



Appendix 4D

For the half-year ended 31 December 2018

Catapult Group International Limited

ABN 53 164 301 197

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2018

	31 Dec 2018 \$000's	31 Dec 2017 \$000's	Change \$000's	Change %
Revenue from ordinary activities	42,986	32,444	+10,542	+32%
Comprehensive Profit / (Loss) from ordinary activities after tax attributable to members	(5,131)	(14,328)	+9,197	+64%
Profit / (Loss) from ordinary activities after tax attributable to members	(9,253)	(14,092)	+4,839	+34%

Dividend information

Catapult Group International Limited has not paid, and does not propose to pay dividends, for the half-year ended 31 December 2018 (2017: nil).

Net tangible information

	31 Dec 2018 (cents)	31 Dec 2017 (cents)
Net tangible asset per security	11.4	4.2

The commentary on the results for the period is contained in the Catapult market disclosure announcing half year financial results, the half year results presentation to investors and the review of operations in the Directors' Report accompanying the attached Half-Year Financial Report for the half-year ended 31 December 2018.

Information should be read in conjunction with Catapult's 2018 Annual Report and the attached Half-Year Financial Report. This report is based on the consolidated half-year financial Report for the half-year ended 31 December 2018 which has been reviewed by Grant Thornton with the Independent Auditor's Review Report included in the Half-Year Financial Report.



FINANCIAL STATEMENTS

Catapult Group International Ltd
For the half-year ended 31 December 2018



Contents

	Page
Directors' Report	4
Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss	10
Consolidated Statement of Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cashflows	14
Notes to the Consolidated Financial Statements	15
Directors' Declaration	23
Independent Auditor's Review Report	24



Directors' Report

The Directors of Catapult Group International Ltd ('Catapult') present their Report together with the financial statements of the consolidated entity, being Catapult Group International Ltd ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2018 ('H1 FY19').

Director details

The following persons were Directors of Catapult Group International Ltd during or since the end of H1 FY19:

- Dr Adir Shiffman Executive Chairman
- Mr Shaun Holthouse Executive Director
- Mr Igor van de Griendt Executive Director
- Mr Calvin Ng Non-Executive Director
- Mr Brent Scrimshaw Non-Executive Director
- Mr James Orlando Non-Executive Director

All Directors have been in the office since the start of the financial year to the date of this report.

Review of operations and financial results

A summary of the Group's underlying financial results from operations for H1 FY19 and the prior corresponding six-month period ('H1 FY18') is set out below.

	Half-year ended 31 Dec 2018 \$000	Half-year ended 31 Dec 2017 \$000	Change %
1. Statutory results			
Revenue	42,986	32,444	+32%
EBITDA	(1,393)	(5,185)	+73%
NPAT	(9,253)	(14,092)	+34%
2. Underlying results			
EBITDA	(686)	(3,909)	+82%
NPAT	(8,546)	(12,816)	+33%

For the purposes of this report, underlying earnings from operations are defined as the reported results per the half-year financial statements, adjusted for significant items for the current period and prior corresponding period, such as non-recurring employee share plan expenses and acquisition/integration costs associated with SMG Technologies ('SMG') assets.

All growth rates in this section refer to the change from numbers reported in H1 FY18 (also known as the prior corresponding period).



Group revenue performance

For H1 FY19, the Group reported a 32% increase in revenue to \$43.0m. This increase was largely attributable to continued strong growth in the Group's existing core elite business across all geographies and regions.

Strong growth in Core Business

The Group's elite wearables business (including PlayerTek +) reported revenue for H1 FY19 of \$19.6m, representing an increase of 38%. Underpinning this growth was the 30% increase in elite units sold, including PlayerTek + unit sales of 2,319, as well as low churn with 3.5% of elite wearables subscription units not renewed, down from 8.4%. Annualised recurring revenue ('ARR') generated by elite wearables subscriptions was \$27.6m as at 31 December 2018, up 32% on ARR as at 31 December 2017 of \$20.9m.

Revenue from the Group's elite video business increased 22% in H1 FY19 to \$20.7m.

The revenue growth rates mentioned above highlight the continuing strength of the core elite business, and the significant greenfield market opportunity that exists for Catapult.

Prosumer

The launch of the PLAYR Smartcoach product for Prosumer soccer players in June 2018 was supported in the first half by content marketing across social media and distribution deals with key online retailers.

The two important retail sales periods in the second calendar half are Black Friday in November, and the pre- and post- Christmas sales in December. For PLAYR, Black Friday weekend sales volumes were encouraging and demonstrated demand for the product offering. However, December sales did not perform as strongly as forecast.

The net result is that overall unit sales in this new category grew 114% (or 2.1x) to 11.4k for the half. Revenue more than doubled to \$2.7m, an increase of 111%.

Innovation and Product Leaderships

• Vector

Catapult is the clear world leader in the elite wearables category, invented the GPS category, and holds a large family of patents. The company remains committed to its role as the innovation leader in the space and after intensive research and development Catapult has announced the launch of its new elite wearables VECTOR product.

VECTOR delivers a new level of accuracy, usability, and efficiency to empower critical decisions about performance, risk, and return to play by meeting the following objectives:

- Market-leading in-stadium performance
- Combined indoor and outdoor tracking
- Enhanced live experience
- Fast, efficient and logical workflows
- Fully integrated heart rate



- Miniaturised device
- World Rugby and FIFA compliance
- Logical evolution in user experience

VECTOR'S physical design incorporates deliberate decisions to improve the user experience with front-facing status LEDs that instantly display battery, positional, heart rate, UWB connectivity, and Bluetooth.

VECTOR is highly flexible, with proven performance in the toughest stadiums through specifically optimised GNSS, and validation in place for the compatibility of indoor and outdoor datasets - with the ability to combine indoor and outdoor data into a single activity. VECTOR also allows for collection of heart rate data without impacting the athlete, with data collected directly from a sensor-embedded premium garment that removes the need for a heart rate strap or additional hardware.

The planned commercial launch for the VECTOR product is anticipated to be in Q4 of FY19.

- **PlayerTek +**

PlayerTek + was officially launched in October 2018, offering a lower cost elite device that allows sub-elite teams to transition to a more elite offering with an advanced technological solution that includes heart rate monitoring, live tracking functionality and enhanced software features designed for improved analysis, a charge case for easy post-session downloading and premium garment design.

The PlayerTek + device was launched in early FY19 and in H1 FY19 a total of 2,319 units were sold which included 1,500 units for the Confederation of African Football ('CAF').

Investment in Tactical Analytics Product

During the half Catapult continued developing its tactical analytics module (Catapult Vision) for elite clients, and pleasingly the first sales have been made. Further product expansion will see Catapult Vision as an emerging and likely essential part of the elite technology stack. Tactical Analytics will leverage the Group's existing wearable and video platforms to equip coaches with a more data-science driven approach to key tactical considerations, such as analysing what decisions players made on the field, why and how the decisions were executed, how the players have performed in relation to set tactics and in relation to their opposition's tactics.



EBITDA and NPAT

	Half-year ended 31 Dec 2018 \$'000	Half-year ended 31 Dec 2017 \$'000
Reported EBITDA	(1,393)	(5,185)
Add: Litigation and distributor restructure costs	-	57
Add: Share based compensation expense	707	396
Add: Acquisition and integration costs	-	823
Underlying EBITDA	(686)	(3,909)

The Group reported an underlying EBITDA loss for H1 FY19 of (\$0.7m), an improvement of \$3.2m from H1 FY18 underlying EBITDA of (\$3.9m). The \$3.2m increase in underlying EBITDA was primarily attributed to the continued growth of revenue for the core business, along with improving control and discipline around operating expenses.

The growth in EBITDA contribution of the core business (Elite Wearable and Elite Video products) and the financial impact of the Group's investment in New Products in H1 FY19 is set out in the segment note of the financial statements, as summarised below:

	Wearables \$'000	Elite Video \$'000	New Products \$'000	Total \$'000
6 months to 31 December 2018				
Revenue – external customers	19,600	20,655	2,731	42,986
Segment EBITDA	4,309	5,447	(3,592)	6,164
Segment Operating Profit/(Loss)	1,285	919	(4,123)	(1,919)
6 months to 31 December 2017				
Revenue – external customers	14,224	16,927	1,293	32,444
Segment EBITDA	1,383	4,272	(3,300)	2,355
Segment Operating Profit/(Loss)	(1,288)	598	(3,585)	(4,275)

Cash flow

Driven by accelerating growth of the core elite business Catapult remains in a strong financial position. Cash at bank at 31 December 2018 was \$27.1m. The decrease of \$4.6m from 30 June 2018 is accounted for by the repayment of a \$3.5m loan, higher inventory requirements to support growth in Prosumer, the planned increase in sales and product resources, and higher than expected accounts receivable with collections pending.



In the December 2018 quarter Catapult's cash at bank declined \$6.5m as expected. Aside from the loan repayment which happened in the first quarter, all the dynamics mentioned above in addition to the seasonal nature of Catapult's cash receipts in the elite core business contributed to the expected reduction.

FY19 Outlook

Catapult is pleased that the first half growth rates for the elite core business exceeded guidance growth rates and reaffirms FY19 guidance.

Catapult notes there is usually a bias in revenue and earnings towards the second half. This is attributable to the budgeting cycle for northern hemisphere elite sporting organisations. This dynamic makes the end of year forecast for the elite core business highly sensitive to June quarter business activity.

The following table details Catapult's FY19 guidance*, first communicated to the market in October 2018.

Measure	FY18 base	FY19 Guidance	Comment
Elite Core Revenue**	\$73.4m	Between \$86m and \$88m	Implies growth between 17% and 20%
Underlying Core EBITDA***	\$8.0m	Between \$11m and \$13m	Implies growth between 37% and 63%
Annualised recurring revenue (ARR)	\$53.4m	Growth above 20%	Accelerating growth

*Assumes AUD to USD of 75 cents across all USD denominated transactions and no material impacts arising from the adoption of AASB15

** Excludes Prosumer

***Excludes Prosumer, investment in tactical analytics software and employee share plan expense

Catapult's elite business continues to deliver high growth subscription revenue, strong margins, and low churn. Together with our innovation pipeline and recently released products the Board anticipates continued strong growth in the years ahead. The significant reduction in cash outflows highlighted for the Prosumer business combined with continued forecast growth in the elite business is consistent with our commitment to deliver positive cash flow at the Group level by FY21.

Adir Shiffman
Executive Chairman

21 February 2019

Auditor's Independence Declaration

To the Directors of Catapult Group International Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Catapult Group International Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 21 February 2019



	Notes	2018 6 months \$'000	2017 6 months \$'000
Revenue	4	42,986	32,444
Costs of goods sold		(11,718)	(7,418)
Employee benefits expense		(21,753)	(19,592)
Employee share option compensation expense		(707)	(396)
Capital raising and listing expenses		(114)	(164)
Travel, marketing and promotion		(4,389)	(3,564)
Occupancy		(1,519)	(1,398)
Professional fees		(1,228)	(1,471)
Other expenses		(2,951)	(3,626)
Operating loss before depreciation and amortisation		(1,393)	(5,185)
Depreciation and amortisation		(8,083)	(6,630)
Operating loss		(9,476)	(11,815)
Finance costs		(22)	(41)
Finance income		186	44
Other financial items		143	(261)
Loss before income tax		(9,169)	(12,073)
Income tax (expense)/benefit		(84)	(2,019)
Loss for the year from continuing operations		(9,253)	(14,092)
Earnings per share			
Basic and diluted earnings per share (cents per share)	5	(4.9) cents	(8.4) cents

This statement should be read in conjunction with the notes to the financial statements.



Consolidated Statement of Other Comprehensive Income
For the half year ended 31 December 2018

	2018 6 months \$'000	2017 6 months \$'000
Loss for the year from continuing operations	(9,253)	(14,092)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations, net of tax	4,122	(236)
Other comprehensive income for the year, net of tax	4,122	(236)
Total comprehensive income for the year attributable to owners	<u>(5,131)</u>	<u>(14,328)</u>

This statement should be read in conjunction with the notes to the financial statements.



	Notes	31-Dec-18 \$'000	30-Jun-18 \$'000
Assets			
Current			
Cash and cash equivalents		27,114	31,715
Trade and other receivables		21,107	30,849
Inventories		5,786	3,819
Current tax assets		92	89
Total current assets		<u>54,099</u>	<u>66,472</u>
Non-current			
Trade and other receivables		268	275
Property, plant and equipment		8,730	8,683
Goodwill		59,211	56,730
Other intangible assets		42,511	42,097
Deferred tax assets		10,344	10,172
Total non-current assets		<u>121,064</u>	<u>117,957</u>
Total assets		<u>175,163</u>	<u>184,429</u>
Liabilities			
Current			
Trade and other payables		10,729	11,199
Contract liabilities		25,525	25,657
Other liabilities		1,837	1,794
Employee benefits		6,608	8,798
Borrowings		108	3,452
Total current liabilities		<u>44,807</u>	<u>50,900</u>
Non-Current			
Contract liabilities		1,210	584
Other liabilities		588	582
Employee benefits		48	53
Deferred tax liabilities		5,278	5,137
Borrowings		-	103
Total non-current liabilities		<u>7,124</u>	<u>6,459</u>
Total liabilities		<u>51,931</u>	<u>57,359</u>
Net assets		<u>123,232</u>	<u>127,071</u>
Equity			
Share capital	6	164,987	164,324
Share option reserve		5,182	4,847
Foreign currency translation reserve		4,647	525
Accumulated losses		(51,584)	(42,625)
Total equity		<u>123,232</u>	<u>127,071</u>

This statement should be read in conjunction with the notes to the financial statements.



Consolidated Statement of Changes in Equity
for the half year ended 31 December 2018

	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	138,724	4,033	(2,731)	(25,264)	114,762
Total comprehensive income for the year					
Loss for the year	-	-	-	(14,092)	(14,092)
Other comprehensive income	-	-	(236)	-	(236)
Total comprehensive income	-	-	(236)	(14,092)	(14,328)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares, net of transaction costs	130	-	-	-	130
Share based payments	699	(303)	-	-	396
Total transactions with owners	829	(303)	-	-	526
Balance at 31 December 2017	139,553	3,730	(2,967)	(39,357)	100,959
	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	164,324	4,847	525	(42,625)	127,071
Change in accounting policy (note 7)	-	-	-	294	294
Restated total equity at the beginning of the financial year	164,324	4,847	525	(42,331)	127,365
Total comprehensive income/(loss) for the year					
Loss for the year	-	-	-	(9,253)	(9,253)
Other comprehensive income	-	-	4,122	-	4,122
Total comprehensive income	-	-	4,122	(9,253)	(5,131)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares, net of transaction costs	-	-	-	-	-
Share based payments	663	335	-	-	998
Total transactions with owners	663	335	-	-	998
Balance at 31 December 2018	164,987	5,182	4,647	(51,584)	123,232

See note 7 for details about restatements for changes in accounting policies.

This statement should be read in conjunction with the notes to the financial statements.



Consolidated Statement of Cashflows
For the half year ended 31 December 2018

	Note	2018 6 months \$'000	2017 6 months \$'000
Cash flows from operating activities			
Cash receipts from customers		55,519	45,386
Cash paid to suppliers and employees		(50,379)	(37,638)
Cash generated from operations		<u>5,140</u>	<u>7,748</u>
Interest received		203	44
Government grants and other income		1	1,919
Income taxes paid		(78)	(88)
Acquisition and integration costs		-	(386)
Net cash flows from operating activities		<u>5,266</u>	<u>9,237</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,561)	(2,864)
Purchase of other intangible assets		(5,326)	(3,467)
Proceeds from disposal of non-current assets		-	(1)
Acquisition of subsidiaries net of cash acquired		-	(1,489)
Net cash flows used in investing activities		<u>(6,887)</u>	<u>(7,821)</u>
Cash flows from financing activities			
Loans received / (paid)		(3,537)	119
Interest paid		(14)	(25)
Proceeds from share options		17	130
Net cash flows from financing activities		<u>(3,534)</u>	<u>224</u>
Net (decrease)/increase in cash and cash equivalents		(5,155)	1,640
Cash and cash equivalents at the beginning of the financial period		31,715	16,686
Effect of exchange rate fluctuations on cash held		554	(98)
Cash and cash equivalents at the end of the financial period		<u>27,114</u>	<u>18,228</u>

This statement should be read in conjunction with the notes to the financial statements.



1. Nature of operations

Catapult Group International Ltd and its controlled entities (the 'Group') principal activities are the development and supply of wearable tracking devices, athlete monitoring system and software and video analytics solutions for athletes and sports teams.

2. General information and basis for preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Catapult Group International Ltd is a for-profit entity for the purpose of preparing the financial statements.

Catapult Group International Ltd is the Group's Ultimate Parent Company. Catapult Group International Ltd is a Public Company incorporated and domiciled in Australia and listed on the Australian Stock Exchange. The address of its registered office and its principal place of business is 75 - 83 High Street, Prahran, Victoria, Australia

The consolidated financial statements for the period ended 31 December 2018 were approved and authorised for issue by the Board of Directors on 21 February 2019.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the period ended 30 June 2018, other than the policies described in Note 2.2 below.

The following numbers are rounded to the nearest '\$'000. The Group had a current asset surplus of \$9,292 (June 2018: surplus \$15,572). Current liabilities includes contract liabilities of \$25,525 (June 2018: \$25,657) expected to release into revenue within 12 months. As contract liabilities are expected to be delivered over the next 12 months, no actual cash outflows are expected other than those required to pay costs associated with delivering the service. The financial report has been prepared on the going concern basis which contemplates continuity of normal business and the realisation of assets and settlement of liabilities in the ordinary course of business

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

2.1 Revenue

Revenue arises from the sale of goods and the rendering of services. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group enters into sales transactions involving an outright sale to the client, on a subscription basis or for the rendering of services. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction.

Outright sale of goods

Outright sale of goods where there are no significant service obligations is recognised when or as the Group has transferred control of the assets to the customer. The timing of the transfer of control varies depending on the individual terms of the sales agreement. For sales of wearable units the transfer usually occurs when the customer has taken undisputed delivery of the goods. For sales of hardware in the video analytics business the transfer usually occurs on despatch of the goods from Catapult's premises.

Subscription and Services

(i) Wearables Subscription sale

The Group generates revenues from subscription sales and once the customer has taken undisputed delivery of the goods, the revenue from the subscription agreement is recognised on a monthly basis upon commencement of the Group providing its subscription obligations in equal amounts for each month of the subscription agreement.

In determining that wearable subscriptions constitute an operating lease under AASB 117, the Group considers the nature of the term of the agreement and the useful life of the goods being provided under the subscription agreement.

(ii) Rendering of Services

The Group is involved in providing software, support and maintenances services. The Group recognises revenue from such activities on a monthly basis in equal amounts for each month of the subscription agreement upon commencement.



(iii) Multiple Element contracts

The Group's Sub-Elite Wearables offering includes an 'outright sale' element for the GPS Tracking unit sold to the customer and a 'rendering of services' element for the hosted software platform that customers have access to over the duration of the sales agreement. The consideration received for the bundled offering is allocated to each element on the basis of relative fair value. The fair value used for allocating revenue is based on customer contracts and internal pricing models. The revenues associated with the 'outright sale' and 'rendering of services' elements of the sales agreements are recognised on the basis set-out above.

(iv) Content Licensing

The Group is involved in the provision of licensed video content to customers. Where video content is purchased on a one-off basis, associated revenue is recognised upon delivery of the licensed content. Where video content is purchased via a term contract with content available for consumption during the contract term, associated revenue is recognised on a monthly basis in equal amounts for each month of the content licensing agreement upon commencement.

(v) Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

2.2 New standards adopted as at 1 July 2018

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

The adoption of AASB 15 has mainly affected the following areas:

- (1) Training revenue element in contracts
- (2) Consumer revenue deferral
- (3) Dealer commissions on subscription deals
- (4) Warranties

(1) Training revenue element in contracts

Management have undertaken a detailed review of contract obligations and the underlying transactions. This review indicates that compliance with the standard may result in a requirement to adjust the current revenue recognition methodology.

A number of Elite Wearable contracts contain an obligation to provide training. This is currently amortised over the life of the contract. Compliance with the standard will require this revenue to be recognised as the service is incurred, generally within the first 90 days of the contract, causing a change in the first year of revenue recognition. This is not considered to have a material impact.

(2) Consumer revenue deferral

A review of the functionality of the Consumer 'PLAYR' product has outlined a software component that should be considered as a separate performance obligation alongside the hardware component of the device. Management have valued the transaction price for this software component at 10% of the contract value, consistent with industry comparatives and standards, and have determined the software period to be 24 months. This revenue, which has historically been recognised upfront when the service has been incurred, will now be amortised over the software period. The impact of this change in FY18 and FY19 is not considered material.

(3) Dealer commissions on subscription deals

A review of costs incurred in acquiring an Elite Wearable contract indicates that the dealer commissions on total contract value, which are incremental to obtaining the contract with the customer, and Catapult expects to recover from cash flows generated by the contract, will require a change in accounting treatment under AASB 15. These costs, which have historically been expensed immediately when incurred, will now be amortised over the life of the contract. This change is anticipated to result in a net expense reduction of approximately \$250 (rounded to the nearest \$'000) in FY19.

When adopting AASB 15, the Group elected not to restate prior periods. Rather, the Group has adopted the modified retrospective restatement approach and differences arising from the adoption of AASB 15 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The total adjustment to the opening balance of retained earnings arising from the initial application of AASB 15 to dealer commissions costs is a deferral of \$420 (rounded to the nearest \$'000), with an increase in the tax expense relating to this cost reduction of \$126 (rounded to the nearest \$'000).



(4) Warranties

AASB 15 requires that service contracts are 'un-bundled' and each performance obligation identified. The Group has considered the impact of warranty costs in its contracts, based on historical trends and analysis of existing contracts with customers, and has determined that the adjustment to the financial statements is not material. The Group will continue to review and monitor this with future contracts.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139's Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Group elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The adoption of AASB 9 has mostly impacted the following areas relating to the Group:

The impairment of financial assets applying the expected credit loss model. This applies now to the Group's trade receivables and investments in debt-type assets previously classified as HTM or AFS (unless classified as fair value through profit or loss). For contract assets arising from AASB 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

The recognition of gains and losses arising from the Group's own credit risk. The Group continues to elect the fair value option for certain financial liabilities which means that fair value movements from changes in the Group's own credit risk are now presented in other comprehensive income rather than profit or loss.

The Group has reviewed the requirements of AASB 9 and noted that the adoption of AASB 9 relating to the change in accounting policy at the interim stage did not give rise to a need to restate prior financial results.

2.3 Accounting Standards issued but not yet effective and have not been adopted early by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods, and have not yet been adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

AASB 16 Leases (February 2017)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

Management has reviewed the applicable provisions relating to the Group's position as a lessor and lessee under the new standard when it is first adopted for the year ending 30 June 2020. In relation to the Group being a lessor of operating leases of wearables under subscription arrangements the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

In relation to the Group being a lessee it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impact on the transactions and balances recognised in the financial statements, in particular:

- lease assets and financial liabilities on the balance sheet will increase by \$6,533 (rounded to the nearest \$'000) and \$5,045 (rounded to the nearest \$'000) respectively (based on the facts at the date of the assessment)
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off-balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.



3. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018 with the exception of the following:

Changes in significant accounting policies:

- adoption of AASB 15
- adoption of AASB 9

Where applicable in the valuation models above, the following key estimates have been used:

- post-tax discount rate of 11% has been used
- growth has been factored in at between 16% and 25% (net of new client wins), with the long term growth rate of 4%
- tax at 30%



4. Segment Note

For the half year ended 31 December 2018

Management identifies its operating segments based on the Group's business units which represent the main products and services provided by the Group. The Group's three main operating segments are:

- Elite Wearables: design, development and supply of wearable technology and analytic software to athletes and sports teams.
- Elite Video: develops and provides innovative digital and video analytic software solutions to elite sports teams.
- New Products: development of the prosumer product and entry into the prosumer market as well as the development of the next generation of digital and video analytic software products to elite sports teams.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

	Elite Wearables	Elite Video	New Products	Total
	\$'000	\$'000	\$'000	\$'000
6 months to 31 December 2018				
Revenue - external customers	19,600	20,655	2,731	42,986
Segment EBITDA	4,309	5,447	(3,592)	6,164
Segment Operating Profit/(Loss)	1,285	919	(4,123)	(1,919)
Segment Assets	58,731	104,773	11,659	175,163
Segment Liabilities	27,037	22,719	2,175	51,931
	Elite Wearables	Elite Video	New Products	Total
	\$'000	\$'000	\$'000	\$'000
6 months to 31 December 2017				
Revenue - external customers	14,224	16,927	1,293	32,444
Segment EBITDA	1,383	4,272	(3,300)	2,355
Segment Operating Profit/(Loss)	(1,288)	598	(3,585)	(4,275)
Segment Assets	44,804	102,689	2,943	150,436
Segment Liabilities	21,390	26,100	1,987	49,477



4. Segment Note (continued)

The Group's segment operating loss reconciles to the Group's loss before tax as presented in its financial statements as follows:

	2018 6 months \$'000	2017 6 months \$'000
Total reporting segment operating EBITDA	6,164	2,355
Depreciation and Amortisation for the segments	(8,083)	(6,630)
Finance segment income	-	-
Other financial segment cost	-	-
Total reporting segment operating loss	(1,919)	(4,275)
Corporate costs		
Employee benefits expense	(4,002)	(3,624)
Employee share option compensation expense	(707)	(396)
Other operating expenses	(2,848)	(3,520)
Total Corporate costs	(7,557)	(7,540)
Operating loss for the Group	(9,476)	(11,815)
Finance income/(expense)	164	3
Other financial items	143	(261)
Group loss before tax	(9,169)	(12,073)

Revenue by Geography

The Group's revenues from external customers (excludes government grants) and are divided into the following geographical areas:

	Elite Wearables *	Elite Video	New Products	Total
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Revenue - external customers				
Australia	2,283	-	332	2,615
APAC	2,166	1	54	2,221
EMEA	7,284	7	1,495	8,786
North America	7,867	20,647	850	29,364
Total	19,600	20,655	2,731	42,986

	Elite Wearables *	Elite Video	New Products	Total
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Revenue - external customers				
Australia	1,868	-	185	2,053
APAC	1,523	-	15	1,538
EMEA	4,945	-	785	5,730
North America	5,888	16,927	308	23,123
Total	14,224	16,927	1,293	32,444

* Elite Wearables includes PlayerTek +

All revenue is generated from external customers and there is no inter segment revenues.

Revenues from external customers in the Group's domicile, Australia, as well as its major markets, the Europe and the USA, have been identified on the basis of the customer's geographical location.



5. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company (Catapult Group International Ltd) as the numerator (i.e. no adjustments to profit were necessary in 2017 or 2018).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	6 months to 31 December 2018	6 months to 31 December 2017
Weighted average number of shares used in basic earnings per share	188,414,490	167,986,710
Weighted average number of shares used in diluted earnings per share	188,414,490	167,986,710

6. Share Capital

The share capital of Catapult Group International Ltd consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Catapult Group International Ltd.

	6 months Dec-18 Shares	12 months Jun-18 Shares	6 months Dec-18 \$'000	12 months Jun-18 \$'000
Shares issued and fully paid:	190,895,116	167,923,667	164,324	138,724
Beginning of the year	190,895,116	167,923,667	164,324	138,724
Shares issue for cash	-	22,727,273	-	25,000
Shares issued on for acquisition of AMS	-	144,176	-	250
Exercise of performance options and equity options	-	100,000	663	1,147
Share issue costs	-	-	-	(1,139)
Deferred tax credit recognised directly in equity on share issue costs	-	-	-	342
Total contributed equity at the end of reporting period	190,895,116	190,895,116	164,987	164,324
Other equity securities				
Treasury shares	(2,460,898)	(2,490,898)	-	-
Total contributed equity	188,434,218	188,404,218	164,987	164,324



6. (a) Treasury Shares

Treasury shares are shares in Catapult Group International Limited that are held by the Catapult Sports Employee Share Plan Trust for the purpose of issuing shares under the Catapult Sports Employee Share Plan in respect of options and performance rights issued under that Plan:

	6 months Dec-18 Shares	12 months Jun-18 Shares
Opening balance at 1 July	2,490,898	3,738,898
Transactions during the year	(30,000)	(1,248,000)
Closing balance at period end	2,460,898	2,490,898

During the financial period a number of shares were issued under the Employee Share Purchase option plan vested. The amount of shares exercised under this option plan was 30,000 at an average exercise price of \$0.55 per share. The amount raised was \$16,500.

7. Changes in Accounting Policies

AASB 15 Revenue from Contracts with Customers

During the normal course of business, the Group incurs a number of incremental costs, such as commissions paid to dealers. The Group recognises such incremental costs initially as contract assets. This asset is then amortised on a systematic basis consistent with the transfer to the customer the good or service to which the asset relates. Where the amortisation period of these costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in AASB 15.94 and expenses them as they incur.

The tables below highlight the impact of AASB 15 on the Group's statement of profit or loss and other comprehensive income and the statement of financial position for the year ending 30 June 2018. The adoption of AASB 15 did not have a material impact on the Group's statement of cash flows.

Statement of Profit or Loss and Other Comprehensive Income (Extract)	Amounts under AASBs 118 & 111 \$'000	Adjustments \$'000	Amounts under AASB 15 \$'000
Other expenses	(6,806)	420	(6,386)
Income Tax (expense)/benefit	(1,101)	(126)	(1,227)
Loss for the period	(17,360)	294	(17,066)
Total comprehensive income for the period	(14,104)	294	(13,810)

Statement of Financial Position (Extract)	Amounts under AASBs 118 & 111 \$'000	Adjustments \$'000	Amounts under AASB 15 \$'000
Current Assets	10,172	(126)	10,046
Deferred Tax Assets	30,849	420	31,269
Trade and other receivables	184,429	294	184,723
Total Assets			
Equity			
Retained earnings	(42,625)	294	(42,331)

Employee Benefits Expense

As outlined in Catapult's 2018 Remuneration Report the Nominations and Remuneration Committee has reviewed and revised Catapult's remuneration policies effective FY19. As part of these changes the CEO and a number of executives will have Total At Risk (TAR) remuneration set with a combination of Fixed Annual Remuneration and at risk Short and Long Term Incentives. Short Term Incentives (STI) may be awarded in cash and part in equity (with deferral) whilst Long Term Incentives (LTI) will be awarded as equity. Given these amounts form part of agreed annual employee remuneration arrangements and for STI may be paid in part cash and equity the amount recognised in our financial statements is recognised within Employee Benefits Expense. The amount recognised within Employee Benefits Expense for the half year ending 31 December 2018 representing estimated equity related grants is \$172 (rounded to the nearest \$'000) for STI and \$119 (rounded to the nearest \$'000) for LTI.

8. Contingent liabilities

There were no contingent liabilities as at 31 December 2018.

9. Post-reporting date events

Subsequent to the end of the financial reporting period, Catapult CEO Joe Powell resigned. His contractual six month notice period commenced on 7 February 2019 when he tendered his resignation. Joe Powell's employment contract, including remuneration terms, continues to apply. Any share options forfeited on Joe Powell's cessation of employment will be accounted for in accordance with applicable accounting rules.



Directors' Declaration

In the opinion of the Directors of Catapult Group International Ltd:

- a the consolidated financial statements and notes of Catapult Group International Ltd are in accordance with *the Corporations Act 2001*, including:
 - i giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b there are reasonable grounds to believe that Catapult Group International Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Adir Shiffman

Director

Dated the 21st day of February 2019

Independent Auditor's Review Report

To the Members of Catapult Group International Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Catapult Group International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Catapult Group International Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Catapult Group International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne 21 February 2019