

30 March 2022

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

Interim Results for the Six Months Ended 31 December 2021

The Board of CMG (AIM: CMX) is pleased to announce the Company's unaudited interim results for the six months ended 31 December 2021.

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 2021

- CMG profit after taxation of £0.45 million (2020: loss of £0.43 million)
- Earnings per share of 2.14p (2020: loss of 2.03p)
- Net asset value per share of 54.5p (2020: 58.7p)
- For the six months to 30 September 2021, SIS achieved
 - Revenues of £113.4 million (2020: £68.6 million)
 - Operating profit of £3.0 million (2020: loss of £2.4 million)
 - Profit after tax on ordinary activities of £2.4 million (2020: loss of £1.9 million)
- SIS did not declare or pay any dividends to CMG during the reporting period or during the prior period.
- CMG has not declared nor paid any dividends during the reporting period or during the prior period.

Current Trading and Outlook

Following the relaxation of COVID-19 restrictions in May 2021, SIS's UK and Irish retail business has returned to normal operations whilst the Digital business has continued to operate at levels higher than pre-COVID-19 and has seen significant growth in its customer base. Additionally, the business has continued to scale its latest products of Competitive Gaming (e-sports) and Numbers draws.

SIS's profitability for its current financial year to 31 March 2022 is anticipated to see a significant rebound and, SIS's management expects the company to make a profit for the year as a whole in excess of its budget.

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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.

Chairman's Statement

For the six month period ended 31 December 2021, the Company achieved a net profit after taxation of £0.45 million (2020: loss of £0.43 million).

Net assets as at 31 December 2021 were £11.5 million (30 June 2021: £11.0 million). Net cash as at 31 December 2021 was £0.2 million (30 June 2021: £0.2 million).

CMG's main asset remains its 20.54% stake in SIS and the Company received no dividend from SIS during the reporting period or the prior period. The value of CMG's investment in SIS has reduced from approximately £12.1 million to approximately £11.3 million, due to its share of the loss incurred in the year to 30 June 2021, albeit its share of the profit earned in the period to 31 December 2021 has slightly improved the investment value. As a result, CMG's net assets per share as at 31 December 2021 were 54.5p (2020: 58.7p). 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 £2.4 million after tax for its six month period to 30 September 2021 (2020: loss of £1.9 million). SIS's revenues for such period were £113.4 million (2020: £68.6 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 £3.0 million, compared to an operating loss of £2.4 million in the comparable period for 2020.

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 - 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, 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.

As previously reported, in June 2021 SIS extended its rights agreement with Racecourse Media Group for UK Retail Horseracing rights for a further 3 years through to March 2026 and has already secured two extended contracts for major customers of this content.

In the period, SIS has secured renewed contracts for over 98% of its UK and Irish Independent Retail Bookmaker customers whose contracts were scheduled to expire.

Additionally, SIS supplies further content and services to its UK and Irish retail customers to cover early morning and evening products and has renewed several existing arrangements.

SIS - International & Online

SIS has seen continued growth in both existing customer revenues and its customer base for its 24/7 racing channels covering horseracing, greyhound racing, virtual racing and mixed channels and has improved the user experience. SIS now has over 50 channels with 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.

The numbers products online, operated under the 49's brand, has grown significantly in the period, driven by a combination of increased customers and an expanded product range, and complemented by the upgrade of the 49s.co.uk website which has driven affiliates revenue.

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 in the period. The business subsequently launched an eFootball title service in December 2021

In June 2021, SIS completed an initial investment in, and long-term partnership arrangement with, Racelab Pty Limited, a racing data science company in Australia, which adds a range of market leading products across

the SIS portfolio of international horse and greyhound racing which has expanded the range of trading products available for online customers internationally and in the UK.

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.

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. The Court of Appeal:

(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.

The Court of Appeal was concerned only with the appeals on the liability findings and consequently made no ruling as to damages.

SIS has applied to the Supreme Court and has been granted an appeal hearing which is currently expected to be held in the summer of 2022.

Current Trading and Outlook

Following the relaxation of COVID-19 restrictions in May 2021, SIS's UK and Irish retail business has returned to normal operations whilst the Digital business has continued to operate at levels higher than pre-COVID-19 and has seen significant growth in the customer base. Additionally, the business has continued to scale its latest products of Competitive Gaming (e-sports) and Numbers draws.

SIS's profitability for its current financial year to 31 March 2022 is anticipated to see a significant rebound and SIS's management expects the company to make a profit for the year as a whole in excess of its budget.

SIS's cash position has returned to approximately £58m as at 28 February 2022 and its working capital position has returned to more normal levels.

As a result of the COVID-19 uncertainty, SIS has deferred any dividend this reporting period and will next consider a dividend later in 2022.

CMG operates at a very low level of overheads and the directors consider that it has sufficient working capital for its current needs.

Michael Rosenberg OBE

Chairman

29 March 2022

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2021	6 months to 31 December 2020	12 months to 30 June 2021
		£ 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		(60,049)	(49,424)	(130,029)
Operating loss		<u>(47,549)</u>	<u>(36,924)</u>	<u>(105,029)</u>
Financial income		9	13	23
Net financial income		<u>9</u>	<u>13</u>	<u>23</u>
Share of profit/(loss) of equity-accounted associate	3	497,890	(384,303)	(1,470,048)
Profit/(loss) before taxation		<u>450,350</u>	<u>(421,214)</u>	<u>(1,575,054)</u>
Taxation		-	(4,934)	(4,934)
Profit/(loss) for the period		<u>450,350</u>	<u>(426,148)</u>	<u>(1,579,988)</u>
Share of other comprehensive profit of associate		-	-	(188,352)
Total comprehensive income/(loss) for the period		<u>450,350</u>	<u>(426,148)</u>	<u>(1,768,340)</u>
Attributable to equity holders of the company		<u>450,350</u>	<u>(426,148)</u>	<u>(1,768,340)</u>
Earnings/(loss) per share:	4			
Basic		2.14p	(2.03p)	(7.51p)
Diluted		<u>2.14p</u>	<u>(2.03p)</u>	<u>(7.51p)</u>

Consolidated interim statement of financial position

	Notes	31 December 2021	31 December 2020	30 June 2021
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	3	11,314,470	12,090,677	10,816,580
		<u>11,314,470</u>	<u>12,090,677</u>	<u>10,816,580</u>
Current assets				
Trade and other receivables		40,976	35,734	57,312
Cash and cash equivalents		165,849	260,020	167,830
		<u>206,825</u>	<u>295,754</u>	<u>225,142</u>
Total assets		<u>11,521,295</u>	<u>12,386,431</u>	<u>11,041,722</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		6,235,910	7,127,752	5,785,560
		<u>11,452,903</u>	<u>12,344,745</u>	<u>11,002,553</u>
Current liabilities				
Trade and other payables		68,392	41,686	39,169
		<u>68,392</u>	<u>41,686</u>	<u>39,169</u>
Total equity and liabilities		<u>11,521,295</u>	<u>12,386,431</u>	<u>11,041,722</u>

Consolidated interim cash flow statement

	6 months to 31 December 2021	6 months to 31 December 2020	12 months to 30 June 2021
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit / (loss) before taxation	450,350	(421,214)	(1,575,054)
Adjustments for:			
Share of (profit) / loss from associate	(497,890)	384,303	1,470,048
Finance income	(9)	(13)	(23)
Corporation taxes recovered	-	34,875	29,941
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(47,549)	(2,049)	(75,088)
(Increase) / Decrease in trade and other receivables	16,336	(12,802)	(29,446)
Increase / (Decrease) in trade and other payables	29,223	4,204	1,667
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(1,990)	(10,647)	(102,847)
Investing activities			
Interest received	9	13	23
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	9	13	23
	<hr/>	<hr/>	<hr/>
Net movement in cash and cash equivalents in the period	(1,981)	(10,634)	(102,824)
Cash and cash equivalents at the beginning of the period	167,830	270,654	270,654
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	165,849	260,020	167,830

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 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
Loss for the 6 month period to 30 June 2021	-	-	-	(1,153,840)	(1,153,840)
Share of other comprehensive profit of associate	-	-	-	(188,352)	(188,352)
Total comprehensive loss for the period	-	-	-	(1,342,192)	(1,342,192)
At 30 June 2021	2,103,202	711,117	2,402,674	5,785,560	11,002,553
	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 company 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

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 2021 to 31 December 2021 including the financial results of Sports Information Services (Holdings) Limited (“SIS”) for the six month period to 30 September 2021.

These consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2021 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 2021 and will remain so for the year ending 30 June 2022.

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 2021, 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 applied the following new financial reporting standards for the first time in preparing its most recent 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 2021	10,816,580
Additions - share of profits	497,890
At 31 December 2021	<hr/> 11,314,470 <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 2021 and has, in line with the Group's accounting policies, increased the value of the investment by the amount of its share of profits 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 £55.09m.

Share of profit of associate*	30 September 2021 SIS Total £'000	31 December 2021 CMG share £'000	31 December 2020 CMG share £'000	30 June 2021 CMG share £'000
Revenue:				
SIS Betting Services	113,355	23,283	14,091	26,724
Total revenue	113,355	23,283	14,091	26,724
Operating profit/(loss) from ongoing operations	2,997	616	(488)	(1,832)
Net interest receivable / (payable)	(3)	(1)	13	63
Profit/(loss) before tax	2,994	615	(475)	(1,769)
Taxation	(570)	(117)	90	299
Share of (loss)/income after taxation	2,424	498	(384)	(1,470)
Net income from associate	2,424	498	(384)	(1,470)
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	(289)
Deferred tax	-	-	-	101
	-	-	-	(188)
Share of gross assets and liabilities of associate				
Gross assets	112,308	23,068	25,784	20,629
Gross liabilities	(57,223)	(11,754)	(13,693)	(9,812)
Net equity	55,085	11,314	12,091	10,817

* - The period covered by the associate's accounts is the six months to 30 September 2021. 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 2021 £	6 months to 31 December 2020 £	12 months to 30 June 2021 £
Basic and Diluted			
Earnings/(loss) per share - pence	2.14p	(2.03p)	(7.51p)
Profit/(loss) attributable to equity shareholders	450,350	(426,148)	(1,579,988)
Weighted average number of Shares in issue	21,032,030	21,032,030	21,032,030

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