

**CATALIS SE**

**Interim Financial Report**

**For the period ending 30 June 2016**

**Catalis SE**  
**INTERIM FINANCIAL REPORT**

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## Management Report

Catalis SE yearly financial reporting is based on the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated condensed interim financial statements for the six months ending 30th June 2016 are prepared as an update to the business report focusing on the current reporting period and do not include all the information and disclosures required in the Annual Report. It should be read in conjunction with the consolidated Annual Report 2015.

### Testronic Laboratories

Testronic Laboratories generated revenue from continuing operations of €7.7m, €0.9m better than in the same period last year and EBIT before non-recurring costs €1.0m higher at €1.5m compared to €0.4m in 2015. This increase in profitability was primarily due to the lower costs base in Poland which continues to service both new and existing clients in the games business. Testronic has also won significant new clients during the period resulting in the 13% increase in revenues compared to the same period last year. The second half of the year is traditionally our stronger period, and the outlook for the final half of the year is positive.

### Publishing Group

The Publishing Group includes the results of the Kuju Group plus the newly acquired Curve Digital business, which form part of a new division, Curve Digital Entertainment. Revenues for the Publishing Group amounted to €1.8m, of which €0.5m was attributable to Curve and €1.3m to Kuju. The adjusted EBIT of the Publishing Group was a loss of €-0.9m of which €-0.4m was attributable to Curve and €-0.5m to Kuju. The acquisition of Curve Digital has allowed the Group to re-position itself as a more rounded development and publishing company, in line with our peers in the market. The integration is proceeding to plan. The division will cover the complete value chain from creating new ideas for games to publishing games from internal and external sources.

### Corporate

On 8 January 2016 the board of directors announced the purchase of Curve Digital, a UK based publisher and developer, for a total consideration of €1.29m. The consideration comprised €0.476m in cash with the remainder being made up of deferred consideration in the form of cash and shares. After accounting for the net assets acquired the goodwill attributable to the acquisition was €0.95m.

On 30 April 2015 the group announced the disposal of Testronic Belgium NV for gross proceeds of €8.162m. In June 2016 the group received the final tranche of deferred consideration of €0.5m in respect of the disposal.

## Segmental information

### Period ending 30 June 2016

	Testing Group €000's	Publishing Group €000's	Corporate €000's	Total €000's
Revenue *	7,740	1,821	-	9,561
Adjusted operating profit/(loss)	1,458	(888)	(686)	(116)
Operating profit/(loss) %	18.8%	(48.8%)	-	(1.2%)

### Period ending 30 June 2015

	Testing Group €000's	Publishing Group €000's	Corporate €000's	Total €000's
Revenue *	6,832	2,312	-	9,144
Adjusted operating profit/(loss)	424	163	(754)	(167)
Operating profit/(loss) %	6.2%	7.1%	-	(1.8%)

\*Revenue and Adjusted operating profit are stated for continuing operations (excluding the results of Testronic Belgium) and before non-recurring items.

## Review of Earnings

In the six months ended 30 June 2016 (2015: six months ended 30 June 2015), total revenue on continuing operations of the Group amounted to €9.5m (2015: €9.1m). Total expenses amounted to €10.0m (2015: €9.4m), resulting in an operating loss of €-0.5m (2015: €-0.2m). Non-recurring costs related to reorganisation and the acquisition of Curve Digital amounted to €0.6m (2015: €0.2m). After accounting for financial expenses of €0.6m (2015: €0.2m), the company's pre-tax result amounted to a loss of €-1.1m (2015: profit of €2.4m). Results attributable to discontinued operations were €nil (2015: €0.2m) resulting in earnings per share of €-1.54 (2015: €3.94) at the half year.

### *Testronic Laboratories*

Revenue for the half year was €7.7m, €0.9 higher than last year after the business won significant new business and the continued leverage of the low cost Poland operation resulted in operating profits that were €1.0m higher than 2015 at €1.5m. This is stated before reorganisation costs of €0.1m.

### *Publishing Group*

Revenue for the half year was €0.5m lower than last year and operating loss was €-0.888m, compared to a profit €0.163m for the same period last year. The results of the Publishing Group include Kuju and Curve Digital. The revenues and operating results of Curve are noted above.

## Review of Statement of Financial Position

Our objective is to operate with a strong balance sheet to protect the business and facilitate future growth. As of 30 June, 2016, total assets of Catalis Group amounted to €13.4m representing an increase of €0.8m from €12.6m at December 31, 2015. This was largely due to the acquisition of Curve Digital which generated €0.9m of goodwill.

Current assets decreased from €6.6m at the end of 2015 to €6.3m at the end of June 2016 with an increase in trade receivables offset by a reduction in cash balances.

Our financing and liquidity position remained strong throughout the period. On the equity and liabilities side, the company's total equity was €3.1m (2015: €4.0m). Loans and overdraft increased by €0.6m as a result of both the Curve acquisition and investment in the business to promote growth in the second half of the year.

## Review of Cash flow

The Group recognised an operating cash outflow of €0.7m (2015: inflow of €0.07m). This is mainly composed of the period's net loss of €-1.1m, depreciation of tangible fixed assets of €0.6m and movements in working capital of €0.9m.

Cash flows from investing activities amounted to an outflow of €0.5m (2015: inflow of €5.9m) and is attributable to the purchase of tangible and intangible fixed assets of €0.5m (2015: €0.2m) and the purchase of Curve Digital (€0.5m) offset by the final proceeds of the deferred consideration relating to the sale of Belgium (€0.5m). Cash flow from financing activities amounted to an inflow €0.1m (2015: outflow €3.4m).

The company's total cash outflow in the first six months of 2015 amounted to €1.4m (2015: inflow of €1.4m) resulting in a closing cash balance of €1.0m (2015: €2.7m).

## Employees

Our performance reflects the expertise, hard work and commitment of our people. We are investing more than ever in our people, making sure they have the skills and support they need to better serve our customers.

As of June 30, 2016, there were 331 (31.12.2015: 279) permanent employees working for Catalis Group. The total is composed of 298 (2015: 258) employees working at Testronic and 32 (2015: 20) at the Publishing Group as well as one employee (2015: 1) at Catalis SE.

## Forecast Report

Following the acquisition of Curve Digital the group expects that the results of the continuing operations of the Group for the current financial year will show positive growth in both revenue and operating profit.

## Risk Report

Within the scope of its operating activities in a variety of markets, Catalis SE is exposed to various risks connected with technological, entrepreneurial and investment transactions. A full risk report can be found in our Annual Report for the fiscal year 2015. The report is available for download on our corporate website at [www.catalisgroup.com](http://www.catalisgroup.com) in the investor relations / financial publications section.

## **Audit Statement**

The interim financial report for the six months ended 30th June 2016, consists of the condensed consolidated interim financial statements, the interim management report and responsibility statement by the company's Board of Directors. The information in this interim report is unaudited. Our group auditor has neither performed an audit nor a review of these financial statements.

## **Management Statement**

We declare, pursuant to section 5:25d of the Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

- the condensed consolidated interim financial statements as of 30 June 2016 give a true and fair view of the assets and liabilities, the financial position and the profit and loss of Catalis SE and its consolidated operations; and
- the management report includes a true and fair review of the position as per 30 June 2016 and of the development and performance during the first six months of the fiscal year 2016 of Catalis SE and its related participations of which the data have been included in the financial statements, together with a true and fair presentation of the expected future developments.

LA Waalre, August 10, 2016

The Board of Directors:

**Dominic Wheatley**

Executive / Chief Executive Officer

**CATALIS SE**  
**CONDENSED FINANCIAL STATEMENTS - UNAUDITED**  
**CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDING 30 JUNE 2016**

	YTD 2016 €000's	YTD 2015 €000's
<b>REVENUES</b>	<b>9,561</b>	<b>9,144</b>
Subcontracting materials	634	451
Personnel costs	6,449	6,718
Depreciation of fixed assets	574	259
General and administration	2,392	1,944
<b>Total expenses</b>	<b>10,049</b>	<b>9,372</b>
<b>Operating profit/(loss)</b>	<b>(488)</b>	<b>(228)</b>
<b>Profit on disposal of subsidiary</b>	<b>-</b>	<b>2,859</b>
Interest expense	(180)	(298)
Other financial expense	(54)	(100)
Currency differences	(373)	157
<b>Total financial income/(expense)</b>	<b>(607)</b>	<b>(241)</b>
<b>Profit/(loss) before tax</b>	<b>(1,095)</b>	<b>2,390</b>
Income tax	11	(10)
<b>(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO CONTINUING OPERATIONS</b>	<b>(1,084)</b>	<b>2,380</b>
<b>PROFIT ATTRIBUTABLE TO DISCONTINUED OPERATIONS</b>	<b>4</b>	<b>200</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(1,080)</b>	<b>2,580</b>
<b>EPS (€) attributable to shareholders:</b>		
Basic	(1.54)	3.94
Diluted	(1.54)	3.94
Adjusted EBIT*:	(116)	(167)
Non-recurring items:		
Reorganisation costs	(372)	(61)
Operating loss	(488)	(228)

\* Adjusted EBIT is a non-GAAP measure. Adjusted EBIT profit is a company specific measure which excludes impairment of intangible fixed assets and goodwill plus expenses which are considered to be one off and non-recurring in nature.

**CATALIS SE**  
**CONDENSED FINANCIAL STATEMENTS - UNAUDITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

	30 June 2016 €000's	31 Dec 2015 €000's
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	4,976	4,350
Intangible assets	937	455
Property, plant and equipment	1,228	1,189
	<u><b>7,141</b></u>	<u><b>5,994</b></u>
<b>Current assets</b>		
Trade receivables	2,799	2,036
Tax and social security	-	104
Income tax	-	79
Other current assets	2,468	1,908
Cash and cash equivalents	1,009	2,447
	<u>6,276</u>	<u>6,574</u>
<b>Total assets</b>	<u><b>13,417</b></u>	<u><b>12,568</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	700	700
Share premium	20,028	20,028
Share based payments	746	746
Other reserve	145	145
Cumulative translation differences	(3,495)	(3,668)
Accumulated deficit	(15,053)	(13,973)
<b>Total equity</b>	<u><b>3,071</b></u>	<u><b>3,978</b></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Non-current loans	3,136	2,975
	<u><b>3,136</b></u>	<u><b>2,975</b></u>
<b>Current liabilities</b>		
Current loans	984	900
Bank overdraft	500	-
Trade and other payables	4,701	3,338
Taxes and social security	582	888
Income tax	-	45
Provisions	444	444
	<u><b>7,210</b></u>	<u><b>5,615</b></u>
<b>Total equity and liabilities</b>	<u><b>13,417</b></u>	<u><b>12,568</b></u>



CATALIS SE  
**CONDENSED FINANCIAL STATEMENTS - UNAUDITED**  
**CONSOLIDATED CASHFLOW STATEMENT AS AT 30 JUNE 2016**

	<b>30 June 2016 €000's</b>	<b>30 June 2015 €000's</b>
<b>Cash flow from operating activities</b>		
Loss after tax from continuing operations	(1,080)	2,380
Profit after tax from discontinued operations	-	200
	<u>(1,080)</u>	<u>2,480</u>
<i>Adjustments to reconcile profit after tax to net cash provided by operating activities</i>		
Depreciation and amortisation	640	259
Interest expense	234	398
Income taxes	(11)	10
Gain on disposal of subsidiary undertakings	-	(2,859)
Translation differences	373	(157)
Decrease in other current assets	(185)	413
(Decrease)/increase in current liabilities	(716)	(576)
<b>Cash generated from operations</b>	<u>(745)</u>	<u>68</u>
Interest paid	(136)	(286)
Income tax paid	54	(10)
<b>Net cash generated from operating activities</b>	<u>(827)</u>	<u>(228)</u>
<b>Cash flow from investing activities</b>		
Additions of intangible assets	(186)	(57)
Purchase of property, plant and equipment, net	(303)	(114)
Acquisition of subsidiary undertakings, net of cash	(476)	-
Disposal of subsidiary undertaking, net of cash	500	6,106
<b>Net cash used in investing activities</b>	<u>(465)</u>	<u>5,935</u>
<b>Cash flow from financing activities</b>		
Repayment of bank loans and overdrafts	134	(3,396)
Increase/(decrease) in finance leases	(76)	(9)
<b>Net cash funded/ used in financing activities</b>	<u>58</u>	<u>(3,405)</u>
<b>Net effect of currency translation</b>	(202)	(898)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(1,436)	1,404
<b>Cash and cash equivalents at beginning of year</b>	2,445	1,336
<b>Cash and cash equivalents at end of year</b>	<u>1,009</u>	<u>2,740</u>

**CATALIS SE**  
**CONDENSED FINANCIAL STATEMENTS - UNAUDITED**  
**ADDITIONAL INFORMATION**

**Forward-looking Statements**

This report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Catalis SE management and information currently available to the company. The statements involve certain risks and uncertainties that are difficult to predict and therefore Catalis SE does not guarantee that its expectations will be realized. Furthermore, Catalis SE has no obligation to update the statements contained in this report.

**Imprint**

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