

29 March 2023

Catalyst Media Group Plc ("CMG", "Catalyst" or the "Company")

Interim Results for the Six Months Ended 31 December 2022

The Board of CMG (AIM: CMX) is pleased to announce the Company's unaudited interim results for the six months ended 31 December 2022.

CMG is a 20.54% shareholder in Sports Information Services (Holdings) Limited ("SIS") and the results include its share in the profits/(losses) of SIS as an equity accounted associate.

Financial Highlights for the six months to 31 December 2022

- CMG profit after taxation of £0.30 million (2021: £0.45 million)
- Earnings per share of 1.45p (2021: 2.14p)
- Net asset value per share of 170.4p (2021: 54.5p)
- For the six months to 30 September 2022, SIS achieved
 - Revenues of £125.8 million (2021: £113.4 million)
 - Operating profit of £1.9 million (2021: £3.0 million)
 - Profit after tax on ordinary activities of £1.8 million (2021: profit of £2.4 million)
- On 18 November 2022, SIS declared a dividend of £4.4 million of which £0.9 million was received by CMG.
- CMG has not declared nor paid any dividends during the reporting period or during the prior period, but a dividend of £0.7m (3.3p per ordinary share) was declared and paid by CMG, post the reporting period end, in January and February 2023 respectively.

Current Trading and Outlook

SIS's trading remains robust and its management continues to pursue and win new business opportunities both in terms of content acquisition, most recently securing new rights for Australian Horseracing from Victorian Thoroughbred Racing and Racing South Australia, and new customers, with the most recent deals announced being with BetGo+ and Kiron Interactive.

SIS has also recently launched the first of its esports offerings in New Jersey and Colorado which marks another significant step in the further geographic diversification of this particular business line.

SIS has advised CMG that it expects to close its financial year to 31 March 2023 with increased revenue and profit before tax year-on-year.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019.

Chairman's Statement

For the six-month period ended 31 December 2022, the Company achieved a net profit after taxation of £0.30 million (2021: £0.45 million).

Net assets as at 31 December 2022 were £35.8 million (30 June 2022: £35.5 million). Net cash as at 31 December 2022 was approximately £0.9 million (30 June 2022: £0.1 million).

CMG's main asset remains its 20.54% stake in SIS and, in November 2022, the Company received a dividend of £0.9 million from SIS. The value of CMG's investment in SIS has reduced from approximately £35.4 million to approximately £34.9 million, reflecting the impact of the dividend receipt offset by CMG's share of the profits achieved by SIS in the six months to 30 September 2022. As a result, CMG's net assets per share as at 31 December 2022 were 170.4p (2021: 54.5p). The carrying value of our investment in SIS will be reviewed again at our financial year end.

CMG equity accounts for its share in the profit of SIS which was £1.8 million after tax for its six-month period to 30 September 2022 (2021: £2.4 million). SIS's revenues for such period were £125.8 million (2021: £113.4 million) which were derived from its business of providing integrated television and data services to Licensed Betting Offices in the UK, Ireland and overseas. SIS generated an operating profit for this period of £1.9 million, compared to an operating profit of £3.0 million in the comparable period for 2021.

Following the declaration and payment of a £0.7m dividend (3.3p per ordinary share) in January and February 2023 respectively, CMG currently has cash reserves of approximately £0.2 million which is sufficient for its present requirements.

Set out below is an overview of the activities of SIS's key divisions for the period under review.

SIS - UK and Ireland Retail

SIS continues to provide a 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 of the major UK bookmaking groups and the majority of the independent market.

In advance of the scheduled renewal dates SIS has recently renewed, on a long-term basis, a combination of production, distribution, and content deals with 80% of the major bookmaker Licensed Betting Operator ("LBO") market and is in advanced stage negotiations with the remainder of the major bookmaker LBO market. This is in addition to the majority of the Independent Retail Bookmakers who are already signed up to SIS's services through to 2024.

SIS has recently secured additional content for its UK Retail and Digital customers in the form of South African horseracing from 4Racing, Italian horseracing and Australian horseracing content from both Victorian Thoroughbred Racing and Racing South Australia.

SIS - International & Online

SIS has seen continued growth in both existing customer revenues and its customer base for its online racing content through both its 24/7 racing channels and direct content distribution. SIS has over 140 live feeds to customers designed to maximise betting opportunities for international retail and online operators and has signed up 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.

In November 2022, SIS exercised its option to acquire a further 25% interest in Racelab Pty Limited ("Racelab"), a racing data science company in Australia, thereby increasing its total stake to 50%. Racelab provides a range of market leading products across the SIS portfolio of international horse and greyhound racing.

SIS - Non-racing content

Numbers products online, operated under the 49's brand, have grown significantly in the period, driven by a combination of increased customers and an expanded product range, and complemented by an upgrade of the 49s.co.uk website which has driven affiliates revenue. In December 2022 bet365 launched a new online draw product, Lotto365, powered by SIS's 49s business which brought the total number of events delivered under the 49's brand to over 300,000.

The SIS Competitive Gaming (e-sports) service, which was launched during lockdown in May 2020, has continued to scale the number of events created and increase revenues with new customers onboarding during the period. The business has three titles focused around eBasketball, eFootball and Counter Strike: Global Offensive (CS: GO), a traditional e-sports product, and creates over 100,000 events per annum with the ability to scale further. SIS has also recently launched the first of its esports offerings in New Jersey and Colorado which marks another significant step in the further geographic diversification of this particular business line.

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 SIS's profits.

SIS Current Trading and Outlook

SIS's trading remains robust, and its management continues to pursue and win new business opportunities both in terms of content acquisition, most recently securing new rights for Australian Horseracing from Victorian Thoroughbred Racing and Racing South Australia and new customers, with the most recent deals announced being with BetGo+ and Kiron Interactive.

SIS has advised CMG that it expects to close its financial year to 31 March 2023 with increased revenue and profit before tax year-on-year

SIS's cash position as of 28 February 2023 was approximately £51m.

As announced previously by the Company, in November 2022 SIS engaged Oakvale Capital LLP ("Oakvale Capital") to review strategic options for the SIS business and this review is ongoing. 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.

CMG Outlook

The Board of CMG notes the positive report from SIS that its revenues and profits are expected to show increased growth for its financial year ending 31 March 2023 compared to the previous year. We look forward to the outcome of the review currently being undertaken by Oakvale Capital. Meanwhile overheads for CMG continue to remain at a very low level as in previous years.

Michael Rosenberg OBE

Chairman

29 March 2023

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2022	6 months to 31 December 2021	12 months to 30 June 2022
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit		<u>12,500</u>	<u>12,500</u>	<u>25,000</u>
Administrative expenses		(77,355)	(60,049)	(137,859)
Operating loss		<u>(64,855)</u>	<u>(47,549)</u>	<u>(112,859)</u>
Financial income		874	9	36
Net financial income		<u>874</u>	<u>9</u>	<u>36</u>
Share of profit of equity-accounted associate	3	368,077	497,890	1,153,937
Reversal of impairment of equity-accounted associate		-	-	23,391,701
Profit before taxation		304,096	450,350	24,432,815
Taxation		-	-	23,957
Profit for the period		<u>304,096</u>	<u>450,350</u>	<u>24,456,772</u>
Share of other comprehensive profit of associate		-	-	67,782
Total comprehensive income for the period		<u>304,096</u>	<u>450,350</u>	<u>24,524,554</u>
Attributable to equity holders of the Company		<u>304,096</u>	<u>450,350</u>	<u>24,524,554</u>
Earnings per share:	4			
Basic		1.45p	2.14p	116.28p
Diluted		<u>1.45p</u>	<u>2.14p</u>	<u>116.28p</u>

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2022	31 December 2021	30 June 2022
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	3	34,894,534	11,314,470	35,430,000
		<u>34,894,534</u>	<u>11,314,470</u>	<u>35,430,000</u>
Current assets				
Trade and other receivables		49,555	40,976	56,953
Cash and cash equivalents		936,582	165,849	93,011
		<u>986,137</u>	<u>206,825</u>	<u>149,964</u>
Total assets		<u>35,880,671</u>	<u>11,521,295</u>	<u>35,579,964</u>
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent				
Share capital		2,103,202	2,103,202	2,103,202
Capital redemption reserve		711,117	711,117	711,117
Merger reserve		2,402,674	2,402,674	2,402,674
Retained profits		30,614,210	6,235,910	30,310,114
		<u>35,831,203</u>	<u>11,452,903</u>	<u>35,527,107</u>
Current liabilities				
Trade and other payables		49,468	68,392	52,857
		<u>49,468</u>	<u>68,392</u>	<u>52,857</u>
Total equity and liabilities		<u>35,880,671</u>	<u>11,521,295</u>	<u>35,579,964</u>

Consolidated interim cash flow statement

	6 months to 31 December 2022	6 months to 31 December 2021	12 months to 30 June 2022
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit before taxation	304,096	450,350	24,432,815
Adjustments for:			
Share of (profit) from associate	(368,077)	(497,890)	(1,153,937)
Reversal of impairment in associate	-	-	(23,391,701)
Finance income	(874)	(9)	(36)
Corporation taxes recovered	17,904	-	-
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(46,951)	(47,549)	(112,859)
(Increase) / Decrease in trade and other receivables	(10,506)	16,336	24,316
Increase / (Decrease) in trade and other payables	(3,389)	29,223	13,688
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(60,846)	(1,990)	(74,855)
Investing activities			
Dividend received	903,543	-	-
Interest received	874	9	36
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	904,417	9	36
	<hr/>	<hr/>	<hr/>
Net movement in cash and cash equivalents in the period	843,571	(1,981)	(74,819)
Cash and cash equivalents at the beginning of the period	93,011	167,830	167,830
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	936,582	165,849	93,011

Consolidated interim statement of changes in equity

	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2021	2,103,202	711,117	2,402,674	5,785,560	11,002,553
Profit for the 6 month period to 31 December 2021	-	-	-	450,350	450,350
Dividend paid to the Company's shareholders	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	450,350	450,350
At 31 December 2021	2,103,202	711,117	2,402,674	6,235,910	11,452,903
Profit for the 6 month period to 30 June 2022	-	-	-	24,006,422	24,006,422
Share of other comprehensive profit of associate	-	-	-	67,782	67,782
Total comprehensive profit for the period	-	-	-	24,074,204	24,074,204
At 30 June 2022	2,103,202	711,117	2,402,674	30,310,114	35,527,107
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2022	2,103,202	711,117	2,402,674	30,310,114	35,527,107
Profit for the 6 month period to 31 December 2022	-	-	-	304,096	304,096
Dividend paid to the Company's shareholders	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	304,096	304,096
At 31 December 2022	2,103,202	711,117	2,402,674	30,614,210	35,831,203

Notes to the interim financial statements

1. Corporate information

CMG is a company incorporated in England and Wales and is quoted on the AIM market operated by London Stock Exchange plc.

2. Basis of preparation

These unaudited consolidated interim financial statements cover the six month period from 1 July 2022 to 31 December 2022 including the financial results of Sports Information Services (Holdings) Limited ("SIS") for its six month period to 30 September 2022.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 2006.

The accounting policies adopted for the preparation of these unaudited interim financial statements are consistent with the accounting policies adopted in the Group's financial statements for the year ended 30 June 2022 and will remain so for the year ending 30 June 2023.

The financial information set out above does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2022, on which the report of the auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006, have been filed with the Registrar of Companies.

New financial reporting requirements

The Group, including SIS, has applied no new financial reporting standards for the first time in preparing its financial statements for the six month period ended 31 December 2022.

Standards, interpretations and amendments to published standards not yet effective

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

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

The Directors anticipate that the adoption of this standard will not have a material impact on the Group's financial statements in the period of initial adoption.

3. Investment in associate

	Total Group £
Cost	
At 1 July 2022	35,430,000
Additions - share of profits	368,077
Dividends received	(903,543)
At 31 December 2022	<hr/> 34,894,534 <hr/>

The Group's interest in its associate, SIS, a company incorporated in England and Wales, is held by Alternateport Limited ("Alternateport"). Alternateport 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. Alternateport is a wholly-owned subsidiary of Catalyst Media Holdings Limited, a wholly-owned subsidiary of the Company.

The Board has reviewed its valuation of the Company's investment in SIS as at 31 December 2022 and has, in line with the Group's accounting policies, decreased the value of its investment by the amount of its share of profits for the period, less the value of the dividend received. As a result, the investment is now carried at a value of £34.9m.

Share of profit of associate*	30 September 2022 SIS Total £'000	31 December 2022 CMG share £'000	31 December 2021 CMG share £'000	30 June 2022 CMG share £'000
Revenue:				
SIS Betting Services	125,746	25,828	23,283	44,849
Total revenue	125,746	25,828	23,283	44,849
Operating profit/(loss) from ongoing operations	1,929	396	616	1,430
Net interest receivable / (payable)	283	58	(1)	-
Profit/(loss) before tax	2,212	454	615	1,430
Taxation	(420)	(86)	(117)	(276)
Share of income/(loss) after taxation	1,792	368	498	1,154
Net income from associate	1,792	368	498	1,154
Other comprehensive income				
Actuarial gain/(loss)	-	-	-	104
Deferred tax	-	-	-	(36)
	-	-	-	68
Share of gross assets and liabilities of associate				
Gross assets	131,315	26,972	23,068	26,005
Gross liabilities	(69,212)	(14,216)	(11,754)	(13,617)
Net equity	62,103	12,756	11,314	12,388

* - The period covered by the associate's accounts is for the six months to 30 September 2022. The revenues have been stated excluding internal revenues.

4. Earnings per share

The calculation of the basic earnings per ordinary share of 10p each in the capital of the Company ("Share") is based upon the following:

	6 months to 31 December 2022 £	6 months to 31 December 2021 £	12 months to 30 June 2022 £
Basic and Diluted			
Earnings per share - pence	1.45p	2.14p	116.28p
Profit attributable to equity shareholders	304,096	450,350	24,456,772
Weighted average number of Shares in issue	21,032,030	21,032,030	21,032,030

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