

**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 2018.

**HIGHLIGHTS**

- Change of name to Catenae Innovation Plc
- Strategy revised to focus on distributed ledger (DLT/MDL) and blockchain technology based services to the digital media and fintech markets
- Greatly reduced costs through streamlining and restructuring of the business
- Signed Joint Venture with Martin Heath to form Trust in Media
- Post period-end
  - Trust in Media signs first agreement for Fanbase service with its associated revenues
  - Memorandum of Understanding signed for the acquisition of Tribe of Noise
  - Trust in Media creates and launches first blockchain product to the music industry
  - Proof of concept agreement signed for Trust in Media's blockchain solution
  - Proof of concept agreement signed by Aston Villa for OnsidePro
  - Revenues received from both new and legacy product areas

***Tony Sanders, Chief Executive, said:***

"The Group has been through a transformation both in terms of the Group's management and also in its strategic focus. We have been working on streamlining the various business units and are pleased to be able to show these results through the 50% reduction in costs compared to the same period last year. The Group is now well positioned to focus on executing the new strategy, building revenues from the products and services now available to the Group, particularly those utilising blockchain technology in the digital media and fintech markets."

**For further information:****Catenae Innovation Plc**

Tony Sanders

Tel: 020 7929 7826

**Cairn Financial Advisers LLP, Nominated Adviser**

Liam Murray / Jo Turner

Tel: 020 7213 0880

**Cornhill Capital, Broker**

Dan Gee

Tel: 020 3700 2500

## **CHIEF EXECUTIVE'S STATEMENT**

Since September 2017, the Group has been through a transformation both in terms of the Group's management and also in its strategic focus. The Board has been working on streamlining the various business units as can be seen by the 50% reduction in costs compared to the same period last year. The Group is now well positioned to focus on creating revenues from the products and services available to the Group, particularly those utilising blockchain technology in the digital media and fintech markets.

### **Change of Name**

As part of the transformation, our Shareholders voted in March 2018 to change the name of the Company from Milestone Group Plc to Catenae Innovation Plc. The name change marks the beginning of a new era for the Group. It takes the Latin for 'Chain' into the modern world with links to blockchain as well as the vision of the Group to chain together synergistic subsidiary businesses for the mutual benefit of all.

### **Trust in Media**

The first synergeous business was created in March 2018 with the Company signing a joint venture agreement with Martin Heath and Seed Media to create Trust in Media ("TiM"). Initially focusing on the music industry, TiM uses GDPR compliant social media analytics, digital asset registration, transaction and payment tracking solutions, utilising both private and public blockchain technology.

Post period-end, in June 2018, TiM launched its Digital Asset Registration and Transactional Tracking system; the first phase of its distributed ledger based application (DLT / blockchain). This product is now undergoing proof of concept with a leading provider of rights included music. This will allow the provider to record digital asset rights information for individual music tracks and capture the payout details of those assets when they are streamed or downloaded. Whilst initially focussed on the music sector, the ability to register and track digital assets can be applied across many sectors including images, moving images, books etc, providing significant opportunity. In terms of the music industry alone, the 2017 Annual Report for the Performing Rights Society ("PRS") highlights as a principal risk the uncertainty of the ongoing administration costs due to the growing trend towards digital music (online up 52.7%), currently these are not easily validated by the Performing Rights Organisations (PROs). In the year to 31<sup>st</sup> December 2017, the PRS show revenues of £717 million and administration and finance costs of around 13%. A blockchain driven solution, such as the one created by TiM, could significantly reduce these costs by providing an automated audited breakdown of digital payout. Assuming transactional fees for TiM's service of only 0.5%, it would be a significant revenue opportunity for the Group, especially when we take into account that other PROs around the world have similar issues. According to ASCAP (Ascap.com), the worldwide market for royalty payments is US\$5 billion.

### **Tribe of Noise**

Post period-end, in May 2018, the Company made a step towards its second synergeous business by signing a Memorandum of Understanding to acquire 51% of Tribe of Noise ("ToN"). Award winning ToN is a leading provider of quality, direct licensed music and fair remuneration models for a growing community of 30,000 musicians globally. ToN's product offering is complimentary to those being developed by TiM and provides a ready built audience and cross-selling opportunities for both entities.

### **OnSide / OnGuard**

Post period-end, the Company was pleased to sign a proof of concept agreement with Aston Villa Club for the OnSide Pro solution. This product will be used to manage a number of coaching sessions and community engagements.

## **Management Team**

One important element in the execution of the revised strategy was to ensure we had the right management team to ensure the appropriate skills sets were in place. The Company has made the following appointments;

- Martin Heath of Trust in Media Ltd – Music Industry Specialist – March 2018

Post period appointments:

- Alan Simpson CTO Catenae Innovation Plc – Technology specialist -May 2018
- Tony Sanders CEO Catenae Innovation Plc, previously appointed Interim CEO – May 2018

As announced on 18 May 2018, it is anticipated that Hessel von Oorshott of the proposed acquisition of Tribe of Noise will become a member of the management team when the acquisition is finalised.

## **Funding**

During the period, the Company continued to raise funds through the issue of shares to support the development of the business. The Company raised £295,000 cash and settled £30,000 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 Group is entering exciting times as the strategy for bringing together a portfolio of synergious businesses for the benefit of all takes shape and the business moves from planning and development into the execution phase.

**Tony Sanders**  
**Chief Executive Officer**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2018  £	Unaudited six months ended 31 March 2017  £	Audited year ended 30 Sept 2017  £
<b>Revenue</b>	10,372	19,161	24,640
Cost of sales	-	(1,964)	(1,964)
<b>Gross profit</b>	<b>10,372</b>	<b>17,197</b>	<b>22,676</b>
Realised gain on disposal	-	-	1
Administrative expenses	(557,071)	(1,139,005)	(2,261,107)
	<u>(557,071)</u>	<u>(1,139,005)</u>	<u>(2,261,106)</u>
<b>Loss from operations</b>	<b>(546,699)</b>	<b>(1,121,808)</b>	<b>(2,238,430)</b>
Net Finance income/(expense)	(2,121)	9	(2,961)
	<u>(548,820)</u>	<u>(1,121,799)</u>	<u>(2,241,391)</u>
<b>Loss before taxation</b>	<b>(548,820)</b>	<b>(1,121,799)</b>	<b>(2,241,391)</b>
Taxation charge	-	-	-
<b>Loss from continuing operations</b>	<b>(548,820)</b>	<b>(1,121,799)</b>	<b>(2,241,391)</b>
(Loss) / profit from discontinuing operations net of tax	-	(11,137)	(16,133)
<b>Total comprehensive loss for the year</b>	<b>(548,820)</b>	<b>(1,132,936)</b>	<b>(2,257,524)</b>
<b>Attributable to equity shareholders of the parent</b>	<b>(548,820)</b>	<b>(1,132,936)</b>	<b>(2,257,524)</b>
<b>Total basic and diluted loss per share</b>	<b>(0.05)</b>	<b>(0.12)</b>	<b>(0.20)</b>

There were no comprehensive income and expense items (2017: nil) other than those reflected in the above income statement. All results relate to continuing activities.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017	Audited year ended 30 Sept 2017
		£	£	£
<b>Non-current assets</b>				
Intangible fixed assets		11	1	1
		11	1	1
<b>Current assets</b>				
Trade and other receivables		42,438	101,871	77,137
Cash and cash equivalents		126,213	33,794	749,972
		168,651	135,665	827,109
<b>Current liabilities</b>				
Trade and other payables		(831,748)	(1,346,944)	(1,179,967)
Interest-bearing loans		(158,300)	(163,027)	(293,027)
		(990,048)	(1,509,971)	(1,472,994)
<b>Net Liabilities</b>		(821,397)	(1,374,306)	(645,885)
 <b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	4	1,925,435	1,082,141	1,778,768
Share premium account		18,124,709	16,831,053	17,954,376
Shares to be issued		50,000	29,695	-
Share reserve		(1,250,000)	(1,250,000)	(1,250,000)
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		(33,524,019)	(31,919,683)	(32,981,517)
<b>Total Equity</b>		(821,386)	(1,374,305)	(645,884)

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017	Audited year ended 30 Sept 2017
	£	£	£
<b>Loss for the period</b>	<b>(548,820)</b>	<b>(1,132,936)</b>	<b>(2,257,524)</b>
<i>Adjustments for:</i>			
Net bank and other interest (income) / charges	2,121	9	2,961
Issue of share options / warrant charge	6,318	5,827	68,581
Services settled by the issue of shares	38,000	57,126	45,326
<b>Net (loss) before changes in working capital</b>	<b>(502,381)</b>	<b>(1,069,974)</b>	<b>(2,140,656)</b>
Decrease in trade and other receivables (Decrease) / increase in trade and other payables	34,699	85,965	110,700
	(323,437)	144,997	(20,793)
<b>Cash from operations</b>	<b>(791,119)</b>	<b>(839,012)</b>	<b>(2,050,749)</b>
Interest received	1	9	14
Interest paid	(1,414)	-	(1,475)
<b>Net cash flows from operating activities</b>	<b>(792,532)</b>	<b>(839,003)</b>	<b>(2,052,210)</b>
<b>Financing Activities</b>			
Issue of ordinary share capital	305,000	715,335	2,516,220
Repayment of loan	(241,227)	(25,000)	(155,000)
New loans raised	105,000	54,000	312,500
<b>Net cash flows from financing activities</b>	<b>168,773</b>	<b>744,335</b>	<b>2,673,720</b>
Net increase / (decrease) in cash	(623,759)	(94,668)	621,510
Cash and cash equivalents at beginning of period	749,972	128,462	128,462
<b>Cash and cash equivalents at end of period</b>	<b>126,213</b>	<b>33,794</b>	<b>749,972</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Shares to be issued	Other reserves	Retained losses	Total Equity
	£	£	£	£	£	£
Balance at 31 March 2017	<b>1,082,141</b>	<b>16,831,053</b>	<b>29,695</b>	<b>12,602,489</b>	<b>(31,919,683)</b>	<b>(1,374,305)</b>
Loss for the period	-	-	-	-	(1,124,588)	(1,124,588)
Shares issued	696,627	1,123,323	(29,695)	-	-	1,790,255
Share options	-	-	-	-	62,754	62,754
Balance at 30 Sept 2017	<b>1,778,768</b>	<b>17,954,376</b>	<b>-</b>	<b>12,602,489</b>	<b>(32,981,517)</b>	<b>(645,884)</b>
Loss for the period	-	-	-	-	(548,820)	(548,820)
Cash received in advance of share issue	-	-	50,000	-	-	50,000
Shares issued	146,667	170,333	-	-	-	317,000
Share options	-	-	-	-	6,318	6,318
Balance at 31 March 2018	<b>1,925,435</b>	<b>18,124,709</b>	<b>50,000</b>	<b>12,602,489</b>	<b>(33,524,019)</b>	<b>(821,386)</b>

## NOTES TO THE HALF YEARLY REPORT

### 1. General information

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

Catenae is the Group's ultimate parent company and 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 its principal place of business for the Group is 1 Primrose Street, London EC2A 2EX.

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

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

This consolidated financial information has been approved for issue by the Board of Directors on 28th June 2018.

### 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 Group expects to apply in its financial statements for the year ending 30 September 2018 and are unchanged from those disclosed in the Group's Directors' Report and consolidated financial statements for the year ended 30 September 2017.

The financial information for the six months ended 31 March 2018 and the six months ended 31 March 2017 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2017 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 2017, the future business model of the Group is based around the generation of sustainable revenues and profits through strategic partnerships and joint ventures. As described in the Chief Executive's statement, progress has been and continues to be made to develop the Group's activities and associated revenues. However, as also noted in the 30 September 2017 accounts, the Group needs to raise further funds from the placing of shares whilst the revenues and profits from these solutions are fully developed.

During the period the Group has raised funds of £295,000 through the issuing of shares for cash and settled £30,000 of services through the issue of shares. Since the period end further funds of £11,500 have been raised through further share placements for cash and settled £40,000 of services through the issue of shares.

In line with the plans and projections prepared by the Board, the Group's activities continue to build, however in accordance with those plans, in the short term the Group 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 163,213,116 share options and 385,098,130 share warrants outstanding at 31 March 2018 (2017: 174,189,116 and 110,931,460), 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 2018 £	Weighted average number of shares	Per share amount (pence)	Loss for 6 months to 31 March 2017 £	Weighted average number of shares	Per share amount (pence)
(548,820)	1,120,104,463	(0.05)	(1,132,936)	975,529,255	(0.12)

### 4. Share Capital

	Number	31 March 2018 £	Number	30 Sept 2017 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 0.1p	1,925,434,986	1,925,435	1,778,768,317	1,778,768
	1,925,434,986	1,925,435	1,778,768,317	1,778,768

On 19 December 2017, the Company issued 30,000,000 ordinary shares at a price of 0.5 pence per share for a cash consideration of £150,000 as a result of warrants being exercised.

On 23 March 2018, the Company issued 96,666,669 ordinary shares at a price of 0.15 pence per share for a cash consideration of £145,000 and 20,000,000 ordinary shares at a price of 0.15 pence per share for the settlement of outstanding trade payables of £30,000.

### 5. Availability of the Half Yearly Report

Copies of the half yearly report are available to shareholders on the Company's website at [www.catenainnovation.com](http://www.catenainnovation.com) and from Catena's trading address: 1 Primrose Street, London EC2A 2EX.