

Catena Media analysis of how we
expect sports betting to roll out across
the United States of America.



The impacts of this ruling on sports betting in the United States

- The state of New Jersey can now move forward with its plans to legalize sports betting. Legal sports betting is expected to launch in New Jersey prior to the start of this year's NFL season (September).
- New Jersey is expected to authorize both land-based (i.e., in-person) and online sports betting (i.e., available anywhere in the state). Land-based will come first, as the state will require some additional time to complete the necessary licensing and regulatory approvals to facilitate online sports betting.
- Several other states have already passed bills that will allow them to offer sports betting, including: Delaware, Mississippi, Oregon, Pennsylvania, and West Virginia. Of these, Delaware, Pennsylvania, and West Virginia are expected to allow both land-based and online sports betting.
- Delaware, Mississippi, and West Virginia are expected to launch sports betting in 2018. Oregon and Pennsylvania are expected to launch in 2019. There are no firm deadlines in any states, meaning their timelines remain fluid.
- Sports betting legislation advancing, but not yet passed, in a number of states can take effect immediately upon passage in the absence of the federal ban. These states include California, Illinois, Michigan, and New York, among others.

The impact for Catena Media

NEXT 6 MONTHS:

- Catena is well positioned for the U.S. sports betting market. Our portfolio includes numerous sites already active in several states with high volumes of sports-related traffic daily. Catena has proven the ability of its U.S. network to drive sports wagering activations through partnerships with Daily Fantasy Sports (DFS) operators, where Catena generated over 10,000 NDCs in the last year.
- Catena expects to see increased traffic to its current market-leading New Jersey portfolio and also the potential for a number of additional CPA deals to be signed in the state for new, sports-focused, market entrants. In addition to direct revenue from sports betting operators, we also anticipate increased revenue from cross-sell to casino and poker.
- West Virginia has indicated they could have sports betting sites live before the end of 2018, opening a new market where Catena can leverage its market leading experience in New Jersey and Europe.

NEXT 12-18 MONTHS:

- Sport betting, now legal in Pennsylvania under a previously passed gaming expansion bill, is anticipated to go live in Q1 or Q2 of 2019. There is possibility of it occurring late 2018 but unlikely due to the necessity for the state's gaming regulatory body to publish regulations and approve sports platforms, while also pushing through general iGaming regulations and testing platforms for its iGaming business launch expected later in 2018. Catena has top traffic sites in PA, such as PlayPennsylvania.com and will be well positioned with casino customers for lead generation deals when both iGaming and sports betting go live in PA.
- The picture for the second wave of sports betting states will become clearer. With two nationally-focused sports betting brands and a "Play" site active or under development in nearly 30 states, Catena is well-positioned to capitalize on nearly any configuration of states legalizing sports betting.

NEXT 5 YEARS:

- Many states have had and will restart sports gambling legislation in their next few sessions. The expectation is that by 2022 more than 60% of the U.S. market could be targetable for sports betting advertising.
- There are some uncertainties in the US particularly around how the various sports leagues approach their "integrity fee" argument and this could impact either the timing of state regulations passing or the revenues expected by operators and thus their CPA deals with Catena.
- Should sports gambling be received exceptionally well by players and operators in the first few states: New Jersey, Pennsylvania, etc, we could see an acceleration by other states to join in on the lucrative taxable business.

Regulated U.S. Sports Betting

On the next slide, we provide our outlook for the five waves of U.S. sports betting regulation in a post-PAPSA world.

OUR ASSUMPTIONS INCLUDE:

1. Supreme Court returns a decision that leads to the immediate unwinding of PASPA.
2. Leagues and gambling interests reach some sort of agreement that allows them to move forward in unison.
3. Tribal gaming interests reach a deeper and broader level of comfort with sports betting.
4. Tax rates / license fees stay within the 10% to 20% / sub \$3mm range.

SOME PLAUSIBLE TAILWINDS THAT COULD ACCELERATE THE PROCESS INCLUDE:

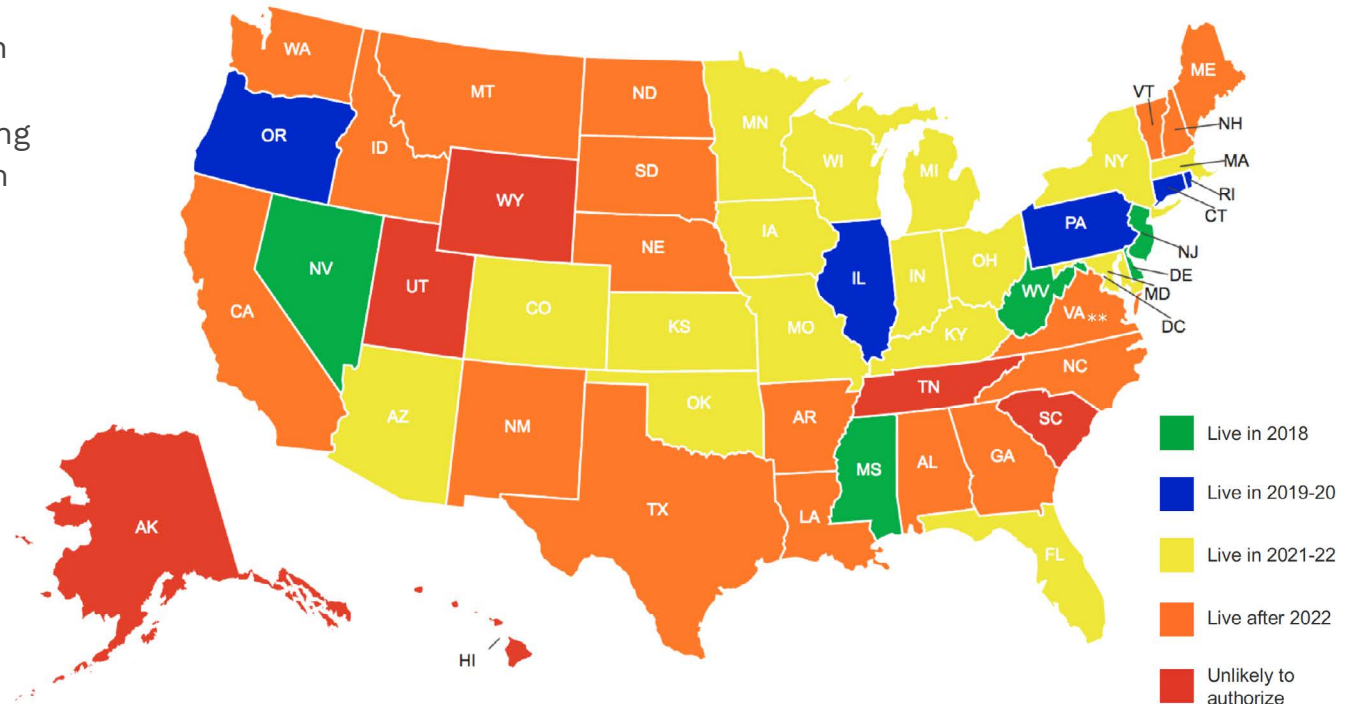
1. A rapid, overwhelmingly successful (in revenue terms) sports betting launch in New Jersey.
2. The removal of any lingering questions raised by the Wire Act.
3. Advocacy from the NFL.

SOME PLAUSIBLE HEADWINDS THAT COULD SLOW THE PROCESS INCLUDE:

1. Any sort of federal intervention.
2. The removal of any lingering questions raised by the Wire Act.
3. Court challenges over player data rights.
4. Legal challenges from the NCAA or other college sports interests.
5. Regulatory inflexibility (e.g., unwillingness to accommodate non-endemic stakeholders like media companies, inefficient regulations for online sports betting, regulations that limit iterative products)

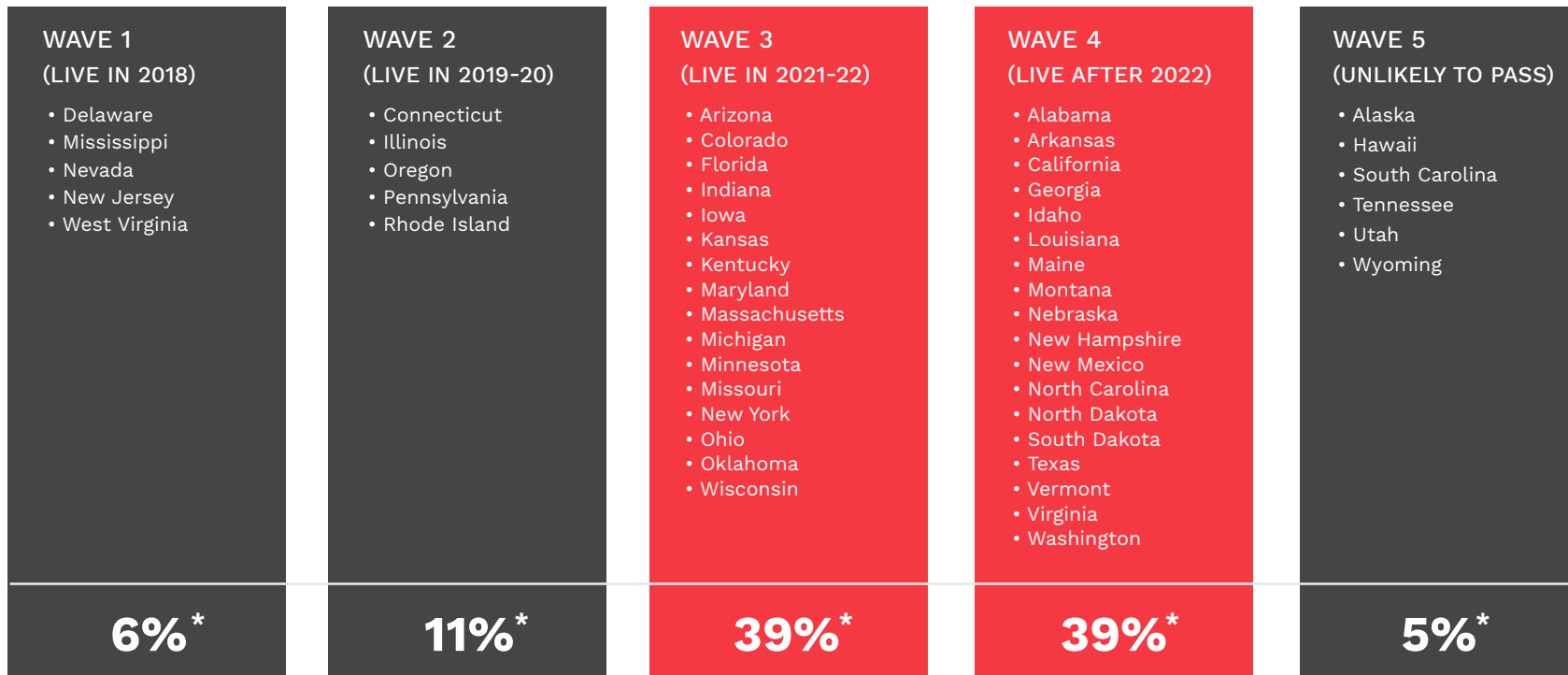
Regulated U.S. Sports Betting state by state

The map below displays our projections for when a given state is likely to go live with sports betting (given assumptions from previous slide)



Source: Eilers & Krejcik Gaming LLC

Regulated U.S. Sports Betting: Five Waves



Source: Eilers & Krejcik Gaming LLC

*Est percentage of the US adult population

Catena Medias sports-ready portfolio includes:

- [LegalSportsReport.com](#)
- [TheLines.com](#)
- [NJBetting.com](#)
- [NJGamblingSites.com](#)
- [PlayUSA.com](#)
- [PlayCA.com](#)
- [PlayMA.com](#)
- [PlayMichigan.com](#)
- [PlayNJ.com](#)
- [PlayNY.com](#)

Catena Media has Play domains waiting to be developed in another dozen states.

