrangements in place as at 1 January 2019, rental costs of EUR 3.0m for the year ended 31 December 2019 were replaced by a notional interest charge amounting to EUR 0.4m, and an annual amortisation charge of EUR 3.0m. This therefore resulted in a reduction of EUR 0.4m in profitability for the year ended 31 December 2019.

Also, IFRS 16 improved EBITDA for the year ended 31 December 2019 by EUR 3.0m, as the operating lease payments are included in EBITDA, while the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. Rental payments under IFRS 16 are allocated between interest payments and a reduction in the lease liability, with a corresponding impact on the Group's statement of cash flows. The Group's policy is to present interest payments as financing cash flows. Accordingly, lease payments of EUR 3.0m for the year ended 31 December 2019 were reported in their entirety as a financing cashflow instead of an operating cash flow. The impact of the adoption of IFRS 16, "Leases", on the Group's financial statements is further disclosed in note 17.

Principles of consolidation

Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to page 42). Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 on the date of the transaction. Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis.

Group companies

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate on 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 on the dates of the transactions).
- All resulting translation differences are recognised in other comprehensive income.

On consolidation, translation 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 the sale.

Revenue

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

Dividend income

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

Commission income

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

Revenue share

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

Cost per acquisition

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

Fixed fees

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

Subscription revenue

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

Interest income

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

Income tax

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

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively 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 business 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
- Fair value of any pre-existing equity interest in the business.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on 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 business 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 on the date of acquisition. The amounts payable in the future are discounted to their present value as of the date of the exchange. The discount rate used is the entity's incremental borrowing rate, which is 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 recognised in profit or loss and 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

this method, 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 financial statements before reorganisation. No goodwill arises in reorganisation accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity, is included in equity. The financial statements incorporate the acquired entity's full year results, including comparatives, as if the post-reorganisation structure was already in place at the commencement of the comparative period.

Goodwill and other intangible assets

Recognition and measurement

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

Where the cost of acquisition includes contingent consideration, cost is determined to be the current fair value of the contingent consideration as determined on the date of acquisition. Any subsequent changes in estimates of the likely outcome of the contingent event are reflected in the intangible asset's carrying amount of a business. The cost of acquisition of intangible assets for which the consideration comprises an issue of equity shares is calculated as 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 business on the date of acquisition. Goodwill on acquisitions of businesses is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment 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 for other intangible assets:

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

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

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

Amortisation

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the other intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to

support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment.

Commencing from that date, the asset is amortised systematically over its useful life. Goodwill however, is not amortised but assessed for impairment on an annual basis.

Property, plant and equipment

Recognition and measurement

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

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

Subsequent costs

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

Depreciation

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

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

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

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

Impairment of 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 on an annual basis. The asset's recoverable amount is estimated annually for intangible assets with indefinite useful lives and is also estimated for all non-financial assets if an indication of impairment exists.

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

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount

that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets and financial liabilities – recognition, derecognition and offsetting

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

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

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

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

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

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

Classification of financial assets

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

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

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

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

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

Business model assessment

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

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

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

costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

Initial and subsequent measurement of financial assets

Trade and other receivables

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

Cash and cash equivalents

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

Impairment

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

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

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

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

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

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

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

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

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses.

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

Trade and other receivables

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

Impairment and risk exposure

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss. Details about the Group's impairment policies and the calculation of the loss allowance, including the Group's exposure to credit risk and foreign currency risk, are provided on pages 43-48.

Classification and initial and subsequent measurement of financial liabilities

The Group classifies its financial liabilities at FVTPL if the liability includes embedded derivatives that are not closely related to the host debt instrument; other financial liabilities are measured using the amortised cost model.

The Group classifies its borrowings, comprising the Company's bond liability, as financial liabilities at fair value through profit and

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

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

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

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.

Leases

Under IFRS 16 a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made on or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid on the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

During the comparative year leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were 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, at or before the end of the reporting period but not distributed at the end of the reporting period.

Employee benefits

Termination benefits

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

Bonus plans

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

Post-employment benefits

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

Pension expenses and pension commitments

Group payments concerning defined contribution pension plans are expensed during the period in which the employee renders the services related to the contribution.

Incentive schemes

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

Share-based payments

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

Equity-settled share-based payment transactions are measured at the grant date fair value for employee services, which requires a valuation of the options and warrants. Once the fair value has been determined, the amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions on 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 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 Group subsidiaries is treated as a capital contribution. The fair value of employee services received, measured per the grant date fair value, is recognised over the vesting period as an increase in 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 Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share

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

3. FINANCIAL RISK MANAGEMENT

Risk management framework

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

The Group and Company's risk management policies are established to identify and analyse the risks faced by the Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and Company's activities.

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

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

Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

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

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Financial assets measured at amortised cost				
Trade and other receivables (note 19)	20,553	21,412	246,441	216,438
Cash and cash equivalents (note 20)	12,286	13,161	109	837
	32,839	34,573	246,550	217,275
Prepayments and other receivables not subject to risk	(1,764)	(1,507)	(12)	(40)
Net amounts exposed to credit risk	31,075	33,066	246,538	217,235

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 notes to the financial statements. Trade and other receivables for the Company mainly comprise amounts due from its subsidiaries. The Group and Company do not hold any collateral as security in this respect.

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

The Group and Company manage credit limits and exposures actively and in a practical manner, such that past due amounts receivable from customers are within controlled parameters. The Group's receivables, which are not impaired financial assets, are principally related to transactions with customers who have no recent history of default. The Company's receivables, which are not impaired financial assets, relate to amounts receivable from immediate subsidiaries.

The Group and Company assess the risk of default by using both available quantitative factors and experienced credit judgement. By adopting the simplified approach in accordance with IFRS 9, the Group and Company use a lifetime expected loss allowance for trade receivables and a provision rate is set based on historical data. On initial application of IFRS 9, the Group and Company did not recognise an increase in the impairment allowance. During 2019 management continued to review the impact of the IFRS 9 expected loss model. Given that the Group had limited historical experience, the judgement was highly subjective. Management increased the loss allowance on trade receivables by a further EUR 2.8m, which is considered to be an exceptional cost as a result of management's IFRS 9 assessment. Management will continue to monitor the adequacy of this loss allowance.

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.

The Company assessed the recoverability of the amount receivable from its immediate subsidiaries on the basis of the Group's interest coverage ratio, which resulted in not needing any provision.

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

Credit ratings per international rating agency Fitch are as follows:

Credit rating	Carrying amounts	
	31 Dec 2019	31 Dec 2018
EUR '000		
A+	1,672	1,469
A	270	300
AA-	3,235	3,118
BBB	5,404	6,908
BBB+	–	327
BBB-	429	299
	11,010	12,421

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

The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. As at 31 December 2019 and 31 December 2018, cash and short-term deposits are held with several financial institutions with good credit ratings, as set out in the above table. Management considers the probability of default to be close to zero and as a result of this, no loss has been recognised based on the 12-month expected credit losses, as any such impairment would be wholly insignificant to the Group.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations comprising borrowings, lease liability, amounts committed on acquisition and trade, and other payables as they fall due.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows. Balances due within twelve months equal their carrying balances. Additional information regarding amounts committed on acquisition are disclosed in Note 4.

Group				
EUR '000	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Total
Per 31 December 2019				
Borrowings	8,388	165,029	–	173,417
Lease liability	3,094	2,290	3,038	8,422
Amounts committed on acquisitions*	18,096	–	–	18,096
Trade and other payables	5,104	–	–	5,104
	34,682	167,319	3,038	205,039
At 31 December 2018				
Borrowings	8,388	8,388	152,062	168,838
Amounts committed on acquisitions	65,872	22,440	–	88,312
Trade and other paya- bles	3,810	–	–	3,810
	78,070	30,828	152,062	260,960

*EUR 12.2m was settled via a share issue in January 2020 in relation to the assets acquired in the US.

Company				
EUR '000	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Total
At 31 December 2019				
Borrowings	8,388	165,029	–	173,417
Trade and other payables	4,804	–	–	4,804
	13,192	165,029	–	178,221
At 31 December 2018				
Borrowings	8,388	8,388	152,062	168,838
Trade and other payables	3,079	–	–	3,079
	11,467	8,388	152,062	171,917

Market risk

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

Currency risk

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

Exposure to currency risk

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

The currency of the main operating entity is EUR and 56% of

the Group's revenue stream is attributable to EUR, and so is the main part of its costs. As a result of the US asset acquisition during the current financial year, 27% of the Group's revenue stream is attributable to USD, while its costs are mainly incurred in USD. In the case of the UK operation, the revenue stream is predominately receivable in EUR but its costs are mainly incurred in GBP, the Serbian operation's costs are incurred in RSD, the Australian operation in AUD and the Japanese operation in JPY. As a result, this exposes the Group to currency fluctuations between EUR and GBP, USD, RSD, AUD and JPY.

If the USD had depreciated/appreciated by 10 percent in relation to EUR, with all other variables constant, profit for the year would have been EUR 2.7m higher/lower. In making this sensitivity analysis, the exposure to currency risk on costs denominated in a foreign currency was not considered to be material since the costs of the Group are principally denominated in EUR.

Cash flow interest rate risk

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

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

	Group		Company	
EUR '000	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Variable rate borrowings (Note 22)	162,500	150,000	162,500	150,000

Capital risk management

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

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

Fair values estimation

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

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

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

Contingent consideration arrangements relating to the purchase of intangible assets entered into by the Group are measured at fair value. These arrangements require the Group to pay variable amounts of consideration (earn-outs) in addition to the amount payable on the date of purchase. The contingent amounts payable are dependent on the revenues generated by the underlying assets and vary by contract. The fair value of the contingent consideration is included in Level 3 of the fair value hierarchy and is disclosed in note 22 of these consolidated financial statements. During the year ended 31 December 2019, there were no changes in the level of the fair value hierarchy in which the Group classified its financial instruments. As described above, the Group's financial instruments are designated as hierarchy Level 3. Furthermore, there were no transfers into or out of Level 3 measurement during the current reporting year.

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 previous borrowing rate. Expectations of cash outflows are made by the directors for each asset acquisition on the basis of their knowledge of the industry and how the economic environment is likely to impact it. The maximum potential undiscounted amount that the Group may be required to make under such contingent consideration arrangements is disclosed in note 4.

If a higher/lower discount rate had been used in the present value calculation, the resulting fair value of the contingent consideration would have been lower/higher. The directors are of the view, however, 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.

As at 31 December 2019 and 2018, the carrying amounts of all other financial assets and liabilities reflected in the financial statements are reasonable estimates of their fair value in view of the nature of these instruments, or the relatively short period of time between the origination of the instruments and their expected realisation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Determination of contingent consideration on acquisition of intangible assets

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

The Group exercises judgement in measuring and recognising liabilities where the consideration is contingent on target earnings. Included in amounts committed on acquisition amounting to EUR 18.1m (2018: EUR 81.9m) is an amount of EUR 1.8m relating to contingent consideration as at 31 December 2019 (2018: EUR 65.1m). The total contingent consideration of EUR 1.8m for the year ended 31 December 2019 falls due within one year (2018: EUR 43.9m). The long-term portion relating to the comparative year amounted to EUR 21.2m. The maximum undiscounted amount that could be payable in relation to contingent consideration is EUR 6.5m (2018: EUR 128.7m), of which EUR 1.8m has been recognised based on estimates of future earnings.

Due to the inherent uncertainty in the evaluation of related future earnings, actual amounts payable may differ from the liability estimated at the point of the acquisition. Any changes in estimates will impact the carrying amount of the recognised contingent consideration, and the effect of any changes are offset against the related asset recognised in the statement of financial position. During the current financial year, amounts committed on acquisition relating to contingent considerations have been adjusted by an amount of EUR -15.6m (2018: EUR 18.8m) to reflect a change in estimates. This mainly related to changes in the agreement terms of one of the acquisitions. Out of the non-contingent consideration of EUR 16.3m, EUR 12.2m is to be paid in shares.

Impairment assessment on intangible assets

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

During the current reporting year, management has performed a strategic review of its portfolio of assets, and after due consideration of both internal and external information available, has concluded that four products are not expected to produce economic benefit over an indefinite period of time.

Management has considered expected revenues over an estimated life of eight years for these four products, and on this basis has recognised an impairment on intangible assets of EUR 23.1m.

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

EUR 9.0m was recognised. Further information on this critical accounting estimate can be found in note 15, including disclosure of sensitivity for the key assumptions.

Trade receivables and loss allowances on trade receivables

The loss allowance on trade receivables is also a critical accounting estimate. Management continued to review the impact of the IFRS 9 expected loss model. Given that the Group had limited historical experience, the judgement was highly subjective. Management increased the loss allowance on trade receivables by a further EUR 2.8m in 2019. EUR 2.7m is considered to be an exceptional increase as a result of management's revised IFRS 9 assessment and the impact of market performance in 2019. Management will continue to monitor the adequacy of this loss allowance.

5. REVENUE

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

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

Revenues generated from acquisitions and through the different marketing methodologies were being treated as two revenue segments, iGaming and Financial Services, through June 2019. During the third quarter of 2019 a change in organisational structure was implemented and as a result the Group's operations for the following six months ending 31 December 2019 are being reported on the basis of three operating segments, Casino, Sports and Financial Services. Further disclosures on segment reporting are included in note 7.

The Company did not generate any revenue during both the current and comparative reporting periods.

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

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Search revenue	88,283	89,866	–	–
Paid revenue	11,952	13,986	–	–
Subscription revenue	2,582	1,118	–	–
	102,817	104,970	–	–

6. DIRECT COSTS

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

7. SEGMENT REPORTING

The Group's operations are reported on the basis of the three operating segments, Casino, Sports and Financial Services, following a change in organisational structure implemented during the third quarter of 2019. The segments have been identified in accordance with the definition of an operating segment in IFRS 8, Operating Segments. No comparative information is available, as the Group's resources were previously allocated on the basis of only two reporting segments, iGaming and Financial Services, in line with the previous structure. Hence, comparative figures are presented on the basis of the previous organisation structure and operating segments. There were no intersegmental revenues during the year. Further, total assets and liabilities for each reportable segment are not presented, since they are not referred to for monitoring purposes. Information to prepare segment reporting on a geographical basis is not available and the costs to develop such information in time for inclusion in the report is deemed excessive. The Group does not have individual customers that account for more than 10% of the Group's revenue. The table below show figures for each year presented in this report.

	Jan–Dec 2019						Jan–Dec 2018			
Amounts in '000 (EUR)	Casino Jul-Dec	Sports Jul-Dec	iGaming Jan-Jun	Financial services Jan-Dec	Unallocated Jan-Dec	Total	iGaming	Financial services	Unallocated	Total
Revenue*	32,109	18,150	46,876	5,682	–	102,817	99,225	5,745	–	104,970
Total revenue	32,109	18,150	46,876	5,682	–	102,817	99,225	5,745	–	104,970
Direct costs	(3,261)	(3,521)	(6,248)	(580)	–	(13,610)	(12,568)	(407)	–	(12,975)
Personnel expenses	(5,825)	(4,730)	(10,089)	(2,136)	–	(22,780)	(18,533)	(681)	–	(19,214)
Depreciation and amortisation	(4,522)	(2,458)	(6,505)	(598)	–	(14,083)	(8,250)	(465)	–	(8,715)
Exceptional costs										
Bond and credit facility related costs	–	–	–	–	(62)	(62)	–	–	(2,160)	(2,160)
Reorganisation costs	–	–	–	–	(253)	(253)	–	–	(61)	(61)
Loss allowances on trade receivables	–	–	–	–	(2,650)	(2,650)	–	–	–	–
Impairment on intangible assets	(13,230)	(934)	–	(17,939)	–	(32,103)	–	–	–	–
Other operating expenses	(5,362)	(4,918)	(9,974)	(2,702)	–	(22,956)	(20,560)	(2,164)	–	(22,724)
Total operating expenses	(32,200)	(16,561)	(32,816)	(23,955)	(2,965)	(108,497)	(59,911)	(3,717)	(2,221)	(65,849)
Operating (loss)/profit	(91)	1,589	14,060	(18,273)	(2,965)	(5,680)	39,314	2,028	(2,221)	39,121
Interest payable on borrowings	–	–	–	–	(8,718)	(8,718)	–	–	(11,877)	(11,877)
Other gains on bond lia- bility at fair value through profit or loss	–	–	–	–	5,550	5,550	–	–	8,882	8,882
Other finance costs	–	–	–	–	(1,510)	(1,510)	–	–	(4,606)	(4,606)
Other finance income	–	–	–	–	–	–	–	–	1,614	1,614
(Loss)/profit before tax	(91)	1,589	14,060	(18,273)	(7,643)	(10,358)	39,314	2,028	(8,208)	33,134
Tax expense	–	–	–	–	(178)	(178)	–	–	(2,322)	(2,322)
(Loss)/profit for the year attributable to the equity holders of the parent company	(91)	1,589	14,060	(18,273)	(7,821)	(10,536)	39,314	2,028	(10,530)	30,812
Other comprehensive income										
Items that may be reclas- sified to profit for the year										
Currency translation differences	–	–	–	–	(37)	(37)	–	–	67	67
Items that will not be reclassified to profit for the year										
Loss on disposal of other investments	–	–	–	–	–	–	–	–	(589)	(589)
Total other comprehen- sive loss for the year	–	–	–	–	(37)	(37)	–	–	(522)	(522)
Total comprehensive (loss)/ income for the year attrib- utable to equity holders of the parent company	(91)	1,589	14,060	(18,273)	(7,858)	(10,573)	39,314	2,028	(11,052)	30,290

* Revenue reported under Financial Services includes finance revenue of EUR 4.2m (5.0) and subscription revenue amounting to EUR 1.5m (0.7).

8. PERSONNEL EXPENSES

Personnel expenses incurred during the year and the preceeding year are analysed as follows:

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Directors' remuneration	353	315	344	302
Salaries and wages	18,547	15,675	–	–
Social security contribution	3,002	2,725	–	–
Share based payments	878	499	609	125
	22,780	19,214	953	427

Average number of employees in the Group during the current financial year was 396 (2018: 332) while the Company had no employees (2018: nil).

CEO and other members of executive management

Remuneration of the CEO comprises a fixed salary, a variable salary, participation in the share option programme and other benefits. The variable salary could have amounted to a maximum of 5 months salary, based on the Group's revenue, earnings and other KPIs.

The other members of executive management during the prior financial period January-June were as follows:

Johannes Bergh (Chief Operating Officer), Erik Edeen (Interim Chief Financial Officer), Asa Hillsten (Head of IR) and Louise Wendel (Head of Legal).

Due to an organizational change, the other members of the executive management consisted of the following members during the period July-December:

Johannes Bergh (Chief Operating Officer), Erik Edeen (Interim Chief Financial Officer), Fiona Ewins-Brown (Chief Human Resource Officer), Nigel Frith (Vice President - Financial Services), Richard Gale (Vice President - Sports).

EUR '000	Fixed salary	Variable salary	Other benefits	Total remuneration and other benefits
2019				
Per Hellberg	378	–	200	578
Other members of executive management	1,245	–	181	1,426
2018				
Per Hellberg	206	–	131	337
Henrik Persson Ekdahl, Acting CEO	140	–	–	140
Other members of executive management	962	83	526	1,571

9. EXCEPTIONAL COSTS

Exceptional costs relate to costs that are deemed by management to be significant one-offs in nature, including bond, credit facility and reorganisation costs. During the last quarter of 2019 the Group recognised a loss allowances on trade receivables and impairment on intangible assets which are considered to be exceptional costs. As previously disclosed (note 4), these were a result of Management's revised IFRS 9 assessment and the strategic review of the segments, which affected the value of the intangible assets. During the financial year ended 31 December 2019 exceptional costs of EUR 0.1m and EUR 0.3m relate to the credit facility and reorganisation costs, respectively. Exceptional costs of EUR 2.7m relate to the loss allowances on trade receivables and EUR 32.1m relate to impairment on intangible assets. During the comparative year, EUR 2.0m costs relating to the refinanced bond and EUR 0.2m costs relating to the credit facility were classified as exceptional costs.

10. OTHER OPERATING EXPENSES

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

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
SEO support costs	8,794	6,535	–	–
Professional fees	3,458	3,581	–	2
HR and recruitment costs	1,250	1,164	–	–
Rent	39	2,503	–	–
Corporate and investor relations costs	716	437	173	246
Loss allowances on trade receivables and bad debt write-offs*	366	200	–	–
General office and administration costs	881	961	–	–
Marketing costs	1,224	2,431	–	–
Travel and entertainment	1,722	1,985	–	–
Other expenses	4,506	2,927	21	33
	22,956	22,724	194	281

*Loss allowance on trade receivables excludes EUR 2.7m designated as an exceptional cost.

Fees charged by the auditor for services rendered during the financial year ended 31 December 2019 and the preceding year are shown in the table below:

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Annual statutory audit*	206	108	–	–
Tax advisory and compliance services	95	105	2	2
Other assurance services	10	10	–	–
Other non-audit services	43	115	–	–
	354	338	2	2

*The audit fee of the parent company is included in the Group audit fee disclosed above.

The amount of audit fees disclosed above for 2019 includes EUR 0.1m, which is charged by other PwC offices, and not the PwC office auditing the parent company. Other non-audit services include permissible services.

11. FINANCE INCOME AND COST

Finance costs include the notional interest charge on contingent considerations for the year ended 31 December 2018, while finance costs for the year ended 31 December 2019 comprise the notional interest on contingent considerations, the notional interest on future lease payments and also foreign currency exchange losses. Finance income comprises foreign currency exchange gains for the comparative year.

12. TAX EXPENSE

The tax charge for the year comprises the following:

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Current tax expense	1,187	883	–	–
Deferred tax expense	(1,009)	1,439	–	–
	178	2,322	–	–

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

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
(Loss)/profit before tax	(10,358)	33,134	4,475	8,142
Tax calculated at domestic rates applicable to profits in respective countries	501	2,328	1,566	2,849
Tax effect of:				
- Expenses not deductible for tax purposes	62	214	405	287
- Income not subject to tax	(224)	(407)	(1,971)	(3,136)
- Other	(161)	187	–	–
	178	2,322	–	–

13. EARNINGS PER SHARE

Basic earnings per share

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

	Group	
	31 Dec 2019	31 Dec 2018
From (loss)/profit for the year (EUR)	(0.18)	0.56
Weighted average number of ordinary shares in issue	57,555,578	55,128,363

Diluted earnings per share

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

	Group	
	31 Dec 2019	31 Dec 2018
From (loss)/profit for the year (EUR)	(0.17)	0.52
Weighted average number of ordinary shares in issue	57,555,578	55,128,363
Adjustments for share options, warrants and shares issued as part payment for asset acquisitions	3,120,184	4,461,971
Weighted average number of ordinary shares for diluted earnings per share	60,675,762	59,590,334

14. SHARE-BASED PAYMENT

Share options and warrants are granted to directors and to selected employees. During 2019, the Group also entered into share option agreements with 30 (2018: 51) of its employees and committed a total of 1,900,000 shares (2018: 691,802).

The average exercise price of the warrants granted during the current financial year is equal to EUR 6.23 for 30 option agreements, while the average exercise price of all outstanding warrants is equal to EUR 9.68.

The average exercise price of options granted in the preceding financial year was equal to EUR 16.80 for 51 option agreements. Options are conditional on the employee completing 36 months of service (the vesting period). Both share warrants and option agreements can be exercised 36 months after the date they were granted and have a contractual term of 42 months. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

Out of the 379,143 (2018: 309,143) outstanding warrants, none of the warrants were exercisable at 31 December 2019 (2018: 273,825).

	Average exercise price in EUR per warrant	Number of Warrants
Opening Balance 2018	8.51	527,468
Granted	17.38	55,500
Vested	3.73	273,825
Closing Balance 2018	20.94	309,143
Opening Balance 2019	20.94	309,143
Granted	6.39	70,000
Vested	–	–
At 31 December 2019	18.26	379,143

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

Grant date	Expiry date	Exercise price in EUR per warrant	Number of Share warrants
Jan 2017	Jun 2020	13.61	243,643
Apr 2017	Oct 2021	14.85	10,000
Jun 2018	Dec 2021	17.38	55,500
Jun 2019	Dec 2022	6.39	70,000
			379,143

Out of the 3,240,245 (2018: 1,672,294) outstanding options, 1,900,000 options (2018: 691,802) were granted at 31 December 2019. During the current financial year, 201,189 share options were cancelled upon termination of employment (2018: 123,000). Share options exercised during the current financial year amounted to 130,860 (2018: 947,150).

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

	Average exercise price in EUR per option	Number of Options
At 1 January 2018	1.59	2,050,642
Granted	16.8	691,802
Vested	1.49	947,150
Cancelled	7.57	123,000
At 31 December 2018	8.35	1,672,294
Granted	6.23	1,900,000
Vested	1.98	130,860
Cancelled	13.41	201,189
At 31 December 2019		3,240,245

Valuation of share options for the year ended 31 December 2019

The weighted average fair value of options granted during the period, determined using the Black-Scholes valuation model, was EUR 6.23 per share under option. The significant inputs into the model were weighted average share price of EUR 5.69 on the grant date, exercise price shown above, volatility of 30%, an expected option life of 3 years and an annual risk-free interest rate of 2%. The volatility assumption and the dividend yield assumption were based on the variables observed for listed companies in similar industries.

Valuation of share options for the year ended 31 December 2018

The weighted average fair value of options granted during the period, determined using the Black-Scholes valuation model, was EUR 16.80 per share under option. The significant inputs into the model were weighted average share price of EUR 12.51 on the grant date, exercise price shown above, volatility of 30%, an expected option life of 3 years and an annual risk-free interest rate of 2%. The volatility assumption and the dividend yield assumption were based on the variables observed for listed companies in similar industries.

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

Grant date	Expiry date	Exercise price in EUR per option	Share options
Oct-16	Apr-19	7.93	25,000
Jan-17	Jul-20	12.64	418,000
Feb-17	Aug-21	15.65	75,000
Apr-17	Oct-21	12.02	240,000
May-17	Nov-20	13.79	10,000
Jan-18	Dec-21	17.31	223,166
Jun-18	Dec-21	17.38	300,000
Nov-18	May-22	13.33	69,079
Jun-19	Dec-22	6.39	1,675,000
Dec-19	Jun-22	4.87	205,000
			3,240,245

From the 3,240,245 (2018: 1,672,294) shares granted under option agreements, the Group estimates that 30% of these will not vest, resulting in total of 2,268,172 (2018: 1,170,606) shares committed. The effect of this was also taken into account in the statement of comprehensive income.

15. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

EUR '000	Group
Year ended 31 December 2018	
Balance at 1 January 2018	7,333
Acquisitions through business combinations	4,633
Balance at 31 December 2018	11,966
Year ended 31 December 2019	
Balance at 1 January 2019	11,966
Impairment	(4,633)
Balance at 31 December 2019	7,333

The Group's acquisitions primarily comprise domains and websites, player databases, and in certain instances other components of intellectual property. The consideration paid for player databases is determined by reference to the historical average revenue per active player for the portfolio of acquired players over the expected player life. In the instances where other components of intellectual property are identified, the allocation of the consideration was based on an estimate of the replacement value of the asset. The residual value is being allocated to domains and websites. As the Group can continually renew a domain name, and it does not see an end to its usefulness, it was concluded that websites and domains have an indefinite useful life.

Other intangible assets

EUR '000	Domains and websites	Player databases	Other intellectual property	Total
Cost				
At January 2018	219,976	12,558	4,511	237,045
Additions	74,809	2,789	7,014	84,612
Change in estimates	18,424	1,187	–	19,611
Balance at 31 December 2018	313,209	16,534	11,525	341,268
Additions	440	13	5,420	5,873
Disposals	(88)	–	(63)	(151)
Change in estimates	(14,613)	(492)	–	(15,105)
Balance at 31 December 2019	298,948	16,055	16,882	331,885
Accumulated depreciation and impairment losses				
At 1 January 2018	–	(3,601)	(1,312)	(4,913)
Amortisation charge	–	(5,166)	(2,817)	(7,983)
Balance at 31 December 2018	–	(8,767)	(4,129)	(12,896)
Amortisation charge	–	(5,234)	(4,765)	(9,999)
Disposal	–	–	63	63
Impairment charge	(27,469)	–	–	(27,469)
Balance at 31 December 2019	(27,469)	(14,001)	(8,831)	(50,301)
Carrying amounts				
At 31 December 2018	313,209	7,767	7,396	328,372
At 31 December 2019	271,479	2,054	8,051	281,584

Additions of EUR 5.4m (2018: EUR 7.0m) relating to other intellectual property comprise costs for the development of websites and other applications. Additions of EUR 0.5m during the current year related to website and domain acquisitions. During the comparative year a further EUR 77.6m additions related to the acquisitions of Dreamworx, Bonusseeker, BetfreeBet, ASAP Italia, Hammerstone, Optilabs, gg.co.uk, ParisSportifs, Brokerdeal and Leaprate. Adjustments recognised as a result of changes in estimates of the likely outcome of a contingent event and changes in agreements amounted to EUR -15.1m (2018: EUR 19.6m).

Amortisation and impairment

During the prior year, management concluded that two operating segments were identified, iGaming and Financial Services. This resulted in two cash-generating units for the purpose of IAS 36. This conclusion was based on the fact that the Board, together with the chief operating decision maker, assesses financial performance and makes strategic decisions based on the reported results of the two operating segments.

During 2019, following changes to internal management reporting, three operating segments were identified, resulting in three cash-generating units for the purpose of IAS 36: Casino, Sport and Financial Services. This conclusion is based on the fact that the Board, together with management, assesses financial performance and makes strategic decisions based on the three separate segments.

As at 31 December 2019, the directors evaluated goodwill, domains and websites for impairment. A strategic review by the directors was performed on the portfolio of domains having a carrying amount of EUR 298.9m (2018: 313.2m) and goodwill amounting to EUR 7.3m (2018: EUR 12.0m). After consideration of both internal and external information available, it was concluded that four products are not expected to produce economic benefit over an indefinite period of time. These products are considered as 'retired' products and no further investments will be carried out for future economic benefit. Expected revenues for those four products have been estimated over eight years, and on this basis the Group has recognised an impairment on these intangible assets of EUR 23.1m.

The recoverable amount of the CGUs was assessed on the basis of value-in use calculations. Following a detailed impairment assessment that was performed at the end of the reporting period, it was concluded that the recoverable amount for Casino CGU and Sports CGU exceeded the carrying amount. For the Financial Services CGU, it was concluded that the carrying amount was lower, resulting in a further impairment on intangible assets of EUR 9.0m.

The recoverable amount of the three CGUs was based on cash flow projections reflecting budgeted income from operations for 2020 and, after adjusting for the allocation of general expenses and general personnel expenses to each CGU, cash flows projections for the period 2021 – 2024 reflecting an annual growth rate of 2.5% for Casino CGU, 8.4% for Sports CGU (2020 - 2023: iGaming 12.8%) and with 3.2% for Finance CGU (2020 - 2023: Finance 13.7%). A perpetual growth rate of 2% was applied beyond this period. Sports is projected to have a higher growth rate due to the new investments in new markets, mainly US, while Casino and Finance are expected to grow modestly. Furthermore, the projected cash flows for all the CGUs were discounted at 13.2% (2018: 15%) after tax. The effective tax rate was estimated at 35% (2018: 35%). A perpetuate growth rate of 2% was applied. In addition, in line with the requirements set out in IAS 36, management reviewed the basis for the allocation of certain personnel and other operating expenses, which were not considered to be directly attributable to the respective CGUs, and were therefore adjusted for in the cash flow projection. 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, taking into consideration the different risk factors for each CGU.

As at 31 December 2019, the carrying amount of intangibles, including goodwill, comprises 40% attributable to casino segment, 54% attributable to sports segment, and the remaining 6% to financial services segment.

Sensitivity analysis

The Group's conclusion is that the recoverable amount of the Casino CGU is well in excess of the carrying amount and thus a sensitivity analysis in this regard is not disclosed. The Sports CGU and Financial Services CGU are considered to be more sensitive to changes in key assumptions, since their carrying value as at the year end, is either close to the recoverable amount for Sports CGU, or equal to the recoverable amount for Financial Services CGU. The impairment assessment for these segments is inherently uncertain, and the underlying assumptions are reviewed annually based on the reliability of the estimation process developed by management. The principal assumptions used in the impairment assessment relate to projected revenues for, and discount rates applied to, the respective CGUs.

- If the average annual growth rate over the period 2021-2024 for the Sports CGU had been 1% lower per annum than management's estimate at 31 December 2019, impairment would arise on the Sports CGU.
- If the average annual growth rate over the period 2021-2024 for the Financial Services CGU had been 1% lower per annum than management's estimate at 31 December 2019, further impairment would arise on the Financial Services CGU.
- If the discount rate used had been 1% higher than management's estimate as at 31 December 2019, all other things being equal, the Sports CGU would be impaired, and further impairment would arise for Financial Services CGU.

16. PROPERTY, PLANT AND EQUIPMENT

					Group
EUR '000	Computer equipment	Fixtures and fixtures	Property improvements	Motor vehicle	Total
Cost					
At January 2018	915	1,769	1,323	38	4,045
Additions	226	217	845	–	1,288
Disposal	–	–	–	(38)	(38)
Balance at 31 December 2018	1,141	1,986	2,168	–	5,295
Additions	122	127	161	–	410
Balance at 31 December 2019	1,263	2,113	2,329	–	5,705
Accumulated depreciation and impairment losses					
At 1 January 2018	(309)	(144)	(105)	(3)	(561)
Depreciation	(175)	(208)	(345)	(4)	(732)
Disposal	–	–	–	7	7
Balance at 31 December 2018	(484)	(352)	(450)	–	(1,286)
Depreciation	(274)	(250)	(571)	–	(1,095)
Balance at 31 December 2019	(758)	(602)	(1,021)	–	(2,381)
Carrying amounts					
At 31 December 2018	657	1,634	1,718	–	4,009
At 31 December 2019	505	1,511	1,308	–	3,324

17. LEASES

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

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

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

Amounts in '000 (EUR)

Operating lease commitments disclosed as of 31 December 2018	10,411
Discounted using the Group's incremental borrowing rate at 1 January 2019	9,258
Notional interest charge for the year ended 31 December 2019, net of foreign exchange differences	449
New lease arrangements, terminations and other adjustments during the year ended 31 December 2019	1,036
Payments	(2,961)
	7,782
Lease liability recognised as at 31 December 2019	
Analysed as follows:	
Current lease liability	3,094
Non-current lease liability	4,688
	7,782

As at 1 January 2019, lease liability amounting to EUR 2.9m was due within twelve months, while the amount of EUR 6.4m was due after more than one year. The current portion of the lease liability is included within "Trade and other payables" in the statement of financial position. The associated right-of-use asset for property leases was measured at an amount equivalent to the lease liability plus prepaid lease expenses as of 1 January 2019. The asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

Group

EUR '000	Properties
Discounted lease commitments as at 1 January 2019	9 258
Additions	1 148
Terminations	(158)
Adjustments including changes to lease terms	210
Balance at 31 December 2019	10 458
Accumulated depreciation	
At 1 January 2019	–
Depreciation	(2 989)
Differences upon currency translations	(36)
Balance at 31 December 2019	(3 025)
Carrying amount	
At 31 December 2019	7 433

Nature of lease arrangements

The Group leases offices, of which contracts are typically made for a fixed number of years, generally up to a maximum term of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, including extension and termination options. These are used to maximise operational flexibility of managing the assets used in the Group's operations. The majority of these options are exercisable by the lessee, in this case, the individual Group companies. The extension to the lease term is generally up to 1 year, during which period the lessee shall have the right to terminate the lease by a written notice given to the lessor within a stipulated time frame.

Until the 2018 financial year, leases of property were classified as operating leases under IAS 17. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, discounted using the Group's incremental borrowing rate, which is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment with similar terms, security and conditions.

18. INVESTMENT IN SUBSIDIARIES

EUR '000	Consideration for subscribed capital	Capital contribution	Total
Year ended 31 December 2018			
Opening net book amount	1	903	904
Additions	2	333	335
Closing net book amount	3	1,236	1,239
Year ended 31 December 2019			
Opening net book amount	3	1,236	1,239
Additions	-	270	270
Closing net book amount	3	1,506	1,509

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

SUBSIDIARIES	Country of incorporation	Class of shares held	Percentage of ownership and voting rights held by the Group		Percentage of ownership and voting rights held directly by the Company	
			2019	2018	2019	2018
Catena Operations Limited	Malta	Ordinary shares	100	100	100	100
Molgan Ltd	Malta	Ordinary shares	-	100	-	-
Catena Media UK Limited	UK	Ordinary shares	100	100	-	-
Catena Media doo Belgrad	Serbia	Ordinary shares	100	100	-	-
Catena Media US Inc.	USA	Ordinary shares	100	100	-	-
Catena Media K.K.	Japan	Ordinary shares	100	100	-	-
Catena Media Australia Pty. Ltd.	Australia	Ordinary shares	100	100	-	-
Catena Media Sverige AB	Sweden	Ordinary shares	100	100	-	-
Catena Financial Limited	Malta	Ordinary shares	100	100	100	100
Catena Financials UK Ltd	UK	Ordinary shares	100	100	-	-
Catena Financials Limited US INC	USA	Ordinary shares	100	100	-	-
Asap Italia Srl	Italy	Ordinary shares	100	100	-	-
Catena Media Canada LTD.	Canada	Ordinary shares	100	-	-	-

19. TRADE AND OTHER RECEIVABLES

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Trade receivables	20,601	19,456	-	-
Loss allowances on trade receivables	(3,232)	(401)	-	-
Amounts owed by immediate subsidiary	-	-	246,429	216,398
Prepayments and accrued income	1,287	991	12	40
Other receivables	1,897	1,366	-	-
	20,553	21,412	246,441	216,438

The amounts owed by the subsidiary are unsecured, interest-free and repayable on demand, although the Parent Company does not expect such balances to be recalled within the next 12 months.

The IFRS 9 assessment resulted in a default risk of 1.1%, and if this had to increase or decrease by 0.5% it would have an

impact of plus or minus of EUR483,669 on the Group's profit/loss for the year.

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

20. 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:

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Cash in hand	4	6	-	-
Cash at bank	11,010	12,421	109	837
Cash held by payment processors	1,272	734	-	-
	12,286	13,161	109	837

21. SHARE CAPITAL

On 14 October 2019, it was announced that 183,672 new shares in Catena Media plc were issued as payment of the final part of the purchase price for the acquisition of ASAP Italia S.r.l. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 5.58238595.

On 16 July 2019, it was announced that 1,440,454 new shares in Catena Media plc were issued as part of the prepayment of the third and final earn-out for acquired assets in the US. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 5.66690033.

On 19 June 2019, it was announced that 75,425 new shares in Catena Media plc were issued as part payment for the first earn-out for the acquired assets in BonusSeeker.com. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 6.39692890. On the same day a further 27,855 shares were issued as part payment for the first earn-out for the acquired assets in BrokerDeal.de. The shares were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 6.46053550.

On 30 April 2019, it was announced that the Company had resolved to implement a directed issue of 108,860 shares by virtue of one of the Company's incentive programmes.

On 13 February 2019, it was announced that 468,132 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 10.10994752 per share as part payment of the upfront purchase price for acquired assets in Baybets Ltd.

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

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

On 8 November 2018, it was announced that 188,751 new shares in Catena Media plc were issued as partial payment of the upfront purchase price for acquired assets in LeapRate.com. On 16 August 2018, it was announced that 77,209 new shares in Catena Media plc were issued with a nominal value of EUR 0.0015 per share and a share premium of EUR 11.1594006 per share. These shares were issued in partial settlement of the purchase consideration for the assets acquired in the US.

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

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

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

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

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

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

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

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

After these new share issues, the total number of issued shares for the year ended 31 December 2019 amounted to 58,613,270.

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

Details of share capital for the Company as at 31 December 2019:

EUR '000	31 Dec 2019
Authorised share capital	
133,333,333 ordinary shares of EUR0.0015 each	200
Issued and fully paid	
58,613,270 ordinary shares of EUR0.0015 each	88

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

EUR '000	31 Dec 2018
Authorised share capital	
133,333,333 ordinary shares of EUR0.0015 each	200
Issued and fully paid	
56,286,872 ordinary shares of EUR0.0015 each	84

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.

Other reserves

Other reserves comprise the share-based payments reserve and the foreign currency translation reserve. The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised. The foreign currency translation reserve comprises exchange differences arising on translation of the foreign controlled entities. These are recognised in other comprehensive income and accumulated in a separate reserve within equity.

22. BORROWINGS

Borrowings at the end of the reporting period comprised a three-year unsecured bond loan ("new bond") amounting to EUR 150.0m, under a framework of EUR 250.0m maturing in March 2021, as well as EUR 12.5m representing the utilised portion of the revolving bank credit facility. The multicurrency revolving bank facility was set to a maximum credit amount of EUR 30m and will mature on 15 January 2021. The corresponding balance as at 31 December 2018 comprised only the new bond amounting to EUR 150.0m. The new bond was listed on Nasdaq Stockholm on 6 April 2018 at a nominal value of EUR 100,000. The debt securities bear a floating rate coupon of Euribor 3m + 5.5 percent. Euribor 3m is subject to a floor of 0 percent.

The new bond was designated by management as a financial liability at fair value through profit and loss, since it contains an embedded derivative that may significantly modify the resulting cashflow. This embedded derivative is an early redemption option, with the redemption price set in accordance with a mechanism defined in the prospectus. The fair value of the bond, which at the end of the reporting period amounted to EUR 138.5m, was determined by reference to multiple broker quotes. Accordingly, the bond's fair value was categorised within the IFRS 13 fair value hierarchy as Level 3.

The movements in fair value for the fourth quarter and for the year ended 31 December 2019 comprising a loss of EUR 2.7m and a gain of EUR 5.6m respectively, are recognised in "Other (losses)/gains on financial liability at fair value through profit or loss" in the income statement. If the estimated price of the bond increased by 1%, the estimated fair value of the bond would increase by EUR 1.4m. Similarly, if the estimated price of the bond decreased by 1%, the estimated fair value of the bond would decrease by EUR 1.4m.

Net debt reconciliation

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

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Cash and cash equivalents	12,286	13,161	109	837
Borrowings	(150,950)	(144,000)	(150,950)	(144,000)
Net debt	(138,664)	(130,839)	(150,841)	(143,163)

EUR '000	Group	Company
	31 Dec 2019	31 Dec 2019
Borrowings as at 1 January 2019	144,000	144,000
Increase in borrowings	12,500	12,500
Fair value movement	(5,550)	(5,550)
Borrowings as at 31 December 2019	150,950	150,950

23. AMOUNTS COMMITTED ON ACQUISITION

EUR '000	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Non-current				
Amounts committed on acquisition	–	21,170	–	–
Current				
Amounts committed on acquisition	18,068	60,740	–	–
	18,068	81,910	–	–

Amounts committed on acquisition consist of contractual obligations resulting from the purchase of intangible assets from third parties. Some of the obligations have a predetermined value, while others include future payments whose value depends on target earnings. The latter are further referred to as contingent considerations. Total amounts committed on acquisition as at 31 December 2019 of EUR 18.1m (2018: EUR 81.9m) include a contingent amount of EUR 1.8m (2018: EUR 65.1m). Amounts committed for the current reporting year is all classified as current. The current portion of amounts committed on acquisition of EUR 60.7m for the year ended 31 December 2018 included a contingent amount of EUR 43.9m.

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

During the current financial year, amounts committed on acquisition relating to contingent considerations have been adjusted by an amount of EUR -15.6m (2018: EUR 18.8m) to reflect a change in estimates. The maximum potential undiscounted amount that the Group may be required to settle under such contingent considerations is EUR 6.5m (2018: EUR 128.7m), of which EUR 1.8m has been recognised on the basis of estimated future earnings.

24. 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	Balance at 1 Jan 2019	Recognised in profit and loss	Balance at 31 Dec 2019
EUR '000			
Deferred tax assets			
Unremitted earnings of subsidiary	(63)	–	(63)
Unutilised tax losses	(4,539)	(2,972)	(7,511)
	(4,602)	(2,972)	(7,574)
Deferred tax liability			
Property, plant and equipment	1	(43)	(42)
Intangible assets	8,951	2,197	11,148
Provision for bad debts	(15)	(147)	(162)
Unrealised exchange differences	263	(44)	219
	9,200	1,963	11,163
Net movement	4,598	(1,009)	3,589

Group	Balance at 1 Jan 2018	Recognised in profit and loss	Balance at 31 Dec 2018
EUR '000			
Deferred tax assets			
Unremitted earnings of subsidiary	(63)	–	(63)
Unutilised tax losses	(2,917)	(1,622)	(4,539)
	(2,980)	(1,622)	(4,602)
Deferred tax liability			
Property, plant and equipment	9	(8)	1
Intangible assets	5,937	3,014	8,951
Provision for bad debts	(10)	(5)	(15)
Unrealised exchange differences	203	60	263
Other	1	(1)	–
	6,139	3,061	9,200
Net movement	3,159	1,439	4,598

25. TRADE AND OTHER PAYABLES

	Group		Company	
EUR '000	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Trade payables	1,528	1,765	17	6
Amounts owed to other Group undertakings	–	–	4,780	2,375
VAT payable	109	1,077	5	1
Accruals and deferred income	1,914	2,132	10	15
Bond interest liability	665	642	665	642
Current lease liability (note 17)	3,094	–	–	–
Other payables	373	327	–	40
Total trade and other payables	7,683	5,943	5,477	3,079

Amounts owed to other Group undertakings is unsecured, interest-free and repayable on demand.

26. RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

	Group		Company	
EUR '000	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
(a) Key management personnel				
Directors' fees	353	315	344	302
Executive management	2,004	2,048	–	–
(b) Other related party transactions				
Purchases of services from entities with significant shareholding*	–	566	–	–

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

*Purchases of services from entities with significant shareholding in the prior period comprised consultancy, advisory and success fees payable to Optimizer Invest Limited. Transactions for the financial year ended 31 December 2018 were affected by credit notes regarding recharge costs from Optimizer Invest Limited relating to the first and second quarter 2018.

27. BUSINESS COMBINATIONS

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

The Group acquired Hammerstone for an initial consideration and an earn-out consideration. The initial purchase price, paid in conjunction with the transfer of the assets, amounted to an upfront payment of USD 5.0m, of which USD 2.0m (EUR 1.7m) was paid through newly issued shares at a subscription price of SEK 137.32 per share. A total of 127,440 shares were issued in this regard. During the fourth quarter of 2018, Catena Media agreed to amended terms whereby the earn-out portion amounting to a maximum USD 2.5m based on revenue performance over a period of 12 months, with 40 percent of the earn-out being payable in shares, was replaced by a cash payment of USD 1.2m in full and final settlement for the acquisition. The previously estimated contingent consideration (net of PV adjustment) amounted to USD 2.5m (EUR 1.99m).

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

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

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

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

As disclosed in note 15, as a result of the detailed impairment assessment carried out during 2019, the goodwill of EUR 4.6m was fully impaired.

28. COMMITMENTS TO PAY LEASE RENTALS

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

EUR '000	Group	
	31 Dec 2019	31 Dec 2018
Within one year	–	2,899
Within two to five years	–	7,529
	–	10,428

29. EVENTS AFTER THE REPORTING PERIOD

Although the situation is uncertain, based on the information available at the time of reporting, management remains of the belief that the COVID-19 outbreak will not have a foreseeable negative long-term effect on the Group's business.

Information regarding the Covid-19 virus

The Group considers the consequence of the emergence and spread of COVID-19 in 2020 to be a non-adjusting post balance sheet event. Further information on Covid-19 and the potential impact on financial and operational performance is included in the basis of preparation in Note 2.

Catena Media appoints new CFO

On March 9 Peter Messner was appointed as Group CFO. Messner will begin his employment on April 1, 2020 and will be part of the Company's executive management. Peter Messner has extensive experience from leading roles within finance and controlling functions. His professional background includes 20 years of international management of online businesses, five of which were in digital transformation within the media industry (eSports, gaming, digital video, investments), and eight years within the iGaming industry (Sportsbook, Poker, Casino

and Platform). Most recently he comes from a role as CFO at MTGx in Stockholm, where he has been since 2014. Messner has a PhD in Social and Economic Sciences from the University of Vienna, Austria, as well as a Master in Economics and Computer Science from Vienna University of Technology. Messner succeeds Erik Edeen, who as interim Group CFO rebuilt and transformed the Company's entire financial structure. Edeen will continue to support the Company in strategic projects for the foreseeable future.

Corporate governance report

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

CORPORATE GOVERNANCE IN CATENA MEDIA

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

The following statements on pages 63 to 70 have not been audited by the Company’s auditor.

The foundation of the corporate governance structure of Catena Media comprises the Maltese Companies Act (Chapter 386 of the Laws of Malta), the Memorandum and Articles of Association, Nasdaq Stockholm’s Rulebook for Issuers, the Swedish Corporate Governance Code (the “Code”), and other applicable rules and regulations. A description of Catena Media’s corporate governance structure is available on the Company’s website www.catenamedia.com, Nasdaq Stockholm’s Rulebook for Issuers is available at www.nasdaqomxnordic.com, and the Code can be found at www.bolagsstyrning.se.

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

THE SWEDISH CORPORATE GOVERNANCE CODE

Since listing on Nasdaq Stockholm’s main market on 4 September 2017, the Company applies the Code in full. Accordingly, the Company has chosen not to apply the Maltese equivalent of the Code (the Code of Principles of Corporate Governance) set out in the Maltese Listing Rules, although it should be noted that the Maltese and Swedish codes of corporate governance share a number of similar or common principles.

The Code is based on the principle of “comply or explain”. This means that a company that applies the Code can deviate from individual rules, but must then explain the reasons for the deviation. For the 2019 financial year, Catena Media does not report any deviations from the Code.

No separate auditor’s report on the corporate governance

report is required under Maltese regulations, since the report has been prepared in line with the principles of the Swedish Code. The Board of Directors confirms that the Company adheres to the Code.

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

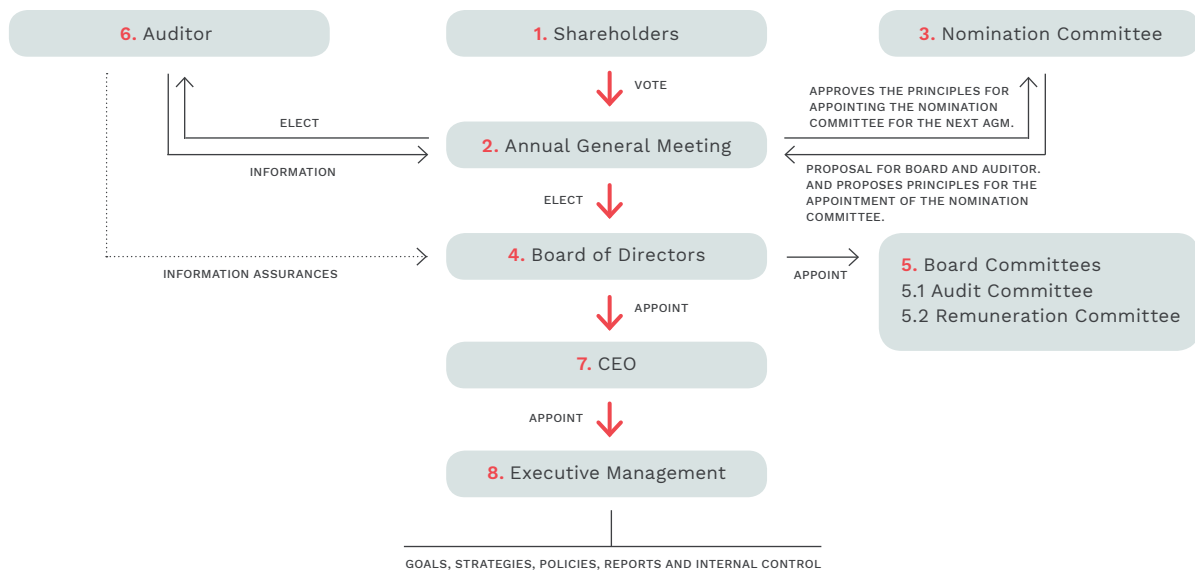
The Company’s Memorandum of Association and Articles of Association were adopted by a General Meeting of the Company’s shareholders and include provisions regarding what kinds of business activities the Company is to conduct, limitations on the share capital and the number of shares, how notices to convene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

The Company may amend its Memorandum of Association and Articles of Association by an extraordinary resolution under Article 79 (1) of the Maltese Companies Act. In order to be valid, an amendment of the Articles of Association shall be adopted by an extraordinary resolution at a General Meeting passed by shareholders having the right to attend, and holding in aggregate not less than seventy-five percent in nominal value of the shares represented and entitled to vote at the General Meeting, and at least fifty-one percent in nominal value of all the shares entitled to vote at the General Meeting.

1. THE SHARE AND SHAREHOLDERS

Catena Media has been listed on Nasdaq Stockholm in the Mid Cap segment since 4 September 2017 and was prior to this listed on Nasdaq First North Premier Stockholm since February 2016. As of 31 December 2019, the total number of shares and votes in the Company amounted to 58,613,270 with an aggregate nominal value of EUR 87,919.91. The Company had a total of 9,603 shareholders at the end of 2019. According to the share register kept by Euroclear Sweden AB (with changes subsequently known to the Company), the ten largest shareholders held a total of approximately 58.5 percent of the total number of shares and votes in the Company at the end of 2019 and the largest shareholder on that date was Bodenholm Capital, with a participating interest of approximately 15.2 per-

CATENA MEDIA CORPORATE GOVERNANCE STRUCTURE



cent of the total number of shares and votes in the Company. In addition, there was no other shareholder that directly or indirectly owned more than 10 percent of the number of shares or votes in the Company. In accordance with the provisions of the Maltese Companies Act, the Board has been authorised in the Company's Articles of Association to issue shares, or allocate options in relation to such shares, up to the maximum authorised share capital in the Company (EUR 200,000) at such times and conditions that the Board finds appropriate. This authorisation applies for five years from 2 July 2015 and can be renewed by a resolution passed with a simple majority vote at a General Meeting for additional periods of no more than five years at a time. At the General Meeting of 2 May 2019 it was resolved to renew the authorisation to issue shares in terms of Articles 7.1 and 7.3 of the Company's Articles of Association for an additional period of five years from the date of the General Meeting. Read more about the Company's share and ownership structure on the Company's website, www.catenamedia.com.

2. GENERAL MEETING

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

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

months of the date that the original request was submitted to the Company.

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

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

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

Resolutions at a General Meeting are usually passed with a

simple majority of votes represented at the Meeting. However, in accordance with the Maltese Companies Act and the Company's Articles of Association, certain resolutions require approval by a higher percentage of the votes and votes represented at the General Meeting.

Extraordinary General Meeting

No Extraordinary General Meetings were held during the year.

2019 Annual General Meeting

The 2019 Annual General Meeting took place in Stockholm, Sweden on 2 May. Among other things, the Annual General Meeting passed resolutions (i) to adopt the Company's consolidated financial statements and the Administration Report and audit report, (ii) to re-elect Kathryn Moore Baker, Mats Alders and Cecilia Qvist, and to elect Øystein Engebretsen, Theodore Bergquist, Per Widerström and Göran Blomberg as Board members, (iii) that remuneration to the Board members shall be paid as follows: EUR 90,000 to the Chair of the Board and EUR 40,000 to each of the other Directors, (iv) that the Company's committees should receive remuneration as follows: EUR 12,500 to the Chair and EUR 6,250 to the other members of the Audit Committee; and EUR 6,250 to the Chair and EUR 3,125 to the other members of the Remuneration Committee, (v) to re-elect PricewaterhouseCoopers Malta as the Company's auditor, (vi) to approve the Nomination Committee's proposal on principles for appointment of the Nomination Committee for the 2020 Annual General Meeting, (vii) to approve the Board's proposal on guidelines for remuneration of senior executives, (viii) to introduce a new incentive programme for key persons within the Catena Media Group based on share options or warrants, and (ix) to change the Company's Articles of Association.

Minutes from the 2019 Annual General Meeting and documents associated therewith are available on Catena Media's website, www.catenamedia.com.

2020 Annual General Meeting

The 2020 Annual General Meeting will be held at 10:00 am on 15 May 2020 at Västra Trädgårdsgatan 15, Stockholm, Sweden. Due to the recent spreading of the Covid-19 virus shareholders should carefully consider the possibility of participating via a proxy or agent. The notice convening the Annual General Meeting will be published through a press release and announced in Dagens Industri and published on Catena Media's website, www.catenamedia.com, together with associated documents.

3. NOMINATION COMMITTEE AND ITS WORK

The 2019 Annual General Meeting passed a resolution on the principles for the appointment of Catena Media's Nomination Committee as follows: The Nomination Committee shall have four members. The three largest shareholders/shareholder groups by votes in the Company as at 31 August the year before the Annual General Meeting is held are entitled to appoint one member each. The largest shareholders in terms of votes shall be determined on the basis of a list of registered shareholders provided by Euroclear Sweden AB. In addition, the Chair of the Board shall be appointed to be a member of the Nomination Committee. The CEO or another person from the Group management shall not be a member of the nomination committee.

The Chair of the Board shall convene the largest shareholders in the Company no later than 15 October. If such a shareholder refrains from the right to appoint a member to the Nomination Committee, the next shareholder/owner group by size shall be provided the opportunity to appoint a member to the Nomination Committee. The composition of the Nomination Committee is to be announced at least six months before

the Annual General Meeting. The Chair of the Board shall convene the first meeting of the Nomination Committee. However, the Chair of the Board shall not be appointed as the Chair of the Committee.

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

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

The Nomination Committee's composition for the 2020 Annual General Meeting was published on 8 November 2019 and consists of the following members: Kathryn Moore Baker (Chair of the Board of Directors of the Company), Erik Orving (Bodenholm Capital AB), Nicklas Paulsson (representing Investment AB Öresund) and Jake Hennemuth (representing Ruanne Cuniff & Goldfarb). Erik Orving was announced as the Chairman of the Nomination Committee.

The Nomination Committee held four meetings for the 2020 Annual General Meeting. No remuneration has been paid for the work in the Nomination Committee.

4. BOARD OF DIRECTORS

In accordance with the Company's Memorandum of Association, Catena Media's Board of Directors shall comprise at least three and at most seven members. The Board currently consists of seven members elected by the Annual General Meeting on 2 May 2019 for the time until the end of the 2020 Annual General Meeting. In accordance with the resolution by the 2019 Annual General Meeting, the Board consists of Kathryn Moore Baker (Chair), Mats Alders, Cecilia Qvist, Øystein Engebretsen, Per Widerström, Göran Blomberg and Theodore Bergquist. Øystein Engebretsen, Per Widerström, Göran Blomberg and Theodore Bergquist were elected at the Annual General Meeting for the first time, the remainder of the Board members were re-elected from the previous year. Anders Brandt voluntarily resigned from the Board of Directors on 25 September 2018. Øystein Engebretsen accepted to fill the vacant board seat on the same date and was elected by the shareholders for the first time at the 2019 Annual General Meeting. More information on the Board members, such as experience, education, other appointments and shareholdings, is available on pages 71 to 72 of this annual report. At the end of 2019, the Board had two female members and five male members.

The Board of Directors is responsible for the Company's organisation and management of the Company's affairs, which includes responsibility for preparing overall, long-term strat-

egies and targets, budgets and business plans, adoption of guidelines on how the Company’s activities create long-term value, reviewing and approving accounts, making decisions on issues concerning investments and sales, capital structure and dividend policy, development of the Group’s policies, ensuring that control systems exist for the follow-up of compliance with policies and guidelines, ensuring that systems exist for the follow-up and control of the Company’s activities and risks, significant changes in the Company’s organisation and operations, appointing the Company’s CEO, and setting the salary and other remuneration of the CEO.

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

The Board’s work is governed, among other things, by the Maltese Companies Act, the Memorandum of Association, the Articles of Association, the Code, and the Rules of Procedure for the Board of Directors. The Board meets according to an annually predetermined schedule. In addition to these meetings, additional Board meetings may be convened to address issues that cannot be postponed to the next ordinary Board meeting.

Independence of the Board

Seven out of seven Board members are independent in relation to the Company and its management. Seven out of seven Board members are independent of the Company’s major shareholders. With this Board composition, the Board of Directors of Catena Media complies with the Code’s requirements for independence of Board members, since the majority of the Board members are independent of the Company and the Company’s management, and at least two of them are also independent in relation to the Company’s major shareholders. All Board members and members of Group management have undergone Nasdaq Stockholm’s training regarding stock exchange rules.

The Board’s work in 2019

The Rules of Procedure for the Board states which items must always be on the agenda at the Board’s meetings. In 2019, the Board held 26 minuted meetings, of which 14 were per cap-sulam meetings (resolutions in writing). All of the meetings held during the year followed an agenda that was provided to Board members ahead of the meeting, together with relevant documentation for each point on the agenda. The CEO and the Company’s General Counsel, in her capacity as the Board’s secretary, also participated in the Board meetings. The CEO reports on operating profit at each ordinary Board meeting and the CFO reports on financial performance. In addition to this, the CFO, senior executives and, when necessary, the Company’s auditors hold presentations in various special areas.

Evaluation of the work of the Board

The work of the Board of Directors of Catena Media is evaluated annually with the aim of both developing the Board’s activities and creating a basis for the Nomination Committee’s evaluation of the Board’s composition. The evaluation of the Board in 2019 took place by the members completing a questionnaire drawn up by the Chair of the Board. An anonymised compilation of the questionnaires was presented to the Nomination Committee in February 2020 and to the Board of Directors in connection with the ordinary Board meeting held in February 2020.

Remuneration of the Board

Remuneration and other benefits to the Board and the Chair of the Board, including Board committees, are decided by the Company’s shareholders at the General Meeting. At the Annual General Meeting on 2 May 2019, in accordance with the proposal from the Nomination Committee, it was decided that the remuneration to the Board shall be EUR 90,000 to the Chair of the Board and EUR 40,000 to each of the other Board members. The Annual General Meeting also resolved that remuneration of the Board’s various committees, for the period until the next Annual General Meeting, shall be as follows:

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

BOARD MEMBER ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2019

NAME	Board meetings	Remuneration Committee	Audit Committee
Kathryn Moore Baker (Chair of the Board)	12/12	1/7	7/7
Cecilia Qvist	9/12	N/A	N/A
Øystein Engebretsen	12/12	7/7	N/A
Mats Alders	12/12	N/A	7/7
Göran Blomberg	8/12	N/A	5/7
Per Widerström	8/12	3/7	N/A
Theodore Bergquist	8/12	N/A	N/A
Mathias Hermansson	4/12	4/7	N/A
Henrik Persson Ekdahl	4/12	N/A	N/A
André Lavold	4/12	N/A	3/7

Board Info

- André Lavold, Henrik Persson Ekdahl and Mathias Hermansson declined re-election as board members at the 2019 AGM (2 May 2019) and Øystein Engebretsen, Göran Blomberg, Per Widerström and Theodore Bergquist were elected as directors. Anders Brandt voluntarily resigned from the Board of Directors on 25 September 2018. Øystein Engebretsen accepted to fill the vacant board seat on the same date and was elected by the shareholders for the first time at the 2019 Annual General Meeting.

Remuneration Committee Composition

- Mathias Hermansson (chairman of the committee) and Øystein Engebretsen. (1 January 2019 - 3 May 2019)
- Øystein Engebretsen (chairman of the committee) and Per Widerström. (2 May 2019 - 31 December 2019)

Audit Committee Composition

- Mats Alders (chairman of the committee), Kathryn Moore Baker and Andre Lavold. (1 January 2019 - 3 May 2019)
- Mats Alders (chairman of the committee), Kathryn Moore Baker and Göran Blomberg. (3 May 2019 - 31 December 2019).

REMUNERATION OF BOARD MEMBERS DURING THE 2019 FINANCIAL YEAR

BOARD MEMBER	Director's fee (EUR)	Remuneration for Remuneration Committee (EUR)	Remuneration for Audit Committee (EUR)	Total Remuneration (EUR)
Kathryn Moore Baker (Chair of the Board)	86 700	N/A	6 250	92 950
Cecilia Qvist	38 300	N/A	N/A	38 300
Øystein Engebretsen	38 300	5 200	N/A	43 500
Mats Alders	38 300	N/A	12 500	50 800
Göran Blomberg	26 700	N/A	4 100	30 800
Per Widerström	26 700	2 000	N/A	28 700
Theodore Bergquist	26 700	N/A	N/A	26 700
Mathias Hermansson	11 700	2 000	N/A	13 700
Henrik Persson Ekdahl	11 700	N/A	N/A	11 700
André Lavold	11 700	N/A	2 000	13 700

* In addition to this, Kathryn Moore Baker should have received remuneration of USD 8,904 for Board assignment in the Company's subsidiary Catena Media US Inc for the period 1 Jan 2019 -21 Nov 2019

5. BOARD COMMITTEES

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

Audit Committee

The Audit Committee shall consist of at least three members. The members of the Audit Committee may not be employees of the Company. The Audit Committee's members up until the Annual General Meeting 2019 consisted of Mats Alders (Chair), Kathryn Moore Baker and André Lavold. Göran Blomberg replaced André Lavold as a member of the Audit Committee after the Annual General Meeting of 2019.

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

- Monitoring the Company's financial reporting and submitting recommendations and proposals to ensure the reliability of the reporting.
- Annually monitoring risks and risk management with regard to the financial reporting, including monitoring the efficiency of the Company's internal control and evaluating the routines for accounting and reporting to enable reliable financial reporting.
- Keeping informed of the audit of the annual report and the consolidated financial statements and of the conclusions of the Supervisory Board of Public Accountants' quality control, and maintaining continuous contact with the Company's accounting department, with the aim of facilitating the audit.
- Informing the Board of the results of the audit and of the manner in which the audit contributed to the reliability of the financial reporting, and what function the committee had.

- Identifying and evaluating risks in operations and reviewing how management handles them.
- Reviewing and monitoring the auditor's impartiality and independence and paying particular attention to whether the auditor provides services other than auditing to the Company.
- Assisting in the preparation of proposals for the General Meeting's resolutions regarding election of auditors.

The Company's employees and auditors can be summoned to the committee's meetings to provide detailed information on specific reports or questions. The committee's meeting minutes are archived and available to all Board directors. The committee's Chair reports to the Board at the Board meetings regarding the issues discussed and presented at the committee's meetings. According to its established formal instructions, the Audit Committee meetings shall be held at least five times annually. The Chair of the Audit Committee can convene additional meetings if required. The Audit Committee held eight minutes meetings in 2019.

Remuneration Committee

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

The Remuneration Committee has at least two members who can be appointed by the Board annually. The Remuneration Committee consisted of Mathias Hermansson (Chair) and Øystein Engebretsen until the Annual General Meeting 2019. Per Widerström replaced Mathias Hermansson as a member of the Remuneration Committee after the 2019 Annual General meeting and Øystein Engebretsen took the role as chair of the Committee.

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

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

The committee's meeting minutes are archived and available to all Board directors. The committee's Chair reports to the Board at the Board meetings regarding the issues discussed and presented at the committee's meetings. According to its established formal work plan, the committee shall meet at least twice a year. The Remuneration Committee held eight minuted meetings in 2019.

6. AUDITORS

The Annual General Meeting elects the Company's auditors. At the Annual General Meeting on 2 April 2019, PricewaterhouseCoopers Malta was elected the Company's auditor for the time until the 2020 Annual General Meeting. Romina Soler, Authorised Public Accountant and member of the Malta Institute of Accountants, is the engagement leader. The auditor has the task of auditing Catena Media's annual report on behalf of shareholders, and making a statement on whether or not the annual report provides a true and fair view, according to IFRS as adopted by the EU and requirements according to the Maltese Companies Act. In connection with the financial report for the third quarter report, the auditor also conducts a review according to ISRE 2410. Remuneration to the auditor shall, in accordance with a resolution passed at the 2019 Annual General Meeting, be payable in accordance with approved invoices.

7. CEO AND GROUP MANAGEMENT

CEO

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

As of 4 June 2018, Per Hellberg is the CEO of the Company. For further information on the CEO's education, professional experience and Company holdings, please refer to page 73 in this annual report and the Company's website, www.catenamedia.com.

Group Management

At the beginning of 2019, Group management consisted of Per Hellberg (Chief Executive Officer), Johannes Bergh (Chief

Operating Officer), Åsa Hillsten (Head of IR and Communications), Louise Wendel (Head of Legal), and Pia-Lena Olofsson (Chief Financial Officer), who was replaced by Erik Edeen (acting Chief Financial Officer) on 7 January 2019.

From June to December 2019, Group management consisted of Per Hellberg (Chief Executive Officer), Johannes Bergh (Deputy Chief Executive Officer), Erik Edeen (acting Chief Financial Officer), Fiona Ewins Brown (Chief Human Resources Officer), Richard Gale (Vice President Sport), Nigel Frith (Vice President Financial Services). For further information on, among other things, Group management's education, professional experience and holdings in the Company, please refer to page 73 in this annual report and the Company's website, www.catenamedia.com.

Guidelines for remuneration of the CEO and Group management

The Annual General Meeting on 2 May 2019 resolved to approve the guidelines below on remuneration of senior executives in the Company, to apply until the 2020 Annual General Meeting.

Compensation and conditions of employment for the CEO and the other members of Group management (currently six persons) shall be designed to ensure the Company's recruitment and retention of executives with the right set of skills. The remuneration shall consist of a fixed salary and a possible variable short-term compensation. The remuneration shall be on market terms and competitive, and be related to the executive's responsibilities and authority. Any variable remuneration shall have a set maximum and be linked to predetermined and measurable criteria, designed with the aim of promoting the Company's long-term value creation. Furthermore, if any variable remuneration in cash has been paid out on the basis of information that later proves to be manifestly misstated, the Company shall be assured the possibility to reclaim such remuneration. In case earnings before taxes of the Company are negative, no variable remuneration shall be paid out. As regards the CEO, the variable remuneration shall be capped at 80 per cent of annual base salary. The variable remuneration shall be based on individual goals set by the Board of Directors. Examples of such goals are the results of the business, quality objectives and the development of the business. Regarding other members of Group management, their variable remuneration shall be capped at 70 per cent of annual base salary and be based on results within the executive's area of responsibility, as well as the outcome of individual goals. From time to time the Board of Directors shall have the possibility to propose share-based long-term incentive programmes, which then shall be decided by a shareholders' meeting. Members of Group management may also receive other customary benefits such as health care, housing allowances, etc. Upon termination by the Company, the CEO is entitled to a maximum of six months' salary as severance pay. Other members of Group management may, in addition to their fixed monthly salary during the notice period, be entitled to a maximum of three months' base salary as severance pay. The Board of Directors may deviate from the above guidelines in individual cases in special circumstances. If this is the case, the reasons for the deviation shall be reported at the next Annual General Meeting.

Internal control and risk management

INTRODUCTION

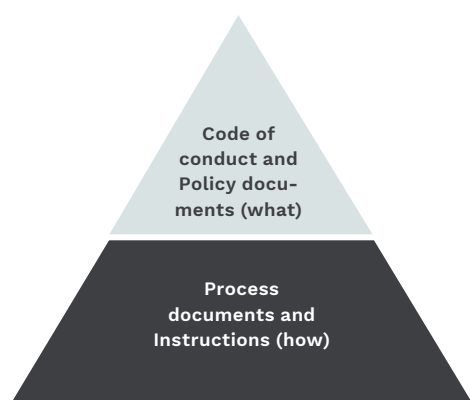
The objective of internal control is to achieve an effective organisation that achieves the goals set by the Board of Catena Media. This means ensuring with reasonable certainty that the Company's business is carried out correctly and efficiently, and ensuring correct and reliable financial reporting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

CONTROL ENVIRONMENT

Catena Media's control environment is based on the division of work between the Board, Board committees and the CEO, as well as the values that the Board and Group management communicate and base their work on. To retain and develop a control environment, to comply with applicable rules and regulations, and to ensure that the desired way of carrying out business is implemented in the entire Group, the Board, as the topmost responsible body, has established a number of fundamental documents of significance to risk management and internal control, including steering documents, policies, procedures and instructions. These documents include the Rules of Procedure of the Board of Directors, CEO instructions, instructions for financial reporting, and the Group's code of conduct and insider policy.

Policies, procedural descriptions and instructions are distributed to affected employees in the Group and signed by employees through the Group's compliance platform. It is mandatory for all employees in the Group to read, understand and sign off on Company policies and to comply with the Group's code of conduct. Employees also conduct regular tests to ensure that they are familiar with the content of relevant policies, procedural descriptions and instructions.

Steering documents are defined as follows:



RISK ASSESSMENT

Catena Media has developed a process for risk assessment where the Company annually carries out a risk analysis and risk assessment. Risks are identified and categorised as follows:

- Strategic risks
- Operational risks
- Financial risks
- Risks regarding compliance with rules and regulations

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

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

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

The Company's management considers the greatest operational risk to be related to changes in the regulatory and legislative environment that lead to changes in operators' (Catena Media's customers') marketing activities, which could affect growth and put commercial pressure on the Company. An example of regulatory changes in 2019 are the regulation of online gambling in Sweden that came into force in January 2019.

CONTROL ACTIVITIES

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

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

INFORMATION AND COMMUNICATION

Internal communication with the Group's employees takes place, among other means, through newsletters, and formal policies and instructions are communicated to management and employees through a compliance platform through which it is possible to ensure that all employees read, understand and sign off on the policies, procedures and instructions relevant to their assignments in the Group.

Such policies include those the Company uses to inform employees and others affected in the Group of the applicable laws and regulations on the distribution of information, and the special requirements on employees of a listed company regarding insider information, for example. Due to this, the Company has also established appropriate procedures for

ROLE DISTRIBUTION IN CATENA MEDIA – INTERNAL CONTROL AND RISK MANAGEMENT

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

handling and limiting the spread of information that has not yet been announced to the public. The Company’s CEO has, on behalf of the Board, been given the overall responsibility for managing issues concerning insider information and the Board has appointed the General Counsel as responsible for keeping the insider list.

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

MONITORING/FOLLOW-UP

Every year, a self-evaluation of the effectiveness of the key controls is conducted and a risk report is prepared that summarises the self-evaluations that have been carried out, and outlines possible deviations that must be addressed. This risk report is presented to the Board annually.

The Board also receives reports on the Group’s income, earnings and financial position every month, and the Group’s quarterly reports, other financial reports and annual reports are always reviewed and approved by the Board before they are published. In addition, the Group’s policies are subject to the Board’s annual review.

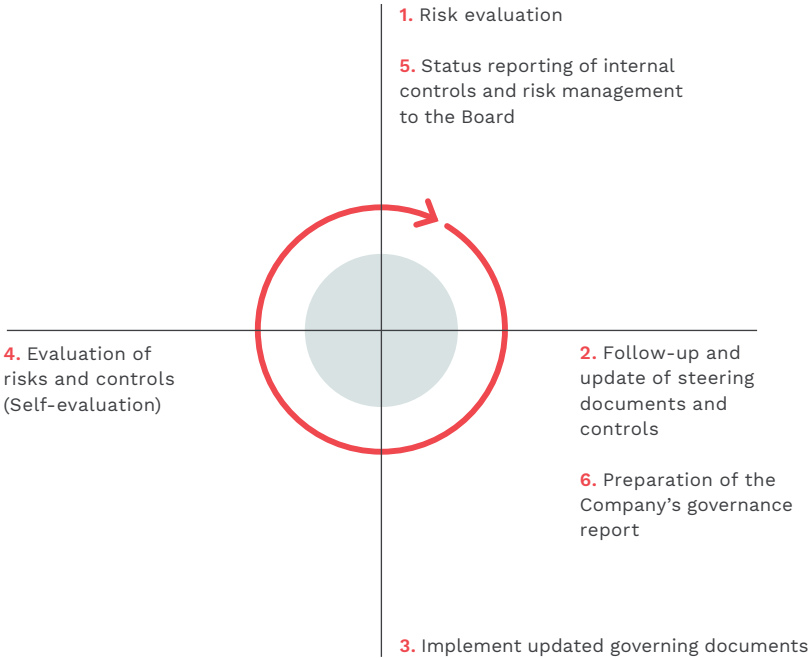
Follow-up activities:

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

INTERNAL AUDIT

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

RISK AND CONTROLS – ANNUAL CYCLE





KATHRYN MOORE BAKER

Board member since 2015 and Chairwoman of the Board of Directors since 2016.

Born: 1964 **Education:** Bachelor of Economics, Wellesley College. M.B.A., the Amos Tuck School of Business, Dartmouth College. **Other assignments:** Board Member of Akastor ASA, DOF ASA, Labrida AS and Hudya AB. Investment Committee member of Norfund. Member of European Advisory Board of the Tuck School of Business, Dartmouth College and member of Investment Committee of Norfund. **Work experience:** Executive Board member of Norges Bank (the Central Bank of Norway). Chairwoman of Navamedic ASA and Agasti ASA. Board member of Bertel O. Steen Invest, Data Respons ASA and StormGeo AS, Sevan Marine ASA and the American Chamber of Commerce in Norway. Partner of Reiten & Co AS, McKinsey & Company and Morgan Stanley. **Own and closely associated holdings:** 122,775 shares (119,775 shares through closely associated holdings). **Independence:** Independent of the Company, its senior management and the Company's major shareholders.



MATS ALDERS

Board member since 2015.

Born: 1958 **Education:** M.B.A., Stockholm University, Advanced certificate in Business Administration, IHM Business School. **Other assignments:** Chairman and CEO of Anagram Produktion AB. Chairman of Anagram Sverige AB, Anagram Rights AB and Anagram Live AB. Board member of Hantera i Stockholm AB and Chairman of Anagram Norge AS. **Work experience:** Chairman of Starbreeze AB, Starbreeze Production AB, Starbreeze Studios AB, Starbreeze Publishing AB, Mobivending AB, Mobile Payment Solutions, Stockholm AB, Netadmin System i Sverige AB, Bambora On Mobile AB and Goodbye Kansas Holding AB. Board member and CEO of Dandy Invest AB. **Own and closely associated holdings:** 99,225 shares. **Independence:** Independent of the Company, its senior management and the Company's major shareholders.



CECILIA QVIST

Board member since 2018.

Born: 1972 **Education:** M.B.A., University of Edinburgh. **Other assignments:** Global Head of Markets at Spotify. Member of Advisory board for Webrock Ventures. **Work experience:** Former Global Head of Business Development at Nasdaq OMX (Stockholm), Global Head of Retail at Swedbank and Head of Business Development (Eastern Europe/Central Asia) at Ericsson. **Own and closely associated holdings:** (none) **Independence:** Independent of the Company, its senior management and the Company's major shareholders.



ØYSTEIN ENGBRETSEN

Board member since 25 September 2018.

Born: 1980 **Education:** Master of Science in Business and Major in Finance at BI Norwegian School of Management in Oslo. **Other assignments:** Investment Manager at Investment AB Öresund. Board member of INSR Insurance Group ASA, Scandi Standard AB and Projektengagemang Sweden AB. **Work experience:** Board member of Investment AB Öresund. Corporate Finance at HQ AB. **Own and closely associated holdings:** 30,700 shares (17 500 shares through closely associated holdings). **Independence:** Independent of the Company, its senior management and the Company's major shareholders.

**GÖRAN BLOMBERG**

Board member since 2 May 2019.

Born: 1962 **Education:** Bachelor of Economics, University of Linköping. **Other assignments:** Board member ICA handlarnas Förbund. Senior advisor Expandia Moduler AB. **Work experience:** CFO Hakoninvest (publ), CFO RNB Retail and Brands (publ), CFO Pronyx (publ), Board member ICA Group, Board member Pronyx (publ), Board member Power IT (publ). **Own and closely associated holdings:** 66,000 shares **Independence:** Independent of the Company, its senior management and the Company's major shareholders.

**THEODORE BERGQUIST**

Board member since 2 May 2019.

Born: 1970 **Education:** Studies in Economics on a bachelor level 1991-1994, Stockholm University (Stockholm). Exponential Innovation Program, Singularity University (San Francisco). **Other assignments:** Head of Group Analytics at Ericsson, Chairman RiotMinds AB, Chairman Torchlight Entertainment AB. **Work experience:** Director Digital Transformation at Ericsson, CEO at Nordic Native AB, CEO at Gamersgate AB, CEO and later Chairman of the Board of Directors at Paradox Interactive AB, Group CEO at Paradox Entertainment AB, CEO Nordics and Head of M6A Europe and Asia at Jupiter Communications. **Own and closely associated holdings:** (none) **Independence:** Independent of the Company, its senior management and the Company's major shareholders.

**PER WIDERSTRÖM**

Board member since 02 May 2019.

Born: 1966 **Education:** B.Sc. Business Administration, Accounting & Finance, The Gothenburg School of Economics, M.Sc. International Accounting & Finance, The London School of Economics (LSE). **Other assignments:** Director & Chairman Fortuna Entertainment Group N.V., Director Fortuna online zakłady bukmacherskie Sp., Director Fortuna Virtual d.o.o, Director Fortuna Game a. s., Director & Chairman Riverhill a.s., Director Fortuna SK, a.s., Nordnet AB, Nordnet Bank AB, Board member NNB Intressenter AB. **Work experience:** Group CEO Fortuna Entertainment Group, Managing Director & Chairman of the board at Gala Interactive, Chairman at Gala Coral Interactive, Chief Integration Officer & Group Games Director at bwin.party digital entertainment, COO at Partygaming, CEO at Expekt.com, VP & COO at Kyivstar (Telenor), and CEO at Telenor Mobile Sweden. **Own and closely associated holdings:** 42,470 shares **Independence:** Independent of the Company, its senior management and the Company's major shareholders.

**PER HELLBERG**

Hired 4 June 2018. Chief Executive Officer (CEO)

Born: 1968 **Other assignments:** – **Previous assignments:** CEO Readly International AB and Readly AB. **Education:** Strategic Marketing, RMI Berghs School of Communications. **Shares:** 70,000 **Warrants/Share options:** 800,000 share options.

ERIK EDEEN

Hired 7 January 2019. Interim Group Chief Financial Officer (CFO)

Born: 1984 **Other assignments:** – **Previous assignments:** More than 12 years of experience from interim positions as CFO and Head of Finance/Head of Business Controlling in privately owned and publicly traded corporations, such as ICA Gruppen AB (publ.) and Investor AB (publ.). Most recently as Group CFO for a European IT company. **Education:** Master of Business Economics from Uppsala University. Executive Education at Harvard Business School. **Shares:** (none) **Warrants/Share options:** (none)

**FIONA EWINS-BROWN**

Hired 1 September 2015. Chief Human Resource Officer (CHRO)

Born: 1973 **Other assignments:** – **Previous assignments:** HR Director Catena Media, Human Resources Director and Talent Management Director at GFI Software Development Ltd. Human Resources Director at Morgan Stanley. **Education:** Human Resources Management, Seaforth College of TAFE and Charles Sturt University. **Shares:** 68,826 **Warrants/Share options:** 87,222 share options.

JOHANNES BERGH

Hired 12 January 2017. Deputy CEO

Born: 1969 **Other assignments:** Chairman of the board – Codesign AB. **Previous assignments:** Chief Operating Officer Catena Media, Chief Executive Officer Rewir AB, Chief Brand Officer Flir Systems Inc. **Education:** Harvard Business School, RMI Berghs, Stockholm University. **Shares:** 19,993 **Warrants/Share options:** 410,000 share options.

**NIGEL FRITH**

Hired 23 April 2018. Vice President – Financial Services

Born: 1972 **Other assignments:** – **Previous assignments:** General Manager Financial Services Catena Media, Global General Manager FXcompared.com LLC, Head of Consumer Finance Inspire Digital Ltd, Chief Executive Officer Simply Media Publishing LLC. **Education:** Oxford College ONC – Mechanical Engineering Diploma. **Shares:** – **Warrants/Share options:** 202,222 share options.

CHRIS WELCH

Hired 21 January 2020. Vice President – Sports

Born: 1964 **Other assignments:** – **Previous assignments:** CW Consulting, CEO PKR Technologies Ltd, CMO easyproperty (eProp Ltd), Group Director Poker (bwin.party digital entertainment PLC), CMO Partygaming Plc, MD Europe Centrebet Pty Ltd, MD LoudVision Marketing and PR (UK) Ltd, Group Marketing Director PokerStars, Marketing Director PinnacleSports, Marketing Director UK Coral Eurobet. **Education:** BSc Management at Aston University Specialism in Marketing. **Shares:** (none) **Warrants/Share options:** (none)

**HAMISH BROWN**

Hired 3 February 2020. Vice President – Casino

Born: 1972 **Other assignments:** – **Previous assignments:** Twenty years of gaming industry experience including with three Australian Gaming Machine Manufacturers. A decade of iGaming experience driving content development and distribution. Executive management in both private and public sector, driving growth and managing the rapid-scale of global businesses in highly regulated markets. Former GM, COO NextGen Gaming and COO NYX Gaming Group. **Education:** – **Shares:** (none) **Warrants/Share options:** (none)



Independent auditor's report

To the Shareholders of Catena Media plc

Report on the audit of the financial statements

Our opinion

In our opinion:

- Catena Media plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2019, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Catena Media plc's financial statements, set out on pages 32 to 62, comprise:

- the Consolidated and Parent Company statements of comprehensive income for the year ended 31 December 2019;
- the Consolidated and Parent Company statements of financial position for the year then ended 31 December 2019;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Parent Company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Group and its subsidiaries, in the period from 1 January 2019 to 31 December 2019, are disclosed in note 10 to the financial statements.

Emphasis of matter

We draw attention to Note 2 in relation to the basis of preparation of these financial statements, which addresses developments in connection with COVID-19, and the potential impact on financial and operational performance, including upcoming re-financing requirements. This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potentially unfavourable nature of these developments, and the impact they could have on the basis of preparation of these financial statements. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



- Overall group materiality: €810,000, which represents 5% of adjusted profit before tax.
- All audit work was conducted by the same audit team in Malta, given that the Group's accounting processes are primarily centralised at its head office in Malta.
- Impairment assessment - Goodwill & Intangible assets
- Recoverability of trade receivables

Independent auditor's report - continued

To the Shareholders of Catena Media plc

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	€810,000
How we determined it	5% of adjusted profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax because, in our view, it is a benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Profit before tax was adjusted to exclude the volatility of fair value gains on the bond liability, as well as the exceptional impairment charge for goodwill and intangible assets for the year. We chose 5%, which is within a range of quantitative materiality thresholds that is considered to be acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €40,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<i>Impairment Assessment - Goodwill & Intangible Assets</i> Goodwill with a carrying amount of €7.3 million, and other intangible assets, having a carrying amount of €281.6 million as at 31 December 2019, have primarily arisen from a number of acquisitions made during preceding financial years. An assessment is required annually to establish whether goodwill and intangible assets that have an indefinite useful life should continue to be recognised, or if any impairment is required. The assessment was performed at the lowest level at which Catena Media could allocate and assess goodwill, which is referred to as a cash generating unit ("CGU"). As from 2019, management considers that the Group operates three CGUs, being sportsbook, casino and financial services, in line with the basis for the Group's segment reporting, as further described in note 7. As part of this assessment, the directors identified four products that are not expected to produce economic benefits over an indefinite period of time, and on this basis recognised an impairment charge of €23.1m. The impairment assessment relied on value-in-use calculations based on the estimated future free cash flow to be generated by Catena, discounted to present value at an appropriate discount rate. The cash flow projections were based on the Group's budget for 2020, the Group's business plan for 2021-2024, and an annual growth rate of 2% for all CGUs beyond that period. On this basis, the Group concluded that further impairment of €9m should be recognised for the financial services segment. Further information is provided in notes 4 and 15 to the financial statements. The underlying forecast cash flows, and the supporting assumptions, reflect significant judgements as these are affected by unexpected future market or economic conditions, as well as changes to laws and regulations. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement. As described in Note 2, the forecast cash flows did not consider the potential impact of COVID-19, an event occurring after the reporting date. 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. Domains and websites have an indefinite useful life, and are assessed for impairment as described above. Those domains which are considered as 'retired' products as described above, will be amortised over a period of 8 years.	We evaluated the suitability and appropriateness of the impairment methodology applied, and the discounted cash flow model prepared by management, by involving our independent valuation and accounting experts. The calculations underlying the impairment model were re-performed in order to check the model's accuracy. Due focus was given to the basis for the determination of the three CGUs, including enquiry of the Board and management. Our independent valuation experts assessed the discount rate and long-term growth rate assumptions by benchmarking the underlying inputs in the calculation to market data. We concluded that these parameters applied by Catena Media are reasonable. We have considered management's sensitivity analysis and assessed whether or not a reasonable possible change in key assumptions could result in additional impairment, beyond the amounts reflected in the financial statements for the year ended 31 December 2019. In view of the extent of headroom available in the impairment assessment for the casino CGU, a significant deterioration in performance, or variation to the discount factor or long-term growth rate, would need to occur for impairment to result. On the other hand, the recoverable amount and impairment assessment for both the sports and finance CGUs are highly sensitive to changes in key assumptions. We considered also the appropriateness of disclosures made in relation to the impairment assessment of goodwill and intangible assets. We also reviewed the disclosures relating to non-adjusting events occurring after the reporting date indicating the potential impact of COVID-19 on the carrying amount of these assets. Based on the work performed, we found the recorded impairment, and the related disclosures, to be consistent with the explanations and evidence obtained. As disclosed in Note 2 to the financial statements, the impairment assessment as at 31 December 2019 did not contemplate the impact of COVID-19.



Independent auditor's report - continued

To the Shareholders of Catena Media plc

Key audit matter	How our audit addressed the Key audit matter
<i>Recoverability of trade receivables</i> As at 31 December 2019, trade receivables amounted to €17.4 million, net of a loss allowance of €3.2 million, as disclosed in note 19. The Group applies the IFRS 9 simplified approach to measuring the expected credit loss allowance for trade receivables. The Group establishes the risk of default using available quantitative information, as adjusted for qualitative factors based on judgement due to the limited historical experience. During 2019, the Group recognised a loss allowance on trade receivables amounting to €2.8 million, of which €2.7 million was designated as an exceptional cost in the Statement of Comprehensive Income. Further information is provided in notes 4 and 19 to the financial statements. The inherent uncertainty in the judgements required, as well as the magnitude of the Group's trade receivables, resulted in this matter being identified as an area of audit focus.	We evaluated the suitability and appropriateness of the methodology applied by management in establishing the loss allowance. As part of this process, using audit knowledge gained from testing settlements for a sample of debtors and the analysis of overdue receivables, we challenged management on the judgements made as part of the impairment assessment. The calculations underlying the loss impairment assessment were also re-performed in order to check for accuracy. The appropriateness of disclosures made in relation to the loss allowance assessment for trade receivables was also considered. Based on the work performed, we found the recorded loss allowance to be consistent with the explanations and evidence obtained.

We have no key audit matters to report with respect to our audit of the Parent Company financial statements.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group includes a number of subsidiaries, with the main subsidiary being Catena Operations Limited. The Group has a centralised accounting function based in Malta. We assessed the overall audit approach and determined the type of work that needed to be performed on the consolidated financial line items by applying overall Group materiality and our assessment of risk. We performed additional procedures on the consolidation process.

This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises management commentary and other information included on pages 1 to 23, and pages 63 to pages 73, and the Board of Directors' report on pages 24 to 31 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Independent auditor's report - continued

To the Shareholders of Catena Media plc

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU, and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Company's trade, customers, suppliers and the disruption to its business and the overall economy.
- 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.



Independent auditor's report - continued

To the Shareholders of Catena Media plc

Report on other legal and regulatory requirements **Other matters on which we are required to report by exception**

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed as auditors of the Group on 17 August 2015. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 5 years. The company became listed on a regulated market on 11 February 2016.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

Romina Soler
Partner
30 March 2020

Definitions of alternative performance measures

ALTERNATIVE KEY RATIO	DESCRIPTION	SCOPE
EBITDA	Operating profit before depreciation and amortisation.	The Group reports this key ratio so that users of the report can monitor operating profit and cash flow. This is also used by investors, analysts and the Group's management to evaluate the Group's operational profitability.
EBITDA MARGIN	EBITDA as a percentage of revenue.	The Group reports this key ratio so that the users of the report can monitor the value creation generated by the operation. This is also used by investors, analysts and the Group's management to evaluate the Group's operational profitability.
ADJUSTED EBITDA	EBITDA adjusted for non-recurring expenses.	The Group reports this key ratio because it provides a better understanding of the operating profit than non-adjusted EBITDA, which also provides a more comparable financial measure over time.
ADJUSTED EBITDA MARGIN	Adjusted EBITDA as a percentage of revenue.	The Group reports this key ratio to show the underlying EBITDA margin before non-recurring costs, which provides a better understanding of EBITDA margin than non-adjusted EBITDA margin, which also provides a more comparable financial measure over time.
NDCs (NEW DEPOSITING CUSTOMERS)	New customers placing a first deposit on a client's website.	The Group reports this key figure since it is key to measure revenues and long-term organic growth.
NON-RECURRING COSTS	Costs that are not part of the normal ongoing operation of the business.	Examples include bond issue costs, IPO costs, costs associated with the Nasdaq Stockholm listing, and reorganisation costs.
ORGANIC GROWTH (including acquisitions)	Revenue growth rate adjusted for acquired portfolios and products. Organic growth includes the growth in existing and acquired portfolios and products.	The Group reports this key ratio since it is key to measuring revenues and long-term organic growth.
TRADITIONAL ORGANIC GROWTH (solely in Catena Media)	Revenue growth rate excluding portfolios and products that have been acquired in the past 12 months. Organic growth includes the growth in existing portfolios and products.	The Group reports this key ratio since it is key to measuring revenues and long-term organic growth.
REVENUE GROWTH	Increase in revenue compared to the previous accounting period as a percentage of revenue in the previous accounting period.	The Group reports this key ratio so that users of the report can monitor business growth.
QUICK RATIO	Current assets expressed as a percentage of short-term liabilities.	The Group reports this key ratio to show the Company's ability to pay its current obligations by having assets readily convertible to cash.
REVENUE PRODUCTIVITY RATIO	Revenue per average number of employees.	The Group reports this key ratio to be used by management and investors to assess productivity per employee.
ADJUSTED EBITDA PRODUCTIVITY RATIO	Adjusted EBITDA per average number of employees.	The Group reports this key ratio to be used by management and investors to assess productivity per employee.
CASH CONVERSION RATE	Net cash from operating activities divided by EBITDA.	The Group reports this key figure to determine the Company's ability to convert its profits into available cash.
NET INTEREST-BEARING LIABILITIES/ADJUSTED EBITDA RUN RATE MULTIPLE	Net interest-bearing liabilities divided by the adjusted EBITDA for the quarter multiplied by 4.	The Group reports this key ratio as a measure of leverage.

ANNUAL GENERAL MEETING AND OTHER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of Catena Media plc for the financial year 1 January – 31 December 2019 will be held in Stockholm on Friday 15 May 2020, 10 am at Tändstickpalatset, Västra Trädgårdsgatan 15, Sweden. Notice of the Annual General Meeting is published on Catena Media's website, www.catenamedia.com

OTHER INFORMATION

Catena Media intends to release financial reports on the dates below:

Dates

Interim Report January – March 2020	20 May 2020
Interim Report January – June 2020	19 August 2020
Interim Report January – September 2020	19 November 2020

INVESTOR RELATIONS

Catena Media's Investor Relations department is responsible for providing relevant information to shareholders, investors, analysts, and media. During the year, Catena Media conducted several international road shows and participated in numerous capital market activities. The Company also held regular analyst meetings. Financial reports, press releases and other information are available from the date of publication on Catena Media's website, <https://www.catenamedia.com/media/press-releases/>, where it's also possible to subscribe to press releases and reports.

FOR FURTHER INFORMATION, PLEASE CONTACT

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Erik Edeen / Interim Group CFO

erik.edeen@catenamedia.com

Åsa Hillsten / Head of IR & Communication

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