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

Twelve months ended 31 December 2020

31 March 2021

Chairman's Statement

Catena Group plc ("Catena" or the "Company"), the AIM listed holding company, is pleased to announce its interim results for the 12 months ended 31 December 2020.

Chairman's Statement and Chief Executive's Review

We are pleased to provide these interim results and update for the 12 month-period ended 31 December 2020. These results are being released in an interim format due to the Company's decision to change its accounting reference date from 31 December to 31 March. The Company will release audited results for the 15 months ending 31 March 2021 by 30 September 2021.

In January 2020, the Company announced its new strategic focus on artificial intelligence and machine learning. In the last year, significant progress has been made to implement this strategy, with an initial investment in Insight Capital Partners Limited ("Insight") in March 2020 and extensive progress toward the announced potential acquisition of Insight in the past months.

Also in this time, and as an indication of the investor support for the new strategy, Catena has completed two successful fundraises, raising £2.3 million to support its initial investment in Insight and for general working capital purposes.

As a result of the Covid-19 pandemic and the closure of schools for much of the year, trading has been severely impacted at the Group's school sport coaching subsidiary, Sport in Schools Limited ("SSL"). This has had an adverse impact on profitability and cash flow. However, SSL has taken aggressive action to reduce costs and utilise the various Government support schemes. Due to these efforts and that of a committed and industrious SSL team, the business is well positioned to recover as schools have re-opened and restrictions continue to be lifted. The directors would like to thank the SSL staff for their extraordinary work during these challenging times.

For the 12 months ended 31 December 2020 we are reporting a total comprehensive loss of £0.5 million (31 December 2019: loss £0.2 million). The directors are not recommending the payment of a dividend.

Balance Sheet and Fundraising

Despite operational challenges at the Group's Sport In Schools business, a combination of taking advantage of various Government Covid-19 initiatives together with two successful fundraises, has left the Group with a relatively strong balance sheet as at the period end. The Group had net current assets of £0.9 million (2019: £0.5 million) and cash of £1.0 million (2019: £0.6 million).

During the twelve-month period, Catena successfully conducted two fundraises. More recently in September 2020, Catena conducted an equity subscription raising gross proceeds of £0.8 million (priced at 50 pence per ordinary share), the proceeds being used for ongoing working capital purposes of the Group. Earlier in the year in March 2020, Catena raised £1.5 million comprising equity subscription raising gross proceeds of £1.0 million (priced at 25 pence per share) and £0.5 million of convertible loan notes, the proceeds being used to fund Catena's £1.5 million initial investment in Insight Capital Partners Limited ("Insight").

Post period end, in March 2021, a total of 1.5 million warrants, previously issued in 2018, were exercised resulting in additional proceeds to the Company of approximately £0.3 million and the issue of 1,500,000 new ordinary shares in the Company.

On 8 March 2021, the Company entered into a short-term shareholder loan with Insight to support the ongoing product development as work on the proposed acquisition of Insight continues (the "Loan"). The Loan provides a facility to Insight for up to £400,000, is unsecured and is repayable on demand at any time. The Loan may be drawn down by Insight in part or in full and attracts an interest rate of 3% above the Bank of England's Bank Rate. Interest is accrued daily and payable on the repayment date.

Insight Capital Partners Limited ("Insight")

In March 2020, Catena acquired a 9.1 per cent. interest in the issued share capital of Insight for £1.5 million cash. At the time of the investment, Catena was also granted an option to increase its shareholding in Insight

Chairman's Statement

to 30.9 per cent. of Insight's fully diluted ordinary share capital. This investment is recognised as a non-current investment measured at cost in the balance sheet.

In September 2020, the Company announced that it had begun discussions with respect to Catena potentially acquiring the balance of the issued share capital of Insight

Pantheon Leisure Plc ("Pantheon")

Catena holds 85.87% of the issued share capital of Pantheon which in turn owns 100% of The Elms Sport in Schools ("SSL"). Pantheon as a group made a small profit of £3k for the 12-month period ended 31 December 2020 (31 December 2019: loss £36k). Pantheon's results are consolidated into the group accounts of Catena.

Sports in Schools Limited ("SSL")

SSL turnover fell by 48% in the 12-month period to £0.9 million (2019: £1.7 million). The decrease is attributable to school closures in March 2020 brought on by the Covid-19 pandemic. As a result, the profit recognised in this 12-month period was £53k compared with £120k for the prior year.

As previously set out in our 30 June 2020 Interim Results and 2019 Annual Report, SSL has taken aggressive action to reduce costs, claim under the Government job support schemes and secured further funds under the Coronavirus Business Interruption Loan Scheme (CBILS). These actions enabled the business to resume operations as schools re-opened in the autumn. As a result, revenue recovered at the end of 2020, although some activities, such as after-school clubs, were slow to resume, thus preventing a full return to pre-Covid-19 revenue levels. The renewed school closures from the start of 2021 have continued to negatively affect revenue. However, the various government support schemes and earlier corporate actions have mitigated the financial exposure to the business.

With schools now re-opened and many activities continuing to return, albeit slowly, to pre-pandemic levels, the directors are hopeful that SSL revenue will soon recover.

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.

Prospects and investment opportunities

As announced on 8 March 2021, Catena is at an advanced stage in the proposed acquisition of Insight Capital Partners Ltd ("Insight"), the data science and machine learning solutions company. The directors expect to publish an admission document shortly, which will include a circular to shareholders and notice of a general meeting to approve, among other things, the proposed acquisition of Insight. The directors are pleased with the progress made both on the acquisition as well as business and product development at Insight in preparation for the enlarged company following acquisition. Upon completion of the acquisition of Insight, and pending shareholder approval, the Company intends to change its name to Insig AI Plc in order to better represent the new operational focus of the enlarged group.

M Farnum- Schneider

Chief Executive and Interim Chairman

31 March 2021

Consolidated statement of comprehensive income for 12 months ended 31 December 2020

	Unaudited 6 months -1 July to 31 December 2020	Unaudited 12 months ended 31 December 2020	Unaudited 6 months -1 July to 31 December 2019	Audited Year ended 31 December 2019
	£	£	£	£
Revenues from trading activity	433,603	883,133	739,839	1,683,272
Cost of revenues	(329,889)	(630,254)	(366,111)	(818,158)
	103,714	252,879	373,728	865,114
Administrative expenses	(551,399)	(1,186,620)	(557,237)	(1,051,971)
Other operating income Coronavirus Job Retention Scheme and local government grants	227,274	443,763	-	
Operating loss from continuing activities	(220,411)	(489,978)	(183,509)	(186,857)
Finance income	112	540	690	1,273
Finance costs	(1,283)	(2,193)	(2,566)	(2,566)
Loss before taxation from continuing activities	(221,582)	(491,631)	(185,385)	(188,150)
Taxation	-	-	-	-
Loss after taxation from continuing activities	(221,582)	(491,631)	(185,385)	(188,150)
Loss for the year from discontinued activities	(749)	(2,904)	(17,565)	(30,058)
Total comprehensive loss	(222,331)	(494,535)	(202,950)	(218,208)
Attributable to:				
Owners of the company	(225,849)	(494,942)	(189,106)	(213,197)
Non- controlling interests	3,518	407	(13,844)	(5,011)
	(222,331)	(494,535)	(202,950)	(218,208)
Loss per share (basic and diluted)				
Loss from continuing activities per share	(0.0055)p	(0.0125)p	(0.0050)p	(0.0053)p
Loss from discontinued activities per share	(0.0001)p	(0.0001)p	(0.0004)p	(0.0010)p
Total loss per share	(0.0056)p	(0.0126)p	(0.0054)p	(0.0063)p

Statement of financial position as at 31 December 2020

	Unaudited As at 31 December 2020	Audited As at 31 December 2019
	£	£
Non- current assets		
Unlisted investments (note 5)	1,500,000	-
Goodwill and patents	59,954	59,954
Property, plant and equipment	56,404	72,104
Total non-current assets	<u>1,616,358</u>	<u>132,058</u>
Current assets		
Trade and other receivables	117,292	109,635
Cash and cash equivalents	1,032,065	636,779
Total current assets	<u>1,149,357</u>	<u>746,414</u>
Total assets	2,765,715	878,472
Current liabilities		
Trade and other payables	223,615	267,162
Bank loan – (unsecured)	24,000	-
Lease commitments	8,333	8,333
Total current liabilities	<u>255,948</u>	<u>275,495</u>
Non-current liabilities		
Bank loan (unsecured)	216,000	-
Borrowings (convertible unsecured loan notes)	500,000	-
Leasing obligations	40,619	49,294
Total non-current liabilities	<u>756,619</u>	<u>49,294</u>
Total liabilities	1,012,567	324,789
NET ASSETS	<u>1,753,148</u>	<u>553,683</u>
Equity		
Share capital	2,464,664	2,408,664
Share premium	2,666,031	1,048,031
Merger reserve	325,584	325,584
Retained earnings	(3,639,664)	(3,164,722)
Equity attributable to owners of the company	<u>1,816,615</u>	<u>617,557</u>
Non-controlling interest	(63,467)	(63,874)
Total Equity	<u>1,753,148</u>	<u>553,683</u>

Consolidated statement of changes in equity for the 12 months ended 31 December 2020

	Unaudited Year ended 31 December 2020 £	Audited Year ended 31 December 2019 £
Total equity at the beginning of year	553,683	458,300
Adjustment for the adoption of IFRS 16 in relation to leased assets	-	8,591
Issue of shares	1,800,000	290,000
Share issue costs	(126,000)	(4,000)
Share based payments	20,000	19,000
Loss for the period/year	(494,535)	(218,208)
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At end of year	<u>1,753,148</u>	<u>553,683</u>

Consolidated statement of cash flows for the 12 months ended 31 December 2020

	Unaudited 12 months ended 31 December 2020 £	Audited Year ended 31 December 2019 £
Operating cash flow		
Profit from continuing activities	(491,631)	(188,150)
Profit from discontinued activities	(2,904)	(30,058)
	<u>(494,535)</u>	<u>(218,208)</u>
Adjustments for:		
Depreciation and amortisation	16,215	18,764
Finance income	(540)	(1,273)
Finance costs	2,193	2,566
Share based payments	20,000	19,000
	<u>(456,667)</u>	<u>(179,151)</u>
Operating cash flow before working capital movements		
Increase in receivables	(7,657)	(19,875)
(Decrease)/Increase in payables	(43,547)	27,251
	<u>(507,871)</u>	<u>(171,775)</u>
Net cash absorbed by operations		
Cash flow from Investing activities		
Purchase of investments	(1,500,000)	-
Property, plant and equipment acquired	(515)	(3,180)
Finance income	540	1,273
	<u>(1,499,975)</u>	<u>(1,907)</u>
Net cash used in investing activities		
Financing activities		
Proceeds from share issues	1,674,000	286,000
Loan notes issued	500,000	-
Bank loan advanced	240,000	-
Finance costs	(2,193)	(2,566)
Repayment of leasing liabilities and borrowings	(8,675)	(8,302)
	<u>2,403,132</u>	<u>275,132</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	395,286	101,450
Cash and cash equivalents and bank overdraft at the beginning of the year	636,779	535,329
	<u>1,032,065</u>	<u>636,779</u>
Cash and cash equivalents at the end of the year		

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 12 months ended 31 December 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. Although the auditors’ report on those statutory accounts was unqualified, the accounts included a material uncertainty paragraph relating to Going Concern without qualifying their report which 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 31 March 2021.

2. Impact of the Covid-19 pandemic

As indicated in our Interim Results for the six months ended 30 June 2020 and 2019 Annual Report, the school closures resulting from the Covid-19 pandemic have negatively impacted revenues and profitability at its trading subsidiary, SSL. Prior to the pandemic, forecast levels of turnover for 2020 were expected to result in increased profits in the current year.

Throughout the pandemic, SSL has taken aggressive action to mitigate the financial impact of the pandemic by utilising the Government’s Covid-19 financial assistance schemes. While revenue recovered at the end of 2020 due to the re-opening of schools, some activities, including after-school clubs, have been slow to resume, thus preventing a full return to budgeted revenue levels. However, SSL continued to take full advantage of the Government’s extended Covid-19 business support schemes and benefited from the actions taken earlier in the year to protect the business against school disruptions or closures.

The renewed school closures from the start of 2021 have continued to negatively affect revenue. However, the government support schemes and earlier corporate actions have continued to protect the business. With schools now re-opened and many activities continuing to return, albeit slowly, to pre-pandemic levels the directors are hopeful that SSL revenue and profitability will soon recover. However, as we have seen previously, the ongoing impacts of the global pandemic continues to evolve and it is difficult for the directors to predict with certainty whether there will be further restrictions to school operations and sporting activities that would once again affect SSL operations.

3. Basic and diluted loss per share

Comprehensive loss per share for the six months ended 31 December 2020 has been calculated on the comprehensive loss attributable to owners of the Company of £225,849 and on the weighted average number of shares in issue during the period of 40,488,414.

Comprehensive loss per share for the 12 months ended 31 December 2020 has been calculated on the comprehensive loss attributable to owners of the Company of £494,942 and on the weighted average number of shares in issue during the period of 39,317,150.

Notes to the financial statements for the six months ended 12 December 2020

Comprehensive loss per share for the six months to 31 December 2019 has been calculated on the comprehensive loss attributable to owners of the company of £189,106 and on the weighted average number of shares in issue during the period of 35,222,841.

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.

In view of group losses for all periods, share options and warrants to subscribe for ordinary shares in the Company are anti-dilutive and therefore diluted earnings per share information is not presented.

4. Business segment analysis

	Unaudited 6 months -1 July to 31 December 2020	Unaudited 12 months ended 31 December 2020	Unaudited 6 months -1 July to 31 December 2019	Audited Year ended 31 December 2019
Turnover				
Sports and Leisure	433,603	883,133	739,839	1,683,272
Social media – discontinued activity	-	-	30	71
	<u>433,603</u>	<u>883,133</u>	<u>739,869</u>	<u>1,683,343</u>
Segmental operating profit/(loss)				
Sports and Leisure	51,750	53,109	(92,915)	20,215
Social media – discontinued activity	(749)	(2,904)	(17,565)	(30,058)
	<u>51,001</u>	<u>50,205</u>	<u>(110,480)</u>	<u>(9,843)</u>
Group operating expenses	<u>(272,161)</u>	<u>(543,087)</u>	<u>(90,594)</u>	<u>(207,072)</u>
Operating loss	<u>(221,160)</u>	<u>(492,882)</u>	<u>(201,074)</u>	<u>(216,915)</u>
Finance income	112	540	690	1,273
Finance costs	<u>(1,283)</u>	<u>(2,193)</u>	<u>(2,566)</u>	<u>(2,566)</u>
Loss before tax from all activities	<u>(222,331)</u>	<u>(494,535)</u>	<u>(202,950)</u>	<u>(218,208)</u>
Taxation	-	-	-	-
Loss after tax from all activities	<u>(222,331)</u>	<u>(494,535)</u>	<u>(202,950)</u>	<u>(218,208)</u>

5. Investments

In March 2020, the company acquired a 9.1% interest in the ordinary share capital of Insight for £1,500,000 in line with the strategy to focus on investing in quality fast growing companies. In 2020, the Company began discussions with respect to Catena acquiring the balance of issued share capital of Insight, the announcement of which on 3 September 2020 resulted in the Company's ordinary shares being suspended from trading on AIM. Good progress continues to be made on the proposed acquisition. Further details will be provided in the Company's admission document in respect of the proposed acquisition, which the directors expect to publish in due course.