

30 March 2021

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

Interim Results for the Six Months Ended 31 December 2020

Catalyst (AIM: CMX) is pleased to announce its unaudited interim results for the six months ended 31 December 2020.

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 2020

- CMG loss after taxation of £0.43 million (2019: profit of £0.32 million)
- Loss per share of 2.03p (2019: earnings of 1.53p)
- Net asset value per share of 58.7p (2019: 66.3p)
- For the six months to 30 September 2020, SIS achieved
 - Revenues of £68.6 million (2019: £121.1 million)
 - Operating loss of £2.4 million (2019: profit of £1.9 million)
 - Loss after tax on ordinary activities of £1.9 million (2019: profit of £1.7 million)
- SIS did not declare or pay any dividends to CMG during the reporting period (2019: £5.0 million declared of which £1.03 million was received by CMG)
- CMG has not declared nor paid any dividends during the reporting period (2019: £1.05 million declared in October 2019 and paid in November 2019)

Impact of Covid-19

SIS's profitability has been significantly impacted by Covid-19 and its management expects SIS to make a loss for its current financial year to 31 March 2021, of between £9 million and £10 million.

SIS's operations were impacted by the cancellation of horse and greyhound racing in mid-March 2020. There was an orderly resumption of horse and greyhound racing in England from 1 June 2020 and horseracing in Ireland from 8 June 2020, with the reopening of Licenced Betting Offices in England from 15 June 2020 resulting in an initial return to full operations at SIS until further restrictions were imposed from October 2020 onwards. SIS was able to continue to provide content for its customers during this time and has generally sought to offset revenue shortfalls from retail with increased online digital revenues. Retail betting shops in England are currently due to reopen in mid April 2021 and, assuming no further government restrictions are imposed, SIS's management expect that SIS will return to profitability in its financial year to 31 March 2022 with increased contributions from overseas activities together with expansion in digital and from its recent acquisition of 49's Ltd.

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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 (Withdrawal) Act 2018.

Chairman's Statement

For the six month period ended 31 December 2020, the Company incurred a net loss after taxation of £0.43 million (2019: profit of £0.32 million).

Net assets as at 31 December 2020 were £12.3 million (30 June 2020: £12.8 million). Net cash as at 31 December 2020 was £0.2 million (2019: £0.3 million).

CMG's main asset remains its 20.54% stake in SIS and the Company received no dividend (2019: dividend of £1.03 million) from SIS during the period. The value of CMG's investment in SIS has reduced from approximately £12.5 million to approximately £12.1 million, due to its share of the loss incurred. As a result, CMG's net assets per share as at 31 December 2020 were 58.7p (2019: 66.3p), though the carrying value of our investment in SIS will need to be reviewed again at our financial year end in light of its present difficulties.

CMG equity accounts for its share in the loss of SIS which was £1.9 million after tax for its six month period to 30 September 2020 (2019: profit of £1.7 million). SIS's revenues for such period were £68.6 million (2019: £121.1 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 loss for such period of £2.4 million, compared to an operating profit of £1.9 million in the comparable period for 2019.

CMG currently has cash reserves of approximately £0.2 million which is sufficient for its present needs.

Set out below is an overview of the activities 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 UK Horseracing, Irish Horseracing, British and Irish Greyhounds, 49's and International Horseracing to the 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 the early morning period as well as evening products.

The last year has seen significant disruption from Covid-19 with SIS's retail customers required to close or significantly restrict their operations in shops for various periods of the year. As such, this area of SIS's business has incurred losses in the period.

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. Such content includes horseracing from Argentina, Latin America, USA, Germany, Spain, Mauritius, Dubai and Saudi Arabia as well the UK and Irish horseracing and greyhound racing from the UK, Ireland and Mexico.

SIS distributes over 50 channels to international retail and online operators designed to maximise betting opportunities with further customers due to go live in the near future. Many of its international and online operators have signed multiyear agreements. SIS continues to progress its strategy for increasing distribution, in both new and existing International and Digital markets, using proprietary production technology as well as streaming and data pricing services.

Covid-19, whilst negatively impacting revenues from international retail operators, has resulted in a significant boost to revenues from online operators as end-customers have sought alternative ways to access and place bets on SIS content. Whilst online revenues are benefitting from the current temporary retail restrictions, there is also significant underlying growth.

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. SIS accounts for such legal costs as they arise.

Litigation

As previously announced on 9 October 2020, in the case 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 in the case as follows:

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.

There has been no ruling given in respect of damages and SIS has, after consultation with its advisers, sought an appeal to the Supreme Court which it expects to be heard in late 2021 if granted. SISL have been ordered by the judge to pay 20% of TRP’s costs.

Current Trading and Impact of Covid-19

SIS’s current trading has been significantly impacted by the Covid-19 restrictions placed on its retail operator customers in the UK, Ireland and across the world who have experienced a series of closures and operational restrictions as part of the battle against the Covid-19 pandemic. Most recently, such restrictions have seen Licensed Betting Offices closed across the UK and Ireland since the end of December 2020 with reopening currently expected in England in mid-April 2021 but potentially subject to further operating limitations.

During the period SIS has seen a series of online operators both in the UK and Internationally sign contracts for new or additional content and is experiencing significantly higher revenues from its online operators due to higher volumes of end-customer use. Such higher revenue has helped offset some of the shortfall from retail operators.

SIS’s profitability for its financial year to 31 March 2021 has been significantly impacted by Covid-19 and its management expects SIS to make a loss for its current financial year of between £9 million and £10 million. Although it is too early to be certain of prospects for its financial year to 31 March 2022, it is currently expected by SIS’s management that as conditions improve, and retail markets reopen, SIS will return to profitability for that period. Despite the overall adverse impact of Covid-19, SIS has continued to achieve growth in its International and online customer base, most recently launching channels for Latin American and European customers and has seen the launch of its Competitive Gaming (esports) product as well as increased benefit from its acquisition of the 49’s business completed earlier in the year.

Outlook

As stated above, it is currently expected that SIS will return to profitability in its next financial year as the benefits from its online businesses and international opportunities develop. The cash position of SIS remains strong though at a lower level than previously anticipated. However, the result of the abovementioned litigation with TRP remains uncertain. Accordingly, no decisions are currently expected to be made with regard to dividend payments by SIS this year. CMG has sufficient working capital for its foreseeable needs and continues to operate at a very low level of overheads.

Michael Rosenberg OBE

Chairman

30 March 2021

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2020	6 months to 31 December 2019	12 months to 30 June 2020
		£ 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		(49,424)	(51,279)	(123,600)
Other operating income		-	-	-
Operating loss		<u>(36,924)</u>	<u>(38,779)</u>	<u>(98,600)</u>
Financial income		13	464	712
Financial costs		-	-	-
Net financial income		<u>13</u>	<u>464</u>	<u>712</u>
Share of profit/(loss) of equity-accounted associate	3	(384,303)	359,245	125,294
Impairment of equity-accounted associate		-	-	(1,160,843)
Profit/(loss) before taxation		<u>(421,214)</u>	<u>320,930</u>	<u>(1,133,437)</u>
Taxation		(4,934)	-	25,583
Profit/(loss) for the period		<u>(426,148)</u>	<u>320,930</u>	<u>(1,107,854)</u>
Share of other comprehensive profit of associate		-	-	262,707
Total comprehensive income/(loss) for the period		<u>(426,148)</u>	<u>320,930</u>	<u>(845,147)</u>
Attributable to equity holders of the company		<u>(426,148)</u>	<u>320,930</u>	<u>(845,147)</u>
Earnings/(loss) per share:	4			
Basic		<u>(2.03p)</u>	<u>1.53p</u>	<u>(5.27p)</u>
Diluted		<u>(2.03p)</u>	<u>1.53p</u>	<u>(5.27p)</u>

Consolidated interim statement of financial position

	<i>Note s</i>	31 December 2020	31 December 2019	30 June 2020
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	3	12,090,677	13,607,067	12,474,980
		<u>12,090,677</u>	<u>13,607,067</u>	<u>12,474,980</u>
Current assets				
Trade and other receivables		35,734	18,795	62,741
Cash and cash equivalents		260,020	326,182	270,654
		<u>295,754</u>	<u>344,977</u>	<u>333,395</u>
Total assets		<u>12,386,431</u>	<u>13,952,044</u>	<u>12,808,375</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		7,127,752	8,719,977	7,553,900
		<u>12,344,745</u>	<u>13,936,970</u>	<u>12,770,893</u>
Current liabilities				
Trade and other payables		41,686	15,074	37,482
Corporation tax payable		-	-	-
		<u>41,686</u>	<u>15,074</u>	<u>37,482</u>
Total equity and liabilities		<u>12,386,431</u>	<u>13,952,044</u>	<u>12,808,375</u>

Consolidated interim cash flow statement

	6 months to 31 December 2020	6 months to 31 December 2019	12 months to 30 June 2020
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit / (loss) before taxation	(421,214)	320,930	(1,133,437)
Adjustments for:			
Share of (profit) / loss from associate	384,303	(359,245)	(125,294)
Impairment of investment in associate	-	-	1,160,843
Finance income	(13)	(464)	(712)
Corporation taxes recovered	34,875	-	-
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(2,049)	(38,779)	(98,600)
(Increase) / Decrease in trade and other receivables	(12,802)	20,212	1,849
Increase / (Decrease) in trade and other payables	4,204	(14,588)	7,820
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(10,647)	(33,155)	(88,931)
Investing activities			
Dividend received	-	1,026,884	1,026,884
Interest received	13	464	712
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	13	1,027,348	1,027,596
Financing activities			
Dividends paid	-	(1,051,623)	(1,051,623)
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	-	(1,051,623)	(1,051,623)
	<hr/>	<hr/>	<hr/>
Net movement in cash and cash equivalents in the period	(10,634)	(57,430)	(112,958)
Cash and cash equivalents at the beginning of the period	270,654	383,612	383,612
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	260,020	326,182	270,654

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 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
Loss for the 6 month period to 30 June 2020	-	-	-	(1,428,784)	(1,428,784)
Share of other comprehensive profit of associate	-	-	-	262,707	262,707
Total comprehensive loss for the period	-	-	-	(1,166,077)	(1,166,077)
At 30 June 2020	2,103,202	711,117	2,402,674	7,553,900	12,770,893
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2020	2,103,202	711,117	2,402,674	7,553,900	12,770,893
Loss for the 6 month period to 31 December 2020	-	-	-	(426,148)	(426,148)
Dividend paid to company shareholders	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(426,148)	(426,148)
At 31 December 2020	2,103,202	711,117	2,402,674	7,127,752	12,344,745

Notes to the interim financial statements

1. Corporate information

CMG is a company incorporated in England and Wales and 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 2020 to 31 December 2020 including the financial results of Sports Information Services (Holdings) Limited ("SIS") for the six month period to 30 September 2020.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2020 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 2020 and will remain so for the year ending 30 June 2021.

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 2020, 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 2021. There has been no material impact on the Group's financial statements

- IFRS 16: Covid-19 Related Rent Concessions

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 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 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 2020	12,474,980
Additions - share of loss	(384,303)
Dividend received	-
At 31 December 2020	<hr/> 12,090,677 <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 2020 and has, in line with the Group's accounting policies, reduced the value of the investment by the amount of its share of losses for the period. As a result, the investment is carried at a value equal to its 20.54% interest in SIS's net assets of £58.85m.

Share of profit of associate*	30 September 2020 SIS Total £'000	31 December 2020 CMG share £'000	31 December 2019 CMG share £'000	30 June 2020 CMG share £'000
Revenue:				
SIS Betting Services	68,604	14,091	24,866	43,667
SIS LIVE services	-	-	-	-
Total revenue	68,604	14,091	24,866	43,667
Operating profit/(loss) from ongoing operations	(2,374)	(488)	393	743
Net interest receivable / (payable)	63	13	54	155
Losses on business wind down	-	-	-	(735)
Profit on disposal of fixed asset	-	-	-	-
Profit/(loss) before tax	(2,311)	(475)	446	163
Taxation	440	90	(87)	(38)
Share of (loss)/income after taxation	(1,871)	(384)	359	125
Net income from associate	(1,871)	(384)	359	125
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	404
Deferred tax	-	-	-	(141)
	-	-	-	263
Share of gross assets and liabilities of associate				
Gross assets	125,516	25,781	22,999	19,273
Gross liabilities	(66,666)	(13,693)	(9,529)	(6,801)
Net equity	58,850	12,088	13,470	12,472

* - The period covered by the associate's accounts is the six months to 30 September 2020. The revenues have been stated excluding internal revenues.

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 and, following the year end, both SISL and TRP have been granted permission by the judge to appeal elements of the judgement. SISL have been ordered by the judge to pay 20% of TRP's costs.

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 2020 £	6 months to 31 December 2019 £	12 months to 30 June 2020 £
Basic and Diluted			
(Loss)/earnings per share - pence	(2.03p)	1.53p	(5.27p)
(Loss)/ profit attributable to equity shareholders	(426,148)	320,930	(1,107,854)
Weighted average number of Shares in issue	21,032,030	21,032,030	21,032,030