

Catalyst Media Group plc

Report and financial statements for the year ended 30 June 2022

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
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CATALYST MEDIA GROUP PLC
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Directors, Secretary and Advisers

Directors

Michael Rosenberg, OBE
Mark Hawtin
Melvin Lawson
Christopher Mills

Non-executive Chairman
Non-executive Director
Non-executive Director
Non-executive Director

Secretary

CETC (Nominees) Limited
Quadrant House
Floor 6, 4 Thomas More Square
London E1W 1YW

Registered office and Company registration number

Quadrant House
Floor 6, 4 Thomas More Square
London E1W 1YW
Registration number: 03955206

Solicitors

BDB Pitmans LLP
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London EC1A 7BL

Registrars

Neville Registrars Limited
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Halesowen
West Midlands B62 8HD

Nominated Adviser & Broker

Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Auditors

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Bankers

National Westminster Bank Plc
Hammersmith Branch
22 Kings Mall
King Street
Hammersmith
London W6 0PZ

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Chairman's statement

I am pleased to present the results for Catalyst Media Group plc ("CMG" or the "Company") for the year ended 30 June 2022, which incorporate our share of profits/losses for Sports Information Services (Holdings) Ltd ("SIS") in which CMG has a 20.54% interest.

The main asset of CMG continues to be its 20.54% shareholding in SIS, as detailed further below. CMG equity accounts for its share in the profits/losses of SIS.

After taking account of CMG's share in the profit (2021: loss) of SIS for its year ended 31 March 2022 of £1.15 million (2021: loss of £1.47 million), and a reversal of historic impairment charges recognised against the carrying value of its interest in SIS totalling £23.39m (2021: no impairment charge), CMG recorded a profit before taxation of £24.4 million (2021: loss of £1.6 million). Net assets at the year end were £35.5 million (168.9p per share) (2021: £11 million (52.3p per share)).

UK and Ireland Retail

SIS continues to provide its core service including Racecourse Media Group horseracing, the SIS British Greyhound Service, Irish Horseracing, Chelmsford City Horseracing, 49s and International Horseracing to almost the entire UK and Irish retail market, including all the major UK bookmaking groups and the majority of the independent market.

SIS also supplies additional content and services to its UK and Irish retail customers to cover certain early morning and evening time periods and has renewed several existing arrangements.

As the market recovered from the disruption caused by the COVID-19 pandemic, the retail sector has seen the return of customers following restrictions being lifted. In June 2021 SIS strengthened its long-term position by securing a three-year extension to the Retail media rights of the Racecourse Media Group racecourses, through to March 2026.

International & Online

In the financial year under review, SIS has continued to expand both the content and customer base for its 24/7 racing channels covering horseracing, greyhound racing, virtual racing and mixed channels and has improved the overall user experience. SIS has over 120 live feeds to customers designed to maximise betting opportunities for international retail and online operators and has signed numerous international and online operators to multi-year agreements. SIS continues to progress its strategy to increase distribution, in both new and existing international and online markets, using proprietary production technology as well as ultra-low latency streaming and data pricing services.

During the year, SIS set up a US subsidiary and is applying for licences to supply both esports and racing in a number of states where regulations allow.

The SIS Competitive Gaming (e-sports) service, launched in the previous financial year, has continued to attract new customers and the service now has three live titles covering e-football, e-basketball and the Counter Strike:Global Offensive (CS:GO) game. It provides over 100,000 unique events per annum with plans underway to increase this number further.

Since the acquisition of the 49's Limited business in 2020 the online presence of the 49s ball draw and virtuals products has grown significantly and two new draw products, Fast 15's and 39's, have been launched in the year, thereby increasing the number of live draws available under the brand to over 200,000 events per annum.

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As previously reported in June 2021, SIS completed an initial investment in, and long-term partnership arrangement with, Racelab Pty Limited, a racing data science company in Australia, which added a range of market leading products across the SIS portfolio of international horse and greyhound racing and expanded the range of trading products available for online customers internationally and in the UK. In November 2022 SIS executed its option to increase its stake in Racelab Pty Limited to 50%

SIS Results

As announced on 21 November 2022 the final result for its year ended 31 March 2022 was a profit before tax of £7.0 million, the main driver for the increase in profitability being due to a return to normal trading following the COVID-19 pandemic abating and the expansion of SIS's online customer base.

SIS's cash balance on 31 March 2022 was approximately £62.8 million, an increase on the prior year due to its return to profitability and a normal working capital position after the pandemic disruption. On 18 November 2022 SIS declared an interim dividend of £4.4m and CMG has since received its share of such dividend.

The results of SIS for its year ended 31 March 2022 were as follows:

	31 March 2022			As restated ** 31 March 2021		
	Before individually significant items* £'000	Individually significant Items* £'000	Total £'000	Before individually significant items* £'000	Individually significant Items* £'000	Total £'000
Turnover	218,349	-	218,349	130,107	-	130,107
Operating expenses	(209,290)	(2,200)	(211,490)	(139,425)	(622)	(140,047)
Other operating income	105	-	105	1,863	-	1,863
Group operating profit / (loss)	9,164	(2,200)	6,964	(7,455)	(622)	(8,077)
Other interest receivable and similar income	275	-	275	310	-	310
Interest payable and similar expenses	(277)	-	(277)	(3)	-	(3)
Profit / (loss) before taxation	9,162	(2,200)	6,962	(7,148)	(622)	(7,770)
Tax on (profit) / loss	(1,762)	418	(1,344)	935	118	1,053
Profit / (loss) after taxation	7,400	(1,782)	5,618	(6,213)	(504)	(6,717)
Other comprehensive income	330	-	330	(917)	-	(917)
Total comprehensive income	7,730	(1,782)	5,948	(7,130)	(504)	(7,634)

Notes: * - Individually significant items relate to litigation fees.

** - The accounts were restated to reflect the capitalisation of new product and IT development costs. The impact on the prior year profit before tax was £0.8m (Loss of £7.8m) versus that previously reported (being a loss of £8.6m). CMG's financial statements have not been restated to reflect such amendment as the impact is immaterial.

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Share of assets and liabilities of associate	31 March 2022	As restated 31 March 2021
Gross assets	126,605	102,135
Gross liabilities	(66,293)	(47,771)
Net assets	<u>60,312</u>	<u>54,364</u>

India

An arbitration award was made in July 2020 which the respondent has paid into court. These funds are now subject to appeals in the Delhi High Court by both parties: SIS continues to pursue claims disallowed by the arbitrators whilst the respondent attempts to nullify the award in its entirety. The overall outcome therefore remains uncertain.

The legal and associated costs relating to this claim have been significantly reduced but are still impacting profits.

Litigation

As previously announced on 9 October 2020, in the claim brought by The Racing Partnership ("TRP") and others against SIS's subsidiary, Sports Information Services Limited ("SISL"), and others the Court of Appeal handed down judgment in relation to the appeals against various elements of the High Court judgment of Mr Justice Zacaroli in respect of liability issues. The Court of Appeal:

- (1) Upheld SISL's appeal in relation to the finding of breach of confidence in relation to certain race day data supplied to SISL by a co-defendant; and
- (2) Upheld TRP's appeal against the dismissal of its claims for unlawful means conspiracy.

The Court of Appeal was concerned only with the appeals on the liability findings and consequently made no ruling as to damages.

SIS had applied to the Supreme Court and was granted an appeal hearing in June 2022, however, the Company was informed that the case between SISL and TRP had instead been resolved amicably prior to such hearing occurring and that the precise terms of the resolution were confidential between the parties.

Current Trading and Outlook

SIS has started its new financial year well, and management continues to pursue and win new business opportunities both in terms of content acquisition, most recently securing new rights for South African Horseracing, and new customers, with the most recent deals announced being Spreadex in the UK and Estelarbet in South America.

SIS has also recently launched the first of its esports offerings in New Jersey with bet365 as its first customer which marks another significant step in the further geographic diversification of the business.

SIS has advised CMG that it expects to close its financial year to March 2023 with increased turnover year-on-year.

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SIS's cash position as of 1st December 2022 was approximately £54m, following its recent dividend payment.

CMG's outlook and Annual General Meeting

The Directors consider that the most appropriate treatment for the Group's investment in its associate, SIS, as at 30 June 2022 is to reverse historic impairments recognised against the carrying value of the investment totalling £23.4m to increase its value at 30 June 2022 to £35.43m.

The Directors consider that at 30 June 2022 there are significant indicators that a material reversal of previously recognised impairments should be recorded. Following the resolution of the TRP litigation during the current financial period and based on the return to profitability of SIS, the extension of core RMG horseracing rights, and the optimism around the prospects for future trade, the Directors expect the performance of SIS to strengthen in future financial periods and consider that valuation methodologies such as the comparable company model, and discounted cashflow analysis are sufficiently reliable to report a revised carrying value for the investment.

In the prior year, during a period when COVID-19 was still a factor, the TRP litigation was pending resolution and RMG horseracing rights had not yet been renewed, there was significant uncertainty around the outlook for SIS such that the range of valuations indicated by comparable company or discounted cashflow models did not give the Directors a sufficiently reliable estimate of the value of CMG's interest in its equity. The Directors therefore assessed at 30 June 2021 that the net asset value of SIS was the most reliable indicator of the value of CMG's investment.

In the current financial period, and prompted by the expectation of SIS's improving future performance, the directors have chosen to use the comparable company methodology using an appropriate EBITDA multiple to assess the recoverable value of the investment and to determine the value of previously recognised impairment to be reversed, as disclosed above. The Directors consider the comparable company valuation methodology to be more appropriate than other methods.

For further details in respect of the judgments and estimation techniques used by the Directors in their assessment, please refer to notes 1 and 2 to the financial statements.

While there can be no certainty of the potential realisation value of this asset, it is the reasonable belief and judgement of the Directors based, inter alia, on extensive discussions with SIS's management and a review of its strategic plans and current and forecast trading, that it is appropriate to reverse previous impairments to the carrying value of the asset.

While the auditors have included an emphasis of matter paragraph to draw attention to the judgements made in respect of this valuation and identify the factors to be considered including the possible risks in making such a change, the Board is confident that it has taken full account of the background facts that have led to this change and believe that the valuation of the business fully supports the reversal of previous impairments.

CMG continues to be cash positive with relatively low overheads. As stated above, SIS declared an interim dividend totalling £4.4m on 18 November 2022. Accordingly, having received the Company's share of this dividend, the board of CMG currently intends, in turn, to declare and pay a dividend of 3.3p per share to CMG's shareholders, with the balance being retained for general working capital purposes. Further details of the precise record and payment dates will be announced in due course.

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Chairman's statement

In November 2022 SIS engaged Oakvale Capital LLP to review strategic options for the SIS business. The outcome of this review process may include various courses of action for the future of the business and once the SIS board has reached any conclusions an appropriate announcement will be made by CMG.

The next Annual General Meeting of CMG will take place on Wednesday, 1 February 2023. Formal notice of the meeting is set out at the end of the annual report and accounts together with a form of proxy.

A handwritten signature in black ink, appearing to read 'Michael Rosenberg', written in a cursive style.

Michael Rosenberg, OBE
Chairman

29 December 2022

The Directors present their strategic report for the year ended 30 June 2022.

Principal activities and review of the business

The principal activities of the business are outlined in the Chairman's Statement. A review of the business is also included within the Chairman's Statement.

Principal risks and uncertainties

Investment in SIS

The principal strategic investment of the Group is its 20.54% shareholding in SIS. The Group is entitled to appoint one director to the board of SIS which currently comprises nine directors, of which five are appointed by shareholders, two are independent and one is the Chairman. Although it can influence the board on strategic decisions, the Group is not in a position to control the day-to-day business and affairs of SIS other than with the support of other directors and a majority of the shareholders of SIS.

There are a number of risks and uncertainties associated with the business of SIS which could potentially have an adverse impact on the value of the Group's investment. At a technical level this includes the fact that the customers of SIS rely upon real time data and uninterrupted content delivery. Loss of content would result in reduced quality of services and potentially reduced income. SIS has therefore adopted advanced disaster recovery solutions and has built back up facilities which are located around the UK.

Financial risk

The Group is subject to financial risk through its exposure to financial assets and liabilities. The Group's main financial risk is its exposure to its investment in SIS.

Credit risk

The Group is not exposed to any credit risk.

Liquidity risk

There is a very low risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, on the basis that the Group operates with minimal overheads and cash flow is well managed.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure and trade and other payables. Trade and other payables are all payable within three months.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Key Performance Indicators (KPIs)

The Company's key performance indicators used by the Board in monitoring the general performance of the Group and its investments are:

Net asset value per share

The net asset value per share of the Group was approximately 169 pence as at 30 June 2022 (2021: 52 pence). The net asset value per share has therefore increased during the year to 30 June 2022. The net asset value of the Group as at 30 June 2022 and 30 June 2021 is shown in the Group's consolidated statement of financial position on page 23.

Administrative expenses

The Directors closely monitor the anticipated overheads for the Group and ensure that these are kept to a minimum.

Earnings per share (EPS)

EPS shows the relative performance year-on-year of the Group's profitability measured as an amount of profit or loss attributable to one ordinary share. The calculation of earnings per share is based on the weighted average number of ordinary shares in issue for the financial year concerned and the profit/(loss) after taxation attributable to ordinary shareholders. EPS in respect of operations for the year and the prior financial year is shown in the Group consolidated statement of comprehensive income on page 22.

Key Performance Indicators of Associate

The Directors additionally monitor the performance of SIS in order to evaluate the general performance of the Group. The Directors consider that group turnover, group operating profit percentage before individually significant items, net cashflow from operating profits and average number of employees are of most significance in evaluating the performance of the Group. The 2022 financial results of SIS are disclosed in the Chairman's Statement on pages 4 and 5.

s172 Statement

CMG's directors are mindful of their responsibilities under section 172 of the Companies Act 2006 to promote the success of the business through operating in accordance with good corporate practice and with considered engagement with the Group's stakeholders. Several of the Group's major shareholders are also directors of the Group, as referenced in the Directors' Report on page 10, and are therefore actively involved in all key decision-making. Please see the Corporate Governance Statement on page 13 for further details of engagement with stakeholders.

The board of directors regularly review and identify other principal stakeholders of the business, and decisions in respect of the Group's activities are made only after reviewing, and discussing, the potential impact on such stakeholders. Furthermore, in terms of engagement with the Group's suppliers, the directors continue to actively monitor ethical standards and environmental issues to ensure that the wider business is compliant with global standards.



Michael Rosenberg, OBE
Chairman

29 December 2022

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2022.

Financial reporting

The financial statements for 2022 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS) as adopted by the United Kingdom.

Results and dividends

The Group made a total comprehensive profit (including its share of other comprehensive income of its associate) after taxation of £24.5 million (2021: loss of £1.8 million). Further details are shown in the Group consolidated statement of comprehensive income on page 22. Dividends totalling £Nil (2021: £Nil million) were declared and paid during the year. A dividend of 3.3p per share is intended to be declared by the CMG Board, which will be paid to shareholders, having now received the interim dividend declared on 18 November 2022 by SIS. Further details of the precise record and payment dates will be announced in due course.

Directors

The Directors of the Company during the year were:

Michael Rosenberg, OBE	Non-executive Chairman
Mark Hawtin	Non-executive Director
Melvin Lawson	Non-executive Director
Christopher Mills	Non-executive Director

The Company has Directors' and Officers' liability insurance in place. Directors attendance at Board meetings over the year was as follows:

Michael Rosenberg, OBE	4
Mark Hawtin	1
Melvin Lawson	4
Christopher Mills	2

Significant shareholdings

The Directors are aware of the following shareholdings of 3% or more of the Company's issued share capital as of 29 December 2022:

Shareholder	Number of ordinary shares	% of issued ordinary share capital
Lombard Odier Investment Managers Group	5,695,725	27.08%
Melvin Lawson	3,615,486	17.19%
Harwood Capital LLP	3,425,000	16.28%
C R Mishon	2,396,992	11.40%
Mark Hawtin	2,010,117	9.56%
Bank Julius Baer & Co Ltd	1,146,533	5.45%
Jersey House (Development) Ltd	1,000,000	4.75%
Richard Griffiths	726,818	3.46%
Others	1,015,359	4.83%
Total	21,032,030	100.00%

Employees

The Group had no employees other than the Directors as at 30 June 2022.

The Directors' interests in the share capital of the Company are set out in note 24.

Going concern

The Directors can report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern covering a period of at least twelve months from the date of approval of the financial statements. In assessing the Group as a going concern, the directors are also mindful of the business of SIS that provides the entire value of the Group. The directors are satisfied that SIS is a going concern. The Board has a reasonable expectation that the Company and its Group have adequate resources and facilities to continue in operational existence for the foreseeable future and the accounts are subsequently prepared on a going concern basis.

Subsequent events

In November 2022 SIS engaged Oakvale Capital LLP to review strategic options for the SIS business. The outcome of this review process may include various courses of action for the future of the business and once the SIS board has reached any conclusions an appropriate announcement will be made by CMG.

Other than the review of strategic options noted above and the dividend of 3.3p per share intended to be declared by the CMG Board in due course, and referred to in the Chairman's Statement, there were no further events subsequent to the Statement of Financial Position which require disclosure.

Auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director has taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

In accordance with section 489 of the Companies Act 2006, a resolution proposing that Haysmacintyre LLP be re-appointed as auditors of the Company will be proposed at the Company's forthcoming Annual General Meeting.

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial period. Under that law the Directors have elected to prepare the Group and the Parent Company financial statements in accordance with IFRS as adopted by the UK and applicable law.

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Directors' Report

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group or Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Annual General Meeting

Notice of the forthcoming Annual General Meeting of the Company is set out on page 48.

On behalf of the Board



Michael Rosenberg, OBE
Chairman
29 December 2022

CATALYST MEDIA GROUP PLC

Corporate Governance Statement

As an AIM-quoted company, Catalyst Media Group plc (“CMG” or the “Company”) is required to apply a recognised corporate governance code, demonstrating how the Company complies with such corporate governance code and where it departs from it.

The Directors of the Company have formally taken the decision to apply the QCA Corporate Governance Code (the “QCA Code”). The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as CMG, have been created. The Company provides annual updates on its compliance with the QCA Code in its Annual Report.

The Board

The Board is responsible to shareholders for the effective direction and control of the Company.

The Board recognises the importance of the high standards of good corporate governance prescribed in the QCA Code and seeks to apply its principles, insofar as practicable, having regard to the Company’s current size, stage of development and resources. The Board is accountable to the Company’s shareholders and takes account of their needs and expectations to the extent it is considered appropriate.

The Board comprises four Directors all of whom are non-executives, including the Chairman, reflecting a blend of different experience and backgrounds. The Board considers Michael Rosenberg, OBE, the Chairman, to be an independent non-executive director in terms of the QCA guidelines. Due to the size and shape of the Board, and the nature of the Group’s operations, the Company has not appointed a senior independent director.

The Board meets on a regular basis, and at least four times a year, to discuss a whole range of significant matters including strategic decisions and performance. A procedure to enable Directors to take independent professional advice, if required, has been agreed by the Board and formally confirmed by all Directors. The Company’s day-to-day operations are managed by Melvin Lawson and Alan Perrin, the Company Secretary. All Directors have access to the Company Secretary and any Director needing independent professional advice in the furtherance of his/her duties may obtain this advice at the expense of the Company.

There were four Board meetings during the year ended 30 June 2022. Michael Rosenberg, OBE, and Melvin Lawson were present at all four meetings. Christopher Mills was present at two meetings. Mark Hawtin was present at one of the Board meetings.

Given the size and nature of CMG as a holding company for a substantial investment in SIS, the Board considers it appropriate to have no executive directors.

In view of the fact that the principal asset of the business is its 20.54% stake in SIS the Directors role is to review the investment in SIS from time to time through regular reports from CMG’s representative on the Board of SIS. This normally takes place through regular Board meetings of CMG. Accordingly, the Directors are considered to have sufficient time to perform their duties.

CATALYST MEDIA GROUP PLC

Corporate Governance Statement

Details of the current Directors, their roles and backgrounds are as follows:

Michael Samuel Rosenberg, OBE – Non-executive Chairman

Michael Rosenberg, OBE joined the Board of CMG in May 2004 and was appointed non-executive Chairman in December 2006.

He began his career at Samuel Montagu and Co Ltd, the merchant bank in 1957 and joined its board in 1971. In 1974 he left the bank to co-found Allied Investments Ltd which became an international healthcare business over the subsequent few years.

He was a founding director and shareholder of TVam, the breakfast TV channel, in 1982 together with Sir David Frost and others. He has been a director of David Paradine Ltd, the holding company for the business interests of the late Sir David Frost since 1974.

Michael was a director and later chairman of Numis Corporation Plc from 1989 till 1999. He was chairman of Pilat Media Global plc from 2002, a media software company quoted on AIM, until its acquisition in March 2014 by Sintec Media. He is non-executive chairman of t42 IoT Tracking Solutions Plc (formerly Starcom Systems Ltd), quoted on AIM, he was a non-executive director of Shefa Gems Ltd, listed on the Standard List of the London Stock Exchange, until ceasing as non-executive director in August 2021, and he was a former non-executive director of Amiad Water Systems Ltd also quoted on AIM. He was also a non-executive director of Dori Media Ltd which is a public but unlisted company previously quoted on AIM and non-executive chairman of Photon Kathaas Productions Ltd, an Indian film production company, previously quoted on AIM, until March 2014. He is an active mentor to the Princes Trust.

The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the Company. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance. The Chairman is considered independent and has adequate separation from the day-to-day running of the Company.

Mark Hawtin – Non-executive Director

Mark Hawtin is an Investment Director at GAM International Limited with responsibility for long/short funds as well as a long only technology fund. He was formerly a partner of Marshall Wace LLP, one of Europe's leading hedge fund managers with more than \$12 billion under management until July 2007. Mr Hawtin is interested in 2,010,117 ordinary shares of 10p each in the Company ("Ordinary Shares") representing approximately 9.56% of the entire issued share capital.

Melvin Lawson – Non-executive Director

Melvin Lawson is an investor in technology companies and in Real Estate. He was managing director of A Beckman plc, a company formerly listed on the London Stock Exchange and was a non-executive director of Telecom Plus plc. Mr Lawson is interested in 3,615,486 Ordinary Shares representing approximately 17.19% of the entire issued share capital.

Christopher Mills – Non-executive Director

Christopher Mills was chief investment officer of J O Hambro Capital Management Limited, which he joined in 1993 and is currently Chairman and CIO of Harwood Capital Management. Mr Mills is also chief executive of North Atlantic Smaller Companies Investment Trust PLC (a UK listed investment trust) and a director and investment manager of Oryx International Growth Fund Limited. He is a member and chief investment officer of Harwood Capital LLP, which is interested in 3,425,000 Ordinary Shares representing approximately 16.28% of the entire issued share capital. Prior to joining the J O Hambro Capital Management group he worked from 1975 to 1993 for Samuel Montagu Limited, Montagu Investment Management Limited, and its successor company, Invesco MIM.

Application of the QCA Code

CMG seeks to grow shareholder value through its approximate 20.54% interest in SIS. SIS is a leading supplier of products and services to the online and retail betting markets. The Company seeks to promote long-term value for shareholders through both capital appreciation and the return of capital to shareholders as a result of its investment in SIS.

The Company remains committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The AGM is a forum for shareholders to engage in dialogue with the Board. Progress reports are also made via RNS and the main point of contact is Melvin Lawson, Non-Executive Director.

Board Committees

Audit Committee

The Audit Committee, which consists of Melvin Lawson (Chairman of the Committee), Michael Rosenberg, OBE, Mark Hawtin and Christopher Mills, is responsible for the relationship with the Company's auditors, an in-depth review of the Company's financial reports, internal controls and any other reports that the Company may circularise. Its terms of reference are to be reviewed on an annual basis, thus ensuring that the Audit Committee's duties adequately cover all those specific areas that are identified by the QCA Code, which includes a review of the cost effectiveness of the audit and non-audit services provided to the Company. The Committee meets twice a year, prior to the finalisation and announcement of interim and annual results and, should it be necessary, would convene at other times.

Remuneration Committee

The Remuneration Committee which consists of Mark Hawtin (Chairman of the Committee), Melvin Lawson and Christopher Mills, meets and considers, within its existing terms of reference, the Company's remuneration policy.

The Audit and Remuneration Committees consist solely of Non-executive directors.

The Company does not currently have a Nominations Committee, which the Board considers to be appropriate given the Company's size and nature, but it will continue to monitor the situation.

Internal financial control

The Group operates a system of internal financial control commensurate with its current size and activities, designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts and other ad hoc reports. All transactions are subject to Director approval and all payments require approval by a minimum of two Directors. The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement.

The Group does not currently have, nor considers there is currently a need for, an internal audit function.

Departure from the QCA Code:

In accordance with the requirements of the AIM Rules for Companies, CMG departs from the QCA Code in the following ways:

Principle 3 - “Take into account wider stakeholder and social responsibilities and their implications for long-term success”

Given the size and nature of CMG as a holding company for a substantial investment in SIS, the Board has no direct interaction with wider stakeholders, which is not linked to long-term success. As such, the Board does not consider it appropriate to have a formal wider stakeholder procedure in place, as described and recommended in Principle 3 of the QCA Code. Please refer to the s172 statement included in the Strategic Report on page 9 for details of the Board’s consideration of their responsibilities towards stakeholders.

Principle 7 - “Evaluate board performance based on clear and relevant objectives, seeking continuous improvement”

Given the size and nature of CMG as a holding company for a substantial investment in SIS, combined with the fact that it has no executive directors, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code.

Principle 8 - “Promote a corporate culture that is based on ethical values and behaviours”

Whilst the Directors recognise their fiduciary duties to act in the best interest of all shareholders, as well as stakeholders, and set out to implement an effective corporate governance framework based on the QCA Code, the Company has no employees or customers so the Directors feel that the spirit of Principle 8 of the QCA Code is not applicable to CMG in its current business context.



Michael Rosenberg, OBE
Non-Executive Chairman
29 December 2022

Independent auditors' report to the members of Catalyst Media Group plc

Opinion

We have audited the financial statements of Catalyst Media Group plc (the 'parent company') and its subsidiaries (together 'the group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included, but were not limit to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern;
- Evaluating the methodology used by the directors to assess the Group and the Parent Company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment and evaluating the key assumptions used and judgments applied;
- Reviewing the liquidity headroom and applying a number of sensitivities to the base forecast assessment of the directors to ensure there was sufficient headroom to adopt the going concern basis of accounting;
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt of the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditors' report to the members of Catalyst Media Group plc

Our responsibilities and the responsibilities of the directors with respect to going concern are described on the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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.

- **Investment in associate:** The Group's investment in Sports Information Services (Holdings) Limited (SIS) is accounted for as an associate, with a significant impairment reversal of £23,391,701 recorded in the Statement of Comprehensive Income during the year ended 30 June 2022. There is a risk that the Group's share of SIS's profits is materially misstated as a result of incorrect accounting treatment of the share of profits being applied. There is also a risk that the valuation of the Group's investment and corresponding reversal of the impairment charge are materially misstated.

Our work on this area comprised of, but was not limited to the following audit procedures:

- We obtained the directors' assessment of the valuation of the investment in SIS, and reviewed the methods and inputs applied in assessing whether the investment should be impaired, or conversely whether previously recorded impairments of the investment should be reversed.
- We considered the basis on which the directors proposed a reversal of the historically recognised impairments which included making reference to both the financial and commercial performance of SIS.
- We challenged the directors on the unobservable inputs associated with their investment valuation, particularly in relation to the appropriateness of the usage of a comparable company valuation model, adjustments to SIS's reported EBITDA, selection of an EBITDA multiple, adjustments made to derive an equity value based on debt, cash and working capital in SIS and any discounts for lack of marketability. We also considered SIS's performance subsequent to the Group's reporting date for indication of a material change in outlook.
- We formed an expectation for a range of values for the Group's interest in the equity of SIS by considering valuation multiples of a comparable group of public companies and associated discounts for marketability as well as assessing the impact of a lower level of EBITDA in SIS (i.e. discounting the uplifting impact of non-recurring costs and strategic investments).
- We reviewed previous accounting for the investment in SIS as an associate to determine whether the value of the impairment reversal presented in these financial statements is materially misstated.
- We reviewed disclosures made by the directors in the financial statements in respect of judgements and estimates concerning the reversal of impairment losses and the carrying value of the Group's investment in SIS.

Independent auditors' report to the members of Catalyst Media Group plc

- We reviewed the audit files of SIS's group auditor for evidence of any matters which may materially impact either the valuation of the Group's interest in SIS or its share of its profits for the year ended 30 June 2022. In particular, we considered whether any adjustment was required to present the share of profits in a manner consistent with the Group's financial reporting regime (International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom) and the existence of any significant events between 31 March 2022 (SIS's reporting date) and 30 June 2022. We also considered the impact of a prior year restatement by SIS to capitalise historical development costs and whether this materially impact the current and previously reported share of SIS's profit.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements and in forming an opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements, or related disclosures, that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing needed, to reduce to an appropriately low level the risk that the aggregate of uncorrected and undetected misstatement exceeds materiality for the financial statements as a whole.

Materiality for the Group Financial Statements as a whole was £711,600, which was determined with reference to a benchmark of the Group's gross asset position (2% of gross assets). We report to the Audit Committee any corrected or uncorrected misstatements arising exceeding £35,575.

An overview of the scope of our audit

Our audit scope included the Group company, with subsidiaries reviewed on consolidation. SIS was audited for the year ended 31 March 2022 by Saffery Champness LLP. Our audit work included a review of the Saffery Champness LLP's audit files. The Group's income and majority of its profits/losses, assets and liabilities are derived from its shareholding in SIS. Our audit procedures were therefore designed to reflect this, with our review of the Saffery Champness LLP audit files conducted with reference to the materiality levels set out above. Our audit work covered all other group profits/losses, assets and liabilities directly and in total.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – reversal of impairment charges

We draw attention to notes 1 and 2 on pages 35 to 37 of the financial statements concerning the reversal of previously recognised impairment charges against the carrying value of the Group's investment in an associate (Sports Information Services (Holdings) Limited). These notes disclose judgements applied by the Directors in determining the appropriate carrying value of the investment, the basis on which the value was determined and that there is estimation uncertainty concerning the use of Level 2 and Level 3 inputs in making this assessment. Our opinion is not modified in respect of this matter.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 (UK) 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.

Independent auditors' report to the members of Catalyst Media Group plc

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for AIM-listed entities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, AIM regulations and income tax.

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Discussions with management regarding any non-compliance with AIM regulations;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Cork (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 29 December 2022

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Consolidated statement of comprehensive income

	Note	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Revenue	3	25,000	25,000
Administrative expenses		(137,859)	(130,029)
Operating loss		(112,859)	(105,029)
Financial income	9	36	23
Financial costs	10	-	-
Net financial income		36	23
Share of profit/(loss) of equity-accounted associate, net of tax	2	1,153,937	(1,470,048)
Reversal of impairment of equity-accounted associate		23,391,701	-
Profit/(loss) before taxation		24,432,815	(1,575,054)
Taxation	11	23,957	(4,934)
Profit/(loss) for the year		24,456,772	(1,579,988)
Share of other comprehensive profit/(loss) of associate	2	67,782	(188,352)
Total comprehensive profit/(loss) for the year		24,524,554	(1,768,340)
Attributable to equity holders of the Company		24,524,554	(1,768,340)
Profit/(loss) per share:			
Basic	12	116.28p	(7.51p)
Diluted	12	116.28p	(7.51p)

The notes on pages 31 to 47 form part of these financial statements.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Consolidated statement of financial position

	Note	30 June 2022 £	30 June 2021 £
Assets			
Non-current assets			
Investment in associate	2	35,430,000	10,816,580
		35,430,000	10,816,580
Current assets			
Trade and other receivables	14	56,953	57,312
Cash and cash equivalents	15	93,011	167,830
		149,964	225,142
Total assets		35,579,964	11,041,722
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	16	2,103,202	2,103,202
Capital redemption reserve		711,117	711,117
Merger reserve		2,402,674	2,402,674
Retained profits		30,310,114	5,785,560
Total equity		35,527,107	11,002,553
Current liabilities			
Trade and other payables	18	52,857	39,169
Total equity and liabilities		35,579,964	11,041,722

The financial statements were approved by the Board of Directors and authorised for issue on 29 December 2022.



Michael Rosenberg, OBE
Director

Company registration number: 03955206

The notes on pages 31 to 47 form part of these financial statements.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Consolidated statement of changes in equity

	Attributable to equity holders of the Group					
30 June 2022	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Retained Profits	Total Shareholders Equity
	£	£	£	£	£	£
At 1 July 2021	2,103,202	-	711,117	2,402,674	5,785,560	11,002,553
Profit for the year	-	-	-	-	24,456,772	24,456,772
Other comprehensive income:						
Share of other comprehensive profit of associate	-	-	-	-	67,782	67,782
Total comprehensive profit for the period	-	-	-	-	24,524,554	24,524,554
At 30 June 2022	2,103,202	-	711,117	2,402,674	30,310,114	35,527,107

The notes on pages 31 to 47 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts arising from the purchase by the group of its own shares.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Group attributable to equity shareholders.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Consolidated statement of changes in equity

	Attributable to equity holders of the Group					
30 June 2021	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Retained Profits	Total Shareholders Equity
	£	£	£	£	£	£
At 1 July 2020	2,103,202	-	711,117	2,402,674	7,553,900	12,770,893
Loss for the year 2021	-	-	-	-	(1,579,988)	(1,579,988)
Other comprehensive income						
Share of other comprehensive loss of associate	-	-	-	-	(188,352)	(188,352)
Total comprehensive loss for the period	-	-	-	-	(1,768,340)	(1,768,340)
At 30 June 2021	2,103,202	-	711,117	2,402,674	5,785,560	11,002,553

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Consolidated statement of cash flows

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Cash flow from operating activities		
Profit/(loss) before taxation	24,432,815	(1,575,054)
Adjustments for:		
Share of (profit) / loss from associate	(1,153,937)	1,470,048
Reversal of impairment of investment in associate	(23,391,701)	-
Finance income	(36)	(23)
Corporation taxes recovered	-	29,941
Net cash flow used in operating activities before changes in working capital	(112,859)	(75,088)
Decrease / (increase) in trade and other receivables	24,316	(29,446)
Increase in trade and other payables	13,688	1,687
Net cash flow used in operating activities	(74,855)	(102,847)
Investing activities		
Dividend received	-	-
Interest received	36	23
Net cash flow from investing activities	36	23
Financing activities		
Dividends paid	-	-
Net cash flow used in financing activities	-	-
Net decrease in cash and cash equivalents in the year	(74,819)	(102,824)
Cash and cash equivalents at the beginning of the year	167,830	270,654
Cash and cash equivalents at the end of the year	93,011	167,830

The notes on pages 31 to 47 form part of these financial statements.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Company statement of financial position

	Note	30 June 2022 £	30 June 2021 £
Assets			
Non-current assets			
Investments	13	16,750,000	10,816,580
		<u>16,750,000</u>	<u>10,816,580</u>
Current assets			
Trade and other receivables	14	56,953	57,312
Cash and cash equivalents	15	93,011	167,830
		<u>149,964</u>	<u>225,142</u>
Total assets		<u>16,899,964</u>	<u>11,041,722</u>
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	16	2,103,202	2,103,202
Capital redemption reserve		711,117	711,117
Merger reserve		2,912,060	2,912,060
Retained profit		11,120,184	5,275,630
Total equity		<u>16,846,563</u>	<u>11,002,009</u>
Current liabilities			
Trade and other payables	18	53,401	39,713
		<u>53,401</u>	<u>39,713</u>
Total equity and liabilities		<u>16,899,964</u>	<u>11,041,722</u>

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit for the year included a profit on ordinary activities after tax of £5,844,554 (2021: loss on ordinary activities after tax of £1,768,340) in respect of the Company which is dealt with in the financial statements of the Parent Company.

The financial statements were approved by the Board of Directors and authorised for issue on 29 December 2022.



Michael Rosenberg, OBE
Director

Company registration number: 03955206

The notes on pages 31 to 47 form part of these financial statements

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Company statement of changes in equity

30 June 2022	Attributable to equity holders of the Company					
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Retained Profits	Total Shareholders Equity
	£	£	£	£	£	£
At 1 July 2021	2,103,202	-	711,117	2,912,060	5,275,630	11,002,009
Profit for the year	-	-	-	-	5,844,554	5,844,554
Total comprehensive income for the year	-	-	-	-	5,844,554	5,844,554
At 30 June 2022	2,103,202	-	711,117	2,912,060	11,120,184	16,846,563

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Company statement of changes in equity

Attributable to equity holders of the Company

30 June 2021	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Retained Profits	Total Shareholders Equity
	£	£	£	£	£	£
At 1 July 2020	2,103,202	-	711,117	2,912,060	7,043,970	12,770,349
Loss for the year	-	-	-	-	(1,768,340)	(1,768,340)
Total comprehensive loss for the year	-	-	-	-	(1,768,340)	(1,768,340)
At 30 June 2021	2,103,202	-	711,117	2,912,060	5,275,630	11,002,009

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2022
Company statement of cash flows

	Note	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Cash flow from operating activities			
Profit/(loss) before taxation		5,820,597	(1,763,406)
Adjustments for:			
(Reversal of impairment)/Impairment of investment in subsidiary		(5,933,420)	1,658,400
Finance income		(36)	(23)
Dividend received		-	-
Corporation taxes recovered		-	29,941
Net cash flow used in operating activities before changes in working capital		(112,859)	(75,088)
Decrease/(increase) in trade and other receivables		24,316	(29,446)
Increase in trade and other payables		13,688	1,687
Net cash flow used in operating activities		(74,855)	(102,847)
Investing activities			
Interest received		36	23
Dividend received		-	-
Net cash flow from investing activities		36	23
Financing activities			
Dividend paid		-	-
Net cash flow used in financing activities		-	-
Net decrease in cash and cash equivalents in the year		(74,819)	(102,824)
Cash and cash equivalents at the beginning of the year		167,830	270,654
Cash and cash equivalents at the end of the year	15	93,011	167,830

The notes on pages 31 to 47 form part of these financial statements.

1 Basis of preparation and significant accounting policies

These consolidated financial statements of Catalyst Media Group plc have been prepared in accordance with accepted International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively "IFRSs") as adopted for use in the United Kingdom and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies listed below include those applicable to SIS, given its materiality to the Group as a whole.

Catalyst Media Group plc is an AIM quoted public limited company registered in England and Wales where it is domiciled for tax purposes.

The financial statements are prepared under the historical cost convention.

Going concern

The Directors can report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern covering a period of at least twelve months from the date of approval of the financial statements. In assessing the Group as a going concern, the directors are also mindful of the business of SIS that provides the entire value of the Group. The directors are satisfied that SIS is a going concern. The Board has a reasonable expectation that the Company and its Group have adequate resources and facilities to continue in operational existence for the foreseeable future and the accounts are subsequently prepared on a going concern basis.

Companies Act s408 exemption

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit for the year included a profit on ordinary activities after tax of £5,844,554 (2021: loss of £1,768,340) in respect of the Parent Company.

New financial reporting requirements

The Group including SIS have applied no new financial reporting standards for the first time in preparing its financial statements for the year ended 30 June 2022.

Standards, interpretations and amendments to published standards not yet effective

At the date of authorisation of these consolidated financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of these consolidated financial statements:

- IFRS 17: Insurance Contracts (effective as of 1 January 2023)

The Directors anticipate that the adoption of such standards and interpretations will not have a material impact on the Group's financial statements in the period of initial adoption.

1 Basis of preparation and significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly, by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the merger method of accounting or the acquisition method of accounting as appropriate.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost less any necessary impairment. The cost of acquisition excludes directly attributable professional fees and other expenses incurred in connection with the acquisition, these costs are written off to the income statement.

Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Any dividend or distribution received from an associate is used to reduce its carrying value.

The financial statements of the associate are prepared to 31 March 2022, a period not greater than three months different to the reporting period. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group. This is therefore considered to be a reasonable time period as to give an adequate reflection of the Group's investment. A review was undertaken by the management of SIS to ascertain the impact of this amendment on the assets of SIS. From this review, it was concluded that there would be no material impact on the Group's financial statements.

The directors consider that the Group does not hold such influence as to exert control over its investment in SIS. The Group currently holds a 20.54% shareholding in SIS.

The carrying value of the Group's investment in its associate includes the excess consideration over net assets at the date of acquisition. Any excess value is analysed between separately identifiable intangible assets and goodwill. Goodwill is considered as part of the overall value of the investment. Any separately identified intangible assets are amortised over their useful economic life.

1 Basis of preparation and significant accounting policies (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Associates

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, or a reversal of previously recognised impairment losses, on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired or that previously recognised impairment losses should be reversed. If this is the case the Group calculates the amount of impairment, or reversal of impairment, as being the difference between the recoverable amount (being the higher of fair value less costs to sell and value in use) and carrying amount of the associate and recognises the amount in profit or loss.

Financial instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

1 Basis of preparation and significant accounting policies (continued)

Cash and cash equivalents: These include cash in hand and deposits held at call with banks.

Trade and other receivables: These include amounts due to the Group and prepayments and accrued income.

Financial liabilities

The Group classifies its financial liabilities as:

Financial liabilities measured at amortised cost The Group's financial liabilities at amortised cost include trade payables and other financial liabilities.

Trade and other payables: These are initially recognised at fair-value and then carried at amortised cost. These arise from the receipt of goods and services.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations. Income from the equity accounted associate is recognised as outlined in note 2 to the accounts.

Taxation

Tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax.

The tax currently payable is based on any taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Tax recoverable comprises amounts receivable in respect of consortium tax relief arising from the surrender of taxable losses to the Group's associated undertaking.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1 Basis of preparation and significant accounting policies (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company or different Group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Operating profit and loss

Operating profit and loss comprises revenues less cost of sales and administrative expenses, including exceptional expenditures where relevant. Operating profit and loss attributed to discontinued operations is included as part of the net result of these operations and is disclosed separately.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

(i) Impairment of non-current assets

The value of non-current assets is considered by the Directors at the end of each reporting period. Impairments or reversals of previously recognised impairments are recorded on the bases outlined in note 1 to the accounts.

The Directors consider that at 30 June 2022 there are significant indicators that a material reversal of previously recognised impairments should be recorded. Following the resolution of the TRP litigation during the current financial period and based on the return to profitability of SIS, the extension of core RMG horseracing rights, and the optimism around the prospects for future trade, the Directors expect the performance of SIS to strengthen in future financial periods and consider that valuation methodologies such as the comparable company model, and discounted cashflow analysis are sufficiently reliable to report a revised carrying value for the investment.

In the prior year, during a period when COVID-19 was still a factor, the TRP litigation was pending resolution, and RMG horseracing rights had not yet been renewed, there was significant uncertainty around the outlook for SIS such that the range of valuations indicated by comparable company or discounted cash flow models did not give the Directors a sufficiently reliable estimate of the value of CMG's interest in its equity. The Directors therefore assessed at 30 June 2021 that the net asset value of SIS was the most reliable indicator of the value of CMG's investment.

In the current financial period, and prompted by the expectation of improving future performance, the directors have chosen to use the comparable company methodology using an appropriate EBITDA multiple to assess the recoverable value of the investment in SIS and to determine the value of previously recognised impairment to be reversed. The Directors consider the comparable company valuation methodology to be more appropriate than other methods.

The Directors have used an EBITDA figure for SIS, adjusted to exclude the impact of certain non-recurring and non-trade items, and the Directors have identified an appropriate multiple based on businesses operating in comparable sectors. An illiquidity discount was used based on CMG's minority shareholding in SIS and its status as an unlisted entity. In deriving a value of CMG's interest in SIS's

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1 Basis of preparation and significant accounting policies (continued)

equity based on an underlying enterprise valuation, the Directors have taken into account SIS's cash, debt and working capital positions. Based on this assessment the Directors have reversed previously recognised impairments totalling £23.39m which have been presented in the consolidated statement of comprehensive income.

These significant judgmental estimates were made by the Directors as part of the process of the valuation exercise described above. There is therefore significant sensitivity involved in formulating an enterprise value for the investment in SIS. Should any of the estimated inputs change, due to the material importance of each judgment, a minor change may result in a material impact on the value of the impairments reversed in the current financial year. Examples of such judgments include: the carrying value of the Group's investment in SIS (an associate), the appropriate comparable company multiple, and the identification of companies upon which to base the multiple, the illiquidity discount identified, and the nature of the adjustments to the SIS EBITDA figure.

(ii) Differences in reporting dates of associates

The accounting reference date of SIS is 31 March 2022. The Directors have considered preparing co-terminous financial statements for SIS but have concluded that it is impractical to do so. In preparing the financial statements of the Group the Directors consider the existence of significant events as defined by IAS 28 to determine whether any adjustment is required to the SIS results included in the Group's financial statements. The Directors have considered the trading results of SIS between 31 March 2022 and 30 June 2022 and have reviewed the impact of SIS's investments made in that period. The Directors consider that no adjustment is required in respect of activity in SIS since 31 March 2022 as the impact of this activity is immaterial to the Group.

2 Investment in associate

Year Ended 30 June 2022	Group £
Cost	
At 1 July 2021	10,816,580
Share of profit – 2022	1,153,937
Share of other comprehensive income – 2022	67,782
Dividend received – 2022	-
Reversal of impairment of equity-accounted associate	23,391,701
At 30 June 2022	<u>35,430,000</u>

Year Ended 30 June 2021	Group £
Cost	
At 1 July 2020	12,474,980
Share of loss – 2021	(1,470,048)
Share of other comprehensive loss – 2021	(188,352)
Dividend received – 2021	-
Impairment of equity-accounted associate	-
At 30 June 2021	<u>10,816,580</u>

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2 Investment in associate (continued)

The Group's interest in its associate, SIS, a company incorporated in England and Wales, is held by Alternatport Limited. Alternatport Limited holds an investment of 20.54% in the equity share capital of SIS and is entitled to appoint a director and alternate director to the SIS board. This right has been exercised since acquisition. Alternatport Limited is a wholly owned subsidiary of Catalyst Media Holdings Limited, a wholly owned subsidiary of Catalyst Media Group plc.

A copy of the strategic forecasts prepared by SIS was made available to the Directors of CMG showing management forecasts of the income statement, statement of financial position and statements of cash flow. SIS's management have assumed a growing level of future profits at a steady rate over a period of five years. CMG's management have made reference to SIS's most recently reported EBITDA, with adjustments made for exceptional and non-recurring items, while also considering the sustainability of its financial performance.

The Directors of CMG believe that as at 30 June 2022 there were significant impairment reversal indicators, including the expected future growth of SIS, the extension of core RMG horseracing rights, and the optimism around the prospects for future trade. The directors therefore believe that an enterprise method of valuation of CMG's investment in SIS would be an appropriate methodology to follow. The directors have identified an adjusted EBITDA figure for SIS for the twelve month period to 30 June 2022 which excluded the impact of certain non-recurring and non-trade items. An appropriate EBITDA multiple was obtained through comparisons of multiples used by businesses in comparable sectors. An average of the mean and median multiples was used. An illiquidity discount of 20% was then applied to the valuation in the midpoint of the range of illiquidity discounts identified by the Directors for unlisted businesses.

After following the methodology described above, the Directors concluded that the carrying value of the investment in SIS should be £35.43m and have therefore reversed historic impairments recorded against the value of the investment in previous years totalling £23.39m. The Directors consider that the value at 30 June 2022 is appropriate based on the strategic plans of SIS.

Share of profit of associate

	2022	2022	2021
	SIS Total	CMG share	CMG share
	£'000	£'000	£'000
Revenue	218,349	44,849	26,724
Operating profit / (loss) before individually significant items	9,164	1,882	(1,704)
Net interest receivable Individually significant items	(2)	-	63
	(2,200)	(452)	(128)
Profit / (loss) before tax	6,962	1,430	(1,769)
Taxation	(1,344)	(276)	299
Share of profit / (loss) after taxation	5,618	1,154	(1,470)
Net income from associate	5,618	1,154	(1,470)

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2 Investment in associate (continued)

Other comprehensive income:			
Actuarial (loss) / gain	507	104	(290)
Deferred tax	(177)	(36)	101
	<u>330</u>	<u>68</u>	<u>(188)</u>

**Share of assets and liabilities
of associate**

Gross assets	126,605	26,005	20,629
Gross liabilities	(66,293)	(13,617)	(9,812)
Share of Net Asset Value	<u>60,312</u>	<u>12,388</u>	<u>10,817</u>

An arbitration award was made in July 2020 which the respondent has paid into court. These funds are now subject to appeals in the Delhi High Court by both parties: SIS continues to pursue claims disallowed by the arbitrators whilst the respondent attempts to nullify the award in its entirety. The overall outcome therefore remains uncertain.

The legal and associated costs relating to this claim have been significantly reduced but are still impacting profits.

As previously announced on 9 October 2020, in the claim brought by The Racing Partnership (“TRP”) and others against SIS’s subsidiary, Sports Information Services Limited (“SISL”), and others the Court of Appeal handed down judgment in relation to the appeals against various elements of the High Court judgment of Mr Justice Zacaroli in respect of liability issues. The Court of Appeal:

(1) Upheld SISL’s appeal in relation to the finding of breach of confidence in relation to certain race day data supplied to SISL by a co-defendant; and

(2) Upheld TRP’s appeal against the dismissal of its claims for unlawful means conspiracy.

The Court of Appeal was concerned only with the appeals on the liability findings and consequently made no ruling as to damages.

SIS had applied to the Supreme Court and was granted an appeal hearing in June 2022, however, the Company was informed that the case between SISL and TRP had instead been resolved amicably prior to such hearing and that the precise terms of the resolution were confidential between the parties.

3 Revenue

An analysis of the Group’s revenue is as follows:

	2022	2021
	£	£
Business administrative services	25,000	25,000
Total revenue	<u>25,000</u>	<u>25,000</u>

4 Segmental analysis

The Directors have determined the Group's operating segments based on the management information that is reviewed in order to strategically operate the business. The Group operates in one segment; business administrative services. Business administrative services focuses on managing the strategic investment in SIS, including the provision of non-executive director services to SIS and the management of overheads, this segment's results include SIS's investment results.

5 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging:		
Auditors' remuneration (note 8)	30,000	17,500

6 Staff numbers and costs

There were no staff other than the Non-executive Directors during the current and prior year.

7 Directors' emoluments

Directors' emoluments for the year that each individual served as a director were as follows:

	2022	2021
	£	£
Directors' fees (note 24)	45,240	45,240

8 Auditors' remuneration

	2022	2021
	£	£
Fees payable for the audit of the Group and parent company's financial statements	30,000	17,500

9 Financial income

	2022	2021
	£	£
Interest receivable	36	23

10 Financial costs

	2022	2021
	£	£
Interest payable	-	-

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11 Taxation (Group)

	2022 £	2021 £
Current tax	23,957	-
Over provision in respect of prior periods	-	(4,934)
Total tax (charge)/credit for the year	<u>23,957</u>	<u>(4,934)</u>

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

	2022 £	2021 £
Profit/(loss) before tax	<u>24,432,815</u>	<u>(1,575,054)</u>
Tax on (loss) / profit at standard rate of 19.00% (2021: 19.00%)	4,642,235	(299,260)
Expenses not deductible for tax purposes (Income)/losses not deductible	1,685 (4,663,672)	1,092 279,309
Unutilised tax losses	-	18,917
(Over) / under provision in respect of prior periods	(4,157)	4,934
Other items	(48)	(58)
Current tax (credit)/charge	<u>(23,957)</u>	<u>4,934</u>

Factors that may affect the future tax charge

Deferred tax has not been provided in respect of timing differences relating primarily to revenue losses and management expenses as there is insufficient evidence that the benefit of the losses will be recovered. The amount of the asset not recognised is £1,147,632 (2021: £871,351). The above deferred tax asset has been calculated based on a future UK tax rate of 25% (2021: 19%).

12 Earnings per share

The calculation of the basic and diluted earnings per share is based upon the net profit after tax attributable to ordinary shareholders of £24,456,772 (2021: £1,579,988) and a weighted average number of shares in issue for the period of 21,032,030 (2021: 21,032,030).

Reconciliation of shares in issue:

	Year ended 30 June 2022	Year ended 30 June 2021
Issued ordinary shares at 30 June 2022	21,032,030	-
Issued ordinary shares at 30 June 2021	-	21,032,030
Weighted average number of ordinary shares	<u>21,032,030</u>	<u>21,032,030</u>

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13 Investments

Company	Shares in subsidiaries
Year Ended 30 June 2022	£
Cost	
At 30 June 2021 and 30 June 2022	<u>16,750,000</u>
Provision for diminution in value	
At 30 June 2021	(5,933,420)
Reversal of impairment charge for the year	<u>5,933,420</u>
As 30 June 2022	-
Net book value	
At 30 June 2022	<u>16,750,000</u>

Details of the investments are as follows:

Activity	Percentage of ordinary shares held (%)	Registered office
Catalyst Media Holdings Investment Company Limited	100	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
Alternateport Limited*	100	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW

* - A subsidiary of Catalyst Media Holdings Limited

Year Ended 30 June 2021

Company	Shares in subsidiaries
Year Ended 30 June 2021	£
Cost	
At 30 June 2020 and 30 June 2021	<u>16,750,000</u>
Provision for diminution in value	
At 30 June 2020	(4,275,020)
Charge for the year	<u>(1,658,400)</u>
As 30 June 2021	(5,933,420)
Net book value	
At 30 June 2021	<u>10,816,580</u>

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14 Trade and other receivables

	2022	2021	2022	2021
	Group	Group	Company	Company
	£	£	£	£
Prepayments	29,992	27,312	29,992	27,312
Other debtors	26,961	30,000	26,961	30,000
	<u>56,953</u>	<u>57,312</u>	<u>56,953</u>	<u>57,312</u>

15 Cash and cash equivalents

	2022	2021	2022	2021
	Group	Group	Company	Company
	£	£	£	£
Cash at bank	93,011	167,830	93,011	167,830
Cash and cash equivalents	<u>93,011</u>	<u>167,830</u>	<u>93,011</u>	<u>167,830</u>

Cash and cash equivalents comprise cash only.

16 Share capital

	2022	2021
	Group	Group
	and	and
	Company	Company
	£	£
Authorised:		
65,711,223 ordinary shares of 10 pence each	<u>6,571,122</u>	<u>6,571,122</u>
	<u>6,571,122</u>	<u>6,571,122</u>
Allotted, issued and fully paid:		
21,032,030 ordinary shares of 10 pence each	<u>2,103,202</u>	<u>2,103,202</u>
	<u>2,103,202</u>	<u>2,103,202</u>

17 Interest-bearing cash balances

Effective interest rates and repricing analysis

In respect of income-earning financial assets, the following table indicates their effective average interest rates in the year to 30 June 2022.

	Effective	Group	Group
	interest rate	Total	Current
		£	£
		2022	2022
Cash at bank and other deposits	0.04%	<u>93,011</u>	<u>93,011</u>

17 Interest-bearing cash balances (continued)

	Effective interest rate	Company Total £ 2022	Company Current £ 2022
Cash at bank and other deposits	0.04%	93,011	93,011

18 Trade and other payables

	2022 Group £	2021 Group £	2022 Company £	2021 Company £
Trade payables	21,500	6,221	21,500	6,221
Amounts due to Group companies	-	-	549	549
Other creditors	-	1,466	-	1,466
Bank overdraft	5	5	-	-
Accruals and deferred income	31,352	31,477	31,352	31,477
	<u>52,857</u>	<u>39,169</u>	<u>53,401</u>	<u>39,713</u>

Trade payables are all due within one year.

19 Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 1.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

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19 Financial instruments (continued)

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Group	2022	2021
	£	£
Financial assets		
Loans and receivables		
Trade and other receivables	-	30,000
Cash and cash equivalents	93,011	167,830
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(21,505)	(7,692)
	<u>(21,505)</u>	<u>(7,692)</u>
Company	2022	2021
	£	£
Financial assets		
Loans and receivables		
Trade and other receivables	-	30,000
Cash and cash equivalents	93,011	167,830
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(22,049)	(8,236)
	<u>(22,049)</u>	<u>(8,236)</u>

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Loans and receivables	2022	2021
	£	£
Trade receivables	-	30,000
Cash and cash equivalents	93,011	167,830
	<u>93,011</u>	<u>197,830</u>

The Group policy is to make a provision against those debts that are overdue, unless there are grounds for believing that all or some of the debts will be collected. No provision was made with respect to bad and doubtful debts during the year (2021: £Nil).

19 Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital. There is a risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure and trade and other payables. Trade and other payables are all payable within three months.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Fair value of financial liabilities	2022	2021
	£	£
Trade and other payables	21,500	7,692
	<u>21,500</u>	<u>7,692</u>

The fair value of trade and other payables is equal to the book values.

Capital

The Group considers its capital to comprise its ordinary share capital, capital redemption reserve, merger reserve and the retained profit. In managing its capital, the Group's objectives are to provide a return for its equity shareholders through distributions and capital growth. Going forward the Group will seek to maintain a sufficient funding base to enable the Group to meet its working capital needs.

Details of the Group and Company's capital are disclosed in the Group and Company statement of changes in equity.

There have been no other significant changes to the Group's management objectives, policies and processes in the period nor has there been any change in what the Group considers to be capital.

Currency risk

The Group and the Company are not exposed to any significant currency risk.

20 Capital commitments

There were no capital commitments outstanding at 30 June 2022 or 30 June 2021 for the Group or the Company.

21 Ultimate Controlling party

There was no ultimate controlling party in the current or prior year.

22 Post balance sheet events

In November 2022 SIS engaged Oakvale Capital LLP to review strategic options for the SIS business. The outcome of this review process may include various courses of action for the future of the business and once the SIS board has reached any conclusions an appropriate announcement will be made by CMG.

SIS declared an interim dividend totalling £4.4m on 18 November 2022. Accordingly, having received the Company's share of this dividend, the board of CMG currently intends, in turn, to declare and pay a dividend of 3.3p per share to CMG's shareholders, with the balance being retained for general working capital purposes. Further details of the precise record and payment dates will be announced in due course.

See note 2 for a description of the impact of the post balance sheet events as they relate to SIS's reporting date (31 March 2022) on the Group's valuation of its investment in associate as at 30 June 2022.

23 Contingent liabilities

There were no contingent liabilities of the Group at 30 June 2022.

Contingent liabilities in respect of SIS are discussed in note 2.

24 Related party transactions

During the year, SIS paid the Group £25,000 (2021: £25,000) in respect of fees for the services of the Directors. In addition, SIS paid the Group £nil (2021: £29,941) in respect of consortium relief payments.

As at the balance sheet date, Melvin Lawson, and his associated companies, had an interest in 3,615,486 ordinary shares of the Company, representing approximately 17.19% of the Company's total issued share capital.

As at the balance sheet date, Mark Hawtin had an interest in 2,010,117 ordinary shares of the Company, representing approximately 9.56% of the Company's total issued share capital.

As at the balance sheet date, Michael Rosenberg had an interest in 10,520 ordinary shares of the Company, representing approximately 0.05% of the Company's total issued share capital.

Harwood Capital LLP acts as the investment manager to Oryx International Growth Fund Limited which holds an interest in 3,425,000 ordinary shares of the Company representing approximately 16.28% of the Company's total issued ordinary share capital, and, accordingly, Harwood Capital LLP is a substantial shareholder of the Company. Christopher Mills is the Chief Investment Officer of Harwood Capital LLP and holds 99.97% of the share capital of Harwood Capital Management Limited, a member of Harwood Capital LLP.

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24 Related party transactions (continued)

	Salary and fees	Total	Total
	2022	2022	2021
	£	£	£
M Rosenberg, OBE	15,240	15,240	15,240
M Hawtin	10,000	10,000	10,000
C Mills	10,000	10,000	10,000
M Lawson	10,000	10,000	10,000
	<u>45,240</u>	<u>45,240</u>	<u>45,240</u>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

CATALYST MEDIA GROUP PLC (Registered in England and Wales with number 03955206)

Notice is hereby given that the twenty first Annual General Meeting (the "AGM") of Catalyst Media Group plc (the "Company") will be held on Wednesday, 1 February 2023 at 6 Stratton Street, London, W1J 8LD at 11.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 are ordinary resolutions and resolution 6 is a special resolution.

Ordinary Resolutions

1. To receive the audited financial statements including the report of the directors and the auditors for the Company for the year ended 30 June 2022.
2. To approve the directors' remuneration report for the Company for the year ended 30 June 2022.
3. To reappoint Haysmacintyre LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting.
4. To authorise the directors to fix the remuneration of the auditors.
5. To re-elect Michael Rosenberg as a director.

Special Resolution

6. Subject to, and in accordance with the Company's articles of association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of the Company provided that:
 - (a) the maximum number of ordinary shares hereby authorised to be acquired is 3,154,805 (being 15 per cent of the issued ordinary shares of the Company as at the date of this notice);
 - (b) the minimum price which may be paid for an ordinary share is the nominal value of such share;
 - (c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share in the Company as derived from the AIM Appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased;
 - (d) the authority hereby conferred shall expire on the date which is 12 months from the date of the passing of this resolution;
 - (e) the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and
 - (f) all ordinary shares purchased pursuant to the authority conferred by this resolution shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed ten per cent. of the issued ordinary share capital of the Company at any time).

NOTICE OF ANNUAL GENERAL MEETING

By order of the Board

**Michael Rosenberg, OBE
Chairman**

**Registered Office:
Quadrant House,
Floor 6, 4 Thomas More Square,
London
E1W 1YW**

Date: 29 December 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Only the holders of ordinary shares are entitled to attend the meeting and vote, subject to note 4 below. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his/her behalf at the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A member need not be a member of the Company but must attend the meeting to represent him/her.
2. A form of proxy is provided. To be effective, a form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority) must be completed, signed and lodged with the Company's registrar, Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD no later than 48 hours before the time of the meeting. Depositing a completed form of proxy will not preclude a member from attending the meeting and voting in person.
3. A shareholder which is a corporation (including a company) (a "corporation") and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a "corporate representative") must submit a certified copy of the resolution giving the relevant authority to that corporate representative to the registered office (for the attention of the directors) by the same deadline as in note 2 above. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company. Alternatively, a corporation may complete and return a form of proxy.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 11.00 a.m. on Monday, 30 January 2023. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.
6. Copies of the following documents will be available for inspection at the Company's registered office, during normal business hours, on any day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the day of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting:
 - (a) the register of directors' interests in the share capital of the Company; and
 - (b) copies of the directors' service contracts.

FORM OF PROXY

CATALYST MEDIA GROUP PLC
(registered in England and Wales with number 03955206)

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

COMPLETE IN BLOCK CAPITALS PLEASE

I/We,..... being (a) holder(s) of ordinary shares of 10p each in the capital of the Company HEREBY APPOINT the Chairman of the Meeting (see Note 1) orto be my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 6 Stratton Street, London W1J 8LD on Wednesday, 1 February 2023 at 11.00 a.m. or any adjournment thereof.

I/We request such proxy to vote on the following resolutions as set out below and as indicated by an X in the appropriate box below and otherwise as my/our proxy shall think fit (see Note 2).

For	Against	Vote Withheld
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ORDINARY RESOLUTIONS

1. To receive the audited financial statements including the report of the directors and the auditors for the Company for the year ended 30 June 2022.
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3. To reappoint Haysmacintyre LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting.
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5. To re-elect Michael Rosenberg as a director.

SPECIAL RESOLUTION

6. To grant the Company authority to make market purchases of its own ordinary shares

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Signature (see note 4)..... Dated

Notes

1. To appoint as a proxy a person other than the Chairman of the Meeting insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
 - (a) To appoint the **Chairman** as your **sole proxy** in respect of all your shares, simply fill in any voting instructions in the appropriate boxes and sign and date the Form of Proxy
 - (b) To appoint a **person other than the Chairman as your sole proxy** in respect of all your shares, delete the words 'the Chairman of the Meeting (see Note 1) or' and insert the name of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate boxes and sign and date the Form of Proxy
 - (c) To appoint **more than one proxy**, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'. All forms must be signed and should be returned together in the same envelope.
2. Unless otherwise indicated the proxy will vote as he or she thinks fit or, at his/her discretion, abstain from voting.
3. The executed Form of Proxy must arrive by no later than 48 hours before the time set for the Meeting at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD during usual business hours accompanied by any Power of attorney under which it is executed (if applicable).
4. A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
5. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so.
6. If you prefer, you may return the proxy form to the Registrar in an envelope addressed to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD.