

Press release

20 June 2024

Catena Media issues Q2 earnings update

Catena Media plc is today issuing a Q2 earnings update after seeing preliminary financial results for May and having evaluated the recent industry-wide impact of changes in Google's organic search policies that have reduced the effectiveness of some strategic media partnerships.

The organic search policy changes relate to a site reputation abuse update by Google that took effect in May and which adversely affects the rankings of sports betting and casino content published by many major news media websites.

The update will reduce revenues and direct costs arising from some of the group's media partnerships. At the same time, Catena Media has also observed an offsetting effect in the form of higher traffic and organic search rankings for some of its owned and operated brands, as search patterns return to favouring high-quality, relevant content.

As a result, Catena Media is issuing the following financial estimates:

- Revenue for the second quarter 2024 is expected to be in the range of EUR 12.5-13.5m and adjusted EBITDA to be in the range of EUR 0.5m-1.5m.
- The group reiterates its forecast of a return to revenue growth in the second half of 2024.

The financial impact related to media partnerships cannot be fully quantified at the present time, but could become material over future periods subject to the group's organic traffic offset. In the light of this and the current organisational transformation and transition to a new operating model, the new board of directors and the new executive management team concludes that the previous full-year adjusted EBITDA forecast is no longer applicable, and deems it prudent not to issue new guidance at this time.

Certain lower-margin media partnerships will not be renewed when their current terms end. These partnerships, which will expire in Q2 and Q3 2024, contain more than EUR 1.4m per quarter in minimum guarantees, which are treated as direct costs in the group's financial statements. In addition, internal and outsourced content costs will decrease by EUR 0.7-1.0m annually due to the non-renewal of these agreements. Exiting these high-cost minimum guarantees is one of the components for setting Catena on a path to improved margins and revenue growth in the second half of 2024.

Pierre Cadena, Catena Media Interim CEO, commented: "Catena Media is embedding a new product-focused operating model as part of our efforts to reestablish the company as a healthy business. We believe that this is the right action in our strategy and we still forecast a return to sustainable growth with high-margin operations from the second half of 2024.

"As a result of these changes, combined with the proceeds from our recent divestments, our balance sheet will be much healthier. This provides us with further financial flexibility and strengthens our ability to repay our senior bond next year and to confidently manage the business debt load.

"We continue to see media partnerships as an important source of added value in a fast-moving marketplace. We are ready to invest in partnerships that generate profit for both parties and will explore attractive collaborations in this space while redoubling our focus on our organic products."

Contact details for further information:

Investor Relations
Email: ir@catenamedia.com

Pierre Cadena, Interim CEO
Email: pierre.cadena@catenamedia.com

Michael Gerrow, CFO
Email: michael.gerrow@catenamedia.com

This information is information that Catena Media plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the contact persons above on 20 June 2024 at 17:50 CEST.

About Catena Media

Catena Media is a leader in generating high-value leads for operators of online casino and sports betting platforms. The group's large portfolio of brands guides users to customer websites and enriches the experience of players worldwide. Headquartered in Malta, the group employs over 250 people globally. The share (CTM) is listed on Nasdaq Stockholm Mid Cap. For further information see catenamedia.com.