

Press release

17 May 2023

Higher profitability in Europe and stable revenue in North America helped by Ohio launch

Catena Media plc Interim Report January – March 2023

Highlights

- Revenue decreased by 2 percent in North America in Q1 due to challenging comparatives from the record New York launch in January 2022. Total group revenue from continuing operations decreased by 5 percent.
- Strong player participation in Ohio, which legalised online sports betting on 1 January 2023, delivered one of the group's best ever US state launches.
- A solid Super Bowl in February was followed by the successful launch of online sports betting in Massachusetts in March.
- Positive revenue contributions from the media partnership with NJ.com.
- The continuing sports business in the UK and Italian sports and casino saw a strong rebound in profitability.
- In April, total revenue from continuing operations decreased by 12 percent compared to April last year. Revenue in April last year was particularly robust due to the launch in Ontario, which helped drive a 46 percent increase compared to April 2021.

January–March 2023

- Revenue from continuing operations was EUR 35.0m (36.9), a decrease of 5 percent.
- Revenue in North America decreased by 2 percent to EUR 28.9m (29.5), equivalent to 83 percent (80) of group revenue from continuing operations.
- Organic growth in continuing operations was -5 percent.
- New depositing customers (NDCs) from continuing operations totalled 113,294 (117,286), a decrease of 3 percent.
- Adjusted EBITDA from continuing operations decreased by 7 percent to EUR 20.5m (22.1), corresponding to an adjusted EBITDA margin of 59 percent (60).
- EBITDA from continuing operations, including items affecting comparability of EUR 0.8m (0.4), totalled EUR 19.7m (21.7) corresponding to an EBITDA margin of 56 percent (59).
- Earnings per share from continuing operations totalled EUR 0.17 (0.24) before dilution and EUR 0.12 (0.16) after dilution.
- Cash and cash equivalents were EUR 52.4m (26.7) on 31 March.
- Outstanding shares totalled 78,699,262 and outstanding warrants totalled 27,097,100 on 31 March.

Significant events during Q1 2023

- Strong player participation in conjunction with the legalisation of online sports betting in Ohio on 1 January created one of the strongest US market launches in Catena Media's history.
- A total of 6,663,913 warrants were used to subscribe for the same number of new ordinary shares in Catena Media during the 12th warrant exercise period. As of 31 March, the number of shares and voting rights in Catena Media had increased from 72,035,349 to 78,699,262 and share capital had risen by EUR 9,995.87 to EUR 118,048.89.
- Robust initial revenue inflow from Massachusetts after the state opened for licensed online sports betting on 10 March.

Significant events after the period

- On 17 April the group announced a long-term partnership to provide online sports betting and casino content to Lee Enterprises Inc, one of the largest newspaper publishers in the US.

- On 4 May the appointment was announced of Erik Edeen as interim CFO, effective 22 May 2023. He will succeed Peter Messner, whose departure was announced in February and who has held the position since April 2020.

CEO Michael Daly's comments

I am pleased to report a satisfactory start to the year for Catena Media. The addition of Ohio and Massachusetts as new online sports betting states helped drive solid revenue in our core North American affiliation business during the period. We also achieved higher profitability in our European business in the wake of the strategic review we concluded at the end of last year.

The margin improvement in our continuing operations in Europe was especially gratifying as it represents an immediate payback on our decision to target resources on our most profitable markets while also undertaking cost optimisation measures in selected areas as part of the strategic review. We also brought this amplified cost focus to bear on our already highly profitable North American business, where we see continued high margins for Catena Media even as well-established state and provincial markets mature.

As expected, year-on-year group revenue decreased slightly due to challenging comparatives created by the record-breaking launch of online sports betting in New York in Q1 2022 and the go-live in Louisiana in the same quarter.

The major market highlight during the quarter was the legalisation on 1 January of online sports betting in Ohio. The dedicated efforts of our North American team to maximise the advantageous timing just ahead of the February Super Bowl led to one of our best ever launches, albeit some way behind New York in gross revenue terms.

We were also pleased to welcome Massachusetts as an online sportsbook state ahead of the March Madness basketball tournament. Our national and regional brands generated healthy revenue during the three weeks of the period during which Massachusetts was open. Maryland also made a solid contribution following its legalisation of online sportsbook in November last year.

In sports and casino, organic revenue growth was especially strong in New Jersey due to a combination of our success in delivering strong organic search traffic and the media content partnership we announced last August with NJ.com. We believe that media collaborations with the right partners are a valuable way to gain exposure to a wider audience, and the NJ.com venture provided proof of that concept during the quarter.

We were delighted in March to agree a long-term arrangement to provide online sports betting and casino content to Lee Enterprises Inc, one of the largest newspaper publishers in the US. Lee's brands, which serve close to 80 markets in 26 US states, substantially broaden our North American audience for high-quality editorial and advertorial content about online sports betting and casino gaming.

In Europe, higher profitability was accompanied by revenue gains in Italian casino and sports, while a favourable Cheltenham horse racing festival in May delivered a strong revenue boost in the UK.

Looking ahead, we foresee that the flow of new state launches in North America will slow for the remainder of this year and likely also in 2024 as the US federal election cycle kicks in. Forthcoming elections tend to create a hiatus in gambling-related legislation, and 2023 appears to fit that pattern. So far, Kentucky is the only US state that has confirmed plans to legalise online sports betting this year.

We expect state openings to resume, and perhaps even accelerate, once a new legislative cycle starts in 2025. A positive aspect in this context is the speed with which states now enact gaming-related legislation. In the past, it could take one or two years from legislative approval to actual launch. Today, the process is typically completed in months.

In coming quarters, the quieter period we are now entering will be reflected in organic revenue comparisons with 2022, which was a high-intensity launch year, and with Q1 2023. To offset the slower launch calendar, we will focus on achieving further efficiencies in the business in order to continue delivering high margins.

Our ambition is to be net cash positive already during the second half of this year as we leverage the positive impact of cost-reduction efforts on cash flow generation. The reduced financial risk consolidates a solid financial position that will enable us to capitalise on strategic opportunities,

including acquisitions, in the Americas. It will also create scope for future share buybacks and dividends as we seek to deliver shareholder value. As yet, no timeline for such steps has been set.

The North American market is still relatively early in its growth cycle and process, with many states and provinces yet to open for online sportsbook, and many more for online casino. Catena Media projects that revenue growth will resume in 2024, albeit at somewhat lower margins than the extremely high levels of the past couple of years, as we develop our business in existing states and capitalise on media partnerships. Based on current market research and our own estimates, we expect to reach USD 125m in revenue in 2025 – equivalent to a compound annual organic growth rate of 12 percent from 2022 – and an adjusted EBITDA margin exceeding 50 percent.

In January, we engaged Carnegie Investment Bank to advise on exploratory discussions concerning strategic options for the group, including a potential sale of all remaining assets. North America represents a highly attractive opportunity for sustainable long-term growth, and Catena Media is well positioned to be a leading affiliate in that market. We will continue working with Carnegie and remain open to strategic alternatives and structural options, which could potentially include a share listing in the US.

In conclusion, I wish to warmly thank all our teams for their efforts in implementing our new, targeted structure so seamlessly and with such great success. We stand strong as we approach the next phase in our journey to drive high-margin growth in North America and other selected markets and maintain our agile position in this dynamic, fast-moving industry of ours.

Presentation of Catena Media's results

CEO Michael Daly and Group CFO Peter Messner will present the Q1 2023 report in a combined audiocast and telephone conference on 17 May 2023 at 09:00 CEST.

Webcast

Via the webcast you are able to ask written questions. If you wish to participate via webcast, please use the following link:

<https://ir.financialhearings.com/catena-media-q1-2023>

Teleconference

Via teleconference you are able to ask questions verbally. If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference:

<https://conference.financialhearings.com/teleconference/?id=200668>

The presentation will be available on the website:

<https://www.catenamedia.com/investors/financial-reports-and-presentations>

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About Catena Media

Catena Media is a global leader in generating high-value leads for operators of online casino and sports betting platforms. The group's large portfolio of web-based affiliation brands guides users to customer websites and enriches the experience of players worldwide. Headquartered in Malta, the group employs over 350 across the globe. The share (CTM) is listed on Nasdaq Stockholm Mid Cap. For further information see catenamedia.com.