
**CATENA GROUP PLC
INTERIM REPORT AND CONDENSED FINANCIAL
STATEMENTS**

Six months ended 30 June 2020

30 Sept 2020

Catena Group plc ("Catena" or the "Company"), the AIM listed asset management company focused on acquiring and growing businesses in high performing industries, is pleased to announce its interim results for the six months ended 30 June 2020.

CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S REVIEW

The six months ended 30 June 2020 has been an extremely challenging one for the Group due to the impact of Covid-19 and the resultant lock down in the UK and closure of schools from March. As a result of these extreme circumstances, we are reporting a total comprehensive loss of £272,204 for the six months ended 30 June 2020 (30 June 2019: loss £15,258).

Catena's cash balances as at 30 June 2020 were £322,916, (30 June 2019: £440,233).

The directors are not recommending the payment of a dividend.

PANTHEON LEISURE PLC ("PANTHEON")

Catena holds 85.87% of the issued share capital of Pantheon Leisure Plc which in turn owns 100% of the operating business of the Sport and Leisure division trading as Sport in Schools Ltd also known as The Elms Sport in Schools ("ESS"). Pantheon as a group made a loss of £22,021 for the six months ended 30 June 2020 (30 June 2019: profit £62,533).

SPORT IN SCHOOLS LIMITED ("SSL")

SSL turnover fell by 52% to £449,530 for the six months ended 30 June 2020 (30 June 2019: £943,392). The decrease is attributable to school closures in March brought on by the Covid-19 pandemic. As a result, the profit recognised for this period was £1,359 compared with £113,130 for the same period last year.

As indicated in our Annual Report, the Group has taken aggressive action to reduce costs, claim under the Government job support schemes and raise further funds under the Government backed loan scheme. These actions have enabled the business to resume operations as schools have re-opened in the last several weeks. With the re-opening of schools, revenue is continuing to return to pre-pandemic levels. However, some activities, such as after-school clubs, have been slower to resume and thus revenues continue to be depressed.

The actions taken earlier in the year, as well as the Government's recent extension of the Covid-19 business support programmes will continue to partially mitigate against the loss of revenue and any further curtailment in sports activity in schools or indeed further school closures. We continue to take comfort from the Government's continued strategy of minimising the potential for further primary school closures and the directors anticipate a continued gradual return to profitability.

FUNDRAISE FOR INSIGHT CAPITAL PARTNERS LIMITED INVESTMENT

In early March 2020, the Company raised £1 million by way of an equity subscription and issued loan notes to the value of £0.5 million to fund its initial investment totalling £1.5 million for a 9.09% interest in Insight Capital Partners Limited ("Insight"), a data science and machine learning solutions company.

As reported on 29 September 2020, the Company announced a proposed equity subscription to raise not less than £250,000 at 50p per share to provide further working capital headroom to the Company in support of its potential acquisition of Insight. Catena announced on 3 September 2020 that it has begun discussions with the CEO of Insight with respect to Catena potentially acquiring the balance of the issued share capital of Insight. As of the date of this report, the equity subscription had not yet completed but the Board remain confident that the minimum proceeds will be raised and will make further announcement, as appropriate, in due course.

Being a minority investment, Catena's shareholding in Insight is treated as an investment on the Company's balance sheet and is recognised at fair value. At 30 June 2020, the Board considered the fair value of the investment to continue to be £1.5 million.

CORPORATE GOVERNANCE CODE

In accordance with the AIM Rules regarding corporate governance our Interim Report and Company website reflect compliance with (and any departures from) the guidance set out in the QCA Corporate Governance Code.

BOARD CHANGES

In the past six months we have undergone a number of changes to the Group board of directors. In March, our long-time Chairman, Richard Owen resigned for personal reasons. In May, we welcomed John Murray, an experienced communications and financial services executive, to the Group board. We expect to make a number of further changes to the board and executive team as we continue the transformation of the business and progress the potential acquisition of Insight.

CORPORATE REORGANISATION

The Company undertook a number of restructuring actions in the last six months to simplify and rationalise the Group structure, continue the transformation of the Group in support of the strategy announced in January 2020 and begin to prepare for the potential acquisition of Insight. Accordingly, we have started the process of having the following non-trading subsidiaries removed from the register at companies House:

- Reverse Take-Over Investments Limited,
- Westside Acquisitions Limited,
- Footballfanatix Limited,
- Westside Tech Limited,
- Footballdirectory.co.uk,
- Football Partners Limited; and,
- Football Data Services Limited.

PROSPECTS AND INVESTMENT OPPORTUNITIES

As announced on 3 September, Catena and Insight, have begun discussions with respect to Catena potentially acquiring the balance of the issued share capital of Insight not already owned by Catena. In light of these discussions, Insight has also agreed a six-month extension of the exercise period for the option it holds to increase its shareholding in Insight to 30.2 per cent of Insight's fully diluted ordinary share capital (the "Option").

As any potential acquisition of the balance of the issued share capital of Insight by Catena would constitute a reverse takeover under the AIM Rules, Catena requested the suspension of trading of its shares effective 3 September until such time that: it has published an admission document; or any discussions relating to the potential purchase of the balance of the issued share capital of Insight have ceased.

This announcement represents a strong step forward in the execution of the strategy announced earlier this year to refocus Catena toward the enormous opportunities in artificial intelligence and machine learning. Catena looks forward to providing further announcements in due course about its progress on this transaction.

On behalf of the Board I would like to thank the employees and executives of Catena and its subsidiaries for their tireless efforts during the past six months. Whilst the Covid-19 pandemic has created challenges, the continued transformation of the Company is creating exciting opportunities for our future success.

Consolidated statement of comprehensive income for the six months ended 30 June 2020

| | Unaudited 6 months ended 30 June 2020 | Unaudited 6 months ended 30 June 2019 | Audited Year ended 31 December 2019 |
|---|--|--|---|
| | £ | £ | £ |
| Revenues from trading activity | 449,530 | 943,433 | 1,683,272 |
| Cost of revenues | (300,365) | (464,540) | (818,158) |
| | 149,165 | 478,893 | 865,114 |
| Administrative expenses | (635,221) | (494,734) | (1,051,971) |
| Other operating income | | | |
| Furlough scheme and local government grants | 216,489 | - | - |
| Operating loss | (269,567) | (15,841) | (186,857) |
| Finance income | 428 | 583 | 1,273 |
| Finance costs | (910) | - | (2,566) |
| | (270,049) | (15,258) | (188,150) |
| Loss before taxation | (270,049) | (15,258) | (188,150) |
| Taxation | - | - | - |
| Loss after taxation from continuing activities | (270,049) | (15,258) | (188,150) |
| Loss for the period from discontinued activities | (2,155) | - | (30,058) |
| Loss after period and total comprehensive loss | (272,204) | (15,258) | (218,208) |
| Attributable to: | | | |
| Owners of the company | (269,093) | (24,091) | (213,197) |
| Non- controlling interests | (3,111) | 8,833 | (5,011) |
| | (272,204) | (15,258) | (218,208) |
| Basic and diluted total comprehensive loss per share | (0.008)p | (0.0007)p | (0.0063p) |

Statement of financial position as at 30 June 2020

| | Unaudited as at 30 June 2020 | Unaudited as at 30 June 2019 | Audited As at 31 December 2019 |
|---|------------------------------------|------------------------------------|---|
| | £ | £ | £ |
| Non- current assets | | | |
| Investments | 1,500,000 | - | - |
| Goodwill and patents | 59,954 | 59,954 | 59,954 |
| Property, Plant and equipment | 63,910 | 89,158 | 72,104 |
| Total non-current assets | 1,623,864 | 149,112 | 132,058 |
| Current assets | | | |
| Trade and other receivables | 70,299 | 253,100 | 109,635 |
| Cash and cash equivalents | 322,916 | 440,233 | 636,779 |
| Total current assets | 393,215 | 693,333 | 746,414 |
| Total assets | 2,017,079 | 842,445 | 878,472 |
| Current liabilities | | | |
| Trade and other payables | 172,997 | 325,871 | 267,162 |
| Lease commitments | 8,333 | - | 8,333 |
| Total current liabilities | 181,330 | 325,871 | 275,495 |
| Non-current liabilities | | | |
| Borrowings – loan notes | 500,000 | - | - |
| Leasing commitments | 44,770 | 65,208 | 49,294 |
| Total non-current liabilities | 544,770 | 65,208 | 49,294 |
| Total liabilities | 726,100 | 391,079 | 324,789 |
| NET ASSETS | 1,290,979 | 451,366 | 553,683 |
| Equity | | | |
| Share capital | 2,448,664 | 2,388,664 | 2,408,664 |
| Share premium | 2,008,031 | 782,031 | 1,048,031 |
| Merger reserve | 325,584 | 325,584 | 325,584 |
| Retained earnings | (3,424,315) | (2,994,883) | (3,164,722) |
| Equity attributable to owners of the company | 1,357,964 | 501,396 | 617,557 |
| Non-controlling interest | (66,985) | (50,030) | (63,874) |
| Total Equity | 1,290,979 | 451,366 | 553,683 |

Consolidated statement of changes in equity for the 6 months to 30 June 2020

| | Six months ended 30 June 2020 £ | Six months ended 30 June 2019 £ | Year ended 31 December 2019 £ |
|---|--|--|--|
| Total equity at the beginning of period/year | 553,683 | 458,300 | 458,300 |
| Adjustment for the adoption of IFRS 16 in relation to leased assets | - | 2,924 | 8,591 |
| Issue of shares | 1,000,000 | - | 290,000 |
| Share issue costs | - | - | (4,000) |
| Share based payments | 9,500 | 5,400 | 19,000 |
| Loss for the period/year | (272,204) | (15,258) | (218,208) |
| | <hr/> | <hr/> | <hr/> |
| At end of period/year | <u>1,290,979</u> | <u>451,366</u> | <u>553,683</u> |

Consolidated statement of cash flows for the six months ended 30 June 2020

| | Six months ended 30 June 2020 £ | Six months ended 30 June 2019 £ | Year ended 31 December 2019 £ |
|--|--|--|--|
| Cash flow from all activities: | | | |
| Continued activities | (270,049) | (15,258) | (188,150) |
| Discontinued activities | (2,155) | - | (30,058) |
| | (272,204) | (15,258) | (218,208) |
| Adjustments for: | | | |
| Depreciation and amortisation | 8,710 | 4,105 | 18,764 |
| Finance income | (428) | (583) | (1,273) |
| Finance costs | 910 | - | 2,566 |
| Share based payments | 9,500 | 5,400 | 19,000 |
| Operating cash flow before working capital movements | (253,512) | (6,336) | (179,151) |
| Decrease/(increase) in receivables | 39,336 | (163,340) | (19,875) |
| (Decrease)/increase in payables | (94,165) | 75,092 | 27,251 |
| Net cash absorbed by operations | (308,341) | (94,584) | (171,775) |
| Cash flow from Investing activities | | | |
| Investments | (1,500,000) | | |
| Property, plant and equipment acquired | (516) | (1,095) | (3,180) |
| Finance income | 428 | 583 | 1,273 |
| Net cash used in investing activities | (1,500,088) | (512) | (1,907) |
| Financing activities | | | |
| Proceeds from share issues | 1,000,000 | - | 286,000 |
| Loan notes | 500,000 | - | - |
| Finance costs | (910) | - | (2,566) |
| Repayment of leased liabilities and borrowings | (4,524) | - | (8,302) |
| Net cash from financing activities | 1,494,566 | - | 275,132 |
| Net (decrease)/increase in cash and cash equivalents | (313,863) | (95,096) | 101,450 |
| Cash and cash equivalents and bank overdraft at the beginning of the period/year | 636,779 | 535,329 | 535,329 |
| Cash and cash equivalents at the end of the period/year | 322,916 | 440,233 | 636,779 |

1. General information

Catena Group plc (the “Company”) is a company domiciled in England and its registered office address is 30 City Road, London EC1Y 2AB. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the “Group”).

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2019 has been extracted from the statutory accounts. The auditors’ report on those statutory accounts was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. A copy of those accounts has been filed with the Registrar of Companies.

The Group has presented its results in accordance with the measurement principles set out in International Financial Reporting Standards as adopted by the EU (“IFRS”) using the same accounting policies and methods of computation as were used in the annual financial statements for the year ended 31 December 2019 with exception of the application of new accounting standards. As permitted, the interim report has been prepared in accordance with the AIM rules for companies but is not compliant in all respects with IAS34 ‘Interim Financial Statements’.

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and therefore cannot be construed to be in full compliance with IFRS.

The condensed consolidated interim financial statements were approved by the board and authorised for issue on 30 September 2019.

2. Going concern and the Impact of the Covid-19 pandemic

As indicated in our 2019 Annual Report, the school closures resulting from the Covid-19 pandemic have negatively impacted revenues and has meant that the Group is unlikely to generate sufficient turnover in 2020 to deliver an operating profit from its main trading activity, Sport in Schools Limited. Prior to the pandemic, forecast levels of turnover for 2020 were expected to result in increased profits in the current year.

The Group took aggressive action earlier in the year to mitigate the financial impact of the pandemic by utilising the Government’s Covid-19 financial assistance schemes. Since the Group released its Annual Report, schools have re-opened and we have been pleased with the resumption of more normal trading as a result. Some activities, such as after-school clubs, have been slow to resume, thus preventing a full return to budgeted revenue levels. However, the Group continues to take full advantage of the Government’s, now extended, Covid-19 business support schemes and is benefiting from the actions taken earlier in the year to protect the business against further school disruptions or closures.

Based on forecasts prepared, the directors have a reasonable expectation that the Group has adequate resources available to continue in operational existence for the foreseeable future and has continued to adopt the going concern basis in preparing the financial statements. However, the ongoing impacts of the global pandemic continue to evolve and it is difficult for the directors to predict with certainty whether there will be further restrictions on the way in which schools operate and in particular their approach to provision of sports coaching in schools.

As reported on 29 September 2020, the Company announced a proposed equity subscription to raise not less than £250,000 at 50p per share to provide further working capital headroom to the Company in support of its potential acquisition of Insight. As of the date of this report, the equity subscription had not yet completed but the Board remain confident that the minimum proceeds will be raised and will make further announcement, as appropriate, in due course.

This fundraise will provide additional support to the Group in the event of any further negative impact on future revenues and profits as a result of the pandemic and further underpin the directors’ confidence in the financial stability of the Company.

3. Basic and diluted loss per share

Comprehensive loss per share for the six months period ended 30 June 2020 has been calculated on the comprehensive loss attributable to owners of the company of £269,093 and on the weighted average number of shares in issue during the period of 35,857,530.

Notes to the financial statements for the six months ended 30 June 2020

Comprehensive loss per share for the six months period ended 30 June 2019 has been calculated on the comprehensive loss attributable to owners of the company of £24,091 and on the weighted average number of shares in issue during the period of 33,561,639.

Comprehensive loss per share for the year ended 31 December 2019 has been calculated on the comprehensive loss attributable to owners of the company of £213,197 and on the weighted average number of shares in issue during the year of 34,438,352.

For the six month period ended 30 June 2020, six month period ended 30 June 2019 and for the year ended 31 December 2019, share options and warrants to subscribe for shares in the company are anti-dilutive and therefore diluted earnings per share information is the same as the basic loss per share.

4. Segment analysis

Six months ended 30 June 2020

| | Sports and leisure continuing activity | Social media website discontinued activity | Consolidated |
|--|---|---|------------------|
| | £ | £ | £ |
| Results from operations | | | |
| Revenue | <u>449,530</u> | <u>-</u> | <u>449,530</u> |
| Segment operating profit/(loss) | <u>1,359</u> | <u>(2,155)</u> | (796) |
| Group operating expenses | | | <u>(270,926)</u> |
| Operating loss | | | (271,722) |
| Finance costs | | | (910) |
| Finance income | | | <u>428</u> |
| Loss before tax from all activities | | | (272,204) |
| Taxation | | | <u>-</u> |
| Operating loss after tax | | | <u>(272,204)</u> |

Notes to the financial statements for the six months ended 30 June 2020

Six months ended 30 June 2019

| | Sports and leisure continuing activity £ | Social media website discontinued activity £ | Consolidated £ |
|-----------------------------------|---|---|---------------------------|
| Results from operations | | | |
| Revenue | <u>943,392</u> | <u>41</u> | <u>943,433</u> |
| Segment operating profit/(loss) | <u>113,130</u> | <u>(12,493)</u> | 100,637 |
| Group operating expenses | | | <u>(116,478)</u> |
| Operating loss | | | (15,841) |
| Finance costs | | | - |
| Finance income | | | <u>583</u> |
| Loss before tax on all activities | | | (15,258) |
| Taxation | | | <u>-</u> |
| Operating loss after tax | | | <u>(15,258)</u> |

Year Ended 31 December 2019

| | Sports and leisure continuing activity £ | Social media website discontinued activity £ | Consolidated £ |
|--|---|---|---------------------------|
| Results from operations | | | |
| Revenue | <u>1,683,272</u> | <u>71</u> | <u>1,683,343</u> |
| Segment operating profit/(loss) | <u>20,215</u> | <u>(30,058)</u> | (9,843) |
| Group operating expenses | | | <u>(207,072)</u> |
| Operating loss | | | (216,915) |
| Finance revenues | | | 1,273 |
| Finance costs | | | <u>(2,566)</u> |
| Loss before tax from all activities | | | <u>(218,208)</u> |