

CATENAE INNOVATION PLC

("Catenae" or the "Company")

HALF YEARLY REPORT

Catenae Innovation Plc ("Catenae" or the "Company"), the AIM quoted (AIM: CTEA) provider of digital media and technology, announces its half yearly report for the six months ended 31 March 2019.

HIGHLIGHTS

- OnSuite Proof of Concept agreements converted into Contracts
- Sequestrum (Blockchain) product launched as both standalone product and integrated into existing product ranges
- Expansion to business sectors outside of Football, including Buildings and Facilities Management, Charities and Rugby
- Post period end, a Head of Sales appointed along side a lead generating marketing partner

Tony Sanders, Chief Executive, said:

"The six months under review have seen further progress of the cost reduction exercise combined with growth in the sales of the OnSuite products (i.e. OnSite, OnGuard and OnSide). The Company is now in a position where it is taking advantage of the existing product suite as well as continuing to look at opportunities to expand into new sectors and diversify its revenue streams."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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CHIEF EXECUTIVE'S STATEMENT

This period has seen further progress of the cost reduction exercise combined with year-on-year growth in the sales for the same H1 period of the OnSuite products (i.e. OnSite, OnGuard and OnSide). The team is now in place to take the revenue generating sections of the business forward to create positive value.

Contracts

In December 2018, STM Security UK Ltd signed a contract for OnGuard Plus (OnGuard incorporating Sequestrum), which provides increased visibility and proof of work for their man-guarding sector. This was followed in January 2019 with the launch of OnSite (incorporating Sequestrum, the Company's proprietary distributed ledger technology), an inspection and auditing tool that utilises blockchain to provide immutable records and proof of work for digital inspections. The first such contract was signed in January 2019 with Firedoor Guardian Ltd for use in their fire door inspection service. The value of this contract proved that the market will pay for 'best in class' products.

As previously announced, we have also seen an increasing number of contracts being signed following successful proof of concept agreements. The Company has continued to target the football sector with its OnSide product and has signed a number of contracts as well as continuing to carry out proof of concept agreements with new clubs. In January 2019, the first non-football proof of concept agreement for OnSide was signed with the Harlequins Foundation the community arm of Harlequins Rugby, taking the product into the Rugby sector, and post year-end agreed a contract with a Charity organisation that has no link to football or sport in general.

In addition, the Company has integrated Sequestrum, Catenae's distributed ledger technology (blockchain), into its core product suite, providing clients with the ability to store critical and regulatory reports in an immutable form within the Sequestrum repository, providing auditable proof of both the existence of the report as well as its original content.

Sales Team

Post period end, in May 2019, the Board announced the appointment of a Head of Sales. One of his first actions has been the appointment of a leading marketing partner to engage targeted organisations focused upon the core sectors for the OnSuite products. Although in its early stages, we are already seeing an increase in pipeline activity and appointments with potential new customers.

Trust in Media Joint Venture

As announced on 26 March 2018, the Company entered into a Joint Venture ("JV") with Martin Heath and that JV would trade as Trust in Media Ltd. The board has now taken steps to place Trust in Media Ltd into liquidation as that venture has not performed as expected. The purpose of the JV was to produce payment processing, copyright and intellectual property solutions, initially within the Media industry, utilising a combination of private and public blockchain technologies including Catenae's Sequestrum.

Funding

The Board has continued to review the expenditure of the business to ensure that the appropriate resources are in place to allow the Company to focus on marketing and selling the products that are now developed. In addition, the Board has continued to manage the balance sheet with net liabilities reduced to £399,980 (30 Sept 2018: £891,929).

During the period, the Company raised funds through the issue of shares to support the development of the business. The Company raised £995,000 cash and settled £95,055 of services through the issue of shares. The Company continues to carefully manage its working capital position and is currently considering a number of funding opportunities. Further announcements will be made in due course.

Outlook

The board is also looking to further strengthen its capabilities and expects to announce changes in due course.

The Company is now in a position where it is taking advantage of the existing product suite and is seeing growth in terms of potential pipeline and converted sales. The Company continues to look at opportunities that enable it to expand its reach into new sectors and to significantly increase its growth.

Tony Sanders
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2019	Unaudited six months ended 31 March 2018	Audited year ended 30 Sept 2018
	£	£	£
Revenue	68,857	10,372	157,218
Cost of sales	-	-	-
Gross profit	68,857	10,372	157,218
Administrative expenses	(572,134)	(562,451)	(1,282,027)
	<u>(572,134)</u>	<u>(562,451)</u>	<u>(1,282,027)</u>
Loss from operations	(503,277)	(552,079)	(1,124,809)
Net Finance income/(expense)	44	11	(2,460)
Loss before taxation	(503,233)	(552,068)	(1,127,269)
Taxation credit	-	-	20,481
Total comprehensive loss for the year	(503,233)	(552,068)	(1,106,788)
Attributable to equity shareholders of the parent	(503,233)	(552,068)	(1,106,788)
Total basic and diluted loss per share	(0.04)	(0.05)	(0.06)

There were no comprehensive income and expense items (2018: nil) other than those reflected in the above income statement. All results relate to continuing activities.

STATEMENT OF FINANCIAL POSITION

	Note	Unaudited six months ended 31 March 2019	Unaudited six months ended 31 March 2018	Audited year ended 30 Sept 2018
		£	£	£
Non-current assets				
Intangible assets		11	11	11
		11	11	11
Current assets				
Trade and other receivables		101,394	42,439	48,864
Cash and cash equivalents		319,146	125,846	49,105
		420,540	168,285	97,969
Current liabilities				
Trade and other payables		(651,530)	(741,025)	(674,247)
Interest-bearing loans		(169,001)	(158,300)	(315,662)
		(820,531)	(899,325)	(989,909)
Net Liabilities		(399,980)	(731,029)	(891,929)
Capital and reserves attributable to equity holders of the company				
Share capital	4	3,173,601	1,925,435	2,078,601
Share premium account		17,068,371	18,124,709	16,999,644
Shares to be issued		18,700	50,000	187,245
Share reserve		(83,333)	(1,250,000)	(83,333)
Merger reserve		11,119,585	11,119,585	11,119,585
Capital Redemption Reserve		2,732,904	2,732,904	2,732,904
Retained losses		(34,429,808)	(33,433,662)	(33,926,575)
Total Equity		(399,980)	(731,029)	(891,929)

STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2019	Unaudited six months ended 31 March 2018	Audited year ended 30 Sept 2018
	£	£	£
Loss for the period	(503,233)	(552,068)	(1,106,788)
<i>Adjustments for:</i>			
Net bank and other interest (income) / charges	(44)	2,121	2,460
Issue of share options / warrant charge	-	6,318	68,126
Services settled by the issue of shares	63,782	38,000	317,513
Net (loss) before changes in working capital	(439,495)	(505,629)	(718,689)
(Increase) / decrease in trade and other receivables	(52,530)	34,699	28,272
(Decrease) / increase in trade and other payables	(22,720)	(321,816)	(411,961)
Cash from operations	(514,745)	(792,746)	(1,102,378)
Interest received	44	11	15
Interest paid	-	-	(2,475)
Net cash flows from operating activities	(514,701)	(792,735)	(1,104,838)
Investing activities			
Investment in joint venture	-	(10)	(10)
Net cash flows from investing activities	-	(10)	(10)
Financing Activities			
Issue of ordinary share capital	931,403	305,000	381,500
Repayment of loan	(210,842)	(241,227)	(375,090)
New loans raised	64,181	105,000	397,725
Net cash flows from financing activities	784,742	168,773	404,135
Net increase / (decrease) in cash	270,041	(623,972)	(700,713)
Cash and cash equivalents at beginning of period	49,105	749,818	749,818
Cash and cash equivalents at end of period	319,146	125,846	49,105

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Shares to be issued	Other reserves	Retained losses	Total Equity
	£	£	£	£	£	£
Balance at 31 March 2018	1,925,435	18,124,709	50,000	12,602,489	(33,433,662)	(731,029)
Loss for the period	-	-	-	-	(554,720)	(554,720)
Conclusion of defaulting shares issue	-	(1,166,667)	-	1,166,667	-	-
Share issue agreed in advance	-	-	137,245	-	-	137,245
Share capital issued	153,166	41,602	-	-	-	194,768
Share options charge	-	-	-	-	61,807	61,807
Balance at 30 Sept 2018	2,078,601	16,999,644	187,245	13,769,156	(33,926,575)	(891,929)
Loss for the period	-	-	-	-	(503,233)	(503,233)
Share issue agreed in advance	-	-	(168,545)	-	-	(168,545)
Share capital issued	1,095,000	68,727	-	-	-	1,163,727
Share options charge	-	-	-	-	-	-
Balance at 31 March 2019	3,173,601	17,068,371	18,700	13,769,156	(34,429,808)	(399,980)

NOTES TO THE HALF YEARLY REPORT

1. General information

The principal activity of Catenae Innovation Plc (“Catenae” or “the Company”) is the provision of digital media and technology.

Catenae is incorporated in the United Kingdom with registration number 4689130. Catenae is domiciled in the United Kingdom and has its registered office at 27 Old Gloucester Street, London WC1N 3AX, and this is its principal place of business for the Company is 199 Bishopsgate, London EC2M 3TY.

Catenae’s shares are quoted on the AIM market of the London Stock Exchange.

Catenae’s financial statements are presented in Pounds Sterling (£).

This financial information has been approved for issue by the Board of Directors on 27 June 2019.

2. Basis of preparation

The financial information in the half yearly report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the half yearly report are those the Company expects to apply in its financial statements for the year ending 30 September 2019 and are unchanged from those disclosed in the Directors’ Report and financial statements for the year ended 30 September 2018.

The financial information for the six months ended 31 March 2019 and the six months ended 31 March 2018 is unaudited and does not constitute the Company’s statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2018 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies.

While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

Going concern

As stated in the accounts for the year to 30 September 2018, the future business model of the Company is based around the generation of sustainable revenues and profits through strategic partnerships and internal projects. As described in the Chief Executive’s statement, progress has been and continues to be made to develop the Company’s activities and associated revenues. However, as also noted in the 30 September 2018 accounts, the Company needs to raise further funds from the placing of shares or through other means, whilst the revenues and profits from these solutions are fully developed.

During the period the Company has raised funds of £995,000 through the issuing of shares for cash and settled £95,055 of services through the issue of shares.

In line with the plans and projections prepared by the Board, the Company’s activities continue to build, however in accordance with those plans, in the short term the Company needs to continue to raise funds from a combination of trading and placement of shares to fund its activities.

3. Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the average weighted number of shares in issue during the period. The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

There were 162,702,116 share options and 110,931,460 share warrants outstanding at 31 March 2019 (2018: 163,213,116 and 385,098,130), however the figures have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

Loss for 6 months to 31 March 2019	Weighted average number of shares	Per share amount (pence)	Loss for 6 months to 31 March 2018	Weighted average number of shares	Per share amount (pence)
£ (503,233)	1,321,073,786	(0.04)	£ (552,068)	1,120,104,463	(0.05)

4. Share Capital

	31 March 2019	30 Sept 2018
	Number	Number
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 0.1p	3,173,601,652	2,078,601,652
	<u>3,173,601,652</u>	<u>2,078,601,652</u>

On 7 November 2018, the Company issued 500,000,000 ordinary shares at a price of 0.12 pence per share for a cash consideration of £524,945 and for settlement of outstanding trade payables of £75,055.

On 5 March 2019, the Company issued 595,000,000 ordinary shares at a price of 0.10 pence per share for a cash consideration of £575,000 and for the settlement of outstanding trade payables of £20,000.

5. Availability of the Half Yearly Report

Copies of the half yearly report are available to shareholders on the Company's website at www.catenaeinnovation.com and from the Company's trading address: 199 Bishopsgate, London EC2M 3TY.