

20 December 2023

## **Catalyst Media Group Plc**

("CMG", the "Company" or the "Group")

### **Final Results for the Year Ended 30 June 2023 and Notice of Annual General Meeting**

The Board of CMG (AIM: CMX) is pleased to announce the Company's final results for its financial year ended 30 June 2023.

CMG is a 20.54% shareholder in Sports Information Services (Holdings) Limited ("SIS") and the results for the year to 30 June 2023 incorporate its share in the profits/losses of SIS for its financial year ended 31 March 2023, as an equity-accounted associate.

#### **Highlights:**

- CMG profit after taxation of £2.6 million (2022: £24.5 million), further to a reversal of historic impairment charges recognised against the carrying value of its investment in SIS totalling approximately £1.9 million (2022: £23.4 million)
- Profit per share of 12.43p (2022: profit per share of 116.28p)
- Net asset value per share of 175p (2022: 168.9p)
- For its financial year to 31 March 2023, SIS achieved:
  - Turnover of £230.7 million (2022: £218.3 million)
  - Operating profit prior to litigation fees of £5.4 million (2022: £9.2 million)
  - Profit after taxation prior to litigation fees of £4.9 million (2022: £7.4 million)
- On 31 October 2023, the Company received its share of an ordinary and special dividend paid by SIS being £6.16 million (2022: £0.69 million) and on 21 November 2023 paid an interim dividend of approximately £5.68 million, equating to 27 pence per CMG ordinary share

#### **SIS Current Trading and Outlook**

SIS has started its new financial year well, and 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 customers, with the most recent deals announced being Aardvark Technologies Ltd and Altenar Technologies Ltd.

Following recent state approval SIS is anticipating the launch of its first Fixed Odds Horseracing service in a US state in early 2024 with further licence applications already in progress.

SIS has advised CMG that it expects to close its financial year to March 2024 with increased profit before tax year-on-year.

SIS's cash position as of 1 November 2023 was approximately £17 million, following the payment of both a normal and special dividend to its shareholders totalling £30 million.

Following the total dividend distribution, 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 be increased to £50 million.

#### **Availability of Annual Report & Financial Statements and Notice of Annual General Meeting**

A PDF copy of the Company's full Annual Report and Financial Statements for its financial year ended 30 June 2023, together with the formal notice of Annual General Meeting ("AGM") and form of proxy, will shortly be made available

to download from the Company's website at: [www.cmg-plc.com](http://www.cmg-plc.com).

The AGM is to be held at 6 Stratton Street, London, W1J 8LD at 11.00 a.m. on Wednesday, 16 January 2024.

#### Enquiries:

##### **Catalyst Media Group plc**

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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.*

#### **Key Extracts from the Company's audited Annual Report and Financial Statements are set out below:**

##### **Chairman's Statement**

The Board of Catalyst Media Group plc ("CMG" or the "Company") is pleased to present the audited financial statements of CMG and its subsidiaries (the "Group") for the year ended 30 June 2023. Such results incorporate the Company's share of profits/losses for Sports Information Services (Holdings) Ltd ("SIS") in which CMG has a 20.54% interest.

The main asset of CMG continues to be its 20.54% shareholding in SIS and, as detailed further below, CMG equity accounts for its share in the profits/losses of SIS.

After taking account of CMG's share in the profit of SIS for its year ended 31 March 2023 of £0.88 million (2022: £1.15 million), and a reversal of historic impairment charges recognised against the carrying value of its interest in SIS totalling £1.86m (2022: £23.39m), CMG recorded a profit before taxation of £2.6 million (2022: £24.4 million). Net assets at the year end were £36.8 million (175.0p per share) (2022: £35.5 million (168.9p per share)).

On 31 October 2023 the Company announced that SIS had recently declared and paid an ordinary and special dividend totalling £30 million, of which CMG had received its share being £6.16 million. On the same date, CMG declared an interim dividend of 27p per share, amounting to £5.68 million, that was paid to its shareholders on 21 November 2023.

During the year, the Board of CMG decided to appoint new auditors in place of the previous auditors, Haysmacintyre LLP, and after reviewing various alternative firms, Saffery LLP were duly appointed on 12 October 2023.

##### **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 all the major retail brands on 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 secure licences to supply elements of its content in three states and has a number of other state applications in progress and expects to go live with Fixed Odds horseracing in 2024.

As previously reported in November 2022, SIS executed its option to increase its stake in Racelab Pty Limited, a racing data science and technology company, based in Australia, from 25% to 50%.

##### **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 the three US states where SIS is currently licenced.

The 49's branded numbers business has seen expansion of its product offering since acquisition in 2020 with its 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 has also launched a bespoke draw product, Lotto365, for bet365. Accordingly the business now produces over 500,000 draws per annum.

##### **SIS - Results**

SIS's final result for its year ended 31 March 2023 was a profit before tax of £6.6 million (2022: £7.0 million) reflecting

additional non-recurring investment in strategic initiatives during the year. SIS's cash balance on 31 March 2023 was approximately £47.4 million (2022: £62.8 million), a decrease on the prior year due to increased investment in intangible assets relating to rights agreements during the year. In late October 2023, SIS declared a total dividend of £30 million (2022: £4.4 million) and CMG received its share of such dividend on 31 October 2023. The consolidated results of Sports Information Services (Holdings) Limited and its subsidiaries for its year ended 31 March 2023 were as follows:

	31 March 2023			31 March 2022		
	Before individually significant items*	Individually significant Items*	Total	Before individually significant items*	Individually significant Items*	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Turnover</b>	230,748	-	<b>230,748</b>	218,349	-	<b>218,349</b>
Operating expenses	(225,356)	-	<b>(225,356)</b>	(209,290)	(2,200)	<b>(211,490)</b>
Other operating income	-	-	-	105	-	105
<b>Group operating profit / (loss)</b>	5,392	-	<b>5,392</b>	9,164	(2,200)	<b>6,964</b>
Other interest receivable and similar income	1,344	-	<b>1,344</b>	275	-	<b>275</b>
Interest payable and similar expenses	(165)	-	<b>(165)</b>	(277)	-	<b>(277)</b>
<b>Profit / (loss) before taxation</b>	6,571	-	<b>6,571</b>	9,162	(2,200)	<b>6,962</b>
Tax on (profit) / loss	(1,687)	-	<b>(1,687)</b>	(1,762)	418	<b>(1,344)</b>
<b>Profit / (loss) after taxation</b>	4,884	-	<b>4,884</b>	7,400	(1,782)	<b>5,618</b>
Other comprehensive income	(4,740)	-	<b>(4,740)</b>	330	-	<b>330</b>
<b>Total comprehensive income</b>	144	-	<b>144</b>	7,730	(1,782)	<b>5,948</b>

Note: \* - Individually significant items relate to litigation fees.

#### Share of assets and liabilities of associate

	31 March 2023	31 March 2022
Gross assets	130,349	126,605
Gross liabilities	(72,723)	(66,293)
Net assets	57,626	60,312

#### SIS - 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 profits.

#### SIS - Current Trading and Outlook

SIS has started its new financial year well, and 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 customers, with the most recent deals announced being Aardvark Technologies Ltd and Altenar Technologies Ltd.

Following recent state approval SIS is anticipating the launch of its first Fixed Odds Horseracing service in a US state in early 2024 with further licence applications already in progress.

SIS has advised CMG that it expects to close its financial year to March 2024 with increased profit before tax year-on-year.

SIS's cash position as of 1 November 2023 was approximately £17 million, following the payment of both a normal and special dividend to its shareholders totalling £30 million.

Following the total dividend distribution, 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 continue to support the company's long term business strategy. Such banking facility can be increased to £50 million.

#### CMG's outlook and Annual General Meeting

The Directors consider that the most appropriate treatment for the Group's investment in its associate, SIS, as at 30 June 2023 is to reverse historic impairments recognised against the carrying value of the investment totalling £1.86 million (2022: £23.39 million) to increase its value at 30 June 2023 to £36.61 million (2022: £35.43 million).

The Directors consider that at 30 June 2023 there were significant indicators that a material reversal of previously recognised impairments should be recorded. Following the resolution of The Racing Partnership ("TRP") litigation during the previous financial period and based on the return to profitability of SIS, the extension of core RMG horseracing rights, and the optimism around the prospects for future trade, the Directors expect the performance of SIS to continue to strengthen in future financial periods and consider that valuation methodologies such as the comparable company model, and discounted cashflow analysis are sufficiently reliable to report a revised carrying value for the investment.

The directors have chosen to use the comparable company methodology using an appropriate EBITDA multiple to assess the recoverable value of the investment and to determine the value of previously recognised impairment to be reversed, as disclosed above. The Directors consider the comparable company valuation methodology to be more appropriate than other methods.

For further details in respect of the judgments and estimation techniques used by the Directors in their assessment, please refer to notes 1 and 2 to the financial statements.

While there can be no certainty of the potential realisation value of this asset, it is the reasonable belief and judgement of the Directors based, *inter alia*, on extensive discussions with SIS's management and a review of its

judgement of the Directors based, *inter alia*, on extensive discussions with SIS management and a review of its strategic plans and current and forecast trading, that it is appropriate to reverse previous impairments to the carrying value of the asset.

As stated above, SIS anticipates achieving increased profit before tax in respect of its current financial year compared with last year and is on course to expand its interests in the USA and elsewhere. Following the recent receipt of the ordinary and special dividend from SIS and payment to CMG shareholders of a 27p per share interim dividend the Company has sufficient working capital for its foreseeable future needs and continues to operate with minimal overheads.

The next Annual General Meeting of CMG will take place on Tuesday, 16 January 2024. Formal notice of the meeting is set out at the end of the annual report and accounts together with a form of proxy.

**Michael Rosenberg, OBE**

*Chairman*

19 December 2023

## **Strategic Report**

The Directors present their strategic report for the year ended 30 June 2023.

### **Principal activities and review of the business**

The principal activities of the business are outlined in the Chairman's Statement. A review of the business is also included within the Chairman's Statement.

### **Principal risks and uncertainties**

#### **Investment in SIS**

The principal strategic investment of the Group is its 20.54% shareholding in SIS. The Group is entitled to appoint one director to the board of SIS which currently comprises ten directors, of which five are appointed by shareholders, two are independent and one is the Chairman. Although it can influence the board on strategic decisions, the Group is not in a position to control the day-to-day business and affairs of SIS other than with the support of other directors and a majority of the shareholders of SIS.

There are a number of risks and uncertainties associated with the business of SIS which could potentially have an adverse impact on the value of the Group's investment. At a technical level this includes the fact that the customers of SIS rely upon real time data and uninterrupted content delivery. Loss of content would result in reduced quality of services and potentially reduced income. SIS has therefore adopted advanced disaster recovery solutions and has built back up facilities which are located around the UK.

#### **Financial risk**

The Group is subject to financial risk through its exposure to financial assets and liabilities. The Group's main financial risk is its exposure to its investment in SIS.

#### **Credit risk**

The Group is not exposed to any credit risk.

#### **Liquidity risk**

There is a very low risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, on the basis that the Group operates with minimal overheads and cash flow is well managed.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure and trade and other payables. Trade and other payables are all payable within three months.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

### **Key Performance Indicators (KPIs)**

The Company's key performance indicators used by the Board in monitoring the general performance of the Group and its investments are:

#### **Net asset value per share**

The net asset value per share of the Group was approximately 175 pence as at 30 June 2023 (2022: 169 pence). The net asset value of the Group as at 30 June 2023 and 30 June 2022 is shown in the Group's consolidated statement of financial position.

#### **Administrative expenses**

The Directors closely monitor the anticipated overheads for the Group and ensure that these are kept to a minimum.

## Earnings per share (EPS)

EPS shows the relative performance year-on-year of the Group's profitability measured as an amount of profit or loss attributable to one ordinary share. The calculation of earnings per share is based on the weighted average number of ordinary shares in issue for the financial year concerned and the profit/(loss) after taxation attributable to ordinary shareholders. EPS in respect of operations for the year and the prior financial year is shown in the Group consolidated statement of comprehensive income.

## Key Performance Indicators of Associate

The Directors additionally monitor the performance of SIS in order to evaluate the general performance of the Group. The Directors consider that group turnover, group operating profit percentage before individually significant items, net cashflow from operating profits and average number of employees are of most significance in evaluating the performance of the Group. The 2023 financial results of SIS are disclosed in the Chairman's Statement.

## s172 Statement

CMG's directors are mindful of their responsibilities under section 172 of the Companies Act 2006 to promote the success of the business through operating in accordance with good corporate practice and with considered engagement with the Group's stakeholders. Several of the Group's major shareholders are also directors of the Group, as referenced in the Directors' Report, and are therefore actively involved in all key decision-making. Please see the Corporate Governance Statement for further details of engagement with stakeholders.

The board of directors regularly review and identify other principal stakeholders of the business, and decisions in respect of the Group's activities are made only after reviewing, and discussing, the potential impact on such stakeholders. Furthermore, in terms of engagement with the Group's suppliers, the directors continue to actively monitor ethical standards and environmental issues to ensure that the wider business is compliant with global standards.

**Michael Rosenberg, OBE**  
Chairman

19 December 2023

## Consolidated statement of comprehensive income for the year ended 30 June 2023

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Revenue	25,000	25,000
Administrative expenses	(179,447)	(137,859)
Operating loss	(154,447)	(112,859)
Financial income	2,243	36
Financial costs	-	-
Net financial income	2,243	36
Share of profit of equity-accounted associate, net of tax	880,174	1,153,937
Reversal of impairment of equity-accounted associate	1,856,276	23,391,701
Profit before taxation	2,584,246	24,432,815
Taxation	30,300	23,957
Profit for the year	2,614,546	24,456,772
Share of other comprehensive (loss)/profit of associate	(651,323)	67,782
Total comprehensive profit for the year	1,963,223	24,524,554
Attributable to equity holders of the Company	1,963,223	24,524,554
Profit per share:		
Basic	12.43p	116.28p
Diluted	12.43p	116.28p

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes in the Company's full Annual Report and Financial Statements.

#### Consolidated statement of financial position as at 30 June 2023

	30 June 2023 £	30 June 2022 £
<b>Assets</b>		
<b>Non-current assets</b>		
Investment in associate	36,611,584	35,430,000
	<u>36,611,584</u>	<u>35,430,000</u>
<b>Current assets</b>		
Trade and other receivables	78,668	56,953
Cash and cash equivalents	174,364	93,011
	<u>253,032</u>	<u>149,964</u>
<b>Total assets</b>	<u>36,864,616</u>	<u>35,579,964</u>
<b>Equity and liabilities</b>		
<b>Capital and reserves attributable to equity holders of the parent</b>		
Share capital	2,103,202	2,103,202
Capital redemption reserve	711,117	711,117
Merger reserve	2,402,674	2,402,674
Retained profits	31,579,260	30,310,114
<b>Total equity</b>	<u>36,796,253</u>	<u>35,527,107</u>
<b>Current liabilities</b>		
Trade and other payables	68,363	52,857
<b>Total equity and liabilities</b>	<u>36,864,616</u>	<u>35,579,964</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes in the Company's full Annual Report and Financial Statements.

#### Consolidated statement of changes in equity for the year ended 30 June 2023

##### Attributable to equity holders of the Group

30 June 2023	Share Capital £	Capital Redemption Reserve £	Merger Reserve £	Retained Profits £	Total Shareholders Equity £
At 1 July 2022	2,103,202	711,117	2,402,674	30,310,114	35,527,107
Profit for the year	-	-	-	2,614,546	2,614,546
Other comprehensive income:					
Share of other comprehensive loss of associate	-	-	-	(651,323)	(651,323)
Total comprehensive profit for the period	-	-	-	1,963,223	1,963,223
Dividends paid	-	-	-	(694,077)	(694,077)
At 30 June 2023	<u>2,103,202</u>	<u>711,117</u>	<u>2,402,674</u>	<u>31,579,260</u>	<u>36,796,253</u>

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts arising from the purchase by the group of its own shares.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Group attributable to equity shareholders.

##### Attributable to equity holders of the Group

# Attributable to equity holders of the Group

30 June 2022	Share Capital	Capital Redemption Reserve	Merger Reserve	Retained Profits	Total Shareholders Equity
	£	£	£	£	£
At 1 July 2021	2,103,202	711,117	2,402,674	5,785,560	11,002,553
Profit for the year 2022	-	-	-	24,456,772	24,456,772
Other comprehensive income					
Share of other comprehensive profit of associate	-	-	-	67,782	67,782
Total comprehensive profit for the period	-	-	-	24,524,554	24,524,554
At 30 June 2022	2,103,202	711,117	2,402,674	30,310,114	35,527,107

## Consolidated statement of cash flows for the year ended 30 June 2023

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
<b>Cash flow from operating activities</b>		
Profit before taxation	2,584,246	24,432,815
Adjustments for:		
Share of (profit) from associate	(880,174)	(1,153,937)
(Reversal of impairment) of investment in associate	(1,856,276)	(23,391,701)
Finance income	(2,243)	(36)
Corporation taxes recovered	17,904	-
<b>Net cash flow used in operating activities before changes in working capital</b>	(136,543)	(112,859)
(Increase) / decrease in trade and other receivables	(9,318)	24,316
Increase in trade and other payables	15,505	13,688
<b>Net cash flow used in operating activities</b>	(130,356)	(74,855)
<b>Investing activities</b>		
Dividend received	903,543	-
Interest received	2,243	36
<b>Net cash flow from investing activities</b>	905,786	36
<b>Financing activities</b>		
Dividends paid	(694,077)	-
<b>Net cash flow used in financing activities</b>	(694,077)	-
<b>Net decrease in cash and cash equivalents in the year</b>	<b>81,353</b>	<b>(74,819)</b>
Cash and cash equivalents at the beginning of the year	93,011	167,830
<b>Cash and cash equivalents at the end of the year</b>	<b>174,364</b>	<b>93,011</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes in the Company's full Annual Report and Financial Statements.

## Notes to the consolidated financial information

### 1. Basis of preparation and significant accounting policies

The consolidated financial information set out above does not constitute the Group's financial statements for the years ended 30 June 2023 or 30 June 2022 but is derived from those financial statements. Statutory financial statements for 2022 have been delivered to the Registrar of Companies and those for 2023 have been approved by the board and will be delivered in due course. The auditors have reported on the 2023 and 2022 financial statements which carried unqualified audit reports and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The 2022 financial statements included reference to a matter to which the auditors drew attention by way of emphasis, namely the reversal of previously recognised impairment charges against the carrying value of the Group's investment in an associate (Sports Information Services (Holdings) Limited). Notes 1 and 2 of the full Annual Report and Financial Statements disclose judgements applied by the Directors in determining the appropriate carrying value of the investment, the basis on which the value was determined and that there is estimation uncertainty concerning the use of Level 2 and Level 3 inputs in making this assessment. The auditor's opinion was not modified in respect of such matter. The 2023 financial statements did not include a reference to any matters to which the auditor drew attention by way of emphasis.

While the financial information included in this announcement has been compiled in accordance with, *inter alia*, International Financial Reporting Standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS. The accounting policies used in the preparation of this announcement are consistent with those in the full financial statements including those applicable to SIS, given its materiality to the Group as a whole.

CMG is an AIM quoted public limited company registered in England and Wales where it is domiciled for tax purposes. Its financial statements are prepared under the historical cost convention.

### Going concern

## Going concern

The Directors can report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern covering a period of at least twelve months from the date of approval of the financial statements. In assessing the Group as a going concern, the directors are also mindful of the business of SIS that provides the entire value of the Group. The directors are satisfied that SIS is a going concern. The Board has a reasonable expectation that the Company and its Group have adequate resources and facilities to continue in operational existence for the foreseeable future and the accounts are accordingly prepared on a going concern basis.

## 2. Investment in associate

Year Ended 30 June 2023	Group £
<b>Cost</b>	
<b>At 1 July 2022</b>	<b>35,430,000</b>
Share of profit - 2023	880,174
Share of other comprehensive income - 2023	(651,323)
Dividend received - 2023	(903,543)
Reversal of impairment of equity-accounted associate	1,856,276
<b>At 30 June 2023</b>	<b>36,611,584</b>

  

Year Ended 30 June 2022	Group £
<b>Cost</b>	
<b>At 1 July 2021</b>	<b>10,816,580</b>
Share of profit - 2022	1,153,937
Share of other comprehensive income - 2022	67,782
Dividend received - 2022	-
Reversal of impairment of equity-accounted associate	23,391,701
<b>At 30 June 2022</b>	<b>35,430,000</b>

The Group's interest in its associate, SIS, a company incorporated in England and Wales, is held by Alternatport Limited. Alternatport Limited 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. Alternatport Limited is a wholly owned subsidiary of Catalyst Media Holdings Limited, a wholly owned subsidiary of Catalyst Media Group plc.

A copy of the strategic forecasts prepared by SIS was made available to the Directors of CMG showing management forecasts of the income statement, statement of financial position and statements of cash flow. SIS's management have assumed a growing level of future profits at a steady rate over a period of five years. CMG's management have made reference to SIS's most recently reported EBITDA, with adjustments made for exceptional and non-recurring items, while also considering the sustainability of its financial performance.

During the prior year the Directors of CMG believed that as at 30 June 2022 there were significant impairment reversal indicators, including the expected future growth of SIS, the extension of core RMG horseracing rights, and the optimism around the prospects for future trade. The directors therefore believed that an enterprise method of valuation of CMG's investment in SIS was an appropriate methodology to follow. In the current year, the directors have identified an adjusted EBITDA figure for SIS for the twelve month period to 30 June 2023 which excluded the impact of certain non-recurring and non-trade items. An appropriate EBITDA multiple was obtained through comparisons of multiples used by businesses in comparable sectors. An average of the mean and median multiples was used. An illiquidity discount of 20% was then applied to the valuation in the midpoint of the range of illiquidity discounts identified by the Directors for unlisted businesses.

After applying the methodology described above, the Directors concluded that the carrying value of the investment in SIS should be £36.61m (2022: £35.43m) and have therefore reversed historic impairments recorded against the value of the investment in previous years totalling £1.86m (£23.39m). The Directors consider that the value at 30 June 2023 is appropriate based on the strategic plans of SIS.

## Share of profit of associate

	2023	2023	2022
	SIS Total	CMG share	CMG share
	£'000	£'000	£'000
Revenue	230,748	47,396	44,849
Operating profit / (loss) before individually significant items	5,392	1,108	1,882
Group's share of loss in associate	(163)	(33)	(56)
Net interest receivable	1,342	275	56
Individually significant items	-	-	(452)
Profit / (loss) before tax	6,571	1,350	1,430
Taxation	(1,687)	(347)	(276)
Share of profit / (loss) after taxation	4,884	1,003	1,154
Net income from associate under	4,884	1,003	1,154



net income from associate under	4,884	1,003	1,154
IFRS 9 expected credit loss provision	(598)	(123)	-
Adjusted net income from associate	4,286	880	-

Other comprehensive income:			
Actuarial (loss) / gain	(7,292)	(1,498)	104
Deferred tax	2,552	524	(36)
Acquisition of a subsidiary and revaluation loss	1,569	322	-
Total other comprehensive income	(3,171)	(652)	68

#### Share of assets and liabilities of associate

Gross assets	130,349	26,774	26,005
Gross liabilities	(72,723)	(14,938)	(13,617)
Share of Net Asset Value	57,626	11,836	12,388

SIS prepares financial statements in accordance with FRS 102, whereas CMG prepares financial statements in accordance with IFRS. The directors have reviewed the potential differences of accounting treatment under the respective frameworks and have made an adjustment to reflect an expected credit loss provision of £123,000 under IFRS 9, and to recognise adjusted net income from its associate of £0.88m. Following the review, the directors have concluded that there are no other material differences of accounting treatment in the application of FRS 102 and IFRS on SIS's results for the year.

During the year, SIS's defined benefit pension scheme assets were revalued on buy-in of a bulk annuity resulting in the recognition of a net revaluation loss of £4.74m. Also during the year SIS increased its shareholding in Racelab Pty Limited from 25% to 50%, resulting in a change in accounting treatment from an investment in associate to a subsidiary and an impact on equity of £1.576m. Both of these items are non-recurring in nature.

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 profits.

### 3. Post balance sheet events

On 31 October 2023, the Company announced that SIS had recently declared and paid an ordinary and special dividend totalling £30 million of which CMG had received its share of £6.16 million. On the same date, CMG declared an interim dividend of 27p per share, amounting to approximately £5.7 million, that was paid on 21 November 2023.

See note 2 of the full Annual Report and Financial Statements for a description of the impact of the post balance sheet events as they relate to SIS's reporting date (31 March 2023) on the Group's valuation of its investment in associate as at 30 June 2023.

- ENDS -

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