

26 March 2024

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

Interim Results for the Six Months Ended 31 December 2023

The Board of CMG (AIM: CMX) is pleased to announce the Company's unaudited interim results for the six months ended 31 December 2023.

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 2023

- CMG profit after taxation of £0.77 million (2022: £0.30 million)
- Earnings per share of 3.64p (2022: 1.45p)
- Following payment of a 27p dividend in November 2023, net asset value per share of 151.6p (2022: 170.4p) at the end of the reporting period
- For the six months to 30 September 2023, SIS achieved
 - Revenues of £133.5 million (2022: £125.7 million)
 - Operating profit of £4.6 million (2022: £1.9 million)
 - Profit after tax on ordinary activities of £4.0 million (2022: profit of £1.8 million)
- On 31 October 2023, the Company received its £6.16 million share of an ordinary and special dividend paid by SIS and on 21 November 2023 paid an interim dividend of approximately £5.68 million, equating to 27 pence per CMG ordinary share.

SIS's 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 Korean horseracing, and new customer distribution deals recently announced with Genius Sports Limited and EveryMatrix for Competitive Gaming.

In February 2024, SIS launched fixed odds horseracing in Colorado USA with bet365 following approval by state authorities. The launch followed the previous launch of Competitive Gaming in three states including Colorado in calendar year 2023.

SIS has advised that on 12 March 2024 the board of Racelab Pty Limited, a company based in Australia in which SIS has a 50% stake, appointed a Voluntary Administrator following its failure to secure further funding. At this stage, SIS management are unclear of the likely outcome however it is unlikely to impact SIS's trading results although will result in a write-down of the investment in its financial year to 31 March 2024.

Prior to any investment write-down, SIS has advised CMG that it expects to close its financial year to 31 March 2024 with increased revenue and profit before tax year-on-year, but noted the likely impact on next year's profitability of the closure of a particular customer.

Enquiries:

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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 Regulation (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 2023, the Company achieved a net profit after taxation of £0.77 million (2022: £0.30 million).

Net assets as at 31 December 2023 were £31.9 million (30 June 2023: £36.8 million). Net cash as at 31 December 2023 was approximately £0.6 million (30 June 2023: £0.2 million).

CMG's main asset remains its 20.54% stake in SIS and, in October 2023, the Company received its £6.16 million share of an ordinary and special dividend from SIS. The value of CMG's investment in SIS has reduced from approximately £36.6 million as at 30 June 2023 to approximately £31.3 million as at 31 December 2023, reflecting the impact of such dividend receipt offset by CMG's share of the profits achieved by SIS in the six months to 30 September 2023. As a result, CMG's net assets per share as at 31 December 2023 were 151.6p (2022: 170.4p). 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 £4.0 million after tax for its six-month period to 30 September 2023 (2022: £1.8 million). SIS's revenues for such period were £133.5 million (2022: £125.7 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 £4.6 million, compared to an operating profit of £1.9 million in the comparable period for 2022.

CMG currently has cash reserves of approximately £0.5 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 its core service including Racecourse Media Group horseracing, the SIS British Greyhound Service, Irish Horseracing, Chelmsford City Horseracing, 49's 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 supplies its retail services, production, distribution and content, to the major retail brands on recently-renewed long term agreements.

In June 2023, SIS strengthened its long-term position by securing a five-year renewal to the Horse Racing Ireland and Association of Irish Racecourses' worldwide Fixed Odds rights.

SIS - International & Online

SIS has continued to expand its international reach both in terms of customers and rights agreements. New racing rights have been secured for horseracing from South Africa, Australia, Italy, Korea and Poland and a number of existing international content agreements have been renewed.

SIS has over 150 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.

SIS has seen its new US subsidiary, SIS Content Services Inc., secure licences to supply elements of its content in five states and has a number of other state applications in progress and went live with Fixed Odds horseracing in February 2024.

SIS - Non-racing content

The SIS Competitive Gaming (e-sports) service, has seen customer growth in the year and is now focussing on two sports related titles, e-football, and e-basketball, following feedback from customers. It provides around 100,000 unique events per annum with plans underway to increase this number further. The events are

supplied to customers in a number of territories worldwide including three US states where SIS is currently licenced. In February 2024, SIS signed distribution deals with Genius Sports Limited and EveryMatrix which will provide worldwide distribution of the Competitive Gaming events.

49's Ltd, the branded numbers business, has served to expand SIS's product offering following its acquisition in 2020 with SIS's product range now including the original 49's draw, Fast 15's and 39's, plus upgraded virtual horseracing. In SIS's financial year to 31 March 2023, it also launched a bespoke draw product, Lotto365, for bet365. Accordingly, the business now produces over 500,000 draws per annum.

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's 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 Korean horseracing, and new customer distribution deals recently announced with Genius Sports Limited and EveryMatrix for Competitive Gaming.

In February 2024, SIS launched fixed odds horseracing in Colorado USA with bet365 following approval by state authorities, the launch followed the launches in calendar year 2023 of Competitive Gaming in three states including Colorado.

SIS has advised that on 12 March 2024 the board of Racelab Pty Limited, a company based in Australia in which SIS has a 50% stake, appointed a Voluntary Administrator following its failure to secure further funding. At this stage, SIS is unclear of the likely outcome however it is unlikely to impact SIS's trading results although will result in a write-down of the investment in its financial year to 31 March 2024.

Prior to any investment write-down, SIS has advised CMG that it expects to close its financial year to 31 March 2024 with increased revenue and profit before tax year-on-year.

SIS's cash position as of 11 March 2024 was approximately £13.1 million.

In March 2024, SIS also noted that a particular customer, had announced that it intends to cease trading on 31 March 2024. SIS is continuing discussions with such customer but it is likely to impact profitability in SIS's next financial year.

Following its total dividend distribution in October 2023, SIS secured an initial £35 million banking facility to provide funds for working capital and to finance growth, including acquisition financing, and the SIS Board continues to support the company's long term business strategy. Such banking facility can potentially be increased to £50 million.

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 2024 compared to the previous year, subject to any one-off investment write-downs, but also notes the likely impact on next year's profitability of the closure of a customer. Meanwhile, overheads for CMG continue to remain at a very low level as in previous years.

Michael Rosenberg OBE

Chairman

25 March 2024

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2023	6 months to 31 December 2022	12 months to 30 June 2023
		£ 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		(96,739)	(77,355)	(179,447)
Operating loss		<u>(84,239)</u>	<u>(64,855)</u>	<u>(154,477)</u>
Financial income		6,134	874	2,243
Net financial income		<u>6,134</u>	<u>874</u>	<u>2,243</u>
Share of profit of equity-accounted associate	3	829,405	368,077	880,174
Reversal of impairment of equity-accounted associate		-	-	1,856,276
Profit before taxation		751,300	304,096	2,584,246
Taxation		15,300	-	30,300
Profit for the period		<u>766,600</u>	<u>304,096</u>	<u>2,614,546</u>
Share of other comprehensive profit of associate		-	-	(651,323)
Total comprehensive income for the period		<u>766,600</u>	<u>304,096</u>	<u>1,963,223</u>
Attributable to equity holders of the Company		<u>766,600</u>	<u>304,096</u>	<u>1,963,223</u>
Earnings per share:	4			
Basic		3.64p	1.45p	12.43p
Diluted		<u>3.64p</u>	<u>1.45p</u>	<u>12.43p</u>

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2023	31 December 2022	30 June 2023
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	3	31,279,687	34,894,534	36,611,584
		<u>31,279,687</u>	<u>34,894,534</u>	<u>36,611,584</u>
Current assets				
Trade and other receivables		100,834	49,555	78,668
Cash and cash equivalents		608,166	936,582	174,364
		<u>709,000</u>	<u>986,137</u>	<u>253,032</u>
Total assets		<u>31,988,687</u>	<u>35,880,671</u>	<u>36,864,616</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		26,667,161	30,614,210	31,579,260
		<u>31,884,154</u>	<u>35,831,203</u>	<u>36,796,253</u>
Current liabilities				
Trade and other payables		104,533	49,468	68,363
		<u>104,533</u>	<u>49,468</u>	<u>68,363</u>
Total equity and liabilities		<u>31,988,687</u>	<u>35,880,671</u>	<u>36,864,616</u>

Consolidated interim cash flow statement

	6 months to 31 December 2023	6 months to 31 December 2022	12 months to 30 June 2023
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit before taxation	751,300	304,096	2,584,246
Adjustments for:			
Share of (profit) from associate	(829,405)	(368,077)	(880,174)
Reversal of impairment in associate	-	-	(1,856,276)
Finance income	(6,134)	(874)	(2,243)
Corporation taxes recovered	-	17,904	17,904
Net cash outflow from operating activities before changes in working capital	(84,239)	(46,951)	(136,543)
(Increase) / Decrease in trade and other receivables	(6,867)	(10,506)	(9,318)
Increase / (Decrease) in trade and other payables	36,171	(3,389)	15,505
Net cash outflow used in operating activities	(54,935)	(60,846)	(130,356)
Investing activities			
Dividend received	6,161,302	903,543	903,543
Interest received	6,134	874	2,243
Net cash inflow from investing activities	6,167,436	904,417	905,786
Financing activities			
Dividends paid	(5,678,699)	-	(694,077)
Net cash outflow used in financing activities	(5,678,699)	-	(694,077)
Net movement in cash and cash equivalents in the period	433,802	843,571	81,353
Cash and cash equivalents at the beginning of the period	174,364	93,011	93,011
Cash and cash equivalents at the end of the period	608,166	936,582	174,364

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 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
Total comprehensive profit for the period	-	-	-	304,096	304,096
Dividend paid to the Company's shareholders	-	-	-	-	-
At 31 December 2022	2,103,202	711,117	2,402,674	30,614,210	35,831,203
Profit for the 6 month period to 30 June 2023	-	-	-	2,310,450	2,310,450
Share of other comprehensive profit of associate	-	-	-	(651,323)	(651,323)
Total comprehensive profit for the period	-	-	-	1,659,127	1,659,127
Dividend paid to the Company's shareholders	-	-	-	(694,077)	(694,077)
At 30 June 2023	2,103,202	711,117	2,402,674	31,579,260	36,796,253
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2023	2,103,202	711,117	2,402,674	31,579,260	36,796,253
Profit for the 6 month period to 31 December 2023	-	-	-	766,600	766,600
Total comprehensive profit for the period	-	-	-	766,600	766,600
Dividend paid to the Company's shareholders	-	-	-	(5,678,699)	(5,678,699)
At 31 December 2023	2,103,202	711,117	2,402,674	26,667,161	31,884,154

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 2023 to 31 December 2023 including the financial results of Sports Information Services (Holdings) Limited ("SIS") for its six month period to 30 September 2023.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2023 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 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 2023 and will remain so for the year ending 30 June 2024.

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 2023, 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 the following new financial reporting standards for the first time in preparing its financial statements for the six month period ended 31 December 2023. All were effective as of 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

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

- General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures (Amendments to IFRS S1 and S2) (effective as of 1 January 2024)
- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective as of 1 January 2024)
- Lease Liability in a Sale and Leaseback (Amendments to IAS 16) (effective as of 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective as of 1 January 2024); and
- Lack of Exchangeability (Amendments to IAS 21) (effective as of 1 January 2025)

The Directors anticipate that the adoption of these standards 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 2023	36,611,584
Additions - share of profits	829,405
Dividends received	(6,161,302)
At 31 December 2023	<u>31,279,687</u>

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, whilst entitled to appoint a director and alternate director to the SIS board, currently maintains observer rights. 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 2023 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 approximately £31.3m.

Share of profit of associate*	30 September 2023 SIS Total £'000	31 December 2023 CMG share £'000	31 December 2022 CMG share £'000	30 June 2023 CMG share £'000
Revenue:				
SIS Betting Services	133,458	27,412	25,828	47,396
Total revenue	<u>133,458</u>	<u>27,412</u>	<u>25,828</u>	<u>47,396</u>
Operating profit/(loss) from ongoing operations	4,583	941	396	1,108
Group's share of loss in associate	-	-	-	(33)
Net interest receivable / (payable)	845	174	58	275
Profit/(loss) before tax	5,428	1,115	454	1,350
Taxation	(1,390)	(286)	(86)	(347)
Share of income/(loss) after taxation	4,038	829	368	1,003
Net income from associate	4,038	829	368	1,003
IFRS 9 expected credit loss provision	-	-	-	(123)
Adjusted net income from associate	4,038	829	368	880
Other comprehensive income				
Actuarial gain/(loss)	-	-	-	(1,498)
Deferred tax	-	-	-	524
Acquisition of a subsidiary and revaluation loss	-	-	-	322
Total other comprehensive income	-	-	-	(652)
Share of gross assets and liabilities of associate				
Gross assets	123,591	25,386	26,972	26,774
Gross liabilities	(62,922)	(12,924)	(14,216)	(14,938)
Net equity	<u>60,669</u>	<u>12,462</u>	<u>12,756</u>	<u>11,836</u>

* - The period covered by the associate's accounts is for the six months to 30 September 2023. 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 2023 £	6 months to 31 December 2022 £	12 months to 30 June 2023 £
Basic and Diluted			
Earnings per share - pence	3.64p	1.45p	12.43p
Profit attributable to equity shareholders	766,600	304,096	1,963,223
Weighted average number of Shares in issue	21,032,030	21,032,030	21,032,030

- ENDS -