

27 March 2019

Catalyst Media Group Plc
(“CMG”, “Catalyst” or the “Group”)

Interim Results for Six Months Ended 31 December 2018

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2018.

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

Financial Highlights for the six months to 31 December 2018

- CMG profit after taxation and before adjustment to investment valuation of £0.42 million (2017: £0.34 million)
- Earnings per share of 1.98p (2017: 1.62p)
- Net asset value per share of 70.2p (2017: 122.5p)
- In the six months to 30 September 2018, SIS achieved, including the results for SIS LIVE which was sold in October 2018
 - Revenues of £120.7 million (2017: £100.9 million)
 - EBITDA of £8.5 million (2017: £11.1 million)
 - Profit after tax on ordinary activities of £2.1 million (2017: £1.8 million)
- Following the sale of SIS LIVE in October 2018, SIS declared a dividend of £40.0 million of which £8.2 million was received by CMG
- CMG declared a dividend of £12.2 million in October 2018, paid in November 2018

Michael Rosenberg, Chairman of Catalyst commented: *“With SIS’s domestic retail position secured with contracts signed for between two to four years with 98% of the UK and Irish Licensed Betting Offices, albeit at lower margins, SIS has focused on utilising its industry expertise and content in other markets including international retail and online. 2019 has already seen a deepening partnership between SIS and the Racecourse Media Group in respect of international and online rights, with a new 24/7 service having been launched in January 2019.*”

SIS has confirmed that it expects to achieve a profit before tax, excluding profit on sale of SIS Live and before certain charges, for the year to 31 March 2019 towards the upper end of previous guidance and that SIS continues to expect to announce a dividend after the end of its current financial year. As and when received, the Company anticipates that it will distribute such funds to shareholders.”

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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.

Chairman's Statement

For the six month period ended 31 December 2018, the Company has generated a net profit after taxation before adjustment to investment valuation of £0.42 million (2017: £0.34 million).

Net assets as at 31 December 2018 were £14.8 million (30 June 2018: £26.5 million). Net cash as at 31 December 2018 was £0.4 million (2017: £4.5 million).

CMG's main asset remains its 20.54% stake in SIS and, in October 2018, the Company received a dividend of £8.2 million from SIS. Following the payment of a dividend of £12.2 million to shareholders in October 2018, the value of CMG's investment in SIS has been reduced from £21.2 million to £14.3 million. As a result, the net assets per share as at 31 December 2018 were 70.2p (2017: 122.5p).

CMG equity accounts for its share in the profits of SIS which, including the results of SIS Live which was subsequently sold in October 2018, were £2.1 million after tax for the six month period to 30 September 2018 (2017: £1.8 million). SIS revenues for the period were £120.7 million (2017: £100.9 million) of which £109.0 million (2017: £92.5 million) was derived from the business of providing integrated television and data services to Licensed Betting Offices in the UK, Ireland and overseas and a further £11.7 million (2017: £8.4 million) was contributed by SIS Live which provides satellite news gathering and associated transmission services to its customers. Operating profits of SIS for the period increased to £2.5 million, compared to £2.1 million in the comparable period for 2017, as a result of some racecourse rights ending and investment in non-UK retail areas of the business.

Following the sale of SIS LIVE in October 2018, SIS's average cash position increased to approximately £95 million and SIS subsequently approved and paid a dividend of £40 million on 26 October 2018 to its shareholders.

On receipt of its share of the SIS dividend, being £8.2 million, the Company had a cash balance of approximately £12.6 million and as announced on 26 October 2018, the Board of CMG approved the distribution of £12.2 million to CMG's shareholders by way of a dividend of 58p per share. The dividend was paid on 23 November 2018 to CMG shareholders on the register of members as at 9 November 2018.

CMG currently has cash of approximately £400,000 which is sufficient for its present needs.

SIS BETTING

SIS is a leading supplier of data, pictures and pricing across a range of sports enabling more than 100,000 betting opportunities a year.

SIS continues to concentrate on its strategy of utilising its skill set and experience in delivering appealing linear betting opportunities in the UK and Irish retail markets, whilst also seeking to expand into both online and international retail markets. The focus of the strategy is to secure the long-term future of SIS and to reduce its reliance on the UK retail market.

Domestic Retail (UK and Ireland)

SIS has UK retail rights deals with the Racecourse Media Group ("RMG") for UK premium horseracing and Horse Racing Ireland and the Association of Irish Racecourses for all Irish horseracing, which together with Chelmsford City Racecourse an all weather racecourse, 49's virtual and live draws and a series of greyhound racing rights from eight British tracks, provides SIS with comprehensive core content for its UK and Irish retail service through to 2023.

SIS continues to provide this core service on mid and long term agreements to 98% of the UK and Irish Retail market, including all the major UK bookmaking groups and the majority of the independent market.

Additionally, SIS supplies additional content and services to its UK and Irish retail customers to cover early morning and additional evening products and has recently extended these services adding additional early morning greyhounds from UK and Ireland, Korean horseracing, Melbourne Racecourse Group, and various South American horseracing.

To date there has been no significant change in Licensed Betting Office numbers, however, as previously announced the Department for Digital, Culture, Media and Sport concluded the Triennial Review in 2018, announcing a reduction in maximum Fixed Odds Betting Terminals stakes from £100 to £2. The

implementation of this legislation is on 1 April 2019 and although the impact is not yet known, it is possible that future years could be significantly impacted if the press reported impact on UK Licensed Betting Offices does happen.

International Retail and Online

SIS currently supplies several international and online operators and has continued to progress its strategy to increase its distribution in these markets using proprietary streaming and production technology as well as data pricing services.

As announced in January 2018, SIS secured international retail and digital rights for the RMG's horseracing content from January 2019 and September 2018 respectively. This content forms a key part of the SIS World Racing International service which is the SIS successor to the GBI Fixed Odds and Tote Service which ended in December 2018.

The vast majority of SIS existing international fixed odds customers have signed up for mid to long term agreements for the new service which commenced in January 2019 and SIS is talking to a number of new operators regarding a full International racing channel.

SIS launched in January 2019 its 24/7 channels covering horseracing, greyhound racing, virtuals and mixed channels having secured content covering the whole 24 hour period – content includes Melbourne Raceclub, Palmero, LARC, South Korean as well the UK and Irish content. There will be an initial 13 channel combinations aimed at online operators using a watch and bet model as well as international retail operators in different time zones and SIS has already signed a couple of contracts

SIS demonstrated two new products at the ICE industry exhibition in London in February 2019 - a Competitive Gaming (e-sports) product and a Horseracing In-Running product. Both were received well by attendees and trials will be commencing shortly with a number of operators.

SIS LIVE

As previously reported the sale of SIS LIVE, the connectivity business of SIS, was completed on 9 October 2018 to NEP Group a worldwide outsourced technical production partner supporting premier content producers of live sports and entertainment. SIS LIVE has now been rebranded NEP Connect and SIS looks forward to continuing to work with NEP Connect as a long-term supply partner. SIS achieved revenues of £11.7 million in the period reported (2017: £8.4 million).

India

As previously reported the claim in respect of the Indian project continues to be pursued but the outcome remains uncertain. The legal and associated costs relating to this claim have been significantly reduced but are still impacting profits and are expected to continue for some time.

Litigation

As previously announced SIS is experiencing increased litigation costs. The one remaining case was heard at the High Court in January/February 2019 and a judgement is expected to be passed down by Easter. SIS believes it has a robust defence against the claims being made and once judgement is received it will make further announcements depending on the result.

OUTLOOK

The Company has been advised by SIS that it expects profit before tax for the year to 31 March 2019, excluding profit on sale of SIS Live and certain other charges, will be towards the upper end of previous guidance of £3.5 million to £4.5 million. SIS's cash balances as at 31 March 2019, are expected to be approximately £70 million, after the payment of a special dividend of £40 million in October 2018.

SIS's Board continues to expect to announce a dividend after the end of its current financial year to 31 March 2019, though the quantum of such dividend has not yet been determined. Should SIS make a further dividend distribution and on receipt of such funds, it is the current intention of the CMG Board to consider distributing the majority of such funds to its shareholders. The Company will make further announcements in this regard as appropriate.

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2018	6 months to 31 December 2017	12 months to 30 June 2018
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit		12,500	12,500	25,000
Administrative expenses		(49,574)	(52,438)	(122,608)
Other operating income		-	-	-
Operating loss		(37,074)	(39,938)	(97,608)
Financial income		4,912	1,040	4,382
Financial costs		-	-	-
Net financial income		4,912	1,040	4,382
Share of profit of equity-accounted associate	3	440,172	369,720	1,047,129
Profit before taxation		408,010	330,822	953,903
Taxation		9,020	9,076	18,076
Profit / (loss) for the period		417,030	339,898	971,979
Share of other comprehensive loss of associate		-	-	147,272
Total comprehensive income / (loss) for the period		417,030	339,898	1,119,251
Attributable to equity holders of the company		417,030	339,898	1,119,251
Earnings / (loss) per share:	4			
Basic		1.98p	1.62p	4.62p
Diluted		1.98p	1.62p	4.62p

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2018	31 December 2017	30 June 2018
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	3	14,316,221	21,266,027	22,090,708
		<u>14,316,221</u>	<u>21,266,027</u>	<u>22,090,708</u>
Current assets				
Trade and other receivables		10,422	29,280	30,946
Cash and cash equivalents		449,583	4,474,928	4,451,635
		<u>460,005</u>	<u>4,504,208</u>	<u>4,482,581</u>
Total assets		<u>14,776,226</u>	<u>25,770,235</u>	<u>26,573,289</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		9,541,519	20,543,734	21,323,087
		<u>14,758,512</u>	<u>25,760,727</u>	<u>26,540,080</u>
Current liabilities				
Trade and other payables		19,403	10,984	30,243
Corporation tax payable		(1,689)	(1,476)	2,966
		<u>17,714</u>	<u>9,508</u>	<u>33,209</u>
Total equity and liabilities		<u>14,776,226</u>	<u>25,770,235</u>	<u>26,573,289</u>

Consolidated interim cash flow statement

	6 months to 31 December 2018	6 months to 31 December 2017	12 months to 30 June 2018
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit before taxation	408,010	330,822	953,903
Adjustments for:			
Share of profit from associate	(440,172)	(369,720)	(1,047,129)
Finance income	(4,912)	(1,040)	(4,382)
Corporation taxes recovered	4,365	4,063	17,505
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(32,709)	(35,875)	(80,103)
Decrease / (increase) in trade and other receivables	20,524	(14,200)	(15,866)
(Decrease) in trade and other payables	(10,840)	(20,150)	(891)
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(23,025)	(70,225)	(96,860)
Investing activities			
Dividend received	8,214,659	3,080,651	3,080,651
Interest received	4,912	1,040	4,382
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	8,219,571	3,081,691	3,085,033
Financing activities			
Dividends paid	(12,198,598)	-	-
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	(12,198,598)	-	-
Net movement in cash and cash equivalents in the period	(4,002,052)	3,011,466	2,988,173
Cash and cash equivalents at the beginning of the period	4,451,635	1,463,462	1,463,462
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	449,583	4,474,928	4,451,635

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 2017	2,103,202	711,117	2,402,674	20,203,836	25,420,829
Profit for the 6 month period to 31 December 2017	-	-	-	339,898	339,898
Share repurchase	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	339,898	339,898
At 31 December 2017	2,103,202	711,117	2,402,674	20,543,734	25,760,727
Profit for the 6 month period to 30 June 2018	-	-	-	632,081	632,081
Share of other comprehensive loss of associate	-	-	-	147,272	147,272
Total comprehensive profit for the period	-	-	-	779,353	779,353
At 30 June 2018	2,103,202	711,117	2,402,674	21,323,087	26,540,080
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2018	2,103,202	711,117	2,402,674	21,323,087	26,540,080
Profit for the 6 month period to 31 December 2018	-	-	-	417,030	417,030
Dividend paid to company shareholders	-	-	-	(12,198,598)	(12,198,598)
Total comprehensive loss for the period	-	-	-	(11,781,568)	(11,781,568)
At 31 December 2018	2,103,202	711,117	2,402,674	9,541,519	14,758,512

Notes to the interim financial statements

1. Corporate information

The Company is a company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange plc.

2. Basis of preparation

These unaudited consolidated interim financial statements cover the six month period from 1 July 2018 to 31 December 2018 including the financial results of Sports Information Services (Holdings) Limited ("SIS") for the six month period to 30 September 2018.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2018 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 this unaudited interim statement are consistent with the accounting policies adopted in the Group's financial statements for the year ended 30 June 2018 and will remain so for the year ending 30 June 2019.

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 2018, 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 has applied the following new financial reporting standards for the first time in preparing its financial statements for the year ended 30 June 2019. There has been no material impact on the Group's financial statements

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers

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 standard and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. This standard and interpretations is not effective for and has not been applied in the preparation of these consolidated financial statements:

- IFRS 16: Leases (effective as of 1 January 2019)

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 2018	22,090,708
Additions – share of profit	440,172
Dividend received	(8,214,659)
At 31 December 2018	<hr/> 14,316,221 <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 intangible assets represent the value attributable to the ongoing business activities of SIS, which are subject to an annual valuation adjustment.

The Board has reviewed its valuation of the investment in SIS as at 31 December 2018 and has, in line with the Group's accounting policies, reduced the value of the investment by the amount of its profit share for the period and dividends received. As a result, it has concluded that the investment should be held at a value of £14,316,219.

Share of profit of associate*	30 September 2018 SIS Total £'000	31 December 2018 CMG share £'000	31 December 2017 CMG share £'000	30 June 2018 CMG share £'000
Revenue:				
SIS Betting Services	109,013	22,391	19,002	36,753
SIS LIVE services	11,653	2,394	1,715	2,579
Total revenue	120,666	24,785	20,717	39,332
Operating profit from ongoing operations	2,517	517	424	1,716
Net interest receivable / (payable)	129	26	32	58
(Losses) / profits on business wind down	-	-	-	(364)
Profit on disposal of fixed asset	-	-	-	10
Profit before tax	2,646	543	456	1,420
Taxation	(503)	(103)	(87)	(372)
Share of profit after taxation	2,143	440	369	1,048
Net income from associate	2,143	440	369	1,048
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	12
Deferred tax	-	-	-	34
Change in value of hedging instrument	-	-	-	101
	-	-	-	147
Share of gross assets and liabilities of associate				
Gross assets	140,144	28,786	32,152	29,257
Gross liabilities	(56,901)	(11,687)	(13,238)	(12,599)
Net equity	83,243	17,099	18,914	16,658

*The period covered by the associate's accounts is the six months to 30 September 2018. The revenues have been stated excluding internal revenues.

4. Earnings/(loss) 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 2018 £	6 months to 31 December 2017 £	12 months to 30 June 2018 £
Basic and Diluted			
Profits per share – pence	1.98p	1.62p	4.62p
Profit attributable to equity shareholders	417,030	339,898	971,979
Weighted average number of Shares in issue	21,032,030	21,032,030	21,032,030