



## Appendix 4D

For the half-year ended 31 December 2016

**Catapult Group International Limited**  
ABN 53 164 301 197

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2016

	31 Dec 2016 \$000's	31 Dec 2015 \$000's	Change \$000's	Change %
Revenue from ordinary activities	24,771	7,086	+17,685	+250%
Comprehensive Profit / (Loss) from ordinary activities after tax attributable to members	(2,560)	(2,790)	+230	+8%
Profit / (Loss) from ordinary activities after tax attributable to members	(5,337)	(2,608)	(2,729)	(105%)

### Dividend information

Catapult Group International Limited has not paid, and does not propose to pay dividends, for the half-year ended 31 December 2016 (2015: nil).

### Net tangible information

	31 Dec 2016 (cents)	31 Dec 2015 (cents)
<b>Net tangible asset per security</b>	4.3	5.6

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 2016.

Information should be read in conjunction with Catapult's 2016 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 2016 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 2016



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## 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 2016 ('H1 FY17').

### Director details

The following persons were Directors of Catapult Group International Ltd during or since the end of H1 FY17:

- Mr Shaun Holthouse (Chief Executive Officer)
- Dr Adir Shiffman (Executive Chairman)
- Mr Igor van de Griendt (Chief Technology Officer)
- Mr Calvin Ng
- Mr Brent Scrimshaw
- Mr James Orlando (appointed 24 October 2016)
- Ms Rhonda O'Donnell (resigned 9 September 2016)

### Review of operations and financial results

A summary of the Group's underlying financial results from operations for H1 FY17 is set out below.

For the purposes of this report, underlying earnings from operations are defined as the reported results per the half-year financial statements, adjusted for acquisition and capital raising costs, share based payments, distributor restructure costs and one-off litigation costs.

	Half-year ended 31 Dec 2016 \$000's	Half-year ended 31 Dec 2015 \$000's	Change %
<b>1. Statutory results</b>			
Revenue	24,771	7,086	+250%
EBITDA	(1,623)	(2,800)	+42%
NPAT	(5,337)	(2,608)	(105%)
<b>2. Underlying results</b>			
EBITDA	1,797	(1,975)	+191%
NPAT	(2,243)	(1,982)	(13%)

For H1 FY17, the Group reported a 250% increase in revenue, from \$7.1m in the half-year ended 31 December 2015 ('H1 FY16') to \$24.8m. This increase was largely attributable to continued strong growth in the Group's existing elite wearables business as well as the consolidation of XOS Technologies Inc ('XOS') financials into the Group for the first time.

### Continued rapid expansion of elite wearables business

Revenue from the Group's elite wearables business increased 51% in H1 FY17, from \$7.1m in H1 FY16 to \$10.7m. This strong rate of growth was largely achieved by the continued rapid expansion of the Group's subscription fleet, which increased 93% in H1 FY17, from 5,753 units in H1 FY16 to 11,125 units.

Annualised recurring revenue ('ARR') attributable to the elite wearables business increased 81% from \$9.4m at the end of H1 FY16 to \$17.0m, highlighting the significant compounding effect that the rapidly growing subscription fleet has on forward revenue. Furthermore, growth in ARR has continued to outpace that of growth in revenue due to the significantly higher mix of subscription units sold and minimal churn in existing subscription customers during the period.

### Transformational effect of acquisitions

On 12 August 2016 the Group acquired XOS, a US-based market leader in providing innovative digital and video analytic software solutions to elite sports teams in the United States. As a result the Group's H1 FY17 financial statements were consolidated on the following basis<sup>1</sup>:

- XOS balance sheet as at 31 December 2016;
- XOS statement of income for the period 12 August 2016 to 31 December 2016; and
- XOS statement of cash flows for the period 12 August 2016 to 31 December 2016.

Although the contribution of XOS income and cash flows was less than the full period, the acquisition has already significantly enhanced the Group's financial position and long term growth potential, including:

- An additional \$14.1m of XOS revenue in 1H FY17, which combined with the continued strong growth in the Group's elite wearables revenue, has resulted in a total 250% increase in Group revenue, from \$7.1m in H1 FY16 to \$24.8m;
- An additional \$27.7m of XOS ARR as at 31 December 2016, which combined with the 81% growth in ARR from the elite wearables business has resulted in a 375% increase in Group ARR at the end of the period, from \$9.4m at the end of H1 FY16 to \$44.7m;

### Positive underlying EBITDA and cash flow from operations

For the first time since moving to a subscription model, the Group's underlying EBITDA was positive, increasing to \$1.8m in H1 FY17 from a loss of (\$2.0m) at the end of H1 FY16. In addition, the Group posted its first half of positive operating cashflow, up from a negative operating cashflow of (\$1.9m) in H1 FY16 to \$1.3m.

The Group's statutory EBITDA for the period was a loss of \$1.6m, impacted by \$1.5m of non cash share based compensation expense and one-off and extraordinary amounts including \$1.2m of acquisition and integration costs (relating to the XOS and PlayerTek acquisitions) and \$0.7 of litigation and distribution restructure costs.

Employee expenses of the Group increased 143% from \$4.7m in H1 FY16 to \$11.4m as the Group's headcount continued to rise as the business expands, due to both the acquisitions of XOS and PlayerTek and the continued underlying growth of the Group's elite wearables business.

<sup>1</sup> The group also closed the acquisition of Kodaplay Ltd ('Playertek') on 11 August 2016. The Group's prosumer unit did not contribute materially to revenue in H1 FY17, as work continues towards the Group's strategic goal of launching a global prosumer platform offering.

	Half-year ended 31 Dec 2016 \$000's	Half-year ended 31 Dec 2015 \$000's
Reported EBITDA	(1,623)	(2,800)
Add: Capital raising costs	7	317
Add: Litigation and distributor restructure costs	731	348
Add: Share based compensation expense	1,470	160
Add: Acquisition and integration costs	1,212	-
<b>Underlying EBITDA</b>	<b>1,797</b>	<b>(1,975)</b>

The loss after income tax of the Group in H1 FY17 increased to \$5.3m (H1 FY16: \$2.6m), whereas the loss per share increased from (\$0.02) in H1 FY16 to (\$0.036).

#### Accelerating progress towards diversifying revenue streams

The Group has increased its focus on developing additional revenue streams to its traditional core revenue stream (elite wearables) as well as the complementary revenue stream acquired through the XOS acquisition (video analytics).

During the period, the Group signed a league-wide deal with the Australian National Basketball League ('NBL') during H1 FY17, which includes a framework to work in partnership with the NBL on opportunities to monetise data for fan engagement through media and broadcast opportunities.

The Group also partnered with the Reese's Senior Bowl in the United States of America (a post-season college football all-star training week and game) to provide real time player performance data integrated with XOS' video analytics to coaches, talent scouts and executives, demonstrating the scope of Catapult's new unified sports analytics offering.

In the prosumer space, PlayerTek achieved combined orders for 1,146 units in H1 FY17 (806 post close of acquisition on 11 August 2016), validating demand in the prosumer market as work continues towards the Group's strategic goal of launching a global prosumer platform offering.



**Adir Shiffman**  
 Executive Chairman

28 February 2017



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**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 2016, 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*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 28 February 2017

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## Consolidated Statement of Profit or Loss

### For the half-year ended 31 December 2016

	Note	2016 6 months \$	2015 6 months \$
Revenue	5	24,770,659	7,085,528
Other Income		143,564	738,441
Costs of materials		(5,029,358)	(1,282,722)
Employee benefits expense		(11,383,215)	(4,693,488)
Employee share option compensation expense	8	(1,470,268)	(159,998)
Capital raising and listing expenses		(263,018)	(317,214)
Travel, marketing and promotion		(2,311,081)	(1,520,493)
Occupancy		(885,992)	(396,397)
Professional fees		(2,737,926)	(700,664)
Depreciation and amortisation		(4,255,231)	(689,389)
Other expenses		(2,456,469)	(1,552,641)
		<u>(5,878,335)</u>	<u>(3,489,037)</u>
Finance Costs		-	(21,528)
Finance Income		41,833	71,409
Other Financial items		355,559	-
<b>Loss before income tax</b>		<u>(5,480,943)</u>	<u>(3,439,156)</u>
Income tax benefit		144,145	831,556
<b>Loss for the period from continuing operations</b>		<u>(5,336,798)</u>	<u>(2,607,600)</u>
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents per share)		(3.6)	(2.2)

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 2016

	2016	2015
	\$	\$
<b>Loss for the Period</b>	(5,336,798)	(2,607,600)
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for foreign operations, net of tax	2,776,903	(182,684)
<b>Other comprehensive income for the year, net of tax</b>	2,776,903	(182,684)
<b>Total comprehensive income for the year attributable to owners</b>	<b>(2,559,895)</b>	<b>(2,790,284)</b>

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

## Consolidated Statement of Financial Position

### As at 31 December 2016

	Note	31-Dec-16 \$	30-Jun-16 \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		13,888,485	3,642,664
Trade and other receivables		11,427,462	8,358,508
Inventories		2,463,602	2,103,545
Current tax assets		1,919,672	1,859,455
<b>Total Current Assets</b>		<b>29,699,221</b>	<b>15,964,172</b>
<b>Non-Current</b>			
Trade and other receivables		223,659	45,721
Property, plant and equipment		6,457,635	4,196,096
Goodwill	9, 10	58,865,540	1,212,735
Other intangible assets	9, 10	44,487,141	4,233,791
Deferred tax assets		6,380,594	4,498,765
<b>Total non-current assets</b>		<b>116,414,569</b>	<b>14,187,108</b>
<b>Total assets</b>		<b>146,113,790</b>	<b>30,151,280</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables		7,781,324	5,709,766
Deferred Revenue		21,563,935	7,926,746
Other liabilities		697,918	689,728
Employee benefits		4,065,048	3,275,130
<b>Total Current Liabilities</b>		<b>34,108,225</b>	<b>17,601,370</b>
<b>Non-Current</b>			
Deferred Revenue		224,226	260,258
Employee benefits		85,429	67,462
Deferred tax liabilities		1,950,707	282,729
<b>Total non-current liabilities</b>		<b>2,260,362</b>	<b>610,449</b>
<b>Total liabilities</b>		<b>36,368,587</b>	<b>18,211,819</b>
<b>Net assets</b>		<b>109,745,203</b>	<b>11,939,461</b>
<b>Equity</b>			
Share Capital	7	122,481,226	23,585,857
Share Option Reserve		2,247,363	777,095
Foreign currency translation reserve		2,036,902	(740,001)
Accumulated losses		(17,020,288)	(11,683,490)
<b>Total equity</b>		<b>109,745,203</b>	<b>11,939,461</b>

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 2016

	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	17,745,799	486,676	(506,906)	(5,812,666)	11,912,903
<b>Total comprehensive income for the half year</b>					
Loss for the half year	-	-	-	(2,607,600)	(2,607,600)
Other comprehensive income	-	-	(182,684)	-	(182,684)
<b>Total comprehensive income</b>	-	-	(182,684)	(2,607,600)	(2,790,284)
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Issue of ordinary shares, net of transaction costs	6,048,640	-	-	-	6,048,640
Share based payments	-	135,227	-	-	135,227
<b>Total transactions with owners</b>	<b>6,048,640</b>	<b>135,227</b>	<b>-</b>	<b>-</b>	<b>6,183,867</b>
<b>Balance at 31 December 2015</b>	<b>23,794,439</b>	<b>621,903</b>	<b>(689,590)</b>	<b>(8,420,266)</b>	<b>15,306,486</b>

	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	23,585,857	777,095	(740,001)	(11,683,490)	11,939,461
<b>Total comprehensive income for the half year</b>					
Loss for the half year	-	-	-	(5,336,798)	(5,336,798)
Other comprehensive income	-	-	2,776,903	-	2,776,903
<b>Total comprehensive income</b>	-	-	2,776,903	(5,336,798)	(2,559,895)
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Issue of ordinary shares, net of transaction costs	98,895,369	-	-	-	98,895,369
Share based payments	-	1,470,268	-	-	1,470,268
<b>Total transactions with owners</b>	<b>98,895,369</b>	<b>1,470,268</b>	<b>-</b>	<b>-</b>	<b>100,365,637</b>
<b>Balance at 31 December 2016</b>	<b>122,481,226</b>	<b>2,247,363</b>	<b>2,036,902</b>	<b>(17,020,288)</b>	<b>109,745,203</b>

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 2016

	2016	2015
	6 months	6 months
Note	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts from Customers	27,918,001	10,052,655
Cash paid to suppliers and employees	(24,610,730)	(12,091,256)
<b>Cash generated from / (used in) operations</b>	<b>3,307,271</b>	<b>(2,038,601)</b>
Interest Received	41,834	101,828
Income taxes paid	(2,884)	-
Acquisition and integration costs	(2,075,137)	-
<b>Net cash flows from / (used in) operating activities</b>	<b>1,271,084</b>	<b>(1,936,773)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(2,740,466)	(823,653)
Purchase of other intangible assets	(2,478,127)	(401,864)
Acquisition of subsidiaries net of cash acquired	9, 10 (82,201,294)	-
<b>Net cash flows used in investing activities</b>	<b>(87,419,887)</b>	<b>(1,225,517)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	7 100,003,350	6,048,640
Transaction costs related to share capital issued	(4,025,969)	-
<b>Net cash flows from financing activities</b>	<b>95,977,381</b>	<b>6,048,640</b>
Net increase in cash and cash equivalents	9,828,578	2,886,350
Cash and cash equivalents at the beginning of the financial period	3,642,664	5,672,425
Effect of exchange rate fluctuations on cash held	417,243	(53,348)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>13,888,485</b>	<b>8,505,427</b>

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

## Notes to the Consolidated 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, software and video analytics solutions for athletes and sports teams.

### 2. General information and basis of preparation

The interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2016 and are presented in Australian dollar (\$AUD), which is the functional currency of the Parent Company (Catapult Group International Ltd). These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

### 3. Significant accounting policies

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 year ended 30 June 2016, with the exception of the following change. Catapult maintains a swap pool of devices that are used to exchange with customer devices to provide a prompt means of servicing and maintaining customer devices. In previous periods this swap pool was classified as inventory. In the current period the swap pool has been classified as property, plant and equipment to appropriately reflect the economic benefits and costs associated with providing a swap pool. Depreciation is recognised on a straight line basis to write down the cost less the residual value over the 2.5 years estimated useful life of the device.

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

### 4. 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 2016 with the exception of the following:

The intangibles in the XOS acquisition have been valued using the following valuation methods to determine fair value:

#### 4. Estimates (continued)

- Brands and Software Platforms – relief from royalties method
- Content IP - replacement cost approach
- Customer Contracts – Multi-period excess earnings method

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

- post-tax discount rate of 13% has been used
- growth has been factored in at between 2.5%-15%
- churn factor of 8.5%
- tax at 40%
- royalty rates between 4.5% – 8.2%

The software acquired in the Playertek acquisition has been valued using a replacement cost approach.

## 5. Segment Reporting

### For the half year ended 31 December 2016

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 two main operating segments are:

- **Wearables:** design, development and supply of wearable technology and analytic software to athletes and sports teams.
- **Video Analytics:** develops and provides innovative digital and video analytic software solutions to elite sports teams.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The basis of segmentation has changed since the prior period where only one segment was identified. Prior year comparative data cannot be provided for operating segment EBITDA and profit as such data was not collated prior to the introduction of the current accounting software used by the Group introduced in December 2015. The geographical revenue analysis is included to provide comparative results with the prior corresponding period in a format consistent with prior periods.

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

	Wearables	Video Analytics	Total
	\$	\$	\$
<b>Six (6) months to 31 December 2016</b>			
<b>Revenue - external customers</b>	<b>10,677,564</b>	<b>14,093,095</b>	<b>24,770,659</b>
Segment EBITDA	1,417,360	5,295,189	6,712,549
Segment Operating Profit	(366,188)	2,876,902	2,510,714
Segment Assets	43,828,729	102,285,061	146,113,790
Segment Liabilities	22,942,952	13,425,635	36,368,587
<b>Six (6) months to 31 December 2015</b>			
<b>Revenue - external customers</b>	<b>7,085,528</b>	-	<b>7,085,528</b>
Segment Assets	21,811,509	-	21,811,509
Segment Liabilities	9,898,606	-	9,898,606

## 5. Segment Reporting (continued)

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

	2016 6 months \$
<b>Total reporting segment operating EBITDA</b>	<b>6,712,549</b>
Depreciation and Amortisation for the segments	(4,255,231)
Finance segment income	88,698
Other financial segment cost	(35,302)
<b>Total reporting segment operating profit</b>	<b>2,510,714</b>
<b>Corporate Costs</b>	
Employee benefits expense	(2,809,571)
Employee share option compensation expense	(1,470,268)
Capital raising and listing expenses	(263,018)
Travel, marketing and promotion	(545,544)
Occupancy	(421,949)
Professional fees	(1,890,852)
Other expenses	(933,522)
	<b>(5,824,010)</b>
Finance expense	(46,865)
Other financial items	389,932
<b>Group loss before tax</b>	<b>(5,480,943)</b>

## Revenue by Geography

	Wearables 2016 \$	Video Analytics 2016 \$	Total 2016 \$
<b>Revenue - external customers</b>			
Australia	2,016,040	-	2,016,040
APAC	993,633	-	993,633
EMEA	2,847,475	-	2,847,475
USA	4,820,416	14,093,095	18,913,511
<b>Total</b>	<b>10,677,564</b>	<b>14,093,095</b>	<b>24,770,659</b>
	Wearables 2015 \$	Video Analytics 2015 \$	Total 2015 \$
<b>Revenue - external customers</b>			
Australia	1,778,851	-	1,778,851
APAC	631,423	-	631,423
EMEA	1,778,666	-	1,778,666
USA	2,896,588	-	2,896,588
<b>Total</b>	<b>7,085,528</b>	<b>-</b>	<b>7,085,528</b>

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



## 6. 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 2015 or 2016).

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 Dec 2016	6 months to 31 Dec 2015
Weighted average number of shares used in basic earnings per share	149,416,649	116,984,483
Weighted average number of shares used in diluted earnings per share	149,416,649	116,984,483

## 7. 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.

	31-Dec-16	30-Jun-16	31-Dec-16	30-Jun-16
	Shares	Shares	\$	\$
<b>Shares issued and fully paid:</b>	<b>150,432,617</b>	<b>120,549,588</b>	<b>122,481,226</b>	<b>23,585,857</b>
Beginning of the period	120,549,588	120,165,982	23,585,857	17,745,799
Shares issued for cash	33,334,450	4,259,606	100,003,350	6,048,640
Shares issued on acquisition of Kodaplay	424,579	-	1,672,841	-
Share issue costs	-	-	(3,988,613)	(288,424)
Deferred tax credit recognised directly on share issue costs	-	-	1,207,791	79,842
<b>Total contributed equity at end of reporting period</b>	<b>154,308,617</b>	<b>124,425,588</b>	<b>122,481,226</b>	<b>23,585,857</b>
<b>Other equity securities</b>				
Treasury shares	(3,876,000)	(3,876,000)	-	-
<b>Total contributed equity</b>	<b>150,432,617</b>	<b>120,549,588</b>	<b>122,481,226</b>	<b>23,585,857</b>

On 22 July 2016, the Group undertook a capital raising of 33,334,450 shares at \$3.00 per share. The amount raised was \$100,003,350.

## 8. Share-based employee remuneration

### Valuation Assumptions

	Balance				Balance
	1 Jul 2016				31 Dec 2016
<b>Options Program</b>					
<b>Number of Options</b>	4,033,488	2,110,000	1,500,000	1,000,000	8,643,488
Grant date	-	12 Aug 2016	30 Nov 2016	30 Nov 2016	-
Grant date	-	22 Sept 2016	-	-	-
Vesting period ends:					
Tranche 1	-	24 Mar 2018	22 Sept 2017	30 June 2017	-
Tranche 2	-	24 Mar 2019	22 Sept 2018	30 June 2018	-
Tranche 3	-	23 Mar 2020	22 Sept 2019	30 June 2019	-
Tranche 4	-	-	-	30 June 2020	-
Tranche 5	-	-	-	30 June 2021	-
Share price at date of grant	-	\$4.00	\$3.27	\$3.27	-
Share price at date of grant	-	\$3.60	-	-	-
Dividend yield	-	0%	0%	0%	-
Option life	-	3.5 years	3 years	4.7 years	-
Exerciseable to	-	20 Mar 2020	22 Sept 2019	30 June 2021	-

	Balance				Balance
	1 Jul 2016				31 Dec 2016
<b>Performance Rights</b>					
<b>Number of Performance Rights</b>	430,000	-	300,000	-	730,000
Grant Date					
Vesting period ends:					
Tranche 1	-	-	22 March 2017	-	-
Tranche 2	-	-	22 March 2018	-	-
Tranche 3	-	-	22 March 2019	-	-
Share price at date of grant	-	-	\$3.27	-	-
Dividend yield	-	-	0%	-	-
Option life	-	-	2.3 years	-	-
Exerciseable to	-	-	22 March 2019	-	-

In total \$1,470,268 (2015: \$159,998) of employee remuneration expense (all of which related to equity-settled share based payment transactions) has been included in profit or loss and credited to share option reserve.

## 9. Acquisition of Kodaplay Limited (PlayerTek)

On 11 August 2016, the Group acquired 100% of the equity instruments of Kodaplay Ltd ('PlayerTek'), an Ireland based business, thereby obtaining control. The acquisition was made to expedite the Group's position in the emerging prosumer space for wearable athlete monitoring globally. PlayerTek is an emerging business in the Group's targeted expansion market of prosumer. The details of the business combination are as follows:

	\$
<b>Fair value of consideration transferred:</b>	
Amount settled in cash	3,642,353
Amount settled in shares	1,672,841
	<u>5,315,194</u>
<b>Recognised amounts of Identifiable net assets</b>	<b>\$</b>
Property, plant and equipment	14,153
Identifiable Intangible Assets	1,014,787
<b>Total non-current assets</b>	<u>1,028,940</u>
Cash and cash equivalents	90,937
Trade and other receivables	283,901
Inventories	80,226
Other current assets	150,142
<b>Total current assets</b>	<u>605,206</u>
Trade and other payables	(76,980)
Taxes payable	(1,434)
Other liabilities (current)	(16,235)
Liabilities	<u>(94,649)</u>
Identifiable Net Assets	<u>1,539,497</u>
Goodwill recognised on acquisition	<u>3,775,697</u>
Consideration transferred settled in cash	3,642,353
Cash acquired	(90,937)
<b>Net cash outflow on acquisition</b>	<u>3,551,416</u>

Acquisition related costs amounting to \$70,002 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of 'other expenses'.

## 10. Acquisition of XOS Technologies Inc

On 12 August 2016, the Group acquired 100% of the equity instruments of XOS Digital Inc ('XOS'), a Wilmington, MA (USA) based business, thereby obtaining control. The acquisition of XOS was made to compliment the Group's business operations increasing the offering to the elite sports market, initially focused on the US market.

Fair value of consideration in cash	\$ 81,909,128
<b>Recognised amounts of identifiable net assets</b>	<b>\$</b>
Property, plant and equipment	498,616
Identifiable Intangible Assets	37,811,001
Deferred tax asset	9,677,130
Other non-current assets	183,749
Total non-current assets	<u><b>48,170,496</b></u>
Cash and cash equivalents	3,259,250
Trade and other receivables	10,392,916
Inventories	596,587
Other current assets	576,261
Total current assets	<u><b>14,825,014</b></u>
Trade and other payables	(2,168,107)
Royalties accrued	(1,086,186)
Deferred revenue	(17,792,878)
Taxes payable	64,018
Other liabilities (current)	(1,782,407)
Deferred tax liability	(9,677,130)
Liabilities	<u><b>(32,442,690)</b></u>
Identifiable Net Assets	<u><b>30,552,820</b></u>
Goodwill recognised on acquisition	<u><b>51,356,308</b></u>
Consideration transferred settled in cash	81,909,128
Cash acquired	(3,259,250)
Net cash outflow on acquisition	<u><b>78,649,878</b></u>

Acquisition related costs amounting to \$789,911 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of 'other expenses'.

At the date of acquisition XOS Digital Inc. had US\$15.4 million of carry-forward tax losses. \$9.7m of these losses have been recognised as a deferred tax asset as at 31 December 2016. Management will assess the remaining \$5.8m in carry forward losses and another net US\$4 million in DTAs in relation to temporary differences based on availability and the probability criterion required for recognition under AASB 112 over the next 6 months based on conditions that existed at acquisition. Any adjustment to increase the net deferred tax asset during the twelve month period following the acquisition will result in a corresponding decrease in goodwill previously recognised.

**11. Contingent liabilities**

There were no contingent liabilities as at 31 December 2016.

**12. Post-reporting date events**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

# 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 2016 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:

A handwritten signature in grey ink, appearing to read 'Adir Shiffman', is positioned above the printed name and title.

**Adir Shiffman**

Director

Dated the 28th day of February 2017

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CATAPULT GROUP INTERNATIONAL LIMITED**

We have reviewed the accompanying half-year financial report of Catapult Group International Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-year Financial Report**

The Directors of Catapult Group International Limited 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 controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Catapult Group International Limited consolidated entity's financial position as at 31 December 2016 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.

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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 complied with the independence requirements of the *Corporations Act 2001*.

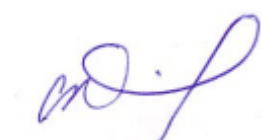
**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Catapult Group International Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 28 February 2017