

26 March 2020

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

Interim Results for Six Months Ended 31 December 2019

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2019.

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 2019

- CMG profit after taxation and before adjustment to investment valuation of £0.32 million (2018: £0.42 million)
- Earnings per share of 1.53p (2018: 1.98p)
- Net asset value per share of 66.3p (2018: 70.2p)
- In the six months to 30 September 2019, SIS achieved
 - Revenues of £121.1 million (2018: £120.7 million)
 - EBITDA of £1.9 million (2018: £8.5 million)
 - Profit after tax on ordinary activities of £1.7 million (2018: £2.1 million)
- In October 2019, SIS declared a dividend of £5.0 million of which £1.03 million was received by CMG
- CMG declared a dividend of £1.05 million in October 2019, paid in November 2019

Impact of Covid-19

Since 12 March 2020, horse racing fixtures began to be cancelled and there are now no horse racing or greyhound racing fixtures in the UK, or indeed in the majority of countries. As a result, SIS has informed the Company that whilst trading is and will be impacted going forward, it still expects to make a profit for the year ending 31 March 2020, prior to any provisions or adjustment as a result of Covid-19, and at this point, no guidance can be provided for the following financial year pending the resumption of racing. In addition, SIS’s cash resources will be impacted, though fortunately SIS currently has significant cash reserves amounting to approximately £58 million. The actions now being taken by SIS’s management, including suspending operations, are intended to seek to ensure that as and when conditions improve and racing recommences, SIS will be well placed to continue to provide the range of services previously offered to the market.

Enquiries:

Catalyst Media Group Plc

Michael Rosenberg, Non-executive Chairman: 07785 727 595

Melvin Lawson, Non-executive Director: 020 7734 8111

Strand Hanson Limited:

020 7409 3494

James Harris / Richard Tulloch

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 2019, the Company has generated a net profit after taxation before adjustment to investment valuation of £0.32 million (2018: £0.42 million).

Net assets as at 31 December 2019 were £13.9 million (30 June 2019: £14.8 million). Net cash as at 31 December 2019 was £0.3 million (2018: £0.4 million).

CMG's main asset remains its 20.54% stake in SIS and, in October 2019, the Company received a dividend of £1.03 million from SIS. Following the payment of a dividend of £1.05 million to shareholders in November 2019, the value of CMG's investment in SIS has been reduced from £14.3 million to £13.6 million. As a result, the net assets per share as at 31 December 2019 were 66.3p (2018: 70.2p), though the carrying cost of our investment in SIS will need to be reviewed again at the year end in light of the present difficulties.

CMG equity accounts for its share in the profits of SIS which were £1.7 million after tax for the six month period to 30 September 2019 (2018: £2.1 million). SIS revenues for the period were £121.1 million (2018: £120.7 million) which was derived from the business of providing integrated television and data services to Licensed Betting Offices in the UK, Ireland and overseas. Operating profits of SIS for the period decreased to £1.9 million, compared to £2.5 million in the comparable period for 2018.

On receipt of its share of the SIS dividend, being £1.03 million, the Company had a cash balance of approximately £1.37 million and as announced on 31 October 2019, the Board of CMG approved the distribution of £1.05 million to CMG's shareholders by way of a dividend of 5p per share. The dividend was paid on 22 November 2019 to CMG shareholders on the register of members as at 8 November 2019.

CMG currently has cash of approximately £0.3 million which is sufficient for its present needs.

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

SIS Betting – UK and Ireland Retail

SIS continued to provide a core service based on content from Racecourse Media Group horseracing, SIS British Greyhound Service, Irish Horseracing, Chelmsford City Horseracing, 49s and International Horseracing on mid and long term agreements to over 97% 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 Mexican greyhounds as well as the prestigious Saudi Cup, the most valuable horse race this year.

SIS Betting – International & Online

SIS produces 24/7 channels covering horseracing, greyhound racing, virtual racing and mixed channels, having secured content covering the whole 24-hour period – content includes horseracing from Melbourne Racing Club and Thoroughbred Racing South Australia, Palermo in Argentina, Latin America, South Korea, Philly PARX and Spain as well the UK and Irish horseracing and greyhound racing from UK, Ireland and Mexico.

SIS has over 30 channels designed to maximise betting opportunities for international retail and online operators and has signed a number of international and online operators to multiyear agreements. SIS continues to progress its strategy to increase distribution, in both new and existing International and Digital markets, using proprietary production technology as well as streaming and data pricing services.

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.

Litigation

Further to the Company's announcement in January 2020, in respect of the case brought by The Racing Partnership Limited and others (together the "Claimants") against SIS's subsidiary, Sports Information Services Limited ("SISL"), and others, SIS has informed the Company that the Claimants have filed at the High Court particulars of the damages sought. The Claimants are seeking damages in excess of £40 million.

SISL has reviewed the particulars of the damages sought with its legal advisers and is currently preparing a robust defence, in tandem with the ongoing appeal. SISL's management continue to firmly believe that in the event that damages are awarded to the Claimants, any final award of damages would be considerably less than the amount claimed.

SISL have advised the Company that the Court of Appeal have set a date for the appeal hearing of 7-9 July with judgement expected to be handed down towards the end of the year.

SISL continues to hold a high level of cash of approximately £58 million and should a final award of damages be made at the level the Claimants seek, the likelihood of which SISL management considers remote, there is sufficient cash available to meet such award.

Current Trading and Impact of Covid-19

The current year has seen the implementation of the Triennial Review from 2018 announced by the Department for Digital, Culture, Media and Sport which introduced a stake reduction in Fixed Odds Betting Terminals ("FOBT") maximum stakes from £100 to £2. Since the stake reduction came into force in April 2019, SIS has seen a fall in the number of UK Licensed Betting Office subscribers from approximately 9,250 to approximately 7,950, which is slightly lower than SIS's management expected. However, until the recent Covid-19 outbreak SIS's performance was ahead of SIS management's expectations and the investment and progress in Digital and International markets had continued. Announcements in the last 12 months by SIS have included the launch of a World Greyhound Tote (aimed at tote based territories around the world), Competitive Gaming (E-sports product) expansion into Eastern Europe and South America both with new retail and online operators and a number of new retail and online customers in Europe for its Watch and Bet 24/7 channels.

Since 12 March 2020, horse racing fixtures began to be cancelled and there are now no horse racing or greyhound racing fixtures in the UK, or indeed in the majority of countries. As a result, SIS has informed the Company that whilst trading is and will be impacted going forward, it still expects to make a profit for the year ending 31 March 2020, prior to any provisions or adjustment as a result of Covid-19, and at this point, no guidance can be provided for the following financial year pending the resumption of racing. In addition, SIS's cash resources will be impacted, though fortunately SIS currently has significant cash reserves amounting to approximately £58 million. The actions now being taken by SIS's management, including suspending operations, are intended to seek to ensure that as and when conditions improve and racing recommences, SIS will be well placed to continue to provide the range of services previously offered to the market.

SIS's focus at this time is on the wellbeing of its staff and has confirmed that it is operating in compliance with the UK Government's latest guidance. SIS has implemented its business continuity plans throughout March to manage the frequently changing circumstances and has reached the position today where it believes that the actions it is taking are in the company's, employees', shareholders' and stakeholders' best interests. SIS will be working in the interim to ensure that it is prepared for the relaxing of restrictions around sporting events and social distancing and the resumption of racing.

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2019	6 months to 31 December 2018	12 months to 30 June 2019
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit		12,500	12,500	25,000
Administrative expenses		(51,279)	(49,574)	(119,411)
Other operating income		-	-	-
Operating loss		(38,779)	(37,074)	(94,411)
Financial income		464	4,912	5,312
Financial costs		-	-	-
Net financial income		464	4,912	5,312
Share of profit of equity-accounted associate	3	359,245	440,172	3,753,685
Impairment of equity-accounted associate		-	-	(4,270,701)
Profit before taxation		320,930	408,010	(606,115)
Taxation		-	9,020	16,623
Profit/(loss) for the period		320,930	417,030	(589,492)
Share of other comprehensive profit of associate		-	-	915,673
Total comprehensive income/(loss) for the period		320,930	417,030	326,181
Attributable to equity holders of the company		320,930	417,030	326,181
Earnings/(loss) per share:	4			
Basic		1.53p	1.98p	(2.80p)
Diluted		1.53p	1.98p	(2.80p)

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2019	31 December 2018	30 June 2019
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	3	13,607,067	14,316,221	14,274,706
		<u>13,607,067</u>	<u>14,316,221</u>	<u>14,274,706</u>
Current assets				
Trade and other receivables		18,795	10,422	39,007
Cash and cash equivalents		326,182	449,583	383,612
		<u>344,977</u>	<u>460,005</u>	<u>422,619</u>
Total assets		<u>13,952,044</u>	<u>14,776,226</u>	<u>14,697,325</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		8,719,977	9,541,519	9,450,670
		<u>13,936,970</u>	<u>14,758,512</u>	<u>14,667,663</u>
Current liabilities				
Trade and other payables		15,074	19,403	29,662
Corporation tax payable		-	(1,689)	-
		<u>15,074</u>	<u>17,714</u>	<u>29,662</u>
Total equity and liabilities		<u>13,952,044</u>	<u>14,776,226</u>	<u>14,697,325</u>

Consolidated interim cash flow statement

	6 months to 31 December 2019	6 months to 31 December 2018	12 months to 30 June 2019
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit / (loss) before taxation	320,930	408,010	(606,115)
Adjustments for:			
Share of profit from associate	(359,245)	(440,172)	(3,753,685)
Impairment of associate	-	-	4,270,701
Finance income	(464)	(4,912)	(5,312)
Corporation taxes recovered	-	4,365	4,365
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(38,779)	(32,709)	(90,046)
Decrease in trade and other receivables	20,212	20,524	1,229
Decrease in trade and other payables	(14,588)	(10,840)	(579)
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(33,155)	(23,025)	(89,396)
Investing activities			
Dividend received	1,026,884	8,214,659	8,214,659
Interest received	464	4,912	5,312
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	1,027,348	8,219,571	8,219,971
Financing activities			
Dividends paid	(1,051,623)	(12,198,598)	(12,198,598)
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	(1,051,623)	(12,198,598)	(12,198,598)
Net movement in cash and cash equivalents in the period	(57,430)	(4,002,052)	(4,068,023)
Cash and cash equivalents at the beginning of the period	383,612	4,451,635	4,451,635
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	326,182	449,583	383,612

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 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
Loss for the 6 month period to 30 June 2019	-	-	-	(1,006,522)	(1,006,522)
Share of other comprehensive profit of associate	-	-	-	915,673	915,673
Total comprehensive profit for the period	-	-	-	(90,849)	(90,849)
At 30 June 2019	2,103,202	711,117	2,402,674	9,450,670	14,667,663
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2019	2,103,202	711,117	2,402,674	9,450,670	14,667,663
Profit for the 6 month period to 31 December 2019	-	-	-	320,930	320,930
Dividend paid to company shareholders	-	-	-	(1,051,623)	(1,051,623)
Total comprehensive loss for the period	-	-	-	(730,693)	(730,693)
At 31 December 2019	2,103,202	711,117	2,402,674	8,719,977	13,936,970

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 2019 to 31 December 2019 including the financial results of Sports Information Services (Holdings) Limited (“SIS”) for the six month period to 30 September 2019.

These consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2019 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 2019 and will remain so for the year ending 30 June 2020.

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 2019, 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 2020. There has been no material impact on the Group’s financial statements

- IFRS 16: Leases

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 17: Insurance Contracts (effective as of 1 January 2021)

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 2019	14,274,706
Additions – share of profit	359,245
Dividend received	(1,026,884)
At 31 December 2019	<hr/> 13,607,067 <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 2019 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 £13,607,067.

Share of profit of associate*	30 September 2019 SIS Total £'000	31 December 2019 CMG share £'000	31 December 2018 CMG share £'000	30 June 2019 CMG share £'000
Revenue:				
SIS Betting Services	121,062	24,866	22,391	47,263
SIS LIVE services			2,394	2,321
Total revenue	121,062	24,866	24,785	49,584
Operating profit from ongoing operations	1,911	393	527	1,517
Net interest receivable / (payable)	261	54	26	126
(Losses) / profits on business wind down	-	-	-	2,606
Profit on disposal of fixed asset	-	-	-	-
Profit before tax	2,172	446	543	4,249
Taxation	(423)	(87)	(103)	(496)
Share of profit after taxation	1,749	359	440	3,753
Net income from associate	1,749	359	440	3,753
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	1,443
Deferred tax	-	-	-	(500)
Change in value of hedging instrument	-	-	-	(27)
	-	-	-	916
Share of gross assets and liabilities of associate				
Gross assets	111,971	22,999	28,786	24,550
Gross liabilities	(46,392)	(9,529)	(11,687)	(11,438)
Net equity	65,579	13,470	17,099	13,112

**The period covered by the associate's accounts is the six months to 30 September 2019. The revenues have been stated excluding internal revenues.*

As at 31 December 2019, SIS continued to be involved in a litigation case brought by The Racing Partnership ("TRP") and others against SIS's subsidiary, Sports Information Services Limited ("SISL"), and others. SISL has successfully defended two of the three claims. Following the period end, SIS has informed the Company that the Claimants have now filed at the High Court particulars of the damages sought, being in excess of £40 million.

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 2019 £	6 months to 31 December 2018 £	12 months to 30 June 2019 £
Basic and Diluted			
Profits per share – pence	1.53p	1.98p	(2.80p)
Profit attributable to equity shareholders	320,930	417,030	(589,492)
Weighted average number of Shares in issue	21,032,030	21,032,030	21,032,030