



WE EXIST TO BUILD AND  
**IMPROVE THE PERFORMANCE**  
OF ATHLETES AND TEAMS

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**Cover image:** This photo was taken during the semi-finals of the Série A: Campeonato Carioca state championship between Clube de Regatas do Flamengo and Fluminense FC. The game was 1-0 in favour of Fluminense when in the 23rd minute of the second half, Flamengo forward Gabriel Barbosa Almeida scored a goal to level the game, securing Flamengo's place in the Championship Final.

# FY19 KEY ACHIEVEMENTS



## CUSTOMERS

**2,970**

teams, up more than  
› 1,100 vs last year

**153**

teams with more than  
› one product

- › Continued to sign league-wide (aggregated) deals including NRL, FFF, ITF, CAF

## PRODUCTS

- › Launched 7th generation wearables product, Catapult **Vector**, with first sales
- › First sales of new video product, Catapult **Vision** across all geo segments – Americas, EMEA, Asia-Pacific and Australia
- › Launched PlayerTek+
- › Enhancements to PLAYR

## FINANCIALS

- › Revenue

**\$95.4m**

up **24%** ▲

- › EBITDA

**\$4.1m**

up **310%** ▲

- › ARR

**\$66.1m**

up **24%** ▲

# CHAIRMAN'S LETTER



**|| Catapult's purpose is to improve the performance of athletes and teams.**

**We continue to make great progress serving this purpose. In 2019 Catapult delivered its first positive EBITDA result and extended its global leadership.**

Dear Shareholders,

On behalf of your Board of Directors, it is our pleasure to share with you the Catapult Group International Ltd Annual Report for the financial year ended 30 June 2019 (FY19).

Catapult's global scale and emerging operating leverage became more evident during FY19. The Company added a record 1,100 new teams as customers and delivered its first positive EBITDA result.

Catapult is beginning to experience the scalability typical of a successful subscription software business, with expense growth falling whilst revenue growth accelerates. The gap between revenue and expense growth is now widening as we pass this scalability inflection point.

We delivered our maiden positive EBITDA result in a year that also included material investment in R&D and the launch of several new and innovative products. Our FY19 achievements included the launch of the new elite wearable platform, Catapult Vector, as well as significant developments in Catapult Vision, our AMS product and our consumer product PLAYR.

Vector provides a new standard for accuracy, usability and efficiency to empower critical decisions around performance, risk and return-to-play. The company is pleased with Vector's initial take up by customers and is committed to remaining the industry's global leader in technology and product innovation.

### **Global leadership and reputation**

Catapult is the global leader in the elite sports performance technology industry. We are working with more than 2,970 teams in 137 countries across 39 sports.

Leveraging our global scale we delivered significant revenue growth across all regions.

The Americas region continues to be Catapult's largest market and the Company recently passed 1,000 teams in North America, including 11 of Catapult's top 15 clients by revenue. Pleasingly, the Americas continued to deliver strong revenue growth, with revenue rising 19% to \$65 million. This region accounts for 69% of Catapult's revenue and continues to represent a key market opportunity with a very large unaddressed market.

Elsewhere, the EMEA region was a standout for growth with revenue growing 44% to \$20 million. The promising Asia-Pacific (APAC) region grew revenue by 40% and the more mature Australia region still reported revenue growth of 20%.

Catapult's Elite wearables revenue grew by 33% to \$45.3 million with an all-time record volume of units sold. Unit ARPU was stable and subscription churn fell further.

Catapult's elite video revenue grew 14% to \$44.8 million, with 544 teams now using Catapult's video products. Demand continues to be strong, and in line with the Company's growth strategy this product suite delivers high gross margin subscription revenue.

Whilst the video business unit has traditionally focused on North American clients, this division is beginning to develop a global footprint. FY19 was an important year for this global expansion following the launch of Catapult Vision, Catapult's newest video solution that delivers high margin subscription revenue and addresses a wider range of international sports. There has been positive early adoption of Vision across all regions.

The prosumer category grew 54% to \$5.3 million, driven by the PLAYR consumer product. Consistent with Catapult's communicated strategy, the prosumer division is right-sized to focus on controlling expenditure and cash



flow, while capturing the large potential market opportunity across the sub-elite and consumer segments in a measured way. Regular updates to the PLAYR offering have enhanced the high engagement delivered to its growing customer base.

#### 2019 Financial highlights

Highlights from the 2019 financial results include;

- › First positive EBITDA of \$4.1 million, an improvement of \$6 million
- › Annual recurring revenue (ARR) growth of 24% to \$66.1 million
- › Group revenue growth of 24% to \$95.4 million
- › Operating expense growth reduced to 9%, down from 14% (pro-forma basis)
- › Net loss after tax of \$12.3 million, an improvement of 29%
- › \$21.5 million cash at bank (at 16 August 2019); up from \$11.7 million at 30 June 2019
- › Lower Elite Wearable subscription unit churn of 5.2%, down from 8.4%
- › Client growth of over 1,100 new teams taking the total to 2,970 teams

Employing more than 340 people in a global workforce Catapult continues to have its major offices in the large sporting capitals of Melbourne, Boston, and Leeds. We invested in our sales and marketing capability over the last two years and expect to leverage the future growth opportunities in the elite market.

#### Outlook

Catapult has the characteristics of a subscription software business with significant recurring revenue, high growth, strong margins, and low churn.

The Board expects continued strong revenue growth, and the emerging scalability will further reduce operating expense growth.

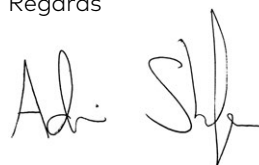
There are three key drivers supporting continued revenue and profit growth: greenfield sales to new teams, up-selling additional capacity to existing clients, and cross-selling additional products to the more than 2,800 existing clients that still use only one Catapult product.

Executing these growth opportunities will progress Catapult's transition to positive free cash flow. I reiterate the company's commitment to positive free cash flow by FY21. We are focused on bringing forward this positive free cash flow target.

Your Company is at an exciting time in its history. To maximise this opportunity the Board remains focused on successfully completing the global search to appoint a new CEO, and appointing a CFO, whilst maintaining Catapult's consistently strong financial growth to deliver long-term value to shareholders.

Finally, the Board wishes to thank the athletes, teams and shareholders for their continued support in the past year. Catapult's continued growth would not be possible without the support of the Board, the Executive team and the strong contributions from all our hard working employees around the globe. Thank you.

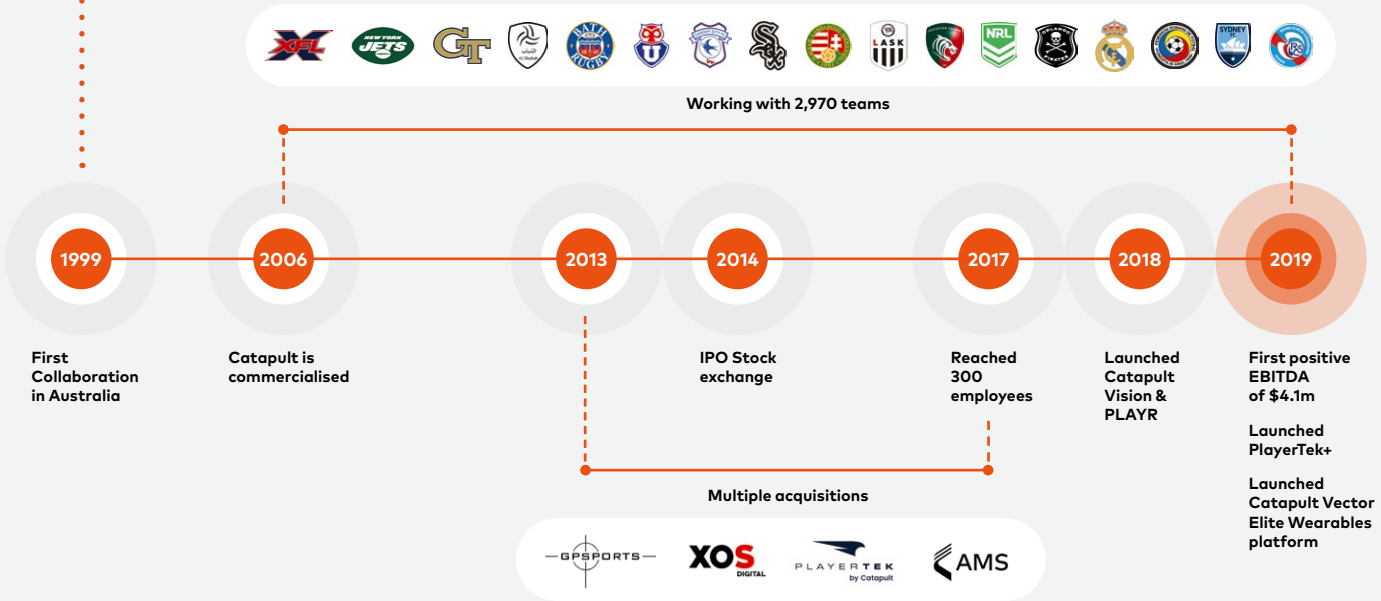
Regards



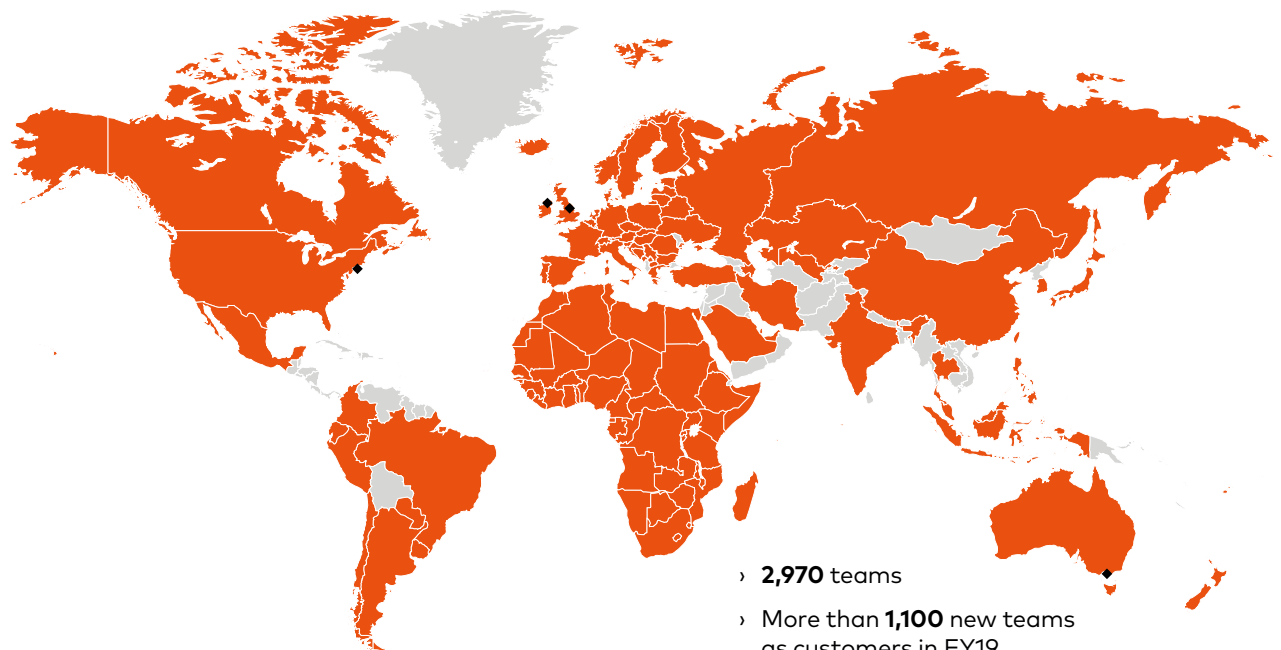
**Dr Adir Shiffman**  
Executive Chairman

# BUSINESS OVERVIEW

## CATAPULT TIMELINE



## GLOBAL MARKET LEADERSHIP IN ELITE SPORT



- Countries with Catapult clients
- ◆ Catapult Hub Offices

- › **2,970** teams
- › More than **1,100** new teams as customers in FY19
- › Operating in **137** countries
- › Involved with **39** sports



## OUR STRATEGY

### PURPOSE

**TO BUILD AND IMPROVE THE PERFORMANCE OF ATHLETES AND SPORTING TEAMS AROUND THE WORLD**

### STRATEGIC OBJECTIVES

**Own the performance technology stack for Elite Sport**

- › Deliver integrated tech solution
- › Aggressively grow market share in team sport globally
- › Extend our product leadership and stay on top of sports tech innovation
- › Provide market leading sports performance knowledge and support
- › Leverage consumer products as strategic asset in team/league deals
- › Effectively monetize our wearable data and video content

**Build a successful consumer business**

### OUR KEY POINTS OF DIFFERENCE

**Integrated sports tech platform**

**Deep sports performance knowledge**

**Global scale & reach**

**Best in class customer experience and support**

# FY19 REVIEW OF OPERATIONS

## CATAPULT'S GLOBAL SCALE AND EMERGING OPERATING LEVERAGE

A high-growth recurring revenue business generating high gross margins and low churn

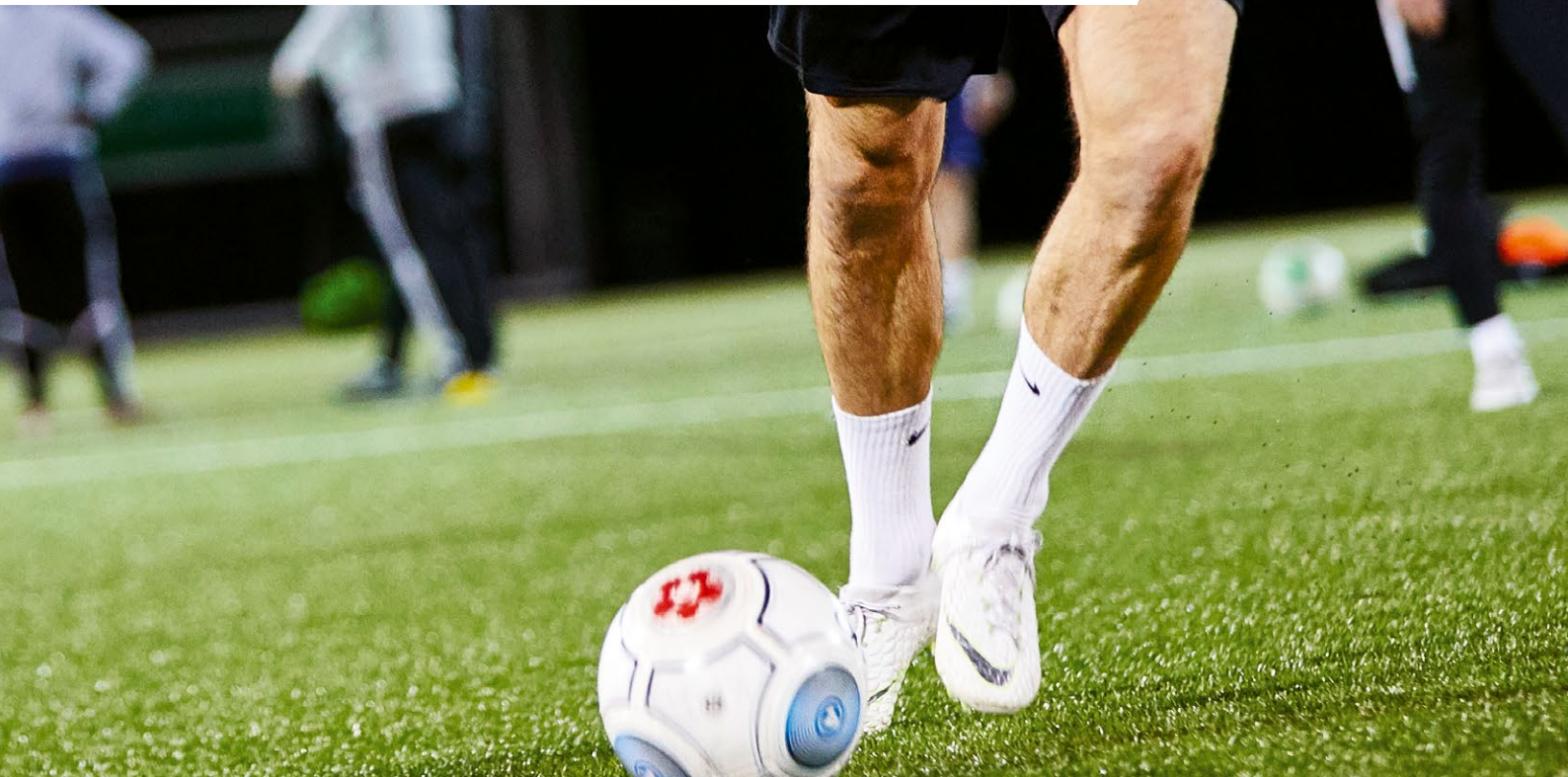
- › 24% ARR Growth
- › 73% gross margin
- › 5.2% subscription churn in FY19

The global market leader with the best products and service

- › 2,970 teams

Scalability: delivering profitability and transitioning to positive free cash

- › First positive EBITDA result of \$4.1m







Catapult's global scale and emerging operating leverage became more evident during FY19. The Company adding a record 1,100 new teams as customers and delivering its first positive EBITDA result.

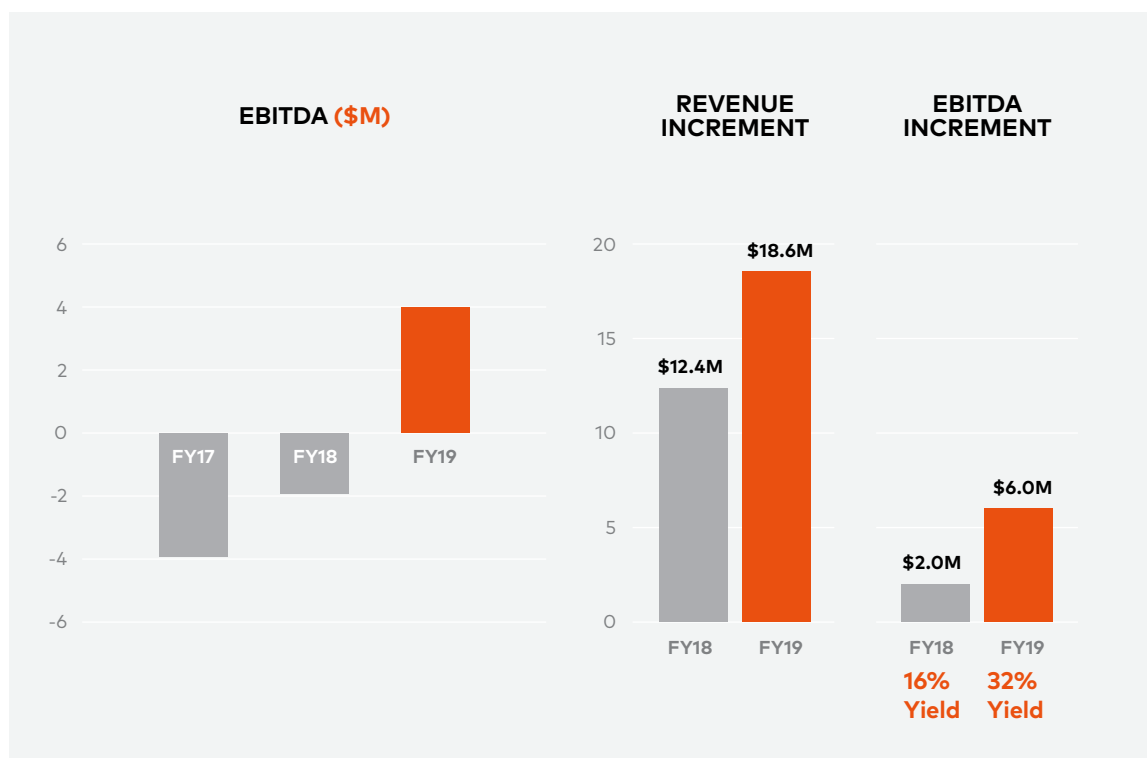
Our first positive EBITDA result was driven by recurring revenue and new business growth. Annualised recurring revenue (ARR) grew by 24% and EBITDA improved by \$6 million to \$4.1 million.

## FY19 CONTINUED STRONG REVENUE GROWTH AND FIRST POSITIVE EBITDA

	TOTAL GROUP		
	FY19 \$M	FY18 \$M	% CHANGE
Annualised Recurring Revenue (ARR)	66.1	53.4	24%
Revenue	95.4	76.8	24%
EBITDA	4.1	(1.9)	310%

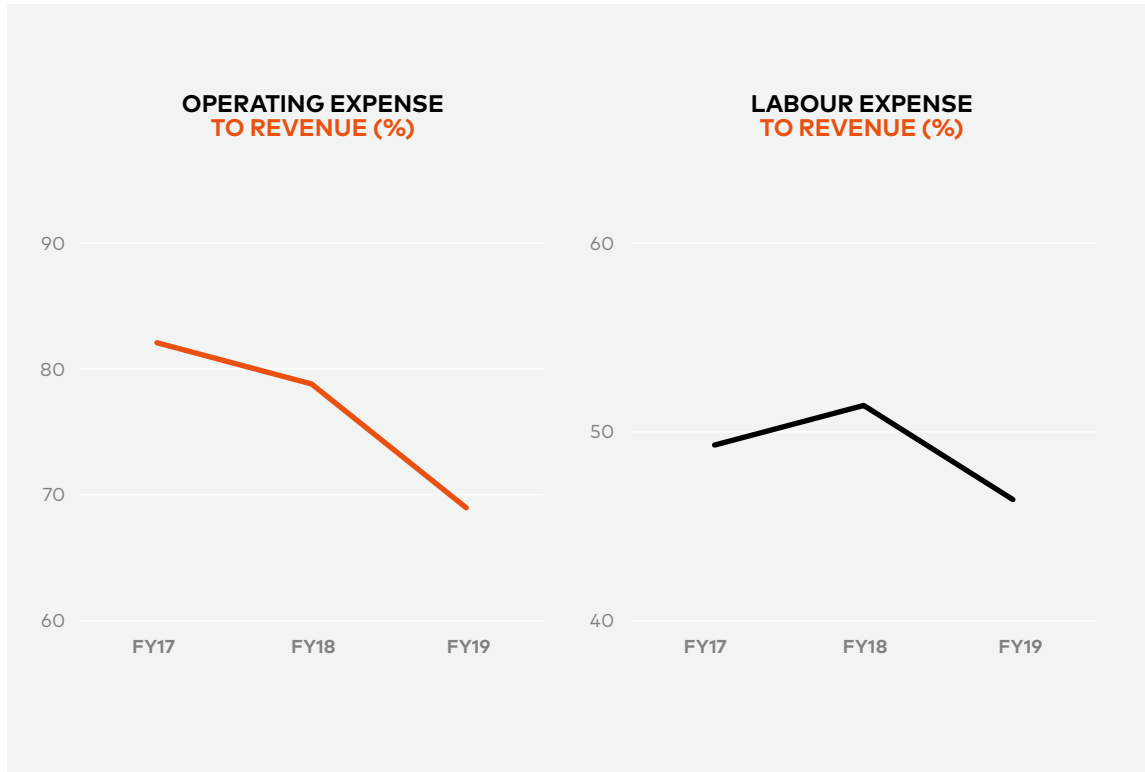
**\$6M**  
 increase

We are pleased with the scalability evident in the result. Incremental revenue in FY19 produced a higher EBITDA contribution or yield relative to the FY18 results. This higher EBITDA yield is an outcome of continuing strong revenue growth and a declining rate of growth for operating expenses as the business matures. The graphs following illustrate these dynamics.



# FY19 REVIEW OF OPERATIONS CONT.

## IMPROVING SCALE AND LEVERAGE ACROSS THE BUSINESS



We continue to deliver high rates of revenue growth and remain committed to innovation and product development.

We believe this commitment enhances our ability to deliver future profitable growth. In FY19 we invested \$14.9 million in capital projects including \$10.7 million in product development and research and development.

This investment in product development also ensures we continue to provide unique world class solutions across the performance technology stack – encompassing wearable technology, video analysis and athlete management systems (AMS).

Our FY19 achievements included the launch of the new elite wearable platform, Catapult Vector, as well as significant developments in Catapult Vision, our AMS product and our consumer product PLAYR.

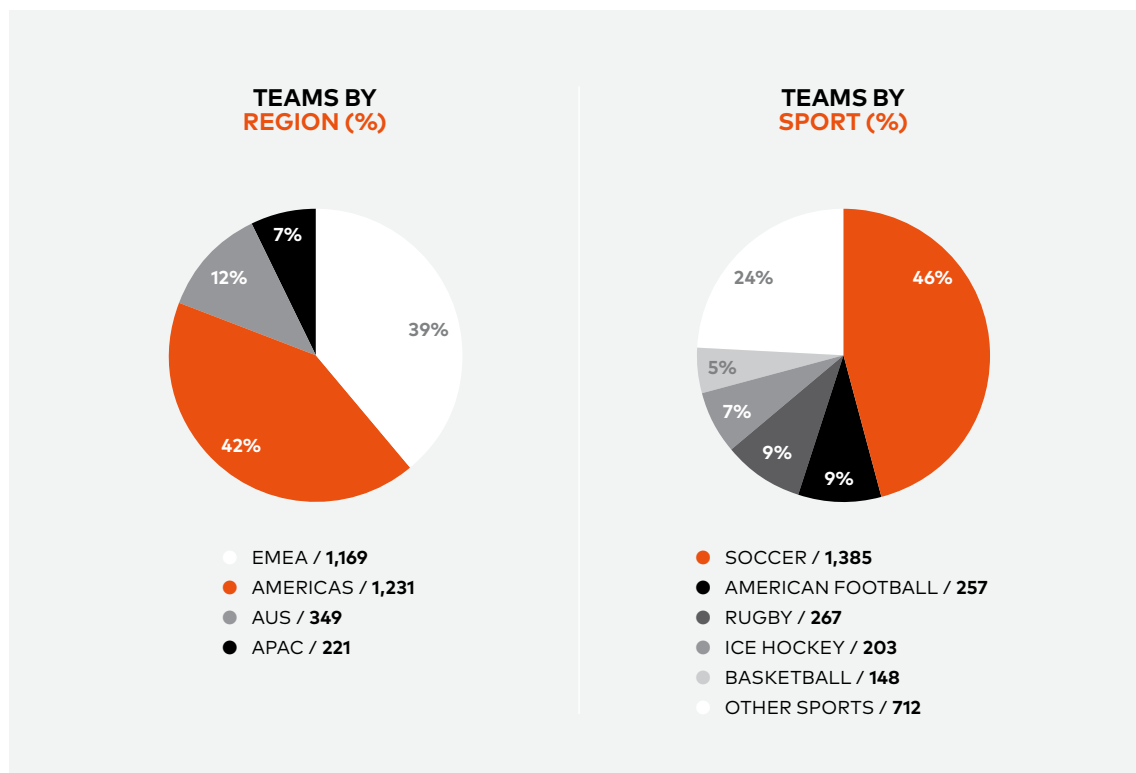
We see the potential to achieve growth in three key areas:

1. Greenfield opportunities with teams that are yet to adopt performance technology;
2. Up-sell within existing teams; and
3. Cross-sell opportunities across the technology stack.

There are now more than 2,970 teams in 137 countries across 39 sports who are customers of Catapult. The growth and scale of our customer base reinforces our global leadership position in the sports technology industry.



## CATAPULT HAS EXTENDED ITS GLOBAL LEADERSHIP



Leveraging our global scale we delivered significant and efficient revenue growth across all regions in FY19.

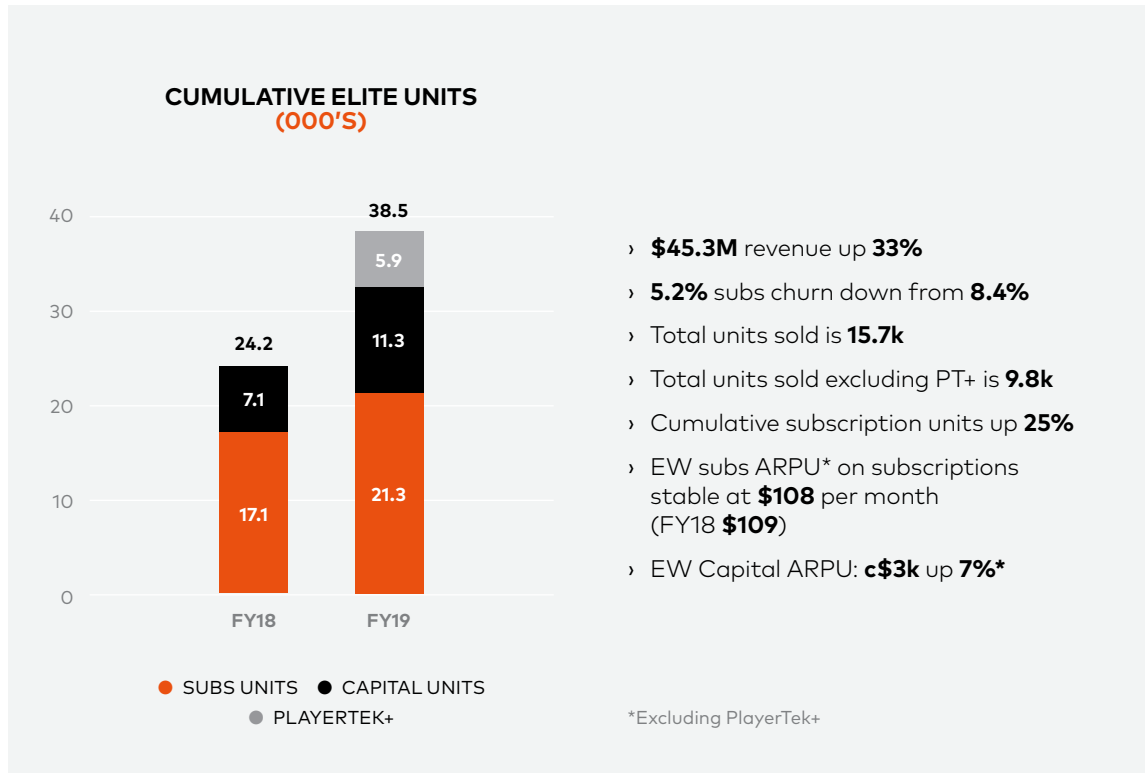
### Revenue contribution and headcount growth by region

	AMERICAS	EMEA	AUSTRALIA	ASIA PAC	GROUP
<b>REVENUE</b>	\$65.4m	\$19.6m	\$5.4m	\$5.0m	\$95.4m
<b>REVENUE GROWTH</b>	+19%	+44%	+20%	+40%	+24%
<b>FY19 HEADCOUNT GROWTH</b>	+10%	+27%	+7%	+7%	+14%

The Americas region continues to be Catapult's largest market and the Company recently passed 1,000 teams in North America, including 11 of Catapult's top 15 clients by revenue. Pleasingly, the Americas continued to deliver strong revenue growth, with revenue rising 19% to \$65 million.

# FY19 REVIEW OF OPERATIONS CONT.

## ELITE WEARABLE ANALYSIS



Catapult's Elite wearables revenue grew by 33% to \$45.3 million with an all-time record volume of units sold. Unit ARPU was stable and subscription churn fell further.

Catapult's elite video revenue grew 14% to \$44.8 million, with 544 teams now using Catapult's video products. Demand continues to be strong, and in line with the Company's growth strategy this product suite delivers high gross margin subscription revenue.

The prosumer category grew by 54% to \$5.3 million, driven by the PLAYR consumer product. Total prosumer units sold grew by 47% to 20.5k units.

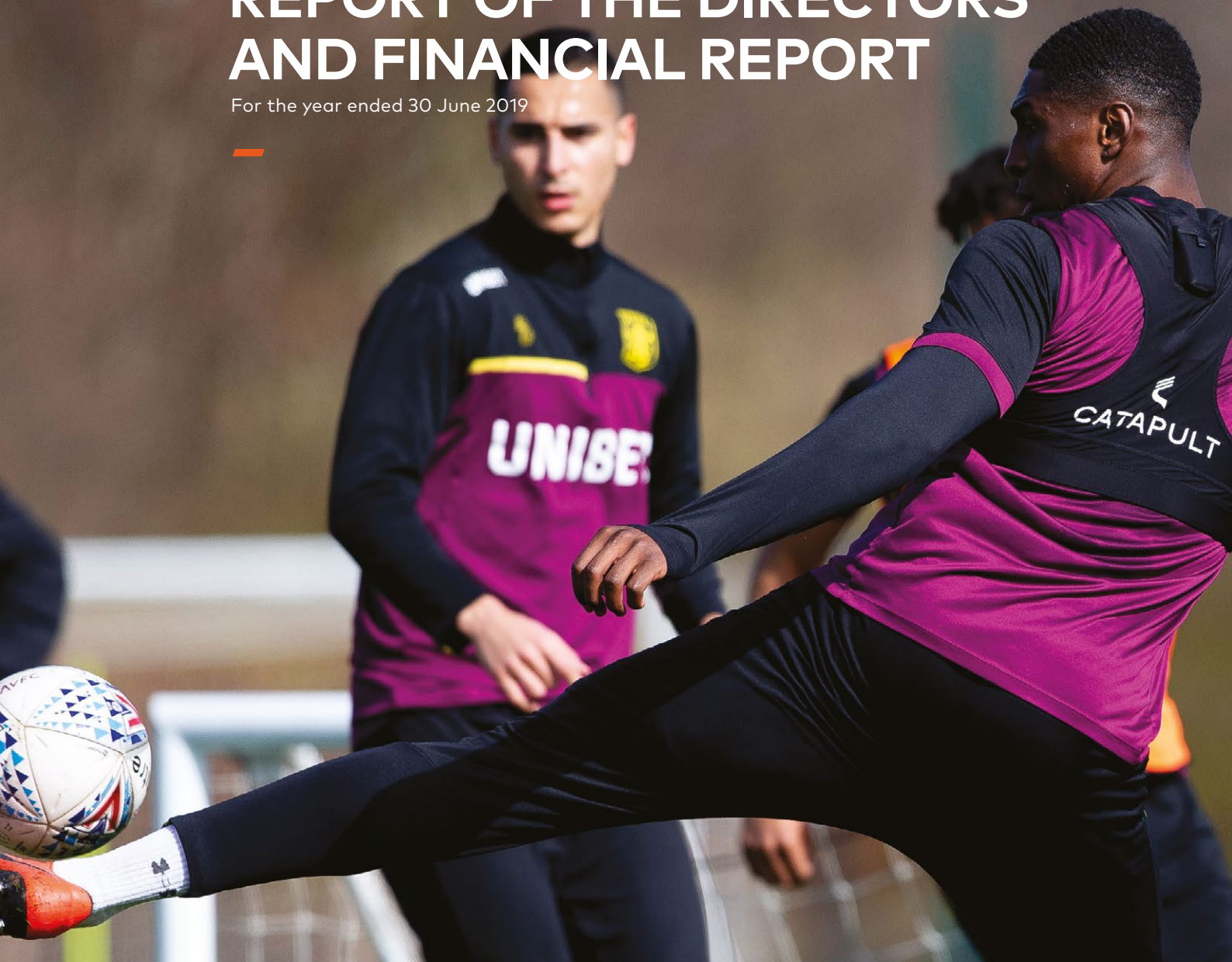
Consistent with Catapult's communicated strategy in February 2019, the prosumer division has been re-sized and is focused on controlling expenditure and cash flow and also capturing the large potential market opportunity across the sub-elite and consumer segments in a more measured way.

Catapult is in a strong financial position as the business transitions to generating positive free cash flow. Pleasingly, and as seasonally expected, cash receipts are strong in the early part of FY20 and the cash balance as at 16 August 2019 was \$21.5 million.

As at 30 June 2019 cash at bank was \$11.8 million. The reduction in cash during FY19 was impacted by two material non-recurring items with the Company becoming debt free having repaid a \$3.3 million loan in the first half of FY19 and investing \$7 million in the consumer business. In addition there was a one-off incremental investment in labour (\$5 million) to drive growth in elite sales and product revenue.

# REPORT OF THE DIRECTORS AND FINANCIAL REPORT

For the year ended 30 June 2019



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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 year ended 30 June 2019 ('FY19').

### DIRECTOR DETAILS

The following persons were Directors of Catapult Group International Ltd during or since the end of the financial year

#### **Dr Adir Shiffman**

*MBBS, Medicine*

Executive Chairman

Appointed 4 September 2013

Member of Remuneration and Nomination Committee

Dr Adir Shiffman, Executive Chairman of Catapult, has extensive CEO and board experience in the technology sector.

Adir has founded and sold more than half a dozen technology startups, many of which were high growth SaaS (software as a service) businesses. His expertise includes strategic planning, international expansion, mergers and acquisitions, and strategic partnerships.

Adir currently sits on several boards. He is regularly featured in the media in Australia, the US and Europe.

Adir graduated from Monash University with a Bachelor of Medicine and a Bachelor of Surgery. Prior to becoming involved in the technology sector, he practised as a doctor.

#### *Other current Directorships:*

None

#### *Previous Directorships (last 3 years):*

In past three years he has also been a Director of iBuyNew Group Limited (ASX:IBN) (Appointed February 2013. Resigned March 2017).

#### **Mr Shaun Holthouse**

*B.E. (Hon), Mechanical Engineering, GAICD*

Founder, Executive Director

(previously CEO till 30 April 2017)

Shaun co-founded Catapult in 2006 and served as CEO up until 2017. During that time, he played a central role in developing Catapult's wearable technology and is the author of many of its patents. Under his leadership Catapult launched and expanded sales into more than 15 countries – including establishing subsidiaries in the US and UK and becoming the dominant elite wearable company globally.

Shaun was responsible for raising early capital, listing on the ASX, acquiring GPSports, XOS and Kodaplay (Playertek) and developing Catapult's strategy to grow from a wearable only company to building out the technology stack for elite sport and leveraging this into consumer team sports.

Prior Catapult, Shaun had extensive experience in new technology transitioning into commercial products, including biotechnology, MEMS, fuel cells, and scientific instrumentation.

Shaun holds a Bachelor of Engineering (Hons) from the University of Melbourne and is a graduate member of the Australian Institute of Company Directors. He is the author of numerous patents and patent applications in athlete tracking, analytics and other technologies. He also works as a professional director as well as providing advisory services for technology start-ups.

#### *Other current Directorships:*

None

#### *Previous Directorships (last 3 years):*

None



**Mr Igor Van de Griendt**  
*B.E. Electrical Engineering*

Founder, Executive Director

Member of Risk and Audit Committee

Mr Igor van de Griendt was Chief Operating Officer and an Executive Director of Catapult before moving into the role as CTO.

In his capacity as CTO, he has been responsible for providing strategic direction and leadership in the development of Catapult's products, both in the analytical space, as well as with respect to Catapult's various hardware offerings.

Igor also provides guidance and operational support to Catapult's R&D and software and cloud development teams.

Prior to co-founding Catapult, Igor was a Project Manager for the CRC for microtechnology which, in collaboration with the Australian Institute of Sport, developed several sensor platforms and technologies ultimately leading to the founding of Catapult.

Prior to joining the CRC for microtechnology, Igor ran his own consulting business that provided engineering services for more than 13 years to technology companies such as Reflex Communications Systems (now part of Exelis, NYSE:XLS), Ceramic Fuel Cells (ASX:CFU), Ericsson Australia, Siemens, NEC Australia and Telstra.

Igor holds a Bachelor of Electrical Engineering from Darling Downs Institute of Advanced Education (now University of Southern Queensland). Igor is also the author of numerous patents and patent applications in athlete tracking, and other sensor technologies.

***Other current Directorships:***

None

***Previous Directorships (last 3 years):***

None

**Mr Calvin Ng**  
*BComm (Fins) LLB AMC DFP*

Non-Executive Director

Appointed 29 November 2013

Chair of Risk and Audit Committee

Mr Calvin Ng has significant investment banking, mergers & acquisitions and funds management experience.

Calvin is a co-founder and Managing Director of the Aura Group, an independent corporate advisory and funds and wealth management business. He is also a co-founder of the Finsure Group, one of Australia's largest mortgage groups. Finsure recently merged with Goldfields Money Limited to create Australian challenger bank BNK Banking Corporation (ASX:BNK).

Calvin has significant board experience in several businesses, with particular expertise in providing management oversight and strategic guidance to small and medium sized enterprises.

Calvin currently sits on a number of boards, including entities associated with the Aura Group, Finsure Group and ASX-listed iBuyNew Group Limited (ASX:IBN).

Calvin holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales. Calvin has also completed a Graduate Diploma of Legal Practice and has been admitted to practice as a lawyer in the Supreme Court of New South Wales.

***Other current Directorships:***

iBuyNew Group Limited (ASX:IBN)  
(Appointed February 2013)

***Previous Directorships (last 3 years):***

None

## DIRECTORS' REPORT (CONTINUED)

### **Mr Brent Scrimshaw** *Independent Non-Executive Director*

Appointed 24 November 2014

Chair of Remuneration and  
Nomination Committee

Mr Brent Scrimshaw has over 25 years of experience in consumer innovation, executive business leadership and brand management within the global sports industry.

Brent had an 18-year career at Nike Inc, where he held senior leadership roles in Australia, Europe and the United States, including Vice President and Chief Executive of Nike Western Europe; Chief Marketing Officer and Vice President of Category Businesses for Nike Europe, Middle East and Africa; and General Manager of Nike's East Coast United States operations in New York.

As one of Nike Inc's 30 most senior leaders worldwide, Brent has also served on Nike's Global Corporate Leadership Team, where he helped lead the creation of Nike's overall brand and global operating strategy, as well as playing a senior role as a key member of the Global Commercial Operations Executive Team, responsible for sales and distribution strategies worldwide.

Brent is also a Non-Executive Director at Rhinomed Ltd, an ASX listed medical technology company focused on enhancing human efficiency through innovative respiratory technologies and also a Non-Executive Director at ASX listed Kathmandu Holdings Ltd, a specialty outdoor clothing and equipment retailer with over 160 stores in AUS, NZ and the UK.

Brent was formerly a Director of Fox Head Inc, the worlds largest manufacturer and marketer of performance Moto-X and actions sports lifestyle products, and Founder and CEO of Unscriptd Ltd which was acquired by New York media company The Players Tribune in Dec 2018.

#### ***Other current Directorships:***

Rhinomed Ltd (ASX:RNO)  
(Appointed February 2014)

Kathmandu Ltd (ASX:KAT)

#### ***Previous Directorships (last 3 years):***

Unscriptd Ltd

### **Mr James Orlando** *BSc, MBA*

Executive Director, Interim CFO

Appointed 24 October 2016

Member of Risk and Audit Committee

Member of Remuneration and  
Nomination Committee

Mr James Orlando has held senior finance positions driving growth and shareholder value in the United States, Asia and Australia. Most recently he was the CFO of Veda Group Ltd (VED.ASX), leading the company through its successful IPO in December 2013.

Before joining Veda, James was the CFO of AAPT where he focused on improving the company's earnings as well as divesting its non-core consumer business. He also served as the CFO of PowerTEL Ltd, an ASX-listed telecommunications service provider which was sold to Telecom New Zealand in 2007. James also held various international treasury positions at AT&T and Lucent Technologies in the US and Hong Kong including running Lucent's international project and export finance organisation.

#### ***Other current Directorships:***

None

#### ***Previous Directorships (last 3 years):***

None





## COMPANY SECRETARY

Markus Ziemer is a lawyer and was previously employed in legal and commercial roles including as General Manager Corporate Services at Pacific Hydro Pty Ltd., Ashton Mining Ltd., and Senior Counsel Newcrest Mining Ltd. He received his undergraduate LLB and BA degrees from the University of Melbourne and an MBA from Melbourne Business School. Markus was appointed Company Secretary of Catapult Group International on 28 September 2017.

## PRINCIPAL ACTIVITIES

During the year, the principal activities of entities within the Group were:

- the development and sale of wearable tracking solutions and analytics to elite sporting teams, leagues and associations;
- the development and sale of digital video coaching and analytics solutions to elite sporting teams, leagues and associations;
- the development and sale of wearable tracking solutions and analytics to prosumer athletes, sporting teams and associations; and
- the development and sale of an athlete management platform and analytics to elite sporting teams, leagues and associations.

The Group's wearable and video solutions are provided to elite clients on both a subscription and upfront sales basis, with subscription sales forming the majority of all sales to elite clients. The Group is the global leader in wearable tracking technology and analytics solutions for the sports performance market with 2,970 teams. The Group is also a market leader in providing innovative digital and video analytic software solutions to elite sports teams in the United States.

With major offices in Australia, the United States and the United Kingdom and over 340 staff in more than 18 countries, Catapult is an Australian technology success story with a truly global footprint that is committed to advancing the way data is used in elite sports.

## REVIEW OF OPERATIONS & FINANCIAL RESULTS

The Group has recorded a decreased loss of \$12,580,990 (2018: \$17,360,108).

Loss per share for the year was (\$0.066) cents (2018: (\$0.10) cents) and no dividend will be paid or declared.

The Group's net assets decreased to \$120,683,169 compared to the previous years' position of \$127,070,810.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the following change occurred within the Group:

**New Product Release:** During the year, Catapult launched 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. This product launch continues the Group's commitment to being the global leader in wearable tracking technology.

In the Directors' opinion, there have been no other significant changes in the state of affairs of the consolidated entity during the financial year.

## EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected, or may significantly affect in future years, Catapult's operations, the results of those operations or the state of Catapult's affairs.

## **DIRECTORS' REPORT (CONTINUED)**

### **LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS**

Based on the expected demand for athlete analytics globally and the continued growth in the Group's sales and marketing platform across key regions, we are optimistic about the long-term growth opportunity. Furthermore, Catapult Group has continued to broaden its suite of athlete analytics solutions through the acquisitions of XOS, PLAYERTEK and AMS, resulting in a substantially larger addressable market opportunity across a wider range of customers in both elite and prosumer sporting leagues. Catapult Group expects to benefit in these new segments with increasing sales and brand loyalty.

### **BUSINESS RISK**

In executing its growth plans, Catapult Group is subject to the following key market, operational and acquisition risks outlined below:

#### **Economic risk**

Catapult may be affected by general economic conditions. Changes in the broader economic and financial climate may adversely affect the conduct of the Catapult's operations. In particular, sustained economic downturns in key geographies or sectors, in particular sports business and consumer sectors, where Catapult is focused, may adversely affect its financial performance. Changes in economic factors affecting general business cycles, inflation, legislation, monetary and regulatory policies, as well as changes to accounting standards, may also affect the performance of Catapult.

#### **Industry and competition risk**

Catapult's performance could be adversely affected if existing or new competitors reduce Catapult's market share, or its ability to expand into new market segments. Catapult's existing or new competitors may have substantially greater resources and access to more markets than Catapult. Competitors may succeed in developing new technologies or alternative products which are more innovative, easier to use or more cost effective than those that have been or may be developed by Catapult. This may place pricing pressure on Catapult's product offering and may impact on Catapult's ability to retain existing clients, as well as Catapult's ability to attract new clients. If Catapult cannot compete successfully, Catapult's business, operating results and financial position could be adversely impacted.

#### **Technology and hosting platforms**

Catapult relies on a third-party hosting provider to maintain continuous operation of its technology platforms, servers and hosting services and the cloud-based environment in which Catapult provides its products. There is a risk that these systems may be adversely affected by various factors such as damage, faulting or aging equipment, power surges or failures, computer viruses, or misuse by staff or contractors. Other factors such as hacking, denial of service attacks, or natural disasters may also adversely affect these systems and cause them to become unavailable. Further, if Catapult's third-party hosting provider ceased to offer its services to Catapult and Catapult was unable to obtain a replacement provider quickly, this could lead to disruption of service to the Catapult website and cloud infrastructure. This could lead to a loss of revenue while Catapult is unable to provide its services, as well as adversely affecting its reputation. This could have a material adverse effect on Catapult's financial position and performance.



## Cyber security

Catapult provides its services through cloud based and other online platforms. Hacking or exploitation of any vulnerability on those platforms could lead to loss, theft or corruption of data. This could render Catapult's services unavailable for a period while data is restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users, regulatory scrutiny and fines. Although Catapult employs strategies and protections to try to minimise security breaches and to protect data, these strategies and protections might not be entirely successful. In that event, disruption to Catapult's services could adversely impact on Catapult's revenue, profitability and growth prospects. The loss of client data could have severe impacts to client service, reputation, and the ability for clients to use the products.

## Manufacturing and product quality risks

Catapult currently uses third party manufacturers to produce components of its products. There is no guarantee that these manufacturers will be able to meet the cost, quality and volume requirements that are required to be met for Catapult to remain competitive. Catapult's products must also satisfy certain regulatory and compliance requirements which may include inspection by regulatory authorities. Failure by Catapult or its suppliers to continuously comply with applicable requirements could result in enforcement action being taken against Catapult.

As a manufacturer, importer and supplier of products, product liability risk, faulty products and associated recall and warranty obligations are key risks of the Catapult business. While Catapult has product liability insurance, not all claims will be covered by this and the fallout from product liability issues may be far greater than what an insurance policy is able to cover.

## Foreign exchange

Foreign exchange rates are particularly important to Catapult's business given the significant amount of revenue which Catapult derives outside Australia. Catapult's financial statements are prepared and presented in Australian dollars. Adverse movements in foreign currency markets could affect Catapult's profitability and financial position.

## Development and commercialisation of intellectual property

Catapult relies on its ability to develop and commercialise its intellectual property. A failure to protect, develop and commercialise its intellectual property successfully would lead to a loss of opportunities and adversely impact the operating results and financial position of Catapult. Furthermore, any third party developing superior technology or technology with greater commercial appeal in the fields in which Catapult operates may harm the prospects of Catapult.

Catapult's success depends, in part, on its ability to obtain, maintain and protect its intellectual property, including its patents. Actions taken by Catapult to protect its intellectual property may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others.

The granting of a patent does not guarantee that Catapult's intellectual property is protected and that others will not develop similar technologies that circumvent such patents. There can be no assurance that any patents Catapult owns, controls or licences, whether now or in the future, will give Catapult commercially significant protection of its intellectual property.

Monitoring unauthorised use of Catapult's intellectual property rights is difficult and can be costly. Catapult may not be able to detect unauthorised use of its intellectual property rights. Changes in laws in Australia and other jurisdictions in which Catapult operates may adversely affect Catapult's intellectual property rights.

## DIRECTORS' REPORT (CONTINUED)

### BUSINESS RISK (continued)

#### Development and commercialisation of intellectual property (continued)

Other parties may develop and patent substantially similar or substitute products, processes, or technologies to those used by Catapult, and other parties may allege that Catapult's products incorporate intellectual property rights derived from third parties without their permission. Whilst Catapult is not the subject of any claim that its products infringe the intellectual property rights of a third party, allegations of this kind may be received in the future and, if successful, injunctions may be granted against Catapult which could materially affect the operation of Catapult and Catapult's ability to earn revenue, and cause disruption to Catapult's services. The defence and prosecution of intellectual property rights lawsuits, proceedings, and related legal and administrative proceedings are costly and time-consuming, and their outcome is uncertain. In addition to its patent and licensing activities, Catapult also relies on protecting its trade secrets. Actions taken by Catapult to protect its trade secrets may not be adequate and this could erode its competitive advantage in respect of such trade secrets. Further, others may independently develop similar technologies.

#### Further product development risk

Catapult has developed its athlete video and tracking technology and software products and continues to invest in further systems and product development.

Catapult gives no guarantee that further development of its video and athlete tracking technology and software products will be successful, that development milestones will be achieved, or that Catapult's intellectual property will be developed into further products that are commercially exploitable. There are many risks inherent in the development of technologies and related products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit or may cease to be viable for a range of reasons, including scientific and commercial reasons.

#### Brand and reputation damage

The brand and reputation of Catapult and its individual products are important in retaining and increasing the number of clients that utilise Catapult's technology and products and could prevent Catapult from successfully implementing its business strategy. Any reputational damage or negative publicity surrounding Catapult, or its products could adversely impact on Catapult's business and its future growth and profitability.

#### Product liability

Catapult's business exposes it to potential product liability claims related to the manufacturing, marketing and sale of its products. Catapult maintains product liability insurance. However, to the extent that a claim is brought against Catapult that is not covered or fully covered by insurance, such claim could have a material adverse effect on the business, financial position and results of Catapult. Claims, regardless of their merit or potential outcome, may adversely impact on Catapult's business and its future growth and profitability.

#### Litigation

Catapult may in the ordinary course of business be involved in disputes. These disputes could give rise to litigation. While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of Catapult.

#### Dividends

In respect of the current year, no dividend has been paid by Catapult Group International Limited.



## DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director, is as follows:

Director's Name	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Adir Shiffman	8	8	–	–	3	3
Shaun Holthouse	8	8	–	–	–	–
Igor van de Griendt	8	8	5	5	–	–
Calvin Ng	8	7	5	5	–	–
Brent Scrimshaw	8	8	–	–	3	3
James Orlando	8	8	5	5	3	3

Where:

Column A is the number of meetings the Director was entitled to attend; and

Column B is the number of meetings the Director attended.

## UNISSUED SHARES UNDER OPTION AND RIGHTS

Unissued ordinary shares of Catapult Group International Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Shares	Number under Options
31 October 2014	31 October 2019	\$0.55	381,000
31 October 2014	31 October 2019	\$0.61	960,000
14 April 2016	14 April 2021	\$2.20	404,666
14 April 2016	1 January 2021	\$2.31	50,000
14 April 2016	1 January 2021	\$1.55	300,000
14 April 2016	14 April 2021	\$1.68	90,000
22 September 2016	22 September 2019	\$3.78	300,000
22 September 2016	29 March 2021	\$2.50	24,182
22 September 2016	22 September 2019	\$2.50	40,000
30 November 2016	1 May 2022	\$3.00	645,000
1 May 2017	1 May 2022	\$2.54	837,500
1 November 2017	31 October 2022	\$1.72	150,000
19 December 2017	22 September 2022	\$2.50	75,000
19 December 2017	22 June 2022	\$2.08	400,000
19 December 2017	31 December 2020	\$2.08	175,000
19 December 2017	22 July 2021	\$2.59	65,000
19 December 2017	30 July 2022	\$2.13	54,000
19 December 2017	19 December 2022	\$1.83	695,000
23 January 2019	30 June 2023	\$1.42	2,456,911
14 March 2019	24 March 2024	\$0.78	611,112
			<b>8,714,371</b>

## DIRECTORS' REPORT (CONTINUED)

### UNISSUED SHARES UNDER OPTION AND RIGHTS (continued)

During the financial year ending 30 June 2019 the company issued 4,237,426 options as part of the Employee Share Plan. The options were issued at an average exercise price of \$1.33 and an average fair value of \$0.23.

Unissued ordinary shares of Catapult Group International Ltd under rights at the date of this report:

Date Rights Granted	Expiry Date	Exercise Price of Shares	Number under Rights
30 November 2016	22 September 2019	\$0.00	100,000
23 January 2019	31 August 2019	\$0.00	305,116
			<b>405,116</b>

All options and rights expire on their expiry date.

All options and rights are issued in accordance with the CSESP, as approved by shareholders.

### SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE

During the 12 months to 30 June 2019 the Group allocated 140,645 treasury shares as part of options and rights exercised under the Employee Share Plan. The options and rights were exercised at an average exercise price of \$0.55 and \$0.00 respectively.



## **DIRECTORS' REPORT**

### **REMUNERATION REPORT (AUDITED)**

The Directors of Catapult Group International Ltd present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

#### **REMUNERATION REPORT**

##### **Letter from the Chairman of the Nominations and Remuneration Committee**

###### **Dear Shareholders**

Catapult's 2019 Remuneration Report for the year to 30 June 2019 is set out below. The report reflects the revised remuneration policy which we introduced and outlined in last year's Remuneration Report.

It should be highlighted that the Nominations and Remuneration Committee has been actively involved in leading the recruitment process of a new CEO, CFO and a new independent director. We have been well served in the interim by our executive directors engaging more deeply in the business, most notably Jim Orlando who is capably serving all shareholders as our Interim CFO. As previously communicated, Executive Directors Adir Shiffman and Shaun Holthouse also increased their time commitment to the business during the past six months as required.

The Committee has also been greatly assisted by improvements made by the human resources team during the year improving staff remuneration structures, implementing detailed salary banding, more granular performance assessment to aid talent management and initiatives to promote improved gender diversity across the business.

As discussed in last year's Annual Report and more recently in our announcement to the ASX on 31 May 2019, we remain committed to review the composition of the Board in the medium term. To that end Mr Igor van de Griendt has already transitioned to a non-executive director role from July 2019, following the appointment of Rick Wingfield as CTO. Shaun Holthouse will also transition to a non-executive director role following the appointment of a new CEO in due course. Board composition will also be enhanced with the intended appointment of a new independent director prior to the end of this calendar year.

Our drive to deliver greater alignment with shareholders through our remuneration policy is outlined in this Remuneration Report. This alignment was further underlined by the senior executive team agreeing to take short term incentives, previously agreed to be paid in cash, in the form of performance rights. We have an aligned team of motivated executives, staff and directors, both executive and non-executive and our focus is on sustainably building this high growth, global business.

Yours Sincerely

###### **Brent Scrimshaw**

Independent Non-Executive Director  
Chairman of the Nominations and Remuneration Committee

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### OVERVIEW

The Board's Nomination and Remuneration Committee, which operates in accordance with its charter as approved by the Board, is responsible for determining and reviewing compensation arrangements for the Directors' and the Executive Team.

As outlined in the 2018 Annual Report, the revised remuneration policy adopted by Catapult emphasises the Board's desire to align executive remuneration and shareholder interests and includes the following key improvements:

- long term incentive equity grant terms to include a total shareholder return hurdle, with a nil award where compounding annual growth rate is below 12.5% pa;
- Benchmarking of executive remuneration performed by independent remuneration consultant to ensure market competitiveness;
- transition to deferral of STI awards through equity awards to create increased shareholder alignment, motivate retention and preserve cash;
- incentives focused on key metrics of revenue and EBITDA as Catapult continues to drive for global dominance in its market;
- CEO remuneration reviewed to include a market competitive mix of remuneration consisting of fixed and 'at risk' components. The 'at risk' components consist of short-term incentives (STI) and long-term incentives (LTI) under a clearly defined framework;
- Selected executives reporting to the CEO will receive a performance balanced remuneration mix;
- Selected other executives will receive fixed annual remuneration (FAR) and STI with the STI awarded in both cash and equity (with deferral); and
- All other employees will receive FAR, or FAR and STI. They may also be eligible to participate in Catapult Sports Employee Share Plan (CSESP) previously approved by shareholders, on specific terms to be determined.

Catapult's target mix of remuneration is as follows:

Remuneration Strategy Mix	FAR	STI	LTI	TAR
<b>CEO</b>	33%	Up to 33% <sup>1</sup>	Up to 34%	100%
<b>Other executive KMP</b>	50%	Up to 25% <sup>1</sup>	Up to 25%	100%
<b>Other executives</b>	70%	Up to 30% <sup>1</sup>	0% <sup>2</sup>	100%
<b>Other employees</b>	80%	Up to 20% <sup>1</sup>	0% <sup>2</sup>	100%

1. STI may be awarded part in cash and part in equity with deferral.

2. CSESP participation may be considered.

The terms and participation in both STI and LTI will be decided on an annual basis.

The criteria for earning short and long-term incentives are reviewed by the Nomination and Remuneration Committee annually, consistent with the remuneration policy and as part of the review of executive remuneration. The Committee's recommendation is put to the full Board for approval.

Catapult's revised remuneration strategy relating specifically to Key Management Personnel can be further illustrated as set out in the following diagram.



### CATAPULT EXECUTIVE KMP REMUNERATION OBJECTIVES

Shareholder value creation through equity components.	An appropriate balance of 'fixed' and 'at risk' components.	Creation of award differentiation to drive performance culture and behaviours.	Attract motivate and retain executive talent required at stage of development.
-------------------------------------------------------	-------------------------------------------------------------	--------------------------------------------------------------------------------	--------------------------------------------------------------------------------

### TOTAL ANNUAL REMUNERATION (TAR) OR TOTAL TARGET REMUNERATION (TTR) IS SET BY REFERENCE TO RELEVANT MARKET BENCHMARKS

Fixed	At Risk	
<b>Fixed Annual Remuneration (FAR)</b>	<b>Short Term Incentives (STI)</b>	<b>Long Term Incentives (LTI)</b>
Fixed remuneration is set based on relevant market relativities reflecting responsibilities, performance, qualifications, experience and geographic location.	STI performance criteria are set by reference to Group, Business Unit and Individual performance targets appropriate to the specific position and set each.	Targets are linked to Catapult group objectives such as TSR CAGR or other specified metrics as determined by the Board each year.

### REMUNERATION TO BE DELIVERED AS:

Base salary plus any allowances (includes superannuation for Australian Executives).	Paid as cash on completion of the relevant performance period. Deferral of a portion of the STI into equity (performance rights) to be considered for individual roles.	Awarded as equity and vest (or not) at the end of the performance period.
--------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------

### TOTAL ANNUAL REMUNERATION (TAR) OR TOTAL TARGET REMUNERATION (TTR)

TAR or TTR is intended to be positioned in the 3rd quartile compared to relevant market-based comparisons.

4th quartile TAR or TTR may be derived if demonstrable out performance is achieved by Catapult Group.

These remuneration objectives will be reviewed annually by the Board. Any variation from these objectives will be considered on a 'case' by 'case' basis to ensure Catapult retains flexibility in the various international markets in which it operates.

### SHORT TERM INCENTIVE (STI)

The following table sets out the revised criteria for STI awards as recommended by the Independent Remuneration Consultants, reviewed by the Nominations and Remuneration Committee and adopted by the Board. STI awards will continue to be measured against business critical financial, Group and business unit objectives. Performance gates will be set annually to determine the threshold standard to be met for eligibility for the financial metrics related portion of the STI award. The performance gate will emphasise and drive executive performance alignment with shareholder interests. In setting the financial and personal KPIs and the performance gate, the Board will apply measurable and controllable objectives which align with strategic objectives and enhance shareholder value.

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### SHORT TERM INCENTIVE (STI) (continued)

The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators ('KPI's') for the Executive Team are summarised as follows:

Performance area:

- **financial** – consistent with the early growth stage focus of the business key metrics of achieving revenue growth targets and underlying EBITDA; and
- **non-financial** – strategic goals set in relation to each executive's business unit objectives and job description.

Some key financial performance measures are highlighted in the following table.

Item	2019	2018	2017	2016	2015
EPS (dollars)	(0.066)	(0.100)	(0.086)	(0.050)	(0.04)
Dividends (cents per share)	–	–	–	–	–
Revenue (\$'000)	95,375	76,793	60,783	17,368	11,777
Underlying EBITDA* (\$'000)	5,461	955	2,858	(4,400)	(2,500)
Statutory EBITDA (\$'000)	4,081	(1,945)	(3,713)	(6,789)	(4,600)
Net loss (\$'000)	(12,581)	(17,360)	(13,581)	(5,871)	(4,309)
Share price (\$)	1.095	1.225	2.330	3.080	1.040

\* Underlying EBITDA is statutory EBITDA, adding back employee share plan costs and severance costs. In previous years acquisition and integration costs have also been added back to underlying EBITDA.

The board determined that the best alignment with company strategy was to build revenue through growth in sales and market share. The executive team was accordingly set financial targets relating to revenue and underlying EBITDA.

The STI Program for FY19 is a cash and equity-based reward for the Executive Team and cash reward for other employees consistent with the remuneration policy.

An important development in the revised STI policy to apply from 1 July 2018 is the transition to deferral of STI through a Board determined proportion of annual STI awards to be awarded as equity. Such awards will be forfeited if the participant leaves their employment with Catapult before the vesting date. This service condition can be waived only in exceptional circumstances. The number of equity units awarded will be determined as at 1 July in the year after the completion of the performance period, based on the 5-day VWAP applicable on that date.

STI criteria	Revised terms adopted effective 1 July 2018
<b>Participants</b>	KMP and other employees as determined by the Board.
<b>STI \$ Value</b>	Based on remuneration strategy intention.
<b>Performance Criteria and Weightings</b>	For disclosed executives (KMP) STI awards will be weighted towards financial outcomes and/or be subject to a financial performance gate or cap. KPI will consist of a mix of financial, customer, talent and employees and businesses unit objectives.
<b>Performance Period</b>	1 July to 30 June.
<b>STI Payment Date</b>	On or before 30 September each year.
<b>STI Deferral</b>	STI deferral will apply to the CEO, designated executive KMP and selected others in FY19 grants vest in August 2020. In subsequent years the deferral period will be at least one (1) year after vesting and be contingent on future service only. Deferred STI will be awarded as RSU, performance rights or similar. The Board will determine the % of any STI to be awarded as equity.
<b>STI \$ value 'trade-off'</b>	The number of equity units (RSU, performance rights or similar) will be determined as at 1 July in the year after the completion of the performance period based on the 5 day VWAP applicable on that date.



STI criteria	Revised terms adopted effective 1 July 2018
<b>Service restriction</b>	Any STI deferral provided will be forfeited if the participant leaves before the vesting date. The Board has the discretion to waive this restriction, in exceptional circumstances.
<b>Clawback</b>	STI to executive KMP will be subject to a Clawback and Malus policy that may apply from time to time.
<b>Date of Offer – STI &amp; Equity</b>	On or before 30 September once the STI \$ value has been determined and the number of equity units for STI deferral is calculated.

In accordance with the above policy, the following STI awards were made in relation to the performance of Executive Directors and KMP during FY19:

	Total At Risk Amount (\$)	Earned during year	Percentage vested during the year	Percentage undetermined at 30 June	Performance criteria
<b>Executive Directors</b>					
Adir Shiffman	200,000	129,000	65%	0%	Performance against Revenue & EBITDA targets, operational and strategic metrics
Shaun Holthouse	50,000	29,563	65%	0%	Performance against Revenue & EBITDA targets, operational and strategic metrics
Igor van de Griendt	123,000	79,335	65%	0%	Performance against Revenue & EBITDA targets Technology development targets
James Orlando <sup>(i)</sup>	0	0	0%	0%	Performance against Revenue & EBITDA targets, operational and strategic metrics
<b>Other Key Management Personnel</b>					
Joe Powell <sup>(ii)</sup>	400,000	0	0%	0%	Performance against Revenue & EBITDA targets Performance against Operational & People Metrics
Mark Hall <sup>(ii)</sup>	150,000	0	0%	0%	Performance against Revenue & EBITDA targets Finance Function targets
Barry McNeill	141,300	85,133	60%	0%	Performance against Revenue & EBITDA targets Key Performance Targets for ROW Region
Matt Bairos	257,922	152,174	59%	0%	Performance against Revenue & EBITDA targets Key Performance Targets for Americas Region

(i) James Orlando was not eligible for an STI award per his employment contract and appointment as Interim CFO.

(ii) Mark Hall and Joe Powell resigned during FY19.

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### LONG TERM INCENTIVE (LTI)

The following table sets out the revised criteria for LTI awards as recommended by the Independent Remuneration Consultants, reviewed by the Nominations and Remuneration Committee and adopted by the Board. The Board has determined that executives will be motivated by the granting of premium priced share options (15% above 5 day VWAP at the time of option pricing) with a hurdle rate to be achieved of a minimum compounding annual growth rate (CAGR) of 12.5% in Total Shareholder Return (TSR). If that hurdle is met at the relevant vesting date, 50% of those options become exercisable. The proportion of options vesting increases to 100% if a 17.5% TSR CAGR is achieved, with a pro rata entitlement between 12.5% and 17.5% TSR CAGR. Directors are of the view that this simple and transparent formula for awarding premium priced options provides strong incentive for executives and only rewards them when all shareholders have benefited from a meaningful CAGR in total shareholder return.

LTI Terms FY19	Applicable from 1 July 2018
<b>Participants</b>	KMP and other employees as determined by the Board.
<b>LTI \$ Value</b>	Based on remuneration strategy intention, as approved by the Board.
<b>Equity type</b>	Options.
<b>Exercise Price</b>	15% above the VWAP at the date of pricing the Option.
<b>Date of Pricing</b>	The date of pricing will be the 5 day VWAP as at 1 July.
<b>Number</b>	The number of Options will be determined by dividing the LTI \$ value (in accordance with the remuneration strategy) by the Option value determined using the 'Contract Life' value of the option at the date of pricing of the Option.
<b>Issue Price</b>	None.
<b>Performance Criteria</b>	TSR absolute.
<b>Hurdle Rates</b>	TSR CAGR <12.5% p.a. (0% vesting); 12.5% p.a. to 17.5% p.a. (50% to 100% pro-rata).
<b>Service and Performance Period</b>	From FY20 a 3 year term applies for service and TSR measurement.
<b>Last Exercise Date</b>	5 years after grant.
<b>Dilution</b>	Total dilutive impact and Prospectus relief calculation to be determined once final allocations approved.
<b>Clawback</b>	Unexercised LTI will be subject to any Clawback Policy that may apply from time to time.
<b>Minimum Shareholding</b>	No minimum shareholding guidelines or policies are in place.
<b>Change of Control</b>	100% of unvested options will vest on a Change of Control.



The relative proportions of remuneration, earned by Executive Directors and KMP during FY19, that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk - STI	At risk - options
<b>Executive Directors</b>			
Adir Shiffman	65%	28%	7%*
Shaun Holthouse <sup>(i)</sup>	76%	12%	12%*
Igor van de Griendt <sup>(i)</sup>	71%	21%	8%*
James Orlando <sup>(ii)</sup>	80%	0%	20%
<b>Other Key Management Personnel</b>			
Joe Powell <sup>(iii)</sup>	n/a	n/a	n/a
Mark Hall <sup>(iii)</sup>	n/a	n/a	n/a
Barry McNeill	72%	17%	11%
Matt Bairos	55%	20%	25%

\* At risk options pertain to options voluntarily relinquished by Directors' in FY19.

(i) Includes Director Fees.

(ii) James Orlando was not eligible for an STI award per his employment contract and appointment as Interim CFO.

(iii) Mark Hall and Joe Powell resigned during FY19.

Long term incentives are provided exclusively by way of options, and the percentages disclosed reflect the valuation of remuneration consisting of options, based on the value of options expensed during the year.

## SERVICE AGREEMENTS

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period	Annual Director's fees not included in base salary
Adir Shiffman	\$300,000	Director appointment term in accordance with CAT constitution	One (1) month	–
Shaun Holthouse <sup>(i)</sup>	\$164,384	Director appointment term in accordance with CAT constitution	Three (3) months	\$85,000
Igor van de Griendt <sup>(ii)</sup>	\$182,648	Director appointment term in accordance with CAT constitution	Three (3) months	\$85,000
James Orlando	\$283,101	Director appointment term in accordance with CAT constitution	Two (2) months	\$92,528
Joe Powell	\$500,000	Permanent	Six (6) months	–
Mark Hall	\$300,000	Permanent	Three (3) months	–
Barry McNeill	\$379,953	Permanent	Three (3) months	–
Matt Bairos	\$423,344	Permanent	Twelve (12) months	–

(i) Shaun Holthouse will transition to a non-executive director role following the appointment of a new CEO.

(ii) Igor van de Griendt has transitioned to a non-executive director role from July 2019.

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of Catapult Group International Ltd shown in the table below:

#### Director and other Key Management Personnel remuneration

Employee	Year	Short term employee benefits				Non-monetary benefits	Post-employment benefits		Long-term benefits	Share-based payments		Performance based percentage of remuneration
		Cash salary and fees	Cash bonus	Annual leave	Other		Superannuation	Options and Performance Rights		Total		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Executive Directors</b>												
Adir Shiffman	2019	300,000	129,000	-	-	-	-	-	29,978	458,978	28.1%	
Executive Chair	2018	300,000	122,000	-	-	-	-	-	56,982	478,982	25.5%	
Shaun Holthouse	2019	191,892	29,563	-	-	18,508	-	-	29,978	269,941	11.0%	
Director & Global Head of Strategy <sup>(i)</sup>	2018	266,362	91,500	(49,326)	-	20,049	(49,017)	-	56,982	336,550	27.2%	
Igor van de Griendt <sup>(ii)</sup>	2019	268,827	79,335	(56,199)	-	20,531	(44,960)	-	29,978	297,512	26.7%	
Director & Chief Technology Officer	2018	274,235	75,030	(23,360)	-	20,049	4,096	-	56,982	407,032	18.4%	
James Orlando <sup>(iii)</sup>	2019	160,721	-	-	-	15,269	-	-	41,258	217,248	n/a	
	2018	86,773	-	-	-	8,243	-	-	-	95,016	n/a	
<b>Non-Executive Directors</b>												
Brent Scrimshaw	2019	86,758	-	-	-	8,242	-	-	29,978	124,978	n/a	
	2018	86,758	-	-	-	8,242	(404)	-	56,982	151,578	n/a	
Calvin Ng <sup>(iv)</sup>	2019	79,918	-	-	-	7,592	-	-	142,736	230,246	n/a	
	2018	77,626	-	-	-	7,374	(352)	-	384,645	469,293	n/a	

(i) Shaun Holthouse – will transition to a non-executive director role following the appointment of a new CEO.

(ii) Igor van de Griendt – ceased employment as an executive director and CTO on 30 June 2019, and continues to serve as a non-executive director.

(iii) James Orlando – appointed Interim Chief Financial Officer on 25 March 2019, replacing Mark Hall. Prior to this date James was a Director and Chairman of the Audit & Risk Committee. As disclosed to ASX on 30 May 2019, Mr Orlando was granted 611,112 share options as part of his remuneration as Interim CFO.

(iv) Calvin Ng – appointed Interim Chairman of the Audit & Risk Committee on 25 March 2019, replacing James Orlando.

### Director and other Key Management Personnel remuneration (continued)

Employee	Year	Short term employee benefits				Post-employment benefits		Long-term benefits		Share-based payments		Performance based percentage of remuneration
		Cash salary and fees	Cash bonus	Annual leave	Non-monetary benefits	Superannuation	Long service leave	Options and Performance Rights	Total			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Other Key Management Personnel</b>												
Joe Powell <sup>(v)</sup>	2019	529,735	-	52,100	-	20,726	600	(4,510)	598,651	0.0%		
Chief Executive Officer	2018	500,000	245,097	20,934	-	20,049	493	534,701	1,321,274	18.6%		
Mark Hall <sup>(vi)</sup>	2019	245,145	-	(14,987)	-	14,173	-	(81,875)	162,456	0.0%		
Chief Financial Officer	2018	200,000	80,000	14,987	-	14,512	-	194,720	504,219	15.9%		
Shane Greenan	2019	-	-	-	-	-	-	-	-	n/a		
Chief Financial Officer	2018	151,360	(2,046)	(5,253)	-	12,399	-	(96,590)	59,870	n/a		
Barry McNeill <sup>(vii)</sup>	2019	371,993	49,808	(10,225)	41,522	10,417	-	92,773	556,288	9.0%		
Chief Operating Officer	2018	332,307	79,425	(3,670)	152,157	20,049	592	40,496	621,356	12.8%		
Brian Kopp	2019	-	-	-	-	-	-	-	-	n/a		
President North America	2018	-	-	-	-	-	-	6,386	6,386	n/a		
Matt Bairos	2019	423,344	-	-	17,372	15,377	-	339,758	795,851	0.0%		
CEO XOS	2018	399,845	162,518	2,002	14,540	17,671	-	211,389	807,965	20.1%		
<b>2019 Total</b>		<b>2,658,333</b>	<b>287,706</b>	<b>(29,311)</b>	<b>58,894</b>	<b>130,835</b>	<b>(44,360)</b>	<b>650,052</b>	<b>3,712,149</b>	<b>7.8%</b>		
<b>2018 Total</b>		<b>2,675,266</b>	<b>853,524</b>	<b>(43,686)</b>	<b>166,697</b>	<b>148,637</b>	<b>(44,591)</b>	<b>1,503,673</b>	<b>5,259,521</b>	<b>16.2%</b>		

(v) Joe Powell – ceased employment on 6 August 2019.

(vi) Mark Hall – ceased employment on 13 March 2019.

(vii) Barry McNeill – ceased employment effective 31 August 2019.

(viii) During the reporting period, Directors Shiffman, Holtshouse, van de Griendt, Scrimshaw and Ng each voluntarily relinquished 100,000 options issued in accordance with shareholder resolutions passed at the 2016 AGM.

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### SHARE-BASED REMUNERATION

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements. All options remain subject to review and approval by the Remuneration and Nomination Committee and Board.

#### DETAILS OF OPTIONS AND RIGHTS HOLDINGS

Name	Grant Date	Held at 1 July 2018	Granted as remuneration	Net change other	Held at 30 June 2019	Vested during the year
Joe Powell	1-May-17	2,000,000	–	(1,662,500)	337,500	500,000
	23-Jan-19	–	161,290	(80,645)	80,645	80,645
	23-Jan-19	–	796,052	(796,052)	–	–
Adir Shiffman	1-Dec-16	200,000	–	(200,000)	–	100,000
Calvin Ng	1-Dec-16	200,000	–	(200,000)	–	100,000
	30-Nov-16	100,000	–	–	100,000	100,000
Shaun Holthouse	1-Dec-16	200,000	–	(200,000)	–	100,000
Igor van de Griendt	1-Dec-16	200,000	–	(200,000)	–	100,000
Brent Scimshaw	1-Dec-16	200,000	–	(200,000)	–	100,000
Mark Hall	1-Nov-17	750,000	–	(600,000)	150,000	150,000
	23-Jan-19	–	60,484	(60,484)	–	–
	23-Jan-19	–	238,815	(238,815)	–	–
Barry McNeill	31-Oct-14	960,000	–	–	960,000	–
	14-Apr-16	100,000	–	–	100,000	100,000
	23-Jan-19	–	25,555	–	25,555	–
	23-Jan-19	–	201,805	–	201,805	–
Matthew Bairos	22-Sep-16	66,000	–	–	66,000	–
	22-Jun-17	400,000	–	–	400,000	100,000
	23-Jan-19	–	47,130	–	47,130	–
	23-Jan-19	–	372,180	–	372,180	–
James Orlando	14-Mar-19	–	611,112	–	611,112	–

- (i) Options which did not meet vesting during the period (30,000) but under issue terms may be eligible to vest in the event of future performance.
- (ii) Issuance of new share rights and options in line with updated Executive remuneration policy outlined in the FY2018 financial statements.
- (iii) As disclosed to ASX on 30 May 2019, Mr Orlando was granted 611,112 share options as part of his remuneration as Interim CFO.
- (iv) During the reporting period, Directors Shiffman, Holthouse, van de Griendt, Scimshaw and Ng surrendered 100,000 options issued in accordance with shareholder resolutions passed at the 2016 AGM.
- (v) Forfeited options for Mark Hall and Joe Powell following their resignations in FY2019.
- (vi) Performance conditions for KMP options and rights is included under 'LTI' section of the remuneration report.





Vested as at 30 June 2019	Note	Vesting Schedule	Vesting date	Expiry Date	Value per option/ rights at grant date	Total value of option/ rights at grant date	Exercise price per option
337,500	(v)	337,500	1-May-18	1-May-22	\$0.52	\$174,386	\$2.54
80,645	(ii)	40,322	31-Dec-18	31-Jan-19	\$1.24	\$49,999	\$0.00
-	(ii)	40,323	30-Jun-19	30-Jun-19	\$1.24	\$50,001	\$0.00
-	(iv)						
-	(iv)						
100,000		100,000	23-Mar-19	22-Sep-19	\$3.27	\$327,000	\$0.00
-	(iv)						
-	(iv)						
-	(iv)						
150,000	(v)	150,000	31-Oct-18	30-Oct-22	\$0.75	\$112,845	\$1.72
-	(ii)						
-	(ii)						
960,000		320,000	15-Sep-15	31-Oct-19	\$0.08	\$24,960	\$0.61
		320,000	15-Sep-16	31-Oct-19	\$0.13	\$42,240	\$0.61
		320,000	15-Sep-17	31-Oct-19	\$0.17	\$55,040	\$0.61
100,000		100,000	12-Apr-19	14-Apr-21	\$0.54	\$54,150	\$2.20
	(ii)	25,555	31-Aug-19	30-Jun-23	\$1.24	\$31,688	\$0.00
	(ii)	201,805	31-Aug-20	30-Jun-23	\$0.22	\$43,428	\$1.42
-		66,000	22-Sep-19	20-Mar-20	\$1.20	\$78,995	\$2.50
170,000	(i)	100,000	22-Jun-18	22-Jun-22	\$0.77	\$76,820	\$2.08
-	(ii)	100,000	22-Jun-19	22-Jun-22	\$0.83	\$82,530	\$2.08
-	(ii)	100,000	22-Jun-20	22-Jun-22	\$0.88	\$88,110	\$2.08
		100,000	22-Jun-21	22-Jun-22	\$0.93	\$93,320	\$2.08
		47,130	31-Aug-19	30-Jun-23	\$1.24	\$58,441	\$0.00
		372,180	31-Aug-20	30-Jun-23	\$0.22	\$80,093	\$1.42
-	(iii)	611,112	25-May-20	24-Mar-24	\$0.33	\$203,256	\$0.78

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### DETAILS OF SHAREHOLDINGS

The movement during the year in the number of ordinary shares held directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

Name	Held at 1 July 2018	Received on exercise of options/ rights	Purchased or sold during year	Net change other*	Held at 30 Jun 2019
Adir Shiffman <sup>(a)</sup>	7,292,100	–	–	–	7,292,100
Shaun Holthouse	21,275,000	–	–	–	21,275,000
Igor van de Griendt	20,508,000	–	–	–	20,508,000
James Orlando <sup>(b)</sup>	55,000	–	25,000	–	80,000
Brent Scrimshaw <sup>(c)</sup>	15,150	–	–	–	15,150
Calvin Ng <sup>(d)</sup>	621,100	–	–	–	621,100
Joe Powell	50,000	80,645	–	–	130,645

(a) Adir Shiffman holds a relevant interest in another 9,811,600 shares held by Disruptive Special Opportunities Fund I by virtue of him being the sole shareholder in BBHF Pty Ltd which is a 23% shareholder of Disruptive Capital Pty Ltd which is the Trustee of the Fund. He holds a relevant interest in another 11,552,000 shares held by Disruptive Special Opportunities Fund II by virtue of him being the sole shareholder in BBHF Pty Ltd which is a 23% shareholder of Disruptive Capital Pty Ltd which is the Trustee of the Fund.

(b) James Orlando holds a relevant interest in 80,000 shares by way of his relationship with Kimberly Ann Foltz.

(c) Brent Scrimshaw holds a relevant interest in 15,150 shares held by B&A Scrimshaw Superannuation Fund which is controlled by Mr Scrimshaw.

(d) Calvin Ng holds a relevant interest in another 9,811,600 shares held by Disruptive Special Opportunities Fund I by virtue of him being the sole shareholder in Ng Capital Management Pty Ltd which is a 24.34% shareholder in Aura Group Holdings Pte Ltd which is the ultimate shareholder of entities owning 77.06% of Disruptive Capital Pty Ltd which is the Trustee of the Fund. He holds a relevant interest in another 11,552,000 shares held by Disruptive Special Opportunities Fund II by virtue of him being the sole shareholder in Ng Capital Management Pty Ltd which is a 24.34% shareholder in Aura Group Holdings Pte Ltd which is the ultimate shareholder of entities owning 77.06% of Disruptive Capital Pty Ltd which is the Trustee of the Fund. He also holds a relevant interest in another 2,000 shares held by Aura Funds Management 1 Pty Ltd Ltd by virtue of him being the sole shareholder in Ng Capital Management Pty Ltd which is a 24.34% shareholder in Aura Group Holdings Pte Ltd, which is the ultimate shareholder of entities owning a 100% shareholding in Aura Funds Management Pty Ltd.

Refer to note 29 in the financial statements for details regarding related party transactions and transactions with key management personnel, summarised as follows:

Calvin Ng is a director of Aura Group Pty Ltd. During the year, the Group did not engage Aura Capital Pty Ltd (a subsidiary of Aura Group Services Ltd) for advisory services (2018: \$5,189). Catapult rents office space from Aura Group Services Ltd in Sydney and Singapore for a total cost of \$27,716 (2018: \$28,971) and had an amount payable as at 30 June 2019 of \$3,618 (2018: \$6,794).

#### INDEPENDENT REMUNERATION CONSULTANT

During FY19 a remuneration consultancy contract was entered by the company and accordingly the following disclosure is made in accordance with s300A(1)(h) of the Corporations Act.

Consultant: Ian Crichton, Remuneration Consultant, Crichton & Associates Pty Ltd.

Services provided: Remuneration benchmarking, review of remuneration policy and practice and recommendations for the improvement of those policies and practices (fees: \$8,625).

Other services: pricing and valuations of grants made during the FY19 and related work (fees: \$11,244).

The Board is satisfied that the making of remuneration recommendations and related advice was free from undue influence by the executive KMP. As a result, the appointment selection, engagement and interaction was the responsibility of the independent director member of the Nomination and Remuneration Committee, Mr Brent Scrimshaw. The Independent Remuneration Consultant confirmed that he was not subject to any undue influence.

#### END OF AUDITED REMUNERATION REPORT



## DIRECTORS' REPORT

### ENVIRONMENTAL LEGISLATION

Catapult Group International Ltd operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

### INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the year, Catapult Group International Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

### NON-AUDIT SERVICES

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the reason the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 25 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 34 of this financial report and forms part of this Directors' Report.

### PROCEEDINGS ON BEHALF OF THE COMPANY

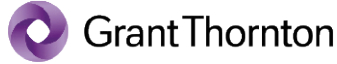
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, to taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Directors.

**Dr Adir Shiffman**  
Executive Chairman

22 August 2019

# AUDITORS INDEPENDENCE DECLARATION



Collins Square, Tower 5  
727 Collins Street  
Melbourne VIC 3008

Correspondence to:  
GPO Box 4736  
Melbourne VIC 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

## 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 audit of Catapult Group International Limited for the year ended 30 June 2019, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in blue ink that reads "B A Mackenzie".

B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 22<sup>nd</sup> August 2019

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Revenue</b>	7	95,375	76,793
Other income	8	313	392
Cost of goods sold		(25,784)	(18,570)
Employee benefits expense	19	(43,086)	(38,005)
Employee share option compensation expense	19	(1,184)	(1,512)
Capital raising and listing expenses		(196)	(274)
Travel, marketing and promotion		(9,192)	(7,716)
Occupancy		(2,935)	(3,143)
Professional fees		(2,602)	(2,611)
Other expenses		(6,370)	(6,806)
Loss on disposal of assets		(258)	(493)
<b>Operating profit/(loss) before depreciation and amortisation</b>		<b>4,081</b>	<b>(1,945)</b>
Depreciation and amortisation		(17,043)	(14,141)
<b>Operating loss</b>		<b>(12,962)</b>	<b>(16,086)</b>
Finance costs	22	(35)	(76)
Finance income	22	290	169
Other financial items	23	211	(266)
<b>Loss before income tax benefit/(expense)</b>		<b>(12,496)</b>	<b>(16,259)</b>
Income tax benefit/(expense)	24	(85)	(1,101)
<b>Loss after income tax benefit/(expense) for the year attributable to the owners of Catapult Group International Limited</b>		<b>(12,581)</b>	<b>(17,360)</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents per share)	26	(6.6) cents	(10.0) cents

The above statement of profit or loss should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019 12 months \$'000	2018 12 months \$'000
Loss for the year from continuing operations	(12,581)	(17,360)
This statement should be read in conjunction with the notes to the financial statements.		
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for foreign operations, net of tax	4,703	3,256
<b>Other comprehensive income for the year, net of tax</b>	<b>4,703</b>	<b>3,256</b>
<b>Total comprehensive loss for the year attributable to the owners</b>	<b>(7,878)</b>	<b>(14,104)</b>

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30-Jun-19 \$'000	30-Jun-18 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	11,747	31,715
Trade and other receivables	10	38,056	30,849
Contract assets	10	402	-
Inventories	11	6,101	3,819
Other		-	89
<b>Total current assets</b>		<b>56,306</b>	<b>66,472</b>
<b>Non-current assets</b>			
Receivables	10	599	275
Property, plant and equipment	12	8,934	8,683
Goodwill	13	59,554	56,730
Other intangible assets	14	40,826	42,097
Deferred tax assets	15	10,433	10,172
<b>Total non-current assets</b>		<b>120,346</b>	<b>117,957</b>
<b>Total assets</b>		<b>176,652</b>	<b>184,429</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	8,834	11,199
Contract liabilities	17	29,634	25,657
Other liabilities		1,804	1,794
Employee benefits	19	7,557	8,798
Borrowings		108	3,452
<b>Total current liabilities</b>		<b>47,937</b>	<b>50,900</b>
<b>Non-current liabilities</b>			
Contract liabilities		1,775	584
Other liabilities		562	582
Employee benefits	19	41	53
Deferred tax liabilities	15	5,466	5,137
Borrowings		188	103
<b>Total non-current liabilities</b>		<b>8,032</b>	<b>6,459</b>
<b>Total liabilities</b>		<b>55,969</b>	<b>57,359</b>
<b>Net assets</b>		<b>120,683</b>	<b>127,071</b>
<b>Equity</b>			
Share capital	20	165,002	164,324
Share option reserve		5,365	4,847
Foreign currency translation reserve		5,228	525
Accumulated losses		(54,912)	(42,625)
<b>Total equity</b>		<b>120,683</b>	<b>127,071</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		96,009	77,253
Cash paid to suppliers and employees		(98,494)	(72,978)
<b>Cash (used in)/generated from operations</b>		<b>(2,485)</b>	<b>4,275</b>
Interest received		385	169
Other income		2	95
Income taxes paid		(98)	1,881
<b>Net cash flows (used in)/generated from operating activities</b>	<b>28</b>	<b>(2,196)</b>	<b>6,420</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,875)	(5,849)
Purchase of other intangible assets		(10,988)	(8,579)
Acquisition of subsidiaries net of cash acquired		-	(1,534)
Deferred consideration on acquisitions		(25)	-
<b>Net cash flows used in investing activities</b>		<b>(14,888)</b>	<b>(15,962)</b>
<b>Cash flows from financing activities</b>			
Loans repaid		(3,537)	-
Loans received		188	253
Interest paid		(22)	(51)
Proceeds from issue of share capital		-	25,000
Proceeds from share options		33	447
Transaction costs related to share capital issued		-	(1,138)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(3,338)</b>	<b>24,511</b>
Net (decrease)/increase in cash and cash equivalents		(20,422)	14,969
Cash and cash equivalents at the beginning of the financial period		31,715	16,686
Effect of exchange rate fluctuations on cash held		454	60
<b>Cash and cash equivalents at the end of the financial period</b>		<b>11,747</b>	<b>31,715</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Share Capital \$'000	Share Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumu- lated Losses \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>	138,724	4,033	(2,731)	(25,264)	114,762
<b>Comprehensive income for the year</b>					
Loss after income tax expense for the year	–	–	–	(17,360)	(17,360)
Other comprehensive income for the year, net of tax	–	–	3,256	–	3,256
<b>Total comprehensive income</b>	–	–	3,256	(17,360)	(14,104)
<b>Transactions with owners in their capacity as owners:</b>					
<b>Contributions by and Distributions to owners</b>					
Issue of ordinary shares, net of transaction costs	24,111	–	–	–	24,111
Share-based payments	1,489	813	–	–	2,302
<b>Total transactions with owners</b>	<b>25,600</b>	<b>813</b>	<b>–</b>	<b>–</b>	<b>26,413</b>
<b>Balance at 30 June 2018</b>	<b>164,324</b>	<b>4,847</b>	<b>525</b>	<b>(42,625)</b>	<b>127,071</b>
<b>Balance at 1 July 2018</b>	<b>164,324</b>	<b>4,847</b>	<b>525</b>	<b>(42,625)</b>	<b>127,071</b>
Adoption of AASB 15	–	–	–	294	294
<b>Balance at 1 July 2018 – restated</b>	<b>164,324</b>	<b>4,847</b>	<b>525</b>	<b>(42,331)</b>	<b>127,365</b>
<b>Comprehensive income for the year</b>					
Loss after income tax benefit for the year	–	–	–	(12,581)	(12,581)
Other comprehensive income for the year, net of tax	–	–	4,703	–	4,703
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>4,703</b>	<b>(12,581)</b>	<b>(7,878)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	678	518	–	–	1,196
<b>Total transactions with owners</b>	<b>678</b>	<b>518</b>	<b>–</b>	<b>–</b>	<b>1,196</b>
<b>Balance at 30 June 2019</b>	<b>165,002</b>	<b>5,365</b>	<b>5,228</b>	<b>(54,912)</b>	<b>120,683</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### NOTE 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.

### NOTE 2. GENERAL INFORMATION AND BASIS OF 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 year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 22 August 2019.

### NOTE 3. CHANGES IN ACCOUNTING POLICIES

#### 3.1 New standards adopted as at 1 July 2018

Several new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2018. Only those that are significant to the Group have been included.

#### 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 has resulted in a net expense reduction of \$400,000 (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 \$420,000 (rounded to the nearest \$'000), with an increase in the tax expense relating to this cost reduction of \$126,000 (rounded to the nearest \$'000). The net impact of these adjustments is a \$294,000 (rounded to the nearest \$'000) improvement to retained earnings (see table below).

#### Current year impact

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 consolidated statement of profit or loss and other comprehensive income and the statement of financial position for the year ending 30 June 2019. The adoption of AASB 15 did not have a material impact on the Group's statement of cash flows.

	Amounts under AASBs 118 & 111 \$'000	Adjust- ments \$'000	Amounts under AASB 15 \$'000
<b>Statement of profit or loss and other comprehensive income (Extract)</b>			
Other expenses	(6,770)	400	(6,370)
<b>Loss for the period</b>	<b>(12,981)</b>	<b>400</b>	<b>(12,581)</b>
<b>Total comprehensive income for the period</b>	<b>(8,278)</b>	<b>400</b>	<b>(7,878)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3. CHANGES IN ACCOUNTING POLICIES (continued)

#### 3.1 New standards adopted as at 1 July 2018 (continued)

##### AASB 15 Revenue from Contracts with Customers (continued)

Current year impact (continued)

Statement of financial position	Amounts under AASBs 118 & 111 \$'000	Adjust- ments \$'000	Amounts under AASB 15 \$'000
<b>Current assets</b>			
Contract assets	–	400	400
<b>Total assets</b>	<b>176,252</b>	<b>400</b>	<b>176,652</b>
<b>Equity</b>			
Retained earnings	(55,312)	400	(54,912)

#### (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 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 recognized 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 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 recognizing 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.



### 3.2 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 30 June 2019 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

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 recognized in the financial statements.

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 recognized in the financial statements, in particular:

- lease assets and financial liabilities on the balance sheet will increase by \$6,595,089 and \$5,263,233 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.

### 3.3 Revision of 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 recognized in our financial statements is recognized within Employee Benefits Expense. The amount recognized within Employee Benefits Expense for the year ended 30 June 2019 representing estimated equity related grants is \$340,000 (rounded to the nearest \$'000) for STI and \$200,000 (rounded to the nearest \$'000) for LTI.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and could affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June with the exception of Kodaplay Limited (based in Ireland), which has a reporting date of 31 March.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

#### 4.3 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

#### 4.4 Foreign currency translation

##### Functional and presentation currency

The consolidated financial statements are presented in Australian dollars ('AUD'), which is also the functional currency of the Parent Company.



### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

## 4.5 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 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 is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, and control of the goods. The timing of the transfer of risks and rewards/control varies depending on the individual terms of the sales agreement. For sales of wearable units the transfer usually occurs on dispatch of the goods from Catapult's premises. For sales of hardware in the video analytics business the transfer usually occurs on dispatch 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 in equal amounts for each month of the subscription agreement. In determining that wearable subscription 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.5 Revenue (continued)

##### Subscription and Services (continued)

##### *(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.

##### *(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.

##### *(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.

#### 4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

#### 4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 23).

#### 4.8 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 4.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 13.1 for a description of impairment testing procedures.

#### 4.9 Other intangible assets

##### Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see Note 4.3).





### Internally developed software

Expenditure on the research phase of projects to develop new customised software for athlete tracking and analytic analysis is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs and costs incurred on software development.

### Internally developed hardware IP

Expenditure on the research phase of projects to develop new hardware for athlete tracking and analytic analysis is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the hardware; and
- the hardware will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs and costs incurred on hardware development.

### Subsequent measurement

All intangible assets, including capitalised internally developed software and hardware, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.12.

The following useful lives are applied:

- software (licenses and internally developed): 4–5 years, except with regard to identified projects with 2 years
- brand names: annually assessed by management for impairment
- customer lists: 7–10 years
- hardware: 3 years
- distributor relationships: 10 years
- distributor contracts: 10 years
- goodwill: annually assessed by management for impairment.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.9 Other intangible assets (continued)

##### Subsequent measurement (continued)

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset which is recognised in profit or loss within other income or other expenses.

#### 4.10 Property, plant and equipment

Plant, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent precaution and impairment losses.

Depreciation is recognised on a diminishing-value basis to write down the cost less estimated residual value of Plant buildings, IT equipment and other equipment. The following useful lives are applied:

- plant 3-10 years
- office equipment 3-20 years
- fixture and fittings 20 years
- other equipment 2-7 years
- property improvements 7 years.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of subscription, service and demonstration wearable units over their useful life of 4 years.

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

#### 4.11 Leased assets

##### Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 4.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.



Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

#### 4.13 Financial instruments

##### Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

##### Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost;
- Financial assets at Fair Value Through Profit or Loss ('FVTPL'); and
- Financial assets reported through Other Comprehensive Income ('FVOCI').

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

##### *Amortised cost*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.13 Financial instruments (continued)

##### Classification and Subsequent Measurement of Financial Assets (continued)

###### *Amortised cost* (continued)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

##### Classification and subsequent measurement of Financial Liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

##### Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment.

#### 4.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

#### 4.15 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.



Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Catapult Group International Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

#### 4.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 4.17 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- **foreign currency translation reserve** – comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into AUD (see Note 4.4)
- **share option reserve** – comprises the grant date fair value of options issued but not exercised.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

#### 4.18 Post-employment benefits and short-term employee benefits

##### Post-employment Benefit Plans

The Group provides post-employment benefits through defined contribution plans.

##### Short-term Employee Benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.19 Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

#### 4.20 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

#### 4.21 Goods and Services Tax, Sales taxes and Value Added Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the appropriate tax authority in the relevant tax jurisdiction. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

#### 4.22 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

##### Recognition of subscription revenue and rental units

Determining when to recognise revenues from subscription agreements requires an understanding of the customer's use and the useful life of the products, historical experience and knowledge of the market. The company provides GPS tracking units for team sports under both an up-front sales model and a subscription model. Under the subscription model, the customer has the right to use the GPS tracking units for the period of the subscription, however they must return the unit to the Group at the end of the subscription period. Management have considered various factors under AASB 117 Leases as to whether a component of the subscription agreements represents a finance or operating lease. These include:

- The GPS tracking units for the majority of subscription contracts have a subscription period no more than 75% of the useful life of the units.
- Risk in the fair wear and tear of GPS tracking units remains with the Group.

As a result, this component of the subscription agreements has been considered an operating lease with the Group as lessor. As such, those GPS tracking units provided under subscription agreements have been capitalised as 'Rental Units' under property, plant and equipment and are amortised over their estimated useful life.

All revenue under subscription sales is therefore recognised on a straight-line basis over the term of the subscription period, reflecting management's best estimate of the delivery of services and provision of the rental units over the term of the agreements.

##### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised, as described in note 16. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

##### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.12).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.22 Significant management judgement in applying accounting policies (continued)

##### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

##### Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

##### Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 4.3). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

#### 4.23 Going Concern

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated group incurred a loss after tax of \$12,580,990 and had net cash outflows from operating activities of \$2,196,652.

Notwithstanding this, the directors are of the view that the going concern principle is appropriate due to the following factors:

- The consolidated entity has continued to secure sale arrangements with many leading sporting organisations across the world for which revenue and cash inflows will be recognised in future periods;
- The business implemented a plan, in line with the Board approved strategy, to drive greater operating leverage and therefore significantly improved cash performance in FY20 through a number of key actions including re-sizing the consumer division and addressing operating cost efficiencies;
- In line with the above point, the FY20 management incentive program is heavily weighted to the goal of accelerating the achievement of positive cashflow generation;
- The business has substantially delivered on its new product investment program launched in FY19 which will deliver growth in the future and as such further increases in cash investment in FY20 will not be required; and
- The acquisition of XOS brought a mature, cash generating entity into the Group, enabling the consolidated operation to finance its day to day operations more effectively.





## NOTE 5. INTERESTS IN SUBSIDIARIES

Set out below details of the subsidiaries held directly by the Group:

### Parent Entity

Catapult Group International Limited <sup>(i),(iii)</sup>

Name of the Subsidiary	Principal Place of Business/ Principal Activity	Group Ownership Interest	
		2019 %	2018 %
Catapult Sports Pty Ltd <sup>(i),(ii),(iii)</sup>	Australia – design and sale of wearable products and software	100.00%	100.00%
Catapult Gameday Pty Ltd	Australia – trading entity for relationships with Media sector	100.00%	100.00%
Catapult International Pty Ltd <sup>(ii)</sup>	Australia – holding company	100.00%	100.00%
GPSports Systems Pty Ltd <sup>(iii)</sup>	Australia – design and sale of wearable products and software	100.00%	100.00%
Catapult Innovations Pty Ltd	Australia – non trading entity	100.00%	100.00%
Catapult Group US Inc. <sup>(iii)</sup>	United States of America – holding company	100.00%	100.00%
Catapult Sports LLC <sup>(iii)</sup>	United States of America – North American sales operations	100.00%	100.00%
XOS Technologies Inc	United States of America – Video Analytics	100.00%	100.00%
Collegiate Images LLC	United States of America – Content Licensing	100.00%	100.00%
Catapult Sports Limited <sup>(iii)</sup>	United Kingdom – European sales operations	100.00%	100.00%
Catapult Sports Godo Kaisha	Japan – Asia sales operations	100.00%	100.00%
Catapult Sports Europe Limited	Ireland – holding company	100.00%	100.00%
Kodaplay Ltd <sup>(iii)</sup>	Ireland – manufacturing and selling for Catapult sub-elite and consumer products	100.00%	100.00%
Catapult Sports SAS <sup>(iv)</sup>	Argentina – South American sales operations	100.00%	n/a
Catapult Sports Technology Beijing Co Ltd <sup>(iv)</sup>	China – Asia sales operations	100.00%	n/a

- (i) Catapult Group International Limited (the Company) and Catapult Sports Pty Ltd (the "Closed Group") entered into a Deed of Cross Guarantee on 26 June 2017. The effect of the deed is that the Company has guaranteed to each creditor to pay any deficiency in the event of the winding up of any of the controlled entities in the "Closed Group". All entities in the "Closed Group" have also given a similar guarantee in the event that the Company is wound up – refer to Note 33.
- (ii) Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 Order 98/1418 (as amended) relief has been granted to Catapult Sports Pty Ltd from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' reports.
- (iii) These entities have provided guarantees to Western Alliance Bank in respect of credit facilities of USD 6,000,000 granted to XOS Technologies Inc and Collegiate Images LLC.
- (iv) These entities were incorporated in FY19.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6. SEGMENT REPORTING

#### For the year ended 30 June 2019

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:

- **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.
- **New Products:** development of the prosumer product and entry into the consumer market.

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:

	Wearables \$'000	Video Analytics \$'000	New Products \$'000	Total \$'000
<b>12 months to 30 June 2019</b>				
Revenue – external customers	45,257	44,845	5,273	95,375
Segment EBITDA	12,436	12,545	(6,118)	18,863
Segment Operating profit/(loss)	6,070	3,443	(7,513)	2,000
Segment Assets	56,235	110,408	10,009	176,652
Segment Liabilities	27,332	26,989	1,648	55,969
<b>12 months to 30 June 2018</b>				
Revenue – external customers	34,024	39,350	3,419	76,793
Segment EBITDA	7,252	10,642	(5,958)	11,936
Segment Operating profit/(loss)	1,562	2,904	(6,664)	(2,198)
Segment Assets	68,666	106,399	9,364	184,429
Segment Liabilities	26,348	29,866	1,145	57,359



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

	2019 12 months \$'000	2018 12 months \$'000
<b>Total reporting segment operating EBITDA</b>	18,863	11,936
Depreciation and amortisation for the segments	(17,043)	(14,141)
Finance segment costs	(20)	(55)
Finance segment income	26	4
Other financial segment income/(costs)	174	58
<b>Total reporting segment operating profit</b>	<b>2,000</b>	<b>(2,198)</b>
<b>Corporate costs</b>		
Employee benefits expense	(7,396)	(6,172)
Employee share option compensation expense	(1,116)	(1,512)
Capital raising and listing expenses	(196)	(242)
Travel, marketing and promotion	(534)	(332)
Occupancy	(887)	(876)
Professional fees	(2,571)	(2,122)
Other expenses	(2,091)	(2,627)
<b>Total Corporate costs</b>	<b>(14,791)</b>	<b>(13,883)</b>
Finance segment income	264	165
Finance segment expense	(14)	(21)
Other financial segment cost	45	(322)
<b>Group loss before tax</b>	<b>(12,496)</b>	<b>(16,259)</b>

### Revenue by Geography

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

	Wearables 2019 \$'000	Video Analytics 2019 \$'000	New Products 2019 \$'000	Total 2019 \$'000
<b>Revenue - external customers</b>				
Australia	4,823	2	615	5,440
APAC	4,846	5	122	4,973
EMEA	16,576	25	2,956	19,557
Americas*	19,012	44,813	1,580	65,405
<b>Total</b>	<b>45,257</b>	<b>44,845</b>	<b>5,273</b>	<b>95,375</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6. SEGMENT REPORTING (continued)

#### Revenue by Geography (continued)

	Wearables 2018 \$'000	Video Analytics 2018 \$'000	New Products 2018 \$'000	Total 2018 \$'000
<b>Revenue - external customers</b>				
Australia	4,533	–	–	4,533
APAC	3,138	–	417	3,555
EMEA	11,339	–	2,203	13,542
Americas*	15,014	39,350	799	55,163
<b>Total</b>	<b>34,024</b>	<b>39,350</b>	<b>3,419</b>	<b>76,793</b>

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, Europe and the Middle East (EMEA), Asia-Pacific (APAC) and the Americas, have been identified on the basis of the customer's geographical location.

\* The prior year comparatives relating to USA has been modified to Americas to more accurately describe the geographical region the Group operates in.

### NOTE 7. REVENUE

Revenue has been generated from the following types of sales transactions:

	2019 \$'000	2018 \$'000
Capital revenue	30,197	24,029
Subscription and service	64,005	51,477
Other revenues	1,173	1,287
<b>Total Revenue</b>	<b>95,375</b>	<b>76,793</b>

### NOTE 8. OTHER INCOME

Other income has been generated from the following sources:

	2019 \$'000	2018 \$'000
Government grants	311	174
Other income	2	218
<b>Other Income</b>	<b>313</b>	<b>392</b>

## NOTE 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

### Cash at bank and in hand

	2019 \$'000	2018 \$'000
AUD	5,449	20,291
EUR	821	1,694
GBP	1,033	232
USD	4,172	9,433
JPY	272	65
<b>Total cash and cash equivalent</b>	<b>11,747</b>	<b>31,715</b>

The amount of cash and cash equivalents inaccessible to the Group as at 30 June 2019 amounts to \$647,875 (2018: \$353,721) relating to Letter of Credit for rental leases held by the company.

## NOTE 10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES & CONTRACT ASSETS

Trade and other receivables & contract assets consist of the following:

	2019 \$'000	2018 \$'000
Trade receivables, gross	29,924	26,803
Accrued revenue	5,109	2,120
Allowance for credit losses	(747)	(613)
<b>Trade receivables</b>	<b>34,286</b>	<b>28,310</b>
Social security and other taxes	371	332
Other receivables	1,266	567
Prepayments	2,133	1,640
Contract assets	402	–
<b>Non-financial assets</b>	<b>4,172</b>	<b>2,539</b>
<b>Total trade and other receivables</b>	<b>38,458</b>	<b>30,849</b>
Other long-term financial assets	599	275
<b>Total trade and other receivables</b>	<b>39,057</b>	<b>31,124</b>

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. During the year ended 30 June 2019, an amount of \$328,281 (2018: \$643,594) was found to be impaired and subsequently these bad debts were written off.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 11. CURRENT ASSETS – INVENTORIES

	2019 \$'000	2018 \$'000
Raw materials and consumables	1,257	653
Work in progress	4	5
Finished goods	4,840	3,161
<b>Total inventories</b>	<b>6,101</b>	<b>3,819</b>

In 2019, total cost of \$17,190,177 associated with inventories was included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income as an expense (2018: \$12,827,293). \$477,636 (2018: \$440,338) was incurred regarding a write down of inventories associated with a change in device models and obsolescence of raw materials.

### NOTE 12. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Rental & Demo Units \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Leasehold Improve- ments \$'000	Total \$'000
<b>Gross carrying amount</b>						
Balance 1 July 2018	7,556	2,143	278	1,993	2,072	14,042
Additions	2,087	529	–	1,263	–	3,879
Disposals	(516)	(31)	–	–	–	(547)
Transfer	–	–	–	(16)	–	(16)
Net exchange Differences	2	35	19	142	50	248
<b>Balance 30 June 2019</b>	<b>9,129</b>	<b>2,676</b>	<b>297</b>	<b>3,382</b>	<b>2,122</b>	<b>17,606</b>
<b>Depreciation and impairment</b>						
Balance 1 July 2018	(2,706)	(1,603)	(4)	(517)	(529)	(5,359)
Depreciation	(1,920)	(534)	(4)	(615)	(510)	(3,583)
Disposals	278	6	–	–	–	284
Transfer	–	–	–	5	–	5
Net exchange Differences	–	(3)	–	(12)	(4)	(19)
<b>Balance 30 June 2019</b>	<b>(4,348)</b>	<b>(2,134)</b>	<b>(8)</b>	<b>(1,139)</b>	<b>(1,043)</b>	<b>(8,672)</b>
<b>Carrying Value 30 June 2019</b>	<b>4,781</b>	<b>542</b>	<b>289</b>	<b>2,243</b>	<b>1,079</b>	<b>8,934</b>



	Rental & Demo Units \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Leasehold Improve- ments \$'000	Total \$'000
<b>Gross carrying amount</b>						
Balance 1 July 2017	8,018	1,523	113	1,351	1,046	12,051
Additions	3,138	634	172	579	1,221	5,744
Disposals	(3,601)	(44)	(11)	(14)	(218)	(3,888)
Net exchange Differences	1	30	4	77	23	135
<b>Balance 30 June 2018</b>	<b>7,556</b>	<b>2,143</b>	<b>278</b>	<b>1,993</b>	<b>2,072</b>	<b>14,042</b>
<b>Depreciation and impairment</b>						
Balance 1 July 2017	(3,090)	(471)	(5)	(426)	(349)	(4,341)
Depreciation	(2,313)	(1,153)	(2)	(70)	(270)	(3,808)
Disposals	2,697	29	3	10	92	2,831
Net exchange Differences	-	(8)	-	(31)	(2)	(41)
<b>Balance 30 June 2018</b>	<b>(2,706)</b>	<b>(1,603)</b>	<b>(4)</b>	<b>(517)</b>	<b>(529)</b>	<b>(5,359)</b>
<b>Carrying amount 30 June 2018</b>	<b>4,850</b>	<b>540</b>	<b>274</b>	<b>1,476</b>	<b>1,543</b>	<b>8,683</b>

All depreciation and amortisation charges are included within depreciation and amortisation expense.

During the year the Group wrote off rental units with a net book value of \$177,818 (2018: \$137,290) which had been upgraded to a new device in line with Catapult's subscription agreements.

During the year the Group also conducted a review of the loan unit register and disposed of old rental units on the register that were no longer reconciled to existing subscription contracts. These units had a net book value of \$60,150 (2018: \$766,725).

There were no material contractual commitments to acquire property, plant and equipment at 30 June 2019 (2018: Nil).

The net book value of assets held under Finance Leases at the 30th June 2019 was \$269,440 (2018: \$224,217) and are included in Office Equipment.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 13. NON-CURRENT ASSETS – GOODWILL

The movements in the net carrying amount of goodwill are as follows:

	2019 \$'000	2018 \$'000
<b>Balance at 1 July 2018</b>	<b>56,730</b>	<b>53,127</b>
Acquired through business combinations	–	1,141
Foreign exchange effect on goodwill	2,824	2,462
<b>Balance at 30 June 2019</b>	<b>59,554</b>	<b>56,730</b>

#### 13.1 Impairment Testing

For the purpose of annual impairment testing goodwill is allocated to the cash-generating units which are expected to benefit from the synergies of the business combinations in which goodwill arises.

	2019 \$'000	2018 \$'000
Elite Wearables	2,354	2,354
Sub-Elite Wearables	4,216	4,101
Video Analytics	52,984	50,275
<b>Goodwill allocation at 30 June 2019</b>	<b>59,554</b>	<b>56,730</b>

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering the detailed five-year forecast, followed by a terminal growth rate of expected cash flows for the units. Growth rates are determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

In measuring value in use cash flow projections are based on:

- reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset;
- most recent financial budgets/forecasts approved by management, but exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance; and
- estimates cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years.

	Terminal Growth Rates (%)		Discount Rates (%)	
	2019	2018	2019	2018
Elite Wearables	2.9	3.5	10.5	10.8
Sub-Elite Wearables	–	–	10.0	10.0
Video Analytics	2.9	3.5	10.8	10.7

Management have identified that a reasonably possible change in the discount rate could cause the carrying amount of some of the CGUs to exceed the recoverable amount. The following table shows the amount by which the discount rate would need to change for the estimated recoverable amount to be equal to the carrying amount.





In Percent	Change required for carrying amount to equal recoverable amount
	Discount Rate %
Elite Wearables	27.2%
Sub-Elite Wearables	36.4%
Video Analytics	5.5%

### Brand names

The carrying value of brand names associated with each cash generating unit of the Group are outlined below:

	2019 \$'000	2018 \$'000
Elite Wearables	250	250
Video Analytics	5,130	4,867
<b>Brand names at 30 June 2019</b>	<b>5,380</b>	<b>5,117</b>

### 13.2 Growth Rates

Five years of cash flows were included in the discounted cash flow model. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.
- Continued investment in core product development to underpin revenue growth particularly in video and tactical products.

The growth rates reflect a conservative management estimate, as publicly published growth rates for this industry segment are not readily available.

### 13.3 Discount Rates

The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of the business unit.

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 14. NON-CURRENT ASSETS – OTHER INTANGIBLE ASSETS

	Acquired Software Licences \$'000	Hardware IP \$'000	Brand Name \$'000	Distributor Relationships \$'000	Distributor Contracts \$'000	Customer Relationships \$'000	Internally Developed Software \$'000	Total \$'000
<b>Gross carrying amount balance</b>								
<b>Balance at 1 July 2018</b>	485	7,046	5,117	425	96	20,324	27,400	60,893
Additions	586	2,443	-	-	-	-	7,544	10,573
Transfer	16	-	-	-	-	-	-	16
Net exchange difference	-	200	263	-	-	1,068	1,357	2,888
<b>Balance at 30 June 2019</b>	<b>1,087</b>	<b>9,689</b>	<b>5,380</b>	<b>425</b>	<b>96</b>	<b>21,392</b>	<b>36,301</b>	<b>74,370</b>
<b>Amortisation and impairment</b>								
<b>Balance at 1 July 2018</b>	(92)	(2,015)	-	(168)	(96)	(5,395)	(11,030)	(18,796)
Amortisation and impairment	(195)	(1,468)	-	(45)	-	(2,990)	(8,762)	(13,460)
Transfer	(252)	-	-	-	-	-	247	(5)
Net exchange difference	-	94	-	-	-	(459)	(918)	(1,283)
<b>Balance at 30 June 2019</b>	<b>(539)</b>	<b>(3,389)</b>	<b>-</b>	<b>(213)</b>	<b>(96)</b>	<b>(8,844)</b>	<b>(20,463)</b>	<b>(33,544)</b>
<b>Carrying amount 30 June 2019</b>	<b>548</b>	<b>6,300</b>	<b>5,380</b>	<b>212</b>	<b>-</b>	<b>12,548</b>	<b>15,838</b>	<b>40,826</b>

	Acquired Software Licences \$'000	Hardware IP \$'000	Brand Name \$'000	Distributor Relationships \$'000	Distributor Contracts \$'000	Customer Relationships \$'000	Internally Developed Software \$'000	Total \$'000
<b>Gross carrying amount</b>								
<b>Balance at 1 July 2017</b>	418	5,292	4,927	425	96	19,445	18,831	49,434
Acquisition through business combinations	-	-	-	-	-	104	1,176	1,280
Additions	67	1,622	-	-	-	-	6,890	8,579
Net exchange difference	-	132	190	-	-	775	503	1,600
<b>Balance at 30 June 2018</b>	<b>485</b>	<b>7,046</b>	<b>5,117</b>	<b>425</b>	<b>96</b>	<b>20,324</b>	<b>27,400</b>	<b>60,893</b>
<b>Amortisation and impairment</b>								
<b>Balance at 1 July 2017</b>	(78)	(973)	-	(129)	(96)	(2,533)	(4,444)	(8,253)
Amortisation and impairment	(14)	(1,030)	-	(39)	-	(2,764)	(6,487)	(10,334)
Net exchange difference	-	(12)	-	-	-	(98)	(99)	(209)
<b>Balance at 30 June 2018</b>	<b>(92)</b>	<b>(2,015)</b>	<b>-</b>	<b>(168)</b>	<b>(96)</b>	<b>(5,395)</b>	<b>(11,030)</b>	<b>(18,796)</b>
<b>Carrying amount 30 June 2018</b>	<b>393</b>	<b>5,031</b>	<b>5,117</b>	<b>257</b>	<b>-</b>	<b>14,929</b>	<b>16,370</b>	<b>42,097</b>

In addition, other operating research costs of \$219,862 (2018: \$631,471) were recognised as other expenses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 15. NON-CURRENT ASSETS – DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes arising from temporary differences and unused tax losses can be summarised as attributable to the following:

Deferred Tax Liabilities/ (Assets)	1 July 2018 \$'000	Recognised directly in equity \$'000	Recognised in Business Combination \$'000	Recognised in Profit & Loss \$'000	Exchange Differences \$'000	30 June 2019 \$'000
<b>Deferred Tax Assets</b>						
Provision for annual leave	259	–	–	(6)	–	253
Provision for long service leave	16	–	–	14	–	30
Other employee obligations	519	–	–	(151)	–	368
Professional fees and doubtful debts	110	–	–	106	–	216
Other provisions	236	–	–	(123)	–	113
Tax losses	7,637	–	–	646	387	8,670
Section 40-880 Expenditure	1,395	–	–	(486)	–	909
Adoption of AASB 15	–	(126)	–	–	–	(126)
	<b>10,172</b>	<b>(126)</b>	<b>–</b>	<b>–</b>	<b>387</b>	<b>10,433</b>
<b>Deferred Tax Liabilities</b>						
Other intangible assets	(2,981)	–	–	(1,066)	(161)	(4,209)
Capitalised R&D	(2,127)	–	–	883	–	(1,244)
Foreign exchange	(29)	–	–	16	–	(13)
	<b>(5,137)</b>	<b>–</b>	<b>–</b>	<b>(167)</b>	<b>(161)</b>	<b>(5,466)</b>
<b>Deferred Tax Movement</b>	<b>–</b>	<b>(126)</b>	<b>–</b>	<b>(167)</b>	<b>276</b>	<b>–</b>



Deferred Tax Liabilities/ (Assets)	1 July 2017 \$'000	Recognised directly in equity \$'000	Recognised in Business Combination \$'000	Recognised in Profit & Loss \$'000	Exchange Differences \$'000	30 June 2018 \$'000
<b>Deferred Tax Assets</b>						
Provision for annual leave	217	–	–	42	–	259
Provision for long service leave	65	–	–	(49)	–	16
Other employee obligations	268	–	–	251	–	519
Professional fees and doubtful debts	45	–	–	65	–	110
Other provisions	216	–	–	20	–	236
Tax losses	7,927	–	–	(559)	269	7,637
Section 40-880 Expenditure	1,429	342	–	(376)	–	1,395
	<b>10,167</b>	<b>342</b>	<b>–</b>	<b>(606)</b>	<b>269</b>	<b>10,172</b>
<b>Deferred Tax Liabilities</b>						
Other intangible assets	(3,568)	–	–	722	(135)	(2,981)
Capitalised R&D	(865)	–	–	(1,262)	–	(2,127)
Foreign exchange	324	(324)	–	(29)	–	(29)
	<b>(4,109)</b>	<b>(324)</b>	<b>–</b>	<b>(569)</b>	<b>(136)</b>	<b>(5,137)</b>
<b>Deferred Tax Movement</b>	<b>–</b>	<b>18</b>	<b>–</b>	<b>(1,175)</b>	<b>134</b>	<b>–</b>

The amounts recognised in other comprehensive income relate to exchange differences on translating foreign operations. See Note 24 for the amount of the income tax relating to these components of other comprehensive income.

The Group has accumulated tax losses across multiple jurisdictions of \$95,431,000 (rounded to the nearest \$'000) (FY18 84,885,000). The amount of tax losses and other tax credits recognised in the statement of financial position is \$31,930,000 (rounded to the nearest \$'000) (FY18 27,154,000).

## NOTE 16. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	2019 \$'000	2018 \$'000
<b>Current</b>		
Trade payables and other payables	8,834	11,199
<b>Total Trade payables and other payables</b>	<b>8,834</b>	<b>11,199</b>

All amounts are short-term. The carrying values of trade payables and other payables are considered a reasonable approximation of fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 17. CURRENT LIABILITIES – CONTRACT LIABILITIES

Contract liabilities and other liabilities consist of the following:

	2019 \$'000	2018 \$'000
<b>Contract liabilities</b>	<b>29,634</b>	<b>25,657</b>
	2019 \$'000	2018 \$'000
Advances received for future service work	403	7
Deferred gain (lease incentive)	356	347
Other	1,045	1,440
<b>Other liabilities – Current</b>	<b>1,804</b>	<b>1,794</b>
	562	582
Deferred gain (lease incentive)	562	582
<b>Other Liabilities – Non-Current</b>	<b>562</b>	<b>582</b>
	1,775	584
Contract liabilities	1,775	584
<b>Contract liabilities – Non-Current</b>	<b>1,775</b>	<b>584</b>

The deferred gain relates to the lease incentives associated with the Chicago and Prahan premises commencing May 2016 and August 2017 respectively. The excess of proceeds received over fair value was deferred and is being amortised over the lease term of each lease. In 2019, deferred gain of \$73,000 (rounded to the nearest \$'000) (2018: \$68,000) was recognised in profit or loss relating to this transaction. The subsequent leasing agreement is treated as an operating lease. The non-current part of the deferred gain will be amortised between 2019 and the end of each lease term.

All amounts recognised relating to contract liabilities are assessed for current versus non-current classification and are applied to revenue as recognised in relation to the timing of the client contract. The Group expects to recognise \$29,633,977 of contract liabilities during FY2020, with the balance falling into FY2020 and FY2021.

### NOTE 18. FINANCIAL ASSETS AND LIABILITIES

#### 18.1 Categories of financial assets and liabilities

Note 4.13 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Loans and receivables \$'000	Other assets \$'000	Total \$'000
		(carried at amortised cost)	(carried at amortised cost)	
<b>30 June 2019</b>				
<b>Financial assets</b>				
Other long-term financial assets	10	599	–	599
Trade and other receivables	10	34,286	–	34,286
Cash and cash equivalents	19	–	11,747	11,747
		<b>34,885</b>	<b>11,747</b>	<b>46,632</b>



	Notes	Other Liabilities \$'000 <small>(carried at amortised cost)</small>	Other Liabilities at FVTPL \$'000 <small>(carried at amortised cost)</small>	Total \$'000
<b>30 June 2019</b>				
<b>Financial liabilities</b>				
Trade and other payables	16	8,834	–	8,834
Borrowings	18.2	108	–	108
Non-Current Borrowings	18.2	188	–	188
Contingent consideration on business combination		–	413	413
		<b>9,130</b>	<b>413</b>	<b>9,543</b>

	Notes	Loans and receivables \$'000 <small>(carried at amortised cost)</small>	Other assets \$'000 <small>(carried at amortised cost)</small>	Total \$'000
<b>30 June 2018</b>				
<b>Financial Assets</b>				
Other long-term financial assets	10	275	–	275
Trade and other receivables	10	28,310	–	28,310
Cash and cash equivalents	9	–	31,715	31,715
		<b>28,585</b>	<b>31,715</b>	<b>60,300</b>

	Notes	Other Liabilities \$'000 <small>(carried at amortised cost)</small>	Other Liabilities at FVTPL \$'000 <small>(carried at amortised cost)</small>	Total \$'000
<b>30 June 2018</b>				
<b>Financial Liabilities</b>				
Trade and other payables	16	11,199	–	11,199
Borrowings	18.2	3,452	–	3,452
Non-current borrowings	18.2	103	–	103
Contingent consideration on business combination		–	438	438
		<b>14,754</b>	<b>438</b>	<b>15,192</b>

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- other long-term financial assets
- cash and cash equivalents
- trade and other payables.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 18. FINANCIAL ASSETS AND LIABILITIES (continued)

#### 18.2 Borrowings

Borrowings include the following financial liabilities:

	Current		Non-Current	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Financial Liabilities</b>				
At amortised cost:				
Finance loans	108	151	188	103
	<b>108</b>	<b>3,452</b>	<b>188</b>	<b>103</b>

#### Borrowings at amortised cost

Other bank borrowings are secured by land and buildings owned by the group, while finance loans are secured against the computer equipment purchased. Current interest rates on the bank borrowing are variable and average 5.50% (2018: 6.25%) while the Finance loans are fixed at 5.50%. The carrying amount of the other bank borrowings and finance loans are considered to be a reasonable approximation of the fair value.

### NOTE 19. CURRENT LIABILITIES – EMPLOYEE BENEFITS

#### 19.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2019 \$'000	2018 \$'000
Wages and salaries	39,306	35,192
Social security costs	2,268	1,222
Share-based payments	1,184	1,512
Superannuation – Defined Contribution Plans	1,512	1,591
<b>Employee benefit expenses</b>	<b>44,270</b>	<b>39,517</b>

#### 19.2 Share-base employee remuneration

Catapult has continued to utilise its established Employee Share Plan (Employee Plan) to assist in the motivation, retention and reward of executives and employees. The Employee Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for eligible employees (including any person who is a full-time or permanent part-time employee or officer, or director of Catapult or any related body corporate of Catapult) to receive an equity interest in Catapult through the granting of Options, Performance Rights or other Awards.

The Shares held by the Employee Plan Trustee are Restricted Securities such that the Employee Plan Trustee is not able to dispose of them within 24 months of Official Quotation. The key terms of the Employee Plan are set out below:

#### Eligibility

Eligibility to participate in the Employee Plan and the number of Options, Performance Rights or other Awards offered to each individual participant, will be determined by the Board.





## Grants

Under the rules of the Employee Plan, Options, Performance Rights and/or other Awards may be offered or granted to eligible employees of Catapult or any related body corporate of Catapult from time to time, subject to the discretion of the Board.

## Terms and conditions

The Board has the discretion to set the terms and conditions (including conditions in relation to vesting, disposal restrictions or forfeiture and any applicable exercise price) on which it will offer or grant Options, Performance Rights or other Awards under the Employee Plan and may set different terms and conditions which apply to different participants in the Employee Plan. The Board will determine the procedure for offering or granting Options, Performance Rights and/or other Awards (including the form, terms and content of any offer, invitation or acceptance procedure) in accordance with the rules of the Employee Plan.

Options and Performance Rights and other Awards will vest and become exercisable to the extent that the applicable performance, service, or other vesting conditions specified at the time of the grant are satisfied (collectively the "Vesting Conditions"). Vesting Conditions are more fully described in the Remuneration Report contained in the Director's Report above.

Shares issued (including Shares issued upon exercise of Options or Performance Rights granted) under the Employee Plan will rank equally in all respects with the other issued Shares.

Subject to satisfaction of Vesting Conditions, a participant may exercise an Option, Performance Right or other Award by lodging an exercise notice with Catapult and complying with any requirements under the Employee Plan.

A participant will have a vested and indefeasible entitlement to any dividends declared and distributed by Catapult on any Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the participant. A participant may exercise any voting rights attaching to Shares registered in the participant's name.

Catapult may, in its discretion, issue new Shares or cause existing Shares to be acquired or transferred to the participant, or a combination of both alternatives, to satisfy Catapult's obligations under the Employee Plan. If Catapult determines to cause the transfer of Shares to a participant, the Shares may be acquired in such manner as Catapult considers appropriate, including from a trustee appointed under the Employee Plan.

Pursuant to the Employee Plan, Catapult has appointed the Employee Plan Trustee to acquire and hold Shares on behalf of participants and for the purposes of the Employee Plan. Catapult may give directions to the Employee Plan Trustee as contemplated in the trust deed or if in connection with any Award. The Employee Plan Trustee holds 2,350,253 Shares on behalf of participants and for the purposes of the Employee Plan.

Options, Performance Rights and other Awards which have not been exercised will be forfeited if the applicable Vesting Conditions and any other conditions to exercise are not met during the prescribed vesting period or if they are not exercised before the applicable expiry date. In addition, Options, Performance Rights and other Awards will lapse if the participant deals with the Options, Performance Rights or other Awards in breach of the rules of the Employee Plan or in the opinion of the Directors, a participant has acted fraudulently or with gross misconduct.

Options, Performance Rights and other Awards will not be quoted on ASX. Catapult will apply for official quotation of any Shares allotted under the Employee Plan, unless the Board resolves otherwise.

The Board may in its absolute discretion determine that a participant is required to pay an exercise price to exercise the Options, Performance Rights or other Awards offered or granted to that participant.

Grants of Options, Performance Rights or other Awards under the Employee Plan to a Director may be subject to the approval of Shareholders, to the extent required under the ASX Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 19. CURRENT LIABILITIES – EMPLOYEE BENEFITS (continued)

#### 19.2 Share-base employee remuneration (continued)

##### Terms and conditions (continued)

Participants in the Employee Plan must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.

Subject to the rules of the Employee Plan, the Board must not offer Options, Performance Rights or other Awards if the total of the following exceeds 5% of the number of Shares on issue at the time of the offer:

- the number of Shares which are the subject of the offer of Awards;
- the number of Shares which are the subject of any outstanding offers of Awards;
- the number of Shares issued during the previous 5 years under the Employee Plan, but not including existing Shares transferred to a participant after having been acquired for that purpose; and
- the number of Shares which would be issued under all outstanding Awards that have been granted but which have not yet been exercised, terminated or expired, assuming all such Awards were exercised ignoring any Vesting Conditions, but disregarding any offer made, or Award offered or issued or Share issued by way or as a result of:
  - an offer that does not meet disclosure to investors because of section 708 or section 1012D of the Corporations Act;
  - an offer made pursuant to a disclosure document or product disclosure statement; or
  - other offers that are excluded from the disclosure requirements under the Corporations Act.

The Board may impose restrictions on dealing in Shares or Awards which are acquired under the Employee Plan, for example, by prohibiting them from being sold, transferred, mortgaged, pledged, charged or otherwise disposed of or encumbered for a period of time.

If the Board determines that for taxation, legal, regulatory or compliance reasons it is not appropriate to issue or transfer Shares, Catapult may in lieu of and in final satisfaction of Catapult's obligation to issue or transfer Shares as required upon the exercise of an Award by a participant, make a cash payment to the participant equivalent to the fair market value of the Awards.

Where there is a change of control of Catapult, including where any person acquires a relevant interest in more than 50% of the Shares, or where the Board concludes that there has been a change in the control of Catapult, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with.

Where there is a takeover bid made for all of the Shares or a scheme of arrangement, selective capital reduction or other transaction is initiated which has a similar effect to a full takeover bid for Shares, then participants are entitled to accept into the takeover offer or participate in the other transaction in respect of all or part of their Awards notwithstanding any restriction period has not expired. Further, the Board may in its discretion waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of such a takeover or other transaction.

If, prior to the exercise of an Award, Catapult makes a pro-rata bonus issue to Shareholders, and the Award is not exercised prior to the record date in respect of the bonus issue, the Award will, when exercised, entitle the participant to one Share plus the number of bonus shares which would have been issued to the participant if the Award had been exercised prior to the record date.

If Catapult undergoes a capital reorganisation, then the terms of the Awards for the participant will be changed to the extent necessary to comply with the ASX Listing Rules.

The Employee Plan also contains terms having regard to Australian law for dealing with the administration, variation and termination of the Employee Plan. Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Options Program		Performance Rights	
	Number of Shares	Weighted average exercise price (\$)	Number of Shares	Weighted average exercise price (\$)
Outstanding at 1 July 2018	8,879,091	2.2954	100,000	–
Granted	4,237,426	1.3300	446,245	–
Forfeited	(3,842,146)	2.3299	(60,484)	–
Exercised	(60,000)	0.5500	(80,645)	–
Expired	(500,000)	4.8430	–	–
<b>Outstanding at 30 June 2019</b>	<b>8,714,371</b>	<b>1.7583</b>	<b>405,116</b>	<b>–</b>
<b>Exercisable at 30 June 2019</b>	<b>2,931,682</b>	<b>1.4764</b>	<b>100,000</b>	<b>–</b>

	Options Program		Performance Rights	
	Number of Shares	Weighted average exercise price (\$)	Number of Shares	Weighted average exercise price (\$)
<b>Outstanding at 1 July 2017</b>	<b>9,846,567</b>	<b>2.4261</b>	<b>760,000</b>	<b>–</b>
Granted	2,495,000	1.8910	–	–
Forfeited	(2,204,476)	0.9886	(70,000)	–
Exercised	(758,000)	0.5903	(590,000)	–
Expired	(500,000)	4.2840	–	–
<b>Outstanding at 30 June 2018</b>	<b>8,879,091</b>	<b>2.2954</b>	<b>100,000</b>	<b>–</b>
<b>Exercisable at 30 June 2018</b>	<b>2,449,334</b>	<b>1.3235</b>	<b>–</b>	<b>–</b>

### 19.3 Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	2019 \$'000	2018 \$'000
Wages and salaries	4,793	6,329
Social security costs & payroll taxes	193	129
Defined contribution plans	1,111	946
Accrued leave entitlements	1,460	1,394
<b>Total current employee benefits</b>	<b>7,557</b>	<b>8,798</b>
<b>Non-current</b>		
Accrued leave entitlements	41	53
<b>Total non-current employee benefits</b>	<b>41</b>	<b>53</b>

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next 12 months and its accrued annual leave liabilities and current accrued long service leave.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 20. EQUITY – 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.

	Notes	30 June 2019 Shares	30 June 2018 Shares	30 June 2019 \$'000	30 June 2018 \$'000
Shares issued and fully paid for:		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 issued for cash		–	22,727,273	–	25,000
Shares issued on for acquisition of AMS		–	144,176	–	250
Share issue costs		–	–	–	(1,139)
Deferred tax credit recognised		–	–	–	342
Exercise of performance options and equity options		–	100,000	678	1,147
<b>Total contributed equity at end of reporting year</b>		<b>190,895,116</b>	<b>190,895,116</b>	<b>165,002</b>	<b>164,324</b>
Treasury Shares	20. (a)	(2,350,253)	(2,490,898)	–	–
<b>Total contributed equity</b>		<b>188,544,863</b>	<b>188,404,218</b>	<b>165,002</b>	<b>164,324</b>

During the 12 months to 30 June 2019 the Group issued 4,237,426 of options as part of the Employee Share Plan. The options were issued at an average exercise price of \$1.33 and a fair value of \$0.23.

During the 12 months to 30 June 2019 the Group issued 446,245 of performance rights as part of the Employee Share Plan. The options were issued at an average exercise price of \$0.00 and a fair value of \$1.24.

#### 20. (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:

	2019 Shares	2018 Shares
Opening Balance at 1 July 2018	2,490,898	3,738,898
Transactions during the year	(140,645)	(1,248,000)
<b>Closing balance at 30 June 2019</b>	<b>2,350,253</b>	<b>2,490,898</b>

During the financial period a number of shares were issued under the Employee Share Purchase performance rights plan vested. The number of shares exercised under this performance right plan was 80,645 at an average exercise price of \$0.00 per share. The amount raised was \$Nil.

During the financial period a number of shares were issued under the Employee Share Purchase option plan vested. The number of shares exercised under this option plan was 60,000 at an average exercise price of \$0.55 per share. The amount raised was \$33,000.

## 20. (b) Options and performance rights on issue

The following sets out the weighted average exercise price calculations for all outstanding options (however, excluding the effect of the performance rights as detailed at Note 20.2):

	Weighted average exercise price
Outstanding at beginning of year	2.2954
Outstanding at end of year	1.7583
Currently exercisable	1.4764

## NOTE 21. CURRENT LIABILITIES – LEASES

### 21.1 Finance leases as lessee

The Group has certain computer equipment held under finance lease arrangements. As of 30 June 2019, the net carrying amount of the computer equipment held under finance lease arrangements (included as part of Office Equipment) is \$269,440 (2018: \$224,217).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

	2019 \$'000	2018 \$'000
<b>Finance lease liabilities</b>		
<b>Current:</b>		
• finance lease liabilities	108	151
<b>Non-current:</b>	–	–
• finance lease liabilities	188	103

Future minimum finance lease payments at the end of each reporting period under review were as follows:

	Minimum lease payments due			
	Within 1 year \$'000	2–5 years \$'000	After 5 years \$'000	Total \$'000
<b>30 June 2019</b>				
Lease payments	108	188	–	296
Finance charges	2	10	–	12
Net present values	98	108	–	206
<b>30 June 2018</b>				
Lease payments	151	103	–	254
Finance charges	12	3	–	15
Net present values	125	82	–	207

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 21. CURRENT LIABILITIES – LEASES (continued)

#### 21.2 Operating leases as lessee

The Group leases an office and production building under an operating lease. The future minimum lease payments are as follows:

	Minimum Lease Payments Due			
	Within 1 year \$'000	2–5 years \$'000	After 5 years \$'000	Total \$'000
30 June 2019	2,141	4,455	–	6,596
30 June 2018	1,917	5,030	90	7,037

Lease expense during the period amounted to \$2,207,132 (2018: \$2,273,363) representing the minimum lease payments.

#### 21.3 Operating leases as lessor

The Group leases out wearable athlete tracking units and laptops on a subscription basis to its clients. The future minimum revenues are as follows:

	Minimum Lease Payments Due			
	Within 1 year \$'000	2–5 years \$'000	After 5 years \$'000	Total \$'000
30 June 2019	23,881	17,951	–	41,832
30 June 2018	19,717	19,023	–	38,740

Lease revenues during the period amounted to \$27,638,813 (2018: \$20,831,726) representing the minimum subscription payments for these lease units.

Subscription agreements are in place with over 650 clients (2018: 600 clients) with a broad range of expiry dates, based on the commencement of this kind of arrangement in 2012 and contracts typically of 36 months with standard wording incorporating rolling renewals of these agreements upon expiry of the initial term. The athlete tracking units and their associated equipment are included as The Group's Rental and Loan Units and are depreciated over their useful life of 4 years (see Note 12).

### NOTE 22. FINANCE COSTS AND FINANCE INCOME

Finance costs for the reporting periods consist of the following:

	2019 \$'000	2018 \$'000
<b>Interest expenses for borrowings at amortised cost:</b>		
Interest expense	35	76
<b>Amortisation of borrowing costs</b>	<b>35</b>	<b>76</b>
<b>Finance income for the reporting periods consists of the following:</b>		
Interest income from cash and cash equivalents	290	169

### NOTE 23. OTHER FINANCIAL ITEMS

Other financial items consist of the following:

	2019 \$'000	2018 \$'000
<b>Other financial items consist of the following:</b>		
Gain/(loss) on exchange differences on payables and receivables	211	(266)

### NOTE 24. INCOME TAX EXPENSE

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Catapult Group International Ltd at 30% (2018: 30%) are:

	2019 \$'000	2018 \$'000
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
<b>Loss before income tax</b>	<b>(12,496)</b>	<b>(16,259)</b>
<b>Expected tax expense at the domestic tax rate for parent at 30%</b>	<b>(3,749)</b>	<b>(4,878)</b>
Overseas tax rate differential	491	756
Change in tax rate in foreign jurisdictions	-	1,132
Tax losses not recognised	2,034	4,272
Prior year tax losses utilised in current period	(370)	(390)
<b>Adjustment for tax-effect of non-deductible expenses:</b>		
Adjustments for prior periods	(287)	(17)
Net R&D tax offset	(447)	-
Other non-deductible expenses	2,413	226
<b>Actual tax expense</b>	<b>85</b>	<b>1,101</b>
<b>Tax benefit comprises:</b>		
Adjustments for prior periods	(287)	(17)
Current tax	235	116
Deferred tax	137	1,002
<b>Income tax expense</b>	<b>85</b>	<b>1,101</b>
<b>Deferred tax benefit recognised directly in equity relating to share issue costs</b>	<b>-</b>	<b>(342)</b>

Note 16 provides information on deferred tax assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 24. INCOME TAX EXPENSE (continued)

#### Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### NOTE 25. AUDITORS REMUNERATION

	2019	2018
<b>Assurance Services</b>		
Audit and review of the Financial Statements	200,424	237,396
Overseas Grant Thornton Network firms	21,495	28,426
	<b>221,919</b>	<b>265,822</b>
<b>Other services</b>		
Taxation compliance and general accounting advice	–	78,340
Overseas Grant Thornton Network firms	–	8,745
Other review services	8,651	4,507
<b>Total other service remuneration</b>	<b>8,651</b>	<b>91,592</b>
<b>Total auditors remuneration</b>	<b>230,570</b>	<b>357,414</b>





## NOTE 26. 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 2016 or 2017). 8,714,371 options and performance rights have not been included in calculating diluted EPS because their effect is anti-dilutive.

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

	2019 shares '000	2018 shares '000
Weighted average number of shares used in basic and diluted earnings per share	190,407	173,844

## NOTE 27. EQUITY – DIVIDENDS

Nil paid in the period.

### 27.1 Dividends paid and proposed

Nil.

### 27.2 Franking credits

	2019 \$'000	2018 \$'000
The amount of the franking credits available for subsequent reporting periods are:		
Balance of franking account at the beginning of the year	(3,841)	(3,841)
Balance of franking account adjusted for deferred debits arising from past R&D tax offsets received and expected R&D tax offset to be received for the current year	(3,841)	(3,841)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 28. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES

	2019 \$'000	2018 \$'000
Loss after income tax (expense)/benefit for the year	(12,581)	(17,360)
<b>Adjustments for:</b>		
Depreciation and amortisation	17,043	14,141
Share-based payments	1,184	1,512
Foreign exchange differences	(233)	107
Net interest and dividends received included in investing and financing	(255)	(93)
	<b>5,158</b>	<b>(1,693)</b>
<b>Change in operating assets and liabilities:</b>		
(Increase) in trade and other receivables	(7,933)	(3,985)
(Increase) in inventories	(2,282)	(477)
Decrease in current tax assets	89	1,924
Increase/(decrease) in trade and other payables	(2,365)	2,657
(Decrease) in provision for income tax	(220)	(53)
Increase in deferred tax liabilities	68	1,023
Increase/(decrease) in employee benefits	(1,253)	2,714
Increase in other provisions	6,542	4,310
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,196)</b>	<b>6,420</b>

### NOTE 29. RELATED PARTY TRANSACTIONS

The Group's related parties include its associates and joint venture, key management, post-employment benefit plans for the Group's employees and others as described below.

	2019	2018
Transactions with key management	27,716	34,160

Calvin Ng is a director of Aura Group Pty Ltd. During the year, the Group did not engage Aura Capital Pty Ltd (a subsidiary of Aura Group Services Ltd) for advisory services (2018: \$5,189). Catapult rents office space from Aura Group Services Ltd in Sydney and Singapore for a total cost of \$27,716 (2018: \$28,971) and had an amount payable as at 30 June 2019 of \$3,618 (2018: \$6,794).

## 29.1 Transactions with key management personnel

Key management of the Group are the executive members of Catapult Group International's Board of Directors and executive team.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	2019	2018
Short term employee benefits:		
Salaries including bonuses and leave accruals	2,975,621	3,651,802
Social security costs	130,836	148,637
<b>Total short-term employee benefits</b>	<b>3,106,457</b>	<b>3,800,439</b>
Long service leave	(44,360)	(44,591)
<b>Total other long-term benefits</b>	<b>(44,360)</b>	<b>(44,591)</b>
Share based payments	650,052	1,503,673
<b>Total remuneration</b>	<b>3,712,149</b>	<b>5,259,521</b>

## NOTE 30. FINANCIAL INSTRUMENT RISK

### 30.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 18.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### 30.2 Market risk analysis

The Group is exposed to currency risk resulting from its operating activities.

#### Foreign Currency Sensitivity

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD), Pound Sterling (GBP), Euro (EUR), Japanese Yen (JPY).

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those translated into \$AUD at the closing rate:

Short term exposure	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	AED \$'000	Other Currencies \$'000
<b>30 June 2019</b>						
Financial assets	27,394	2,860	4,045	272	-	-
Financial liabilities	(2,719)	(450)	(109)	(10)	-	(6)
<b>Total exposure</b>	<b>24,675</b>	<b>2,410</b>	<b>3,936</b>	<b>262</b>	<b>-</b>	<b>(6)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 30. FINANCIAL INSTRUMENT RISK (continued)

#### 30.2 Market risk analysis (continued)

##### Foreign Currency Sensitivity (continued)

Long term exposure	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	AED \$'000	Other Currencies \$'000
<b>30 June 2019</b>						
Financial assets	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
<b>Total exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Short term exposure	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	AED \$'000	Other Currencies \$'000
<b>30 June 2018</b>						
Financial assets	29,848	1,793	4,333	65	-	50
Financial liabilities	(4,428)	(830)	(103)	(3)	-	(48)
<b>Total exposure</b>	<b>25,420</b>	<b>963</b>	<b>4,230</b>	<b>62</b>	<b>-</b>	<b>2</b>

Long term exposure	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	AED \$'000	Other Currencies \$'000
<b>30 June 2017</b>						
Financial assets	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
<b>Total exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following table illustrates the sensitivity of profit and equity regarding the Group's financial assets and financial liabilities, and the various exchange rates 'all other things being equal'. It assumes a +/- 10% change of the various exchange rates for the year ended at 30 June 2019 (2018:10%).

#### 30.3 Market risk analysis

##### Foreign currency sensitivity

If the AUD had strengthened by 10% against the respective currencies then this would have had the following impact:

	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	Other currencies \$'000	Total \$'000
30 June 2019	(2,243)	(219)	(358)	4	(1)	(2,817)
30 June 2018	(2,311)	(88)	(385)	(6)	-	(2,790)

If the AUD had weakened by 10% against the respective currencies then this would have had the following impact:

	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	Other currencies \$'000	Total \$'000
30 June 2019	2,742	268	437	29	1	3,477
30 June 2018	2,824	107	470	7	–	3,408

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

### 30.4 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for receivables to customers. The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	2019 \$'000	2018 \$'000
<b>Classes of financial assets</b>		
• cash and cash equivalents	11,747	31,715
• trade receivables	34,286	28,310
• other long-term financial assets	599	275
	<b>46,632</b>	<b>60,300</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June, analysed by the length of time past due, are:

	2019 \$'000	2018 \$'000
Not more than (3) months	27,066	24,634
More than three (3) months but not more than six (6) months	1,528	1,032
More than six (6) months but not more than one (1) year	633	493
More than one (1) year	697	33
<b>Total</b>	<b>29,924</b>	<b>26,192</b>

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various sports and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 30. FINANCIAL INSTRUMENT RISK (continued)

#### 30.5 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 90-day projection. The Group's US Subsidiary, XOS Technologies Inc, entered into a secured loan facility with Western Alliance Bank in April 2017, and AUD Nil was drawn down at 30 June 2019.

As at 30 June 2019, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 6 months \$'000	Current 6-12 months \$'000	1-5 years \$'000	Non-current 5+ years \$'000
<b>30 June 2019</b>				
US-Dollar loans	108	–	188	–
Trade and other payables	8,834	–	–	–
<b>Total</b>	<b>8,942</b>	<b>–</b>	<b>188</b>	<b>–</b>

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Within 6 months \$'000	Current 6-12 months \$'000	1-5 years \$'000	Non-current 5+ years \$'000
<b>30 June 2018</b>				
US-Dollar loans	–	3,641	103	–
Trade and other payables	11,199	–	–	–
<b>Total</b>	<b>11,199</b>	<b>3,641</b>	<b>103</b>	<b>–</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

### NOTE 31. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of its gearing ratio. In order to maintain or adjust its capital structure, the group considers its issue of new capital, return of capital to shareholders and dividend policy as well as its plan for acquisition or disposal of assets.



### NOTE 32. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2019.

### NOTE 33. PARENT ENTITY INFORMATION

Information relating to Catapult Group International Ltd ('the Parent Entity'):

	2019 \$'000	2018 \$'000
<b>Statement of financial position</b>		
Current assets	355	470
Total assets	153,557	154,670
Current liabilities	392	599
Total liabilities	2,678	2,284
<b>Net assets</b>	<b>150,879</b>	<b>152,386</b>
Issued capital	165,002	164,340
Foreign currency reserve	(4,038)	(3,832)
Retained earnings	(15,450)	(12,968)
Share option reserve	5,365	4,846
<b>Total equity</b>	<b>150,879</b>	<b>152,386</b>
<b>Statement of profit and loss and other comprehensive income</b>		
Loss for the year	(2,356)	(4,041)
Other comprehensive income/(loss)	(206)	(1,787)
<b>Total comprehensive income/(loss)</b>	<b>(2,562)</b>	<b>(5,828)</b>

The Parent Entity has no capital commitments at year end (2018: \$Nil).

Parent entity guarantees in respect of debts of its subsidiaries.

As outlined in the statement of equity there was a prior year adjustment relating to adopting new standards in the 2019 financial statements. This resulted in an adjustment of \$126,000 (round to the nearest \$'000) (Note 3.1) to retained earnings for the parent entity.

The parent entity entered into the following guarantee on the 26 June 2017:

A Deed of cross Guarantee with the effect that the Company guarantees debts in respect of one of its subsidiaries. Further details to the Deed Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 34.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 34. DEED OF CROSS GUARANTEE

A consolidation income statement and consolidation balance sheet comprising the Company and controlled entity which are a party to the Deed of Gross Guarantee (members of the "Closed Group"), after eliminating all transactions between parties to the Deed of Gross Guarantee are as follows.

	Closed Group	
	2019 \$'000	2018 \$'000
<b>Summarised income statement and statement of comprehensive income and accumulated losses</b>		
Profit/(Loss) before income tax expense	(5,399)	(10,209)
Income tax benefit/(expense)	(38)	(1,111)
Profit after income tax	(5,437)	(11,320)
Accumulated losses at the beginning of the financial year	(29,786)	(18,466)
Adoption of AASB15 Revenue	294	-
Accumulated losses at the end of the financial year	(34,929)	(29,786)
<b>Statement of Financial position</b>		
<b>Current assets</b>		
Cash and equivalents	7,048	22,115
Trade and other receivables	14,858	11,726
Inventories	2,414	2,178
Other current assets	1,904	1,706
<b>Total current assets</b>	<b>26,224</b>	<b>37,725</b>
<b>Non-current assets</b>		
Property, plant and equipment	5,929	6,080
Intangible assets	11,005	8,801
Investments	12,383	12,637
Deferred tax assets	3,717	3,843
Other non-current assets	100,521	89,072
<b>Total non-current assets</b>	<b>133,555</b>	<b>120,433</b>
<b>Total assets</b>	<b>159,779</b>	<b>158,158</b>
<b>Current liabilities</b>		
Trade and other payables	11,517	5,649
Employee benefits	3,168	3,750
Other current liabilities	7,333	8,040
<b>Total current liabilities</b>	<b>22,018</b>	<b>17,439</b>





	Closed Group	
	2019 \$'000	2018 \$'000
<b>Non-current liabilities</b>		
Employee benefits	41	53
Other non-current liabilities	3,088	2,309
<b>Total non-current liabilities</b>	<b>3,129</b>	<b>2,362</b>
<b>Total Liabilities</b>	<b>25,147</b>	<b>19,801</b>
<b>Net assets</b>	<b>134,632</b>	<b>138,357</b>
<b>Shareholders' equity</b>		
Issued capital	165,002	164,324
Share option reserve	5,365	4,847
Foreign currency reserve	(806)	(1,028)
Accumulated losses	(34,929)	(29,786)
<b>Total Shareholders' equity</b>	<b>134,632</b>	<b>138,357</b>

The members of the Closed Group comprise Catapult Group International Limited and Catapult Sports Pty Ltd.

#### **NOTE 35. EVENTS AFTER THE REPORTING PERIOD**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 36. ACQUISITION OF ATHLETE MANAGEMENT SYSTEM (AMS)

On 4 August 2017, Catapult acquired the SportsMed Elite and Baseline Athlete Management System (AMS) products and clients and recruited key personnel, from SMG Technologies Pty Ltd (SMG) for consideration ranging between \$1.4 million and \$3.9 million depending on performance metrics and incremental revenue generated in the two years following the acquisition.

	\$'000
<b>Fair value of consideration transferred:</b>	
Amount settled in cash	1,534
Contingent consideration	438
Amount settled in shares	250
	<b>2,222</b>
<b>Recognised amounts of Identifiable net assets</b>	
Property, plant and equipment	–
Identifiable Intangible Assets	1,280
<b>Total non-current assets</b>	<b>1,280</b>
Deferred revenue	(173)
Employee benefits	(26)
Liabilities	(199)
<b>Identifiable Net Assets</b>	<b>1,081</b>
Goodwill recognised on acquisition	1,141
Consideration transferred settled in cash	1,534
Cash acquired	–
<b>Net cash outflow on acquisition</b>	<b>1,534</b>

### Measurement of fair values

The valuation technique used for measuring the fair value of Intangible assets was the multi-period excess earnings method considering the present value of net cash flows expected to be generated, excluding any cash flows related to contributory assets with cross check to replacement cost.

### Acquisition-related costs

Acquisition related costs amounting to \$386k 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'.

### Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

The Group has agreed to pay the selling shareholders contingent consideration up to \$2 million based on future revenue earned over a period of 24 months from acquisition. The Group has included \$438K in contingent consideration reflecting the present value of the best estimate of the deferred consideration that will be paid based on forecast earnings. The Group will continue to measure the revenue earn-out over the post-acquisition period and revise the provisional estimate for acquisition accounting. As at 30 June 2019 \$24,691 has been paid out to SMG in respect of this deferred consideration.

## DIRECTORS' DECLARATION

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

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 4 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2019 and of their performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Executive Chairman and the Chief Financial Officer for the financial year ended 30 June 2019.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

**Dr Adir Shiffman**  
Director

Dated the 22nd day of August 2019

# INDEPENDENT AUDITOR'S REPORT



Collins Square, Tower 5  
727 Collins Street  
Melbourne VIC 3008

Correspondence to:  
GPO Box 4736  
Melbourne VIC 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Report

To the Members of Catapult Group International Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Catapult Group International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

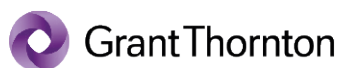
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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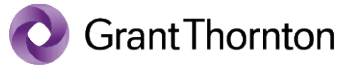
### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="335 918 845 974"><b>Revenue recognition of long-term contracts which contain multiple element arrangements – Notes 4 and 7</b></p> <p data-bbox="335 974 845 1064">There is significant judgment relating to revenue recognition for long term contracts which contain hardware and Software as a Service (“SaaS”) multiple element arrangements.</p> <p data-bbox="335 1064 845 1153">Revenue recognition for multiple element arrangements can be complex and involve management judgement. These judgements include:</p> <ul data-bbox="335 1153 845 1355" style="list-style-type: none"> <li>• identification of each element in the arrangements;</li> <li>• determination of the appropriate allocation of the amount of revenue to each element in particular as many of the Group’s arrangements involve the delivery of hardware, software licences and other services; and</li> <li>• determining when the performance obligation of each element is satisfied and the associated revenue can be recognised.</li> </ul> <p data-bbox="335 1355 845 1422">This area is a key audit matter due to the complexity surrounding the long-term contract revenue recognition.</p>	<p data-bbox="845 974 1394 1019">Our procedures included, amongst others:</p> <ul data-bbox="845 1019 1394 1624" style="list-style-type: none"> <li>• considering the appropriateness of management’s assessment of revenue streams in accordance with accounting standard AASB 15 <i>Revenue</i>;</li> <li>• documenting our understanding of the various SaaS arrangements used by the Group and evaluating management’s revenue recognition of the elements they contained to assess compliance with AASB 15;</li> <li>• sample testing revenue recorded to contracts with customers to assess whether revenue is being recognised in accordance with the Group’s revenue recognition policies;</li> <li>• assessing sales selected in our sample above, where applicable, for the accuracy of revenue to be deferred at year end;</li> <li>• analytically reviewing deferred revenue balances at reporting period end for exceptions and anomalies against expectations;</li> <li>• substantiating sales transactions around reporting date and agreeing transactions to supporting documents to assess whether revenue is recognised in the correct periods; and</li> <li>• assessing the adequacy of disclosures for compliance with the revenue recognition requirements of Australian Accounting Standards (AASBs).</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



### Key audit matter

### How our audit addressed the key audit matter

#### Impairment of Goodwill and Other Intangible Assets – Notes 4, 13, and 14

Given the nature of the industry in which the Group operates, there is a risk that there could be a material impairment to goodwill and intangible asset balances.

Determination as to whether an impairment exists relating to an asset or Cash Generating Unit (CGU) involves significant judgment about the future cash flows and plans for these assets and CGUs.

These judgements include:

- determination of appropriate CGUs;
- identifying the existence of impairment indicators;
- forecasting future cash flows; and
- determination of assumptions such as discount and growth rates.

This area was determined to be a key audit matter due to the abovementioned judgements involved in preparing a value-in-use model for determining recoverable amount in management's impairment assessments.

Our procedures included, amongst others:

- assessing management's identification of each of the Group's CGUs based on our understanding of the nature of the Group's business and cash flows;
- involving an auditors expert to assess the impairment models and evaluated the reasonableness of key assumptions including the discount rate, terminal growth rates and forecast growth assumptions;
- assessing the reasonableness of the Board approved cash flow projections used in the impairment models as well as the Group's historical ability to forecast accurately;
- challenging management's assumptions and estimates used to determine the recoverable value of its CGUs, including those relating to forecast revenue, costs, and discount rates, and where available, corroborating the key market-related assumptions to external data; and
- assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

#### Going Concern – Note 4.23

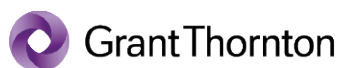
The Group's use of the going concern assumption is considered a key audit matter due to the high level of estimation uncertainty required in order to assess the Groups going concern assessment.

The Directors and management have prepared cash flow projections incorporating a number of assumptions and judgements and concluded that the range of possible outcomes does not give rise to a material uncertainty on the going concern assumption.

We have critically challenged the cash flow projects based on historical forecasting and revenue achieved to date subsequent to year end.

Our procedures included, amongst others:

- assessing the appropriateness of the model used;
- comparing for consistency, to the extent appropriate, with cash flow forecasts used in other areas of the business;
- checking the forecast used for mathematical accuracy;
- testing the quality of management forecasting by comparing cash flow forecasts for prior periods to actual outcomes;
- testing the appropriateness of significant assumptions supporting the forecast by performing the following:
  - taking account of actual results, scenarios which management provided, the Group's current pipeline of contracts and previous periods in comparison to the forecast;
  - agreeing sources of liquidity and funds to supporting documentation; and
- assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.



#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

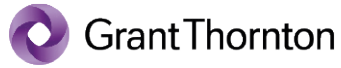
#### Report on the remuneration report

##### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 26 of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Catapult Group International Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads 'Grant Thornton'.

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in blue ink that reads 'B A Mackenzie'.

B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 22<sup>nd</sup> August 2019





## SHAREHOLDER INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### 1. CORPORATE GOVERNANCE STATEMENT

Catapult's corporate governance statement for the financial year ended 30 June 2019 is available at the following URL:

[www.catapultsports.com/investor/corporate-governance/](http://www.catapultsports.com/investor/corporate-governance/)

### 2. SUBSTANTIAL SHAREHOLDERS

Substantial holder	Shares Held	Notice date
Manton Robin Pty Ltd; Manton Robin Pty Ltd < Shaun Holthouse Family A/C >; Shaun Holthouse	21,375,000	8 June 2017
Charlaja Pty Ltd; Charlaja Pty Ltd < Van De Griendt Family A/C >; Igor Van De Griendt	20,508,000	7 June 2017
One Managed Investment Funds Limited	1,786,096	3 October 2019

### 3. NUMBER OF HOLDERS OF EACH CLASS OF EQUITY SECURITY

Equity security class	Number of holders
Ordinary shares	6,606
Employee options and performance rights	104

### 4. VOTING RIGHTS ATTACHED TO EACH CLASS OF EQUITY SECURITY

At a general meeting, every Shareholder present in person or by proxy, body corporate representative, or attorney has one vote on a show of hands and one vote for each Share held on a poll.

Votes are cast by a show of hands unless a poll is demanded. A poll may be demanded by the chairperson or at least five Shareholders entitled to vote on the resolution or Shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

Option and performance rights holders do not have voting rights.

## SHAREHOLDER INFORMATION (CONTINUED)

### 5. DISTRIBUTION SCHEDULE IN EACH CLASS OF EQUITY SECURITIES

#### Ordinary shares

Range (size of holding)	Total holders	Number of Shares	%
1-1,000	2,066	1,157,004	0.6
1,001-10,000	3,699	14,489,711	7.6
10,001-100,000	767	20,275,490	10.6
100,001 and over	74	154,972,911	81.2

#### Employee options and performance rights

Range (size of holding)	Total holders	Number of Shares	%
1-5,000	0	0	0.0
5,001-10,000	31	281,001	3.2
10,001-100,000	59	2,308,351	26.5
100,001 and over	14	6,125,019	70.3

### 6. UNMARKETABLE PARCELS

Number of holders holding less than a marketable parcel of the Company's main class of securities (in this case, fully paid ordinary shares) based on the closing market price at \$1.095.

	Number of holders
Minimum \$500.00 parcel (at \$1.095 per share)	798



## 7. 20 LARGEST SHAREHOLDERS

The 20 largest holders of ordinary shares and number of ordinary shares and percentage of capital held by each are follows.

Rank	Shareholder	Share held	% held
1.	One Managed Investment Funds	21,363,600	11.19%
2.	Manton Robin Pty Ltd	21,257,000	11.14%
3.	Charlaja Pty Ltd	20,490,000	10.73%
4.	HSBC Custody Nominees (Australia) Limited	16,603,418	8.70%
5.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	14,601,724	7.65%
6.	J P Morgan Nominees Australia Pty Limited	11,717,565	6.14%
7.	B B H F Pty Ltd	6,859,000	3.59%
8.	Citicorp Nominees Pty Limited	5,871,824	3.08%
9.	HSBC Custody Nominees (Australia) Limited – A/C 2	3,703,878	1.94%
10.	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	2,976,474	1.56%
11.	Sargon Ct Pty Ltd <Catapult Esp Unallocated AC>	2,350,253	1.23%
12.	BNP Paribas Noms Pty Ltd <DRP>	2,127,934	1.11%
13.	Stydon Capital Pty Ltd	2,034,135	1.07%
14.	Perle Ventures Pty Ltd <877 Cap Investments 2 A/C>	1,127,372	0.59%
15.	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	1,040,798	0.55%
16.	Fulton Securities Pty Ltd <Stephen Fulton Super A/C>	1,010,000	0.53%
17.	Brispot Nominees Pty Ltd <House Head Nominee A/C>	909,284	0.48%
18.	Perle Ventures Pty Ltd <PV Investments 3 A/C>	906,015	0.47%
19.	Lehamlet Pty Ltd <Lehamlet Superannuation A/C>	881,244	0.46%
20.	National Nominees Limited	769,521	0.40%

## CORPORATE DIRECTORY

### SHAREHOLDER INFORMATION

#### Shareholder enquiries

Shareholders with queries should contact the Group's share registry, Computershare, on phone 1300 850 505 (investors within Australia), +61 (0)3 9415 4000 (investors) or fax +61 (0)3 9473 2500, or through its website ([www.computershare.com.au](http://www.computershare.com.au)) or write to:

#### Computershare Investor Services Pty Limited

452 Johnston Street,  
Abbotsford, VIC, 3067

#### Securities exchange listing

The Group's shares are listed on the Australian Securities Exchange (ticker: CAT)

#### General enquiries

Company Secretary:

#### Markus Ziemer

75 High Street,  
Prahran, VIC, 3181  
Australia

Telephone: +61 (0)3 9095 8409

The address and telephone of the Company's registered office is:

75 High Street,  
Prahran, VIC, 3181  
Australia

Telephone: +61 (0)3 9095 8410

Website:

[www.catapultsports.com](http://www.catapultsports.com)



